

CLUSTER INITIATIVES IN SPREADING EUROPEAN UNION

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ABSTRACT

The paper results from the brief characteristics of the enlargement of the European Union. In relation to the fact that for the new planning period 2007 – 2013 the main objective is based on the competitiveness of the whole European Union, the paper deals with the question how to use clusters and cluster initiatives as an instrument for the increase of the competitiveness.

KEY WORDS

regional policy, cluster initiative, competitiveness, enlargement

1. Introduction

In 2004, ten states became new members of the European Union. It was the largest enlargement and there are 25 member states in the EU nowadays. For the new planning period it is obvious that „Europe must renew the basis of its competitiveness, increase the growth potential and its productivity and strengthen the social cohesion, placing the main emphasis on knowledge, innovation and the optimization of human capital. To achieve these objectives, the Union must mobilize all appropriate national and Community resources – including the cohesion policy – in the Strategy’s three dimensions (economic, social and environmental) so as better to tap into their synergies in a general context of sustainable development“ as indicated in the decision of the European Commission No. 0299 of 5 July 2005.

In consideration of the fact that the basic feature of the future development is the reinforcement of the competitiveness, the paper deals with the clusters and cluster initiatives as one of the possible instruments for increasing the competitiveness and the implementation of innovations.

2. The enlargement of the European Union

The creation of the European Union began in 1957 when Benelux, France, Italy and Germany established the European Coal and Steel Community and EURATOM. The next members of these European Communities became in 1973 Great Britain, Ireland and Denmark, in 1981 Greece, in 1986 Spain and Portugal and in 1995 Austria, Sweden and Finland. The largest enlargement in the whole history of the European Union was in 2004, when ten states (Czech Republic, Estonia, Cyprus, Lithuania, Latvia, Hungary, Malta, Poland, Slovakia and Slovenia) were admitted, which means there are 25 member states in the European Union nowadays.

The fact is that there are a lot of countries that want to join the EU in the future and we have to decide if it is a good idea to accomplish another enlargement only few years after the recent large one. It is obvious that after 2004 the number of undeveloped NUTS II regions in the EU increased and all of these regions can use the sources from Objective 1. On the other hand, some of formerly (in the EU 15) undeveloped regions became after this enlargement developed and cannot continue using sources from Objective 1 which is a consequence of the average GDP decrease in the EU.

It is evident that the countries which want to join the EU are undeveloped. Due to this fact, the average level of GDP as well as the number of the undeveloped NUTS II region would after this potential enlargement decrease again. In that case, the sources of the Structural Funds should be used for more regions and process of the competitiveness increase should slow down. The conclusion could be firstly to increase the level of the member states and after this, the process of the enlargement can continue.

On the other hand, the countries, which want to join the EU, have often relevant problems, for example economic, environmental, industrial, problems with inflation, unemployment, living standard, social problems and so on. These problems can be very dangerous for these countries. The membership in such a community like the European Union can be a solution to these problems.

We can submit that the process of the enlargement is very useful for all new member states, but not so useful for the old member states. It is very complicated to determine the best moment for the next enlargement. It is more about the political discussion but it is very important to bear in mind all these arguments and information during these political discussions.

2. Cluster and cluster initiatives

2.1. The definition of the cluster and cluster initiatives

Firstly in this part, it would be convenient to name some of the possible definitions of the cluster which are presented in scientific literature and show how various representatives of the regional economy perceive the clusters.

The first who came with the definition of the clusters was a classic of this line Michael Porter who in his book *The Competitive Advantage of Nations* indicates the hypothesis that mutually linked branches concentrated in a geographically limited area are driving power of national, regional and local development. In doing so, he defines cluster as a geographical concentration of mutually linked firms, specialized suppliers, service providers, firms in related branches and associated institutions such as universities, agencies and business associations of various lines which on the one hand compete but on the other hand cooperate as well [1].

Clusters can be also understood as business-productive firms and non-commercial organizations for which the membership within the frame of the group is the significant element of competitiveness of every single member; clusters are tied together with supplier-customer relationships or common customers and channels of distribution or common job markets and human capital [2].

The other definition says that clusters are possible to be specified as geographically concentrated branches which get their efficiency and competitive advantage with using the emplacement in certain locality and all the factors related to it. They represent a district movement from traditional approaches in regional development programmes

which are oriented to the support of particular firms. The argument for these changes is not a fact that governments could create clusters but that they can help the creation of entrepreneurial, innovative and institutional environment, which will support the achievement of the clusters [3].

