



Clusters Cord  
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MTA Regionális Kutatások Központja

# Entrepreneurial cooperations, clusters and regional economic development in the Central Transdanubian Region

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## Goal and structure of the presentation

- Goal: analyzing the role of entrepreneurial cooperations in the Central Transdanubian economic development
- Structure:
  - The concept of regional economic development
  - Tools of economic development
  - The role of corporate cooperations
  - Main characteristics of corporate cooperations in the CTD Region





Goal of regional economic development: giving the needed economic conditions to the improvement of living standards and quality of life of the inhabitants;

Tool and method of regional economic development: coordinated and conscious community intervention programme of bottom-up regional economic development networks to influence on regional/local economic processes as well as increasing regional competitiveness;

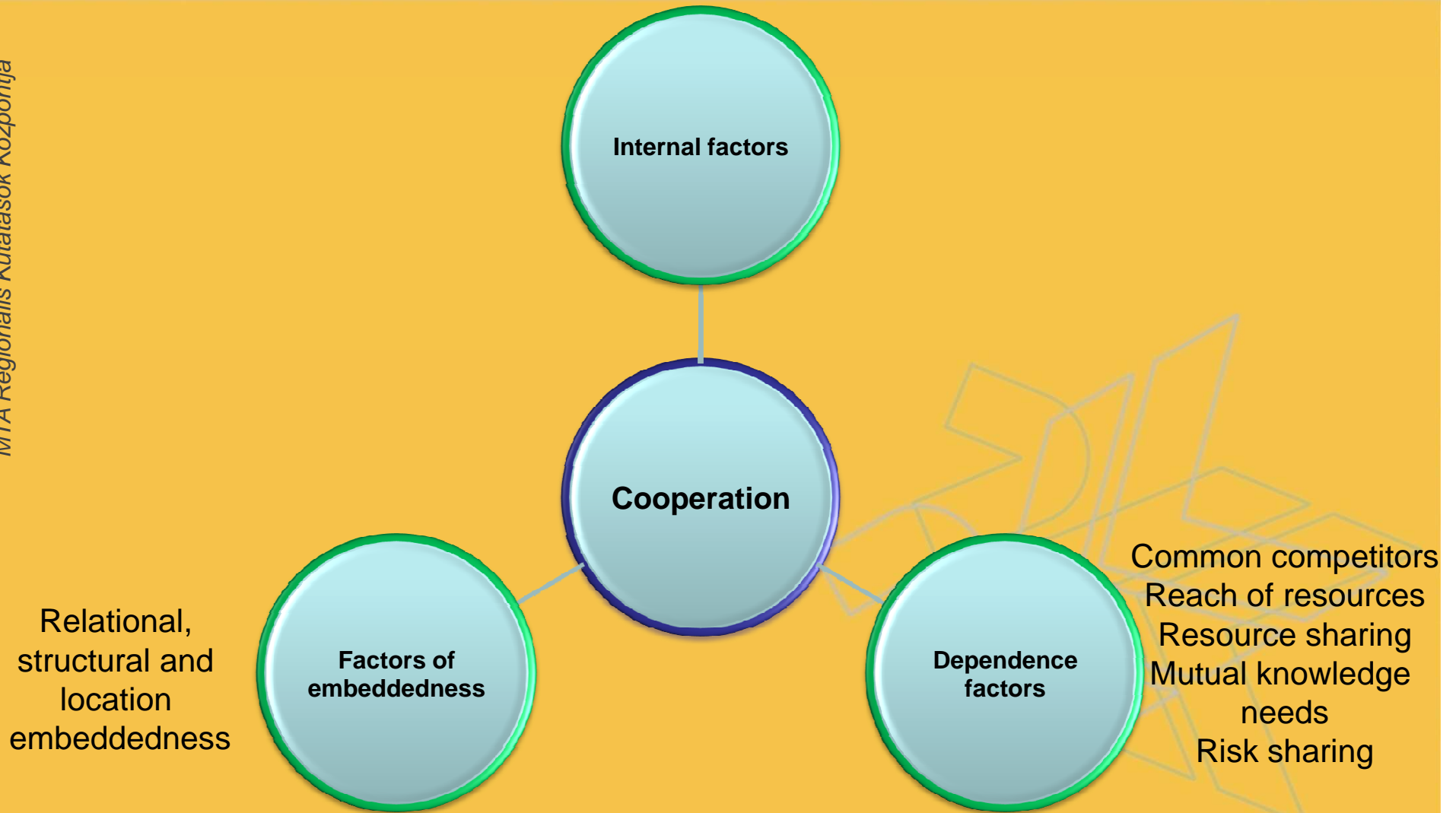


- **Bottom-up:** all regions have to ground their own development and competition strategy;
- **Network:** bottom-up programmes can be effective whether municipalities, corporate associations, education, etc., can synchronize their approaches either conceptual or implementation side;
- **Coordinated:** coordination of the effects of single programmes, coordinated corporate, municipality, institutional, etc., competencies;
- **Conscious:** economic development programmes bases on coordinated public concepts and strategies through widespread social participation;
- **Community:** intervention with the participation of regional and local municipalities with the involvment of private sector through its advocacy institutions;
- **Programme for intervention:** economic development goals → programme → steps, indicators, deadlines
- **Regional/local:** considering current capabilities
- **Influencing economic processes:** areas of interventions – regional business development, local business environment and cluster incentives



# Reason for cooperation

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## Benefits from regional clusters

| <b>Operational effectiveness</b>   | <b>Strategic positioning</b>   |
|--|--|
| Utilize the economies of scale through outsourcing                                 | Special inputs, public goods production  |
| Cheaper inputs through the competition of suppliers                                | Difficult to keep the differences of operational efficiency within the cluster |
| The production of supplementary products can be shared                             | Geographical proximity stimulates different strategies instead of imitation    |
| Cheaper (joint) R&D  | Detecting new demands and market segments is easier in a cluster environment   |
| Opportunity to compare   | Synergic effects of complementary knowledge capitals                           |
| Faster spreading of best practices, opportunity to know new activities and methods |  |



