Cluster Policies and Cluster Strategies:
Implications of the ISRN Cluster Study

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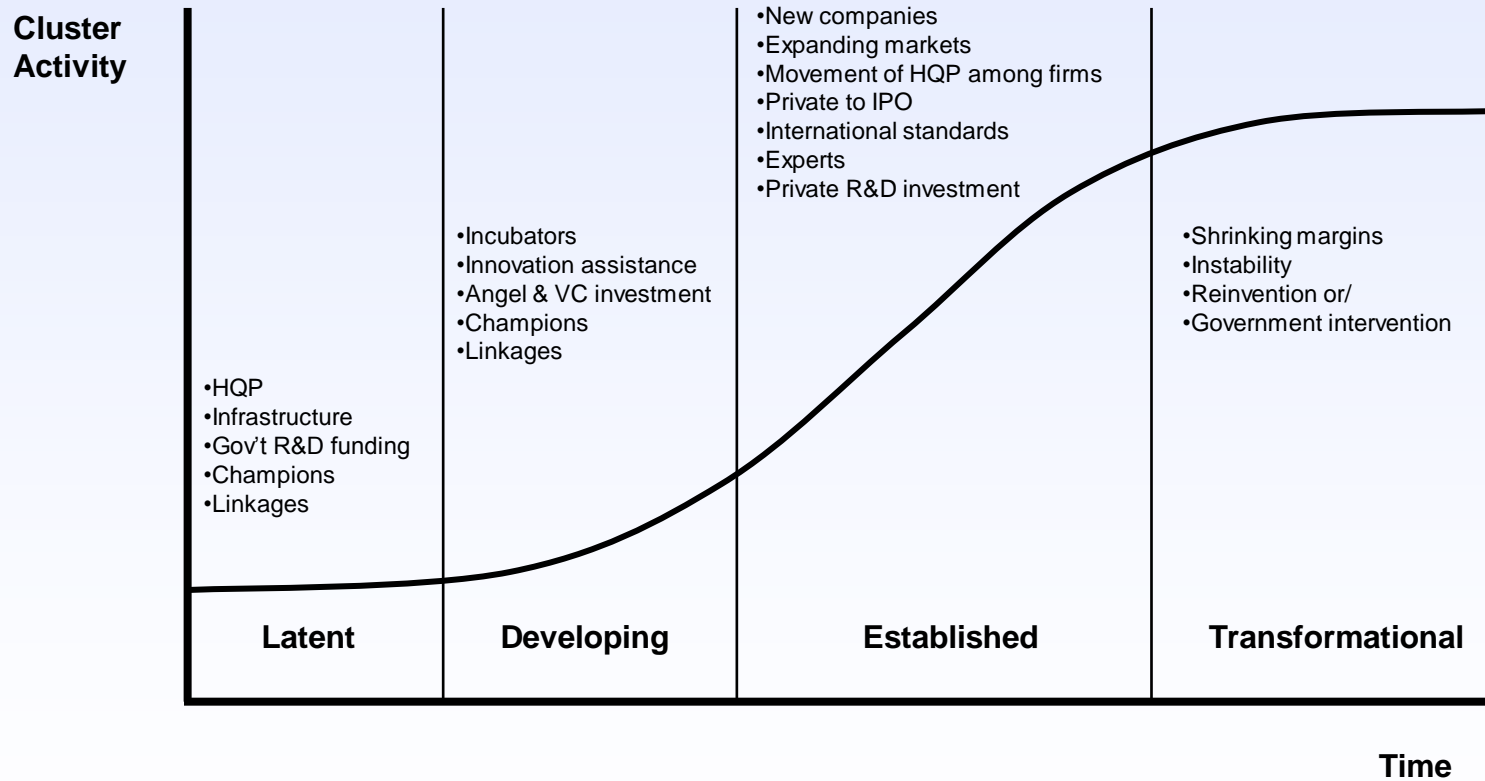Montreal, April 30, 2008

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Emerging Themes in Cluster Analysis

- Path Dependence
  - How do clusters originate?
  - Intended versus unintended consequences

