

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

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Columbus & Torino Wireless/ Euro-Latin American Forum for knowledge-based regional development



International Conference OECD-IMHE  
Globally Competitive, Locally Engaged - Higher Education and Regions  
Valencia, Spain (September 19-21, 2007)



## 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.



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## 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...



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## 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 ...)



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## 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.

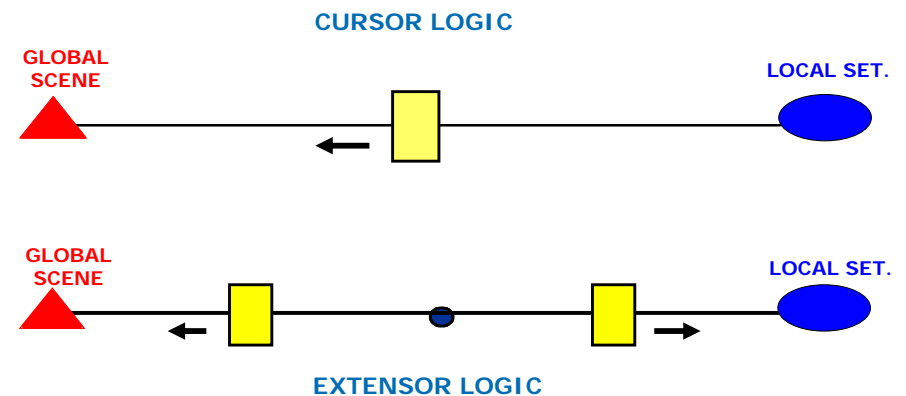


## But global developments may change your plans

- 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



## 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, 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 form 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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## First Annual Conference of the Forum...



### Public-private partnerships for knowledge-based regional development

October 24-26, 2007

Castello del Valentino,  
Turin, Italy

 [www.forumtorino.org](http://www.forumtorino.org)



## Thank to all of you! as well as to...

OECD-IMHE, for giving me the opportunity to share my points of view about this fascinating issue with you; and in alphabetical order...

- **Alejandro González Inarritu**, for portraying the Global-Local intertwine with moving images in his latest film "Babel".
- **Ambrogio Lorenzetti**, for his Sienese frescoes "Allegoria del Buon governo"
- **Arthur Koestler**, who wrote about creativity as bisociation for the E. Britannica;
- **Edgar Allan Poe**, who wrote "A descent into the Maelström" for all of us;
- **Ernest Hemingway**, to tell more you must say less;
- **Joseph Schumpeter**, the prophet of innovation and entrepreneurship, who first understood the role of unternehmer and creative destruction;
- **Joseph Stiglitz**, who tells us that globalization will change and how to make it work by also pushing the globalization of politics and mindsets;
- **Max Weber**, ever inspiring;
- **Michel Fiol**, for making me think about extensors (Chinese wisdom);
- **Rodolfo Zich**, from whom I learned how to navigate in troubled ambivalent waters;
- **The anonymous Persian poet**, who first told the story of Serendipity;
- **The Economist's journalists**, food for thought even when you do not agree;
- **Thelonius Monk**, jazz is a beautiful result of the Global-Local intertwine!.

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