Cluster initiatives are organised efforts to increase growth and competitiveness of clusters within a region, involving cluster firms, government and the research community. Cluster initiatives have become a central feature in improving growth and competitiveness of clusters [4].

2.2. The contribution of the cluster

Cluster as one of the instruments for increase the competitiveness of the particular region brings naturally positive effects not only for the particular enterprises involved in the cluster but also for the cluster itself. There is a wide range of these positive effects. Basic division of these effects is possible to depict as the contributions in the spheres as follows:

- planning, organization and project management,
- production,
- human resources management,
- finance,
- logistics,
- marketing and sale,
- research and development etc. [5]

It's obvious, both the enterprise and the region can gain a lot of contributions from the efficient cooperation, however, the whole process is very risky. Especially important is mutual trust among the particular members of the cluster who are able not only accept the results and capacities of the other members but also are willing to provide their own results and capacities for the others. To make this process functional, it is necessary for the members or the cluster to be, in a way, decided to keep the same line, forget about individual thinking and creation of individual results and begin to think within the frame of the whole cluster and create results of the cluster because through high-quality overall results will even the particular members achieve high-quality results. However, this mutual trust is especially in the Czech Republic probably the crucial problem as resident entrepreneurial environment is most tough with a large amount of deceptions, corruption and tunneling and most of the entrepreneurs came to the conclusion that overmuch trust does not pay off. However, this is not the approach which could increase the competitiveness of the cluster or subsequently the whole particular region. On the contrary, highly functional cluster is undoubtedly contribution not only for the enterprises themselves but it also increases to a large extent the development of the

whole region and helps to create desirable economy based on knowledge and innovations.

2.3. The characteristics of the cluster initiatives

In the Greenbook by Sölvell, Lindquist and Ketels we can find a lot of characteristic signs of cluster initiatives. These signs are for example as follows:

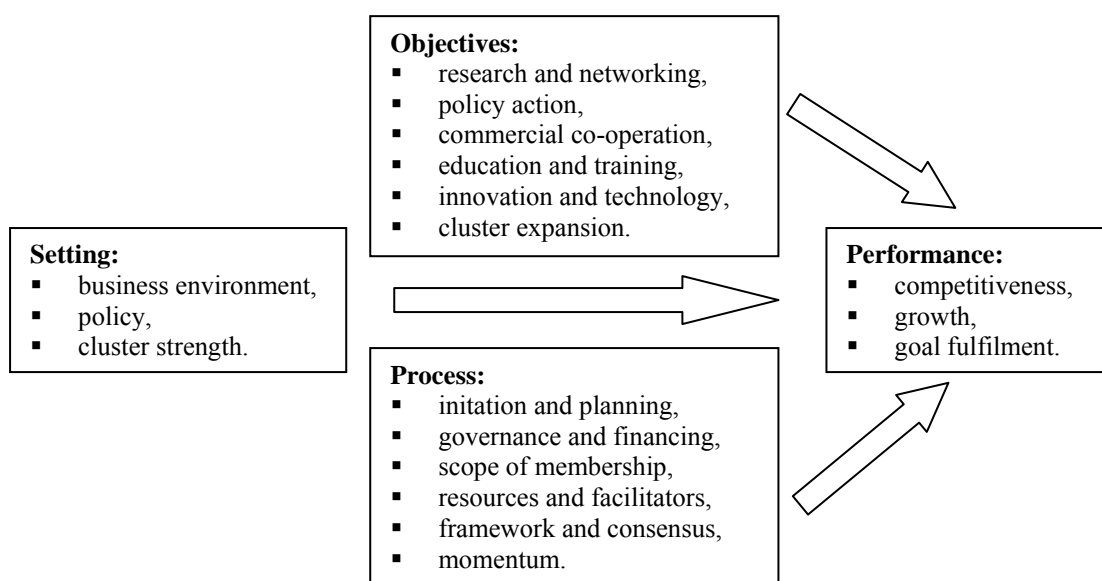
- every cluster initiative is unique,
- cluster initiatives are most frequent in developed economies and transition economies; clusters initiative tend to focus on technology intensive areas, most clusters initiatives are found in IT, medical devices, poroduction technology, communications equipment, biopharmaceuticals, and automotive,
- most cluster initiatives are found in national environments where science and innovation promotion is an important part of government policy, and where local government plays important role,
- cluster initiatives occur in clusters that often are of national importance and almost always of regional importance,
- the objective of the cluster initiative can vary greatly, some objectives are pursued by moc cluster initiatives, while others only by a few cluster initiatives,
- cluster initiatives are initiated by government (32 %), by industry (27 %), or equally by both (35 %),
- financing comes priparily from government (54 %), from industry (18 %) or equally from both (25 %),
- companies are the most influential parties in the governance of cluster initiatives,