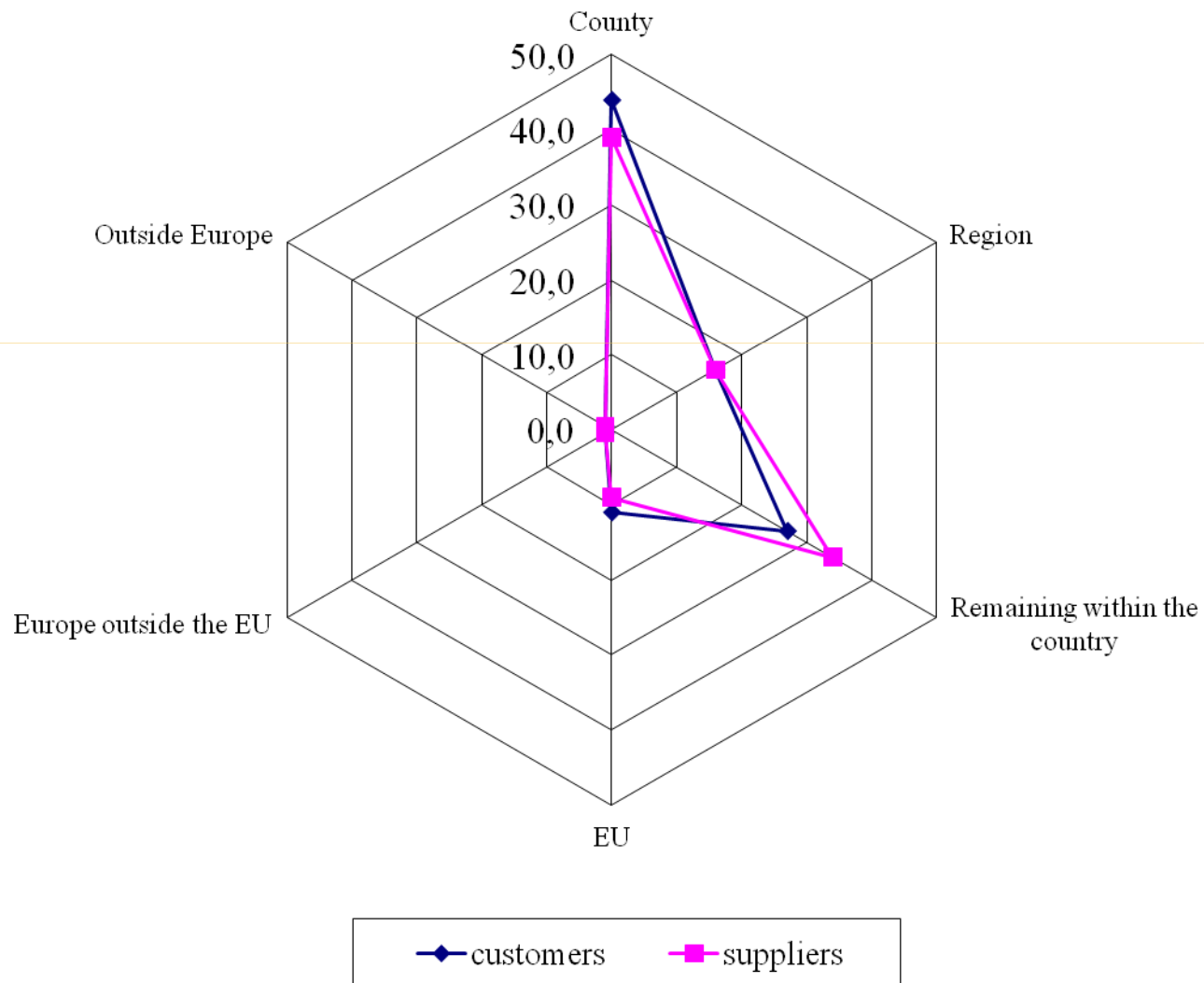
## Corporate cooperations – empirical results

- Vertical relations: customers and suppliers
- Horizontal relations: joint innovation activity (product-, process-, and organizational innovation) of enterprises



