

Cluster policies in Europe. Firms, institutions, and governance. Susana Borrás & Dimitrios Tsagdis. Cheltenham: Edward Elgar, 2008. 288 p. £69.95. ISBN: 9781845427580.

Book review Frank van Oort.

This book provides a systematic comparative study of cluster policies in Europe. It focuses upon a subject that is mentioned a lot in cluster research communities, but is analyzed rather ad-hoc: multilevel governance (MLG). Between supra-national bodies and local organizations, clusters seem to be governed both top-down and bottom-up, and the questions this book asks is (a) whether this stimulates cluster development enough (does MLG lead to more learning in clusters and in cluster-firms?), and (b) whether MLG itself learns and adjusts over time. A range of low-tech (footwear and clothing), medium-tech (furniture and film), and high-tech (automotive and ICT) clusters at different evolutionary stages are studied in Germany, Italy, the UK, Slovenia, the Czech Republic, and Romania. For all case studies, the same framework of analysis is used, exploring its history and evolution, and describing firm configurations and interactions, knowledge sources, labor markets, levels of internationalization, and institutional and policy frameworks. The study uses multiple methods that combine quantitative and qualitative data collected face-to-face from senior representatives of some 500 firms and institutions. Policy recommendations are given at cluster, regional, national and EU levels.

The task taken up in this research is all encompassing and even heroic. For the first time, a consistent analytical framework is used to compare governance in and of clusters at various levels simultaneously. The question is whether by using this framework we learn more about clusters and its governance than before. In first instance I am inclined to say yes, as the analysis is very thorough and consistent, and many interesting aspects come to the fore in all individual cases. But when thinking it over, some issues come to the fore.

First, the book is not concerned with analytically determining clusters and their contribution to economic growth. Instead, it is about governance in and of clusters, given that they exist and (presumed) function economically. Little evidence is provided that the planning and governance issues are actually evidence-based. The question how clusters actually emerge and whether this is manageable by governments – one of the most pressing questions of policymakers – is not posed nor answered (cf. Braunerhjelm and Feldman 2006). The analyses suggest that in some cases (e.g. Romanian footwear and clothing, and Slovenian automotive) the clusters are even too small to be (inter)nationally competitive, and hence miss critical mass (cf. Brenner 2004).

This touches upon a second issue: that of generalization. Although a large and informative second chapter on the methodology is presented, relatively little space (one page, p.55) is devoted to generalization. The researchers – the analyses are based on a large-scale research project conducted in the countries involved under the auspices of the EU in the period 2001-2005 – have done everything possible to minimize selection bias (of clusters, nations and firms), but some outcomes seem very sectoral or spatial context dependent - and hence selective. On the supra-cluster level for instance, the remarkable conclusion that can be drawn is that the national institutional circumstances are by far the most determining factor for cluster development, compared to local aspects. This then automatically leaves little room for local governments to intervene. One likes to know whether this is genuinely the case, or due to country-level selection?

Thirdly, throughout the book the focus is predominantly on the governance of clusters from an institutional perspective. But from the firms questionnaires we learn that at the sub-cluster level, firm level and firm-strategic aspects, including their position in external networks, are extremely important as well. Page 251 recognizes this, and states that firms

“consider internal sources of knowledge as more important than external ones”. The self-organizing character of firms and the industries and sectors they are organized and share technologies in, are left somewhat beside in the conceptual framework, while this has clearly implications for the applicability of governance in the first place.

Fourthly, the book notes rightly that the definition of clusters is among the most debated issues in economic geography nowadays (Asheim et al. 2006). This book considers three conditions: geographical concentration, a large number of SME’s and the presence of (localized) firms- and institutional networks. In a separate section (1.4), it is argued that the MLG-aspects can be studied without linking them to economies of scale, agglomeration, specialization, contributions to economic performance (innovation or growth) and the magnitude of technological spillovers. I think this is a missed opportunity, as the material presented in the book seems ideal to comprehensively link governance to evidence-based economic developments. This would have given a more structural reply to the (right) complaint on page 3 that “MLG-notions have tended to be more normative than analytical”.

Fifthly, I was somewhat disappointed with the very generic and one-size-fits-all policy recommendations that evolve from the case studies and its generalizations, given the nice and comprehensive framework on MLG developed. Cluster development in Germany appears to be path-dependent, in need of linking and widening clusters, and can gain from simplifying administrative processes. UK clusters can gain from streamlining sectoral policies, transparency and openness. Italian clusters need clearer cluster identities and cluster coordinating managers. Slovenian clusters (still) suffer from disproportionate governmental centralization and small critical masses. Czech clusters need to improve learning, knowledge and competencies and more cluster awareness. Romania needs to develop appropriate institutions, physical infrastructure, awareness and a proactive attitude towards cluster initiatives. Without doubt, I could easily have switched some country names here and there (but I did not). Luckily, the individual cases offer much contextual detail to these predictable wrap-ups.

Finally, there remains the issue of MLG-learning. It is clear that firms may gain from local and national cluster initiatives. But does MLG itself improve over the years? It turns out that institutions overvalue the relevance of their policies, as firms tend to undervalue them (p.267). Reading through all the cases and interpreting the estimated relevance gaps between firms and institutions concerning cluster policies, the general feeling is that MLG-forms are adaptive and dynamic, and prepared to change for the firms’ better. This is an important notion that deserves further research and interpretation. Because of its appealing approach, the richness of the case studies and systematic interpretations, the book is recommended to (MLG) policymakers and (MLG) researchers alike. And despite my critical thoughts, the researchers deserve compliments for their pioneering work. It will take much time and effort to set up this kind of research again, if at all.

References:

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- Braunerhjelm, P. and M. Feldman (2006), eds., *Cluster genesis. Technology-based industrial development*. Oxford: Oxford University Press.
- Brenner, T. (2004), *Local industrial clusters. Existence, emergence and evolution*. London: Routledge.