

The role and structure of local strategic governance in a multilevel polity

A case study of Guelph

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Abstract

This paper contributes to the growing body of research concerning the role of local governance in supporting innovation. Drawing on a case study of Guelph, Ontario, it examines the challenges of building a local strategic governance capacity that can engage and mobilize the necessary stakeholders in support of cluster goals as part of broader efforts to diversify the local economy. Within the context of specific roles that local strategic governance networks can play, the paper discusses structural factors that can impede their effectiveness, drawing attention to scalar and leadership aspects within the network.

Introduction

A number of Canadian cities, large, medium and small, are increasingly looking to knowledge-based forms of economic development as a means to diversify their economy and secure their future prosperity. Empowered by new policy frameworks of innovation clusters and creative cities, as well as by a number of globally renowned success stories such as Silicon Valley and others, local economic development officials are rethinking their economic development approaches and entering into the innovation policy domain that was previously the purview of federal and provincial governments. Yet in so doing, several are confronting governance issues that are impeding their capacity to act strategically towards reorienting their current trajectory to one that is more knowledge intensive and competitive in the global economy. One of the reasons for this is that, compared to older forms of industrial development, knowledge-based economic development depends on a much greater set of stakeholders - many of whom are now local - to deliver on a broader mix of support and to resolve a broader set of issues. Civic leaders, the municipal government, the local university and college, and local research and innovation support organizations are all often key players in supporting the collaborative structures of decision-making and resource mobilization that make for competitive localities. Developing the capacity to strategically engage and mobilize such a diverse set of stakeholders can therefore be a big challenge.

In the past decade a growing body of literature has put forth a number of concepts to explain cities that have been successful at building this governance capacity. Henton et al (1997) describes the notion of ‘economic communities’ characterized by engaged industry clusters of specializations, connected community competencies and civic entrepreneurs who link the economy with community. Another concept is that of ‘local strategic governance networks’ (Creutzberg 2006) which gives focus to the constellation of mostly local actors who take part in a process of strategic coordination and mobilization of relevant stakeholders to help transform and adapt local industry to the competitive reality of global markets. Benneworth (2007), whose focus is at the regional scale as opposed to the city scale, adopts the term ‘regional innovation coalition’ to highlight the set of partners that work together collectively towards implementing innovation policies.

Finally, and more recently, the concept of ‘civic capital’ has been advanced to give focus to this local governance aspect. According to its proponents, (Wolfe and Nelles 2008, Wolfe 2009), civic capital “focuses on the critical role that dense networks of civic associations play within successful communities ... and is defined as a set of relationships that emerge from interpersonal networks tied to a specific region and that contribute to the development of a sense of community based on a shared identity and on shared goals and expectations.”¹

A key challenge, however, is less on the theory and more on the practitioner side: namely how best to establish a governance process that not only engages the necessary stakeholders within a

¹ Wolfe D. 2009. 21st Century Cities in Canada: The Geography of Innovation. Conference Board of Canada p.125

common dialogue but also encourages a commitment of community-focused *action* towards achieving common set of socio-economic objectives. According to Wolfe and Nelles, civic capital is generated “when key actors are able to formulate a common vision of a city-region’s future and make decisions about that future in a collaborative and inclusive manner.” However, from the standpoint of trying to establish an effective governance network that can be called upon to deliver on objectives, formulating a common vision may not be enough. As is argued in this paper, much depends on the particularities of stakeholder organizations including their respective capabilities, and capacity to commit to the locality as well as to their commitment to an ongoing civic dialogue that is necessary to translate individual interests into collective action.

This paper examines this challenge through a case study of the city of Guelph, a medium-sized city in the heart of south western Ontario. It does so with the language of governance networks as opposed to coalitions or civic capital, because of the implied structural dimension which is of interest here. The concept is also helpful in that it embraces the complete set of actors who influence decision making, providing answers to questions of ‘who participates’ and ‘who wields power’ (Skogstad 2005). In a working paper, authors Marcussen and Torfing (2003) take some initial steps in defining the concept. Governance networks, they theorize, can be thought of as “1) a horizontal articulation of interdependent, but operationally autonomous actors; 2) who interact through negotiation; 3) transpiring within a regulative, normative, cognitive and imaginary framework; 4) that to a certain extent is self-regulating; and 5) which contribute to the production of public purpose within a particular area.”² The concept of governance networks therefore focuses on horizontal coordination and has a general concern for societal governance or for ‘the production of public purpose’. As for the case study itself, Guelph is of interest because of recent pioneering efforts to reorient and diversify its economy away from its dependence on a struggling automotive sector from which it has quietly prospered for several decades.

