

The Competitive Institute

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Pressures For Membership Networks In Small Population & Early Stages Of Clusters

Notes on the New Zealand Experience



Membership Networks and/or Clusters in the New Zealand Agenda

1. Rosenfeld Taxonomy
2. The New Zealand situation
3. Public Interventions in NZ
4. Outcomes
5. Industry NZ
6. Seamless Government Partnership



1.1 The Rosenfeld Taxonomy

	Hard Networks	Soft Networks	Business Clusters
Membership	Closed	Open, membership	None required
Relationships	Co-operative	Collaborative	Collaborative & Competitive
Agreements	Contractual	Majority determines	Social norms & reciprocity
Value Added	Specialisation	Market reach	External economies
Major Outcomes	Sales & profits	Shared resources & lower costs	Access: suppliers, services & labour
Externalities	Shared functions & services	Membership	Location/proximity
Shared Goals	Business Outcomes	Collective vision	Community success



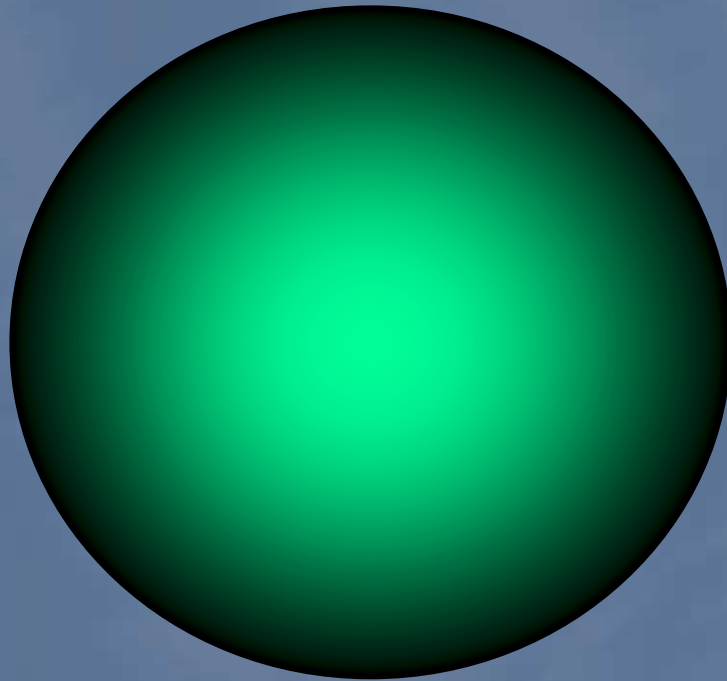
1.2 Does it Matter?

- Appropriate design of strategies and public/civic interventions
- Equity demands open access for public support
- Stakeholder expectations/accountability

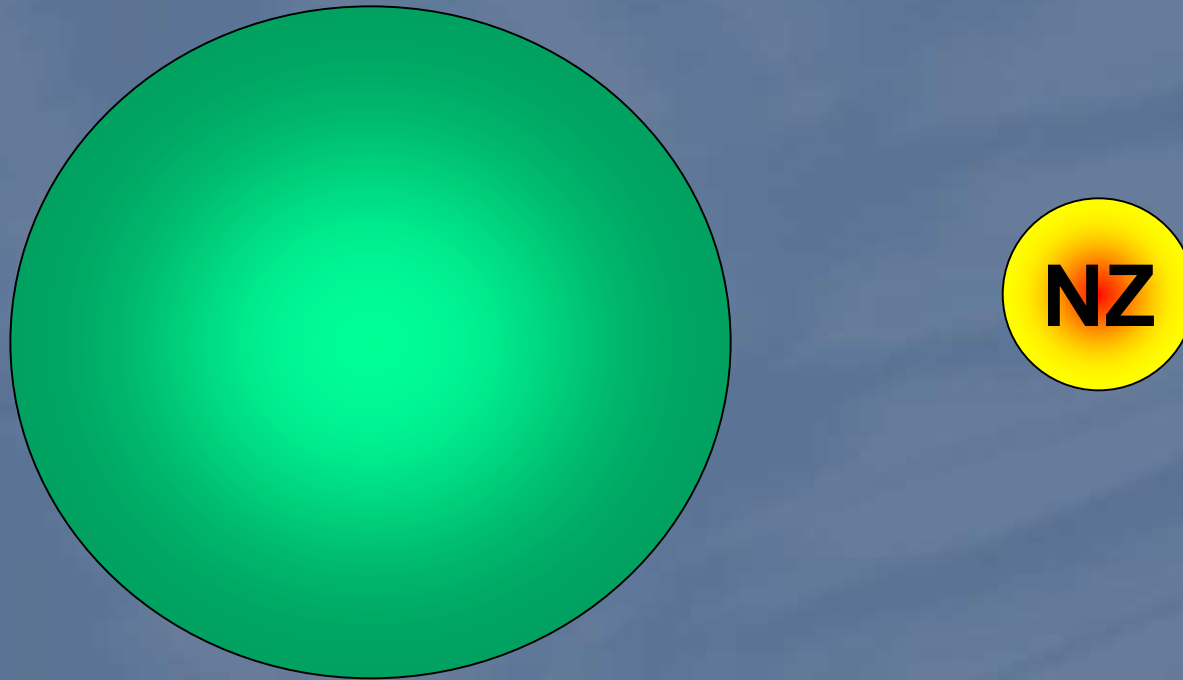
OR:- do we need interventions aimed at a mix of all 3?



