# Chapter 24 Institutional Innovation Practices in Technopoles: An Example in France

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#### ABSTRACT

This chapter aims at filling a void in the literature on the question as to whether organizational proximity can be fostered within clusters. We address a dimension that has received little attention until recently, namely the local governance structures of technopoles. The objective was to gain an insight into such institutional practices and to evaluate their effects on firms' innovation performance. By identifying how geographical and organizational (cognitive and relational) proximity interrelate in the analysis of cluster forms we sought to contribute to the burgeoning literature on the different types of proximity. The empirical research relies on a representative sample of 88 firms implanted within the Savoie Technolac technopole, in the French Rhône-Alpes region. Our results suggest that, even though local governance contributes to territorial anchoring, only the local labor market had a direct significant impact on the firms' innovation performance. In addition, territorial anchoring combined with the roles played by governance in terms of 'matchmaking' and support for technology transfer significantly increased the number of innovation projects. These results suggest that governance has a decisive role in the creation of communication and interaction structures between firms, which are essential for firm innovation. This research may have important implications for governance modes, in not only technopoles but also more generally in clusters.

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#### INTRODUCTION

The established typology of territorial innovation makes it possible to identify the characteristics of specific clusters such as technopoles and technology parks (Longhi & Quéré, 1993; Levesque, Fontan & Klein, 1998; Moulaert & Sekia, 2003; Carluer, 2006). Despite the importance of their research activities, innovation technopoles are often characterized as having weak inter-firm relationships (Cooke, 2001; Asheim, 2007), thereby limiting their innovation potential on a collective level. Among the factors that contribute to this process, the development of non-spatial forms of proximity represents a key explanatory factor (Markusen, 1996; Angel, 2002; Rallet & Torre, 2007). The various forms of non-spatial proximity can be assimilated to organizational proximity with respect to the interactions between actors, regardless of their nature (Bouba-Olga & Grossetti, 2009). Pecqueur and Zimmermann (2004) proposed a more nuanced characterization that distinguishes between coordination processes based on direct interaction among actors (organizational proximity) and those with no direct interaction (institutional proximity). This distinction seemed particularly relevant to introduce the role that governance may play in order to help develop a local and stable environment, conducive to collective innovation (Longhi & Quéré, 1993; Levesque et al., 1998).

Focusing on the dynamics of innovation, two types of technopoles can be distinguished (Cooke, 2001). A "*linear*" type, which is typical of science parks "*à la française*" and related to a simple localized agglomeration of productive activities that have no real relationship with each other, and by contrast, an '*interactive*' type, which is based on organizational and institutional networking between firms, promoting their ability to innovate. Research has long focused on the impact of the structural properties of clusters on their performance and evolution (Brezis *et al.* 1993; Suire *et al.* 2006). More recently, Bocquet and Mothe (2009) have shown that cluster characteristics also affect the type of governance mode. This is in line with many studies that underline the central role of institutions in the creation of non spatial forms of proximity in interactive agglomeration forms (Grossetti, 2004; Pecqueur & Zimmermann, 2004; Leloup *et al.* 2005; Asheim, 2007; Rallet & Torre, 2007; Carrincazeaux, Grosseti & Talbot, 2008). The French School of Proximity (Torre & Gilly, 2000; Torre, 2006) explicitly introduces the notion of "territorial governance" to designate "*the institutional and organizational process of bringing together different modes of coordination between geographically close actors*" (Colletis *et al.*, 1999: 34).

Territorial (or local) governance (Leloup *et al. 2005;*Ehlinger *et al. 2007;*Bocquet & Mothe, 2009) has been shown to play a role in the creation of favourable conditions for collaborative innovation. In interactive technopoles, where firms already share material and cognitive resources, one could think that the coordination challenge associated with governance would be lower. However, this is far from being the case when the cognitive distance between firms is weak, leading to higher appropriation defaults (Nooteboom, 2009). The governance structure can thus play an active role in maintaining and developing these resources within linear types of technopoles as well as in certain types of interactive forms.

Empirical research dedicated to the institutional innovation practices implemented by local governance is scarce. The original approach adopted in this chapter consists in identifying such practices within a technopole and in assessing their impact on its members' innovation performance. We seek here to fill a void in the literature on the question as to whether organizational proximity can be fostered by taking into account a dimension that has been given low consideration, namely the local governance structures of technopoles.

The empirical research concerned a representative sample of 88 companies affiliated to the French technopole Savoie Technolac in the Rhone-Alpes 22 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

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