In the last decade, cluster initiatives have emerged as a new instrument of public policy. Business development agencies, universities and private as well as public consulting firms have established and developed cluster initiatives in order to bring the aims of public policy and private companies together. However, different groups of participants have differing expectations about the role of public policy in supporting clusters. Government and the labour unions are hoping for more jobs and economic growth, especially in less prosperous regions and industry associations expect that cluster policy will heighten business efficiency. Large companies which are situated in rural areas believe in better opportunities in the field of recruitment and SMEs hope to improve their competitiveness. In order to find answers to these issues it is necessary to get a better understanding of the determinants of resource allocation and performance and, how management and/or public policy can support the process of cluster development.

The triggers to initiate clusters are the success stories like Silicon Valley in promoting software and computer technology clustering or the Swiss watch cluster. Until now it has not been known exactly what theoretical framework can explain how to develop and manage a cluster. The idea of editing this special issue stemmed from our desire to contribute answers to questions such as: What theoretical frameworks can explain the development of clusters? What kind of opportunities and what kind of risks are associated with being a cluster member? What are the consequences for the management of clusters from the web as well as from the public policy level? What are the concepts and implications for the management of clusters on the different level?

This special issue on Firm Clusters: “Challenges for Management and Public Policy” started with a workshop on the 12th of June in 2012. The workshop was hosted by the Department of Border Region Studies & Department of Entrepreneurship and Relationship Management, University of Southern Denmark. The editors would like to give special thanks to the Managers of both departments, namely Elisabeth Vestergaard and Torben Damgaard for their support. Furthermore we want to thank all the participants of the workshop, all the authors of the articles and the reviewers.
All submitted contributions for the special issue have undergone a double blind review process.

We are happy to present four papers exploring the topic of industry clusters. While two papers discuss impact-factors on resource allocation and how to gain competitive advantage related to firm clusters, the two other contributions elaborate how to facilitate clusters.

Appreciating the opportunity to edit this special issue, we feel that the authors will shed some light on essential management questions in connection with firm clusters.