Cluster Policy in Comparative Perspective

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Motivation: Best Practice & Copycat Behavior

„Presidents, ministers, and dignitaries come in pilgrimage here, in well-publicized delegations that aim to capitalize the visit in social prestige or political votes back home.“

(Castells/Hall 1994, S. 12)

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Silicon Valley
Silicon X
Y Valley
Economic Geography and Cluster Policy Research

- Surge of **cluster policies and initiatives**
  - Unabated euphoria in policy and practice running ahead of our theoretical and empirical understanding of clusters
  - Lack of scholarly engagement and independent evaluation

- Economic Geography (EG)
  - Deals with spatial order and organisation of economic activity (Schätzl 2003, S. 21)
  - Economic structures, interactions and processes in spatial perspective
  - **Clusters as core competence**: theoretical explanation, methods for cluster identification and analysis, measurement of cluster effects
  - **"policy distance"** (e.g. Markusen 1999) and "not in charge" of policy analysis ($\Rightarrow$ Political Science)
  - Demand for a balance of theoretical, empirical and policy research in EG (Schätzl 1974, 2003)

Cluster Policy: Yet Another Missed Boat for EG?

“Over the years, geographers have developed a disturbing – even dysfunctional – habit of missing out on important intellectual and politically significant debates, even those in which geographers would seem to have a major role to play.” (Dicken 2004, p. 5)
Guiding Questions

- **Diffusion** of cluster policies across time and space
  - How? ⇒ Channels of **policy transfer**
  - Adaptation? ⇒ **policy learning**
  - What impact? ⇒ Evaluation

- Impact of structural & institutional **variety** on the design, implementation and effectiveness of cluster policies poorly understood
  - E.g. **varieties of capitalism** (Hall/Soskice 2001) ⇒ liberal vs. coordinated market economies
  - Constellations of actors in **regional governance** structures
  - Interdependencies across spatial scales ⇒ **multilevel governance** (cf. Callaghan 2010)
    ⇒ Convergent vs. divergent forces
    ⇒ Determine scope for **policy learning**

- Relationship between **theory, empirical cluster research, policy and practice** ⇒ Public Choice perspective

Comparative Cluster Policy Research: Outline

- **What are clusters, what is cluster policy?**
  - Empirical approach
  - Key concepts and findings
    - Public Choice perspective (cf. Kiese 2008a, Kiese/Wrobel forthcoming)
    - Regional cluster policies: stylized facts
    - Regional varieties in Germany
    - Diffusion & policy learning (cf. Kiese 2010)

- The road ahead
What is a Cluster?

Cluster = A concentration of ‘interdependent’ firms within the same or adjacent industrial sectors in a small geographical area (European Commission 2002: 14)

Clusters = geographical concentrations of

- interconnected companies
- specialized suppliers
- service providers
- firms in related industries
- associated institutions (e.g. universities, standard agencies, trade associations)

in particular fields that compete but also cooperate (Porter 1998: 197 f.)

The Cluster as a Localised Value System

Customers

Manufacturer
Vertical Dimension
Intermediate goods (Value Chain)
Suppliers

Institutional Dimension
- Values, Norms and Rules

Competition

Horizontal Dimension

Lateral/diagonal Dimension
- Business Services: KIBS, Financial Services (Banks, VC...)
- Research & Education ⇒ specialized labor
- Chambers, associations
- Network organizations
- Specialized infrastructure

Territorial boundary

External Dimension
The Cluster Continuum

- **Working clusters**: critical mass of local knowledge, expertise, personnel, and resources ⇒ agglomeration economies ⇒ firm competitiveness
- **Latent clusters**: critical mass of firms in related industries, but level of interaction and information flows insufficient for benefiting from agglomeration economies
- **Potential clusters**: some elements of working clusters, but too narrow and shallow to reap full benefits
- **Policy driven clusters**: chosen by governments for support but lacking a critical mass of firms or favorable conditions for organic development
- **“Wishful thinking” clusters**: as above, but without critical mass or any particular source of advantage for organic development

