

ABSTRACT

A large body of research points to the fact that clusters matter both for innovation and economic prosperity of regions and firms. In the context on India IT hardware industry, this study tries to analyze whether there are any differences between cluster and non-cluster firms in terms of various firm characteristics and what is the relative importance of these firm characteristics in determining differences in cluster and non-cluster firms. The clusters identified in the study are Chennai-Bangalore, Mumbai-Pune and National Capital Region. A sample of 339 observations from the IT hardware industry is analyzed over a five year period from 2006 to 2010 using logit estimation technique. The results confirm that there are differences in the cluster and non-cluster firms in terms of firm characteristics. In general, cluster firms are more likely to have better performance in terms of profits and exports as compared to the non-clusters. Cluster firms also tend to rely more on material imports than non-cluster firms.