

Territorial Partnerships for SMEs development and competitiveness

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1. From Cluster to RIS in Latin America

A. Brugnoli, (2005), Fostering international investment in micro, small and medium size enterprises in Latin America, ISLA, BID.

2. Policy Mix Model and Sector Competitiveness: *the case of Peru*

A. Brugnoli, (2008), Institutional Capacity Building and FDI in Peru, ISLA, EGEA.

3. Conclusive Remarks

1. From Cluster to RIS in Latin America

	Technological characteristics and economic structure of each sector			
High technology sectors				
Medium technology sectors		Automotive District of Minas Gerais (Brasil)		
Low technology sectors	Textile District of State of Mexico			
Sectors based on natural resources	Tourism District in Costa Rica			
	Industrial District	Hub-and-Spoke Cluster	Satellite Platform	State-Anchored Cluster

- Cluster are a geographic concentrations of interconnected companies and institutions in a particular fields that compete but also cooperate (Porter, 1998).
- The Regional Innovation System (RIS) is a system where the innovations are carried out through a formal and informal interaction between various organizations (knowledge institutions, firms, local government, etc.) underpinned by an institutional framework (Cooke, 1998).



**this
means
that**

- **Clusters and RIS may co-exist in the same territory and the regional innovation system may in fact contain several clusters**
- **Clusters and RIS may interact each other.**

Cooke (1998) has proposed a model for the analysis of interaction between cluster and RIS.

This model is based on two dimension:

- Governance: Grassroots, Network and Dirigiste
- Innovation path: Local, Interactive and Global

Brugnoli (2005) has developed a specific matrix on Regional System in Latin America

	Grassroots	Network	Dirigiste
Localist	Textile Cluster (Mexico) and Tourism Cluster (Costa Rica)		
Interactive		X	FIAT Automotive Cluster (Minas Gerais - Brasil)
Globalized			

Equilibrium of economic development model

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The interaction between Multi National Enterprises and private and public actors promote the diffusion of information, knowledge and experience

Public Authorities: financial and material resources contributions

Universities and Technical Institutions: training and qualification

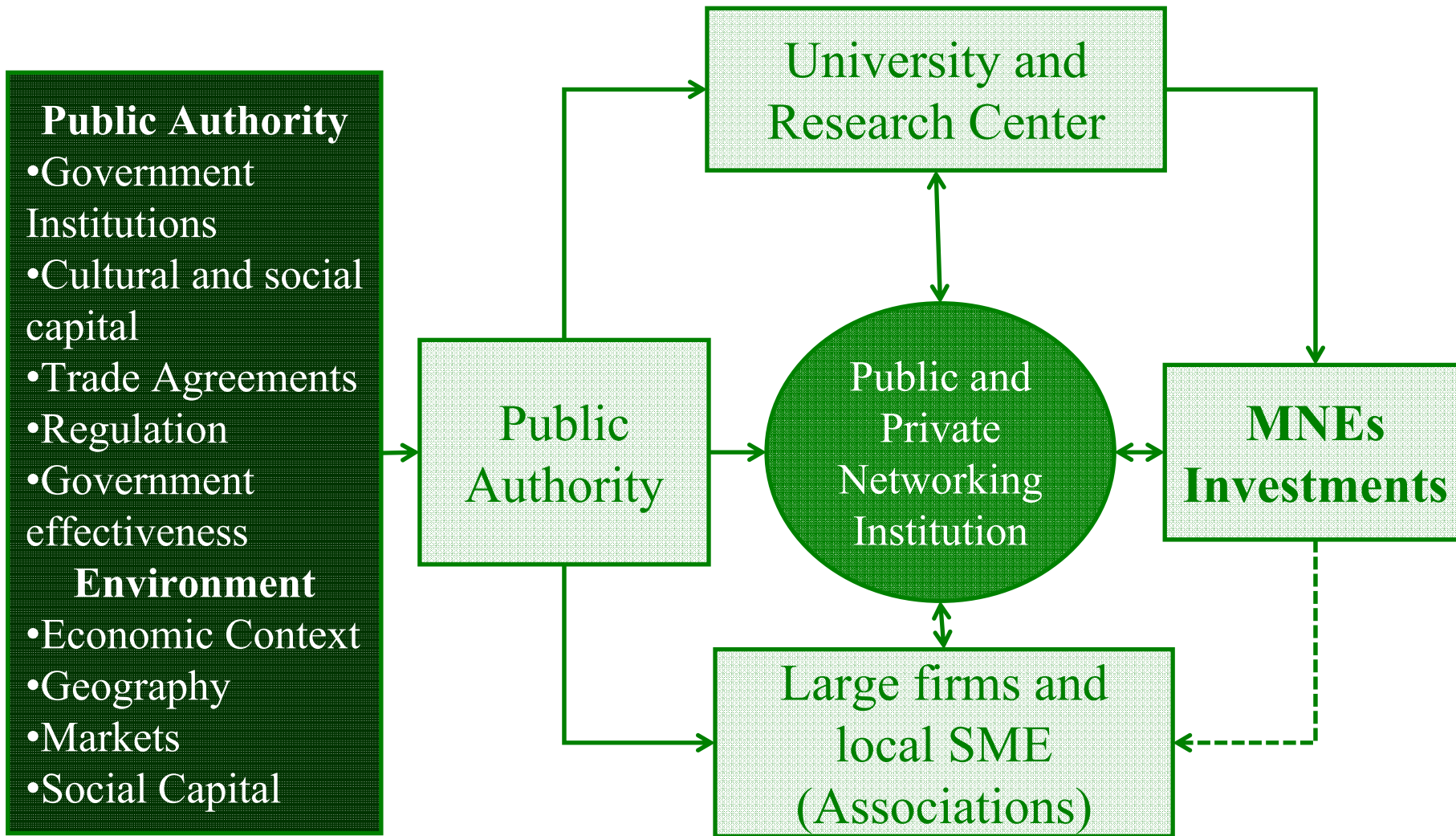
Research Institutions: technological development