Enright 2004, S. 104

Cluster Initiative vs. Cluster Policy

**Cluster Initiative** = an organised effort to increase the growth and competitiveness of a cluster within a region, involving cluster firms, government and/or the research community (Sölvell et al. 2003, p. 31)

**(Regional) Cluster Policy**

- all efforts of government to develop and support clusters (in a particular region) (Hospers/Beugelsdijk 2002, p. 382)
- Industrial, structural, technology or innovation policy promoting regional specialisation
- Public efforts to develop concentrations of industry or network structures into clusters, or to promote existing clusters (cf. Bruch-Krumbein/Hochmuth 2000, p. 69 f.)
Cluster Approach Triggers Convergence of Policies

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Institute of Geography
Matthias Kiese
Urban and Regional Economics

1) cf. Fromhold-Eisebith/Eisebith 2005, p. 1256

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Dimensions of Cluster Policy

<table>
<thead>
<tr>
<th>Governance¹</th>
<th>Public</th>
<th>PPP</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cluster reference¹</td>
<td>Implicit</td>
<td></td>
<td>Explicit</td>
</tr>
<tr>
<td>Complexity</td>
<td>Single Instrument</td>
<td></td>
<td>Holistic Approach</td>
</tr>
<tr>
<td>Cluster Orientation</td>
<td>Low</td>
<td></td>
<td>High</td>
</tr>
<tr>
<td>Coherence</td>
<td>Low</td>
<td></td>
<td>High</td>
</tr>
<tr>
<td>Institutionalisation</td>
<td>Weak</td>
<td></td>
<td>Strong</td>
</tr>
<tr>
<td>Maturity</td>
<td>Embryonic</td>
<td></td>
<td>Completed</td>
</tr>
</tbody>
</table>

1) Governance, Cluster reference, Complexity, and Cluster Orientation measure the degree of integration between public and private actors, while Coherence, Institutionalisation, and Maturity refer to the maturity and complexity of the cluster.
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Case Study Regions: West Germany

- Three federal states in West Germany
  - North Rhine-Westphalia ~ mature industries facing structural change
  - Bavaria ~ late industrialisation, high-tech
  - Lower Saxony ~ ‘grey mass’ region
- Regional typology ⇒ structural, institutional & political variance
- Seven sub-regional cases
- 110 semi-structured face-to-face interviews with 134 practitioners, observers & consultants (2006/2007)

Cartography: Stephan Pohl
Comparative Cluster Policy Research: Outline

- What are clusters, what is cluster policy?
- Empirical approach

Key concepts and findings

- Public Choice perspective (cf. Kiese 2008a, Kiese/Wrobel forthcoming)
- Regional cluster policies: stylized facts
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- The road ahead

A Public Choice Model of Cluster Promotion

Cf. Kiese 2008a, p. 133
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Public Choice Economics: Implications for Cluster Policy

“Even if the public authority that oversees the cluster is highly competent and attempts to maximise local welfare, an optimal cluster policy looks like something extraordinarily difficult to achieve.”

“Cluster policies that already look fraught with difficulties in a world of benevolent governments look extremely unappealing when political agency is explicitly taken into account.”

(Duranton 2009, p. 26-27; emphasis added)

- Welfare-enhancing cluster policies threatened by
  - multiple information asymmetries
  - political and bureaucratic rationalities
  - lobbying and rent seeking

Understanding of Clusters in German Policy and Practice

- **Porter’s definition** only academic/theoretical reference
  - Cluster = “geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions (for example, universities, standards agencies, and trade associations) in particular fields that compete but also cooperate” (Porter 1998, p. 197 f.)

- General scepticism of theory; **practical know-how** and **experience-based learning** dominates
  - daily duty leaves no time to deal with fragmented theory
  - no recognition of practical value
  - ‘academic’ approach conflicts with mobilisation of firms

- **Technocratic** understanding: clusters are ‘made’ and often equated with **organised effort** (initiative/policy) ⇒ danger of overlooking / crowding out organic cluster development

- Equation of **clusters and networks** ⇒ institutionalisation

- Superficial reference to **value chains** ⇒ selectivity ⇒ rhetoric?!
Stylized Facts on Regional Cluster Policy in Germany

