

## **The Martin Prosperity Institute Rotman School of Management, University of Toronto (June 2008)**

### **Mission**

The mission of the Martin Prosperity Institute is to be the world's leading think-tank on the role of sub-national factors - location, place and city-regions - in global economic prosperity. It will conduct relevant research to shape debate about economic prosperity and to inform private, public and civic decision-making at the highest levels. The Institute will be the world leader in developing an integrated view of prosperity, looking beyond economic measures to include the importance of quality of place and the development of people's creative potential. Its work will enhance the global prestige, reputation and relevance of the University of Toronto and the Rotman School of Management. The Institute will provide a special resource for the province of Ontario and the greater Toronto region.

### **The Research Agenda**

The Martin Prosperity Institute will develop new ideas, research and data about the underlying forces that power economic prosperity.

We will differentiate ourselves by working at the leading edge of research and knowledge acquisition – moving inductively from observation of seemingly mysterious phenomena within our economic and social environment to heuristics or common rules about what causes these phenomena. But we recognize that our work must lead to specific actions; that we must transform our research into action plans and toolkits. We also recognize the need to collaborate with other researchers and to include other areas of research interest.

The Institute's mission and research work will be oriented towards three core concerns:

First, we must transcend conventional concerns about economic growth to develop new theories and measures of **economic performance**. This will include measures of regional prosperity that go beyond the purely financial to address sustainability and social inclusion.

Second, we recognize that **place** is a significant factor in economic growth and prosperity. Whereas previous theories of growth have been based upon the nation-state, a key concern of our work will be new research, data sets and metrics that explore the location of economic development at the sub-national level, across units spanning cities, regions, mega-regions, provinces and states.

Third, **creativity** is the decisive source of competitive advantage for individuals, firms and jurisdictions. While this has been true from the Agricultural Revolution to the Industrial Revolution, we now recognize this more clearly and act upon this insight more systematically. Following Joseph Schumpeter in his path-breaking paper "The Creative Response to Economic History", we will not focus simply on how governments, firms, and individuals *adapt* to changing circumstances, but rather on how they "do something else, something that is outside of the range of existing practice." This includes: technological creativity (innovation); economic creativity (entrepreneurship); artistic creativity in cultural, music, entertainment and related sectors; and civic, political, institutional and organizational creativity.

In **economic performance**, our research agenda includes:

**Defining successful economic performance** – Building on the work of the Institute for Competitiveness & Prosperity, we will address issues of equity, inclusiveness, sustainability, and well-being. The Martin Prosperity Institute

will develop new data on, and indicators of, economic prosperity at the sub-national level. We will develop and publish the *Global Prosperity Index* with indicators for Canadian and US regions as well as for selected regions around the world.

**Tracking economic performance and inclusiveness** – We will monitor the inclusiveness of jurisdictions’ prosperity achievements in an attempt to understand whether all groups are sharing in prosperity and the extent to which public policy is balancing level and distribution goals. We will also track people’s prosperity over time – recognizing that many existing measures are merely limited snapshots.

**The geography of personality, happiness and well-being** – We will explore the role of communities in happiness and subjective well-being. We have amassed large data sets related to personality type, well-being and happiness within regions, and desired regional characteristics for regions across North America and around the world.

**The importance of skills** – Much economic debate focuses on issues related to industries and occupations – the shift from manufacturing to services, for example, or simply how best to create jobs. We need a new language to describe and analyze people’s work. Our challenge will be to identify the skills, not the jobs or industries, necessary for the successful development of a jurisdiction and its people. This research will draw on other elements of the Institute’s work in talent and creativity.

Our research on **place** will include:

**Global sub-national data development** – We will develop integrated cross-national comparable data sets at the sub-national level, for cities, regions, mega-regions, states and provinces. We will draw on a wide range of innovative sources of information, including satellite mapping, patent data and bibliometric data on discovery and publication.

**Mega-regions** – Place is the key organizing unit of the global economy. The bulk of global economic activity takes place in roughly two dozen global mega-regions that function as the key nodes and drivers of the world economy. We will develop new data on the size and scale of mega-regions worldwide, paying special attention to greater Toronto and Ontario. We will develop new maps and indicators of global population, economic activity and innovation for the world’s mega- and metro-regions. We will also consider governance structures and related issues for these regions.

