

# Regional Innovation and Competitiveness: Global clusters and local systems

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InterTradeIreland Innovation Conference 2009

9<sup>th</sup> -10<sup>th</sup> June 2009



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# Theory of industrial clusters: Defining characteristics

- Conventional definition of industrial clusters
  - “geographic concentrations of interconnected companies,...and associated institutions...in particular fields that compete but also cooperate” (Porter 1998)
- Fundamental elements
  - Geographical proximity, local linkages, localisation economies
  - Knowledge exchange, labour pool, specialised suppliers

 innovation and competitiveness



# Theory of industrial clusters: Debates in the literature

- Global inter-firm linkages
- Relational and temporary proximity
- Urbanisation versus localisation economies
- Accessing global linkages without assistance of local clustering institution

⇒ Role of permanent geographical proximity questioned

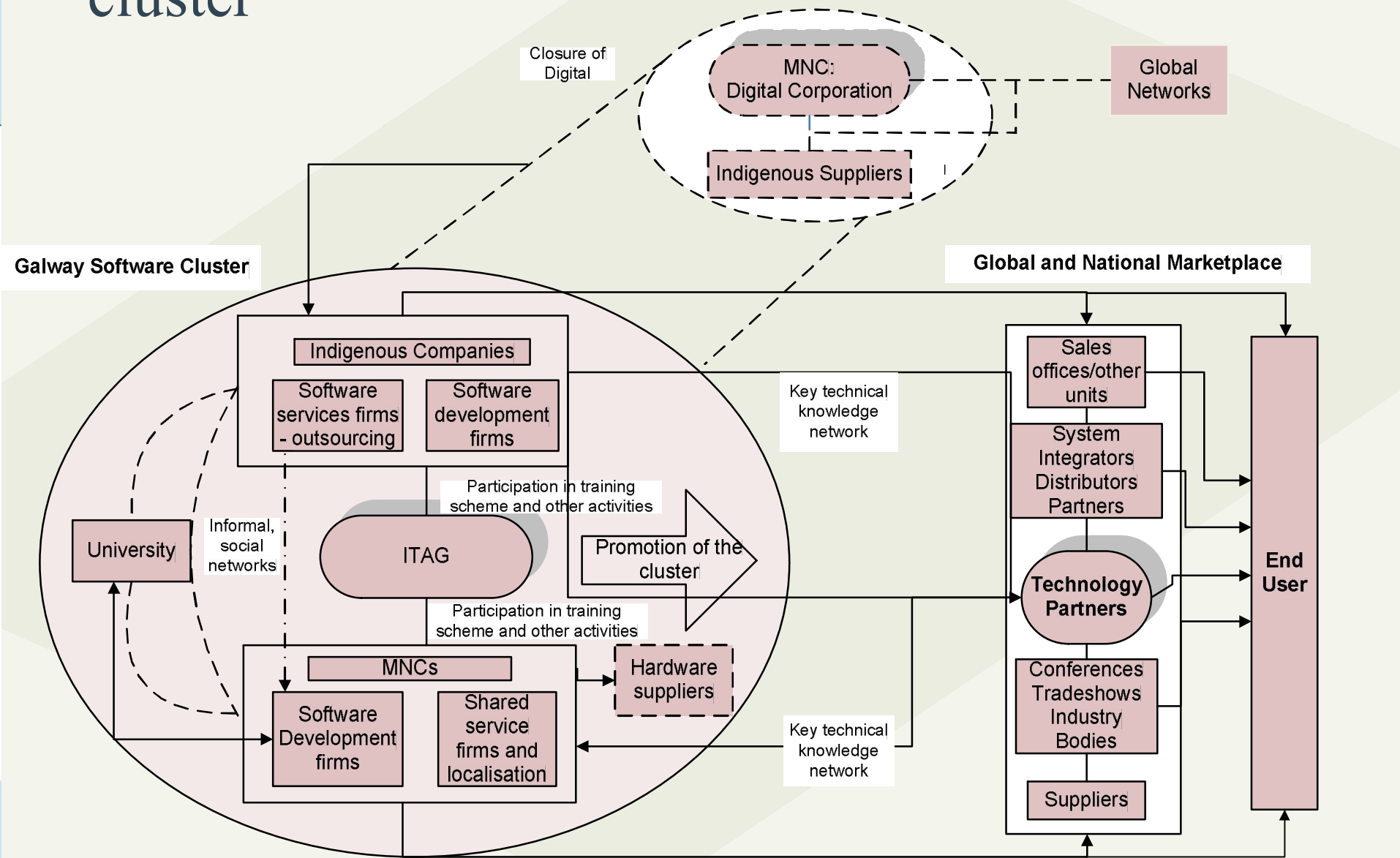


# Pertinent questions

- Are clusters at risk of ‘hollowing-out’?
- Are clusters relevant and sustainable, particularly in a small, open economy?
- Research design
  - Multiple case study approach for cross-case analysis
  - Regional high-technology sectors: Software and medical technology clusters in Galway



