

Chapter 5

Internationalization processes and virtual cluster promotion: guidelines for local and transnational institutions

Giancarlo Corò and Mario Volpe (TeDIS-VIU)
Donato Bedin (Eurospertello del Veneto)

According to the virtual cluster strategy proposed in the INDE-Network and coherently also with the research and analyses carried out within the INDE Project, the following guidelines are proposed.

Our aim is to outline potential directions of support and interventions for local and international institutions in the framework of local economic development based on transnational cooperation.

The guidelines concern three main focuses: business dynamics at the local and international level, institutional services and actions, technology investments (ICT). Those areas refer to three key issues related to the process of cluster identification, development, and support in the CADSES area.

5.1 BUSINESS ANIMATION

Promoting processes of business animation at the local level focused on specific industries, with the aim of explaining/sharing the cluster concept and its related benefit as well as explaining the opportunities of the Web.

In general SMEs have insufficient access to information about setting up businesses, business management, possible co-operation, market conditions, prices, and regulations concerning international trade and many other issues.

The goal of this activity is to explain to firms the advantages of taking place into a cluster: more business contacts, more knowledge about the supply chain trends and perspectives, faster knowledge about innovation and new technologies, the possibility to implement common, shared, strategies.

At the same time the focus is on the use of ICT as a proper device to implement virtual cluster, in making easier the inter-firms relationships.

The ultimate scope of business animation is to diffuse among local firms the idea that sector specific relationships could be implemented at international level, with light tools, as ICT, in a process validated by local institutions. To be credible, such activity has to be implemented by local firms association and local institutions in general and by international partners specialized in the related industries.

5.2 SUPPORT AND TRAINING SERVICES THROUGH ASSISTANCE CENTERS

As confirmed by many studies on SMEs, there is in general a positive correlation between the size of an enterprise and its Internet use for business; that means that the smaller the company, the less it uses ICT. As a result, most of SMEs in European economy is not matched by their use of e-business tools.

Training services could be considered as an entry point for the whole process supported by INDE network. The survey on CADSES area has shown how the level of ICT knowledge, use and diffusion is quite insufficient.

On the contrary, firms in specific regions and clusters are well aware how ICT and new technology are a device to gain more efficiency.

The aim of this activity is to reduce this digital divide among firms, to establish a common minimum technological language among them. This will be accomplished helping SMEs adopt high-impact ICT applications that support their competitiveness and growth.

Offering services of ICT support and training services to small and medium enterprises with low level of knowledge and skills about ICT will be made by assistance centers, eventually with the help of local universities, private consultancy and training companies, chambers and business associations and other qualified SME training providers.

Those services may be provided both face-to-face and at distance by well-identified assistance centers, to provide advice and consultancy on computerisation and ICT needs. Training sessions and awareness programs on ICT will be conducted for SMEs to help them take advantage of the opportunities offered by recent developments in the ICT sector.

5.3 PROMOTING STUDIES TO INCREASE THE KNOWLEDGE ABOUT FIRM NEEDS, AND INDUSTRY ORGANIZATION (VALUE CHAIN STRUCTURES)

Based on the international networks of universities and research centers, institutions should promote studies focused on the process of cluster creation and development (in the CadSES area), internationalization processes of local industries and their needs, through a common methodology. The aim is to increase the knowledge about the ongoing processes in details in order to set up policies of intervention.

As a result of these activities, projects of industry-academia collaboration, industry-industry collaboration, and cross-industrial collaboration will eventually be implemented. This activity could be considered as a first step in the creation of clusters: analyzing regional characteristics, industrial resources (company, technology, human resources, local community and local actors) and market needs is in fact the first move to share the vision and the scenario of the creation of the trans-national cluster.

Specific studies are also necessary to identify conditions and appropriate promotion policies to develop transnational clusters.

In fact the issue of cluster creation is strictly associated with the issue of innovation. A system of innovation involves different subsystems: the business sector, firms and clusters, the institutions, the cultural and social structure and finally the network of the supporting structure composed by non-business organizations and formal institutions such as Technology Centers, Universities, Business Associations. The Universities and research centers should play a fundamental role, in assessing the initial condition to promote a competitive trans-national cluster, as well as to provide research and innovation opportunities.

To analyze the role which SMEs can play in global value chains, it has to be considered that many SMEs tend not to be necessary incorporated in global value chains.

The value chain analysis highlights the systemic interconnection of individual enterprises and links in the chain. SMEs can be interconnected in two main ways, either horizontally or vertically in value chains.

Specific studies are required to assess the specific mode in which existing or emerging SME could insert into the value chain and to show the nature of these interconnections.

The value chain analysis is also helpful in highlighting the manner in which SMEs are connected to global markets. Their buying networks can be very complex, involving a large number of parties.

Entry into global markets is increasingly being governed by a series of rules set by private parties, rather than by governments through trade policies. That is requiring knowledge and use of quality and environmental standards, and increasingly also labor standards. This could be an obstacle for SMEs in participating in global value chains: the recognition of these difficulties and of the required resources to meet these requirements should be an outcome of studies and reports conducted within this activity.