- Industrial structure
  - Clusters vary significantly across industrial sectors

- Knowledge and learning in clusters
  - International knowledge flows vs local learning dynamics
  - Institutional learning → civic capital

- Implications of spatial levels for cluster analysis
  - 'nested scales'
  - moves in multiple dimensions across scales

- Different policies
  - appropriate at different stages of the cluster life cycle

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ISRN's Cluster Life Cycle

Cluster Activity (vertical axis)

Time (horizontal axis)

Latent
- HQP
- Infrastructure
- Gov't R&D funding
- Champions
- Linkages

Developing
- Incubators
- Innovation assistance
- Angel & VC investment
- Champions
- Linkages

Established
- New companies
- Expanding markets
- Movement of HQP among firms
- Private to IPO
- International standards
- Experts
- Private R&D investment

Transformational
- Shrinking margins
- Instability
- Reinvention or/
- Government intervention

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Policy Implications

- Importance of social factors and institution building

- Linkages between elements of the system
  - Especially research infrastructure and clusters

- National policies impact at the local level

- Growing role of networks and clusters
  - Talent as a key attractor
  - Combination of educational resources and quality of life factors

- Critical role of strategic planning and regional foresight and the local and community level
  - Coordinate federal agencies at local level

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Policy Support for Cluster Strategies

- Problem of 'missed opportunities'
  - Federal/provincial investments in research centres and programs
    - Lack of direct linkages to cluster strategies and policies
  - Lack of integration of science and industrial parks with cluster strategies
  - Lack of coordination of regional with national innovation systems

- Need for 'policy alignment'
  - Clusters as 'focusing device'

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Policies to Support Cluster Development

- Three key types of policy:
  - Involve key actors in process of cluster development
  - Facilitate the development of collective services to support cluster firms
  - Promote more effective use of localized research and development infrastructure
    - Local training programs and institutes

Cluster Policies and Tools: Cluster Formation

- Limited interaction between actors in cluster
  - Establish sites for dialogue
  - Broker and network agencies and schemes

- Information failure
  - Cluster analysis and competence audit
  - Sponsor strategic studies
  - Conduct benchmarking

- Lack of cluster identity and awareness
  - Create cluster brand
  - Have national and regional authorities assist with cluster promotion

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Role of Collaborative Institutions

- Formal and information organizations that:
  - Facilitate exchange of information and technology
  - Foster cooperation and coordination

- Enhance civic capital by:
  - Creating relationships and establishing trust
  - Creating collective institutions
  - Identifying common strengths and developing common agenda

- Strategic planning exercises draw upon civic capital created by these institutions
  - Generate trust by engaging key social partners in 'talk'
  - Builds set of shared understandings and expectations

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Strategic Planning at the Community Level

- Innovation-based strategic planning
  - Promotes innovative ideas in all aspects of local economy
  - Facilitate relationship-building

- Strategic assessment of local/regional assets
  - Workforce skills
  - Knowledge assets and R&D
  - Creative elements
  - Infrastructure
  - Quality of place
  - Entrepreneurial networks and clusters

- Key Role of Civic Leadership
  - Brings civic interests together to collaborate
  - Creates broad buy-in across all sectors of community

Drivers of Cluster Initiative Success

- Setting
  - Strong business environment
  - Trust in government
  - Strong regional government
  - Cluster strength

- Objectives
  - Broad range of objectives
  - Objectives selected based on cluster's specific needs

- Process
  - CI Facilitator with cluster insight
  - CI has clear strategy and measurable goals
  - No negative effect of government financing
  - Negative effect of limiting participation

  » Source: TCI Greenbook, 2003

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Magic Bullets ?

- Business led
  - sustain leadership
  - Identify champions
- Clustering is a process not a goal
- Promote networking and interaction
  - Build common vision
- Focus on achievable steps
  - Revise, refocus
- Align institutions and resources
  - Across three levels of government
  - Clusters focus federal/state initiatives
  - Clusters lead workforce development
  - Educational institutions target critical areas

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