



Council of Canadian Academies
Conseil des académies canadiennes

News Release

April 29, 2009 – Shortfall in business innovation at the root of Canada's lagging productivity, according to Expert Panel

Ottawa – Canada's persistent weakness in productivity growth is due to business strategy choices. "Too few Canadian businesses and entrepreneurs choose strategies that emphasize innovation", says Robert Brown, Chair of the panel of 18 business, labour and academic authorities appointed by the Council of Canadian Academies to analyze the innovation performance of Canadian businesses. The panel's report, *Innovation and Business Strategy: Why Canada Falls Short*, presents a fresh look at innovation as an economic process.

Building on decades of data from various national and international statistical agencies, the panel finds that Canada's productivity has been falling further behind that of the U.S. and many other advanced countries for the past 25 years. The report presents statistical evidence, stretching back almost five decades, to show how lagging productivity growth has been due to subpar innovation. The panel takes a broad view of innovation, including not just the outcome of research and development but also the day-to-day activities of all kinds of businesses looking for new or more efficient ways to serve the needs of customers.

The panel also points out that Canadian business has lagged in investment in information and communications technologies – about 40% less on a per worker basis than the U.S. The panel concludes that too many businesses in Canada are technology followers, not leaders.

"We hope this report will spark a fresh discussion on innovation in Canada, one that focuses on the factors that influence adoption of innovation-based business strategies," said Brown. "The many innovation successes of individual Canadian businesses show that there is nothing innate in the national character that prevents Canada's businesses from being just as innovative and productive as those of other nations. With each new generation, Canadian business people have an increasingly global mindset and will be further removed from the more limiting conceptions that shaped the attitudes and ambitions of too many business leaders in the nation's past," Mr. Brown added.

The state of the global economy has changed dramatically since the panel began its study in November 2007. While the full implications of the current crisis will only become clear with the passage of time, the panel's report provides a longer-term perspective on the performance of the Canadian business sector stretching over decades and across several ups and downs of the economic cycle. The panel's wide-ranging diagnosis of business innovation in Canada can inform actions today that will equip the economy for stronger performance in the future.

The report summary, Report in Focus, is available for download on the Council's website at www.scienceadvice.ca. The full report will become publicly available on the Council's website in the coming weeks.

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