



## Ontario's Regional Economic Development and Innovation Newsletter

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### **ANNOUNCEMENTS**

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#### **Alastair Glass to Become Deputy Minister of Research and Innovation**

Dr. Glass is currently the Chairman of the Tyndall National Institute in Cork, Ireland, and until this month was the acting CEO. His recent appointment is effective as of February 13th, 2006. Over the last four years, he has played a pivotal role in growing research and development programs in Ireland as the first Director of Information and Communication Sciences at Science Foundation Ireland, and in helping build effective partnerships between industry, government and academia. Dr. Glass has an impressive background in senior leadership positions at Bell Laboratories, and he has been a frequent advisor to U.S. government agencies and academic institutions, an invited speaker at international conferences and a published author and leader in technical societies.

#### **BMO Financial Predicts High Growth Future for the Waterloo Region's Diverse Economy**

The BMO Financial Group estimated 2005 growth to be at 5.1 per cent, outpacing the provincial and national growth rate. According to the report, real gross domestic product (GDP) in the area grew an estimated 5.1 per cent in 2005. Real GDP for Ontario and Canada grew at only 2.9 per cent for the same period. The analysis of Canada's Technology Triangle and Guelph is based on data collected to January 6, 2006 and points to the sectors of strength: high technology, financial services, advanced manufacturing and automotive. Looking ahead, the study points to the strength of the real estate market and expects that Waterloo Region and Guelph will benefit from good growth prospects for the North American economy over the medium term.

### **EDITOR'S PICK**

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#### **Collaborative Regional Initiatives: Civic Entrepreneurs Work to Fill the Governance Gap**

*Judith Innes and Jane Rongerude, Institute of Urban and Regional Development  
University of California, Berkeley*

This edition of Insight provides a retrospective analysis of grants from The James Irvine Foundation to Collaborative Regional Initiatives (CRIs) throughout California. It is the result of more than three years of research and analysis by a team of faculty and graduate students from the Institute of Urban and Regional Development (IURD) at the University of California, Berkeley. CRIs are regional partnerships that bring together Californians from government, business, and community to promote the economic vitality and improve the quality of life in their respective regions. This report outlines how CRIs can be important vehicles for engaging people with diverse interests toward a common goal of addressing economic, environmental, or social issues at a regional level. This report also finds that certain characteristics of CRIs affect their levels of success.

## **INNOVATION & RELATED POLICY**

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### **Creating an Innovative Europe: Report of the Independent Expert Group on R&D and Innovation appointed following the Hampton Court Summit**

This report presents a strategy to create an Innovative Europe. Achieving this requires a combination of a market for innovative goods and services, focussed resources, new financial structures and mobility of people, money and organisations. Together these constitute a paradigm shift going well beyond the narrow domain of R&D and innovation policy. The central recommendation of this report is that a Pact for Research and Innovation is needed to drive the agenda for an Innovative Europe. This requires a huge act of will and commitment from political, business and social leaders. Current efforts towards the revised Lisbon Agenda should be continued.

### **Finding the Balance in Innovation and Commercialization**

*Alan Cornford, ACOA*

This paper discusses the importance to Canada's innovative capacity and, in turn, international competitiveness, of establishing the optimal balance of investments among public research and development (R&D), private R&D, highly qualified personnel and risk capital. The paper observes that these key drivers of innovative capacity interact with each other, making the balance among them at least as important as the investment levels in each.

## **CLUSTERS & REGIONS**

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### **Making Magic in the Waterloo Region: A Report on the Exceptional Investment and Entrepreneurial Potential of Canada's Hottest High-Tech Region**

*Communitech*

In the summer of 2005, Communitech, working with PWC, commissioned this study to quantify the growth and potential fo the local technology start-up and investment scene in the Waterloo region. It provides an overview of the investment climate in the region, quantifying the past performance of local tech firms and the size of the venture market. It also includes a summary of the business and educational infrastructures that is the foundation for continued innovation.

