

Action spaces of U.S. cluster policy



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- *Research:* Knowledge-based regional development, research on developing and emerging countries, regional economic impact studies, entrepreneurship research, cluster research
- *Teaching:* Bachelor Course of Studies for Geography, as well as a Master Course of Studies for Economic Geography (start planned for 2010)
- *Website:* <http://www.wigeo.uni-hannover.de>



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Cluster definition

„We define cluster as a geographically proximate group of interconnected companies, suppliers, service provider and associated institutions in a particular field, linked by externalities of various types“ (Porter 2003: 562)

Problem exploration

- Cluster are considered euphoric as a synonym for an effective allocation of resources for the benefit of regional economies
- Furthermore as a buzzword and an interdisciplinary field of research in the science community

...and...

- “A combination of weak theoretical underpinnings, definitional elasticity and extreme heterogeneity in its use” (Burfitt/MacNeill 2008: 493)
- A ‘chaotic concept’ that is popular in the policy world, not through its conceptual contribution, but through its status as a highly successful ‘brand’ (Martin/Sunley 2003)

Problem exploration

- “It is impossible to resist the conclusion that the policy tail is wagging the analytical dog and wagging it so hard indeed that much of the theory is shaken out” (Loving 1999: 390)
- Deficit of profound theory and use of implicit theoretical concepts in political decisions and practical implementation processes
- Lack of systematic case study comparisons of cluster policy (Brenner/Mühlig 2008: 2; Fromhold-Eisebith/Eisebith 2005: 1253)
- Best practice case studies, generalized success facts, guides, handbooks etc.

→ Academia is falling behind the development in cluster policy and practice!

Research goals

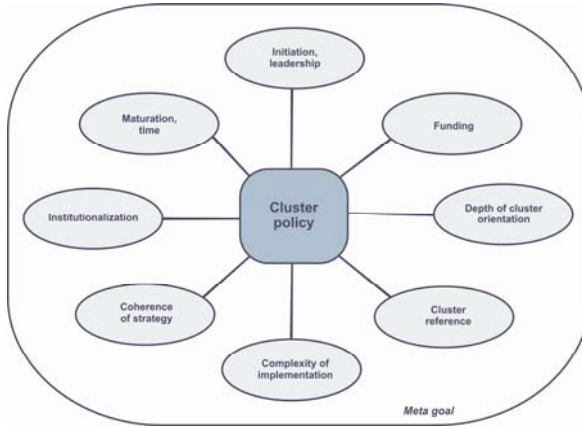
Help to fill the research gap concerning cluster policy:

- I) Explain cluster policy dimensions
- II) Describe action spaces within the policy cycle and political-economic processes affecting cluster policy, considering the influence of external actors
- III) Analyze cluster policy between convergence (as a result of policy diffusion and transfer) and divergence (as a result of institutional embedding and regional diversity)

Cluster policy

- Process-related public policy instrument for the development and promotion of regional cluster structures (vgl. Bruch-Krumbein/Hochmuth 2000: 69f.; Hospers/Beugelsdijk 2002: 382)
- Cluster policy \neq private cluster initiatives
- From an evolutionary standpoint cluster policy is a sort of industry policy, combined from a variety of overlapping political areas
- Justification for the use of cluster policy are market failures, in fact the shift of external and internal general conditions

→ Need for an empirical applicable definition



Cluster policy dimensions

Source: According to Kiese, M. 2008a: 131f.

Dimension	Details
Initiation, leadership	Efforts from key persons or organization as an initial action. Leadership enables the realization and implementation of cluster policy
Institutionalization	In a weak institutionalized cluster policy objectives and duties are unbinding to the actors. In a more binding constellation there are concrete persons or an organization dealing with the implementation of cluster policy.
Depth of cluster orientation	The extent to which a policy program focuses on cluster promotion (ratio between industry-specific and general projects).
Cluster reference	Cluster policy may explicitly refer to the cluster concept by using the term or may be designed without explicitly referring to cluster. Another possibility is the use of the term only for marketing purposes.