Importance of local strategic governance

Capitalism, as it has been aptly described, is a restless system of economic production made so because knowledge itself is restless (Metcalf 2002). New knowledge, when captured and transformed by firms into new products and services, can not only open up new economic spaces, giving rises to fresh impulses for growth, but can also disrupt and even destroy markets for existing activities and technologies. For countries, regions or cities within whose borders such developments transpire, this restlessness can be a significant and at times, stark dimension of its economic prosperity (Creutzberg 2006). This is all the more so in the current liberal global economic environment where global production, scientific, and technological networks only help accelerate knowledge flows at a time when knowledge intensiveness of many industries is on the increase.

The prospects of having the economic base of a region’s prosperity transformed into obsolescence by innovation or by low cost competition is therefore now more than ever before

² M. Marcussen and J. Torfing, *Grasping Governance Networks*.

recognized, not only at the national level but increasingly at the local level. For it is at the local scale where the risks can be most apparent, be it from plant closures, lay-offs or from an eroding tax base. This is particular true for the second tier cities which, by virtue of their smaller size, may be more specialized in - and exposed to the vagaries of - particularly industries. Compared to the major metropolitan counterparts, this second tier cannot so readily absorb these shocks through a diversified economy and instead must rely on concerted efforts to reorient and diversify their wealth generating economic base. As has been noted by others, in second tier cities, local agency could be more important than in larger cities for reorienting the local economy and mitigating economic risks (Bradford 2010, Wolfe 2009).

The recognition of the importance of local agency in reorienting the local economy does not, however, actually explain why local governance has become viable. For there to be effective agency there also needs to be an arena where such agency can transpire. By and large, the innovation paradigm of economic development (Porter 1990) has provided this arena, as has the policy dialogue around creative city regions (Florida 2005). It is now widely recognized that innovation performance can be influenced by local conditions and support, which in turn can provide an advantage to local firms competing in a global economy. Talent attraction, retention and development, clustering networks that foster learning among related firms, industry-university collaborations that support innovation, and firm creation, growth and acceleration, all have a local dimension which can be influenced through local action and decision-making, empowering second tier cities to act. This has allowed local economic development officials to create a new and broader role for themselves in how they shape the development trajectory of their regions.

Yet as a growing number of research focused on these often neglected cities has pointed out, changing the development trajectory of second-tier cities has its own challenges (e.g. Bradford 2009 ; Benneworth 2007). This especially true for those ‘ordinary’ second tier cities that have neither a brand nor buzz to distinguish themselves from any other ‘drab’ city. Todtling and Trippel (2005) identify three different challenges faced by regions struggling to address regional innovation deficits, drawing a regional typology of Nauwelaers and Wintjes (2003) which distinguishes between peripheral regions, old industrial regions and metropolitan regions. In trying to transform their economies with innovation, regions may face economic and cognitive ‘lock-in’ whereby local stakeholders are unable to deviate from established paradigms, with ‘organizational thinness’ with respect to knowledge and related infrastructure or economic capacity, and with ‘internal fragmentation’ that stems from having an abundance of organizations and relevant infrastructure and no social cohesiveness that can support collective learning.

The abundance of organizations is particularly noticeable in the Canadian innovation landscape and warrants additional attention if only because local governance can also serve to bring alignment to the various innovation support initiatives of other levels of government. In Canada, innovation has now been on the forefront of policy discussions for many years and has resulted in a myriad of new initiatives from various levels of governments and departments. One of the outcomes of this policy emphasis has been an increasing the number of actors that have become

engaged in the economic development space. Indeed, innovation can be supported by a wide range of policy instruments - and departments - each targeting different facets of innovation and R&D. For example, innovation support can be approached through: tax credits, prototype development grants, research support, entrepreneurship support; university-industry partnerships; international collaboration support; labour training programs; venture capital funds; cluster linkage support; or through strategic investments in commercialization infrastructure in emerging sectors such as a seed crusher co-op that extracts compounds needed for bio-plastics.

At the local level the effects of this decentralized and pluralistic federal approach to innovation support can be significant. For it is at the local level where much of policy support manifests itself with a physical presence in the form of research institutes or innovation support centre, for example. And though these entities may not have a local mandate, they nonetheless have an economic impact - and potential role - in the strengthening local innovation economy particularly in the context of cluster development.

