

## New insights regarding clusters and industrial districts

*Introduction*

206

I want to start this editorial formulating a question that usually serves as a guide to the academic research: Why do similar units of analysis obtain different results? In the economic-business literature, the specific characteristics of the companies (for example, size, property, managers) and of their industry/sector (maturity, markets, regulations) has been highlighted as determinants of their result (company effect and industry effect, respectively). From another perspective more focused on the productive activity, the location has been identified as a critical dimension to explain differences in performance and competitiveness (clustering effect).

The seminal works by [Marshall \(1890\)](#), [Becattini \(1979\)](#), [Porter \(1990\)](#) and [Krugman \(1991\)](#) have motivated a large number of scholars to give attention to agglomerations where a group of firms has located near to each other and to investigate the implications for economic policy and strategic management (agglomeration economies). Such agglomerations refer to spatial concentrations of interconnected companies and institutions in a particular field; these were called industrial districts by G. Becattini, clusters by M. Porter and ecosystems by [Moore \(1996\)](#). This business organization model has served profusely to explain the competitive success of the small- and medium-sized Italian manufacturing companies or the high rates of entrepreneurship and innovation that the area of Silicon Valley (USA) registers.

Despite the variety of types of agglomerations that exist ([Markusen, 1996](#)), strategic management literature has traditionally focused on geographic agglomerations of firms in related industries – clusters or industrial districts. This kind of agglomeration encompasses an array of related industries through buyer–supplier and supplier–buyer relationships or by common technologies, ordinary buyers or distribution channels or by common labor pools. An industry cluster is an essential concern in International Business. Authors such as [Shen and Puig \(2018\)](#) found that industry cluster regions are more attractive to foreign investors than other locations. In Economic Geography, [Delgado \*et al.\* \(2015\)](#) call for more for cluster-based data to support research, facilitate comparisons of clusters across regions and support policymakers and practitioners in defining regional strategies. In Regional Economies, [Boschma \(2005\)](#) discuss the impact of geographical proximity on interactive learning and innovation, as geographic proximity *per se* is neither a necessary nor a sufficient condition for learning to take place. At a more specific level of analysis as the location is, recent Special Issues (SI) as the entitled “Competitiveness of locations” (in this journal in 2018 (28-1) have echoed of this phenomenon. So although the topic is not now, it still is very relevant.

Under the heading “clustering effect”, a broad group of works is included in charge of measuring the differences in the results between companies of the same sector quantitatively, from the discriminatory variable defined by the belonging or not to the geographical area delimited as a cluster. As pointed out by [Claver-Cortes \*et al.\* \(2019\)](#) in this SI, this line of research aims to demonstrate through the profit and loss accounts of companies the advantages of business agglomerations.

The subject of clustering effect has received significant attention in the literature from different perspectives (Management, Economics, Regional Science, Geography, Marketing, History, Sociology and International Business) centered especially in developed countries



(the USA, Italy, Spain and the UK) (Gonzalez-Loureiro *et al.*, 2019). Iammarino and McCann (2006) have discussed the diversity of structures adopted by clusters and the plurality of evolutionary trajectories that follow through the transaction cost approach. Molina-Morales and Martínez-Fernández (2004) have shown that companies belonging to the same cluster develop different types of relationships and networks and that as a result, the exploitation of shared resources in the territory is irregular. McCann and Folta (2011) have evidence from the knowledge-based view that firms benefit asymmetrically from a location in a geographic cluster and the agglomeration economies accrue heterogeneously across clustered firms. Resbeut *et al.* (2019-in this SI) have extended the study of this effect on emerging economies (Thailand) obtaining similar results. In other words, and similarly with the previous papers, we could now say that industrial clusters and their companies obtain different results because they are formed by a variety of nodes (people, institutions and companies) and relationships (formal and informal) of unequal generation of agglomeration economies.

At this point, the CR reader will be able to intuit that the SI entitled “New insights regarding clusters and industrial districts” is aligned with the new generation of studies focused on the cluster effect. Indeed, it is, as it is more focused on emerging economies (Thailand, Poland and Brazil) and other types of agglomerations of companies and clustering (cluster Initiatives and digital clusters). By addressing both new areas and examining other realities, our paper responds to calls mentioned earlier as well as other calls to recognize the potential of combining management scholars’ expertise of firm’s strategy with economic geographers’ expertise on the spatial organization.

