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## The Incoming Paradigm Shift with Globalization and Clustering Approach

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### Abstract

Clusters are a common reality in all economies and have traditionally been equated with cities. Transversely all European counties and towns there is a growing specialisation and focus or clustering of industries in response to increasing competition and outsourcing as a result of economic reorganisations and globalisation. Industry clusters comprise groups of firms that share regular suppliers, wholesalers and expertise and discover advantage in a specific geographic location. Alongside the transition from the mass manufacturing strategies to the adaptable manufacture techniques, on the basis theoretical work in the stream of clustering's have become the mutually reinforcing significant research field of the regional development hypotheses (Öcal and Uçar, 2011). The common applicability of this consummate, an agglomeration of firms which have been analysed within the framework of industrial localities in the past has now moved towards the clustering methodology has led to new discussions concerning the potential impacts of regional planning policies in the development of localised progress. The clustering seems by all accounts to be a dynamic significant component of the competition where the worldwide rivalries strengthen. While various clustering operating at this level prosper, the others vanish. Taking into account such bits of knowledge, the paper recommends a theoretical proposal, supported by practical evidence. And also, argues that clarify the issue of successful clustering into global consideration in different ways and Besides, this article tries to find an adequate response to the question whether the clustering's can be considered as a strategy of economic progress and regional development in the long term and It pays particular attention to the position of developing country.

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## 1. Introduction

In contrast to traditional development, understanding, clustering has been embraced as the new economic development strategy and has been accepted by many countries as the official development policy since 15 years or so. Because, **in the traditional sectoral and regional development approach**, the decisions and plans for the economy are made by a central institution based on a **balanced economic development approach**. In this approach, it is aimed to support the underdeveloped regions' financial structure, its source of employment and eliminate the interzonal development differences through the redistribution of income. However, these policies have been unable to cope with the new conditions of the **globalisation**. The balanced distribution of state funds among the regions could not ensure economic momentum. And yet, even the **incentive policy** (more selective redistribution policy) which priorities, certain regions to be given funds, has encountered many difficulties and led to interest conflicts and competition between the regions, though, even the winners of these funds were not satisfied enough with the funds in the end. As a result, the benefits of state funds for the long term have been questioned by many. There have been many criticisms about these funds. The funds, they argue, pacify the region, holds down the entrepreneurship, despite attracting economic investments, making it unqualified and superficial. These problems have led to search new methods for the regional policies and created a new **paradigm** to be **developed to increase the competitive power of the regions** (Kumral, 2006; 2008).

If we were to explain this in a better way, the process of globalisation, technological developments, and the new production processes reshape today's regional development policies. Especially, in an environment where **competitive regions** emerging as key players and determining force for the national development, the target of regional policies are not only limited to reduce the differences of underdeveloped region's developments, but also contain policies that are developed characteristically for all regions in order to contribute country's development and its competitive power. In this framework, **the regional policy approach** has gained new vision, scope, and content with the target of developing region's competitiveness (Kara, 2008).

In other words, especially after the 1970 economic crisis, there have been important changes in the production organisations, and after the 1980s accelerating globalisation (*alternatively, a new 'era of super-competition'*) process has led to significant changes to commodity and service productions. The new technologies, the new job processes and the flexibilities in the economic and social system that emerged as a result of these two factors have brought new and more complex production methods and spatial behaviour. Furthermore, in contrast to globalisation's changing effect on the production process, the changing process of the locality and its attempt to represent themselves globally differs. In each region's production structure and organizational methods and connected to this, the technological structures, market inclination and workforce organisations all require conforming to process differently. In a process like this, clustering network which tries to produce a production organisational system creates a new and important perspective to understand regions' accordance with the new process.

## 2. What is the underlying factor in clustering? Why there is a need for clustering?

The underlying reason for clustering is the **sectoral competition**. And when looking at the international literature there is two basic elements for competition. It is **productivity** and **innovation**. In sum, clustering approach is used to attain international competitiveness and productivity and innovation lies under competitiveness. So to speak, only the players who consider productivity and innovation can be competitors. At this point, clustering is a technique and approach that is used with productivity and innovation to attain international competitiveness. Clustering system also reduces transaction cost when used with productivity and innovation.

## 3. Concept of competitiveness

Today, while the concept of competition and competition advantages are used widely, however, there is no consensus on its definition and sources. And they are often used on different occasions with different meanings (Alderson, 1965; Hall, 1980; Henderson, 1983; Porter, 1985; Day and Wensley, 1988; Prahalad and Hamel, 1990; Eren, 2002; Uİgen

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