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## Innovative business groups: territory-based industrial policy in Spain

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## **INNOVATIVE BUSINESS GROUPS: TERRITORY-BASED INDUSTRIAL POLICY IN SPAIN**

### **Abstract:**

Since 2006, Spain has fostered an industrial policy in support of business groups in an aim to promote the dynamics of innovation at a territorial and sectoral level. This study makes an initial evaluation of the impact of the aforementioned support policy addressing Innovative Business Groups. The paper discusses the eligibility requirements for the programme and how the activities developed by these groups are generally defined.

**Keywords:** Industrial District, Cluster, Innovative Business Groups, Evaluation.

# **INNOVATIVE BUSINESS GROUPS: TERRITORY-BASED INDUSTRIAL POLICY IN SPAIN**

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Since 2006, Spain has fostered an industrial policy in support of business groups in order to promote the dynamics of innovation at a territorial and sectoral level. This study makes an initial evaluation of the impact of this policy. The first section of this paper describes the scope of the measures in the European context; subsequently, it looks at the need for an evaluation of these policies and their main limitations. The third part of the paper discusses the requirements for a business cluster to be considered an innovative agent, as provided by the programme. The criteria for identifying Innovative Business Groups (IBGs), their linkage to the production environment and likewise, the activities and initiatives pertaining to IBGs, are defined in detail. The study concludes with a brief evaluation of the impact of the IBG support programme.

## **1.- Industrial Policies aimed at Local Production Systems: Innovative Business Groups in Spain.**

Since the 1990s, many European countries have focused on local production systems when developing industrial policy measures. Based on previous studies on industrial districts by authors such as Becattini (1989), Brusco (1990) or Dei Ottati (1994) or subsequent contributions on production clusters by Porter (1998), governments have adopted measures to foster the creation and consolidation of business groups. Whether from the more academic perspective of Marshallian districts or from a more operational point of view, the beneficial results of those measures have fostered numerous studies and official documents that analyse the impact on the promotion of innovation and on the growth deriving therefrom<sup>1</sup>. By way of example, in a recent communication, the European Commission (2008a) points out that “in increasingly more cases, public policies (...) have been fundamental to the appearance of powerful clusters that act as catalysts and help certain regions realize their economic and scientific potential”.

In the case of Spain, industrial policy has been far removed from territory-based considerations and has focused more intensely on sectoral aspects (Ybarra, 2006). Throughout its history, Spanish industry has rarely had access to a range of instruments that would enable implementation of policies combining the needs of a territory with a specialized industrial base and the

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<sup>1</sup> For example, the opinion of the Committee of the Regions on SME Policy in which it comments that it “supports cooperation initiatives between local and regional authorities, enterprises and their associations, academies, universities and research centres, as an instrument of territorial industrial policy by establishing support networks to help SMEs to overcome barriers to improved competitiveness, better training and exploitation of innovation”. (Official Journal of the European Union, 2006/C 229/08).

specific business needs thereof. (Perhaps the only exception where this approach was adopted was in the case of the Development Plans from the 1960s or the ZUR Zones for Urgent Reindustrialization in the mid-1980s.) (Ybarra, 2009). Accordingly, the possibility of implementing alternative proposals for a territory-based industrial policy is somewhat new. Such policies would emerge from guidelines handed down from higher territorial levels and would take into account the advantages of integrating the territory, activities and businesses; in turn, this would foster the implementation of support policies for local production systems and subsequently, the emergence of industrial districts and/or clusters.<sup>2</sup> In the case of Spain, this impulse materialized in the development of a programme to support Innovative Business Groups (Trullen, 2009). The aim of this study is to analyze and evaluate the IBG system promoted by the Spanish government. The method used in this analysis and evaluation is initially based on the traditional approach, studying implementation and impact indicators.

