

65. A Talent Strategy Must Be Part of an Innovation Agenda

Innovation drives productivity growth and prosperity in advanced economies. Without innovative activity, it will be hard to improve Canada's lacklustre productivity record. Productivity growth is necessary to stay competitive with other high-wage economies. In times of stalling economic growth, it is new technologies, products and business process innovations that become critical enablers of growth.

Yet for all the focus on innovation, Canada must not lose sight that it is people, individually and within firms, who innovate, invent and create new products, services and processes. Innovation is a people-centred process that includes all Canadian workers. If we do not have people with the skills for innovation, then no other ingredient alone will make it happen.

"Innovation is the implementation of a new or significantly improved product (good or service) or process, or a new marketing or organizational method in business practices, workplace organization or external relations," according to the OECD. In Statistics Canada's survey of innovation activity in enterprises, it defines four categories of innovation: product innovation, process innovation, marketing innovation and organizational innovation. These categories may reflect the scope of skills and talent required to support innovation beyond the research and development phases. The role of global factors and demand for global skills and competencies may even come into play, for example.

Among the key areas where talent can be fostered to spur innovation are in the post-secondary arena where knowledge and skills are attained and in some cases, retained; in the clusters and networks where various actors collaborate toward innovation; and in businesses where employees translate their skills into innovative activity.

During 2016-17, the government will define and develop its Innovation Agenda. Budget 2016 identified "creative and entrepreneurial citizens" as one of four pillars that will propel Canada as a centre of global innovation. The document says that key federal tools in this area include "support internships and youth work experiences such as apprenticeships, (and) immigration policy."

In 2011, an expert panel released *Innovation Canada: A Call to Action* (the Jenkins report) and called on the government to "lead the development of a federal business innovation talent strategy...focused on increasing business access to, and use of, highly qualified and skilled personnel." To date, no such talent-focused strategy has been developed.

Now the Minister of Innovation, Science and Economic Development, and his colleagues, have the opportunity to incorporate a talent strategy within the Innovation Agenda. It should not be sector-specific, but recognize that innovation can and must happen throughout the economy, as the Budget suggests. It should reflect the fact that technologies are changing the nature of work - and more of us need to learn to work with technology and lever its capacity for business innovation. And it must identify the gaps where public policy could help cultivate talent for innovation.

To fully deploy public policy in support of talent for innovation, a whole-of-government approach would be ideal, coordinating the work of the Ministers of Innovation, Science and Economic Development; Employment, Workforce Development and Labour; and Immigration, Refugees and Citizenship.

Questions for a talent strategy to address could include (but not be limited to):

What skills do post-secondary graduates need to foster innovation in the workplace and across the economy? How do firms support talent development for innovation? Can firm-level training support productivity gains associated with technology adoption? What policy incentives can government offer to foster skills development in support of innovation? Where are the gaps in our home-grown talent supply? What are the innovative talent needs of firms at the start-up, scaling up or mature stages? Based on what we know about our

entrepreneurship challenges, can we fill specific gaps in management, sales and marketing expertise? How can our immigration system also help companies to fill those gaps on a timely and responsive basis?

By developing a talent strategy to support an Innovation Agenda, Canada will ensure that its citizens and companies are as innovative and competitive as possible.

Recommendations

That the federal government develop a talent strategy within its Innovation Agenda which:

1. Builds on the talent-specific recommendations of the Jenkins report;
2. Coordinates the development and delivery of the strategy across the departments of Innovation, Science and Economic Development (including the regional economic development agencies); Employment, Workforce Development and Labour; and Immigration, Refugees and Citizenship; and
3. Ensures that the strategy recognizes that business innovation occurs at the start-up, scaling-up, mature and evolving stages of firms, and talent-focused policies may be needed at each stage.