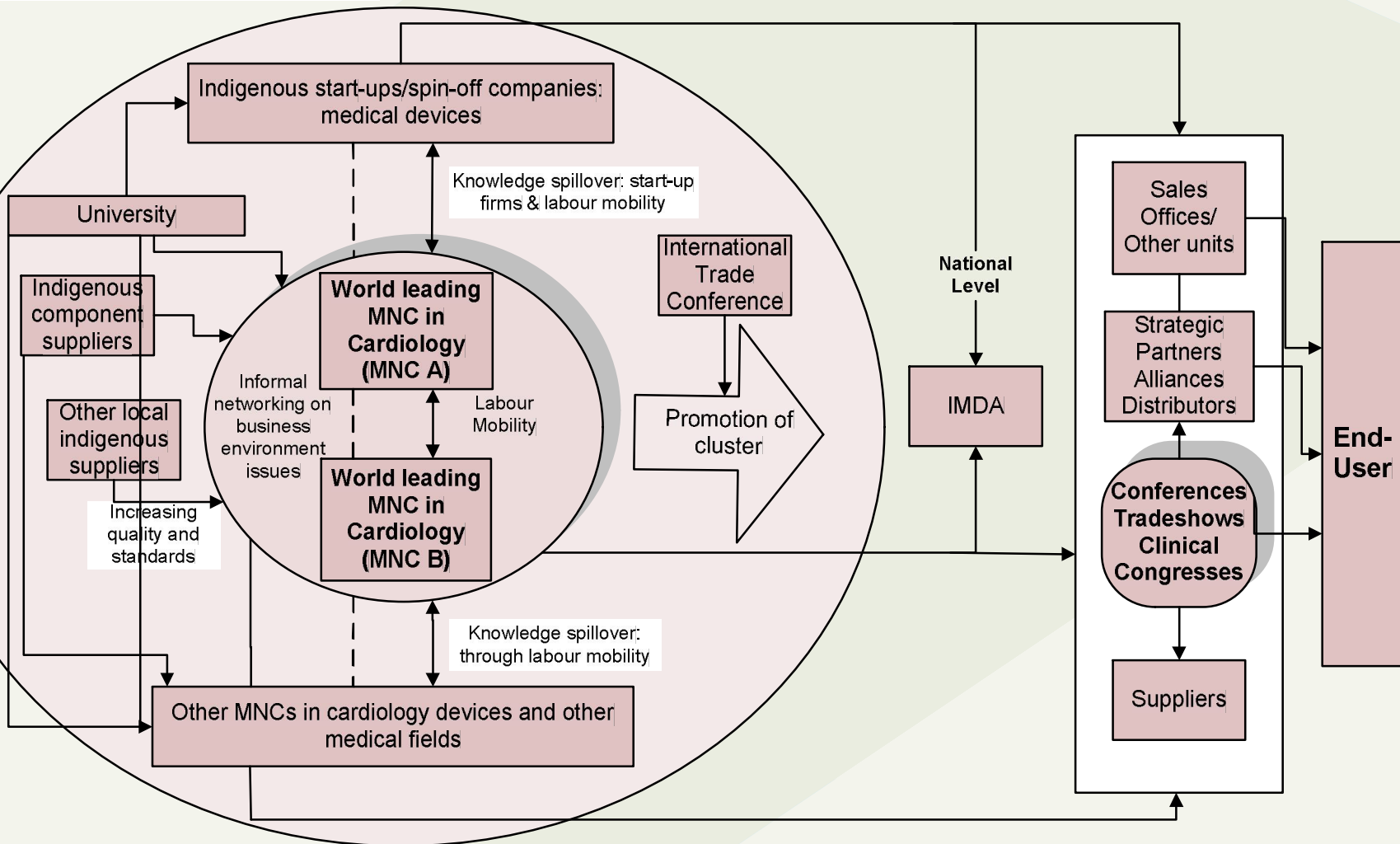
# Schematic illustration of the Galway Software cluster



