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Recent Experience with German Cluster Policies

The Leading Edge Cluster Competition and the Bavarian Cluster Campaign as Examples

Workshop „Boosting Innovation: a cluster approach“, 18 June 2010, Piacenza, Italy

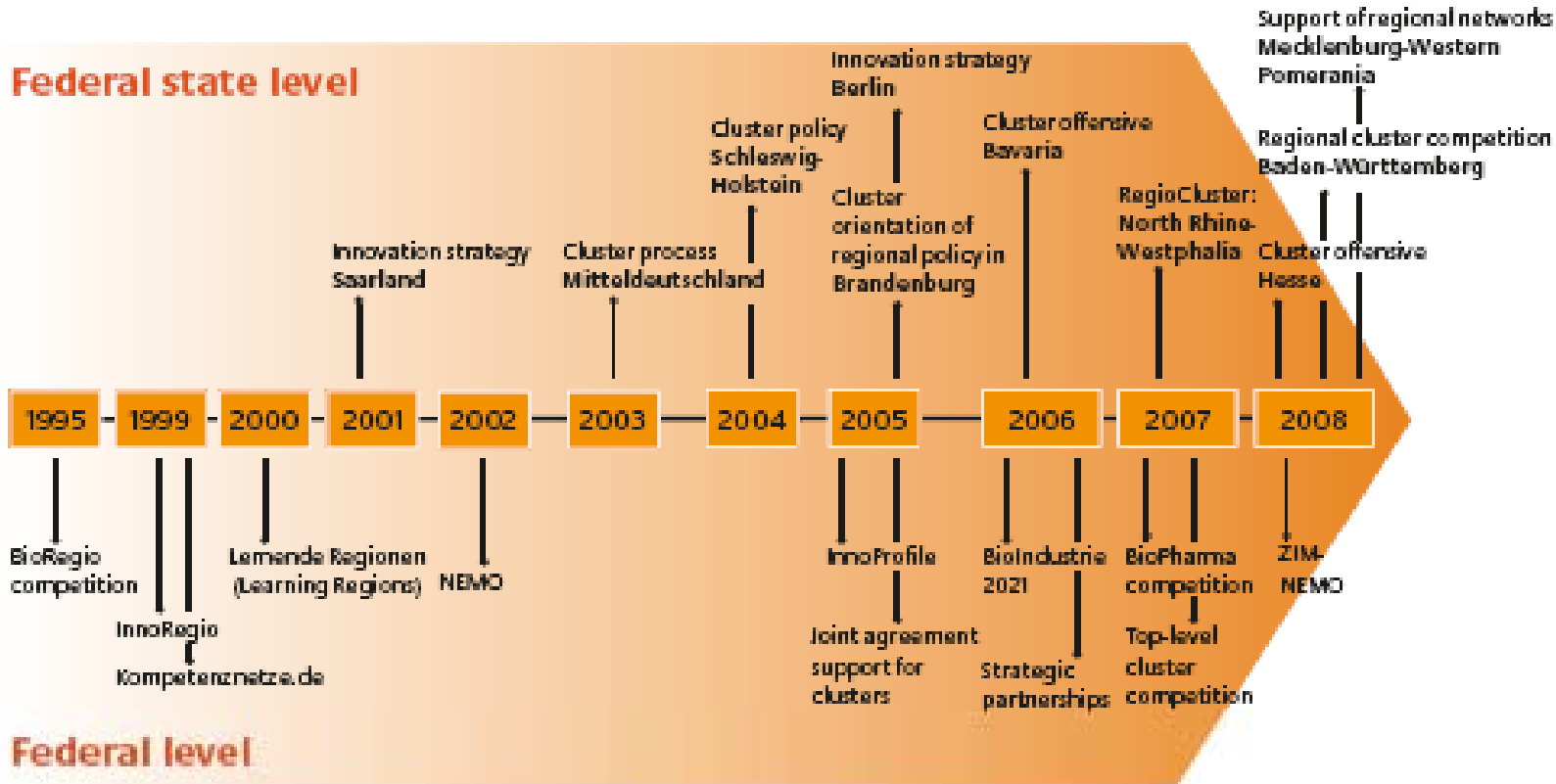
Agenda

1. German Cluster Policies in Context
2. Basic Assumptions of the Cluster Concept
3. Cluster Policies
4. Basic Model of Cluster Effects
5. Examples & Experience
6. Chances of Clusters
7. Conclusions based on the German Experience

