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Agglomeration, Industrial Districts and Industry Clusters: Trends of the 21st Century Literature

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ABSTRACT

In a previous issue of Foundations and Trends in Entrepreneurship, small firms were commonly acknowledged as an important topic in the 20th century literature on industry concentration. Since the turn of the 21st century, startups have become a topic of significant prominence. Despite this fact, none of the recent literature reviews on industry concentration highlights their importance. Likewise, several other factors that have been identified since Marshall’s (1920) work, have received new attention with fresh perspectives in the 21st century literature. These topics have not yet been sufficiently explored in the literature. The purpose of this monograph is to review the early work of scholarship on agglomerations, industrial districts and industry clusters that has been published in the 21st century. This monograph explicates the prominent themes that emerged between 2000–2015, with the specific objective of highlighting the relationships of entrepreneurs, knowledge, networks and creative and high technology industries in industry concentration.
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Introduction

Since Marshall’s (1920) seminal work, the literature on agglomerations, industrial districts and industry clustering grew from meager numbers in the 1920s-1950s into a significant body of work in the 1980s and 1990s. This research, which was reviewed in an earlier issue of this volume (see Gilbert, 2016), has informed our understanding of why these regions form (e.g. Wrigley Jr., 1947; Isard and Liossatos, 1972; Pascal and McCall, 1980; Markusen and Park, 1993), the benefits and consequences they offer (e.g. Marcus, 1965; Hansen, 1965; Horvath, 1970; Nakamura, 1985; Straszheim, 1984; Mun and Hutchinson, 1995; Zheng, 1998), and the industry (e.g. Abdel-Rahman and Fujita, 1990; Asheim and Isaksen, 1997), regional (e.g. Bergsman et al., 1972; Rykiel, 1984; Park and Markusen, 1995) and relational structures (e.g. Glasmeier, 1990; Rabellotti and Schmitz, 1999) that yield these benefits.

The research of the 21st century expounds on the eighty years of foundation from the 20th century in significant and exciting ways, and includes several recent review papers that either assess where the literature has been (e.g. Martinez-Fernandez et al., 2012; Strange, 2009) or where it appears to be heading (Hervas-Oliver et al., 2015). One of those papers - Martinez-Fernandez et al. (2012) - offers a review of academic
research on industry concentration from the years of 1997-2006. It con-
cludes that scholarly emphasis has largely been on characterizations of
the regions; life cycle considerations; performance, policy and specific
realities of the regions. Strange (2009) similarly reviews the literature
and highlights the microfoundations, the effects of agglomerations par-
ticularly on wages and labor market dynamics, and how these factors
differ across geographic space.

Only Hervas-Oliver et al. (2015) - offers an assessment of the
emerging academic discourse around industry concentration. Through
bibliometric analysis, they conclude that the literature largely focuses
on evolutionary economic geography, global pipelines/external linkages,
cluster taxonomies, innovation and firm analysis, interfirm networks
and flows of knowledge. While this latter study identifies themes, it
does not discuss the context behind these themes, and particularly
does not properly position entrepreneurship in this body of literature.
Entrepreneurs are commonly the pioneers of new technologies and the
creators of many small firms that were commonly discussed in 20th
century literature. However, the focus on startups in cluster regions did
not gain prominence until publications from the 21st century. And none
of the recent reviews highlights their importance.

My read of the literature published since 2000 identified several sim-
ilar themes as these earlier reviews, but also identified several distinct
themes which none of these reviews sufficiently address. One of those
areas is with respect to knowledge which is one of the three original fac-
tors that Marshall (1920) identified as important for sustaining industry
concentration. Knowledge was given little theoretical development in
20th century research, but in the 21st century literature it has taken
a more prominent place in the discourse, quite likely because of the
role that entrepreneurs play in bringing new knowledge to the market.
Oftentimes knowledge is discussed in relation to networks/relationships
of firms. The renewed attention may also be due to the strong focus of
21st century research on high technology and creative clusters, which are
industries ripe with entrepreneurial activity and for which knowledge is
an essential resource. These industries were studied consistently from
the late 1990s into the 21st century, and have significant placement in
the economic and academic landscapes. They are important emerging trends in the literature which the prior literature reviews do not reflect.