## **SOCIAL CAPITAL AND NETWORKS**

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### **Localized Learning and Social Capital: The Geography Effect in Technological and Institutional Dynamics**

*Mark Lorenzen, DRUID*

This conceptual paper analyses why social capital is important for learning and economic development, why it has a regional dimension, and how it is created. It argues that with the rise of the knowledge economy, social capital is becoming valuable because it organizes markets, lowering

business firms' costs of coordinating and allowing them to flexibly connect and reconnect. Thus, it serves as a social framework for localized learning in both breadth and depth. The paper suggests that a range of social phenomena such as altruism, trust, participation, and inclusion, are created when a matrix of various social relations is combined with particular normative and cognitive social institutions that facilitate cooperation and reciprocity. Such a matrix of social relations, plus facilitating institutions, is what the paper defines as "social capital". The paper further suggests that social capital is formed at the regional (rather than national or international) level, because it is at this level we find the densest matrices of social relations. The paper also offers a discussion of how regional policies may be suited for promoting social capital.

### **Explorative and Exploitative Learning Strategies in Technology-Based Alliance Networks**

*Wim Vanhaverbeke, Bonnie Beerkens, Geert Duysters and Victor Gilsing, ECIS*

Although there is some convergence in the literature regarding the reasons why and how networks of technology alliances are formed, there is still lack of agreement on what constitutes an optimal network structure, once it has been formed. The aim of this paper is to fill this void and to determine what constitutes an optimal network structure for exploration and exploitation. To study this, the paper differentiates among a firm's direct ties, indirect ties and the redundancy among them. Analyzing their role in the pharmaceutical, chemical and automotive industry it shows that the exploration-exploitation distinction forms an important factor for understanding a firm's optimal network structure, and that the differences in network optimality between both tasks is one of degree. Moreover, the paper finds that this differential role of a firm's alliance network remains invariant across the three industries, enhancing the generalizability of the empirical results.

## **STATISTICS**

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### **World Knowledge Competitiveness Index 2005**

*Robert Huggins Associates*

The World Knowledge Competitiveness Index (WKCI) is an integrated and overall benchmark of the knowledge capacity, capability and sustainability of 125 regions across the globe. It also looks at the extent to which this knowledge is translated into economic value, and transferred into the wealth of the citizens of these regions, utilizing 19 knowledge economy benchmarks. These indicators include employment levels in the knowledge economy, patent registrations, R&D investment by private and public sectors, education expenditures, ICT infrastructure, and access to private equity.

### **European Innovation Scorecard 2005**

The most recent iteration of the European Innovation Scorecard comes with a strengthened methodology and a revised list of 26 indicators. It confirms that Sweden, Finland and Switzerland are the European innovation leaders, followed by Germany and Denmark. Most of the new member States are engaged in the catching up process, however following a low rhythm that will not allow for short-term convergence in Europe. In addition, if these trends for the 25 Member States remain stable, the innovation gap with the US will not close within the next 50 years. The EIS 2005 comes with a new analysis of innovation efficiency, capturing how countries are good at transforming their innovation assets into innovation results (Innovation inputs and outputs). Switzerland, Denmark, Germany, Ireland, Italy or the Netherlands are especially high performers in this respect. One possible explanation of their success is that most of them benefit from an above average innovation demand from their population, as measured by the Innobarometer 2005. A particular emphasis has also been given to 5 key dimensions of innovation, which are further explored in the EIS (innovation drivers, knowledge creation, Innovation and Entrepreneurship, Applications, IPR) (Five key dimensions of innovation). Some new evidences show that an even performance on all dimensions is a positive driver for a strong overall innovation performance, therefore suggesting to rather investing in areas of marked weaknesses.

## **EVENTS**

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### **Growth and Innovation Conference: New Business Models for Innovation**

**New York, 1-2 February, 2006**

This conference engages colleagues in the business community who are successfully harnessing the power of growth and innovation, and explores how they are shifting their business models to be innovative growth companies. Topics they will discuss include: Transformational Innovation, The Customer as Key Partner in Innovation, Measuring and Managing Innovation, The Hiring and Rewarding of Fantastic Innovators, Innovating Out of Crisis, Leadership of Growth and Innovation, Creating High Performance Alliances, Next Generation Innovation, Putting Innovation into the DNA of the Organization, New Business Models for Innovation, Designing, Implementing and Believing in an Innovation Process, The Impact of India and China on Global Innovation Models, Innovation in the Service Industry, Balancing Innovation Investment with Fiscal Soundness, Keeping the Entrepreneurial Spirit Alive in a Corporation and, Interpreting the Risk of Innovation.

### **Discovery 2006: Bridging the Innovation to Commercialization Gap**

#### **Toronto, 7 February, 2006**

Ontario Centres of Excellence Inc. brings leading edge innovators and thought leaders together in an annual conference. Discovery 2006: Bridging the Innovation to Commercialization Gap assembles the world's best from business, academia and government to explore issues around innovation, collaboration and commercialization -- both within Ontario and globally. From practical to policy, from hands-on to hypothetical, Discovery 2006 will bring together the issues and the people that drive innovation to commercial and competitive outcomes.