## **2.- Evaluation of Policies in Local Production Systems**

In the case of local development policies focusing on industrial districts and clusters, decision-makers and stakeholders coincide in the need to develop instruments and methods that facilitate an evaluation of their impact and implementation. The aim is to attain greater efficiency from such policies, bearing in mind that there are significant dispersions and differences – as well as gaps – in this field. Nonetheless, although indicators and methods to evaluate the impact of cluster policies is a priority task, we agree with the European Commission (2009) in that their impacts are difficult to evaluate in this case. On the one hand, the effects of cluster policies on the main objective, i.e. enhanced competitiveness, are indirect and their impact is combined with the effects of other factors; accordingly, it is difficult to establish a causal relationship between the programme and its outcome. Furthermore, since the effects of these policies are long-term, the time gap between their implementation and their eventual outcome makes it difficult to attribute results to these specific measures. Another limitation is that the diversity of instruments, objectives and competent authorities, makes it even more difficult to evaluate the impact of any such measures.<sup>3</sup> It should be pointed out that, in the initial phase, evaluation focuses in general terms on the intended policy and leaves the more specific evaluation of each of the clusters in which certain programs or activities have been implemented, for a subsequent phase. In any case, it is extremely difficult to evaluate the efficacy of a policy implemented in the districts, either in general terms or more specifically in relation to a certain

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<sup>2</sup> In the case of Europe, this impulse comes not only from the Commission but also from governments in different countries that are interested in reactivating local/territory-based policies strongly focused on industrial aspects, e.g. “pôles de compétitivité” in France, industrial districts in Italy or the United Kingdom. (Solinas, 2009).

<sup>3</sup> Iturrioz et al. (2005) adds a further limitation in that there is little incentive to evaluate cluster policies due to the fact that their instrumental nature represents a saving for administrations compared to traditional industrial policies. In general terms, the limited resources used in supporting cluster networks mean that authorities are not overly concerned about their evaluation.

district, since it would be necessary to evaluate the efficacy of the district itself as an autonomous, independent district with no exogenous intervention resulting from a certain policy. It may seem somewhat contradictory to design measures aimed at fostering the development implicit to an industrial district, particularly when economic analyses show that the concept of an industrial district makes it an ideal economic organization for enhancing economic and territorial development (Ybarra, 2003). However, focusing on how and why certain objectives should be attained, in terms of RDI, in order to ensure competitiveness of industrial districts and clusters on an international level, would appear to be the appropriate path for any public intervention to follow. A measurement of this impact, in terms of added value, number and type of jobs created, patents registered, etc., would be the best indicator of the outcome of any proposed measures. Furthermore, any such analysis should take into account that each of the clusters and districts has certain technological and structural features; accordingly, unless they are evaluated independently, we would be looking at completely different realities.

Leaving aside these difficulties, efforts have been intensified at different levels to enhance the efficacy of the cluster policy, by adapting it more to the needs of the companies and research organizations that benefit from its support. These efforts include the Eurobarometer on Cluster Policy (Gallup Organization, 2006), the creation of the European Cluster Observatory and the “Cluster-Excellence” initiative, the latter being aimed at bringing together people and organizations with experience in cluster management in order to identify indicators and evaluation procedures for cluster management enhancement. Likewise, the Department of Trade and Industry in the United Kingdom (2005) identified a set of critical factors that have an impact on the success of this type of initiative, based on international experience in implementing cluster policies. The factors identified are related to physical infrastructures and also to human capital and innovation or to mechanisms that enable the sharing of resources and capacities. A mention should also be made of the initiative started by the French government in 2005 – Poles of Competitiveness – and which, since 2008, has attempted to redefine technological aspects wherever there is a clear deviation from the targets originally defined.<sup>4</sup>

Except for these meso-evaluative exercises on cluster policies, there are very few studies based on a microeconomic vision of the effect of public support on the creation and development of company networks; furthermore, existing studies did not use the same methodology. Some pioneer studies on the evaluation of support policies for cooperation and innovation (Gibbons and Georghiou, 1987; Ormala, 1989), indicate that a detailed evaluation of the outcome of a programme or policy should primarily include identification of the intended and non-intended effects, an analysis of target groups, attainment of expected goals and an analysis of the implementation and administrative management of the programme in question. Based on this approach, the evaluation should go beyond the limits of scientific, financial or management quality control and should provide conclusions that facilitate the decision-making process and enhance policy efficacy.

