The economic output from regions other than the three heavy industrial areas of Japan, e.g. the Metropolitan Area (main cities: Tokyo, Kawasaki, Yokohama), Central Japan Area (Nagoya), and Kansai Area (Osaka, Kyoto, Kobe), amounts to approximately 46% of the Japanese GDP as of fiscal year 2009 (Government of Japan, 2012 [1]), which stands at Japanese Yen 263 trillion or US$ 2.31 trillion.

As with other cases in the industrialized countries of the world, most of regional economic output is produced by small to medium enterprises (SMEs) which are often referred to as "entrepreneurs" in Ukraine.

Japan’s remarkable industrial growth in 1960’s to 1980’s had much been contributed to by the vigor of the SMEs both in the three major industrial areas as well as by other regions by way of their high craftsmanship/artisanal spirit and pursuing only one or very few top positions in the domestic or even global market places in niche categories of products.

Although the Japanese SMEs are currently (2012) faced by fierce life-and-death battles amid global competition, they are apparently a key to continuing growth of Japan.

2. Positioning of Regional Innovation of Japan by the Industry

Salient characteristics of regional innovation by industry in Japan include:

SMEs have had self-determination that in a small country with least natural resources, citizens and business firms must obtain their own shares of earnnings to survive and, to do so, there is no other means than to demonstrate own technology or industrial art that make a market sense.

The Japanese central government and prefectural (Oblasta) governments have initiated a variety of policies intended to innovate the regional economy, coupled with financial support for regional economy boosting or revitalization where justified from policy standpoints.

Although, there have been some minor variations year to year, the government policies to support regional innovation of SMEs have historically included that (a historical series of policy information by the Ministry of Economy, Trade and Industry [2]):

Step 1: The central government played a pivotal role in developing clusters of industry that can drive the region to growth, focusing on technology and human capitals characteristic of the region (rapid growth stage of the Japanese economy)

Step 2: The central government was to support advanced model mechanisms of the region that implement the state’s industry policy by way of policy guide and development funds (stage of dealing with intensifying global competition)

Step 3: The central and local government help consolidate the existing industrial networks to accelerate and
3. Industrial Cluster as a Representative Scheme of Regional Industrial Innovation

A crucial vehicle to lead regional industrial development in Japan is the “industrial cluster”. The industrial cluster is a regional partnership of manufacturing companies of different specialty to hammer out a solid consortium to combine a regional partnership of manufacturing companies of different specialty to hammer out a solid consortium to combine production facilities, and (4) final assemblers (brand makers), (3) facility engineer-makers of FDP display and semiconductor production facilities, and (4) final assemblers (brand makers) such as Panasonic, form closely-knit relationships to enhance their overall business efficiency and competitiveness.

Behind this, core activities of regional industrial networks for facilitating business matching and technology bridging forums exist to target networking for business making and promotion; joining intellectual, technological and managerial resources for R&D to incubate new business and new industry; and forming an eminent voice for inviting investment from the other regions and government support.

4. Ba Theory of P2M Supporting the Regional Innovation of Japan

The theories of “Ba”, one of the backbone philosophy of P2M, or “A Guidebook of Project and Program Management for Enterprise Innovation (Project Management Association of Japan, 2007 [4]) flows as blood in the regional industrial innovation mentioned above. These Ba theories were born as an analogy to the field theory of physics and electrical engineering and are one branch of human behavioral science studying how groups of human beings behave in response to given situational and contextual environment for accelerated knowledge spirals (Tanaka, 2011 [5]).

In P2M, the theory of “Ba” is applied in the Community Management as part of its Program Management. The community, or a platform of program management activities, refers to a common mental space where stakeholders of a program communicate with each other on common themes, objectives and goals to create new values through concerted efforts. In this case, the “Ba” theory is used in the context of a program by the name of an industrial cluster.

5. Conclusion

Regional industrial development in Japan has depended on both, high technology and craftsmanship peculiar to small and medium enterprises (SMEs), and the formation of a regional industrial cluster by them supported by the governments, which can be classified as one field of industrial program management application and in which the theory of “Ba” flows as an artery.
Abstract
This paper introduces a case in Japan on regional industrial development by a cluster concept which is a typical application of “Ba” theory, one of the mainstay principles of P2M Guidebook of Japan.

The regional economy in Japan, excepting that of the three major industrial regions, occupies 46% of the Japanese GDP and is characterized by industrial innovation based on both, locality specific technology and synergy originating from the combined strength of upstream - downstream integration of regional industrial firms, mostly small to medium enterprises, which is called an industrial cluster, named after a cluster of grape.

An industrial cluster is a form of application of the “Ba” theory, a network synergy theory born in Japan, which is a platform of shared context in motion for collaborative knowledge and value creation

Keywords: regional industrial development, industrial cluster, SMEs, “Ba” theory, regional value creation