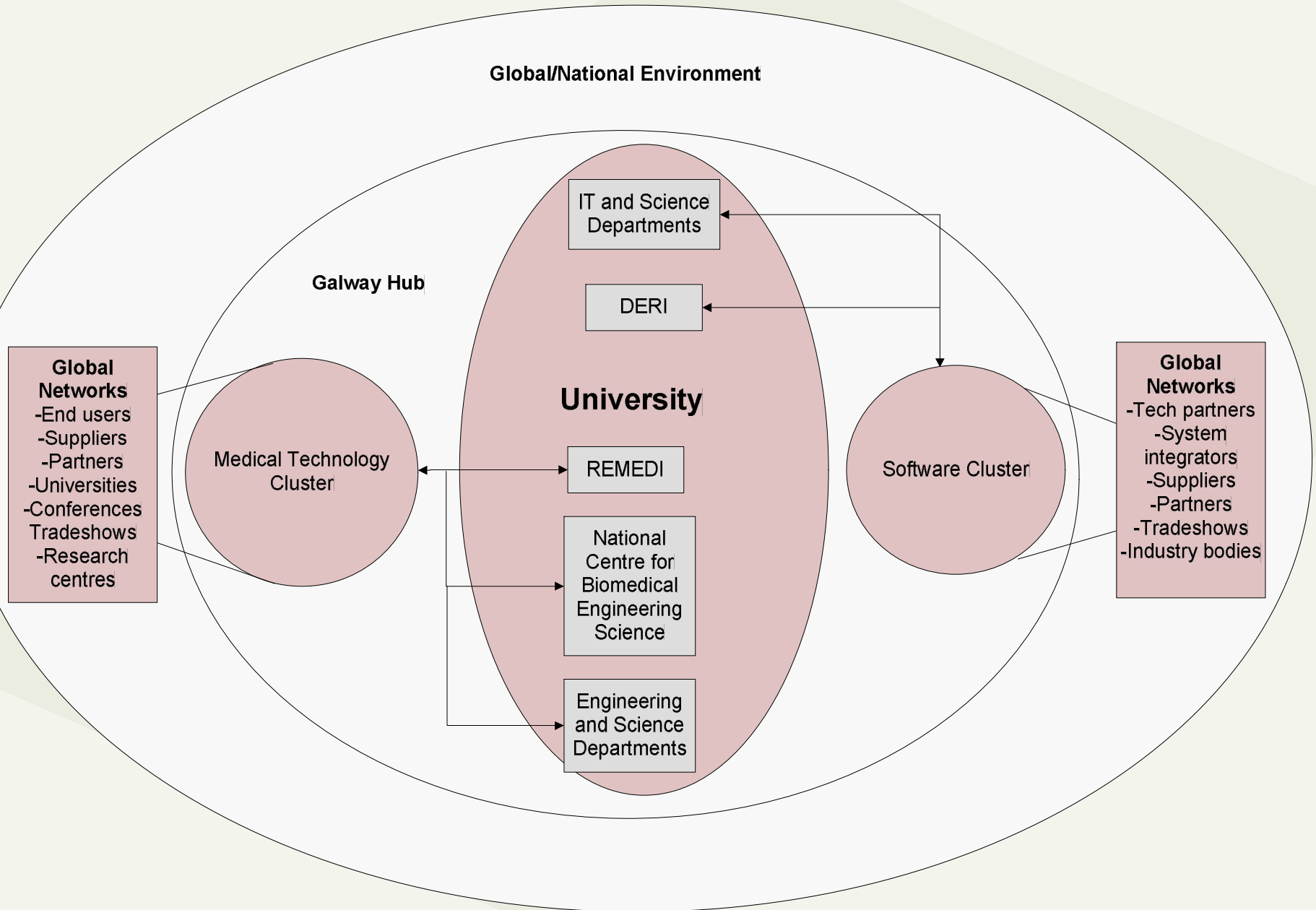
# Schematic illustration of the Galway Medical Technology Cluster

## Galway Medical Technology Cluster

## Global Marketplace

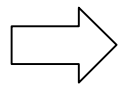


# High-technology activity in Galway



# Final points

- Presence of ‘lead’ or ‘anchor’ organisations:
  - Influence development of clusters and clustering process
  - Large organisations, foreign-owned MNCs
- Distinct industrial clusters driven by FDI
  - ‘Top-down’ approach to cluster development