1. **Technocratic** understanding of clusters in policy & practice
2. For simplicity’s sake, clusters are understood as **networks**
3. **Spatial mismatch** between cluster and policy ⇒ over-/underbounding
4. **Temporal mismatch** (short-termism vs. cluster development)
5. **Herd behaviour** (ICT, bio, nano…)
6. From horizontal demonstration effects to **top-down diffusion**
7. **Inflationary use** of cluster term ⇒ meaning, credibility ↓
8. Lack of explicit **theoretical foundation/reference**
9. **Sloppy identification** of cluster potential
10. **Declining cluster focus** over time

**Blurred action spaces and rationalities:**
- Politics and bureaucracy govern concept development
- Action purpose-led ⇒ unity of reason? (cf. Willgerodt 1994)

Cf. Kiese 2008a, p. 133
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• Empirical approach
• Key concepts and findings
  • Public Choice perspective (cf. Kiese 2008a, Kiese/Wrobel forthcoming)
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  • Regional varieties in Germany
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• The road ahead

Comparative Perspective: Diversity vs. Convergence

• Sources of diversity and divergence
  • Structural (industry, firm size, functional)
  • Institutional
    • national: Varieties of Capitalism (Hall/Soskice 2001) ⇒ institutional complementarities
    • regional: actors + institutions ⇒ governance structures
  • Path dependence: cumulative learning in policy and practice
• Sources of convergence
  • Globalisation, locational competition, knowledge economy
• Policy transfer
Cluster Policy Between Diversity and Convergence

Globalisation + locational competition + technological change / knowledge-based economy ⇒ policy transfer

Convergence

Cluster policy

concept politics practice

Divergence

Economic structure + actors + institutions + learning + path dependence

Varieties of Capitalism

<table>
<thead>
<tr>
<th></th>
<th>Liberal Market Economy (LME)</th>
<th>Co-ordinated Market Economy (CME)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examples</td>
<td>USA, Canada, Great Britain, Ireland</td>
<td>Germany, Austria (Netherlands, Scandinavia)</td>
</tr>
<tr>
<td>Coordination</td>
<td>• markets &amp; competition</td>
<td>• negotiation, consensus</td>
</tr>
<tr>
<td></td>
<td>• individualistic</td>
<td>• long-term co-operations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• collective actors (chambers, associations, unions)</td>
</tr>
<tr>
<td>Innovation system</td>
<td>• fosters radical innovation</td>
<td>• fosters incremental innovation and diffusion</td>
</tr>
<tr>
<td></td>
<td>• cutting edge technologies</td>
<td>• advanced engineering</td>
</tr>
<tr>
<td>Business system</td>
<td>• entrepreneurial</td>
<td>• associational</td>
</tr>
<tr>
<td></td>
<td>• disconnection of ownership and management</td>
<td>• integration of ownership and management</td>
</tr>
<tr>
<td></td>
<td>• large, fluid capital markets &amp; VC</td>
<td>• capital market loan based</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• banking houses risk-averse</td>
</tr>
<tr>
<td>Educational system</td>
<td>• polarised</td>
<td>• relatively homogeneous</td>
</tr>
<tr>
<td></td>
<td>• Individual skills ⇒ high mobility</td>
<td>• knowledge specific to jobs and organisations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• long-term engagements</td>
</tr>
<tr>
<td>Regional development</td>
<td>• exogenous (attraction, export)</td>
<td>• endogenous (formation, growth, networking)</td>
</tr>
</tbody>
</table>

Cluster Policy and Varieties of Capitalism

### Liberal Market Economies
- More Cls initiated by companies
- More focused on export growth

### Coordinated Market Economies
- Stronger role of government in Cls
- More national cluster policies
- More focused on upgrading innovation
- More CI staff
- More trust across groups

Global Cluster Initiative Survey (GCIS II), Ketels et al. 2006, p. 22
1) Hall/Soskice 2001

Case Study Regions in the U.S.
- 3 states + 2 sub-regional cases each
- 2007/2008: 87 interviews with practitioners, advisors and observers

Stockinger 2010, p. 66 (Cartography: Stephan Pohl)
Cluster Policies in Germany vs. U.S.: Selected Differences