#### *Purpose of the spatial issue*

Since 2015, the Clustering Conference has significantly increased the number of participants as well as its diversity (origin and topics). Always under the themes of clusters, industrial districts, geographical agglomerations and international competitiveness, that event held in the Faculty of Economics of Valencia (Spain) has evidenced the growing interest for the academy on the issues that will be the subject of this special issue (SI) entitled “New insights regarding clusters and industrial districts”.

Our SI tries to take advance of that phenomenon and has selected a number of papers presented at this conference that simultaneously study firms, location and competitiveness from new perspectives. The objective of the SI is to highlight some of the new lines of research that are emerging in the subject of clusters and industrial districts. This issue contains the accepted scholarly work that completed the double-blind peer review process successfully.

As a result of this compilation, we can affirm that clustering is a critical aspect to explaining the observed heterogeneity in both firms’ and regions’ performance. Moreover, its contributions help us to have a better understanding of this effect on other types of firm’s agglomerations under different contexts. We could not pass up the opportunity, and we took advantage of the multidisciplinary of the conference to enrich the topic analyzed. For these reasons, compared to other compilations, ours differ in one central aspect: the attention to context-specific issues that it attends (actors, firms and institutions) from different methodological perspectives. We are sure that this focus will attract to the reader because of the samples and topics that have been analyzed. Thanks to the effort to combine diversity-context the SI covers questions understudied until now and offer new insights regarding clusters and industrial districts and firm performance.

#### *The articles of the special issue*

The *first paper* that opens the SI is the entitled *Competitive advantage and industrial district: a review of the empirical evidence about the «district effect»*, by Enrique Claver-Cortés,

Bartolomé Marco-Lajara, Pedro Seva-Larrosa and Lorena Ruiz-Fernández. The authors sought to evaluate the dimension and scope that research on the «district effect» has had in the literature about industrial districts in Spain and Italy, as well as to shed some light on the connection between industrial districts and business results. In other words, the authors show how being located in an industrial district or not affects or might influence the performance of the firms located therein. Related with the dimension from which the literature analyzed the district effect, they conclude that the dimension more use has been productivity/efficiency (financial indicators), international competitiveness (exports, internationalization process) and innovation. The scope of the research has basically in manufacturing industries but with a recent and raising interest in the services.

The *second article*, *Spatial agglomeration and specialization in emerging markets: economic efficiency of clusters in Thai industries*, by Mathieu Resbeut; Philippe Gugler and Danuvasin Charoen, focused on the so-called “cluster effect” in the secondary sector in Thailand. The variables used are related to the value-added and average remuneration per employee, to delimitate the clusters the authors used the location quotients. The design of the study is cross-sectional. From an academic perspective, this study brings new facts to the debate around clusters and agglomeration effects. By testing agglomeration forces using a cluster mapping in an emerging economy, the study was able to show how performance may also be enhanced in less sophisticated and developed economies.

The *third article*, *Emergence of a digital cluster in East London: Birth of a new hybrid firm*, by Graeme Evans, sheds light on the composition and geography of an emerging “creative digital” cluster. The author argues that this cannot be divorced from the wider regional creative and digital economy and that its inter-dependence with a small number of “content” industries is critical to its formation. This aspect lies with the Markussen’s typology and the Hub-and-Spoke concentrations. The significance of the “creative digital” firm blending design, communications and technological development is highlighted as is its unique position in enabling such firms to flourish. This new tech cluster confirms the benefits of collocation in a historic industrial district with proximities to a range of advanced producer services and cultural content provision.

The *fourth article*, *The impact of actors, networks and institutions in the cluster’s evolution: the case of the Brazilian ceramic tile industry*, by Gabriela Scur and Renato de Castro Garcia, discusses the process of accumulation of capabilities by manufacturers in these two industrial clusters and its role in the clusters life cycle. It is not intended to propose a new analytical framework of cluster’s evolution, but to contribute to the strand of research which aims to broaden these perspectives (actors, networks and institutions) by the exploration of two case studies in the Brazilian ceramic tile industry. Based on these experiences, managerial and policy implications are suggested.

The *fifth article*, *The Significance of Proximity in Cluster Initiatives*, by Anna Maria Lis analyses relations among geographical and sectoral proximity and development of cooperation in cluster initiatives. The results indicated that the role of geographic and sectoral proximity depends on the level of collaboration in a cluster initiative. In both these dimensions, proximity was outstanding during the initial stage of cluster development: to start cooperation between the members; however, when more mature forms of collaboration were undertaken, the factor of common location was not so crucial any longer. It was also recommended to maintain some competence distance between the partners.

