

Considerations on Firm's Location in the Context of Clusters Formation

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Abstract

Clusters, "industrial" competitive conglomerate, are a real alternative to the economic development of our country. Known is that, in general, clusters are defined as spatial agglomeration of firms or conglomerate of interconnected companies and institutions in a particular field. As such, the basic idea of the study concerns the importance of location / placement of firms in the formation of clusters, given that any location of a business is by taking into account a series of factors: economic, social, political, technical and institutional and clusters are formed in regions with high competitiveness, regions that have a high capacity to provide resources and there is a certain density of related and support industries.

Currently, in Romania, there are also natural and public clusters (industrial, scientific and technological parks) due to agglomerations of firms generated by the existence of natural resources, human or material, or due to location (conditioned by the level of development of the cluster and by the opportunities offered by it) of the new entities.

Keywords: clusters, competitiveness, location, location, development

JEL: O1, R3, Z19

1. The importance of clusters in the economic development of a country

In the global economy we notice more and more the presence of economic conglomerations that have an impact on the competition of the country. Clusters are real alternatives for the economy development of the world's countries.

1.1. Clusters – conceptual approaches

It is said that where there is an intense economy activity, in which the actors involved become competitive by innovation and creativity, and the industrial technologies are spread through the networks, there is cluster. It is obviously that these kind of competitive conglomerations represent a real method of economic development of many countries from the European space and not only.

In Romania clusters are defined like space conglomerations, maybe because in our country there are companies' conglomerations, but these ones are not created thanks to the cooperation relations but to the existence of natural resources, material or human. However, Romanian state tried to promote the companies conglomerations *through public politics*, creating public clusters, that is industrial parks scientific and technological parks, business incubators etc. Of course, there is the possibility of *creating natural clusters*, as a result of private initiative, that can be identified with the help of statistic means and quantitative analyses.

But what are clusters and how can they be identified? Cluster is an English word that means "pack, bouquet, and group". Therefore, cluster means a group of industrial enterprises or organizations which activate in

the same field and establish cooperation relation that guarantee them high performances. In the same group there are producers, suppliers, researchers, partners or even competitors, from the same industrial branches which develop their activities in the same region.

Michael Porter defines them as “*geographic conglomerations of interconnected institutions and companies, from a certain field*”[2]. Therefore, clusters represent groups of companies related as developed activity, as well as other important entities regarding the competition: specialized input suppliers, infrastructure suppliers, clients, producers but also governmental and non-governmental institutions: universities, paternal, professional associations, professional formation suppliers, research institutions, ONG s.

1.2. Characteristics of clusters

In Porter’s concept, clusters are developed according to three major components: social, political and economic[4]. Therefore, each cluster is unique regarding its way of development, established objectives and organization method.

According to some empiric researches, the economic conglomerations cannot be always considered as clusters. Therefore, the identification of clusters by using the statistic methods isn’t enough; other criteria are used in order to define some economic conglomerations as clusters. Maybe the most important criteria refer to the existing relations between the actors that create the economic conglomerations and to interconnections between the actors and the external positive results. Therefore, all the urban conglomerations can be considered clusters and it is not true. According to this, the specialists use different characteristics to identify the clusters[7]:

- The geographic consistence of related and support industries (horizontal and vertical);
- The flexibility of small and medium companies;
- The capacity of supply and provide resources;

- The level of regional competition.

Also, the calculation of the companies' density in a certain geographic space can contribute to the identification of clusters.

The studies made in our country show that there aren't functional clusters but only emergent or proto-clusters" [7], and the criteria used in order to identify a functional cluster is:

- ✓ The identity, location and borders of the cluster;
- ✓ The strategies, the dynamic and the individual performances of the companies from the cluster;
- ✓ The strategies, dynamic and the performance of the cluster, as a whole;
- ✓ The role of local/regional institutions regarding the functionality of the cluster.

Beside these general criteria, other statistic criteria have been considered in order to develop the potential clusters, as:

- The turnover of the sector from the area, comparing the turnover from the regional/national sector level;
- The rate of work force from the sector from the given area;
- The higher increase than the average from the sector (annual data, sector comparison);
- The identification of a higher number of new IMM from the area/sector;
- The concentration of an important group of organisms/institutions with competence in developing the economic infrastructure and/or which provide services/training
- The local companies that operate in the area.

This means that the companies' position in an area where there aren't real opportunities of development, determine, as long as the cooperation relations established between the different entities exist, the formation of clusters.

2. The position/location within the clusters

Therefore, if we start from the definition according to which clusters are competitive economic conglomerations of companies, we can consider that the location of the companies depends on a series of determined factors: economic (costs, resources etc.), social, politic, technique and institutional that contributes to the creation of potential clusters. However, in the same time with the creation of the competitive and spatial conglomeration, it attracts new entities (firms, companies, nonprofit organizations, associations, educational institutions etc.) especially because the advantages and facilities they can obtain:

- Qualified personnel;
- Support in the financial process;
- Access to structural funds;
- Facile access to different services etc.