Cluster policy dimensions (1/2)

Source: According to Kiese 2008c: 291

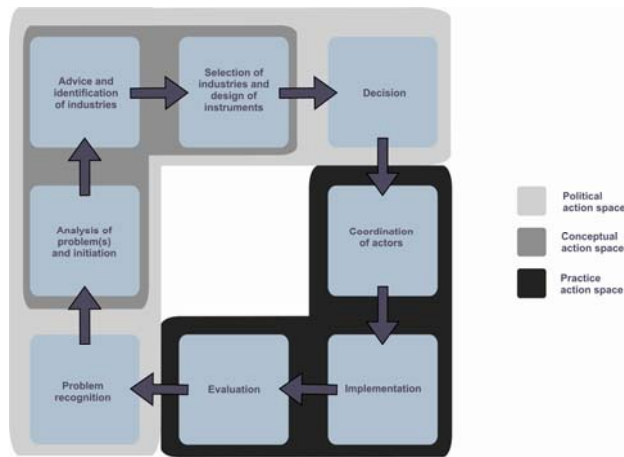
Dimension	Details
Complexity of implementation	Policy to promote cluster range from single instruments (e.g. innovation centre, industry networks) to complex programs (e.g. location development programs that include a broad set of measures).
Coherence of strategy	A coherent strategy is characterized by a homogeneous cluster strategy and a common vision. The opposite are untuned and concurrent actors, a missing integral strategy and isolated measures.
Maturation, time	The temporal dimension informs how long a policy program is in operation and about the progress it has made.
Funding	Funding (capital, tangible means, staff appropriations) from the public and/or private sector as an indicator.
Meta goal	The overall goal or list of objectives of cluster policy intervention.

Cluster policy dimensions (2/2)

Source: According to Kiese 2008c: 291

Action spaces of cluster policy

- Policy cycle:
 - problem recognition →
 - analysis of problem(s) →
 - advice →
 - design of instrument(s) →
 - decision →
 - coordination →
 - implementation →
 - evaluation (Longchamps 2008: 39)
- Cluster policy cycle (Bathelt/Dewald 2008; Benneworth/Charles 2001; Lagendijk 1999; Raines 2000)
- Action spaces shape and affect the development of cluster strategy and also the implementation
- Conceptual, political, practice action spaces exist within policy cycle (Feser 2006)

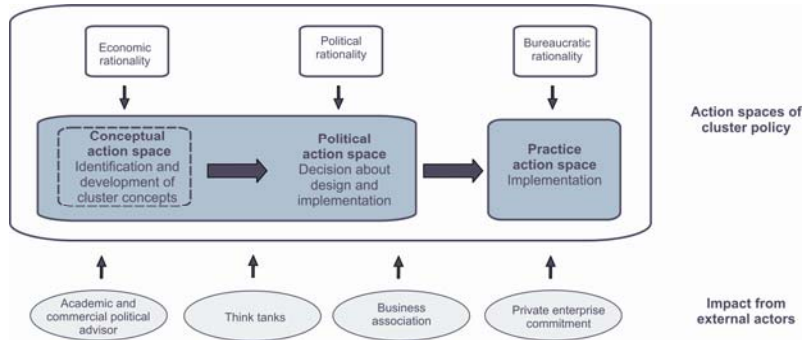


Policy cycle

Source: According to Bathelt/Dewald 2008: 166ff.; Longchamps 2008: 39

Action spaces of cluster policy

- Different rationalities in the action spaces:
 - At best an economic rationality in terms of public welfare maximization in the conceptual action space
 - Bounded rationality in the political action space; politicians furthermore increase their individual benefit regarding reelection and political advancement (following the Public choice theory)
 - Maximization of discretionary action space and budget according the bureaucratic rationality
- Impact from external actors like academic and commercial advisors, think tanks, business associations and companies

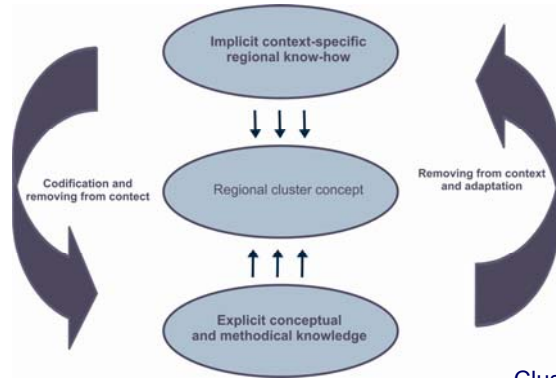


Action spaces of cluster policy

Source: According to Feser 2006: 10; Kiese 2008b: 13

Convergence or heterogeneity?