Similarly, the discussion on buyers-suppliers who occupy regions with industry concentration is an important foundation that dates back to Marshall’s (1920) work. Therefore, it is perhaps unsurprising that another observed trend in the 21st century literature has been the plethora of studies devoted to understanding the various aspects of networks and relationships of firms in agglomerations, industrial districts and industry clusters. This research not only emphasizes the network structures of firms in given regions, but also of those between clusters in the same regions, and the relationships between clusters in domestic as well as international cities. Therefore, the purpose of this monograph is to review the early work of 21st century scholarship on agglomerations, industrial districts and industry clusters and to explore the context to the prominent themes that emerged between the years of 2000-2015.

A specific objective of this monograph is to highlight the role of entrepreneurs in the literature. An article search for peer-reviewed scholarship was undertaken using the search engine Ebscohost, with the years 2000-2015 used as endpoints for identifying articles. The search focused on articles that included the word “agglomeration,” “industrial district,” or “cluster” in the title. Therefore, the articles with more generic titles such as those including the words region or geography are not included in this review. While the review is generally limited to articles from the journals that were available to me online in Ebscohost, and that were part of the search results on the day the articles were identified, to ensure the search was as comprehensive as possible, a second search was run through the Wiley Interscience website to identify articles that included the word “agglomeration,” "industrial district,” or “cluster” in the title, and the word “entrepreneur” in the article. Due to time constraints, only the most relevant articles published during this time period are included in this monograph. In total, 180 articles serve as the basis for understanding trends in the industry concentration literature during this 15-year period.

By reading each article, I determined the overall theme the scholars addressed in the research, and compared it to the topics discussed in the
20th century literature. Table 1.1 below highlights these foundations and their corresponding themes. Each theme and the directions taken across the scholarship is presented in separate sections in this monograph.

Some topics were given more attention than others during this 15 year time period, however, each topic presented in this monograph has ties to either the foundations of the literature or to other trends evident in the scholarship of this time period as outlined in Gilbert (2016). Therefore, Section 2 of this monograph continues this conversation with respect to the potential of and for industry concentration. One of the factors identified in these articles as important for driving industry concentration is the entrepreneurship that operates in the region. Therefore, Section 3 offers a review of the literature that focuses on entrepreneurship and industry concentration.

The concentration of firms, buyers and suppliers within a region offered opportunity for scholars to examine networks, relationships and

<table>
<thead>
<tr>
<th>Theme</th>
<th>Foundations of the 20th century</th>
<th>Trends of the 21st century</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geography</td>
<td>U.S. &amp; Europe Centric; less from other regions</td>
<td>Still U.S. &amp; Europe Dominant; Greater emphasis on Asia, Middle East and South America</td>
</tr>
<tr>
<td>Industry</td>
<td>Manufacturing &amp; Fashion Centric</td>
<td>Creative and high technology industries</td>
</tr>
<tr>
<td>Origins, Implications, Configurations &amp; Performance</td>
<td>How, why, failure, positive/ negative effects, optimality, industry or regional structure, growth evolution</td>
<td>Knowledge, networks</td>
</tr>
<tr>
<td>Firms &amp; People</td>
<td>Small &amp; medium firms</td>
<td>Entrepreneurship/ Entrepreneurs/MNCs</td>
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industry concentration. This theme was a dominant one in the literature, and is reviewed in detail in Section 4. As one of the initial reasons Marshall (1920) offered for why firms agglomerate, and a noted benefit to firms that operate in networks, knowledge and industry concentration was another theme that emerged in the 21st century literature. This research is presented in Section 5 of this monograph. Whereas much of the industry focus of empirical studies published in the 20th century focused on manufacturing firms or those in the fashion industry (Gilbert, 2016), in the 21st century there was a noted shift in industry focus, with considerable discussion on creative and knowledge based industries. Therefore, Section 6, focuses on these conversations around creative and high technology industries and industry concentration. Each section concludes with thoughts on the scholarship that is needed to continue advancing the important topics on industry concentration. A summary of these thoughts is provided in Section 7.


References

References


