Tying the local to the global in the knowledge-based economy

Daniel Samoilovich
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In the Maelström there will be winners and losers

- As we all know, globalization is driven by the combined effect of ubiquitous technology, free flowing capital and the spread of management ideas and practices.
- Economic theory does not say that everyone will win from globalization, but only that the net overall gain will be positive.

A cold comfort: the winners can compensate the losers

- People feel more vulnerable than ever: we are all “standing on ground that is crumbling beneath our feet”.
- No region or company can take permanent affluence for granted: they are competing for investments, human resources, markets shares...

The virtuous circle: innovation, entrepreneurship and integration

- Economic and social development depends, to a great extent, on the collective and individual capacity of institutions and productive agents to innovate.
- Since Schumpeter we know that entrepreneurship, individual AND collective, is the key to innovation.
- The integration of organizations with complementary competencies is the most rewarding but also the most difficult task (putting people together is always difficult ...)

Geography still matters

- Globalization already joined the list of *turbocharged* words. Endowed with equal amounts of emotion and imprecision, *turbocharged* words inevitably generate myths.
- One of these myths is that geography does not matter: a world of migrating companies.
- No one succeeds in splendid isolation.

Integration of competencies takes place basically at the local level

- Regions offer the bedrock for economic and social development.
- Local development is a complex and systemic phenomenon involving multiple areas and players.
- Business clusters and local assets are essential.

But global developments may change your plans

- As global companies concentrate in core activities and outsource the rest, worldwide complex interactions become the most valuable occupation (McKinsey research, 2005).
- Interdependence is also a fact for other kinds of organizations. Two illustrations:
  - The Mexican case: from industrial policy before NAFTA, to the establishment of *maquiladoras*, to value added innovation (the Chinese are coming), the ITESM dilemmas.
  - The European CAP turning points: from overproduction, to the eradication of cultures (1992) and back to protectionism? (today)

Local settings or Global scene?
A false dilemma

CURSOR LOGIC

EXTENSOR LOGIC
In the k-b economy the spatial dimension is intrinsically ambivalent

- The competition takes place in the global scene.

  An enterprise may invest in a product that is already being developed in other country... **but** it can also find a partner in any other place to develop new ideas, find new markets, etc.

- Synergies at the local level are a powerful drive **but** they need to be stimulated by external challenges.

Successful strategies proceed simultaneously on both levels

- The rules of the game are substantially different.

  ✐ The challenges posed by each level help to create a pathway.

  **path-way (noun)**
  1: a sequence of changes or events constituting a progression. 2: a line of communication over interconnecting neurons extending from one organ or center to another; also: a network of interconnecting neurons along which a nerve impulse travels. 3: the sequence of usually enzyme-catalyzed reactions by which one substance is converted into another <**metabolic pathways**>

Five stories from the Torino Wireless experience

- Global Advanced Program (GAP) with UCLA
- Network of clusters + incubators with China and Japan
- The Italian Pole of Venture Capital
- **Pacte** PME with France
- Meta-project on Localization Based Services with Chile

What do these five stories have in common?

- **Collaborating and competing** in the global economy made possible by creating win-win situations.

  - **Mobility** of people, ideas and business = cross-fertilization, but delocalization? talent brain?

  - **Networks** are very important assets = interconnectivity, but traffic volume? signal/noise ratio?
Therefore... Local AND Global

- The ability to glue together external expertise and own capabilities in original and unique ways is a key factor for innovation (think about Arthur Koestler’s approach to creativity).

❖ By working in the global scene, key actors at the local level are impelled to be entrepreneurial and integrate their complementary competences.
- Usually universities contribute with ideas and research and networks.
- Enterprises contribute with skills to develop products and services, as well as networks.

Successful experiences take advantage of spatial ambivalence

- When developing local strategies, the global dimension...
  - Contributes with ideas and business opportunities
  - Encourages higher standards through benchmarking
  - Stimulates the competitiveness of the region

- While developing global strategies the collaboration between local players,...
  - Constitutes a powerful propellant
  - Enables a critical mass of resources (money + people)
  - Enhances the capacity for the region to participate in the global arena in a positive way

Local heroes: bridges over troubled waters

- A deliberated strategy stimulates the interaction between both levels.
- “Amphibious” organizations are most useful.
- Movers & shakers: "people who make things happen" (Roget’s New Millennium™ Thesaurus);
- Most important: the ability to attract them.
- What have we learnt from this project?
  - How ready are universities?
  - Which are the key enablers?
- Balancing identity and openness: THE most difficult and rewarding exercise.

Buon governo
Ambrogio Lorenzetti, 1337, Palazzo Pubblico, Siena
The Turin Latin-American Forum for knowledge-based regional development

- An initiative of the Piedmont Region together with Columbus, Torino Wireless and other prestigious international institutions.
- **Multilateral**: an alliance of 30 Regions from Argentina, Belgium, Brazil, Chile, Colombia, Finland, France, Germany, Italy, Mexico, Poland, and Spain.
- **Multi-sectorial**: involving policy-makers, universities, entrepreneurs associations and the financial sector
- **Three objectives**:
  - Sharing advanced knowledge
  - Collaborating in international projects
  - Organizing a services platform

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Daniel Samoilovich, Columbus & Torino Wireless
Paris, Geneva & Torino; ds.columbus@unesco.org