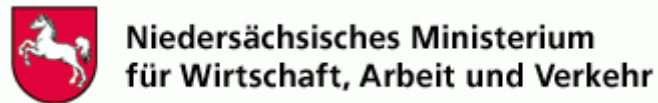
German cluster policies in context

- Quite long experience with cluster policies on the federal level (design, implementation, evaluation, exit): BioRegio in 1995, EXIST in 1998, InnoRegio in 1999, Learning Regions in 2000, InnoProfile in 2005, Leading Edge Cluster Competition in 2008; regional competitions
- Various federal states with own cluster initiatives (e.g. Bavaria, Hessen, Baden-Württemberg, Schleswig-Holstein), be it in the framework of a cluster competition or top-down
- Significant financial input in the case of the federal initiatives (~600 Mio. € leading edge cluster competition)
- Different handling of the cluster concept and de facto different objectives to be pursued: innovation vs. industry policy, balance-oriented strategies vs. growth poles, regional development

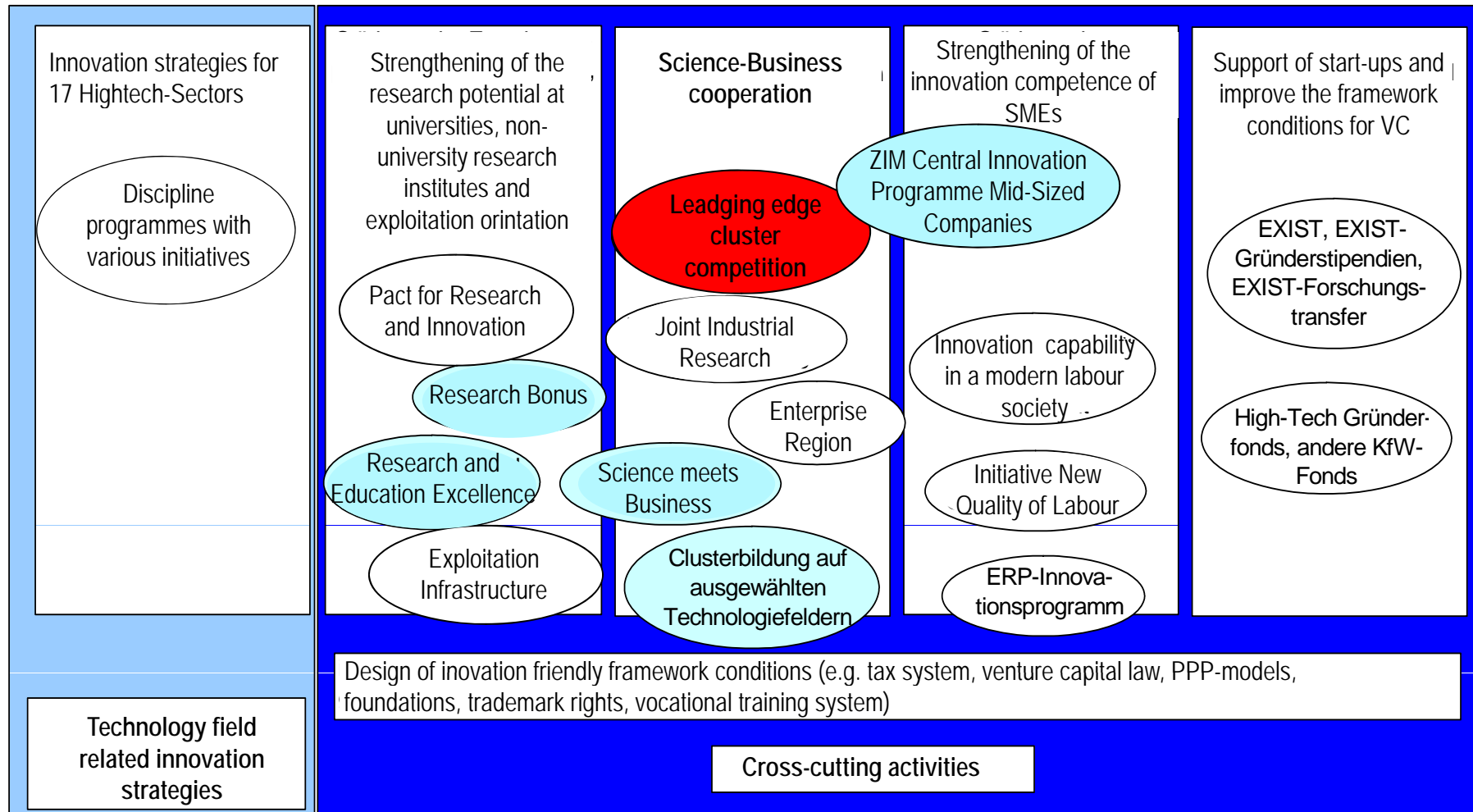
Most relevant recent cluster initiatives