### **2006 Energy Leaders' Roundtable **NEW!****

#### **Toronto, 10 February, 2006**

The 160-member Ontario Energy Association (OEA) and the Queen's University School of Policy Studies are jointly sponsoring a blue-ribbon Energy Leaders' Roundtable in Toronto on Friday, February 10, 2006. The Roundtable will focus on issues, challenges and opportunities in Canada's energy sector and will include the following three major keynote addresses and four panel sessions: Pipelines, Transmission and Energy Infrastructure; Oil, Natural Gas and Coal; Nuclear Power; and Renewables, Conservation and Energy Efficiency.

### **Socio-Economic Conference**

#### **Ottawa, 16 - 17 May, 2006**

The Statistics Canada Socio-economic Conference provides an annual forum for empirical research focusing on issues of concern to Canadian public policy. The conference focuses on studies discussing: emerging economic trends and their underlying causes; and the social implications of economic trends and the ability of various groups to participate in the economy. Topics relevant to the Conference include, but are not restricted to, innovation; productivity; international trade; agriculture; environment-economy linkages; natural resources and energy; transportation; industrial development; urban and rural development; health; education; families; income and wealth and their distribution; and labour markets. The Conference focuses on studies directly relevant to Canada, while at the same time welcoming comparative international studies that shed light on Canadian public policy issues. It places a premium on empirical studies making innovative use of Canadian data.

### **Atlanta Conference on S&T Policy **NEW!****

#### **Atlanta, 18-20 May, 2006**

Both the U.S. and Europe see innovation as central to the future growth and vitality of their economies. Policies to encourage innovation need to lead in institutional learning and change across sectors. This conference explores the research base that informs those policies, in current international context. It aims to stimulate dialog among policy makers, analysts, and scholars, covering both what we know and what we need to know to frame effective science and technology policies and to help advance the research agenda of the field. Proposals for papers and sessions are due February 1.

### **2006 Ontario R&E Summit**

#### **Toronto, 5-6 June, 2006**

The 2006 Ontario R&E Summit being hosted by ORION and MaRS and being held in the new MaRS Discovery District Collaboration Centre. This event is promoted as "Ontario's definitive annual gathering for the research and education community, inspiring innovation through collaboration technologies and expertise". MaRS is a non-profit corporation aimed at improving commercial outcomes from Canada's foundation of science and technology innovation. The Collaboration Centre, opened last May, is a "convergence innovation centre" located in Toronto's refurbished and hip Distillery District.

### **Changing Foresight Practices in Regional Development: Global Pressures and Regional Possibilities**

#### **Turku, Finland, 7-9 June, 2006**

The future of regions is dependent on proactive interaction between companies, universities and public actors. The aim of the conference is to discuss the different strategic possibilities of regions under the rapidly changing pressures of globalizing world. The key questions are: How regional actors can cope in a global economy? What are the new ways to study and explore the future of regions? How to enhance regional co-operation and networking? What are the strategic keys to prosperous regional futures? Does creativity strengthen regions? How general foresight and development theories can strengthen regional development in practice? How companies can shape their regional strategies in globalizing economy? The conference will consist of several keynote addresses and parallel sessions.

### **Networks for Innovation**

#### **Athens, Greece, 11-14 June, 2006**

The 2006 International Society for Professional Innovation Management (ISPIM) Conference will be held in Athens this summer. Many topics will be discussed such as: academic-industry networks for innovation, learning and the entrepreneurial mindset, managing knowledge, SMEs: opportunities & threats, public policy to stimulate networks. Deadline for submitting an abstract: January 27, 2006.

### **9th Uddevalla Symposium 2006: Entrepreneurship and Development - Local Processes and Global Patterns** **NEW!**

#### **Fairfax, Virginia, 15-17 June, 2006**

The conference organizing committee will be accepting abstracts until the 28th of February, 2006. Keep checking the conference website for more news and information.

### **International Conference on Technology Policy and Innovation: Science, Society and Sustainability** **NEW!**

#### **Santorini, Greece, 18-21 June, 2006**

The choice of the ICTPI Greece 2006 theme, "Science, Society and Sustainability" was based on the outcomes of the recent national Technology Foresight (TF) exercise (Greece 2001-2021), emphasizing these three key factors and their interactions as critical for the emergence of a knowledge-based economy and society. Scholars interested in presenting at this conference should submit a paper for consideration before March 15, 2006.

