



# Building Collaborative Networks for Innovation

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***Local Entrepreneurs in Global Clusters: The significance of spatial and relational propinquity in new firm formation***

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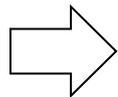
# Overview

- Theory of industrial clusters, debates in the literature and deconstructing ‘proximity’
- Pertinent questions and research design
- Case study: Medical Technology cluster in Galway
  - Global and local linkages and entrepreneurship



# Theory of industrial clusters: Defining characteristics

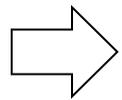
- Conventional definition of industrial clusters
  - “geographic concentrations of interconnected companies,...and associated institutions...in particular fields that compete but also cooperate” (Porter 1998)
- Fundamental elements
  - Geographical proximity, local linkages, localisation economies
 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

 innovation and competitiveness



# Theory of industrial clusters: Debates in the literature

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



Role of permanent geographical proximity questioned



# Pertinent Research Questions: Case Study of the Galway Medical Technology Cluster

- An internationally-driven cluster: FDI and trading linkages on a global scale
  - How relevant and sustainable is geographical proximity, i.e. regional clusters, in a small, open economy?
  - Given that many start-up firms are ‘born-global’ what is the significance of proximity – geographical and relational?
    - How ‘local’ are entrepreneurs:
      - Prior work experience
      - Networks established
    - Significance of locating in a cluster



# Research design

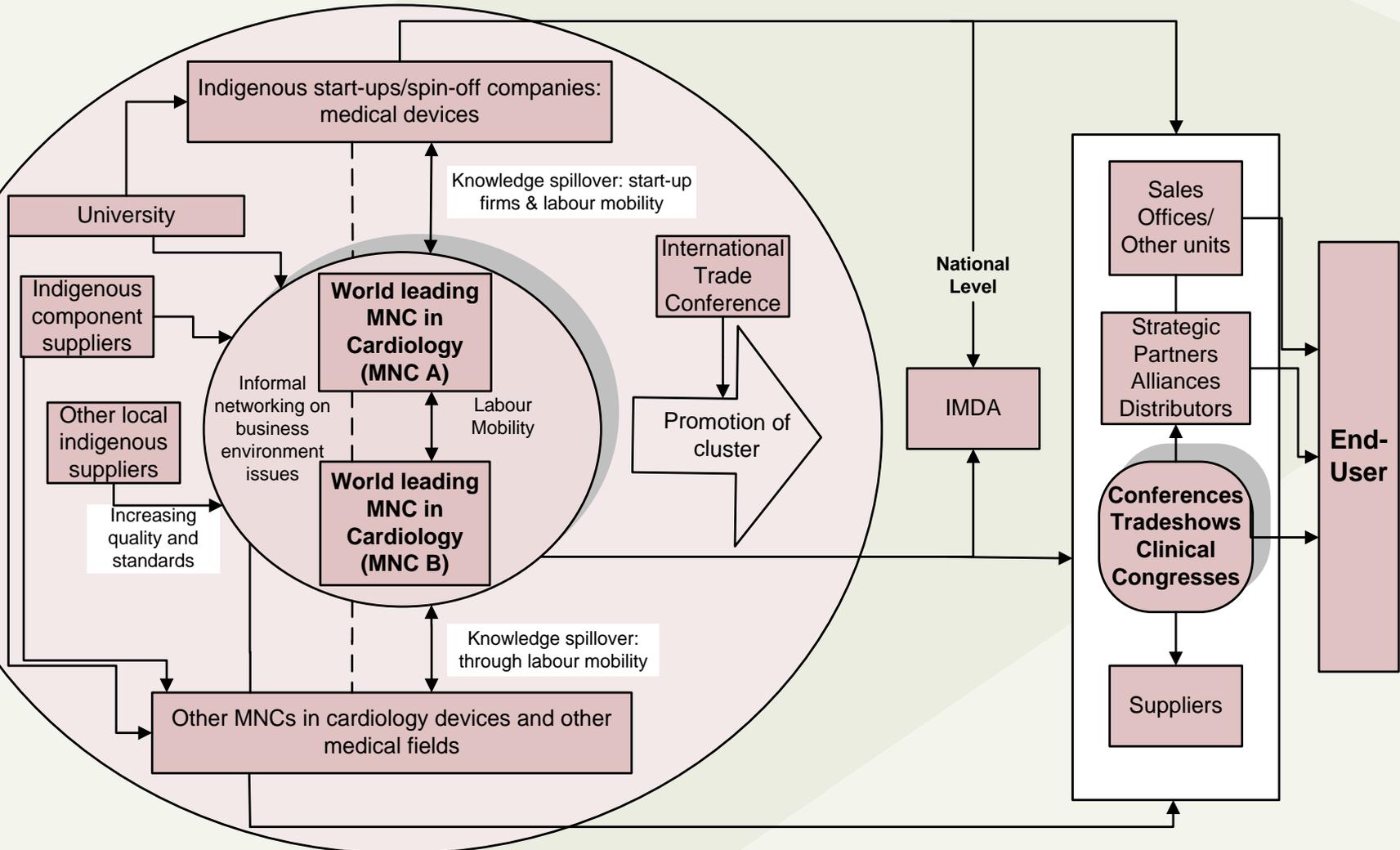
- Stage 1:
  - Interviews and questionnaire survey: Indigenous and foreign-owned firms in the cluster
- Stage 2 (ongoing):
  - 15-20 interviews with medical technology entrepreneurs in Galway, West of Ireland