#### *Concluding remarks*

The main purpose of this introduction to the SI was to present it: antecedents, purpose and papers included. I do wish this SI on New insights regarding clusters and industrial districts

can help us to acquire a better knowledge and inspire additional and profound reflections and investigations. The contributions of this paper are relevant to guide the managers in their strategies and the development of government policies such as the cluster initiatives. However, relevant topics remains uncovered such as the effect of industries 4.0, global value chains and multi-localization in the performance of the local firms or which has served as the motto for the 2019 Clustering conference “Human capital, relational capital and innovation” in which we call for more attention to the human side of Clustering.

As this could not be otherwise, this project is the result of collaborative work. I want to thank the editor and editorial team of the journal of *Competitive Review* for their support and guidance during all the process. My special thanks also include reviewers; the usual work of them in the background and their scholar munificence has increased the quality of the papers. I would also like to gratefully acknowledge the effort the Organizing Committee, the Research Group GESTOR and the firms and institutions that collaborated with this annual Clustering Conference. I reiterate my gratitude to the authors.

In short, the globalization of markets and changes in new technologies require from the perspective of localization a continuous research to understand and foresee the uneven performance of similar companies from a stage of constant changes. Only through this way, the investigation could give recommendations that help to the exploitation of the shared resources, more and more accentuate benefits. So the question of if clustering effect is so distinctive to the location that scholars cannot find a universal answer, it is still open.

**Francisco Puig**

*University of Valencia, Valencia, Spain*

## References

- Becattini, G. (1979), “Dal settore, industriale al distretto, industriale. alcune considerazioni sull’unità di indagine dell’economia industriale”, *Rivista di Economia e Politica Industriale*, No. 1, pp. 7-21.
- Boschma, R. (2005), “Proximity and innovation: a critical assessment”, *Regional Studies*, Vol. 39 No. 1, pp. 61-74.
- Delgado, M., Porter, M.E. and Stern, S. (2015), “Defining clusters of related industries”, *Journal of Economic Geography*, Vol. 16 No. 1, pp. 1-38.
- Gonzalez-Loureiro, M., Puig, F. and Urzelai, B. (2019), “Agglomerations, clusters and industrial districts: evolution and opportunities for future research”, in Puig, F. and Urzelai, B. (Eds), *Economic Clusters and Globalization*, Routledge Taylor and Francis Group, London, pp. 7-27.
- Iammarino, S. and McCann, P. (2006), “The structure and evolution of industrial clusters: transactions, technology and knowledge spillovers”, *Research Policy*, Vol. 35 No. 7, pp. 1018-1036.
- Krugman, P. (1991), “Increasing returns and economic geography”, *Journal of Political Economy*, Vol. 99 No. 3, pp. 483-499.
- McCann, B.T. and Folta, T.B. (2011), “Performance differentials within geographic clusters”, *Journal of Business Venturing*, Vol. 26 No. 1, pp. 104-123.
- Markusen, A. (1996), “Sticky places in slippery space: a typology of industrial districts”, *Economic Geography*, Vol. 72 No. 3, pp. 293-313.
- Marshall, A. (1890), *Principles of Economics, Traducción al Español de la 8a Edición Inglesa (1963)*, Editorial Aguilar, Madrid.
- Molina-Morales, F.X. and Martí nez-Fernández, M.T. (2004), “How much difference is there between industrial district firms? A net value creation approach”, *Research Policy*, Vol. 33 No. 3, pp. 473-486.

Moore, J.F. (1996), *The Death of Competition: Leadership and Strategy in the Age of Business Ecosystems*, HarperBusiness, New York, NY.

Porter, M.E. (1990), *The Competitive Advantage of Nations*, Free Press, MacMillan, New York, NY.

Shen, Z. and Puig, F. (2018), "Spatial dependence of the FDI entry mode decision: empirical evidence from emerging market enterprises", *Management International Review*, Vol. 58 No. 1, pp. 171-193.

#### **About the Guest Editor**

Francisco Puig is an Associate Professor in the Department of Management of the U. of Valencia (Spain). He is the Co-ordinator of the research group Organizational Geostrategy: Clusters and Competitiveness (GESTOR). His research focuses on the intersection between Location-Strategy-Performance. He has published in leading academic journals and international books.