- cluster initiatives tend to have a narrow geographical focus (50 % have most of their members within one hour's travel distance),
- almost all cluster initiatives (89 %) have a dedicated facilitator, and many (68 %) have some sort of office; cluster facilitators tend to have an industry background from the cluster,
- many (78 %) spend time and efforts to build a framework of shared ideas about why the cluster initiatives is beneficial and how it is supposed to work; this framework is usually (87 %) based on an evaluation of the cluster's own strength and capabilities,
- cluster initiatives tend to have an explicitly formulated vision (84 %), but less (68 %) also have quantified targets for their activities,
- 95 % of cluster initiatives have ten active members or more [4].

2.3. The Cluster Initiative Performance Model (CIPM)

This model can be used to analyse and evaluate cluster initiatives. CIPM is based on four compoments: three drivers (the social, political and economic setting within the nation), the objectives of the cluster initiative, the process by which the cluster initiative decelops – affecting the performance of the cluster initiative. All these components are on next picture number 1 [4].

Picture n. 1: The Cluster Initiative Performance Model



Source: Sölvell, Lindquist, Ketels, 2003 [4]

2.4. The characteristics of the successful cluster initiatives

Successful cluster initiative has a lot of characteristic signs, for example as follows:

- 85 % agree that the cluster initiative has improved the competitiveness of the cluster and 89 % have helped the cluster grow,
- the national social, political and economic setting within which cluster initiatives are implemented is important for the performance; key factors include a high level of company trust in government initiatives and having influential local government decision makers, which are both clearly related to good cluster initiative performance,
- cluster initiatives serving strong cluster of national and regional importance are more successful,
- cluster initiatives initiated through a competition process to get government financing perform significantly better in terms of increasing international competitiveness,
- there is no effect on performance if government picks the companies to involve in the cluster initiative; nor do cluster initiatives with members within one hour's travel distance, in a single level of the value chain, or avoiding direct competitors or small companies perform better; cluster initiatives limited to domestic companies perform worse,
- cluster initiatives with offices and budgets sufficient to conduct significant projects without seeking separate funding perform better,
- for the facilitator, having a broad network of contacts is the most important success factor, but the facilitator's qualities are more important for competitiveness performance than for growth performance,
- cluster initiatives that build a clear, explicit framework, based on the cluster's own strengths, and spend time to share this framework with all parties, are clearly more successful in promoting cluster competitiveness,
- generally disappointing results and failure for cluster initiatives to generate changes are related to poor consensus, weak frameworks, facilitators lacking strong networks, lack of offices and sufficient budgets, and neglected brand building; disappointing cluster initiatives tend to be aimed at less important clusters,
- government policy and other settings factors also influences performance indirectly, by affecting the objectives cluster initiatives pursue and process issues

3. Conclusion

The paper deals with the problem of the enlargement of the European Union. The largest enlargement in the whole history was in 2004 when 10 new states, including Czech Republic and Slovakia, joined the EU. The process of the enlargement has a lot of both positives and negatives, but the important fact is that for the new period 2007 – 2013 the basic objective of the European Union is to increase the competitiveness and to build the economy based on knowledge and innovations.

One of the best ways how to increase the competitiveness is the support of the creation of the clusters and cluster initiatives, which can very quickly help to implement innovations in practice. The paper deals with briefly characteristics of clusters and cluster initiatives as well.

We can submit that the cluster initiatives can help in building economy based on knowledge and increasing the competitiveness, but the sources of the European Union are not inexhaustible. In my opinion, this means that the European Union should firstly increase the competitiveness of the regions in the member states and after this, the process of the enlargement of the European Union can continue. If this process continues in the near future, the average level of the GDP will reduce again and the process of increasing of the competitiveness will be more complicated, in some regions probably impossible.

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