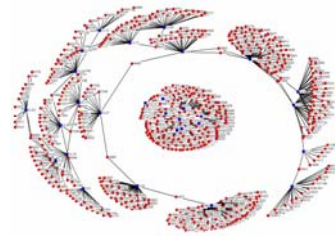


# CLUSTERS, NETWORKS & REGIONAL ECONOMIC DEVELOPMENT

## IN THE SOUTH EAST OF ENGLAND



The current cluster structure of the SOUTH EAST, determined by the DTI 2001 report on 'Business Clusters in the UK' is an important step towards identifying business agglomerations on the basis of location of firms and inter-firm linkages. However, the cluster map based on this assessment has shown weaknesses and has pointed to the need for a revision based on alternative clustering methods that aim to break the sectoral boundaries, and to include real intra-cluster business linkages.

The current project is part of a long term effort of the School of Management in the field of cluster analysis and network analysis. Managed by Emanuela Todeva, a team of academics from the School focused their efforts on the development of a database of all registered firms in the South East of England, and the clustering of these firms according to their portfolio of activities.

Using one of the most comprehensive databases from Bureau van Dijk – 'AMADEUS', the team collected data on 189,000 firms in the region. With the assistance of the well-known specialist on Cluster Methodology Donka Keskinova, a new alternative methodology has been proposed for identifying the cluster boundaries and overlap.

Among the 31 clusters identified with the new methodology the largest clusters are Investment and Business Data Services, Computer Services, and Business Services. The Biotechnology cluster is immersed within the Chemical and Allied Products cluster, and the transportation equipment and services comprise of a group of 5 individual clusters (Aircraft & Space Vehicles, Trucking & Warehousing, Transportation Services, Automotive Trade & Repair, and Marine Technologies and Transportation).

Some of the preliminary results from the project highlight also the regional concentration of cluster activities in counties and towns, where the Guildford area hosts predominantly the followings clusters (Computer Services, Investment and Business Data Services, Oil & Gas Extraction and Trade, Business Services, R&D, and Communication Services – according to the concentration of firms in this location.

### **The future research plans of the team include:**

- To propose an alternative comprehensive cluster map of the firms located in the South East of England region in the context of the most recent company information on activities and linkages.
- To evaluate cluster depth, and the localised relationships between firms in these new clusters.
- To investigate the effect of FDI on Cluster dynamics and economic growth.

### **Potential impact**

This research contributes to the long-term strategic orientation of the Government to identify clusters and regional agglomerations of firms where economic growth can be observed and stimulated. The project will correspond also with European efforts to identify models of regional economic development and to compare best practices across European member states.

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