



Event: Workshop on “Transnational Community as Innovation Linkage”

Participants: 35 government officials, academics, business and NGO representatives

Location: Ted Rogers School of Management, Ryerson University, Toronto, ON

Date: Tuesday, June 17, 2008

Main conclusions: Both the theoretical and empirical evidence presented at the workshop suggest that the transnational movement of Canadians is strengthening the capacity and global participation of innovation in Canada. Canada has reaped broad benefits from such cross-border innovation activities.

Workshop on “Transnational Community as Innovation Linkage”

Summary Report

Prepared by the Asia Pacific Foundation of Canada

Introduction

The Asia Pacific Foundation of Canada and Ryerson University jointly hosted a workshop entitled *The Transnational Community as Innovation Linkage* on June 17, 2008 in Toronto. The workshop featured a core presentation on the initial findings of a research project, funded by APF Canada and conducted by scholars at Ryerson University, *Benefiting from Cross-Border Innovation through Transnational Community*. The workshop also brought together expert scholars, policymakers and other stakeholders who presented their research findings and discussed emerging issues around Canada’s policies on innovation and transnational communities.

The purpose of the workshop was to provide a forum to discuss the impact of the Canadian transnational community on Canada’s economy in general and innovation in particular. This forum was the first in a series of workshops conducted under the aegis of APF Canada’s three-year project on Canadians Abroad and Transnational Migration which is supported by Citizenship and

Immigration Canada, the Government of British Columbia and the Gordon Foundation.

A total of nine presentations were given at this one-day workshop with a detailed program shown in Appendix A, with the 35 participants attending the workshop listed in Appendix B.

The remainder of this summary report is organized in two sections. The first section provides an abstract for each presentation and the second section summarizes the key discussions arising from these presentations.

Abstracts of Presentations

In the opening session, Wendy Cukier, Associate Dean of Ted Rogers School of Business Management at Ryerson University, and Shelley Carroll, Councillor of City of Toronto, welcomed all participants and emphasized the importance of research on innovation and transnational migration for the Ryerson University and the city of Toronto. Don DeVoretz representing APF Canada noted that the workshop would deepen our understanding of the relationship between the transnational movement of Canadians and innovation in Canada.

In the featured presentation on *Transnational Entrepreneurs as Agents of International Innovation Linkage*, Dr. Xiaohua Lin, Dr. Jian Guan, and Professor Mary Jo Nicholson jointly illustrated their major findings of a project funded by Asia Pacific Foundation of Canada.

They suggested that improving technological innovation, particularly commercialization performance, is a serious and widely recognized challenge facing Canada today. As a partial remedy, Canada has adopted an immigration policy designed to attract internationally educated professionals (IEPs) to help build the country's technology sectors. At present, it appears that this objective has not been entirely successful and, as a result, a large number of IEPs return to their countries of origin, a phenomenon perceived by many Canadians as "brain drain."

The basic premise underlying the this research is that, increasingly in scale and scope, contemporary entrepreneurial activities carried out by the IEPs enhance innovation activities in both the destination and source countries. Through extensive fieldwork, the authors have identified a significant segment of the Chinese immigrant community in Canada, the IEPs-turned Chinese transnational entrepreneurs (CTEs) and subsequently revealed various mechanisms by which CTEs engage both countries in innovation.

Importantly, Canada has reaped broad benefits from such cross-border innovation activities, including taking advantage of innovative ideas and original research from China, accessing global knowledge and talent pools, enabling production possibilities necessary for commercialization, and enhancing the ability to sell technology-embedded products in Canada and elsewhere. Their report concludes with a discussion of the challenges facing CTEs and the policy

implications for Canada to more fully take advantage of border-crossing innovations mediated by the CTEs.

From a more theoretical perspective, Professor Benson Honig presented *Toward a Practical Theory of Transnational Entrepreneurship: Understanding the Habitus of Cross-Cultural Affiliation*, in which he emphasized that transnational entrepreneurship had become an increasingly important vehicle of business globalization. To address the epistemological challenges of studying the creation of new businesses by entrepreneurs with dual country affiliations requires an understanding of the dynamic relationship between a cross-cultural actor's multiple contextual fields of activity. Honig and his co-authors introduced a theoretical framework based on recent developments in the theory of practice based on Boudieu's concept of habitus which forms a world-view guiding entrepreneurial action. They created a framework for examining transnational entrepreneurship through the intersection of individual and collective meanings, perceptions, experiences and norms that provide a reference for action.

As a transnational Chinese-Canadian businessman himself, Mr. Henry Wang presented stories of returnee entrepreneurs in China's high-tech industry. By the end of 2008, China had been opened up to the outside world for 30 years. During this period China sent 1.5 million students and scholars to study overseas.

