

HOW TO PROMOTE AN EFFECTIVE GOVERNANCE OF CLUSTER DEVELOPMENT

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First of all, I want to tanks Prof. Cappellin for the invitation and many compliments for the initiative.

The great paradox of the new global economy is that, even as national boundaries matter less, location matters more.

Cross-border flows of information, technology, and capital are dissolving barriers and creating global markets on an unprecedented scale.

However, the capacity to create new wealth is not evenly distributed. Rather, it is concentrated in areas where the right conditions and resources can be leveraged to produce high-value products and services that support higher wages.

Cluster research also suggests that the basis of competition between regions is changing. Increasingly, regional economic success will be determined by building up the local strengths that foster productive investment, not on attracting investment through large tax incentives. Strengthening local assets requires a focus on research capabilities that support local clusters, the talent pool of skilled workers in specialized areas and the regional networks that connect business with local innovation assets.

The contribution to the economic growth from the technology innovation depends from the involvement of different actors, public and private, of small and large size.

The arguments for cluster policy, in regard to the development of clusters, are not yet fully established. There is a host of approaches pursued in different countries and by different actors.

In short, the field is still plagued by unsettled issues, some arguments are unclear, and confusion abounds in many places.

What is the role of policy makers to respect to clusters? What type of clusters should be prioritized when considering the role of public policy?

Which measures should be implemented, by whom, and at which stages?

The governance of firms in a cluster influences the structure of the cluster and the governance is influenced by the structure of the cluster.

The structure also influence governance: in fact in a different population of firms, different forms of governance develop. Central, in this respect, is the presence or absence of potential "leader firms" that can play an active role in the governance of a cluster. The level of internal competition also influences the governance in the cluster.

The performance of clusters is also affected by changes in the "environment" of a cluster.

It's necessary to provide a basis for developing policies and strategies to improve the performance of clusters.

It's necessary to define a new model based on a knowledge economy, centred on services and characterized from a continuous process of innovation.

Even if the active role of firms is fundamental, it's necessary a deep change in innovation's policy to create the best conditions for entrepreneur's initiatives and overcome the greater structural problems at country level.

In the actual context, with a lack of resources, seems difficult realize this change without the definition of a strategic political vision, shared by the main stakeholders, that identify the innovation as the primary goal of government.

Make a strategic evaluation of the Italian performance and define the priorities to address for the innovation strategy. The strategic revision should also include a reorganization plan to improve the mechanism of

governance and implementation of politics, and the operative start of the Innovation Agency.

To enhance the efficiency and the governance of the innovation is necessary:

- To define innovation and research, as the strategic goal, in the government action;
- To develop a strategic vision with long term goals to enhance the research and innovation ability, of the economic system;
- To define an implementation plan that concentrates the resources on a limited number of measures efficient and effective;
- To reorganize the incentive system for innovation and research of SME's with the rebalancing between the automatic incentive and incentive allocated with mechanism of evaluation and selection.

It's also necessary that the local institutions should be able to give the favourable environment for their development, to be part of a system maintaining their autonomy.

In conclusion, at country level, to build up the ability to act, is necessary:

- to define a shared economic vision (create consensus, involvement of main actors, define priorities),
- define the architecture of the economic development (to drive consensus and participation)
- a leadership focused in a shared vision (central role of sector leaders, universities, government)

Achieve this new shared strategy, means to prime a virtuous circle that generate the needs for a further new strategy that tends to progressively improve the country's competitiveness.

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