Some examples of cluster initiatives in Germany



Policy measures on the federal level within the context of the Hightech-Strategy



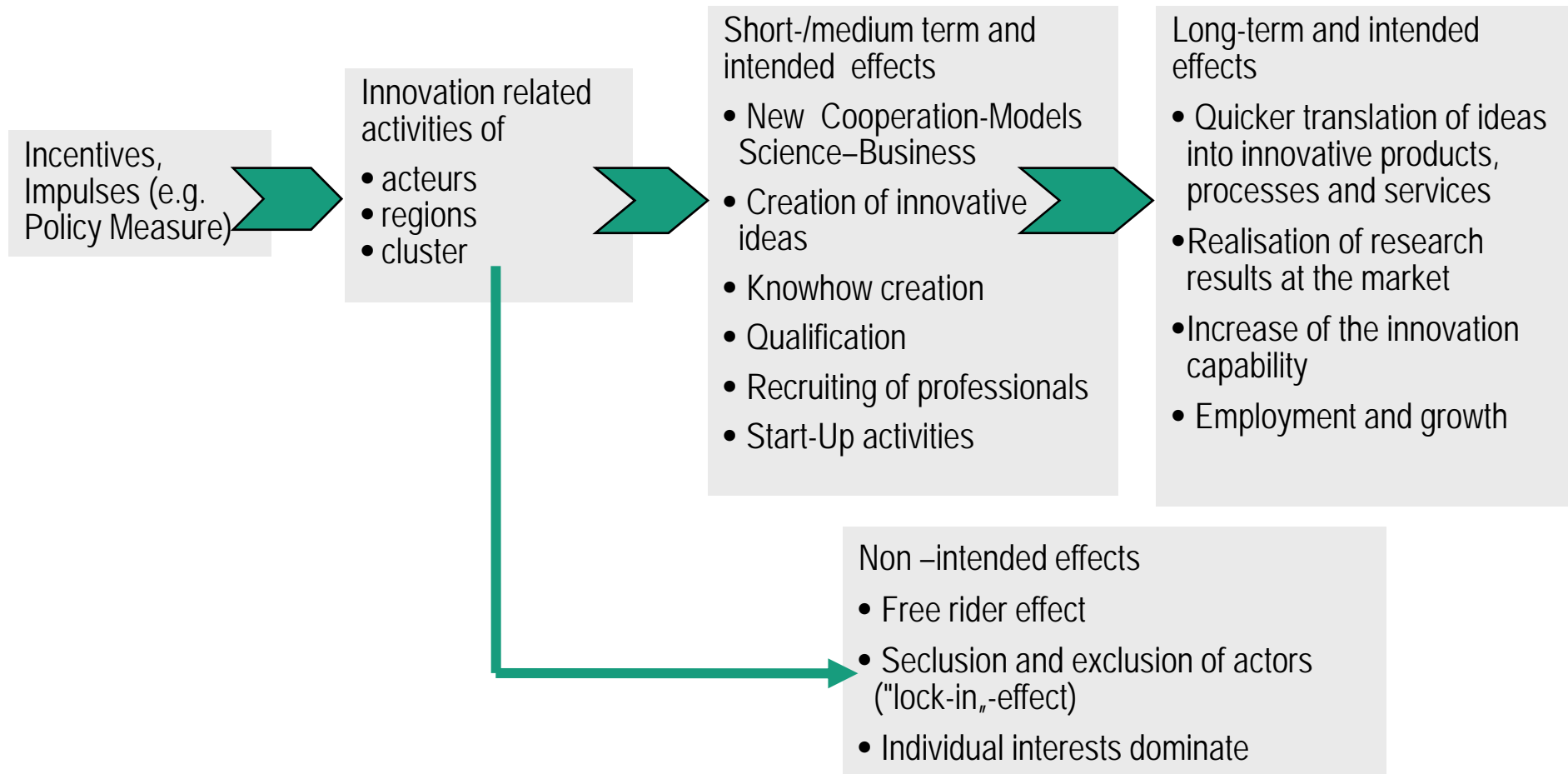
Basics assumptions of the cluster concept

- Regionale agglomerations of companies and technology-/ innovation related firms as well as other organisations (in particular universities and research institutes) generate competitive advantages due to cooperation und competition in close proximity (*various definitions see Martin/Sunley 2003: 10*)
- Thereby classic localisation advantages and externalities are crucial as well as – in a postfordistic context – social aspects in terms of trustful learning- and innovation related interaction (*see et al. Breski/Malerba 2005; Malmberg/Maskell 2002; Hartmann 2006*)
- Interdependent relationship pattern between a regional-sectoral cluster and its surrounding business region (*Thomi/Sternberg 2008*)