2.1 New Zealand: Challenges of Island, Size, Periphery & Distance

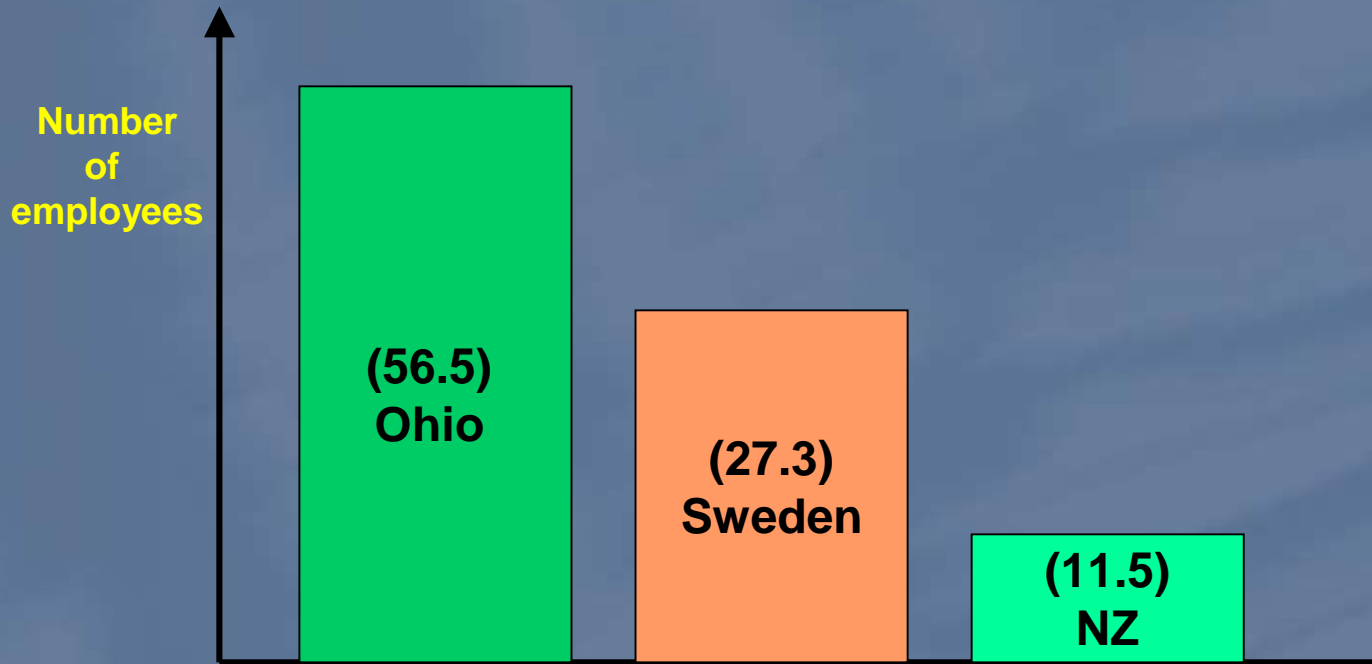


2.1 New Zealand: Challenges of Island, Size, Periphery & Distance



2.2 Micro-Enterprise Economy

Average Number of Employees per Enterprise



Source: Carlsson, Braunehjelm & Frater



2.3 Policy Mis-Match

- Anglo-American (large economy & large enterprise) recipe
- Research Science & Technology: original knowledge focus
- Neo-classical/market clearing
- British administrative “neutrality”



3.1 Trade NZ

- Porter Project, 1990
- Clusters, I
- Business Networks, JAG's
- Clusters II, 1997



