Kyosuke Inagaki

Collective Activities among Individual Agents for Cluster Development under the Hierarchical Business Structure

March 31, 2016

No. 171

The Research Institute for Innovation Management, HOSEI UNIVERSITY
Collective Activities among Individual Agents for Cluster Development under the Hierarchical Business Structure

KYOSUKE INAGAKI
Faculty of Business Administration, Hosei University
E-mail: inagakik@hosei.ac.jp

Abstract

In this research I’ll make clear how the relational process we can observe under the policy of industrial cluster development. Under the condition that industrial cluster is not established but is only planed by local government policy, any firm doesn’t necessarily regard the relational assets based on geographical proximity as crucial resource. We know the importance of informal network developed in industrial district and cluster as many researchers pointed out. But relational ties that any actor acquainted each other are not enough to make function as vehicles of acquiring resources. In other words, it is important any actor recognize their network as their relational assets, and that they know network availability to enhance accessibility as “to know who know what (Cross & Parker, 2003). This research focuses the reconstructive process of relationship, especially which meanings any actors found toward the relationship based on geographical proximity under the regional cluster developing policy.

Keywords: Cluster development, Cluster manager, Actors, Events, Individual practices

* This paper is a part of the research products supported by Grant-in-Aid for scientific research of JSPS (Research Project Number: 24530489).
1. Introduction: Focus on the individual level’s activities in emergence and developing process of industrial cluster

Many recent researches make clear the process in the longitudinal study how the industrial clusters have been emergent, developed and evolved in the change of regional context. In the previous researches traditional literature based on the geographical proximity and externality, they focused on the homogeneous territorial resources of regional contexts in which regional networked firms have shared them to establish the competitive advantage against other regions firms. But recent academic researchers have interested in the heterogeneities of each agent’s activities in the same geographical territory focusing not only on the firm level but also on the individual level about the analytical point.

The researches focusing on the network structures have illuminated the heterogeneous positions in individual agents who engaged in the regional business. Especially many researchers focus on the roles of technological gatekeepers (Giuliani & Bell, 2005; Giuliani, 2011), hub firms (Dhanaraj & Parkhe, 2006) and intermediary (Cattani & Ferriani, 2008) who are occupied the critical position in the social network connecting the outside with the inside of cluster or knowledge circulated communities.

These researches seem to incorporate as antecedent context the industrial districts with the relational resources of action net, comprising the firms with heterogeneous resources (such as customers and suppliers, material components, knowledge and skills, organizational routines, financial and research institutions, conventions and discourses) that provide a fabric for action (Garud et al., 2010; Karmøe & Garud, 2012). As Lefebvre (2013) pointed out, however, the difference of territorial context has provides the different cognitive image on the researchers and practitioners of relational resources: In context of cluster growth, actors influences on clusters seem to have been studied as unintentional phenomena while the study of deliberate influence by certain actors on clusters has been associated with contexts of cluster decline.

Morrison (2008) focused on the role of gatekeeper connecting external environment with internal firms as trans-coding and sharing function. These functions can be defined; Searching activity is the ability to capture external sources of knowledge that appear to be relevant to the firm, The trans-coding function is related to the firm’s ability to translate and to make meaningful complex knowledge to its internal units and the sharing function is the ability to disseminate in-house accumulated knowledge to district members, either through personal and informal mechanisms, or through business relations and collaborations based on formal agreements.

Boari & Riboldazzi (2014) investigates actors’ behaviors that can support the emergence of brokerage roles. They said their contribution is answer the theoretical question raised by Dhanaraj & Parkhe (2006) how actors act to understand, preserve and enhance their network and try to extra value from it.

Lazaric et.al. (2008) focuses on the more upstream actors innovation contributed on regional relations development. They investigated the activities of Telecom Valley Association for the developing of telecom cluster in Sophia Antipolis, where the knowledge management platform
project was launched for the purpose of establishing of open space of knowledge sharing by
development of common language to facilitate of exchanging the fragmented and localized
knowledge brought by the knowledge gatekeepers.

While being quite clear about the necessity of gatekeepers for a well functioning regional
network or innovation system, the literature so far is not very specific about which configurations of
regional innovation systems in terms of internal density and external openness would be especially
conducive to a sustainable regional development (Graf, 2011). However, Lazaric et.al. (2008)
implies that the activities of practitioners from more public viewpoint for activating of regional
relationship become to be crucial beyond the active perspectives of gatekeepers based on economic
rationality within the business actors. Feldman stressed the role of government institution for
generating of cluster. These public organizations are prominent in fields related to new industries,
did not generate many start-ups until government policy changed to institute employment
downsizing and introduce policies that promote technology transfer (Feldman, 2001; Feldman et.al.
2005).

We need broaden our research sight including of more upstream stage activities in cluster
management level actors. Kiese & Wrobel (2011) illuminates on the upstream activities in cluster
emergence and growth and shows the structure of cluster policy as the model of public choice. In
this model cluster policy was provided at first in the conceptual action space based on economic
rationality as a range of alternative methods available in the given region. Subsequently the political
action space adopted it represented in the political rationality and broke down to implementation in
the practical level action under the bureaucratic rationality. This research also showed the
self-conception of the cluster managers who are practitioner under the bureaucratic rationality.
According to their postal survey results, cluster managers agreed that qualified management was a
necessary precondition for clusters and networks to fulfill their demanding tasks. They regard
themselves as initiators and generators of ideas and cooperation’s that would not occur through
spontaneous forces of self-organization.