Cluster support – cluster policy

- (Public) Cluster support primarily comprises „soft“ measures of moderation, network- and image-building, but also accompanying project- and thematic incentives (in contrast to the „hard“ support of investment) (*vgl. Sautter 2004; Sölvell et al. 2004; Sternberg et al. 2004*); however, leading edge cluster competition much more far-reaching
- Overall objective is the stimulation of organisations of specific technology-fields or branches towards more socially rooted vertical and horizontal interaction; main focus is on an increase of collective innovation (*Fromhold-Eisebith/Eisebith 2008*); superior objective is an increase of the regional, national and where applicable international competitiveness (*Cernavin et al. 2006; Enright 2003; Porter 1998*)

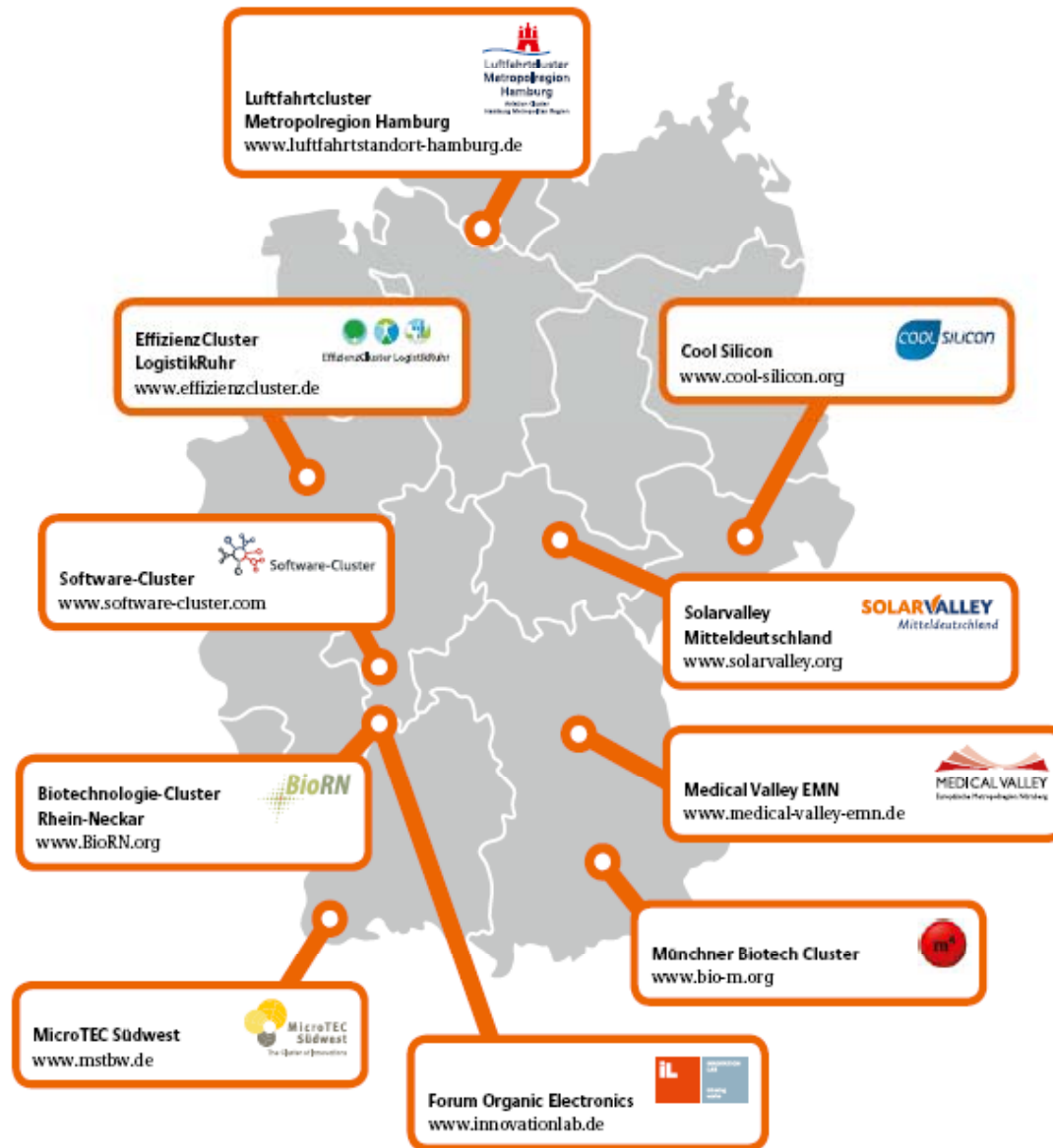
Basic model of cluster effects



