CLUSTER-BASED ECONOMIC DEVELOPMENT ON CREATIVE SECTORS - ANKARA CASE -

CLUSTERING

Cluster development refers to the **economic development** of business clusters. After it was first proposed **by Michael Porter in 1990**, The cluster concept has attracted strong attention from governments**, business circles**, and academics.

Porter (Porter, 1998) defines a cluster as **'a geographic concentration of interconnected companies, specialized suppliers, service providers, associated institutions and firms in related industries.'**

Michael Porter has explained factors and interactions which formed industrial clusters according to him as the basic source of international competitive advantage with a model which he calls **the diamond model**. According to this model, the main factors and competitive capacity of a cluster depends on four elements.

- **Factor Conditions**
- **Demand Conditions**
- **Firm Strategy, Structure, and Rivalry**
- **Related and Supporting Industries**

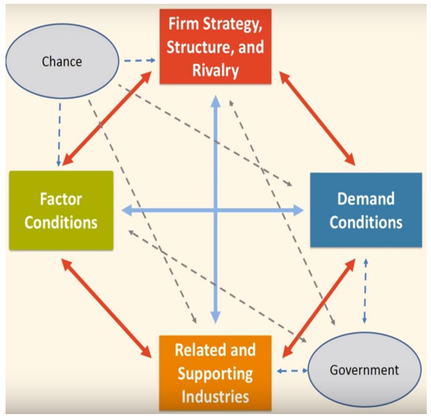
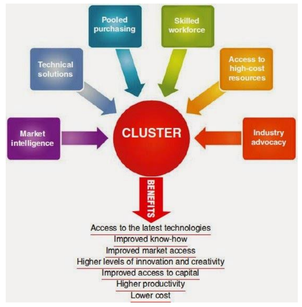


Figure 1: Michael Porter's Diamond Model (Porter, 1990)



GEOGRAPHICAL PROXIMITY

It is spatial or physical distance between economic actors, both in absolute and relative meaning. **There are considerable benefits of spatial proximity** for people and companies. These are knowledge **exchange between agents, knowledge externalities, making information** contacts between firms. (Boschma, 2005).

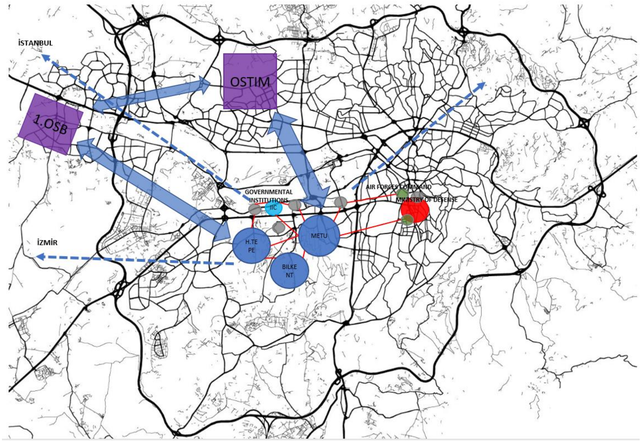
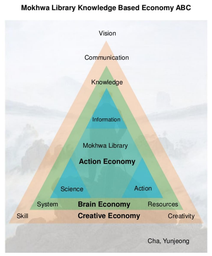


Figure 5: Spatial Proximity and Networking among Institutions

CREATIVE INDUSTRIES

According to DCMS, **"those industries which have their origin in individual creativity, skill, and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property" (DCMS 2001, p. 04)** are called creative industries.

Figure 2: UNCTAD Classification of creative industries (Guilherme, 2017)



ANKARA and CREATIVE CLUSTERS

One of the important places where cluster development and creative industries combine is **OSTIM Organized Industrial Zone** in Ankara. It especially draws attention with **its software-based Defense and Aviation Cluster OSSA.**

The idea of OSSA Defense and Aviation Cluster was shaped right after the competitiveness analysis that was implemented within the Ostim Organized Industrial Zone**. The results have pushed these small and medium-sized enterprises to act together and form the defense and aviation cluster which is almost inevitable in these sectors.**

INNOVATION

Innovation is the process of translating an idea or invention into a good or service that creates value or for which customers will pay. According to dictionary definition, **to be called an innovation**, an idea must be replicable at an economical cost and must satisfy a specific need.