5.4 CREATING AN INTEGRATED SET OF INSTITUTIONAL SERVICE OFFERING FOR FIRMS AT THE LOCAL LEVEL

Promoting the development of local networks of service providing tailored on firm needs and on the basis of shared projects (designed in cooperation with technical assistance of local and international experts). Through business services local institutions may sustain firm competitiveness as well as increase the level of cooperation among firms.

The development of service networks may be promoted through four steps:

1. formulation of the idea: identifying the service providers interested in offering business services at the international level through networks of cooperation;
2. team building: development of a selected team of firms and experts oriented to design and organize the network;
3. network: definition of a strategic and operational plan, partner selection and synergies;
4. action: plan implementation.

5.5 EXCHANGE OF EXPERIENCES AMONG INSTITUTIONS AT THE INTERNATIONAL LEVELS CONCERNING PROJECTS (FOCUSED ON ICT, INTERNATIONALIZATION)

One of the most important elements in order to support a stable transnational cooperation among local economic systems is related to the exchange of good practices and experiences. The aims are related to build opportunities for further or new cooperation and networking, exploit

project results on a wider scale (from local to international level), reinforce the sustainability of local initiatives, as well as to create business opportunities.

Specific events and activities will be promoted, as:

- organizing consultation forum;
- promoting exchange of good practices in the topics concerning internationalization (focus on specific industries) (capacity building)
- exchange of personnel among institutions to share knowledge and practices;
- creation of an international network of professional consultants specialized on internationalization (shared projects on international markets)
- tutoring.

Those activities can be established through formal agreements among institutions at the international level (i.e consortia).

5.6 PROMOTING OPPORTUNITIES FOR TARGETED INTERNATIONAL BUSINESS MATCH-MAKING

In order to facilitate business cooperation at the international level in a trusted environment, business institutions (i.e. local chamber of commerce) may promote face-to-face meetings of selected targeted groups of firms at the local level.

Such meetings may also be oriented to obtain feedback and comments from firms in terms of business (online) services.

The meetings will be organized according to the following steps:

- select a list of firms specialized in the selected sector and localized in its area of interest;
- contact the selected firms (by email, phone and/or fax) to explain the aim of the meeting and invite them (letter of invitation);
- preparing a catalogue/list of firms enrolled;
- arrange the meeting in a large room able to support face-to-face interactions between firms;
- ensure the presence of an Assistance centre able to support firms;
- organize a follow-up of the meeting (firm contacts and feedback gathering).

Scope of the meetings is to push the participation of firms to the virtual cluster platforms, showing the potential benefits of its use for firms and cluster.

5.7 FOCUS ON LEADING FIRMS TO PROMOTE CLUSTER PROJECTS AT THE LOCAL AND INTERNATIONAL LEVEL

The most important element is the involvement of leading firms to ensure firm participation and to reach a certain amount of users/firms (critical mass) to promote cluster projects as well as to push/support an international reorganization of local supply chains. The INDE survey highlighted how leading firms and firms with a strong position in their markets are interested in the INDE-Network proposal.

The leading firms should have also other characteristics such as:

- international value chain (either in terms of supplier or customers);
- a minimum set of technologies adopted (i.e. e-mail) or technological competencies.

Cluster promotions may be supported by leveraging the role of firms with a strong position in their market or characterized by key knowledge in their value chain (size is not necessarily the main criteria of firm's selection).

Such players may lead the aggregation of firms at the local and international level on the basis of shared competitive goals (i.e. R&D, product development, etc.). Such firms can play the role of project manager, coordinate the effort of collaboration among firms, and guarantee for result achievement and use.

5.8 SUPPORTING AGGREGATIONS AT THE INTERNATIONAL LEVEL AMONG FIRMS AND RESEARCH CENTERS FOCUSED ON EXPLORING INNOVATION OPPORTUNITIES

Based on projects and/or tenders, public institutions may promote the aggregation of firms and research centers (at the local and international level, i.e. minimum n. of players involved) oriented to solve specific shared firms' needs of innovation. In addition, technology (or knowledge) transfer from universities to firms can be sustained.

This activity needs to privilege the following features:

- the identification of strategic areas for research and intervention on the basis of research firm cooperation (design, sales network management, quality control);
- the international dimension of projects (i.e. 1 or 2 partners from different EU countries);
- the interdisciplinary approach.

5.9 FINANCIAL SUPPORT IN THE AREA OF ICT SERVICES

Introducing ICT into firms and organizations requires also the development of new work practices, culture and knowledge management systems. There is also the need to develop their own software, applications and content. Through tenders or other measures (indirect support), national or local institutions in cooperation with financial institutions may incentive the use of ICT services and investments for firms organized in business networks, also internationally.

The aim is to enhance SMEs' ICT investments based on key elements:

- focus on specific set of technology solutions (i.e. broadband, online communication, web content management);
- relevance of open standards and innovative solutions (open source); demand evaluation and certification based on codified procedures and selections;
- partnership between local and international IT providers and institutions.

Financial resources could come from already established line of intervention, as the EU funds to diffuse ICT: the consulting activities offered by assistance centers and local institutions will help firms and cluster in accessing to these funds.