The examples: big picture

	Period	Budget	No. of clusters	Type of cluster	Feature of the initiative	Strategic elements of governance
Leading Edge Cluster Competition (Federal Ministry of Education and Research)	2008-2015	~ 600 Mio. Euro	15 (to be selected in three phases)	Research- /technology - driven cluster	Competition; Selection of leading edge cluster by high ranking jury in two steps	Jury Advisory Board Accompanying Evaluation
Bavarian Cluster Offensive (Bavarian Ministry of Economic Affairs)	2006-2015	45 Mio. Euro (2006-2011)	19 (first period; probably to be reduced for second period)	Research-, Industry-, Service-, and cross-section cluster	Top-down selection of cluster	Taskforce Evaluation

Leading-edge clusters in Germany

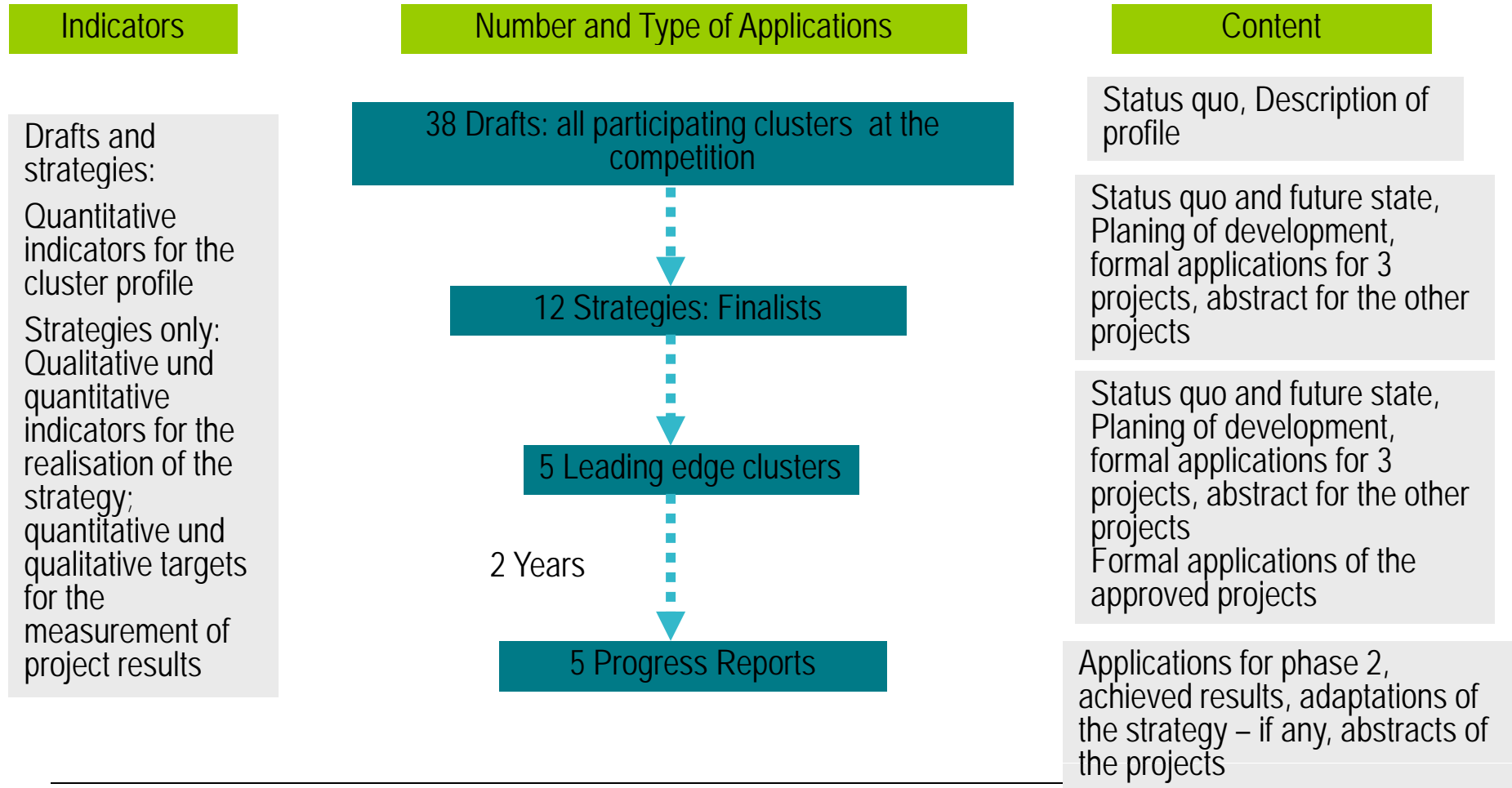


Currently 10 Clusters operating – after two competition rounds
Final round: 2010

Objectives:

- Building of bridges between science and business to safeguard growth and employment
- Research results having innovation potential must be recognised and quickly and successfully brought to market
- At the same time, research matters of relevance for the future must be formulated and solutions found

Data and information provided in the course of the application



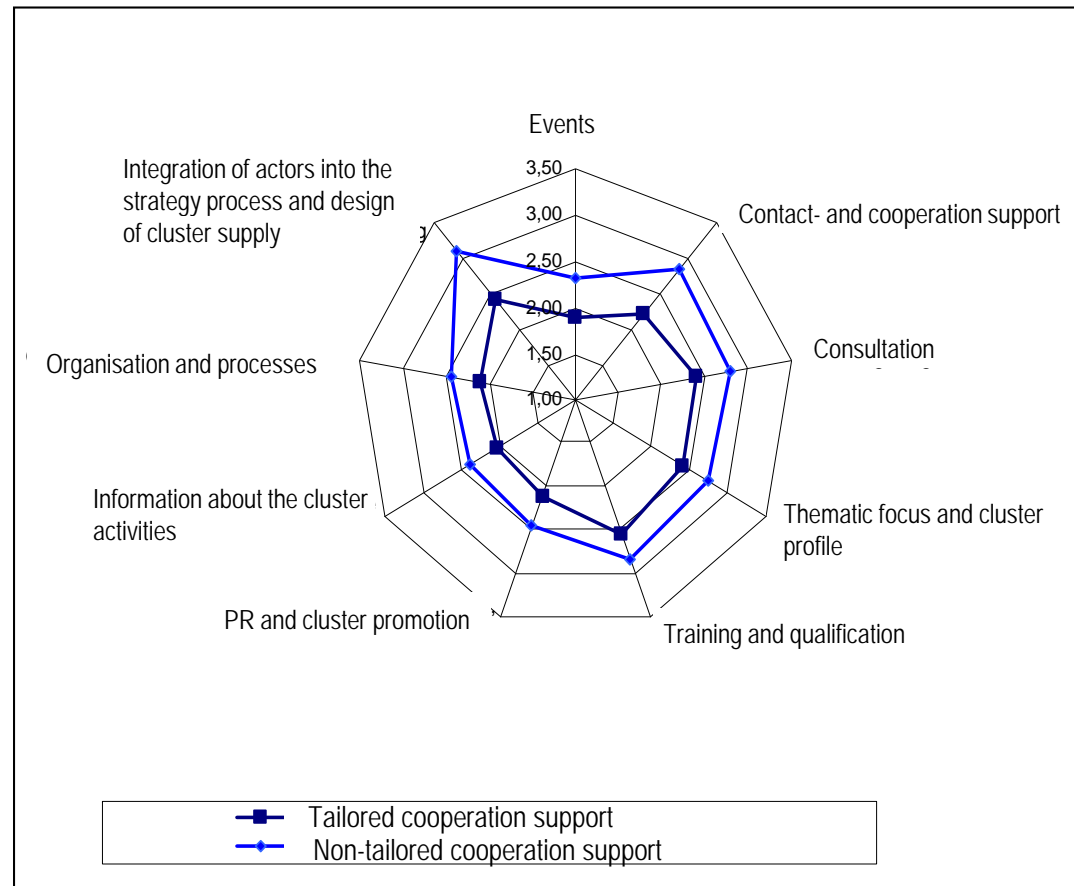
Experience So Far

- Significant and sustainable (regional) **effect** in the frame of the **competition itself**: individual cluster-concepts which failed carry on – if need be in a reduced scope (even though they will not be funded in the course of the LECC)
- Positive effect in terms of **strategy development** for the respective region and certain technology fields („strategic intelligence“)
- Strong **commitment** of cluster related **companies** – definition of R&D projects and financial participation
- **Policy learning** as important feature („Learning Programme“): Rationale: due to three successive competition rounds, experience from the always previous cluster can be transferred to the „new“ winners
- To be observed: **Failed concepts** to be funded by initiatives of the federal states?