Arikan & Schilling (2011) categorized the governance of the relationship among actors within
the industrial districts. They describe two continuous dimensions along which they argue districts
vary in their structure and governance: need for coordination, and centralization of control. In this
matrix the deliberated industrial cluster led by local governments is collocated to forth quadrant;
High centralization - Low coordination archetype. They illustrate it’s characteristic as that; The
imposition of centralized control over firms that have no inherent coordination needs between
them can create some friction between the member firms and the governing body. Managers may
resent adopting the policies or practices that are recommended or required by the state, or find that
the policies and practices are suboptimal for their particular firm. While standardization of
particular practices within the district facilitates exchange between members of the district, it may
forfeit the benefits of firms using practices that are more specific to their activities, people, and
systems.

As these research pointed out the conflict between political practitioners and business actors in
the emergence process of industrial clusters. We can understand the cluster managers who has
responsibilities to develop the territorial economy seems to play critical roles to initial phase of cluster emergence under the differential pressures of political and economical rationalities.

When we integrate these two crucial roles (one is trans-coder of knowledge and another is cluster manager in the initial stage of cluster) for the cluster emerging and developing phases, we can raise a question if they are carried by same actor or not, by various actors. Moreover, we should ask how the only specific actors enable to realize trans-code the knowledge and they enable to enhance to develop the collaborative relationship with other actors who have been already embedded in the existing social and relational structure on their economic activities (Granovetter, 1985) while they have to accommodate the political rationalities with economic ones.

Fligstein (2001) introduced in using new institutional theories the concept of “social skill” as the capability that actors have to motivate others to cooperate in the phase of institutional change. He said; ‘The ability to engage others in collective action is a social skill that proves pivotal to the construction and reproduction of local social orders (p.105).’ Moreover he added subsequently; ‘This idea of social skill can be used to understand how to identify the distinct contribution of actors, whether they are defending an existing set of social arrangements or are imposing or negotiating a new order (p.106).’

This study portrays how the cluster concept as new categorized business relations prevails by cluster manager’s practices and accepted by incumbent’s practices under the stable condition of business based hierarchical structure in Japanese advertising production industry. Previous works in institutional theory had illuminated the institutional conversion process from the viewpoint of power change in the political structure by strategic actors. But not so many works regarded the institutional change occur in the complicated process by collective actions of many ordinary actors who break with institutionalized practices without being aware of doing so. Lounsbury & Crumley (2007) stressed that, for example, how new kinds of activities emerge and provide a foundation for the creation of a new practice. They made clear the legitimate process of active money management in the case of US mutual fund industry.

2. Conceptual framework for the investigating of individual practices

This study highlighted how the individual practice changes have cognitively transferred across the creative logic categories while sharing new meaning with other actors and establishing alternative cognitive framework. We will not only illuminate individual practices of challengers for institutional change, but also the practices of follower to participate in the activity in unfamiliar realm following the flow of cognitive change. We have adopted the method of cognitive approach with the inter-textual description through the actor’s behavioral changes as how the subjective cognition of actors for the regional relation has changed through interactive relationship between cluster manager and business side key actors.

In this section we review how actors are involved in the cluster’s orders as a new practice field under the embedded situation in which every individuals are not willing to acquainted and collaborate each other.
When we consider the case that every firm in regional district embedded in the hierarchical orders in their initial conditions before emerging the cluster as the initial condition, the behaviors of gatekeeper and brokerage seems to be difficult to change the long-termed and pre-fixed transactions between internal supplier firms and external contractors firms. Stinchcombe (1990) argues hierarchical relation that contracts between two independent firms may have hierarchical elements such as ‘(1) command structures and authority systems; (2) incentive systems, supporting authority systems and also guiding the use of a contractor’s discretion by a structure of differential rewards partly isolated from the market; (3) standard operating procedures, that describe routines that involve actions by both contractors and clients; (4) dispute resolution procedures, partly isolated from the court system and from the market; and (5) pricing of variations in performances partly isolated from the market, including especially pricing based on contractor costs’ (Stinchcombe, 1990, p.223). Under the business system with hierarchical relation, local firms embedded in the relationship with predominant contractor whereas they seems to not only be separated from the regional market system, but also be difficult to establish informal relations with other regional firms as the business communities. Therefore these actors are likely to have few incentives to activate their new business relations by themselves though they collocated same region each other.

On the next stage, we should also make consideration the making process of legitimated context and meaning change for collaborating among regional collocated actors under the hierarchical business structured arrangement. It is very difficult to emerge this context for the reason why the hierarchical elements may provide one of the parties to the contract with great authority over the other party though any actors recognize that network activity make them discover business opportunities and enable to access to business resources (Elfring & Hulsink, 2003).

A firm’s position in the district’s cooperative network is directly related to the value of its resources. Firms that have more to offer to partners are likely to attract more partners and be more embedded in the district’s cooperative network (Ahuja, 2000). But we can suggests that geographical proximity is only one of the dependent variable of relationships incumbent. Indeed many scholars point out that advantages of geographical proximity are derived from knowledge-based relationships among the actors (Rychen & Zimmermann, 2008), whereas organized proximity as sharing routine (Torre & Rallet, 2005) and cognitive proximity (Boschema, 2005; Camuffo & Grandinetti, 2013) as sharing communicative framing are not always accompanied with geographical proximity.

Relational governance structure based on strong ties will promote the development of trust, the transfer of fine-grained information and tacit knowledge, and joint problem-solving (Uzzi, 1996; 1997; Rowley et al., 2000). In this point, co-located firms look for knowledge embodied in engineers and scientists wherever they are available, and are not necessarily constrained by geographical barriers. Moreover, these firms establish network relationships (alliances, joint ventures, collaborative research, etc.) with customers and suppliers from all over their country (Breschi & Lissoni 2001). To investigate the changing activities taking consideration of dairy
business in the established networks, relationships and norm, the perspective of institutional entrepreneurship should be use of reference (Garud et.al., 2007).