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<sup>4</sup> <http://competitivite.gouv.fr>

### **3.- Empirical Study and Results of the IBG Support Programme**

In this context, the present proposal focuses on the analysis and evaluation of the effects of a support system for Innovative Business Groups implemented by the Spanish government in 2006, in order to foster the creation and consolidation of business groups adopting this option.<sup>5</sup> IBGs are defined as “the grouping, in a geographic space or production sector, of companies, training centres, public or private research units and other public or private stakeholders, participating in cooperation processes that enable them to obtain advantages or benefits from the implementation of joint innovation projects and reach a critical mass that guarantees their competitiveness and visibility at an international level”. Therefore, the concept of an IBG is similar to that of an “innovative cluster”, as defined by the Community Framework for state subsidies for Research, Development and Innovation activities.<sup>6</sup>

Instrumentally, this support system involves targeted subsidies for groups, associations, non-profit-making organizations or public bodies, whose characteristics coincide with those of an IBG or which act as promoters of IBGs. Subsidies should be allocated to projects involving the preparation of strategic plans, implementation of IBG coordination structures, activities aimed at enhancing the innovative potential of companies belonging to the IBG or implementation of cooperation projects among different IBGs.<sup>7</sup>

The possibilities of making a detailed evaluation of the support system are limited by the availability of detailed information on the members of these groups and their characteristics, motivations, economic results and expectations vis-à-vis the programme. Generally speaking, this data can only be obtained when the drafting and preparation stage of any such measures includes an evaluation, thus requiring the participation and support of the authorities responsible for the programme. Accordingly, any evaluations on an academic level, including the evaluation made in this study, have to recognize the limitations relating to data availability and the partial and provisional scope of any conclusions. Nonetheless, any academic exercise involving an external evaluation of whether the instruments and their implementation are appropriate to the aims of the policy, should be considered a further method of evaluation that helps enhance methods and results and is not subject to any of the restrictions applying to the independence and impartiality of internal evaluations. Accordingly, the following empirical analysis used mainly four sources of information: a) data available in the calls for the programme and any administrative records available to the public; b) data provided by the IBGs on their websites; c) data published in previous studies on this support system; d) aggregate data obtained from official statistical sources.

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<sup>5</sup> Order ITC/2691/2006, dated 2<sup>nd</sup> August, defining the bases, subsidy system and support measures for innovative business groups. Order ITC/1843/2009, dated 3<sup>rd</sup> July, defining the regulatory bases, subsidy system and implementation of measures to enhance competitiveness of small and medium-sized enterprise by supporting innovative business groups; the call for applications for subsidies was made for 2009.

<sup>6</sup>European Commission, Community Framework for State Aid for Research and Development and Innovation (2006/c 323/01).

<sup>7</sup>Funding for non-Tourism IBGs amounted to 3 million euros in the year 2007, 4.3 million in 2008, 6.5 million in 2009 and 6 million in 2010, when the preparation of strategic plans was excluded as an activity eligible for subsidy.

The data was used to examine the following aspects of the IBG programme: a) criteria applied in the selection of proposals and their coherence with the rationale and aims of the programme; b) organizational structures of the groups created under the support system and activities carried out by the groups, which are to be considered an intermediate outcome of public support; c) evaluation, from a global perspective, of expected impacts relating to the extent and territorial distribution of activities developed under the programme.

### 3.1.- Criteria for identifying IBGs and their linkage with the local production environment

There are two possible approaches to the evaluation of the criteria followed by the programme managers in identifying potential IBG candidates. The first would involve an ex-ante analysis of the criteria defined in the Orders regulating the granting of subsidies and the subsequent registration of IBGs. The second option would involve an analysis of the effective outcome of the selection process, as reflected in the characteristics of the groups that are eventually registered.

Regarding the criteria defined in Orders ITC/3808/2007 and ITC/1843/2009 governing Special Registration of IBGs and the support system, it should be underlined that the application of these regulations leads to a two-phase selection process: the first phase being when a subsidy is granted for preparation of the strategic plan; the second phase covers the evaluation process of the plan itself and its classification as “excellent”, which would subsequently mean registration of the IBG. Table 1 summarizes the criteria provided by each of the Orders and the weight assigned to each criterion.

