



Copenhagen
Business School
HANDELSHØJSKOLEN



ISRN Over the Decade

by

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*2001 Project Framework:
Innovation Systems and Economic Development:
The Role of Local and Regional Clusters in Canada*



Goal: to determine how the formation and growth of clusters contribute to economic development and prosperity across Canada.

How do local networks of firms in these regions and its supporting institutions and organizations foster innovative dynamism and robust economic development.

To what extent — and in what ways — do local, extra-firm relationships and interaction enable firms to make the transition to more innovative and knowledge-intensive forms of production?

2001 Project Questionnaire



1. Please indicate the location of your *most important* suppliers, partners, competitors and service providers. (Please check all that apply)

	Local <100km	Rest of province	Rest of Canada	United States	European Union	Pacific Rim	Rest of World
Suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Partners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Competitors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Service providers							
Consultants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Universities / Colleges	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Legal/financial	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. What percent of your establishment's sales are in the following markets?

Local (within 100km) _____%

Rest of the province: _____%

Rest of Canada: _____%

United States: _____%

Europe: _____%

Pacific Rim: _____%

Rest of world: _____%

Findings

- Key elements of the (cluster) literature maintain the importance of the local supply network and demand conditions for cluster development
- **ISRN findings contradict this**
 - Both key suppliers and customers are often non-local
 - Cluster firms are well integrated into global supply chains and knowledge networks
 - This is more true for ICT, bio-life sciences and mechanical engineering
 - In multimedia, food and wine clusters, local demand conditions and supply base are more critical
- Clusters are anchored to their locality by agglomeration economies,
 - especially the labour market

(Source: Excerpt from: David Wolfe: Embedded Clusters in a Global Context: Findings from the ISRN Research Initiative, Kingbridge Centre, King City, May 4, 2006)

ISRN City-Region initiative



Cities are more messy.

Visible dynamics are the outcome of many different processes, some of which might not be easily captured.

The project started out with a clever set of propositions on urban growth and prosperity.

ISRN City-Region initiative - assumptions
"Points of Departure"



- 1. City-regions are the key source of economic vitality and innovative capacity for nation-states**

Source: www.utoronto.ca/isrn/city-region_initiative/index.html

ISRN City-Region initiative - assumptions
"Points of Departure"



- 1. City-regions are the key source of economic vitality and innovative capacity for nation-states**
- 2. Innovative activity is becoming more, not less, concentrated in city-regions**

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- 1. City-regions are the key source of economic vitality and innovative capacity for nation-states**
- 2. Innovative activity is becoming more, not less, concentrated in city-regions**
- 3. The comparative advantage of city-regions in the knowledge economy rests on their social characteristics as much as their economic assets.**

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- 1. City-regions are the key source of economic vitality and innovative capacity for nation-states**
- 2. Innovative activity is becoming more, not less, concentrated in city-regions**
- 3. The comparative advantage of city-regions in the knowledge economy rests on their social characteristics as much as their economic assets.**
- 4. City-regions' social characteristics have become its principal economic assets.**

Source: www.utoronto.ca/isrn/city-region_initiative/index.html

ISRN City-Region initiative - initial RQs
"Critical issues to be addressed"



But looking back one sometimes gets the impression that you went in to this project with a perhaps less open agenda.

The ambition was NOT to test the propositions in any rigorous way. The propositions were partly taken for granted.

The task thus seemed to be to do something rather different, as shown in two so-called *Critical issues to be addressed* .

ISRN City-Region initiative - initial RQs
"Critical issues to be addressed"



- 1. *How do local social characteristics and processes in city-regions determine their economic vitality and dynamism as centres of innovation and creativity?***

Source: www.utoronto.ca/isrn/city-region_initiative/index.html. Italics added.

ISRN City-Region initiative - initial RQs
"Critical issues to be addressed"



- 1. How do local social characteristics and processes in city-regions determine their economic vitality and dynamism as centres of innovation and creativity?**

- 2. How is the city-region's economic growth, creativity, and innovative potential shaped by:**
 - the social learning dynamics between economic actors,
 - the social dimensions of quality of place..
 - the social nature of civic engagement and governance processes

Source: www.utoronto.ca/isrn/city-region_initiative/index.html. Italics added.

ISRN City-Region initiative - initial document
"Critical issues to be addressed" - looking back



It strikes us as less clear what the outcome of this may be.

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"Critical issues to be addressed" - looking back



It strikes us as less clear what the outcome of this may be.

Can you claim to have found support for the assumptions that formed the starting point, or can you claim that you have rejected some of them?

ISRN City-Region initiative - initial document
"Critical issues to be addressed" - looking back



It strikes us as less clear what the outcome of this may be.

Can you claim to have found support for the assumptions that formed the starting point, or can you claim that you have rejected some of them?

Or is the result more to be interpreted as a manifestation of the complexity of these issues?

ISRN City-Region initiative
Methodology and practices



Three natural effects of a '*how do*' approach:

ISRN City-Region initiative
Methodology and practices



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- **Difficult to systematically compare across teams and generate aggregate findings**
- **Difficult (impossible?) to falsify initial propositions**

**Wealth of targeted findings, filling the gap
between anecdotes and regressions**

Insights relevant for policy makers

Cities and growth

Cities as nodes in global (supply) networks

Growth interconnectedness: which spillovers
are captured locally and why?

ISRN - Concluding comments



Challenge for the next decade:

ISRN - Concluding comments



Challenge for the next decade:

Passing on the torch to the next generation:

ISRN - Concluding comments



Challenge for the next decade:

Passing on the torch to the next generation:

- **Applying broader range of methods**

ISRN - Concluding comments



Challenge for the next decade:

Passing on the torch to the next generation:

- **Applying broader range of methods**
- **Highlighting dependent variables, identifying causal mechanisms, falsifying or supporting hypothesis**

ISRN - Conclusion



Get cracking! Good luck!