### **Innovation, Competition and Growth: Schumpeterian Perspectives**

#### **Sphoia-Antipolis, 22-24 June, 2006**

Recent developments in economics have gone from the recognition of the importance of innovation (early studies of innovation, exogenous growth models) to the exploration of innovation mechanisms (more refined microeconomic and sectoral studies of innovation) to the incorporation into economic models of the results of the previous research (endogenous growth, evolutionary models). An important lesson to be drawn from all this research is that a purely macro-based analysis of growth is not enough. The ISS 2006 conference aims at favouring dialogue amongst open minded researchers sharing a common interest in innovation and in the work of Schumpeter. The following subjects provide examples of topics about which the dialogue could be especially fruitful. The growing importance of knowledge and of human capital, increasing returns and path dependence, the role of variety in economic growth, the role of time and importance of business history, the co-evolution of technology and institutions, the economics of agglomeration are just some examples of subjects that will be discussed at this years event.

## [The Future of Science Technology and Innovation Policy](#)

### **Sussex, 11-13 September, 2006**

This conference, besides celebrating the 40th Anniversary of SPRU (Science and Technology Policy Research), offers the opportunity to engage in a critical evaluation of the present and future research agenda of the Science, Technology and Innovation (STI) field. This conference seeks to explore empirical, theoretical and applied policy approaches that can enable us to conceptualize the contradictory nature of modern science and technology and innovation, and thus provide practical policy guidance. Such a conference is particularly timely because many of the existing conceptual frameworks are apparently undergoing a period of what Kuhn called 'normal science' where their assumptions are rarely questioned, and where they are institutionally and academically isolated from criticism. We aim to identify fruitful new ways forward in the field of STI policy by subjecting these established frameworks to structured debate and critical evaluation. The conference will be organised in the form of plenary sessions, parallel sessions and set debates. It will cover a series of broad themes. These include: Ownership, Accountability and Relevance of Science - for example, the deficiencies of peer review, the pros and cons of patenting in universities, the shifting boundary between public and private knowledge, and processes for allocating resources between disciplines. Technology, Security and Sustainability - for example, the dual relationship between technology and security, changing environment and energy policy, the balance between sustainability and growth, and the role of technology in sustainable development. Dynamics of Innovation Interfaces - for example, the management and dynamics of innovation across different levels (such as individuals, groups, firms, sectors, networks and systems), user-centred innovation processes vs. producer-centred innovation processes, and the connection between innovation and entrepreneurship.

## [Blue Sky II: What Indicators for Science, Technology and Innovation Policies in the 21st Century?](#) **NEW!**

### **Ottawa, 25-27 September, 2006**

This forum will examine new areas for indicator development and set a broad agenda for future work on science, technology and innovation (STI) indicators. Emphasis will be placed on indicators of outcomes and impacts in order to support monitoring, benchmarking, foresight activity, and evaluation, applied to policies and programs, and their economic and social impacts. The Forum is expected to provide ideas and guidance for indicators work in both OECD and non OECD countries, as well as in their international organizations. The Forum will include plenary sessions featuring invited guest speakers who are leading authorities in their fields. Break-out sessions will discuss papers on specific themes selected through a call for papers.

## [New Generation Innovation: New Approaches and Policy Designs - Call for papers](#)

### **Atlanta, 27-29 September, 2006**

Particular areas of interest include: new developments in university-industry relationships, new strategies for technology-based local and regional economic development, technology transfer to and from the public sector, trajectories for emerging technologies. All session proposals, paper proposals and abstracts should be submitted electronically not later than Friday, May 12, 2006.

## [The 9th Annual Conference of the Competitiveness Institute \(TCI\): The Role of Cluster Governance and Companies' Involvement in Clusters Initiatives](#) **NEW!**

### **Lyon, France, 9-13 October, 2006**

The goal of this conference is to share ideas, build alliances and explore the best modes of economic development. Additionally information is offered about specific clusters, introductory courses on cluster theory and presentations given by an array of world experts (academics, businesses and institutions). The main topics include competitiveness, innovation, cluster initiatives, industrial organization and corporate change. The theme of the 9th conference will be "Governance and business involvement in cluster initiatives".

## **SUBSCRIPTIONS & COMMENTS**

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