Table 1: Evaluation Criteria

<b>Selection criteria applied to subsidies for preparation of Strategic Plans (Section 18.1 Order ITC/1843/2009)</b>		<b>Evaluation criteria for classification of Strategic Plans as “excellent” (Annex III, Order ITC/3808/2007).</b>	
Preparation of proposal	10	Preparation of proposal and quality of analysis	10
Quality, depth and scope of analysis	10	Size and significance of IBG in terms of territory and sector	20
Viability	10	Consistency and viability of proposed strategy	15
Commitment and management and coordination structures	15	Significant level of interest and viability of project portfolio	20
Participation of Regional and Local Authorities	15	Appropriate management structures and level of engagement	15
Global economic impact	10	Participation and engagement of Regional and Local Authorities	10
Continuity	15	Financial plan coherent with economic and social impact	10
Regional and local impact	10		
Miscellaneous	5		
Total	100	Total	100

As would be expected, there is a certain degree of coherence in the criteria applied in both cases, since an application for support for preparation of

a plan is considered to be practically a blueprint of the plan to be submitted. It should be underlined that the territory-related aspects have a limited impact in both stages of evaluation of any strategic plan and accordingly, the impact on regional and local levels is only taken into account from a general perspective; the same applies to financial commitment and resources of regional and local authorities. On the other hand, issues relating to the level of preparation, quality and viability of the proposal, and likewise, engagement of the members of the IBG have a greater weight in the final evaluation. Accordingly, the “sense of belonging”, which is one of the most highly valued aspects when defining an industrial district in canonical terms, is considered to be less important than other aspects such as the nature of the project to be implemented, and the financial and/or economic magnitudes involved.

Since IBGs are defined by the criterion of geographic and/or sectoral proximity, the fact that less weight is given to territory-related criteria could mean a lower participation of groups devoted to the traditional activities in which the territory specializes. Therefore, it would be relevant to determine the balance between territory-based criteria and criteria based on other aspects in the final list of registered IBGs. For this purpose, we used the IBG classification proposed by the Ministry<sup>8</sup>, which has already been used in studies by Trullén y Callejón (2008) and according to which, IBGs are classified into four groups: a) “Marshallian industrial districts” comprising territorial concentrations of small sectorally-specialized firms; b) “value chains” in which a group of small and medium-sized companies supplies inputs to larger companies; c) “knowledge-intensive activities” involving research-intensive companies that market products developed from innovative processes; d) “ICT-intensive activities” that depend on information technologies to create or market their range of products or services. A further category has been added recently to this classification to include IBGs from the tourist industry. Table 2 shows the breakdown of the 101 registered IBGs at the latest date for which data is available.<sup>9</sup>

Table 2: Breakdown of IBGs according to the characteristics of the business group

	Number	%
1. Industrial Districts	25	24.7
2. Value chains comprising outsourcing companies	24	23.8
3. Knowledge-based activities	19	18.8
4. Industrial activities and ICT-intensive services	12	11.9
5. Tourism	21	20.8
Total IBGs	101	

Industries included in each group: 1) Agrofood Industry, Health Sector, Ceramics, Footwear, Textiles, Fashion, Wood and Cork, Kitchen and Bath Industry, Packaging, Toys; 2) Automobile Industry, Railway Sector, Shipbuilding, Machinery, Transport; 3) Aeronautics, Biotechnology, Water, Energy, Environment, Optics; 4) Media, ICTs, Graphic Arts, Design; 5) Tourism.

The results of this classification show that only a quarter of the registered IBGs meet the traditional definition of a Marshallian industrial district where

<sup>8</sup> Order ITC/692/2007 dated 20<sup>th</sup> March 2007 (Official State Gazette, 23<sup>rd</sup> March 2007).

