



Competences in the Cluster

A Case Study of Mauritian Businesses

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The Cluster Concept

- › The cluster notion is an important one in understanding the development of the industrial sector in the Republic of Mauritius.
- › The industrial zone, set up in the 1970s, was an imaginative idea of the founding fathers or industry captains of a developing economy.
- › This research analyses the **notion of cluster** and states that competences were developed through the harnessing of skills, knowledge, human capital and location.

The Cluster Concept

- › **Mauritius** was essentially agricultural back in the 1960s with the predominance of sugarcane cultivation all over the country and tea cultivation on the Central Plateau of the island.
- › Too much focus on a monocrop culture usually asked for **diversification** but that was often too limited to agriculture.
- › The need to create a Free Zone could be an inspiration that the founding fathers of industrialisation got from successful examples in Brazil, Mexico and emerging economies of that time like Indonesia, Turkey, etc.

The Mauritian Free Zone

- › In Mauritius, the Export Processing Zones Act came into operation in 1970.
- › Since then, Mauritius has developed into one of the **world's most successful** export processing zones (Diamond & Diamond, 1998).
- › In the 1970s Mauritius took its lead from Hong Kong and Taiwan, launching a tax free zone to entice foreign investors to set up textile, clothing and jewellery factories aimed at the export market (Interpress, 2005).

Two examples of Free Zones

- › Back in the 1960s, the idea of setting up a **Free Zone** was felt by the government.
- › Two locations were selected in that they could also act as a **business cluster**.
- › Plaine Lauzun in Western Port Louis was ideally located at a few kilometres from the city centre and the port. Coromandel, another location within the reach of Port Louis and it had sufficient labour in its periphery that could be absorbed in the Free Zone.

Sketchy framework of the cluster

- › The Free Zone operated in a **sketchy** framework since such a sector was just being created.
- › It employed people from the urban areas and their periphery but could only attract low-skilled labour.
- › Most employees came from less favoured economic backgrounds and had the opportunity to flee unemployment that was a growing spectre at that time.

Innovation in Creation

- › While the creation of the idea is important, the creation of value for the customer is equally paramount.
- › The different companies operating at Plaine Lauzun and Coromandel were examples of a high level of creativity.
- › Small and highly differentiated industries promoted **innovation** with products that could be consumed locally and exported as well.

The Creation of Competences in the Cluster

- › Clusters are a natural ally in meeting the challenges of customer input, responsiveness, accessibility, coordination, and scale.
- › As a collection of similar or related businesses, clusters provide a **critical mass of customers**, thereby making it easier for cluster businesses to justify spending time and resources to develop **special expertise** and programmes tailored to fit their industries' particular needs.

The Creation of Competences in the Cluster-The Mauritian Case

- › Ideas on business, sharing of skills and competences were better developed as a consequence in Mauritius.
- › Companies within the industry cluster had better **bargaining power** with stakeholders, in particular, the government.
- › Local companies developed collaborative skills which could also create interdependence.

From cluster to national scale industrial development

- › The cluster concept encouraged local companies to move from one location to the country level.
- › This change was favoured through an economic boom known in Mauritius as the ‘first economic miracle’ back in the 1980s.
- › It looked like the opposite of ‘clustering’ at a certain time was taking place but this ‘**de-clustering**’ was suited at a particular time of history.

The return to clustering today

- › Clustering comes once again to the business agenda today.
- › In the wake of a **'new economic miracle'** promised by the actual government, cluster concept comes back to business.
- › The creation of smart cities—18 to-date—ensures a 'one stop shop' style of operation where all activities are focused in the smart city.
- › There needs to be the creation of competences within smart cities.

Clustering in smart cities today

- › **Smart cities** in Mauritius will be the driving force to today and tomorrow's business.
- › Smart cities cannot stand alone as individual business but rather stand as an **integrated, collaborative, interactive** and **competence sharing** initiative to harness effectiveness.
- › Competences need to be built with the arrival of companies like Microsoft, Airbus, Gulf companies.

Comparative Analysis of Clustering

1970s

Small scale industries sharing distribution, marketing and skills within a constrained periphery

Clustering helped emerge the development of manufacturing industries in Mauritius

Vision 2030

Smart cities will be the drivers of future economical development of Mauritius.

It is undeniable that smart cities acting as 'one stop shop' will need to develop competences within themselves through a hybrid form of clustering.

The evolution of clustering in *Mauritius*

FIRST

**Small Scale
Businesses
clustering in
the free Zone
in the 1970s**

SECOND

Clustering is avoided
but the concept is
shared all over the
country through
industrial
development

NEXT

Smart Cities will be
much in a position of
reviewing clustering by
adopting an integrated
business approach



Thank you

I am Dr Nirmal Kumar Betchoo
I am here because I love to share my ideas.
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