Cluster instruments: the example of CO Bavaria

Instruments of the cluster services which focus on the **stimulation of tailored cooperation** support generate a much higher satisfaction among cluster actors and better effects:

- Cluster meetings
- Task forces
- Intermediation of single contacts
- Cooperative projects
- Strategy meetings

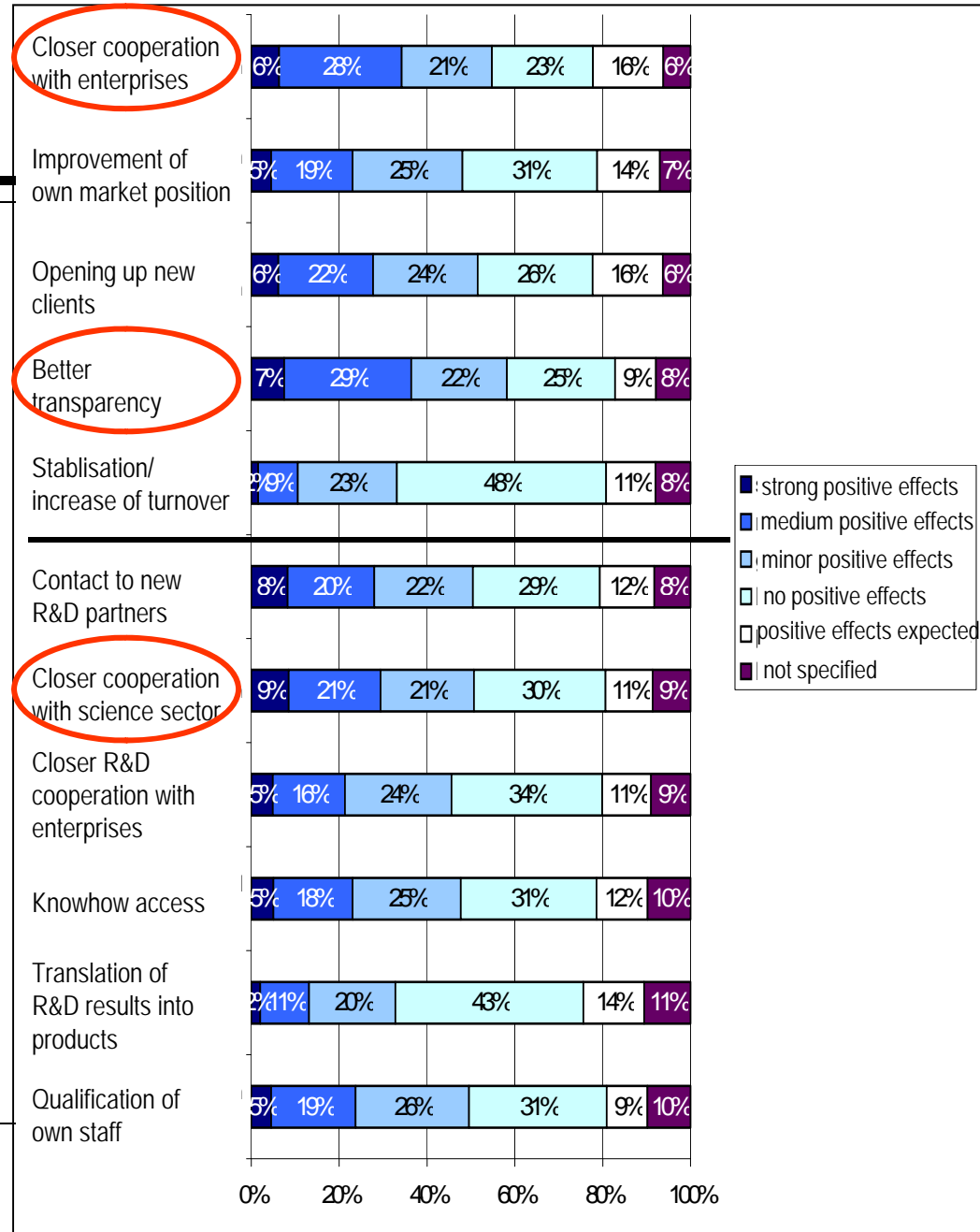


Source: Own Survey 2008

Cluster effects: the example of CO Bavaria

Most important effects for cluster companies:

- Better transparency of actors and business fields
- Closer cooperation with other companies
- Closer cooperation with the science sector
- Contact to new R&D partners