<sup>9</sup> Ministry of Industry, Tourism and Trade (2010).



geographical proximity and shared production knowledge facilitate attainment of external economies and consequently, improved productivity of the territorial cluster of SMEs. The groups included in the value chain category, which is formed by groups that fit the “monopsonistic cluster” model, have approximately the same weight in the total (23,8%). Although, generally speaking, these industries are located in the same Autonomous Region, the territory is no longer the hub of the production process, since we are dealing with activities where the value chain comprises supply chains on a national or international scale. So far, it would seem that there is a certain balance between the traditional concept of industrial district, where the regional and/or territorial variable plays a role; and the practical notion where the sectorial component is the determining factor of IBGs. Nonetheless, this balance is becoming diminished to a point where many of the remaining IBGs are of a predominantly sectoral nature rather than territorial. Thus, in knowledge-based IBGs (18,8% of total) and in ICT-intensive IBGs (11,9%), although the companies belonging to the IBGs are also defined by their belonging to a sector and a territory, the nature of the production and innovation processes inherent to these sectors has led to groups in which horizontal relationships predominate among the member companies in aspects such as Marketing or Research, Development and Innovation, compared to the vertical nature of the business relationships in a Marshallian industrial district. A special mention should be made of the Aeronautics Industry, where relationships are established in a vertical hierarchy throughout the different phases of the production process - in a similar way to that described for the group comprising “value chains with outsourcing companies”. Lastly, groups in the tourist sector have registered in 2009, in response to the interest expressed by the Department of Industry, Trade and Tourism in prioritizing innovative projects in the Tourist Industry as a way of responding to the new possibilities made available by community initiatives.

A study of the territorial distribution of IBGs can be approached from the perspective of distribution by Autonomous Regions. This type of analysis would enable us to determine whether the distribution of IBGs within the territory reflects criteria of distribution proportionality (e.g. population-dependent) or whether it responds to differences in production specialization and accordingly, differences in the possibilities for creating clusters in the conditions required by the support system. Table 3 shows the distribution of IBGs by Autonomous Region; however, it should be pointed out that, due to the nature of these groups, their scope may be on a national level, irrespective of the Autonomous Region in which their promoter is located (and which the IBG is formally assigned to). This situation arises in the case of national manufacturers' associations or IBGs that are made up of other regional-based groups (e.g. the Spanish Maritime Cluster Association). The data show that it is easy to identify the relationship between the weight of each of the Autonomous Regions, according to their GDP, and its proportion of the total number of registered IBGs. However, there are also some deviations in the relation between subsidies granted and the weight of each Autonomous Region in the GDP, although the underlying criteria for this could not be determined. In short, although the classification of a Strategic Plan as “excellent” and subsequent registration of the IBG depend on the aforementioned quality criteria, the effective result of applying the selection criteria in two phases leads to a proportional distribution of GDP. This finding has already been reported by

Trullén and Callejón (2008: 13) in reference to the subsidies granted for drafting strategic plans.

Table 3: Territorial distribution of IBGs linked to population and GDP

Autonomous Region	% population	% GDP	Nr. IBGs	% IBGs
Andalusia	17.8	13.7	11	11.6
Aragon	2.9	3.1	4	3.2
Asturias	2.3	2.2	2	3.2
Balearic Islands	2.4	2.5	2	3.2
Basque Country	4.7	6.3	4	4.2
Canary Islands	4.5	4.0	2	2.1
Cantabria	1.3	1.3	1	1.1
Castille and Leon	5.5	5.3	9	7.4
Castille-La Mancha	4.5	3.3	3	3.2
Catalonia	16.1	18.6	22	23.2
Extremadura	2.4	1.7	5	3.2
Galicia	6.0	5.2	6	6.3
La Rioja	0.7	0.7	2	3.2
Madrid Region	13.7	17.8	13	11.6
Murcia Region	3.1	2.6	3	2.1
Navarre	1.4	1.7	1	2.1
Valencia Region	10.9	9.7	11	9.5

### 3.2.- Organizational structure of clusters: activities, programmes and initiatives

Notwithstanding the origin of individual clusters, the IBGs created under the programme have specific organizational structures. In some cases, these structures existed prior to registration of the IBG, while others were created during the programme.<sup>10</sup> In this section, the analysis focuses on activities developed by the organizational structures irrespective of their origin and the legal form adopted (foundations, public agencies, business associations, technological institutes). For the purpose of the analysis, we adopted the definition proposed by the European Commission (2008b: 44) which refers to the organizational structure of a cluster (“cluster organisations”) as being: “the legal entity engineering, steering and managing the clusters, including usually the participation and access to the cluster’s premises, facilities and activities”. The Commission considers these organizations to be an efficient means of delivering tailored services to companies in the cluster, particularly in the case of smaller businesses. The special composition of the “portfolio” of services provided by each of these organizations will depend on several factors, including the sectoral specialization of the cluster, its origin, the size of the companies or the level of public engagement.