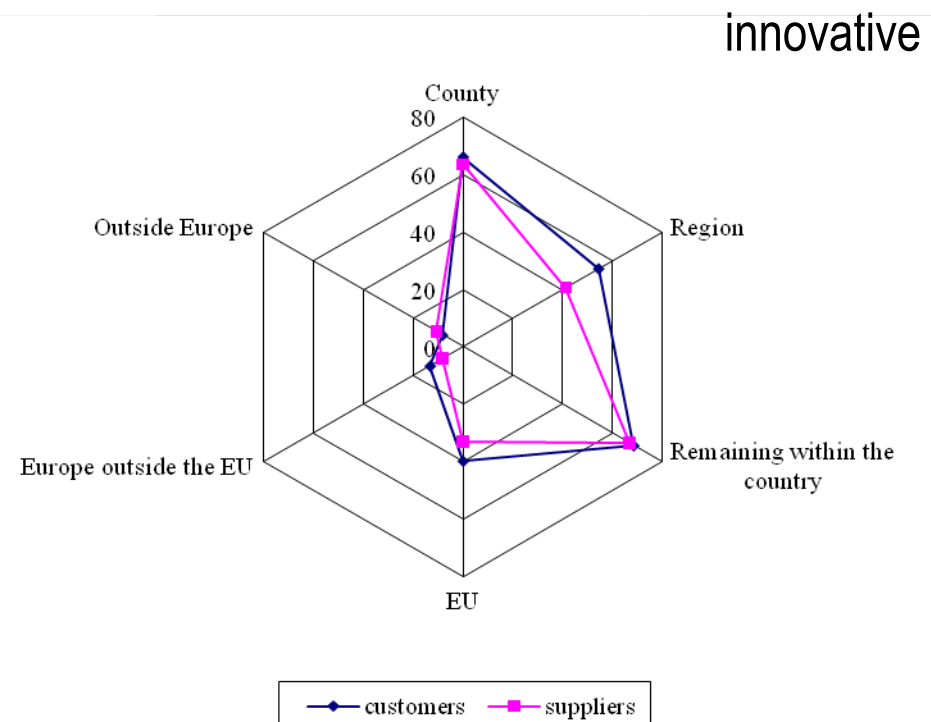
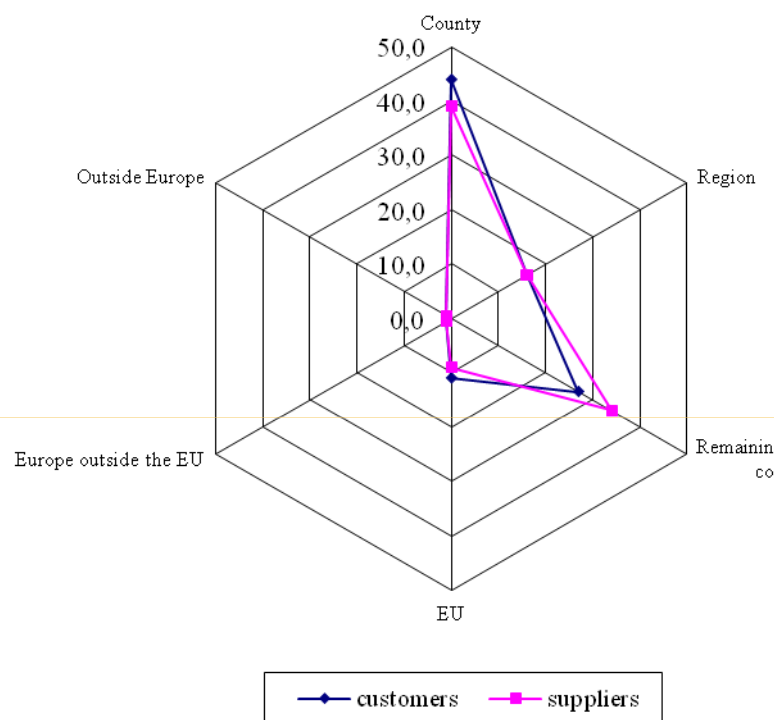


# Weigh of particular spaces in corporate sales and supplies (among 2005-2007)





# Weigh of particular spaces in corporate sales and supplies (among 2005-2007, all and innovative enterprises)





# Obstacles of innovation activities 1. Comparison of innovative enterprises and ones that innovate in cooperation

| Factors                                      | Quantity of obstacles (%) |      |        |      |       |      |      |      |
|--|---------------------------|------|--------|------|-------|------|------|------|
|  | Large                     |      | Medium |      | Small |      | None |      |
| <b>Cost related issues</b>                   |                           |      |        |      |       |      |      |      |
| Lack of capital                              | 21,5                      | 16,7 | 24,0   | 13,3 | 12,4  | 6,7  | 40,5 | 63,3 |
| Lack of external financial tools             | 14,9                      | 20,0 | 14,9   | 20,0 | 23,1  | 13,3 | 17,4 | 13,3 |
| High cost of innovation                      | 22,1                      | 23,3 | 22,3   | 20,0 | 14,0  | 6,7  | 38,0 | 50,0 |
| <b>Knowledge</b>                             |                           |      |        |      |       |      |      |      |
| Lack of qualified workforce                  | 9,9                       | 13,3 | 15,7   | 16,7 | 16,7  | 10,0 | 56,2 | 60,0 |
| Lack of technology information               | 1,7                       | 3,3  | 13,2   | 6,7  | 16,5  | 10,0 | 66,9 | 80,0 |
| Lack of market information                   | 1,7                       | 0    | 14,9   | 10,0 | 20,7  | 16,7 | 61,2 | 73,3 |
| Problems in finding partners for cooperation | 3,3                       | 3,3  | 19,8   | 20,0 | 17,4  | 10,0 | 55,4 | 66,7 |