Business setting Institutions: business development (communication channel between firms and between firms and public sector)

Large firms and MNEs: pivotal elements in the RIS, positive externalities

Public and Private Financial Institutions: financial resources, new financial solutions and professional expertise

Linkage Institutions: a strategy to support the evolution from Cluster to RIS



2. Policy Mix Model and Sector Competitiveness: *the case of Peru*

The economy has grown but markets remained shallow (WB, 2009).

- **Small and Medium Enterprises (SMEs) constitute 95% of all enterprises representing 62% of Peru's labor force**
- In terms of sector: 60% of small enterprises are in mining, 19% in trade and 12% in services
- **High level of productive centralization:** 19% of all small enterprises are located in Lima, with Cajamarca being the second largest province in terms of small enterprises (8%)
- **Strong Export led Growth** (as consequence of important reforms)
- Strategic role of **MNE** in providing infrastructure services and in the exploitation of natural resources
- **Favourable policy environment** (Privatisation process and Liberal foreign investment law)
- **Natural resources**
- Weak infrastructure

Energy sector: innovation and research, human capital, corporate social responsibility and financial aspects

Mining sector: corporate social responsibility, human capital, innovation and research

Telecom sector: regulation and innovation

Agri-food industry: technological innovation, workforce training, infrastructures

Agriculture sector: property rights (protection for Peruvian typical products) and training for farmers

Fishery sector: research and innovation

Textile industry: innovation and financial innovation

Turism sector: infrastructure, networking with international operators and workforce training

Strategic Positioning Matrix

**Natural Resource- Domestic
Exploitation – Export Led
Development Pole**

**Commoditization -
Multinationalization - Export
Led Development Pole**

		Foreign Investment Presence	
		Low	High
Export Orientation	High	<p>Fishery Niche Agri-food and Agriculture textile tourism</p>	<p>Mining Oil&Gas</p>
	Low	<p>Agri-food and Agriculture</p>	<p>Energy Telecoms</p>
		Low	High
		Industry Capital Intensity	

	Innovation Systems	
	Regional	National
Industry Cluster	Fishery Niche Agri-food and Agriculture textile tourism	Mining Oil&Gas
Development Strategy	Agri-food and Agriculture Construction	Energy Telecoms
Country-Wide		
	Low	High
	Corporate Social Responsibility	

3. Conclusive Remarks

Territorial Partnerships for SMEs development and competitiveness

- Cluster development
- Regional Innovation Systems
- Corporate Social Responsibility

- 1) **Systems theory** (McLoughlin, 1969; Chadwick, 1971).

- 2) Neo-Marshallian '**Industrial Districts**' (localised production systems', co-operative relations, and innovation support systems) (Marshall, 1924; Becattini, 1989).

- 3) **Networks, nodes and interactions** including feedback and '**institutional learning**' (Lundvall & Johnson, 1994) .