<sup>10</sup>This is highly significant because the existence or non-existence of a promoting organization prior to the creation of an IBG is tantamount to recognizing/not recognizing that the group in question has a reason for developing that is driven by aspects relating to internal coherence and based on previously existing economies, a common identity, a projected shared future and appropriate forms of governance for specific opportunities.

Prior to the analysis of the activities developed by the organizational structures of IBGs, the activities were classified on the basis of a qualitative analysis of the strategic plans and the contributions from different institutions and experts (Isaksen and Hauge, 2002; European Commission, 2007 and 2008b). Thus, 26 activities were identified and grouped into 8 categories (communications, promotion, information, research, training, services, support and agreements). Table 4 shows the data relating to these activities and the percentage represented by each in the whole of the sample of IBGs for which sufficient data was available (41)<sup>11</sup>.

One of the main tasks undertaken by those responsible for the cluster is related to the dissemination of the cluster's existence and the activities developed by the organization itself. As well as communications on the cluster and the industry, these activities usually involve organizing meetings or participating in forums as a way of creating channels for dialogue with companies, administrations and similar organizations on other territorial levels. Accordingly, these activities can be a starting point for other more specific initiatives, such as participation in projects for cooperative research, transnational alliances or implementation of new services. A further step would involve activities where the organization becomes involved in promotional activities aimed at enhancing the cluster, industry or territory in which it is located. For this purpose, cluster managers may address their efforts inwardly to the core of the business group and mobilize stakeholders in the territory or promote the creation of new businesses; or outwardly, by creating cooperation networks with other clusters or by attracting external investment.

The most frequent activities include attempts at channelling the information and knowledge flows that are relevant to the companies forming the cluster. Over 40% of organizations studied have implemented or intend to implement a technological monitoring and alert system; a significant – albeit smaller – number has opted for other types of information systems, such as market observatories, periodical sectoral reports or statistic compilation.

Mobilization of stakeholders on a territorial level is another of the basic tasks carried out by cluster organizations (78%). Notwithstanding the origin or length of existence of the cluster, the priority targets of cluster managers include promoting cooperation among their members, providing support in the search for partners sharing common interests and consolidating any such contacts. These networking activities are mainly fostered among businesses belonging to the cluster; however, the creation of cooperation networks with other clusters in the same sector, but located in a different territory, is also encouraged (31,7%). It should be underlined that activities aimed at establishing networks and contacts are based to a large extent on some of the activities previously described as communication activities (participating in forums and organizing meetings). Accordingly, the difference between communication and promotion is somewhat artificial and responds more to the need to classify the activities. Activities aimed at directly promoting new business initiatives are much more limited and involve either attracting external investors from the sectors in which the cluster is specialized (12,2%) or endogenous business creation (7,3%).

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<sup>11</sup>At the start of the year 2010, after 3 years' experience with the IBG Programmes implemented by the Spanish Ministry of Industry, 142 projects have been financed leading to registration of 101 IBGs in the Special Register kept by the Ministry.

The organizational structure of IBGs may also directly develop research projects, either independently or, more frequently, in cooperation with other member businesses and institutions. Thus, 43.9% of the organizations in this study had RDI projects underway or had included this possibility in their objectives.

Training activities (courses, seminars, conferences) are also high on the list of cluster organizations' activities (68,3%). In some cases, training activities were carried out in cooperation with another member of the cluster - either a university or a technological centre. The type of training ranges from specific training courses tailored to meet the demands of businesses in the group, to more general university degrees in subjects relating to Business Management or Human Resources Management. Few services other than training were provided. The infrastructures provided for members are usually in the form of laboratories, trial centres, classrooms or industrial premises for rent in 14,6% of the groups studied. Likewise, organizations that directly provide testing, trials and standardization services represent a small percentage of the total number (9,8%). In practice, the provision of services is limited to IBGs where one of the founding partners is a technological institute or research centre that was already providing these services before joining the group.