## Obstacles of innovation activities 2. Comparison of innovative enterprises and ones that innovate in cooperation

| Factors  | Quantity of obstacles (%) |      |        |      |       |      |      |      |
|--|---------------------------|------|--------|------|-------|------|------|------|
|  | Large                     |      | Medium |      | Small |      | None |      |
| <b>Market</b>  |                           |      |        |      |       |      |      |      |
| Dominance of run in companies                        | 20,7                      | 23,3 | 20,7   | 20,0 | 19,8  | 13,3 | 36,4 | 43,3 |
| Uncertain demand on innovative products and services | 14,0                      | 23,3 | 20,7   | 10,0 | 18,2  | 13,3 | 43,0 | 53,3 |
| <b>Reasons against innovation</b>                    |                           |      |        |      |       |      |      |      |
| Not needed because of the former innovations         | 0,8                       | 0    | 7,4    | 3,3  | 24,8  | 16,7 | 63,3 | 80,0 |
| Not needed because of the lack of demand             | 2,5                       | 0    | 10,7   | 13,3 | 24,0  | 16,7 | 58,7 | 70,0 |



## Who are the cooperating partners?

|   | Average      | Buda-<br>pest | Within 100 kms<br>(not Budapest) | Beyond 100 kms<br>(not Budapest) | EU    |
|---|--------------|---------------|----------------------------------|----------------------------------|-------|
| <b>Other part of the corporate group</b>              | <b>6,18%</b> | 11,4%         | 11,4%                            | 5,7%                             | 8,6%  |
| Suppliers of materials, tools, services or softwares  | <b>7,62%</b> | 5,7%          | 20%                              | 8,6%                             | 11,4% |
| <b>Customers</b>                                      | <b>7,23%</b> | 2,9%          | 17,6%                            | 14,3%                            | 8,6%  |
| Competitors   | 3,82%        | 2,9%          | 11,4%                            | 2,9%                             | 5,7%  |
| Professionals, technology brokers, private R&D bodies | 4,77%        | 8,6%          | 11,4%                            | 0%                               | 8,6%  |
| <b>Universities</b>                                   | 2,38%        | 5,7%          | 8,6%                             | 0%                               | 0%    |
| <b>Colleges</b>                                       | 1,43%        | 0%            | 5,7%                             | 2,9%                             | 0%    |
| Public R&D bodies                                     | 1,92%        | 8,6%          | 2,9%                             | 0%                               | 0%    |
| <b>Average</b>  | -            | 5,37%         | 11,13%                           | 4,3%                             | 5,36% |



## Development plans of enterprises (%)

| Type of development | All enterprises | Innovative ones | Ones that innovate in cooperations |
|---------------------|-----------------|-----------------|------------------------------------|
| Organization        | 25,6            | 43              | 46,7                               |
| Product             | 32,2            | 57,9            | 63,3                               |
| Management skills   | 33,1            | 47,1            | 50,0                               |
| Marketing and sales | 36,4            | 47,9            | 63,3                               |
| ICT                 | 42,4            | 50,4            | 53,3                               |
| Services            | 49              | 62,8            | 73,3                               |
| Applied technology  | 51,3            | 66,9            | 73,3                               |
| Training of staff   | 55              | 70,2            | 83,3                               |



- Detected effects of cooperations in the CTD Region:
  - Market factors (financing, market access, competitors)
  - Access of information
  - Detection of the effects of innovation
  - Moderate effects of barriers
  - Development approaches
- Despite this, **the willingness to cooperate is low**
- Needed steps
- Possibilities



**Thank you for your attention.**

*For further details, please, contact:*

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