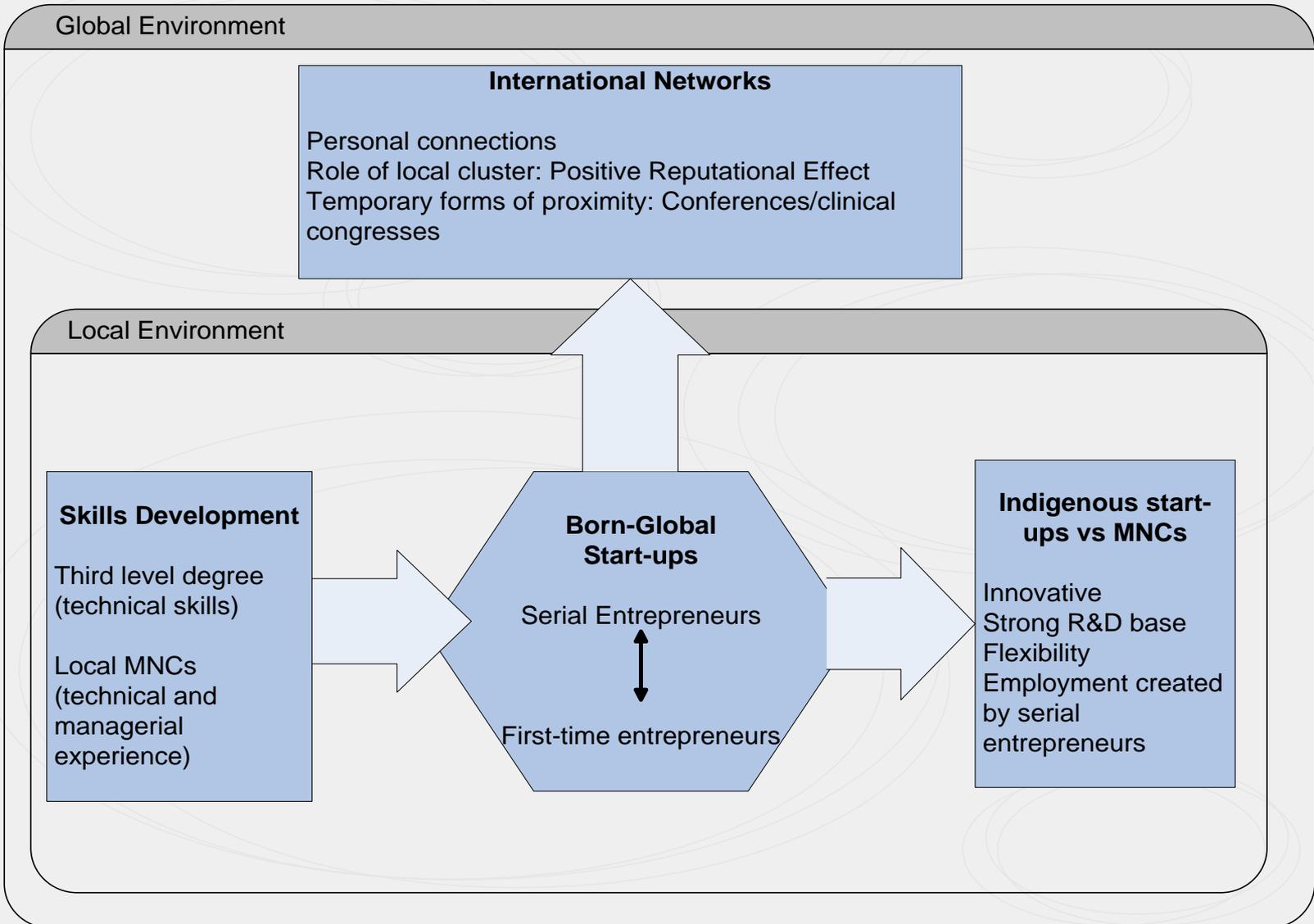
# Galway Med Tech Cluster: Schematic Illustration

