

# CONNECTING INNOVATION & REGIONAL DEVELOPMENT

## *The Critical Role of Universities*

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## Four Key Questions

1. Why is regional competitiveness the new framework for economic development?
2. What must regions do to compete?
3. How to connect innovation with regional development?
4. What policy initiatives are needed?

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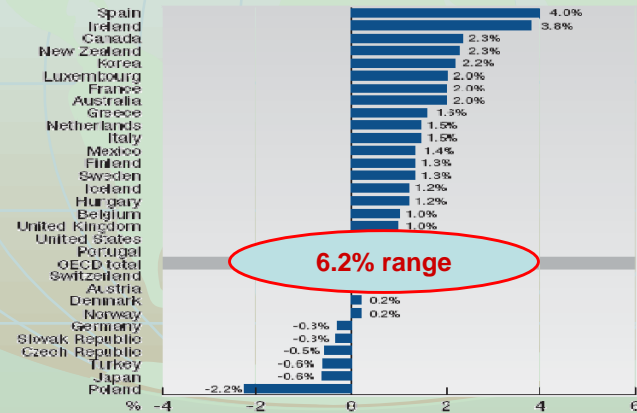
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Globalization makes regions the athletes in the global economic race.

*The impact of globalization is greater for regions than for nations.*

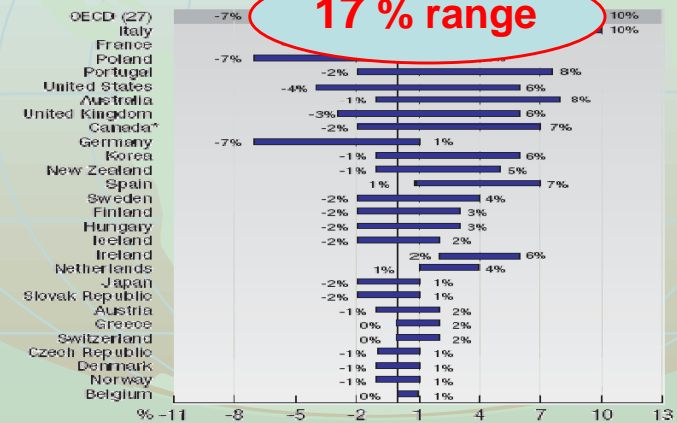
## The impact of globalization is greater for regions than for nations.

From 1998 to 2003 employment growth varied significantly among OECD countries. Average annual growth rate in national employment, 1998-2003



## The impact of globalization is greater for regions than for nations.

Differences in employment growth among regions within countries were substantial. Range in annualised employment growth across regions, 1998-2003



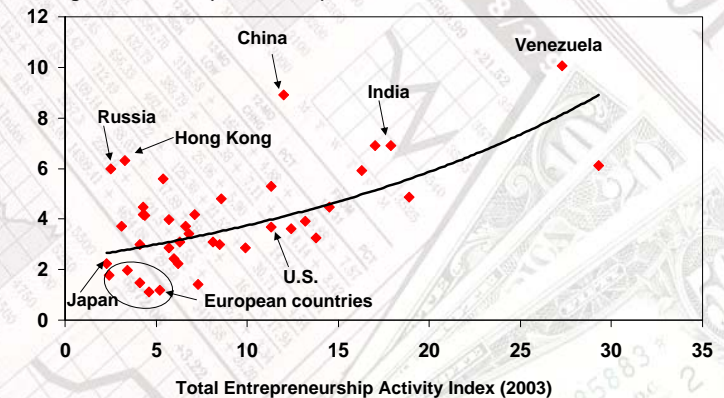
## Globalization has changed the field of play in this race.

*Innovation now matters more than simply being a low-cost place.*

## Innovation is now a powerful economic driver.

### National Entrepreneurship Index and GDP Growth

Average GDP Growth (2004 to 2006)



Source: Global Entrepreneurship Monitor, 2003 and International Monetary Fund

Source: Drabenstott & Henderson, 2006

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# To prosper, rural regions must:

1. Craft a regional **strategy**.
2. Build robust regional **governance**.
3. Deliberately pursue **innovation**.
4. Grow a lot of **entrepreneurs**.



## A New System for Regional Development



# Four Key Questions

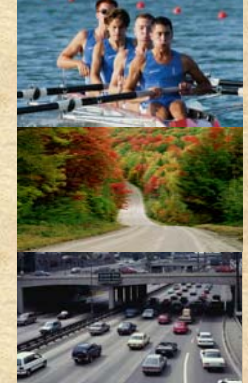
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## Universities



- Innovation scattered across separate research centers.
- Economic benefits flow to unknown locations.
- Competitive needs of regions not understood.

## Regions



- Competitive advantage poorly understood.
- Do not know which innovations can help.

## The Problem

### Universities

- Innovation scattered across separate research centers
- Economic benefits flow to unknown locations
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*Universities need regions...*

### Regions

- Competitive advantages poorly understood
- Do not know which innovations might help

*Regions need Universities...*

**But there is no 21<sup>st</sup> Century bridge connecting the two.**

## The Current Approach

### Universities

- Innovation centers pooled to create synergies
- Competitive needs of regions still not understood
- Economic benefits flow to hometown

Interdisciplinary  
Research Centers

Research Parks

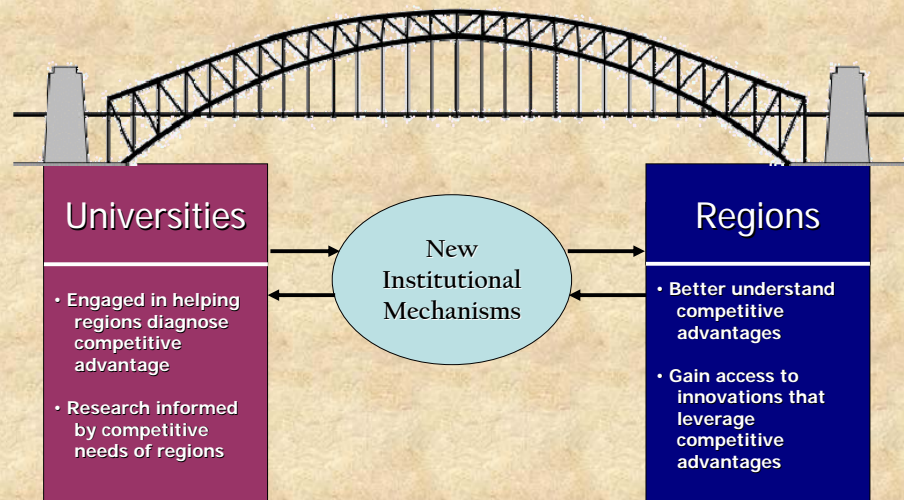
Intellectual Property  
&  
Technology transfer

Hometown

### Regions

- Competitive advantages poorly understood
- Do not know which innovations would help

## Innovation Bridge



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## Innovation & Regional Development Policy Issues for the Future

1. It is not enough to have a “research engine.” We must build “bridges” that connect innovation with *regions*, the new athletes in the global economic race.

## Innovation & Regional Development Policy Issues for the Future

2. These “bridges” represent a frontier in all OECD countries.



## Innovation & Regional Development Policy Issues for the Future

3. Policy must focus on creating an effective “incentives” for new institutional mechanisms at universities.



## Innovation & Regional Development Policy Issues for the Future

4. Building this “market” will take three steps:
  - Increasing the capacity of regions to define competitiveness strategy— *“the ask.”*
  - Cataloging & filtering innovation in a “development friendly” way— *“the bid.”*
  - Providing incentives for researchers and regions to come together— *“the market maker.”*