

Title: State-led cluster development initiatives: A brief anecdote of multimedia super corridor

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Abstract: The Malaysian Government through the interventionist stance created an enabling environment for SMEs. Deliberate efforts for economic development started in the form of Industrial Estates and Export Processing Zones since early 1990s. This paper is a brief account of government efforts and its result for cluster development, in the light of recent literature. It is found that despite consistent efforts, the Malaysian answer to Silicon Valley – Multimedia Super Corridor (MSC) – could not become an industrial cluster in a strict manner of the term used in the industrial cluster literature. This review highlights an array of bottlenecks that impede the competitiveness of MSC. The critical observation is that the SME firms in this “constructed cluster” are not enjoying the benefits of co-location externalities rather consider government’s financial support as an important factor affecting their co-location decision. In the absence of the significant qualitative research in the Malaysian cluster milieu, the purpose of this paper is the unique attempt to compile the previous results of significant work on the MSC and proposes future directions of research on policy-led clusters. Design/methodology/approach – This paper synthesized and arranged most recent literature on economic development efforts made by Malaysian Government. Furthermore, it highlights the issues faced by policy-led cluster of MSC. Findings – There is scant research on policy-led clusters like MSC where government plays an instrumental role from conception of this ICT cluster to development of programs and initiatives for the sustainability of it. However, the review of recent studies indicates that MSC faces some limitations to perform as cluster. There is a strong evidence that firms are not enjoying the benefits of clustering rather are attracted toward the financial incentives offered by the government in return of the firms co-location decision. Research limitations/implications – The theoretical contribution of the review is that it signals the scarcity of both breadth and depth of literature on policy-driven cluster. Although, few notable attempts indicated how cluster initiatives influence the clusters, yet various dimensions need to be explored in order to reach the conclusive findings. The current review provides a strong foundation for further empirical research. For example, the other possible avenues could be, cluster evaluation practices in policy-led clusters; enablers and barriers to innovation in policy-led clusters; development of comprehensive indicators for principled engagement, shared motivation and joint actions in collaborative initiative development and the relational dimension of networks like technological distance between the focal firms and local SMEs. Practical implications – The review highlights that government agencies and the firms in the policy-led clusters perceive the cluster initiatives differently. For government an initiative may be a success but for firms it may be just eyewash. This perceptual difference can disrupt the government efforts for this cluster. Firms are dependent on Multimedia Development Corporation. They consider themselves as a guest in the cluster and expect that government will provide everything. Mere presence/attendance of firms in the programs may not indicate the effectiveness of the initiative. Originality/value – The prime objective of the review was to highlight an array of bottlenecks that impede the competitiveness of MSC to become an ICT cluster. Since there is a dearth of significant qualitative research in the Malaysian cluster milieu particularly with respect to cluster initiatives taken in MSC, this review therefore is a unique attempt that compiles the previous results of significant work on a

policy-driven MSC (ICT cluster) and proposes future direction of research on policy-led clusters.