**Jurisdictional advantage** – This is an important concept in understanding regional economies and the role of local conditions. The key question is determining how government jurisdictions can contribute to sustainable competitive advantage for their cities, regions, provinces and states or nations. However, there are two sides to this coin – actions by some levels of government directly affect jurisdictional advantage, while others have little influence. Our research will separate actions at specific levels of government that create jurisdictional advantage from those that do not.

**The regional toolkit** – We will develop a systematic approach to regional development at the sub-provincial or sub-state level. However, this will not be a menu-driven set of prescriptive actions. Instead, it will be a process by which we can work with regional managers and public representatives to assess their circumstances and develop appropriate strategies.

In the area of **creativity** we will conduct research at the levels of the public sector, business and individuals, including:

**Global Creativity** – We will conduct research that deepens understanding of the role of creativity in regional development in Canada, the US, Scandinavia, Europe, Asia and around the world.

**Creative Industries and the Creative Economy** – Our research will seek to understand the role and composition of the creative industries and the creative economy broadly. It will develop new data and benchmarking on the

creative industries, focusing on the role of innovation, mechanisms to manage and motivate creative people, occupations and career paths in creative industries, geographic mobility and location, and workspace layout and design.

**The Entertainment Economy** – We are developing detailed data and understanding of the entertainment economy. This includes a major effort to investigate the organization and geography of the popular music industry in the 20th and 21st centuries. We will examine the possibility that these are “fruit-fly” industries that can serve as an ideal test case. While much attention has been paid to the organization and structure of high-tech industries, our work to date suggests there is much to be learned about the evolution of the idea-driven creative economy from entertainment industries.

**Talent** – Talent and human creativity are the driving forces behind economic prosperity, yet talent and people are globally mobile. Our research will develop new ideas about the role of talent and creativity in economic prosperity. We will develop tools and strategies for leveraging talent to regional advantage. We will identify regional talent clusters with benchmarks for leading regions in Canada, the US, and the rest of the world.

**Idea Factories** – We will explore how companies can succeed and prosper in a knowledge-driven creative economy. Our areas of interest will range from workplace design to diversity and talent management. The application of the three Ts – Technology, Talent, and Tolerance – to achieve business success will figure prominently. Our research will lead to industry- and firm-based measures of creativity throughout the value chain and will include case studies of leading international companies. It will focus on: the role of teams and workgroups; how to motivate workers; and benchmarks for best practices in workspace and design. We will develop new theories, concepts and tools that enable firms to better harness creative talent. We will pay special attention to improving the competitiveness of service economy firms

and industries and to improving the salaries, wages and working conditions of service industry workers.

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The Martin Prosperity Institute will carry out rigorous research to develop the understandings, indicators, tools and strategies needed to advance economic prosperity. It will disseminate its work through high-level publications, by training leaders and experts in the field, and by working with students. Through its work it will spur global dialogue on these crucial issues.

### **Key Activities**

The Martin Prosperity Institute will develop its ideas, disseminate its research and best practices, and inform global economic strategies through the following:

- **Advanced research** – The Institute will support the research of a core team of resident scholars and practitioners who will develop new research, indicators, and measures.
- **MPI data warehouse and information infrastructure** – A central element of our research involves the development of the MPI database, with detailed regional (provincial, state and metropolitan) data on economic performance, innovation, human capital, occupations, industries, amenities, arts and culture, and related variables. Currently comprehensive data are often available only at the national level. These data serve as the international focal point for related research and limit its depth of understanding. Over time, the MPI data warehouse will provide the most comprehensive sub-national data across the globe, enabling systematic research and scholarship on global cities, regions, states and provinces.

- **Tools and Strategies** – We will develop practical tools and strategies to enable firms, regions and communities to better compete and prosper in the global economy.
  - **Strategic Analysis:** A core activity of the Institute will be high-level strategic analyses of regions and nations across the world, with a focus on Ontario and the greater Toronto region.
  - **Executive Training:** Changing times require a new generation of leaders. The Institute will serve as a host for management training, a place leading executives and practitioners will gather to learn how to succeed in an age of innovation, creativity, and entrepreneurship.
- **World Creativity Forum** – A long-term goal will be to create the World Creativity Forum in Toronto – a Davos for the creative economy. It would bring together cutting-edge thinkers and practitioners from academia, business, government, arts and culture and the civic sector to participate in a real dialogue on the issues raised above.