As well as implementing activities using their own resources, IBGs are also committed to supporting the activities of other group members, either by providing guidance, liaising with administrations or, less frequently, providing financial resources. The scope of this support is highly related to the size and business orientation of the IBGs; however, it should be underlined that three-quarters of the organizations provide support to enable members to participate in RDI projects and programmes. This percentage is in keeping with the aim of the IBG programme, i.e. to promote implementation of joint innovation projects that will produce a critical mass to ensure international competitiveness and international projection of outcomes. Similarly, other support activities are linked to the research carried out by members, e.g. search for project funding (24,4%) or support for joining networks (34,1%). The remaining support activities are related to the production, business and market realities of the companies belonging to the IBG; in many cases, these activities are of an operational nature and are similar to the services traditionally provided by business associations, specially including support for globalization (34,1%), quality management (22%) or production activities (29,3%).

Lastly, IBGs frequently have entered into agreements with institutions and administrations in order to facilitate access of group members to research facilities and financial resources or to promote their participation in national or European programmes supporting research. Such agreements include those entered into with other stakeholders in the regional innovation system in order to gain access to the research resources and personnel available at these institutions. Again, the high proportion of IBGs that are parties to these agreements (29,3%) might explain why many of these institutions (universities or technological centres) form part of the group from the outset, either as major promoters or as founding members.

Table 4: Activities carried out by Cluster Organizations

	<b>Communication</b>	<b>Nr.</b>	<b>%</b>
a.1	- External communication on the cluster / Enhanced sectoral image and visibility	40	97.6
a.2	- Participation in national sectoral forums	23	56.1
a.3	- Participation in international sectoral forums	20	48.8
a.4	- Organization of sectoral meetings	26	63.4
	<b>Promotion</b>		
a.5	- Creation of cooperation networks with other sectoral clusters	13	31.7
a.6	- Coordination of mobilization of sectoral agents on a territorial level	32	78.0
a.7	- Attracting investment in the Region	5	12.2
a.8	- Supporting the creation of businesses, including business incubator management	3	7.3
	<b>Information</b>		
a.9	- Technology monitoring programmes	19	46.3
a.10	- Compilation of statistics or reports on the industry, including observatories.	13	31.7
a.11	- Periodical sectoral publications	10	24.4
	<b>Research</b>		
a.12	- Development of in-house RDI projects or in cooperation with other members	18	43.9
	<b>Training</b>		
a.13	- Training of Human Resources.	28	68.3
	<b>Services</b>		
a.14	- Providing infrastructures to members	6	14.6
a.15	- Carrying out trials, standardization and tests for members	4	9.8
	<b>Support</b>		
a.16	- Support globalization of members	14	34.1
a.17	- Support members in activities relating to quality management and/or standardization	9	22.0
a.18	- Support members' participation in RDI programmes or projects	31	75.6
a.19	- Support production and business activities of members	12	29.3
a.20	- Fundraising for members' RDI activities.	10	24.4
a.21	- Fundraising for members' production and business activities	5	12.2
a.22	- Support members in implementing improvement plans	8	19.5
a.23	- Support members' participation in national/international networks	14	34.1
	<b>Agreements</b>		
a.24	- Agreements with regional universities and research centres for use of resources	12	29.3
a.25	- Agreements with regional authorities to provide support to members	8	19.5
a.26	- Cooperation agreements with national/European organizations	8	19.5
	<b>Total IBGs for which data is available</b>		41

#### **4.- An initial evaluation of the impact of the IBG Support Programme**

As mentioned in the first part of this paper, there are several studies that underline the validity of the cluster policy as an element for promoting innovation and growth; at the same time, however, there is a broad consensus on the difficulty of evaluating the impact of the cluster policy. Part of the difficulty in attributing the results of these policies lies in the existence of several elements, such as the indirect nature of the cluster support measures, their orientation in the long term, the range of instruments used and the diversity of authorities responsible for these measures. In the case of Spain, there is a further obstacle in that the IBG Support Programme is only valid for a short period of time and only three calls for proposals have been made to date. Accordingly, the possibility of obtaining reliable indicators of the definitive impact of the policy or of long-term socioeconomic effects deriving from the IBG subsidy scheme is extremely limited. It is highly possible that the current recession will provide a new opportunity for a better evaluation to be made, since the response of IBGs to the recession would be a way of evaluating the efficacy of these instruments with a view to the future.