Entrepreneurial activities (including of co-operative and competitive aspects) could be usefully deconstructed into constituent actions and then recognized to occur in a variety of interaction in everyday life (Steyaert & Katz, 2004). Lawrence et al. (2002) show how inter-organizational collaboration can contribute to institutional change. Especially when the partners are highly involved in their activities and deeply embedded within the institutional field, organizations wishing to effect change must pay attention not only to their relationship with them, but also to how the collaboration embeds them in the institutional field. But this argument doesn’t account for the initial situation in which every actor are almost unacquainted and individual interests favor lack of motivation to collaborate together (Wijen & Ansari, 2006) though they are located in the same area geographically. We should take consideration the actors situation under the hierarchical business structures. It doesn’t means, however, that every actors engage in their business with their problem and inner contradiction under the dominant context and institutional pressure (Oliver, 1991).

Institutional change is brought by heterogeneous activities by actors with various kinds and levels of resources (Lounsbury, 2001; Lounsbury & Crumley, 2007, Lounsbury, 2008). Fligstein (2001) shows how emerge new field departed from present one. He said that the emergence of new fields occurs when a significant number of members of different groups see new opportunities. The crisis of new fields reflects the fact that stable rules of interaction have not emerged and groups are threatened with extinction. Skilled social actors will orient their actions to stabilizing their group internally and stabilizing their group's relation to other groups (Fligstein, 2001, p115). The first task of activists for movement striving for institutional change in organizational fields is to prompt reflexive agencies among institutionally embedded incumbents (Greenwood & Suddaby, 2006). Wijk et. al. (2013) suggested that a movement that is moderately structured is most likely to succeed in this task, as it is sufficiently structured to produce threats and market opportunities visible to field incumbents, while it is still permeable to their influence.

In these arguments we can lead research question. This research investigates how the cluster manager could realized to emerge and maintain an arena with interactive relations as the process of making the deliberate industrial cluster among the firm under the vertical hierarchical business structure.

In terms of analytical methodology, we can lead some findings from qualitative data, seeing through the analytical lenses as two conceptual dimensions; “present business relations and new challenging relations in region” and “the player creating and advocating concept of cluster and the player accepting and interpreting it” in order to draw implications of relationship-building based on geographical proximity for the study of the industrial cluster.

Some of cognitive perspective researches on entrepreneurship treat the dynamic interactions between mind and environment (Gregoire et.al., 2011). We especially adopted the way of making across various individual subjective contexts in which researcher treats the passage of discourses results from collective actions across situations, sites and interpretation and provides highlighting
of the fragmentation, development, evolution and meaning change as it happens through interaction (Broadfoot et al., 2004). By means of collecting several discourses and conversations which form links in chain of communication situations, we try to understand how “the same issue” is recurrently reconstructed, reformed and re-contextualized (Linell, 1998).

In the part examining the reactions of every individual agent to activities of cluster managers, this research has three dimensions of analytical aspects.

First, we examine how each of actors has become activists for their regional events while they are embedded in the incumbent political relations that are the hierarchical business system with large companies. Oliver (1991) illuminated inner contradiction in the behaviors of individual actors. Then, while no actors would be free from the pre-existent institutional contexts, they seem to give some meaning to create the new relations with strange actors being embedded in old relations and to reconstruct their behavioral strategies. This research illustrates the meaning change process how each of the actors through participating in the events enable to bring sense with their dairy activities illustrating how to describe the appearance process of counter logics against incumbents on present business in two fold steps: First is network reflectivity; as how the subjective cognition for the regional connection with other actors has changed through interactive relationship among creators. Second is creative direction to internal oriented; as how subjective recognition has produced through the event planning and coordinating activities.

Second, I focus on the degree of involvement of followers in new activities held by key actors. All participants in the new field become involved in different ways to shape an emerging cluster image. I use the term “involved” to connote actors’ active participation from a particular “frame of reference” (Bijker, 1987; Weick, 1979; Garud & Karnoe, 2003). Garud & Karnoe (2003) has defined this concept in case of interaction between designers and producers that they become involved based on their beliefs and experiences on the design and production of technological artifacts. This research examines how cluster manager and the principal actors involved other individual actors and lead to their subsequent activities with changing of the territorial concept beyond their hierarchical business structures.

Third, this research focuses on the variety of direction in the every actor’s activities subsequently after the events. Especially it examines the actors’ cognitive changes.

3 Data collection and research design

This research adopted a qualitative perspective to make clear more about how the firm could develop different brokerage roles over a certain period of time. Because we are interested in the behaviors how made arena of interactive relation in making of the deliberate industrial cluster among the firm beyond vertical hierarchy in industrial business system, our methodology combines historical and longitudinal case study approaches.

I undertook semi-structured interviews for making the database on 96 independent creators totally in the period spans from 2006 to 2013 after their principal events in which they have opportunities to make know other creators and make collaboration with them. Industrial events seem
to bring the new meaning for the activities of participants by means of performing a ‘linking-pin’ role and enable the social integration of an emerging industry’s subsystems (Stam, 2010).