<table>
<thead>
<tr>
<th>Germany</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Institutional setting</strong></td>
<td></td>
</tr>
<tr>
<td>Cooperation and consensus</td>
<td>Individualism and competition</td>
</tr>
<tr>
<td>Institutional thickness¹, neo-corporatism (chambers, associations)</td>
<td>Less institutional thickness</td>
</tr>
<tr>
<td>More collective agency, trust, social capital</td>
<td>Collective agency less formalized, less trust and social capital²</td>
</tr>
</tbody>
</table>

| **National System of Innovation** | | |
| Focus on incremental innovation, perceived problems with commercialization of scientific breakthroughs | Strength in radical innovation, high-tech industries, commercialization aided by strong VC base |
| Dual system of vocational training supports diffusion and absorptive capacity through human capital | Diffusion and absorptive capacity limited by skills constraints. |

| **Policy area** | | |
| Federal & state governments: innovation policy ⇒ regional networks of science and industry to accelerate commercialization | Federal government: focus on workforce development and disadvantaged regions (reactive) |
| Regions: economic development, structural policy (holistic) | States: Locational marketing and workforce development |

| **Implementation** | | |
| Structural: Public & collective actors | More private agency & reliance on individual leadership |
| Institutionalization, more political top-down initiation | Flexible framework, but lack of strategic coherence |
| Higher organizational capacity², but technocratic (⇒ stylized facts) | |


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Interregional Comparison: Overview

- Static
  - Perceived problems and objectives
  - Stakeholders
  - Governance and Institutionalisation
  - Interpretation of clusters
  - Cluster portfolio

- Dynamic
  - Institutional learning
  - Processes & channels of policy transfer
  - Consultants as transfer agents

Perceived Problems and Objectives

<table>
<thead>
<tr>
<th>State/Region</th>
<th>Perceived Problems/Challenges</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>NRW (1993/2001)</td>
<td>Decline of traditional industries in the Ruhr area</td>
<td>Structural change, raising profile through new industries</td>
</tr>
<tr>
<td>NRW (2007)</td>
<td>Underperformance in R&amp;D and innovation in NRW (particularly grave in the Ruhr area)</td>
<td>Leading German state in innovation by 2015; Networking, consolidation of regional networks and state initiatives, location marketing</td>
</tr>
<tr>
<td>Lower Saxony (2004)</td>
<td>Globalisation, locational competition</td>
<td>Raising profile, mobilising regional stakeholders, regionalisation and cooperation between counties and municipalities</td>
</tr>
<tr>
<td>Bavaria (2000/2006)</td>
<td>High costs of production, deficiencies in the commercialisation of research</td>
<td>Technological leadership and accelerated commercialisation of research through science-industry networks</td>
</tr>
<tr>
<td>Dortmund (2000)</td>
<td>Decline of traditional industries, coal mining, steel and iron, severe employment losses</td>
<td>Structural change and new jobs through new industries logistics, IT, micro and nanotechnology</td>
</tr>
<tr>
<td>Bergisches L. (2001)</td>
<td>Structural change, deindustrialisation, high unemployment, competition between municipalities</td>
<td>Strengthening and networking the regional economy through five fields of competence; cooperation of municipal economic development offices</td>
</tr>
<tr>
<td>Wolfsburg (1999)</td>
<td>Monostructure, high unemployment, lack of entrepreneurship and service industries</td>
<td>Reducing unemployment, development of automotive cluster through attraction of suppliers; diversification: IT, recreational and health services</td>
</tr>
<tr>
<td>Hannover Region (2003)</td>
<td>Deindustrialisation, dominance of automotive industry, loss of economic dynamism</td>
<td>Improving economic capability through cluster development in five focus industries</td>
</tr>
<tr>
<td>Brunswick Region (2005)</td>
<td>Deindustrialisation, dependence on VW, lack of proactive economic development efforts</td>
<td>Employment, raising profile in locational competition, regionalisation</td>
</tr>
<tr>
<td>Regensburg (1996/2003/2006)</td>
<td>Globalisation, fear of large firms relocating, skills profile dominated by manufacturing</td>
<td>Promoting high-potential industries: Biotech, IT, sensor technology through co-operation, research, training, marketing</td>
</tr>
</tbody>
</table>
Stakeholders