3.2 Civic Response

- Government opposition to regional economic engagement
- Civic strategies
 - wrap within employment activities
 - SME electoral campaign
 - Internal staff appointments

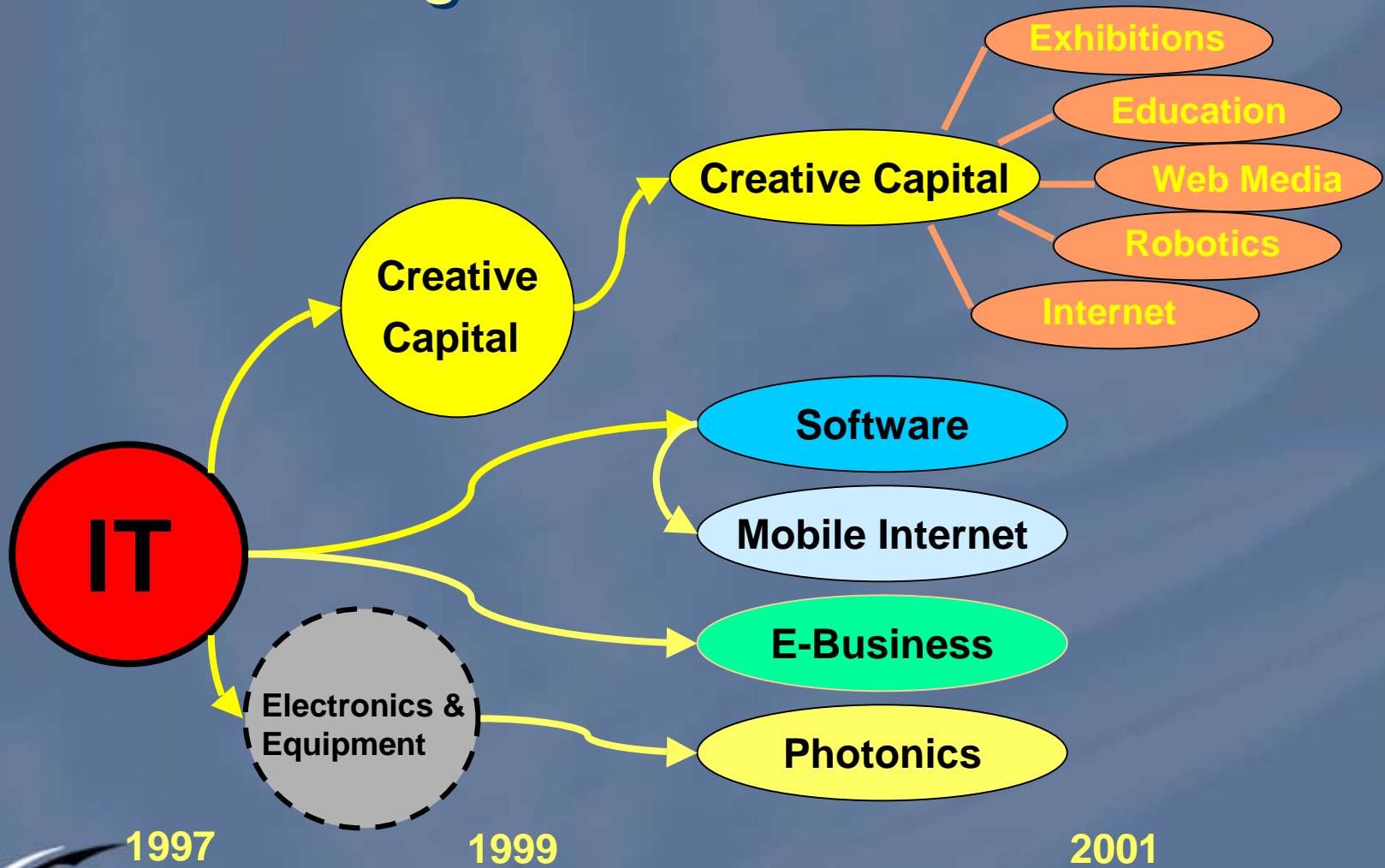


4.1 Outcomes

- Use of facilitators as primary support vehicle
- Focus upon “market reach”
- Market focus \Rightarrow specialisation
- Market-oriented projects