Those 96 interviewees were selected easily identifiable from website of Mebic and were introduced by director of Mebic in the first step and afterward early interviewees made me bring the other opportunities in the process to increase snowball sampling in which they recommended subsequent interviewees from among their acquaintances (Table. 1). I chose eight individual actors as the subjects of this study, including M (Director of the Mebic) as cluster manager, and seven principal actors of independent creators as the market practitioners who are founders of their own firms in the field of advertisement production (C1 through C7) and I interviewed them repeatedly after every events (Table. 2). M coincides “cluster and network managers” (Kiese & Wrobel, 2011) and “cluster manager” (Lefebvre, 2013). All of these seven creators engaged in these events organized or sponsored by Mebic and have played key principal role such as coordinator or producer. They also made themselves available to the interview by the present author more than three times after the main event in which they participated, acceded to cooperate with this longitudinal research project. I undertook the event based interview research. How the participating experiences in the principal event have affected on the networking activities (Stam, 2010), have brought the behavioral and cognitive change of every actors.

In terms of contents of the interview, M was requested to talk freely about the Mebic’s activities and the history behind the cluster formation. On the other hand, seven creators were asked; (1) their experiences with and reflections on events and other activities with Mebic; (2) their impression and their cognitive change through their participation in events; and (3) significance of these experiences for their own business relations. As the additional data, this research used the individual reports displayed on the website and Mebic archival data.

These all interview data were registered by voice recorder with interviewees’ permissions and were transcribed verbatim as the closed data to public. In the interpretation process as provide the secondary data, I asked all of interviewees to make check all of the documents to confirm the accuracy of findings in the relation between the facts and interviewees’ subjective matters.
(Table. 1) Interview data in total quantity (upper) and Key actors (bottom)

<table>
<thead>
<tr>
<th>Exhibition events/creators teams planning and producing by Mebic</th>
<th>Director Total N / Key actors</th>
<th>Participants Total N / Key actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exhibition Event “Konokuri” (2007)</td>
<td>6 C1 C2 C3 C4</td>
<td>15 C5</td>
</tr>
<tr>
<td>Team formation for interview data collection of creators file (2008〜)</td>
<td>6 C2 C5</td>
<td>6 C1 C3</td>
</tr>
<tr>
<td>Exhibition Event “Konokuri” (2009)</td>
<td>6 C1 C5</td>
<td>11 C2 C3 C4</td>
</tr>
<tr>
<td>Exhibition events/creators teams planning by themselves voluntarily</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group formation for new business collaborating team (2008)</td>
<td>6 C2 C3 C4 C5</td>
<td>6</td>
</tr>
<tr>
<td>Exhibition Event “Machiomoi” (2011〜)</td>
<td>4 C1 C6</td>
<td>12 C2, C3</td>
</tr>
<tr>
<td>Exhibition Event “Design Marche” (2013〜)</td>
<td>2 C5 C6</td>
<td>2</td>
</tr>
<tr>
<td>Exhibition Event “Machi Décor” (2013〜)</td>
<td>1 C7</td>
<td>9 M</td>
</tr>
</tbody>
</table>

(Table. 2) Interview undertook after Event

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>C1</td>
<td>○</td>
<td></td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>C2</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>C3</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>C4</td>
<td>○</td>
<td>○</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C5</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>C6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>C7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4 Case background: Osaka advertising business district and Dominant institutional condition framed by Mebic cluster manager

In Osaka Ogimachi district, as some press company, TV station, publisher and advertising company had been located since the war and especially during the period of rapid economic growth in 1960 there were many creator who had contract for the works. But under the digitalize wave in 1990’s, many creators engaged in the advertising production has confronted the change of business modalities and their supply chain; the horizontal and regional network web composed of specialized production firms like as design, lettering and printing has been declined and almost players have forced to change becoming all-round player with desktop computer and printer. On the other hand they are governed their own business by hierarchical production chain and controlled by the big customer and major advertising companies outside of city.

Mebic was established in 2003 at Osaka city starting their activities as a business incubation office to reinforce and reactivate local advertising and creative business under these regional contexts through assisting to develop their business opportunity until 2009. But afterword with their renewal open of new office their domain has changed to networking support in creative field to make development of human resource of coordinator and producer.

Territory of activities in Mebic was not only limited in the incubation business, but also intend to contribute for emerging creative cluster in Ogimachi are in Osaka city. In order to visualize the concentration of creators in Ogimachi area, Mebic produced a “Creative Cluster Map” around this area on its web site. It was aimed to promote understanding among creators of the significance of the high concentration of creators in the region by displaying location of companies housed in the Mebic and other affiliated creators. This attempt to form a cluster by helping creators build new relations among themselves was named the “Creative Cluster Making Project.” It was meant to be a new counter-concept to the existing context of the advertisement industry that creators had accepted as a given as the vertical integrated business system with hierarchical orders. This project undertook by many creators collaboration, and the increase of the registrants for Creative Cluster has especially attributed to the interview troupes activities, domain change of Mebic and the successes of Exhibition event after 2011. The numbers of registrant in Creative Cluster are counted only 408 independent creators’ firms in 2010 and 567 in 2011, but after the success of Exhibition event “Machiomoi” registrants increased rapidly to 731 in 2012 and 914 in 2014. The variety of specialized occupations has diversified gradually. In the first period, the occupations of registrant are only limited the one engaged in the advertising production such as copywriter, web and graphic designer, printer and illustrator. But after a while related occupations with more specific skill to the advertising industry ware added such as musician, lighting, fashion, application developer and architect. In this process, Mebic intended to add to the membership positively the founders of micro firms which enabled to play the role of project working leader with the planning and producing capabilities.

M has taken the post as chief incubation manager in 2003. He had never experienced in advertising and creating world, though he had prior job as researcher in business consulting.
company where local government was his client. First of all, he had to know creators world; he went around creators office in incubation everyday to observe their work and hear their opinion. And he found almost of them had same complain; their business in Osaka was more declined than Tokyo” and “they have to endure small benefit their business in Osaka” M has become aware through his observation that assisting activity on entrepreneurial affairs as incubation center would not bring about with his primary goal making develop regional creating industry directly.

