

The Role of the Hub-Firm in Developing Innovation Capabilities: Considering the French Wine Industry Cluster from a Resource Orchestration Lens

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Abstract

◦*Purpose* – This paper explores how hub-firms in a regional industrial cluster orchestrate resources to enhance the innovation capabilities of member firms and how this role changes as innovation projects develop. The work advances our understating of how innovation-oriented clusters can drive the collaboration process, support the development of member capabilities, and achieve desired outcomes.

◦*Design/methodology/approach* – The research utilises exploratory case studies within an innovation cluster, where a hub-firm brings together different players for specific innovation projects. Using resource orchestration theory, the paper analyses six project cases to reveal the shifting roles and activities related to structuring, bundling and leveraging different resources for innovation capabilities particularly related to improved quality and reputation for the firms and region.

◦*Findings* – The study reveals the important role played by the cluster hub-firm in structuring, bundling, and leveraging resources to create and fund project teams. After project formation, a team member takes the role of orchestrator to further bundle and then leverage the resources to achieve desired outcomes for the team and the region.

◦*Practical implications* – This research enhances understanding of the hub-firm's role in a regional cluster not only in orchestrating resources to create collaborative innovation projects but how the role shifts over time. The work advances our understating of how innovation-oriented clusters can drive the collaboration process, support the development of member

capabilities, and achieve successful outcomes. There are implications for practitioners for participating in and further improving the collaborative innovative process. This research enhances understanding of the hub-firm's role in a regional cluster not only in orchestrating resources to create collaborative innovation projects but how the role shifts over time.

Key words: Regional cluster, hub-firm, innovation, resource orchestration theory, wine industry, Bordeaux wines

1. INTRODUCTION

Early research (Rothwell and Dodgson, 1991; Tidd, 1995) emphasised regional industrial clusters' crucial role in sustaining competitiveness. The regional characteristics created by universities, research and educational institutions, and other interrelated knowledge providers boost the innovation capabilities of the regional industry through knowledge spillovers and intensive personal contacts among cluster members facilitated by geographical proximity (Porter, 2000). Despite the importance of regional industrial clusters in improving the competitiveness of an industry or region, their role remains only partially examined beyond the technology sector. *Thus, this paper aims to understand how the hub-firm in the regional industrial cluster orchestrates resources to enhance the innovation capabilities of the member firms.* Our research demonstrates 'how' a hub-firm (*Inno 'vin*) facilitates the creation of shared value between heterogeneous players, leading to diverse outcomes for members that jointly undertake longitudinal innovation projects in a Bordeaux wine cluster.

2. RESOURCE ORCHESTRATION IN REGIONAL CLUSTERS

Resource orchestration theory is a fitting theory for understanding how heterogeneous actors can be connected and managed in a cluster. Resource orchestration theory is the merger of two different yet complementary theories that focus on resource management (Sirmon et al., 2011): resource-based theory (Wernerfelt, 1984; Barney, 1991) and the concept of asset orchestration derived from dynamic capabilities theory (Tece et al., 1997). The resource-based view of the firm states that firms gain a competitive advantage by having resources that are heterogeneous, valuable, rare, inimitable and non-substitutable (Wernerfelt, 1984; Barney, 1991). However, the theory fails to explain how to deploy and configure those resources for gaining a competitive advantage. Resource orchestration theory addresses the gap by emphasising that a different combination of resources, capabilities, and managerial acumen are likely to give a firm/supply chain/network a competitive advantage (Sirmon et al., 2011; Chadwick et al., 2015; Liu et al., 2016; Gong et al., 2018).

According to the theory, a particular actor plays the leading role in orchestrating knowledge and resource use (Gong et al., 2018). Sirmon et al. (2007) developed a resource management structure based on managers' actions; here, the orchestrator links the heterogeneous actors in the cluster by *structuring*, *bundling*, and *leveraging* resources to create value for customers and competitive advantage. *Structuring* refers to the portfolio of resources (acquiring, accumulating and divesting), *bundling* refers to building capabilities (stabilising, enriching, and pioneering), and *leveraging* capabilities in the marketplace covers mobilising, coordinating, and deploying resources to create value (Sirmon et al. 2007).

Few studies have considered the role of the hub-firm in operations and supply chain management. Hughes (2018) considered bundling of resources at the firm level, the unit of analysis proposed by Sirmon et al. (2007). Expanding beyond the firm, Liu et al. (2018), Gong (2018) and Ketchen (2014) considered the role of orchestrator at the supply chain level while Cui et al. (2019) considered the community level. While inter-organisational networks can be nurtured through existing management structures, the resource orchestrator in the form of 'hub-firm' must manage the network structure of the regional cluster (Ye et al., 2020; Dhanaraj and Parkhe, 2006). The hub-firm takes the key leadership role by structuring, bundling, and leveraging resources and capabilities between members of the cluster to benefit the regional cluster (Ye et al., 2020). However, there is still a gap in the literature that considers how the hub-firm takes the transformational role in developing innovation capabilities of the cluster members. Our research demonstrates 'how' this role facilitates creating shared value between heterogeneous players, changes over the project span, and leads to the different outcomes of the longitudinal projects that cluster members jointly undertake.

3. RESEARCH DESIGN

Within the context of *Inno 'vin* and the regional cluster, we chose individual projects as the unit of analysis as these aligned with the research questions and conceptualisation of the study (Eisenhardt, 1989). Out of 100 collaborative projects, six met the selection criteria. The research team interviewed different representatives of each project using a semi-structured interview protocol and adjusted to the characteristics of project representatives. The interview strategy aimed to gather a diverse range of views from team members on their respective project process and *Inno 'vin*'s role project conceptualisation to completion.

4. RESULTS (to be presented)

CONCLUSION

This research aimed to elaborate on the research questions of the study and how the work improves our understanding of hub-firm's role in developing innovation capabilities of their cluster members. Building on resource orchestration theory (Sirmon et al., 2011; Gong et al., 2018), we considered the hub-firm's role in structuring and bundling resources in a regional cluster, how the role shifts to the project team leader, who subsequently leverages resources for developing innovation capabilities and resulting outcomes. Our results illustrate the role of different actors and the activities undertaken during structuring, bundling, and leveraging stages of the project and will be discussed in the presentation.

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