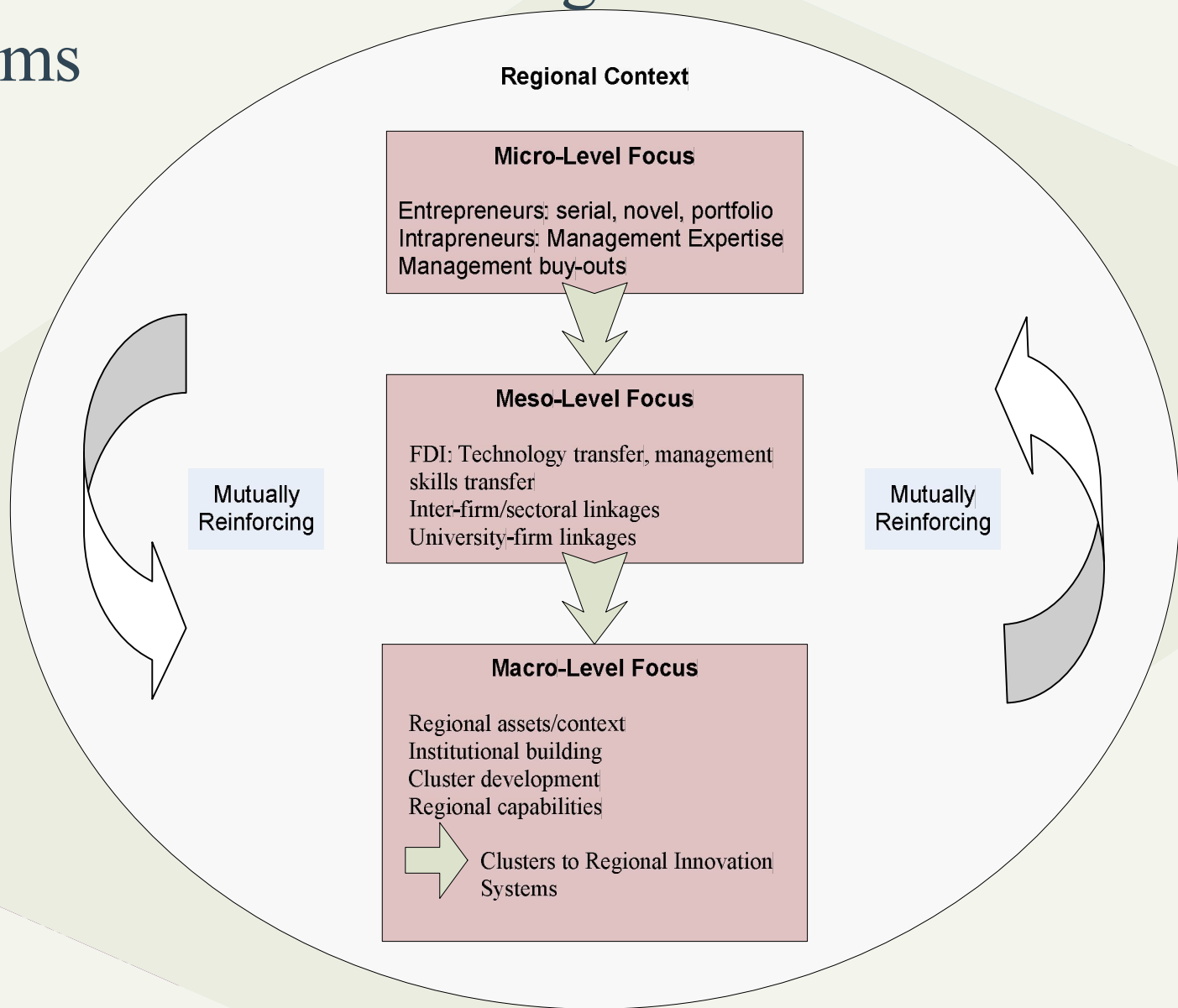


Clusters and geographical proximity matter in a small, open economy but the form such clusters take is different to conventional theory



# Next phase of research:

## Industrial clusters and regional innovation systems



# THANK YOU

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Working Paper: <http://www.nuigalway.ie/cisc/documents/00028ciscwp.pdf>