- On the one hand there is an effect on the cluster policy circle from different rationalities and mechanism in the action spaces
- On the other hand cluster policy is a concept in an area of conflict:
 - Tendencies to policy convergence through diffusion and transfer mechanism caused in changed general conditions
 - Heterogeneous implementation of the cluster concept because of differences concerning economic structure characteristic, institutional and political frameworks and path dependent evolution



Cluster policy concept between convergence and heterogeneity

Source according to Hassink/Lagendijk 2001; Kiese 2008d: 69

Subject	Aspects	
Cluster policy dimensions	<ul style="list-style-type: none"> Initiation, leadership Funding Depth of cluster orientation Cluster reference Complexity of implementation 	<ul style="list-style-type: none"> Coherence of strategy Institutionalization Maturation, time Meta goal
Cluster comprehension. identification	<ul style="list-style-type: none"> Theoretical and empirical knowledge 	<ul style="list-style-type: none"> Cluster identification and selection
Institutional context, cluster governance	<ul style="list-style-type: none"> Institutional settings Constellation of actors Structural conditions 	<ul style="list-style-type: none"> Evolution of cluster policy Cluster governance (private ↔ public)
Connection of action spaces, convergence of the cluster concept	<ul style="list-style-type: none"> Cluster policy cycle Impact of rationalities Policy learning 	<ul style="list-style-type: none"> Policy diffusion Policy transfer Learning processes
Impact of external actors	<ul style="list-style-type: none"> Policy advisor Think tanks 	<ul style="list-style-type: none"> Business association Private enterprises

Analytical framework for case studies (in process)

Research design

- *Overarching motivation* → comparison United States vs. Germany
- *Sub goal for the dissertation paper* → cluster policy in the United States
- Qualitative analyze of several case studies
- Interviews with politicians, practitioner, political advisor, think tanks, researcher etc. in every region
- Review of literature, policy paper, evaluations, presentations etc.
- Analysis of transliterated interviews with software for qualitative data preparation



Case studies on the U.S. state level
Cartography: Stephan Pohl

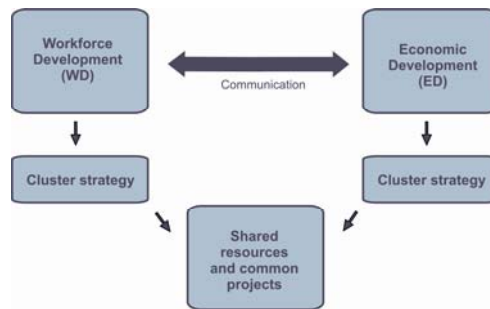
Nation	U.S. states	Local case studies
USA (6)	<i>North Carolina</i> as a "high-tech economy" (12)	<ul style="list-style-type: none"> • Research Triangle (8) • Piedmont Triad (8)
	<i>Oregon</i> as a "normal or rural economy" (15)	<ul style="list-style-type: none"> • City of Portland (12) • Southern Oregon (9)
	<i>Pennsylvania</i> as an "economy in or after a structural change" (13)	<ul style="list-style-type: none"> • City of Philadelphia (11) • City of Pittsburgh (10)*

Case studies (number
of interview partner)

* = scheduled

First Results

- On the national level there is a traditional distance between policy and economy (Blien/Maier 2008: 2)
- U.S. Economic Development Administration (EDA) attempts to push the use of cluster concept – but there is no comprehensive cluster development strategy
- Several federal programs support cluster individual, especially the Workforce Innovation in Regional Economic Development Program (WIRED) (Mills/Reynolds/Reamer 2008: 19f.)
- Numerous WIRED-projects became cluster initiatives (Mills/Reynolds/Reamer 2008: 25f.)



Common cluster strategy from WD and ED

According to Harper-Anderson 2008

First Results

- Furthermore think tanks (like the National Governors Association, the Brookings Institution or the Council on Competitiveness) try to fill the gap → but there is only a small impact on cluster policy
- Promote the use of the cluster concept and act as a information provider
- Intensive role of advisor within the scope of identification processes
- Cluster strategies will be implemented in U.S. states, regions and metropolitan areas (Feser 2005: 144)
- Intensity of cluster policy differs from state to state
- On the state level cluster identification processes and support for building cluster initiatives take place

First Results

- Differences regarding the evolution of cluster policy:
 - *North Carolina*: Cluster concept evolved in the Research Triangle Region Partnership; state encouraged the setting up of further Partnerships; cluster identification and strategy on the state level is in progress (Department of Commerce) → *bottom-up*
 - *Pennsylvania*: Development started on regional workforce boards; at present the State of Pennsylvania coordinates identification and implementation (Department of Labor & Industry, Department of Community & Economic Development) → *bottom-up*
 - *Oregon*: At present a disconnection between cluster policy on the state level and Portland and the rural level; currently there is a restructuring process at the state level → *fuzziness*

Conclusion

- Cluster concept is used as a strategic framework for the connection of economic development and workforce development – „cluster idea-influenced policy“ (Feser 2006)
- Inwards: Identification tool for endogenous strengths and focal points
- Outwards: Marketing tool for the recognition of regional capabilities

Thank you for your attention!

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