4.2 Outcome Case Studies: Wellington ICT



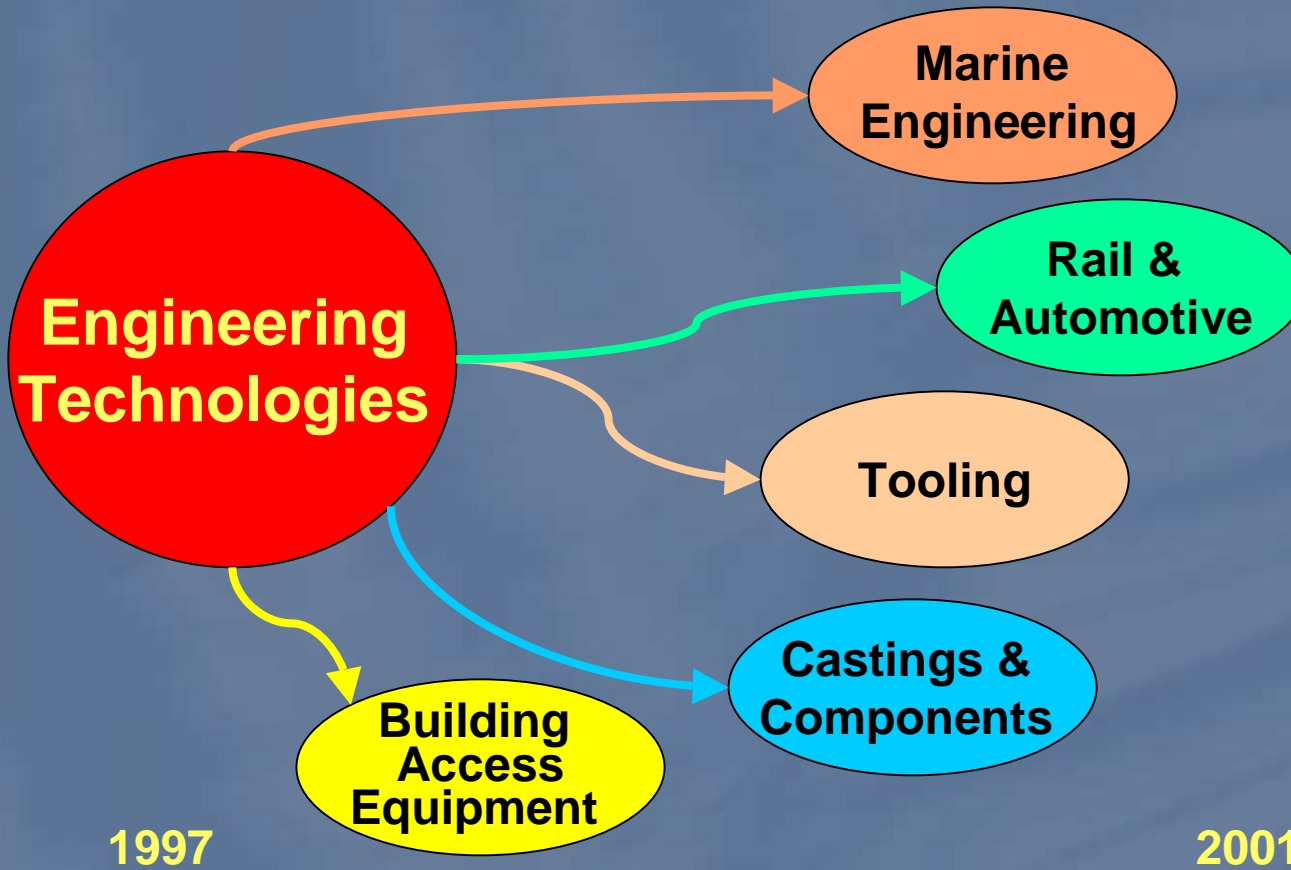
1997

1999

2001



4.3 Outcome Case Studies Dunedin Engineering



4.4 Emerging NZ Model

- Membership-based Clusters
- Incorporated Societies
- SIG's & Project/Market Companies
- Technology in RD&C Institutes
- Regional SPED's



5 Industry New Zealand

- Formed 2000
- Industry & Regional Development
- Clusters as Building Block
- Facilitator Support through EDA's
- Regional SPED's & Technology Innovation Systems
- Cross Regional Priority Sectors



From Clusters To Regional Innovation Systems



6 Counterpart Government Agencies

- Research, Science & Technology
 - Specialisation, technology
 - Networks
- Tertiary Education
 - Specialisation for Excellence
- Trade NZ
 - Networks
- Partnership for “Whole of Government”



7 Conclusion: A Mix of Policies

	RST	Tertiary Education	Industry NZ	TradeNZ
Hard Networks	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Soft Networks	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Business Clusters	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
SPED's		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

