Institutional Change and Experimentation in French Regional Economies: From Hierarchy to Collaborative Coordination - Evidence from the Rennes-Bretagne ICT Cluster”

Andrés Feandeiro

andres.feandeiro@email.dmu.ac.uk
"Dynamic Institutional Analysis"
Jackson and Deeg (2008:554)

‘Multi-level’ governance coordination mechanisms (Deeg and Jackson, 2007; Lane and Wood, 2009; Crouch, 2005; Crouch et al, 2007; Crouch and Voelzkow, 2009; Trigilia and Lange, 2009).

Regional or sectoral modes of coordination within national models (Crouch et al, 2001, 2004; Crouch and Voelzkow, 2009; Trigilia and Lange, 2009).

‘Institutional entrepreneurship’ in a number of ‘high-tech’ localities in the USA, Germany and the UK. Crouch (2005) and Crouch and Voelzkow (2009)

Economic Geographers have recently advocated a closer interrogation of the interaction between local and regional economies and their macro-institutional environment.
Comparative Institutional Literature on France

- The leading French firms were all born or nurtured through the ‘grand projects’ of French ‘High Tech Colbertism’ which provided them with discretionary power, the protectionism of the French state and enabled them to develop competitive advantages through mastering a particular technology, a high level of productivity or gaining market share (Cohen, 2007).

- The French ‘convention of quality’. French technological strength in ambitious, complex, high technology projects, derived from ‘the convention’ that industrial competence includes the entire commodity chain (filière). The development of a high technology product has therefore traditionally been based on the development of the filière rather than on final markets. (Storper, 1993)

- Leading French firms depend heavily on efficiently coordinated ‘local production systems’ for their competitive advantages, which implicates a number of state and quasi-state actors. (Aniello and Le Galès, 2001; Hancké, 2003)

- French local and regional economies therefore described as ‘state-led Meccano production system’, where the decentralised activities of a limited number of leading French industrial firms accompanied by large scale investment in the skills and innovation infrastructure of provincial cities, the key feature of the French state’s post-war regional economic development strategy in under-industrialised or declining regions. (Aniello and Le Galès, 2001)

The Pôle de Compétitivité ‘Images et Réseaux’ and the Rennes-Bretagne ICT sector

Clear Evidence of Institutional Continuity

- **Pôles de compétitivité** an instance of state-led institutional experimentation. Without the ‘top-down’ provision of ‘institutional resources’ from the ‘dominant-developmental’ state, the modes of horizontal coordination occurring between large firms, small firms and public laboratories in the Rennes-Bretagne ICT sector would not have occurred. The pôle ‘Images et Réseaux’ is almost entirely responsible for getting actors in the local ‘ecosystem’ to engage with each other collaboratively in a way that did not occur before.

- In terms of how innovation occurs and is funded in firms (both large and small) the pôles represent no major departure from the ‘state-led’ national innovation system. Funding for innovation still overwhelmingly provided through state agencies (FUI, ANR).

- Large French firms continue to be the dominant institutional actors in the Rennes-Bretagne ICT sector. They were the lead actors in creating and setting up the pôle ‘Images et Réseaux’, received most of the funding and dominated the collaborative R&D projects in the early years and continue to be actively engaged as ‘good citizens’ in its governance. Consequently, they should continue to be viewed as supporting and implementing the developmental objectives of the French state as predicted by Whitley’s (2007) ‘integrated conglomerates’ typology.

- ‘Institutional deference’ on the part of other regional and local institutional actors and policy to the pôles and with reference to the city-region’s ICT sector on the whole. The pôles have effectively become the foundation of the region’s ‘Smart Specialisation Strategy’ and even informs the region’s FDI strategy. Regional and local institutional actors very much view their policy as implementing / complementing major policy directives within the parameters set by the French state.
The *Pôle de Compétitivité ‘Images et Réseaux’* and the Rennes-Bretagne ICT sector

**Evidence of ‘Institutional Entrepreneurialism’ and New Modes of Coordination**

- The *pôles* have reinforced institutional capacity at the regional spatial scale. The regional governments of *Bretagne* (and the *Pays de la Loire*) have exploited the ‘institutional resources’ of the French state to further their own regional economic development objectives, particularly in developing SMEs in the ICT sector. The regional government played an essential role that the *pôle ‘Images et Réseaux’* did not simply represent the interests of the leading French ICT MNEs.

- The *pôle ‘Images et Réseaux’* has become an important governance actor for the region’s ICT sector. Although this is limited to issues around innovation, its has become the most important regional association representing all the key actors of the ICT ‘ecosystem’. For instance, it piloted the region’s bid for the creation of a regional ‘technological research institute’ (*IRT*) between 2009 and 2011.

- The ‘ownership coordination’ of most of the leading regional French ICT firms have been transformed into ‘institutional hybrids’ (through M/A; foreign institutional investors). They are all global MNEs, taking advantage of foreign ‘institutional resources’ and serving a highly competitive, global market. Their relationship with the regional and local economy has been transformed, which has opened up some ‘institutional space’ for other actors, notably SMEs, to play a more important role in the governance of the Rennes-Bretagne ICT ‘cluster’.

- New modes of coordination, beyond the ‘strong state-large firm’ ‘ideal type emerging in the Rennes-Bretagne ICT sector, where regional and local institutional actors, SMEs and territorially rooted actors from the public innovation system tentatively forging more horizontal modes of coordination.
Conclusions and Future Research

- ‘Silent Revolution’ (Aniello and Le Galès, 2001) in the governance of French regional and local economies? This paper argues that it is more of a ‘silent evolution’; ‘institutional experimentation’ without ‘institutional change’.

- Institutional experimentation and institutional diversity at the regional, sectoral or local level exists within the persistent constraints of the national institutional architecture and has not resulted in alternative local or regional institutional configurations. (Whitley, 2007; Lane and Wood, 2009)

- The emerging new modes of ‘experimental’ governance, as is evident in the Rennes-Bretagne ICT cluster (and the pôles in general), is still dependent on the corporate strategies of the leading French ICT MNEs and on persistent national institutions shaping the way in which innovation is incentivised and R&D performed in France.

- Institutional experimentation, as is evident in the Rennes-Bretagne ICT cluster, has taken ‘the path of least institutional resistance’, confined to modes of coordination around innovation.

- Future research? The emerging horizontal modes of coordination in the Rennes-Bretagne ICT cluster, for instance, suggest that a ‘project network’ business system type could emerge over time and it would be interesting to explore in greater depth, the extent to which macro-institutional constraints, particularly human resource management, labour market and employment institutions, prevail and how more ‘project-based’ modes of coordination could be reinforced.
Acknowledgments

- De Montfort University Scholarship 2012 (BAL FB1)
- Philip Almond, Professor of Comparative Employment Relations, Faculty of Business & Law, De Montfort University