Clusters and institutions
Towards a reassessment of the role played by local institutions in the transfer of knowledge and the setting of local networks

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I. A critical appraisal on clusters

- Definition

  A rather vague notion… but successful…

  The term cluster was firstly used for success stories (ex.: Silicon Valley, with high tech industries, or Nokia, a cluster dealing with technical complementarities and subcontracting relations)

  A notion which has been expanded to various types of local systems of production

  Nowadays, local or national policy tool (OECD)

I. A critical appraisal on clusters

- The reasons of a success. Four major theoretical insights:

  - a system based on the notion of knowledge economy

  - a framework for collective action (network externalities)

  - vertical (quasi) integration between local firms

  - the crucial role given to the relations with other production systems or firms

I. A critical appraisal on clusters

- Back to the clusters. A simple definition based on two key elements

Organization of inter- firm relations

		Strong	*Weak*	
Localisation of inter-firm relations	*Strong*	1. Cluster a la Porter	3. Cluster based on local resources	
	Weak	2. Cluster without local foundations	4. Sparse activity	

II. Ile de France. The main findings

- Local firms maintain mostly client-supplier links
  - Sme's that sell to large firms
  - Sme's that sell to sme's
- Lack of inter-firm innovative cooperation
  - Lack of local cooperative innovation culture
  - Large region (what is geographical proximity?)
  - Relations between large firms and Sme's are very difficult (lack of trust)
- Existence of negative effects of geographical proximity concerning mainly the availability of the workforce (when there is rapid growth)

II. Ile de France. The main findings

- Crucial links between local institutions :

  – Public institutions finance business services or local financial institutions.

  – New cluster development policy developed by the local public institutions since 2000

    (Conseil Régional d'Ile-de-France and Conseils Généraux)

    (e.g. Opticsvalley financed mostly by CRIF and CG 91).

II. Ile de France. The main findings

- Many links between local institutions and firms :
  - Institutions that have subsidies or that can provide financial support to Sme's.
  - Local technical networks that can help sme's solve problems.
  - Institutions that provide a specialized network and can facilitate the local interactions between Sme's, large firms and public labs

III. The role played by local institutions

- They play the role of central organizers within several regions:

  - it is obvious in several French regions (concerning the poles de compétitivité policy)

  - local institutions play a key role in the definition of cluster policies

  - they decide the location and the types of productions or innovations

III. The role played by local institutions

- They improve local entrepreneurship potential

  - creation of incubators

  - nurseries

  - support to the creation of start-ups

  - financing of venture capital funds

  - …

III. The role played by local institutions

- They promote the image of the local system of production abroad

- They contribute to the development of local interactions between all the clusters players (laboratories, firms...).

- They provide subsidies to support local innovation and to reinforce the local economy.

III. The role played by local institutions

- They help in building local networks and cooperation relations between local firms

  - they ease interactions between local economic actors

  - the organize meetings between the local actors

  - they reinforce learning mechanisms between local firms and institutions