Almost of those creators undertook the batch jobs from advertising production companies that also undertook a variety of specialized work like movie and picture making, illustrating, desk top publishing, web and logo producing, and manage all task to distribute them. He found gradually the business structure in advertising producing system; though major part of demand is concentrated on Tokyo instead of Osaka, many independent creators in his incubation office get job under the umbrella of hierarchical relation.

On the other hand, M was made aware that many of small to medium-scale companies located in eastern Osaka found it imperative to reduce reliance on orders from large corporations and develop new business plans of their own during his working at a consulting firm in Osaka. Since most of those companies were not equipped with the knowhow on design and marketing or their own marketing function, however, they found it difficult to detach themselves from keiretsu and existing business relations and design and develop their own original products. These findings made D think that, by combining small to medium-scale companies and creators, it might become possible to create new businesses in Osaka and, in the course, help creators freeing themselves from the industrial hierarchy.

These situations notwithstanding, most of the creators active in Ogimachi area had been incorporated in subcontracting hierarchy and, therefore, they were not keen about building horizontal relations with other creators. Since each creator had his own ideas and ways of doing business and since business relations were not likely to develop between creators, they did not feel the strong need to get acquainted with each other. First measure to be taken to change this structure was, therefore, to put together ambitious creators who wished to engage in new activities, uninhibited by existing relations, and nurture the awareness among them of the need to develop businesses based on new relations in their own region. M, thus, found it to be his mission, beyond his role as an incubation business, to identify creators with high potentials and offer the venue of activities to these creators.

This view of M was largely reflected in the activities of the Mebic. First thing what M did was to remove the boundary between tenanted creators and outside creators of Mebic in order to promote mutual interest and coordination among all the creators located in Ogimachi area beyond Mebic’s boundary. M also decided that priority should be given to approach (1) creators who were discontented with existing relations in the advertisement industry, (2) creators who had already established business relations with small to medium-scale companies, and (3) creators who had been trying new ideas in their own businesses and made them sympathizers and potential partners of the Mebic’s activities.

In 2009 Mebic ceased their mission of incubation business and was forced to change their
activities by shrank their budget contracted with Osaka city. M focused their mission on developing and networking the human resource as producers and coordinators through providing the saloon where skill creators organize and produce their events that was helpful to their networking activities. They expanded their territory of activities to whole area of Osaka city, and involved skilled creators in their activities.

5 Findings

5-1 Initial Stage of emerging Creative Cluster

1) Mebic actions for establishing Creative Cluster

Mebic launched the Creative Cluster Developing Project in order to actively promote relations among creators through which they could mutually understand, stimulate, and work together. The first thing Mebic undertook to get creators involved in the project was launching of an internet site to introduce creators in the region and the regular creative cluster meetings. The Internet site was launched to help creators send their own messages widely. For this purpose, M and associates interviewed not only tenant firms but also other creators in the region to learn their profiles, ideas, and activities. Results of these interviews were uploaded on the Internet together with creators’ pictures.

At the same time, an open round-table talk was started to meet once a month at the Mebic with a keynote speaker chosen by M among their tenant firms founders, neighborhood companies in the region, and other affiliated companies. While it was expected that this meeting might lead to emergence of new businesses by connecting various human resources with different backgrounds, tenant firm’s creators in the Mebic were not obliged to participate in the meeting.

Among the creative cluster promotion activities of the Mebic, Exhibition event Konokuri 2007 was permeated with the most explicit intention to get creators involved. This event was organized by the Mebic with the purpose of promoting mutual understanding through collaboration not only among creators housed in the Mebic but also other creators in the neighborhood.

Mebic intended to make this Exhibition a venue where participating creators could not only deepen understanding on each other’s works but also construct relations among themselves that would allow them understand and stimulate each other through collaborations. For this purpose, Mebic appointed creators with higher spontaneity to coordinators of the Exhibition leaving all the planning, production, and management to their discretion. In addition, it was also hoped that coordinators’ mobilization of other creators, taking advantage of their own networks, would lead to building of multiple teams. Exhibition event konokuri was held 3 times successively until 2009. The third exhibition planed by creators focused on the image and movie production and not only tenant actors but also non-tenant actors participated as coordinators in producing of exhibition contents.

On the other hand, setting up of the internet site to introduce creators in the region faced a
major difficulty at that time. Mebic staff found it difficult to interview non-tenanted companies. Being a non-expert on the specialties of these companies, the interview by Mebic staff people tended to be extremely superficial which was at least partly attributable to the lack of their understanding on creators’ terminology and technical contexts. M tried to cope with this problem by organizing a reporter troupe among creators who were willing to develop their network in local area, commissioning all the works starting with interviews all the way to the writing of reports to this troupe.

2) Creators’ reactions

a) Each creator’s dilemma

Network activation in local area vs. Business development

The tenant creators who has priority to establish and develop their own business to making stable profit were willing to participated in any event by Mebic, but micro independent actors who didn’t intended to growing their business up in the profit base like C1 and who looked for some business opportunities among regional relationship like C2, C3, C4 and C6 have participated positively in the events organized by Mebic and they were members of committee in this event that played administrative role while they were in process in establishing their own business compatibly.

Exhibition event made change the cognitive image for Creative Cluster organized by Mebic. After the exhibition event Konokuri 2007, they realized that these events haven’t lead to acquire their new client and market on their business directly. If anything C4, C5 and C6 found other meaning that they have a chance to develop their capability of directing and producing of their project works with other creators in the exhibition event.