NRW  2000-2005 fields of competence for the Ruhr area (structural policy) since 2006 interministerial innovation strategy jointly led by ministries for innovation and the economy

Bavaria  Ministry for the Economy location marketing ⇒ structural policy ⇒ technology policy other ministry & state chancellery looking after individual clusters

LSaxony  Ministry for the Economy, Structural Policy unit separated from industrial and technology policy

<table>
<thead>
<tr>
<th>Counties and municipalities</th>
<th>Dortmund</th>
<th>Berg</th>
<th>Wolfsburg</th>
<th>Hannover</th>
<th>Eschweig</th>
<th>Nuremb</th>
<th>Regensburg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large firms</td>
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<td>SMEs</td>
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<td>0</td>
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<td>0</td>
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<tr>
<td>Chambers &amp; associations</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Trade unions</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Universities</td>
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</tbody>
</table>

- Shareholder
- Other stakeholders (e.g. advisory board)

Governance and Institutionalisation

<table>
<thead>
<tr>
<th>State/Region</th>
<th>Governance</th>
<th>Institutionalisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>NRW</td>
<td>public, counter current (contests)</td>
<td>Cluster managers + central support unit</td>
</tr>
<tr>
<td>Lower Saxony</td>
<td>public, counter current</td>
<td>Dedicated regional cluster management organisations</td>
</tr>
<tr>
<td>Bavaria</td>
<td>public, top-down</td>
<td>Cluster spokesmen, manager and office</td>
</tr>
<tr>
<td>Dortmund</td>
<td>public, bottom-up</td>
<td>Initiator by ThyssenKrupp AQ foundation</td>
</tr>
<tr>
<td>Bergisches ∆</td>
<td>public, bottom-up</td>
<td>Cooperation of municipal ED offices</td>
</tr>
<tr>
<td>Wolfsburg</td>
<td>PPP: 50% VW, 50% city bottom-up</td>
<td>Dedicated organisation</td>
</tr>
<tr>
<td>Hanover</td>
<td>Public + private project sponsoring Counter current</td>
<td>Dedicated organisation</td>
</tr>
<tr>
<td>Brunswick</td>
<td>corporatist, counter current</td>
<td>Dedicated organisation</td>
</tr>
<tr>
<td>Nuremberg</td>
<td>corporatist, bottom-up</td>
<td>Competence initiatives with cluster managers</td>
</tr>
<tr>
<td>Regensburg</td>
<td>public, counter current</td>
<td>Municipal company; strategic partnerships ⇒ associations</td>
</tr>
</tbody>
</table>
Explicit Interpretation of Clusters

<table>
<thead>
<tr>
<th>State / Region</th>
<th>Terminology / Dominant interpretation of clusters</th>
</tr>
</thead>
<tbody>
<tr>
<td>NRW</td>
<td>Fields of competence ⇒ clusters / Porter ⇒ value chains ⇒ state-wide cluster management</td>
</tr>
<tr>
<td>Lower Saxony</td>
<td>Regional Growth Concepts / cooperation between counties should reflect value chains</td>
</tr>
<tr>
<td>Bavaria</td>
<td>Clusters / platforms for state-wide networks between science and industry to accelerate the commercialisation of research (Porter reference)</td>
</tr>
<tr>
<td>Dortmund</td>
<td>Leading industries, clusters / Spatial Agglomeration of firms and organisations within an industry</td>
</tr>
<tr>
<td>Bregenches A</td>
<td>Fields of competence / analogous Porter</td>
</tr>
<tr>
<td>Wolfsburg</td>
<td>Clusters / Networking all activities around a defined topic in one location</td>
</tr>
<tr>
<td>Hanover</td>
<td>Focus industries, Clusters / Porter with emphasis on networks</td>
</tr>
<tr>
<td>Brunswick</td>
<td>Core competencies, clusters / regional concentrations of industry and networks (Porter reference)</td>
</tr>
<tr>
<td>Nuremberg</td>
<td>Fields of competence ⇒ Clusters &amp; competence initiatives / networking manufacturing, technology, services, R&amp;D; alignment with state government’s cluster definition</td>
</tr>
<tr>
<td>Regensburg</td>
<td>Inconsistent / variations of Porter</td>
</tr>
</tbody>
</table>

