



University of Southern Denmark

Entrepreneurial Ecosystems, Smart Specialisation, Industry Clusters and Regional Development

Understanding Change at the Network Level

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Editorial

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Biographical notes: Susanne Gretzinger is an Associate Professor in Entrepreneurship and Business Marketing from the Department of Entrepreneurship and Relationship Management, University of Southern Denmark. She has conducted research on aspiring entrepreneurship in rural business networks and management of capability development in industry networks. She is involved in several projects on specific management and marketing issues related to regional social and business networks.

Susanne Royer is a Professor of Strategic and International Management at the Europa-Universität Flensburg, Germany. Her research interests lie in the area of cooperative business activities in global value creation architectures as well as in regional clusters.

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John Burgess is a Professor of Management from the RMIT University, Melbourne, Australia. He has conducted research on agricultural clusters and regional development, especially linked to the wine industry. He has been involved with ongoing collaborative research programs on clusters with researchers from the European University of Flensburg and the University of Southern Denmark.

Kerry Brown is a Professor of Employment and Industry and Director of the Centre for Innovative Practice at the Edith Cowan University, Perth, Australia. She obtained her PhD from the Griffith University, Australia. Her research interests include public management, infrastructure asset management, industry clustering, negotiation and employment relations and, innovation and change.

Clusters and other forms of networks are collections of firms and institutions that are undergoing continuous change. The dynamics of such organisational structures, which transcend firm boundaries, are regularly even more complex than the dynamics of firms, simply because more nodes and connections are included in the array of relationships. Clusters of firms embody continuous change as firms enter and leave the cluster, as firms grow and contract, and the competitive and institutional conditions supporting the cluster changes.

This special issue takes as its focus explorations and research of clusters and related networked arrangements in this change context. The specific interest lies in the field of cluster management directed towards the establishment of entrepreneurial ecosystems, smart specialisation strategies and regional development. This special issue aims to link these topics better into the fields of change management, public policy, organisational and sectoral strategies with the aim to develop new knowledge in the discussion field. A focus on a resource-oriented perspective on clusters is chosen to have a basis for in-depth insights into changing (inter-)organisational resource profiles underlying networked activities of firms. Change here is reflected in new and different resource constellations having impact on firm competitive advantage as well as regional and locational advantages or disadvantages.

The papers in the special issue cover research topics linked to cluster development and analysis, regional development and local ecosystems and cluster governance systems in the context of change. There are different levels of analysis about changing ecosystems from the industry and cluster to the firm and the supporting local infrastructure. The volume is international, the focus is on Europe. There are four articles in the special issue.

The first two articles by Lehmann and Jungwirth, and Konstantynova present comparative analyses of cluster programs and cluster development in different parts of Europe.

Lehmann and Jungwirth examine the contribution of clusters to the development of economically weak regions in Europe. Two groups of underperforming regions are selected – the first group is located in the transition economies of Albania, Bulgaria, Macedonia, Croatia and Serbia. The second group contains three underperforming

regions located in Germany. The purpose of the paper, using qualitative research, and within the analytical framework of the value added web put forward by Brown et al. (2010), is to evaluate the competitive disadvantages of local companies in these regions. The study finds that forms and extent of competitive disadvantage differ between the two groupings of companies. In transition economies, the problems and weaknesses for changing organisations are embedded in local conditions (such as problems with accessing capital). In the German regions, the companies faced problems related to not being linked into national and international networks and value chains. The implication is that through clustering it is possible for local and embedded structural disadvantages to be addressed via informed and strategic programs by the clusters. In these cases clustering offers a way to overcome systemic disadvantage faced by local firms and to address specific weaknesses within the local ecosystem.

In their contribution to this special issue, Lehmann and Jungwirth further highlight that change is a central aspect regarding the understanding of different cluster levels. The findings from the clusters they investigate in summary suggest that clusters may help to overcome local disadvantages due to their adaptation to a certain location and that clusters themselves therefore change over time while at the same time cluster initiatives may be the instrument to initiate change in firms located in the cluster.

The two cluster cases investigated by Konstantynova support the understanding that clusters have to be customised and adapted to regional specificities to lead to positive change in a region. In her contribution to this special issue, and using comparative analysis across regions, Konstantynova examines cluster policy development in the Upper Basque Region of Spain and in Upper Austria in the context of increasing changes on the macro-environmental level. Both regions have active cluster programs and both have been in receipt of EU cluster funding. Both regions are regarded as being exemplars in the use of cluster programs to support regional development in terms of positive change in a region and ‘clusters as drivers of change’ in the final stage of cluster policy.

Using qualitative methodology, Konstantynova’s article demonstrates in both regions, cluster policy and programs have evolved and developed through similar processes of evolution. The article outlines different stages of cluster policy development: first, ground building, establishing the cluster; second, strengthening the cluster through targeted support programs; and third, the embedded cluster as a driver of regional economic development. The article highlights that the cluster life cycle requires policy adaptation and recognition programs should be flexible and adapt to the changing cluster context. The cluster evolves from an exploratory and hesitant process to an embedded and active driver of economic development within the region. Each stage of the cluster requires different forms of policy and institutional support. The findings from both investigated cases in this context suggest that cluster policy has changed towards ‘regional smart specialisation cluster-based innovation strategy’.

The article by Ludwig investigates an important, yet largely neglected issue of cluster fees. Where clusters are formalised with a governance structure, rules of entry and exit, there is an issue of what fees should be charged to cluster members for belonging to the cluster and for accessing the services of the cluster (Rohde et al., 2018). In the EU context, the public funding of clusters has meant that the establishment and running costs of formal clusters have been defrayed by public funds, and that initially membership was open. However, as the cluster evolves and develops, and if it is successful, the case for public funding declines and the issue of a membership and service fee structure has to be

addressed. The article examines why there is a reluctance on the part of cluster members to pay fees for service and membership, especially within the context of where membership was provided for free and no fees have to be contributed initially. How do you overcome the reluctance to pay? The article suggests strategies to embed membership fees and specialised services from the initial cluster development. The change from no fees to fees is elaborated here in a systematic fashion highlighting the challenges associated with simple institutional change.

Finally, Leick moves the focus towards small firms and their adaptability to structural change in the market; in this case demographic change. Leick's point of reference is the dynamic of the market affecting small firms. She suggests that resulting challenges have to be coped with in an entrepreneurial fashion in terms of flexibility and adaptation to changing regional and global contexts. Using a postal survey of small firms together with interviews in Germany in those regions affected by demographic change the purpose is to examine strategy formation within small firms. The study outlines both short-term and long-term adaptive strategy development within the local small firm context.

The volume covers a wide terrain of industries, regions and contextual challenges around competitive strategy and concomitant organisational change. Clusters are used extensively in Europe as a process to develop networks, support local infrastructure and develop links to external markets. In the context of change management and managing change management, clusters offer a means for spreading risks and accessing support processes and mechanisms, especially through new types of relational networks and social capital. The shift in thinking about regional development towards entrepreneurial ecosystems, smart specialisation and creative regions represents a shift in recognition of the importance of skills, knowledge, expertise and networks in nurturing creativity, formal formation, the emergence of new resource types and new clusters. In Europe at least, formal cluster organisations and regional, national and international support for clusters will remain. However, with more data and a more sophisticated understanding of the dynamics of cluster development, change and evolution, there is recognition that homogenous, top down processes linked only to funding are no longer suitable.

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