

Policy Brief

Role of regional networks and clusters as an instrument for internationalisation of SMEs

Summary

Fostering efficiently the internationalisation of SMEs remains a policy challenge and a crucial aspect of the competitiveness of European industry. Clusters and networks can play a role as multipliers for both the policy making side and the industry when addressing the barriers of internationalisation for SMEs. Some European initiatives are already dealing with those issues and documented practices are available.

The Policy Learning Platform (PLP) can improve the respective policy processes in the Interreg Europe projects focusing on the internationalisation of SMEs by disseminating knowledge and good practices as well as stimulating mutual learning among the regions involved.

Barriers to internationalisation for SMEs

Even if over the last decades barriers to internationalisation have been reduced for businesses in general, small and medium-sized enterprises (SMEs) and start-ups are still confronted with the challenge to create conditions and mechanisms for them to innovate, grow, and compete at an international level. The internationalisation process of SMEs differs from the one of larger firms for they have to address specific barriers such as:

- shortage of working capital to finance exports
- lack of managerial time to deal with internationalisation
- untrained personnel
- limited information and resources to locate/analyse markets and identify foreign business opportunities.

Differences concerning culture and business culture can represent a major hurdle, too.

Internationalisation through clusters and networks

The rationale behind cluster internationalisation is that clusters and networks can create added value to their members due to special knowledge about internationalisation and the supply of services in this field. Also, networks and their members may benefit from faster transnational information and knowledge transfer and harmonized standards.

Clusters are associated with easier internationalisation in different ways:

- specific tacit knowledge, such as market-specific knowledge and international demand trends would be potentially easier to share between cluster firms based on the existence of shared understanding and trust within a cluster;
- labour mobility within a cluster can contribute to the diffusion of knowledge of and experience with internationalisation when skilled and experienced workers move to other firms;
- the co-location of firms results in higher visibility of internationalising companies and may induce mimicry of other cluster firms: cluster companies may feel pressures to

internationalise if competitor companies in the same cluster engage in internationalisation activities;

- it can be hypothesised that the presence of venture capitalists is stronger in clusters so that financing international growth is eased.

Regional clusters thus strive to develop internationally competitive sectors and attract inward investments to the respective sector, help companies gain access to international markets, attract and retain workers with the skills they need to compete, develop international supply chains, and take advantage of the latest research and development around the world, to help them innovate.

European initiatives to support internationalisation through clusters and networks

In the EU, clusters have been seen as a key instrument to support SMEs and start-ups in particular to remove typical hurdles associated with smaller firm size. It has come to the forefront of European policy that transnational cooperation between clusters and networks could leverage the internationalisation efforts. The following initiatives shall hereby be exemplarily mentioned:

European Cluster Collaboration Platform: the European Cluster Collaboration Platform “provides networking support for clusters (organisations and members) aiming to improve their performance and increase their competitiveness through the stimulation of trans-national and international cooperation”. The platform especially facilitates the organisation of international delegations and matchmaking events.

Additional EU International Support Services, which are not specifically network- or cluster-based can be found at www.clustercollaboration.eu/eu-international-support-services.

European Strategic Cluster Partnerships – Going International (ESCP-4i): “the ESCP-4i are transnational cluster partnerships that develop and implement a joint internationalisation strategy and support SME internationalisation towards third countries beyond Europe. They aim to develop common actions and an implementation roadmap as part of a long-term cooperation agenda. Partnerships are active in various industrial and cross-sectoral areas including health, aerospace, mobility and logistics, agrifood, energy, marine and environment, packaging, materials and photonics, ICT, construction and sports.”

Contribution to better policy making within Interreg Europe projects

Several Interreg Europe projects address the role of regional networks and clusters as instruments able to foster the internationalisation of SMEs, although with a different focus:

Title	Approach
<p>COMPETE IN</p> <p>Competitive territories through internationalisation: SMEs competitiveness in globalised regions</p>	<p>COMPETE IN aims to improve regional policies on “internationalisation of territories”. The approach selected is new as far as it considers the issue of internationalisation not only on the level of the primary target group, i.e. SMEs, but on a multiple stakeholder level.</p> <p>The rationale behind the approach is that internationalisation shall be tackled by all relevant stakeholders of each regional ecosystem in order to generate a significant impact on the internationalisation of SMEs.</p>
<p>INTRA</p> <p>Internationalisation of regional SMEs</p>	<p>INTRA project explores how public authorities can contribute to the implementation and delivery of services supporting the internationalisation of regional SMEs.</p>

	<p>The project aims at developing new policy models with this respect, building on a “quadruple-helix partnerships approach”, where representatives from industry, academia, policy and civil society join efforts in tackling the issues of SME internationalisation.</p>
<p>Inside Out EU New approaches to improve SME internationalisation support policies</p>	<p>Inside Out EU also follows a collaborative approach in order to foster the internationalisation of SMEs. The assumption underlying the project approach is that such a collaborative approach among SMEs to internationalisation issues can help them to lower the barriers linked to their size and limitation of resources. As a result better innovation and internationalisation processes are expected to emerge.</p>

They have in common the ambition to implement new models of regional governance building on a network-based approach.

In the meantime, some other Interreg Europe projects also address the internationalisation challenge for SMEs by improving their policies on the basis of a thorough mutual learning process, encompassing the:

- transfer of good practices among regions;
- improvement and alignment of existing service portfolios;
- capacity building in the project regions and their relevant support organisations through knowledge transfer.

Title	Approach
<p>SIE SME Internationalisation Exchange</p>	<p>SIE focuses on increasing SME internationalisation capacity by sharing and improving the existing approaches and policies in the partner regions.</p>
<p>UpGradeSME Improving policy instruments supporting innovative SME performance</p>	<p>UpGradeSME also builds on the exchange and mutual learning about individual instruments available on regional level to support internationalisation of SMEs.</p>
<p>ESSPO Efficient support services portfolios for SMEs</p>	<p>ESSPO addresses the issue of insufficient impact and efficiency of policies aiming to enhance SMEs competitiveness, especially their growth on national and international markets as well as their engagement in innovation processes.</p>

Those projects do not focus on a network- or cluster-based approach but would obviously benefit from input in terms of good practices.

The Policy Learning Platform expects to provide added-value to policy making addressing the internationalisation of SMEs by:

- supporting their policy making with the provision of knowledge and good practices related to network- and cluster-based approaches, many of such practices being documented;

- fostering mutual learning and knowledge transfer among the above mentioned-projects so as to enrich their exchanges;
- providing them with guidance with respect to the access of further European schemes supporting internationalisation.

[#internationalisation](#) [#cluster](#) [#network](#) [#SME](#) [#collaboration](#)

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