Especially C6 engaged in the business built up and maintaining the website of client companies. But he sought the other path to establish his own business though regional network with neighbor creators instead of subcontracting with large companies. He participated in Mebic activities positively and activated the neighbor network, though he was non tenant firm founder. He was selected as reporter troupe leader by Mebic and recognized importance of the construction of a “face-to-face relationship” was effectively emphasized. It was also expected that the troupe could efficiently collect information on current conditions and problems of creators as well as their need for assistance.

b) Involvement of other actors in events

These event especially konokuri 2007 was organized by tenant firms founder who had not enough established their business, and moreover some of them lacked any experience in the direction and coordination of business onto other creators. That is reason why some tenants firms founder refused their participation. They had deferent skill levels in their job and the majority of tenant creators engaged in the production job without enough direction and produce skill. Then, the more busy they were to establish stable relations with their clients, the more reluctant they were to make collaborative relation with other creators who are unlikely to make business together. On
the other hands, active participants C1 to C5, they have separated their participation for the Mebic event from their business relationship with their clients. They made profit from their main clients through the routinized batch-jobs in the contract. So their involving of other actors depended on their network activation.

Mebic has limited to involve other outside actors except for C5 in their exhibition events. In that period, C6 and C7 had been aware the activity of Mebic since its foundation but they regarded it as the incubation office assisting for the inexperienced creators’ start-ups, then they couldn’t enough meaning to find the collaborating way with their activities.

c) Subsequent impact of exhibition events for making creative cluster

While the exhibition event Konokuri 2007 helped creators build mutual collaborative relations through the joint planning and production, it was observed that some of those creators continued collaborative activities with members of their own groups even after the end of the exhibition event. C3 - C6 was coordinators of this exhibition event and maintained respective group activities toward their new business launch, and for that purpose, they have formally organized the collaborative units, Group α, β and γ.

Group α was organized with the aim of improving designers’ status and collectively pursuing branding activities. C3 and C4 were founding members of this group and, and they wished to obtain proper monetary compensation for designers by improving their bargaining power vis-à-vis customers. Once concrete requests started arriving, urging division of labor within the group, however, they had to face difficult coordination with other creators about the quality of the finished products. In time, he came to think it would be difficult to share the work and responsibilities with other creators within the group except a few, specific one. This led C3 and C4 to be conscious of cost of developing horizontal relations with other creators. Thus, focus of the group’ activities was shifted to study meetings and seminars through which participants could enlighten each other on how to bring the best out of materials using the design. As the result, C3 came to regard the network with companies in different industries, including material supplier and metal processing, rather than a wide network with other creators, an important resource for him. Particularly after visiting manufacturers’ factories and experiencing production process with his own hands, he became convinced that it would be a great asset for his group to construct a relationship with manufacturers through which his group could communicate its ideas directly to them. On the other hand C4 knew that designers branding is absolutely essential for developing their distribution channel in the same group. He paid more attention to developing of the interactive communication with his customers to earn their trust. The activities in this group didn’t gain any profit and they made clear they wanted go different direction on their business, so this group broke up in 2011.

Group β was formally launched when, after the Exhibition C5’s group found a new sponsor for whom the group had to continue working toward the next exhibition. Alternate creators who registered as the members in this group from different fields participated in various exhibition projects, as requests for exhibition project kept on coming continuously. The exhibition events was able to secure participation of a wide variety of creators who shared the awareness of the
importance of enhancing their ability to communicate themselves in comprehensible manner by emphasizing its creative-orientation. As the exhibition event became increasingly commercialized, luring sponsors, however, these creators were requested to change their activities drastically to commercialize their project. In this phase Group β faced a new problem of the lack of the direction capability, i.e. the ability to manage a variety of creators in the group and give appropriate directions to them.

Coordinator C6 has organized Group γ and desired this group would hold the dealership their collaborating product made in the exhibition event. But in the production phase, they confronted various problems with large manufacturer and accordingly the activities of this group faded out as this project was called off.

As three collaborating groups were launched among the tenant creators in Mebic, who were mandated to supervise their respective groups, had to strengthen their connections with those who were well-versed about each group’s history and conditions in order to attend to one internal problem after another, making them increasingly entangled with inward-looking and closed relations. As these three groups became formalized, relations between members and non-members and, particularly, between the three groups rapidly became tenuous. When two groups of them launched their own websites with a list of participating members, this tendency became all the more explicit. Accordingly, inter-group communication came diminished and after the disbanding of group, they recognized difficult in each group that collaborating unit of creators didn’t always contribute to obtain the profitable business directly.

5-2 Second stage of planning exhibition events by key actors

1) Mebic actions after their organizational change

After change location of Mebic they focus their domain of activities to the networking and bridging the creative resource and firms, they called Creative Network Center Osaka Mebic.

After the great earthquake a group of creators in Osaka produced exhibition event, named “Machiomoi” that means my hometown, which each creator displays in public his/her notebook conveyed the heart for the birthplace. One of graphic designer (C6) and his partners has organized committee for this exhibition event project mobilized their well-known creators and committee recruited officially the participant from creator in all Osaka area. Mebic is one of the members in committee and they are no longer coordinator but sponsor and provider of exhibition space. C6 made participants of creators feel quite nostalgic for the place where they grew up and made them prepare their own notebook as exhibited work. Machiomoi committee only gave exhibit space for each of them with free format.

2) Creators’ reactions
a) Each actor's dilemma

It is those creators firms which have 10 or more employees that are able to engage in planning stages of publicity production, and which are incorporated into a hierarchical business structure, with large companies at the top, as they engage in profit-determining enterprises. C5 and C7, executives at these kind of small companies, are anxious about a future in which they rely solely on subcontracting work, and realise the great significance of networking in the launching of new business projects. These executives delegate daily tasks to their employees, and go out into the community to search for novel enterprise development with local creators and small manufacturers.