In general, any company is located according to its activity field. More precisely, the companies are located close to the necessary resources specific to their activity. Therefore, it is logical that a department store to be located both in urban or rural environment, in places that are circulated, meanwhile a company that process wood must be located in areas which can provide prime material (for example Suceava area, where there have been identified potential clusters regarding this activity field). Regarding the location of manufacturing companies, it is considered the fact that these companies need space to expand and to deposit and also adequate transportation means. Therefore, these places are usually noisy; many of them are producing contamination and waste products. However, the settlements of urban planning devise the factories from the habitable areas and therefore their impact on the population is minimal.

The banks, shops, learning institutions, non-governmental organizations are placed in populated places. The placement of an office has to be decided taking into account the ease with which one can gain access to it, but also taking into account that the office must not be placed

in an overly crowded location. Therefore the offices are placed in towns on streets adjacent to busy intersections, on the higher floors of buildings or on top of shops that can be found on the ground floor. Of course, there are companies that place their offices on the superior floors of productive spaces.

The choice for the best suited location to place an office, shop or warehouse can be done through analyzing the client databases, demographic and census data and the existent market value. The best suited location can be compared to a different one. Economical decisions concerning the placement of a company can be determined by the following: transportation infrastructure, the available workers in the analyzed location, the availability of the necessary resources and the risk brought up the environment (locations predisposed to flooding, toxic spillage, earth movements, etc.). Also, the means of transportation as well as the suppliers of utilities like: electricity, gas, running water and used waters are important elements that are taken into account when deciding on a location for a business. This way, you can optimize vehicle routes, points of merchandise pick up and drop off, implement complex systems of management for the merchandise with a direct impact on the economic efficiency of transportation and distribution of the merchandise.

A company's activity can be disturbed by a series of factors which need to be taken into account when deciding the location of a business. Therefore, the disruption of electricity, flooding and accidents cause by bad weather, fire, storms, theft of the goods, lack of materials, the assembly of any materials or equipments have a negative impact of the normal functioning of a business.

The placement of a company (of its main headquarters and any other branches) is essential for the survival of a business and for achieving high standards. It is said that the placement of a business is as important as the wellbeing of its employees, just like the location of a house is important for the wellbeing and health of its occupants.

The clusters present different levels of development, just as a business has specific level of development. The development level of a cluster determines the location of new businesses or organizations, institutions that can benefit from the surrounding competition in which the cluster developed. In this situation, the location of the business is conditioned by the level of development of the cluster and by the opportunities offered by it. Therefore, for example, in the eastern part of the Capital, within the Faur platform, a company called Regatta is developing a new logistic park (East Logistic Centre) on a surface of 27,700 mp [8]. The project offers 10 halls with a total surface of 16,700 mp (open plane). The location is the main advantage offered by this project. Therefore, due to the location of the logistic park within the Faur platform, the clients will have an infrastructure of an industrial capacity. The facilities represent: the heating/cooling of the halls with generator of warm air, air conditioning using fans and radiators within the offices, the ramps used for loading and offloading of goods, large access doors, concrete platforms used for maneuvering and parking, etc. The halls were built using modern techniques and materials with very good thermal and sound proofing which lead to a reduced cost of the utilities. All these, because some businesses, which have a special impact on the entire national economy, generate the development of the area they are based in, respectively the formation of clusters in a natural way.

Usually, the companies that will be located within the clusters are more and more interested in the social aspects (the socio-cultural level of the individuals, the guarantee of work and life conditions etc.), the location process and less on the economic aspects because the development level of clusters assure sufficient elements in order to attract economic agents.

In the same time, clusters are crystal systems with one angle, developed in a commune base. Clusters are beautiful gifts in the house; its habitants obtain harmony and cooperation thanks to them. This means that the companies that make part from a cluster are developed companies on a commune fundament.

Conclusion

In the context of the appearance of emerging clusters, new founded firms in order to ensure distribution of goods or provision of complementary products industry that have developed clusters, for example, will be more interested in social issues (socio-cultural level of the people to be engaged, providing working and living conditions, etc.) determined by location of their respective companies.

The location of companies within the clusters becomes more facile because of there is already infrastructure, a necessary support for its development. It is essentially that, no matter the formation method of clusters, they generate mentality changes, technical and managerial changes that affect each entity from the cluster. Therefore, we can remark that the management of each company is influenced by the management of the others and it is necessary to create a management guide of the cluster that will include good practices, methods and instruments in order to found and develop the clusters.

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