

# SMEs and Cluster Development in Global Markets



## Context

Regional growth is dependent on innovative SMEs and innovative SMEs are found more often in clusters. New trends include incorporating new advanced technology, and internationalization that incorporates participation in global value and innovation chains. Europe has identified key enabling technologies (KETs) that are critical to Europe's future and global leadership in knowledge and innovation developments. New digital technologies allow regional SMEs to connect, collaborate and exploit new markets beyond their local and regional boundaries. Digitalization also means that competition has become global where there were no competitors in the local and regional markets. Business landscapes are shifting and SMEs need to shift with the trend.

## Assumption about the future and wicked problem

SMEs in the Northern Netherlands need to collaborate to create critical mass in terms of knowledge, resources and networks to compete in the increasingly globalized, digitalized and knowledge-intensive world. Clusters and clustering initiatives around specific focus themes will be the way forward for regional SMEs. European policy supports and rewards cluster initiatives and regional SMEs can benefit from these. Research is also being pushed towards solving grand social challenges by connecting and engaging business, policy and citizens. Stakeholders from these four stakeholder groups form clusters even as financial institutes are often added as the fifth stakeholder group. Clusters (or hubs, innovation centres, cooperatives, etc.) will increasingly dominate the regional economy in an effort to strengthen local SMEs and cutting-edge research and innovation due to policy and funding mechanisms. Internationalization involves more complex product and service offers that also call for cluster developments.

## Dilemmas

Internationalization in a competitive globalized and technology driven world requires collaboration and access to knowledge, resources and critical mass. Identifying and prioritizing relevant KETs and internationalization strategies for the region are not coordinated. Different agencies and business associations at local, provincial and regional levels act independently even as national strategies are in place. Businesses are independent and therefore have their own agenda as do universities and research institutes. The northern region has chosen the Northern Innovation Agenda where social challenges have been chosen and digitalization and internationalization and human capital are important threads. The connections between the different actors, interests, long and short-term goals, the need for change due to changing business landscapes, the competences and knowledge gaps to deal with the changes are all examples of dilemmas connected to regional growth, SMEs and internationalization.

## Problem definition

SMEs in the energy sector are facing challenges and are having difficulties to find the right collaborating partners and resources to compete in a changing energy market. Can SMEs enhance their individual and collective market positions and capabilities by collaborating as clusters?

## Example of specific case study

- As part of the Interreg RIGHT project one or more energy clusters will be chosen to identify the needs of SMEs to become future proof, which will include the development of new competences and new collaborations for innovation through cluster initiatives and internationalization.
- Within the Groningen Export Club, cluster development is a key priority. Creating a cross-sectoral energy clusters requires in-depth analysis and knowledge from a broad range of disciplines.



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