Cluster Portfolios

<table>
<thead>
<tr>
<th>Cluster Portfolio</th>
<th>NRW</th>
<th>Lower Saxony</th>
<th>Bavaria</th>
<th>Dortmund</th>
<th>Berg</th>
<th>Wolfsburg</th>
<th>Hanover</th>
<th>Brunswick</th>
<th>Nuremberg</th>
<th>Regensburg</th>
<th>Total</th>
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<tr>
<td>ICT</td>
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<td>6</td>
<td>0</td>
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<td>6</td>
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<td>Automotive, transport technology, telematics</td>
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<td>0</td>
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<td>1</td>
<td>0</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Health services, life sciences, biotech, medtech</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
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<tr>
<td>Advanced manufacturing, processes technology (mechatronics, automation)</td>
<td>1</td>
<td>0</td>
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<td>Logistics</td>
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<td>Energy</td>
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</table>

1) in Regional Growth Concepts; but focus in technology policy and state initiatives
Comparative Cluster Policy Research: Outline

• What are clusters, what is cluster policy?
• Empirical approach
• Key concepts and findings
  • Public Choice perspective (cf. Kiese 2008a, Kiese/Wrobel forthcoming)
  • Regional cluster policies: stylized facts
  • Regional varieties in Germany

• Diffusion & policy learning (cf. Kiese 2010)

• The road ahead

Cluster Policy as Institutional Learning: NRW

1958 Coal mining crisis
1961 First university established at Bochum
1968-73 Entwicklungsprogramm Ruhr (infrastructure development)
1970 Nordrhein-Westfalen-Programm (until 1975)
1974 Crisis of iron and steel industry
1980-84 Aktionsprogramm Ruhr (infrastructure, technology transfer)
1987-91 Establishment of regionalised structural policy
1993 Pilot network programme PROFIS combining structural policy for industries and regions ⇒ 35 projects until 2000
1996 Definition of target industries for the Ruhr Area
2000-02 Clement elected as Minister President: Ruhr Pact defining twelve fields of competence for Ruhr Area
2004 Transfer of fields of competence policy to strategic fields of action for NRW as a whole
2005 Change in government, evaluation and concentration on fewer clusters announced
2006 Interministerial innovation strategy
2007 Objective-2 contests for 16 pre-defined NRW Clusters + open RegioCluster contest
New institutions: metropolruhr GmbH (municipalities), Initiative Zukunft Ruhr (business-led)

Cluster Policy as Institutional Learning: Bavaria

1970s Expanding research infrastructure, new high-tech industries
1980s Focus on microelectronics
1990s Institutionalised high-tech promotion, structural change, start-up support
2000s Start-up support, explicit cluster policy, relative focus on life sciences


|----------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Technology Policy | Q2B I | Q2B II | High-Tech-Offensive (Q2B III) | Bayern Innovativ | Alliance Bayern Innovativ 50 Networking ("Softw"
| Volume (m²) | 1.250 | 1.250 | 1.350 | 50 | 50 |
| Focus | | | | | |
| Key organisation | Bavaria Innovative | | | | |
| Pilot programme | | | | | |
| Spatial orientation | | | | | |
| Volume (m²) | | | | | |
| Spatial equity | | | | | |
| Volume (m²) | | | | | |


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Policy Transfer: Channels and Determinants

• Channels
  • Literature
    • Academic
    • Best practice case studies
    • Manuals
  • Mobility of personnel (dispositive/operative)
  • Consultants as transfer agents (Stone 2004)
  • Knowledge communities
    • Epistemic communities (Haas 1992)
    • Communities of practice (Brown/Duguid 1996)
  • Journeys of politicians and practitioners (policy tourism)
  • Formal & informal communication (secondary)

• Determinants (cf. Lütz 2007: 139-141)
  • Endogenous = cultural, institutional, socio-economic proximity
  • Exogenous: frequency of interaction, networks, transfer agents
  • Transfer object: complexity, visibility, potential for conflict
Transfer Channels and Processes: Examples