The aforementioned difficulties in evaluating the impact of cluster policies might be avoided by adopting an evaluation model that looks at programme outcomes at different levels, including the initial consensus-building between the businesses and institutions that are to form the group, or the outcome in terms of services provided or innovative cooperation projects implemented. Furthermore, it is also possible to evaluate the programme's capacity to change the behaviour of stakeholders in the territorial production groups.

In keeping with the literature on the evaluation of public policies, we made the traditional distinction between the intermediate outcome that responds to the interests of stakeholders more directly involved in the groups and the socioeconomic impacts that are broader-based and less tangible, and are related to improvements in economic growth and global competitiveness.

Regarding intermediate results, the analysis described on previous pages underlines certain potentialities of the IBG Support Programme. First, the high number of applications proves the programme's capacity to promote the identification of previously existing clusters or to contribute to the consolidation of emerging business networks. This effect is particularly interesting in view of the orientation of the European Innovation and Enterprise Policy, which tends to harness resources to territorial business clusters. Furthermore, in the calls for proposals, the number and type of companies comprising the IBG clearly indicates that the creation of clusters may contribute to eliminating the obstacles that limit the possibilities of enterprise in certain aspects, i.e. in establishing cooperation networks, consolidation of technological and production knowledge flows or the implementation of RDI projects. Limitations due to company size and the lack of a critical mass of resources and knowledge are some of the main obstacles that consolidation of IBGs can help overcome. The role played by organizations providing collective services that are beyond the reach of the individual members of the organization, requires a high level of diversity and a wide range of activities. Evaluation could also be made in respect of company size, since future effective competitiveness will depend on this aspect.

Nonetheless, we consider that the most outstanding aspect of the programme is the fact that, generally speaking, IBGs are created in a way that is unrelated to the territory, thus ignoring one of the basic theoretical principles of clusters or industrial districts, i.e. its identification with the territory; although their possible development is conditioned by the dynamics of innovative activity, clusters will always be subject to and/or dependent on the territory. Initially, the logic of IBGs was possibly based on territory and on the dynamics of innovation; however, in a large number of cases, IBGs have tended more towards the logic underlying subsidies to support innovation. Although this is essential in the current dynamics of growing international competition, it does not mean that the competitive dimension on which activities are based can be ignored: fostering transnational clusters, focussing activities on a medium-term competitive horizon, industrial districts subject to a market of consumer goods differentiated by fashion, etc. Furthermore, the implementation of IBGs, insofar as they imply the acceptance and inclusion - or otherwise, the restriction and limitation - of certain businesses and/or territories, could lead to a situation of "unfair competition" where certain territories or activities would be discriminated compared to others.

Lastly, the consolidation of organizational structures that are formalized through the adoption of Articles of Association by the IBG and the approval of strategic plans, may help reduce the likelihood of "governance failure" (Jessop, 1998) in those groups where the self-organizing process of the cluster failed to identify the collective goals, environment conditions or the coordination procedures of the member organizations and institutions. The traditionally dependent nature of territorial production groups may have shaped the models for interaction among the stakeholders in the cluster, leading to hierarchy predominating over interdependence, short-term orientation and competition predominating over cooperation, or the cluster becoming stuck in routine activities that limit access to the technology and knowledge flows from outwith the group. Thus, the support programme for IBGs not only fosters the creation and consolidation of clusters but also helps bring about changes in the mindset and behaviour of companies and organizations. As indicated by the OECD (2006), evaluations should study to what extent resource mobilization is stimulated by government support (financial or outcome additionality) and also how government funding influences the strategies and behaviour of the members of the cluster (behaviour additionality).

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