In addition to Mebic's tenant firms, including C5, C6, C7, skilled graphic designer and advertising producers who resonate with the activities of Mebic and who have become able to perform leading roles in a variety of events. As these persons are able to subcontract work directly from big companies, and have established internal employee routines for generating a certain amount of profit from such subcontracted business, they have been actively engaged in networking activities with collocated actors.

These creators have discovered novel meanings that differ from those of tenant firms in the start-up stage. That is, rather than participating in Mebic projects, they have established their own business environments for directly fostering new income. They have developed methods of interacting with numerous persons from widely varied fields in existing businesses, etc., persons they previously had no contact with, including manufacturers, store owners and managers, even government officials and university professors and students. They expect numerous secondary effects (recruiting and consulting opportunities, for example) that arise from engagements with a spectrum of actors.

b) Involvement of other actors in Mebic's events

Even after the incubation office closed, thanks networking activities, Mebic enabled to involved in their exhibition events with many creators with advanced production skills active in Osaka. These creators were especially called to serve as planners in C6's social event planning. After the Great East Japan Earthquake, many socially significant events were held as organised by these creators. These added novel value to learning-related clusters in the area, and the events themselves held in the Osaka region evolved into venues for creativity.

C6, C7, and other creators who had previously never developed activities in the Ogimachi district were provided with activity arenas using Mebic as a contact site, meaning that human resources with high cooperative-enterprising skills gathered at Mebic. Meanwhile, actors who had served as producers in previous Mebic events displayed a variety of responses regarding these events. These included an actor who departed from the cluster (C4), actors who participated on the periphery as individuals, searching to expand their own business activities (C2 and C3), actors who worked with persons like C6 and C7 to enhance their direction and production skills, so as to serve key roles in event planning and execution (C1 and C5), and numerous others.

The Great East Japan Earthquake served as a spur for many business executives to rethink their business models, as they realised that subcontracting work could not generate sufficient business.
Mebic successfully developed Notebook exhibition event Machiomoi, companies joined creative clusters in large numbers, and creators emerged who desired to participate in Mebic activities.

Machiomoi event was held every year as an annual event repeatedly. On the initial event participant creator as exhibitors counted only 34 actors in Osaka, started as one case of social design project by C6. But this small success induced him to develop this case project on the concept of making and sharing the notebook for the birthplace with all of Japanese creators. In 2012, the second expanded exhibition of this project with the same format was held in the center district of Tokyo, and 340 independent creators from various regions and in various fields, such as designers, photographers, illustrators, filmmakers, copywriters, and editors participated in it. And following in 2013, this exhibition event was held at the same time on various places not only Osaka and Tokyo but also Fukuoka, Sendai, and so on. Creators who had participated the previous year have organized in their own hometown.

As Machiomoi Notebook events were planned directly after the Earthquake, C6 began to ask what creators could do for companies, and strove to foster new relationships among creators. Hitherto, creators had been ‘closed off’ in working directly with their own customers, but as new ties were forged, they began to realise the importance of communicating with the broader society. Creators participated in Machiomoi activities as a place to express their own ideas and activities, and as a site for generating increased creativity. They were able to do this because contents were created for Machiomoi that made participation possible by a broad spectrum of persons at all levels, inasmuch as each person shared the passion for expressing their love of their hometowns and local communities. The yearly expansion of Machiomoi Notebook-related events has also attracted the support of sponsors, and with the help of the Osaka Subway and Post Offices, etc., awareness of the events has increased among the general public and creators communities.

c) Subsequent impact of exhibition events for making creative cluster

Since the launching of Machiomoi Notebook exhibition events, the meaning of creator-to-creator relationships has greatly changed. Each of the events that has been planned by C1, and C5, C6, C7, have involved a search for nodal points where creators can interact with the larger society. This event established the image of their event as social movement by symbolic illustration among participants. One of group member produced this illustration which was portrayed Japanese map knitted by interwoven yarns of mixed colors. This map means glass-roots social activities that possibility of design come to social change.

The ground concept of this exhibition event that was concerned with the social design in hometown as glass-roots movement by local creators has come to share with other derivative events. These activities contributed to developing of relational resource in the creative cluster, while the established meaning of regional relation among creators seems to be compatible with incumbent hierarchical business system.

C5 and C6 expanded the concept of the Machiomoi Notebook, and planned and operated a new kind of exhibition site, ‘Design Marché’, that served as a venue for creators to exchange their knowledge and goods. Although Mebic was designated as the executive office, all it did in reality
was provide a physical site. C5 and C6 were able to use their experiences garnered at Mebic to gather as exhibitors creators who truly understand human character. Thus, the creators could share together display/exhibit-related publicity information, and perform promotional activities that utilised their personal relationships and connections that crisscross the entire region. These two producers (C5 and C6) delegated their authority not only for publicity and related activities, but also to enhance the contents of planned exhibitions. The planning side created a clear and thorough format that did not straightjacket exhibitors, but rather allowed these ‘followers’ to participate in part of the planning, set-up, and running of the Marché, for example by holding their own impromptu workshops to engage in dialogues with their customers, etc.