By 2008 these diaspora scholars and returnees have become an integral part of China's globalization process which continues to provide linkage to other countries. Mr. Wang's study examined the impact of this group on China's high-tech industries, especially as entrepreneurs or members of multi-national corporations in China.

In particular, Mr. Wang addressed the crucial roles the diaspora and returnees played in the "brain circulation" process and in establishing high-tech ventures in China and in listing Chinese high-tech companies overseas. He also illustrated the pivotal roles diaspora and returnees occupied for trans-national high-tech corporations in China. Furthermore, the presentation also looked at some of the key success factors for diaspora and returnees starting high-tech ventures in China.

In the luncheon speech, Ms. Catherine A. Pawluch presented *Understanding China's Changing Business Landscape - Opportunities and Challenges*. As a business lawyer who is actively involved in Canada-China businesses, Ms. Pawluch addressed major challenges that many Canadian firms may face while doing business with China, especially for those problems related to innovation and IP protection. She also highlighted some effective for strategies dealing with the challenges of exploring opportunities in China.

Dr. Kitagawa's presentation focused on understanding innovation, its psychology, the people who are critical to making innovation happen and the possibilities for leveraging IEPs to contribute to, and to extend, innovation in Canada. Dr. Kitagawa reviewed the latest Conference Board research in this area and underscored the importance of IEPs to Canada's competitive future.

Mr. Shaojun Yang addressed the future of China-Canada science and technology collaboration. He emphasized that China has made great progress in economic development in the past three decades, with science and technology playing an important role for the economic development in China. Innovation was identified as a new Chinese national strategy with a goal of advancing China into the rank of innovative countries by 2020. To achieve this goal China has established S&T ties with 152 countries and regions in the world, including a Sino-Canada Science and Technology Cooperation Agreement being signed in January 2007.

Roundtable Discussion

In order to better digest those presentations and speeches reported in the previous section, Dr. DeVoretz chaired a lively roundtable discussion. He noted some tentative conclusions from the presentations. Firstly, he noticed that successful business people who were Canadian citizens and returned to their home country or moved abroad had very special characteristics and features. In some cases, they had PhDs; in other cases, they were quite unusual in terms of possessing dual citizenship.

Secondly, Dr. DeVoretz pointed out that the workshop attempted to comment on broad structural problems in Canada's economy, namely productivity and innovation in which immigrant innovators will play a small role since Canada remains basically a resource economy with low productivity potential.

Finally, Dr. DeVoretz brought up some interesting perspectives for further discussion. Many success stories in the presentations about the Chinese diaspora indicated that innovative businesses rely on the existence of venture capital. Canada is notoriously short of venture capitalists which will limit the innovative efforts of immigrants. Also, he pointed to the importance of Canadian universities in joint collaborative efforts with foreign nationals who have graduated from Canadian institutions.

The discussions reported below fell into four themes.

Transnational migration and immigration policy

It was recognized that permissive Canadian immigration and citizenship policy was an attraction for highly educated people to come to Canada. A particular example was mentioned where an entire class of Chinese students in a European university moved to Canada after their graduation – an obvious case of brain gain for Canada.

Once immigrants, skilled or unskilled, arrive in Canada, they sooner or later fall into three groups. The first group is so-called settlers, who are deemed to have been “integrated” into Canadian society, with their opposite group comprised of returnees. The third group which is less-known to many Canadians is neither

settler nor returnee, but a transnational group of immigrants who move back and forth between Canada and their country of origin.

There is always a mixture of reasons for being transnational or returning home. Some people may have a difficult time integrating, and consider Canada as a “stepping stone” for moving on to a next destination. Transnationals may also result from a mindset of thinking globally and acting globally.

It is all about choice, said a Chinese entrepreneur. The reason he moved to Canada is because he want something better, no matter if better refers to improving his standard of living, doing business, or conducting R&D. The same reason exists now to motivate moving on.

Initially, immigration policy matters for bringing highly educated people to Canada. It also matters for facilitating their global mobility once they are eligible to obtain a Canadian passport. More important is that they can benefit from the experiences gained in Canada and their roots and connections in other part of the world, which allow them to act transnationally and connect Canada with the rest of the world.

Nevertheless, it was also noted that policymakers, research and media tend to mostly look at the recent arrivers to Canada, or the first generation of immigrants. What happens to the second or third generations in terms of their ultimate location? What happens to Canadian-born Canadians again in terms of their location? A survey by APF Canada suggests that moving to other countries is not just an issue for immigrants, but a broader Canadian issue as Canadians today are more mobile then ever.

Thus the real questions are why Canadians are living abroad and what are the economic and political implications of this trend? For example, if Canada’s immigration policy is, at least partially, based on labour market needs, should Canadians abroad be included in this supply-demand equation from the human resource perspective?