Figure 9: Creativity, Innovation and Change (J.C. Scull, 2013)

Incremental innovations
They involve modest changes to existing products and services. **This can be simple as adding a new feature to an existing product.**

Breakthrough innovation
They refer to **large technological advances that propel an existing product or service ahead of competitors.** This is often the result of research and development labs (R&D), who are striving for the next patentable formula, device and technology.

Disruptive innovation
They bring to a market a very different value proposition than had been available previously" It describes a process by which a product or service takes root initially in simple applications at the bottom of a market and then relentlessly moves up market, eventually displacing established competitors.

Game-changing innovation
They transform markets and even society. These innovations have a radical impact on how humans act, think and feel in some way. Innovations that reach this level are always able to define a new category and fulfill an essential unmet wish or need consumers have.

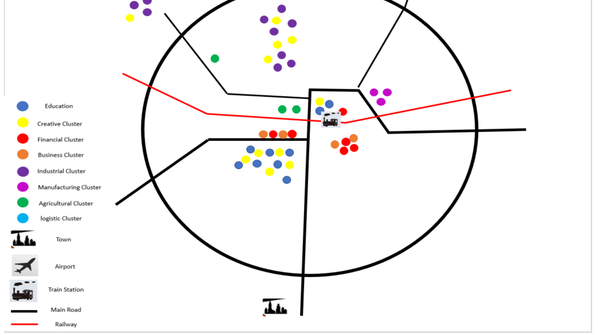


Figure 11: Cluster Density Scheme for Ankara

There is a density in clustering on the west side of the city. As it was before mentioned, as there are some top down decision making, there are also natural causes behind clustering and networking structure in Ankara.

NETWORKING

Networking, also called professional networking, the development, maintenance, or use of social or professional contacts for the purpose of exchanging information, resources, or services. Networking typically occurs between two individuals but can be examined as an interaction between groups, companies, or institutions. (Britannica)

When the subject is networking relationship, it is easily seen that defense industry has the lion's share in Ankara. There are world class defense industry companies within inner city like Aselsan, TAI and Boeing and they provide other medium and small sized firms job and cooperation opportunities. Therefore, from electronic devices to wooden industry, there is a need for high skilled labor, innovative and creative business space.

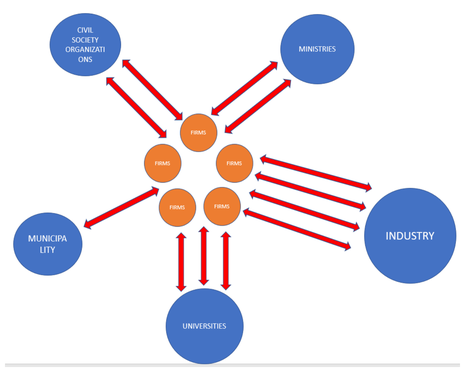
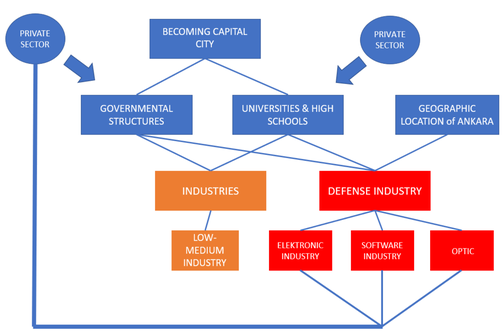
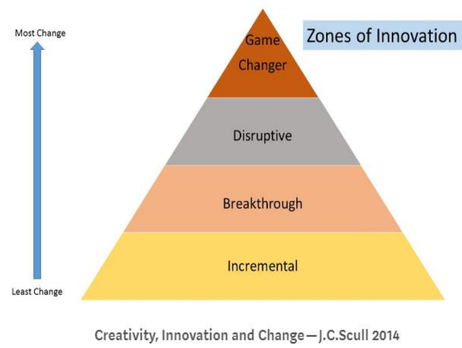


Figure 7: A Conceptual of Networking Among Institutions According to Survey Results





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