- State-level policies of NRW & Bavaria
  - Upper Austria as best practice example for the German-speaking countries
  - Policy tourism by delegations (politicians & practitioners)
  - Bilateral informal exchange NRW ⇔ Bayern
  - Formalisation through joint federal-state committee for research and technology
- Mobility of key practitioner
  - 1976-1992 Cologne (urban development, Media Park)
  - 1992-1996 Nuremberg (head of economic development)
  - 1997-2004 Dortmund (head of economic development)
- Consultants as transfer agents, e.g. McKinsey & Co.

Consultants as Transfer Agents: The McKinsey Case

- International projects, esp. U.S./Silicon Valley ⇒ knowledge management
- ThyssenKrupp = key supplier to VW
- Lower Saxony ⇒ Hannover region as pilot project for new structural policy approach „regional growth concepts“
- State funding for concept development in Braunschweig region
- Further growth concepts in Weserbergland (2004), Süderelbe (2005)
- McK spin-off designed comparable projects in Wernigerode, Aachen
- 2005 prelim study for Bochum 2015
Evolution of Cluster Policy: Lower Saxony

Consultancy-led concept development

Government action

State level

Local (inter-municipal) level

Consultancy-led concept development

Cluster organisation

Wolfsburg AG (1999)


Projekt Region Braunschweig GmbH (2005)

Süderelbe AG (2005)

McKinsey & Co.

Regional Growth Concepts (2004) ('a business plan for the region')

Studying

commissioning

Watching

Project

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Consultants as Cluster Salesmen

„Germany needs a new spatial logic as the development of new globally attractive clusters is neither alchemy nor chance."¹

„Silicon Valley is everywhere."²

„Do-it-yourself Silicon Valley"³

„A plan for German job creation"⁴

„the art of leading a region like a firm"⁵

1) Jung/Klug 2006 (translated)
2) Stein/Stuchtey 2003 (translated)
3) Dodt/Stein/Strack 2001
4) Houser/Kraljic/Stuchtey 2001
5) Stuchtey 2003 (translated)

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## Transfer Channels: Summary and Evidence

<table>
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<th>Channel</th>
<th>Occurrence / Relevance</th>
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<tr>
<td>Literature</td>
<td>low (limited to Porter’s definition, manuals hardly known nor used)</td>
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<tr>
<td>Personnel mobility</td>
<td>Some cases in cluster management for transfer of procedural knowledge</td>
</tr>
<tr>
<td>Knowledge communities</td>
<td>Low, limited to regional/national scene</td>
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<td></td>
<td>German practitioners hardly participate in international KCs</td>
</tr>
<tr>
<td>Journeys</td>
<td>Common, but doubts about transferability</td>
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<tr>
<td>Consultants</td>
<td>Widespread</td>
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<tr>
<td>Personal communication</td>
<td>Informal exchange btw state ministries, otherwise rare</td>
</tr>
</tbody>
</table>

⇒ Overall low degree (inspiration, sometimes combination), path-dependent learning by doing tends to dominate

⇒ McKinsey projects = notable exception (copying, adaptation), but influence fading over time

⇒ Unilateral policy shopping as dominant mechanism

Cf. Kiese 2010

## Interregional vs. Path-dependent Institutional Learning

Interregional learning is embedded in path-dependent local learning processes.

Based on Hassink/Lagendijk (2001: 69), also cf. Nonaka/Takeuchi 1995

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  - Regional varieties in Germany
  - Diffusion & policy learning (cf. Kiese 2010)

- The road ahead

Comparative Cluster Policy Research: The Road Ahead

- Horizontal expansion: Including more countries to increase variety (e.g. Kiese 2009)
- Perspectives proved useful
  - institutional (VoC, regional & multilevel governance)
  - policy diffusion/transfer and learning
  - Public Choice
- Conceptual broadening through new perspectives and tasks, e.g.
  - Isolated best-practice case studies ⇒ common framework for systematic CCPR
  - Increase interdisciplinary research
  - need for independent scholarly evaluation
References (1/5)


References (2/5)


References (5/5)