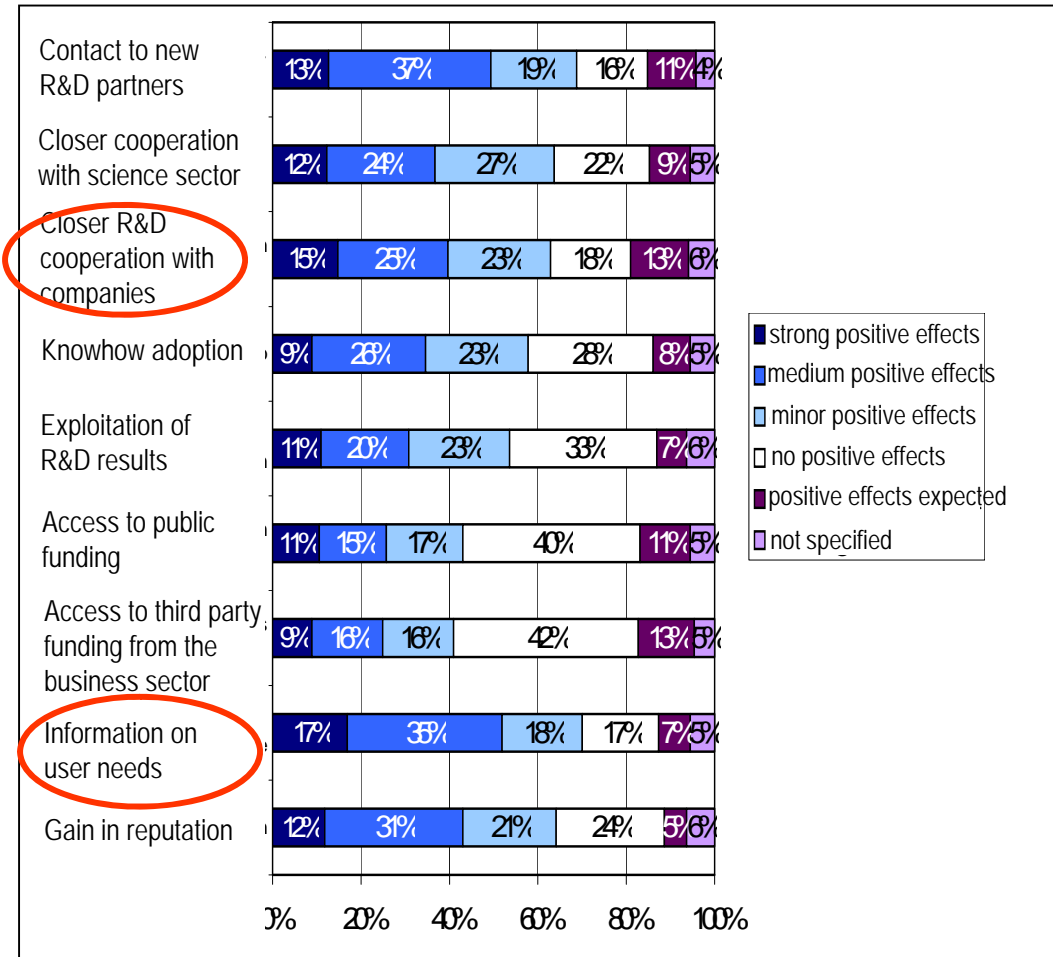


Cluster effects: the example of CO Bavaria

Most important effects for **scientific organisations** within cluster:

- Information on user needs
- Closer R&D related cooperation with other companies
- Contact to new R&D partners
- Closer cooperation with scientific sector/gain in reputation

Source: Own Survey 2008



Chances of Clusters

1. A clear **structure of network and platform** (cluster management organisation) ensures the necessary transparency and facilitates the „attachement“ of the actors
 - **Small networks** advantageous because they can ensure transparency and attachment of actors very early on
 - Necessity of large clusters to either define adequate **thematic priorities** or thematic subdivisions and/or define a core group of active actors willing to actively participate in the cluster
2. Cluster that show an **adequate mix** of large companies, SMEs and actors from the scientific community and intermediaries are – as a general rule – more capable to generate positive cluster effects than single-sided networks

Chances of Clusters

3. A group of **active actors** that support the cluster is indispensable. The level of activity can be increased by:
 - An appropriate **offer** as regards the transfer of problem related cooperations
 - The integration of actors into the **strategic process**
 - The identification of **relevant topics**
 - The creation of a **direct benefit**, e.g. the access to public R&D funding
 - A **transparent organisation** of the cluster, for instance in the form of a registered association or similar structures

4. Instruments of the cluster service that are targeted towards the **stimulation of tailored cooperations** generate a much higher satisfaction and better effects at the target group; however, they require considerable resources

Conclusions based on the German Experience

- Leading Edge Cluster Competition of the federation substantially comprehensive and **far-reaching** than similar measures of the federal states
- In general, competitions as a **motivation and selection instrument** have proved to be successful
- Basically, a mixture of creating lighthouse-projects, „area-funding“ and cluster support appears to be adequate; the question is not „Either-Or“ rather than the **coordination and governance** of measures and instruments
- Nevertheless in question is, whether the R&D- and Innovation support in the German business sector **lacks a broadly effective instrument** that supports R&D technology-unspecific and unbureaucratic (e.g. tax incentives for R&D)?

Thank you!

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