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A summary description of project

After studying regional development models in Europe for over two years, the team of FRIDA researchers concluded that anchor firms and the networks they create constitute 'key drivers' of the European Union's 2020 growth strategy. This micro-level approach, drawing on the behaviour of individual firms and the network approach drawing on network characteristics were used to address the issues of regional development, competitiveness and network influence at different levels of aggregation (regional, industrial, national, supranational) and to derive general conclusions, relevant for the European economy as a whole and for policy-making. The project produced evidence indicating that anchor firms have the capacity to upgrade local economies and thereby contribute to a more dynamic economy in Europe overall. Looking at companies representing three industrial sectors (biotech, nanoelectronics and aerospace) in seven European regions, FRIDA confirmed that anchors can emerge in virtually any industrial setting, including those that may be considered mature or 'un-innovative'. Whether high-tech or low-tech, anchor firms have several distinguishing features that set them apart from a typical company. These features reflect the numerous ways that anchors shape new and existing organisations. According to FRIDA findings, anchor firms affect not only the creation of new organisations but also the transformation of existing ones. They do this by:

- Spawning new firms (spinoffs).
- Generating knowledge spillovers.
- Serving as role models for other players.
- Building and coordinating inter-organisational networks.
- Attracting outside talent.
- Providing financing and markets.
- Diffusing global technological and market knowledge.

Training and upgrading new generations of entrepreneurial managers.

Main results

FRIDA highlights the anchor's role as visionary orchestrator, triggering entrepreneurship and operating in local, national and global networks. The networking component is critical to regional development as it carries the potential for sharing knowledge and other resources among various actors on different planes. It makes sense, then, for policy makers to nurture these exchange platforms and actively encourage local companies to participate in building them. As the researchers observe: "Simply focusing on generating more local firms is likely to generate more marginal firms. The key policy agenda is to generate high impact firms, where impact is seen at the network level, not at the level of the individual firm." At the same time, because innovative initiatives tend to move globally in search of knowledge, resources and opportunities, looking only at the restricted boundaries of the local cluster is reductive and likely to be ineffective as a guide to policy.

Thinking local and global at the same time is an imperative for both anchor firms and for policy makers. The importance of local interaction versus distant one becomes especially crucial over time for the cluster survival. At different stages in the local evolution the role of anchors is to keep a pipeline open to tap external opportunities and knowledge. In sum it is very important to be

cognizant of the change in leadership needed across the life cycle, as the impact of the original anchor is likely to decline over time. Firms that contribute significantly to regional development in one period of time can lock it into a low performance trajectory during another. This suggests that policy should focus on increasing competition among anchors rather than selecting single anchors as regional "champions". Rather than picking winners, policy should focus on creating the conditions for winners to emerge. The early detection and support of anchor players is especially crucial. New anchors become important in declining domain for generating variety and new product/market diversification. However, detecting and supporting anchors can be difficult for policy makers.

Anchors are important as triggering actors in emerging industrial and service settings. However, anchors are also found in sectors that may seem mature and un-innovative. Very substantial differences in levels of performance are found within all sectors, and it is misleading to think that only high-tech sectors are innovative, or that all firms in high tech sectors perform well, while firms in low tech sectors perform poorly. Innovation is not just about technology, it's about coupling technology and markets, and that coupling, both inside firms, and between firms is where anchors excel. A focus on R&D, or emerging high tech sectors, is likely to overlook the huge potential of the 97% of the European economy that is not high tech manufacturing. Finally, anchors operate in different ways depending on how close the anchor and its local region are to the technological frontier. When anchor firms are working at the cutting edge of technology they tend to undertake research intensive innovation and work as anchors by linking local networks to global knowledge networks. The sophistication of modern economic life means that cutting edge knowledge is highly specialized and is unlikely to be found in local universities. Anchor firms search globally for that knowledge and not just in universities. On the other hand, anchor firms operating in marginal local economies that are a long way from the technological frontier, are likely to focus their innovative activities much more on the diffusion of well established technology, and more process based upgrading of production (for example, from undertaking outsourced production for global firms that provide engineering support). This may involve starting from low tech beginnings and is unlikely to be research intensive. However, as skills and capabilities upgrade, the process of innovation within the network is likely to change and become more research intensive. Policy to support anchors should therefore be sensitive to these differences.

Expected impact and use

To conclude we would like to emphasize that anchors suggest a new paradigm to interpret and take action in local development. As a consequence new categorizations and challenges are emerging:

- The anchor ideas suggests that influencing local development is a pattern for a few, others will follow
- The anchor paradigm needs to be accepted at macro level and at local level (micro) as well
- Signals of anchoring processes are not necessarily strong, they may be very weak
- To capture weak signals fieldwork is needed, not on ICT only, and trained people are necessary.
- Overall, resources are to be allocated consequently.

The European value added of the project can be appreciated at multiple levels:

1. It draws from a broad variety of European experiences at different levels (firm, region, industry) from both new members and historical members at the EC level.

2. It targets research and policy issues of high relevance for Europe, in particular, the objectives of the revised Lisbon Agenda. It addresses different dimensions of European policies i.e. policies to foster innovation, research and growth as well as competition and collaboration policies.

3. It is instrumental in exchanging practices and policy implementation strategies amongst policy makers at different levels (regional, national and European).

4. It is establishes intensive cooperation amongst European researchers and institutions, including the sharing of data, research methodology and the derivation of policy implications. This cooperative effort, combined with a multidisciplinary approach embodied in the research agenda, has generated research synergies across institutions, disciplines and countries. In addition, junior researchers have been involved in the project to strengthen long term cooperation.