Transnational entrepreneurship and innovation

What is innovation? It is suggested that innovation is a process through which economic or social value is extracted from skills and knowledge by generating, developing and implementing ideas to produce new and improved products, processes and services. Innovation depends on people’s skills, attitudes and behaviours that lead to innovation in an organization.

Innovation involves more than the creation and diffusion of new ideas. It also embraces the transformation of ideas, and their use as new value-added products and services in the marketplace. This is “commercialization.” By the Conference Board’s definition, innovation does not happen unless it generates

economic or social value.¹ When firms and entrepreneurs collaborate, they establish a web of partnerships and other mutually beneficial relationships that lead to the creation of economic value and social capital.

Given the public expectation that multinational firms discharge their corporate social responsibilities, larger firms are putting more emphasis on the broader context of global connections and how resulting innovation linkages can improve the world. In particular it is argued that globally connected Canadians are ideal agents to contribute to this debate because they have multiple, different and broader perspectives.

Diversity and productivity

Given that diversity refers not only to differences in language, culture, ethnicity, religion, but place of residence we ask several question. Does diversity increase productivity? Does diversity imply greater competition which in turn creates an incentive for improvement? For example, some Canadian financial firms, such as RBC and BOM, are proactive in diversity as they expand their operations abroad. Is this an example of money following the Canadian diaspora? Are these banks servicing an entire market or just the Canadian diaspora in particular? Will this happen in other sectors?

Finally, a growing diaspora may lead to different firm growth patterns. Dr. Lin's work suggests that transnational businesses are involved in different stages of innovation. Mr. Wang also outlined a new model of returnees' business that develops over their life periods by moving back and forth between China and other countries to meet their business needs.

Innovation and IP protection

When innovation is referred to R&D, intellectual property protection is a concern especially if it involves with China. It was argued that this issue should be considered from the cultural context. In China, some R&D outputs are regarded as social goods. Therefore the prices of these products are likely to be lower so that more people can benefit from them. In contrast, in some Western countries, HIV medicines are so expensive because of IP protection that infected people are dying because they cannot afford the drugs.

It was also argued that more R&D is possible in China because researchers could access technologies more easily in China than in Canada as the result of differential IP protections.

Rather than worry about its IP being violated or criticize China's bad record of IP protection, a Canadian firm is better off having specific IP strategies in China as outlined in Ms. Pawluch's speech.

¹ It was also argued that innovation is much beyond R&D or corporate aspects. It may also involve social, political, environmental innovation, etc.

Wrap up

Dr. DeVoretz concluded the session by thanking all participants. He posed a final question for the audience. “Did we hear a very unique story of China today? Or will other countries follow the innovation via immigrant story?” which is to be addressed in APF’s following workshops.

Appendix A: Workshop Program

Workshop on “Transnational Community as Innovation Linkage”

Ted Rogers School of Management, Ryerson University
Bay & Dundas, RBB 1-003
Tuesday, June 17, 2008

Workshop Moderator: Mary Jo Nicholson

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|-------------|--|
| 8:30-9:00 | Registration and Continental Breakfast |
| 9:00-9:30 | Welcome & Opening Remarks
Wendy Cukier, Ryerson University
Shelley Carroll, City of Toronto
Don DeVoretz, Asia Pacific Foundation of Canada |
| 9:30-10:45 | Presentation and Discussion
“Transnational Entrepreneurs as Agents of International Innovation Linkage”
Howard Lin and Jian Guan, Ryerson University |
| 10:45-11:00 | Coffee Break |
| 11:00-12:15 | Presentation and Discussion
“Toward a Practical Theory of Transnational Entrepreneurship: Understanding the Habitus of Cross-Cultural Affiliation”
Benson Honig, Wilfrid Laurier University

“Returnee Entrepreneurs in China’s High Tech Industry”
Henry Wang, Western Returned Scholars’ Association of China |
| 12:15-1:30 | Lunch
(Guest Speaker – Catherine A. Pawluch, Gowling Lafleur Henderson LLP) |
| 1:30-2:45 | Presentation and Discussion
“Understanding Innovation: Psychology, People and Possibilities”
Kurtis Kitagawa, Conference Board of Canada

“Future of China-Canada S&T Collaboration”
Shaojun Yang, Consul for Science and Technology, Consulate General of People’s Republic of China in Toronto |
| 2:45-3:00 | Coffee Break |
| 3:00-4:45 | Policy Roundtable
Moderator: Don DeVoretz, Asia Pacific Foundation of Canada |
| 4:45-5:00 | Wrap up |

Appendix B: List of Participants

Emmanuel Asinas

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Ron Branker

Policy and Research
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Shelley Carroll*

Councillor
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Note: * Speaker or Moderator

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