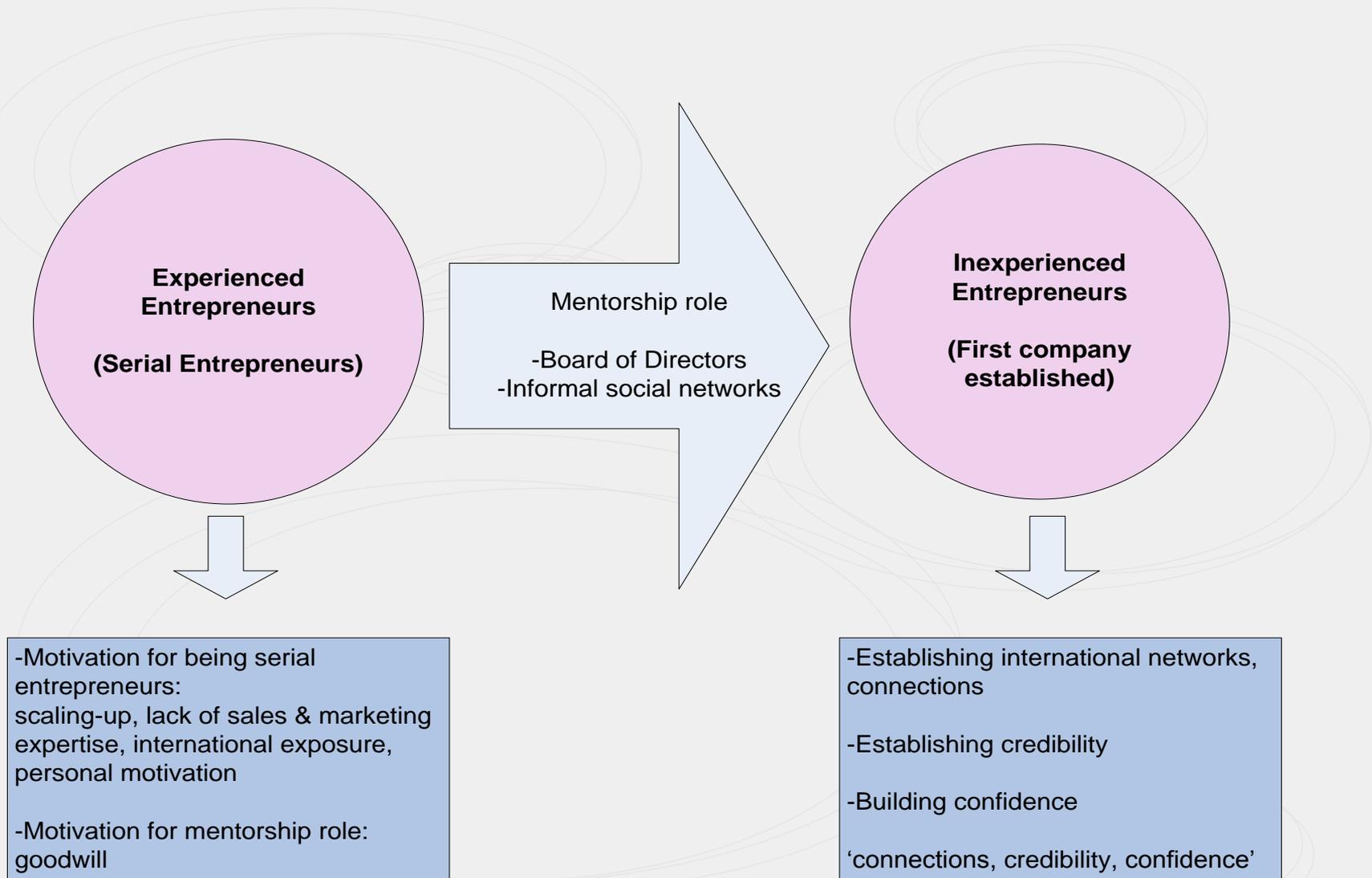
## Galway Medical Technology Cluster

## Global Marketplace



# Galway Med Tech Cluster: Local Entrepreneurs, Global Networks





# Med Tech Start-Ups: Significance of locating in the cluster

## Galway Medical Technology Cluster

### **Labour Pool**

Talent in regulatory and quality affairs

Role of University/GMIT  
Role of MNCs

### **Galway: International renowned hub for med tech**

International credibility: manufacturing devices and regulatory compliance

Role of MNCs

### **Quality of Life factor: Galway**

Importance of place for attracting and retaining engineers

# Conclusions

- Presence of ‘lead’ or ‘anchor’ organisations:
  - Influence development of clusters and clustering process
  - Build positive reputational effects for region
  - Large organisations, foreign-owned MNCs
- Issue of cluster specialisation and ‘lock-in’
- Entrepreneurship and new firm formation:
  - ‘Born-global’ but significance of local cluster for building international networks

⇒ *Clusters and geographical proximity matter in a small, open economy but their form is different to conventional theory*





# Thank You

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