On the basis of its success sponsoring Machiomoi Notebooks, Mebic encouraged Osaka City, Kansai Bureau Economy Trade and Industry, and local governments, etc., to invest in event planning based on similar concepts. The ‘Machi (Town) décor’ event was launched in 2013 for the entire Osaka area. The goal of ‘Machi décor’ was to sponsor and hold events that contribute to the promotion of design activities for improved quality of life. The event is now held annually, and not only does it stimulate closer relationships between local creators, it also promotes exchange activities among citizens that cross business-field boundaries. C7, who had worked together with C6 in a number of successful revitalisation activities for mid- and small-sized companies, was selected to lead the business office of the event-management group, and solicited a variety of exhibitors and plans. Mebic served as a core arena via its ‘Machi décor’-related activities. The creators who had participated in past Mebic activities planned workshops and displays, and Mebic provided facilities for these events and for merchandise sales venues. At the same time, C7 was also involved in design support for small- and mid-sized manufacturing firms. Thus, creators involved in design in a number of specialist fields, including interior, fabrics, lighting, kitchens, goods and accessories, etc., were charged with the planning of displays, and manufacturers, vendors, restaurants and pubs, etc., were requested to participate and became involved. Meanwhile, projects were planned to also incorporate executives at small- and mid-sized manufacturing companies as well as universities, etc., enabling the communication and sharing of event management know-how beyond the scope of just creators. Numerous participants who were also exhibitors became interested in other kinds of planning, and created their own mechanisms for joint activities with each other that included business and entertainment. The cluster concept as previously implemented by Mebic was transformed, with participants using maps to develop mapping methods to display site-relationships for all exhibitors and participants, and information about all of the events (displays, seminars, talk shows, workshops, etc.) held during Machi décor were shared among participating members; even tours of sites of joint interest were planned. In these ways, participating actors became involved in arena creation that enabled their mutual relationships to be easily fostered and developed.

6. Conclusion
This study while it treated the very idiosyncratic case research which described the emergence process of local context under the situation with a predominant existing industrial system. A key factor for a cluster to function is how incentives are provided for actors to better know each other. As Breschi & Lissoni (2001) has emphasised, it is difficult to create new business relationships in a local area due to the existence of embedded relationships with incumbent customers and suppliers.

First, for the emergence and development of a cluster, it is not enough to merely conceptualise an arena wherein business-side actors can share intellectual capital, and then for cluster managers on the government-side to simply provide the arena and opportunities. Instead, the crucial thing is how cluster managers can build trust relationship with business-side key actors who are proactively engaged in local development, delegate authority to them, and they can also involve other actors who will follow after.

Second, our examples show behavioural changes in cluster managers due to learning: while in the first stage, their behaviour was focused on mobilising entrepreneurs with high coordination capabilities so as to develop a cluster, in the second stage, cluster managers broadened the scope of their activities so as to serve as contact nodes for actors with high coordinating skills, and delegated their authority to these actors for the creation of mechanisms and engagements for gathering more and more actors.

In this series of behavioural changes, what cluster managers became aware of through the trials and errors of the first stage was that, for the behaviour of key actors to whom authority was delegated, it was not necessary to establish governance for the immediate division of tasks among these newly acquainted actors. Once actors in a newly created group are divided by separate tasks, the high-context relationships shared within the group become exclusive, and the cluster can no longer serve as an arena for exchanges of ever-widening scope.

In the latter stage, cluster managers became able to access human resources who could give new meaning to relationships within the local community. These persons presented novel cognitive frameworks for other participants. That is, a low-context arena was formed that made participation easy, and this promoted an even wider variety of members to join in. As cluster managers monitored these new developments, they came to meet actors with high production skills; managers learned that delegation of their authority to these persons stimulated new relationship building among actors living and working in the local areas.

This research has some implications for the previous cluster researches. Results derived from the present study match prior research results that discuss the roles of ‘gatekeepers’ in the governance of inter-organisational relationships. Boari & Riboldazzi (2014) indicated the role of knowledge transcoding due to gatekeepers. Lefebvre et al. (2013) mentioned the roles of cluster management team which encourage to make investigate their suggested and selected themes on the ad hoc working group as innovation intermediation process.

This research focused on just how cluster managers obtained the above-stated capabilities. Our study harmonises with the findings of this previous research in that the ‘creative cluster’ concept advanced by cluster managers was translated into terms such as ‘hometown’, ‘marché’, ‘city decoration’ as these exchange arenas began functioning. Transcoding abilities, however, were not
those possessed by cluster managers but rather were reliant upon the behaviour of the key actors mobilised by these managers. Through the provided ‘translations’, while each actor relied upon incumbent business relationships, they themselves also proactively discovered the significance of developing networks in their resident and working communities, and these concepts were diffused among other actors as well.

Involvement of appropriate human resources by cluster managers was one of capabilities obtained from ‘learning by doing’. Although cluster managers may know which kind of creators they should choose as their collaborators, they couldn’t access to the appropriate human resources with skilled producing capabilities. In other words, by the reason of lack of networks in the initial stages, it is not possible to search for and find the best available human resources. This research coincides with the findings of Kiese and Wrobel (2011) indicated that the information asymmetry among actors makes cluster formation difficult. In initial phase of cluster emerging, because of immaturity of judging criteria, cluster managers are compelled to choose the actors to leave the assignment of coordination and planning if they are inexperienced and don’t enough skilled in the collaborating work. This point made it difficult to involve a broad range of companies in cluster activities. Thus, as governments attempt intentional development of clusters, social skills must be fostered among cluster managers, along with processes that facilitate the removal of social barriers, to enable progress in the development of new relationships with and among the business-side actors.

References


本ワーキングペーパーの掲載内容については、著編者が責任を負うものとします。

法政大学イノベーション・マネジメント研究センター
The Research Institute for Innovation Management, HOSEI UNIVERSITY
〒102-8160 東京都千代田区富士見 2-17-1
TEL: 03(3264)9420  FAX: 03(3264)4690
URL: http://riim.ws.hosei.ac.jp
E-mail: cbir@adm.hosei.ac.jp

（非売品）