They can, however, also introduce considerable complexity at the local level. Federal and provincial research laboratories and innovation support organizations can find themselves in the same physical region and same policy dialogue as local commercialization organizations, economic development organizations, industry associations and even universities. The result is a multitude of local voices, a crowded organizational landscape and a need for local governance that can provide a coherent voice and some alignment to their respective local roles

In the context of knowledge based economic development, local strategic governance can therefore serve a number of important functions. Above all it can provide leadership and strategic direction with a degree of continuity that is necessary to realize long-term priorities, and which local, provincial or federal governments can generally not provide owing to the election cycle and the nature of the political process.

Also important is its role in forging cross-jurisdictional collaborations to resolve 'bottleneck' issues (e.g. the division between business and green communities) or to take advantage of opportunities that could accelerate local cluster development, such as pan-regional marketing efforts. In so doing, local governance can provide a degree of strategic attention to local needs that are too far removed from the basic responsibilities of either municipal or provincial governments.

Not least, local strategic governance is also critical for drawing down resources from upper levels of government to support local strategic priorities. Resources for infrastructure may, in fact, be available from upper levels of government, but without local individuals and organizations committed to accessing these funds, they go unused.

Figure 1 provides an outline of the functions that local strategic governance can provide communities. Many of these functions fall into a local governance gap – beyond the reach of any one organization's authority or jurisdiction, be it a city's economic development department, industry association or government support organization. This is the role of an effective local

governance network which, with appropriate leadership and vision, can access the needed resources, expertise or authority from a committed set of stakeholders to realize objectives and goals as determined from a strategic planning process or from government priorities. Firm recruitment, for example, is one role that, while within the scope of the city's economic development department, often requires a collaborative effort from a range of stakeholders for it to be successful (Gibson and Rogers 1994).

Figure 1: Key Functions of Local Strategic Governance

Governance Functions	Specifics
Leadership	Strong and respected leadership that can: <ul style="list-style-type: none"> ▪ Mobilize capable individuals and organizations to take on projects; ▪ Be an 'agitator' that brings the community together to respond to economic challenges.
Strategic direction	Establish strategy directions through community deliberations and lead on strategic initiatives and planning
Coordination and alignment	Ensure regional alignment of strategic direction and initiatives through regional coordination and collaboration
Project collaborations	Develop collaborations to deliver on initiatives
Investment attraction & recruitment	Attract and recruit firms and research organizations to the region that can strengthen existing clusters
Facilitation of industry-university partnerships	Bring together prospective industry and university partners interested in collaboration
Issue broker	Leverage independence and leadership to resolve local and regional disputes affecting local prosperity by engaging appropriate decision makers and stakeholders in the public and private sector
Cluster linkages	Promote inter-firm partnerships, and peer to peer networks
Mobilization of resources for strategic priorities	Seek out, and apply for, funding opportunities that benefit the cluster Engage appropriate actors to apply for government funding, offering support by identifying and introducing partners, and helping with proposal writing
Education & training alignment	Initiate alignment between cluster skill needs and local educational program offerings
Regional marketing & branding	Proactively market the cluster
Commercialization support	Coordinate and facilitate services required for commercialization within the locality
Information sharing and opportunity updates	Share information and discuss opportunities and challenges with partners and collaborators
Engaging business community in dialogue	Build informal networks to build commitment to community; easier to build community in smaller regions. Build sense of belonging. Factor advantage

Local governance, therefore, is at base more a network of organizations and individuals rather than any one organization in particular. And it is also a network with flexible membership that includes whoever's authority or expertise is needed to resolve a particular public problem related to cluster development, be it local or regional. However, it is also a network that requires a strong centre of local leadership that is committed to improving the prosperity of a specific locality. This centre must be able to address both the economic and social development of the locality, due to the reality that a number of issues related to cluster development and innovation are situated at the intersection of the economic and social spheres. Making improvements to the vitality of the downtown core and to the transportation system can, for example, be essential to successfully drawing in highly skilled people and innovative firms to the region.

Case study of Guelph

With a population of 127,000 (2006) in south western Ontario, Guelph in many respects fits the description of an 'ordinary' city put forth by Bradford and others (2009, 2010). At the periphery of the GTA, and outside the sphere of Waterloo's IT success, Guelph is not generally viewed as either a place to work or to visit. There are few geographic or cultural amenities that can attract more than a day tripper from the surrounding communities. And as befitting an ordinary city, Guelph is also not struggling from any serious decline worthy of special attention from governments.

Yet for all its ordinariness, Guelph is not entirely unremarkable, nor does it qualify as a typical peripheral regions as defined by Todtling and Trippel (2005). Agricultural policy has favored Guelph's economy such that today, the city enjoys a strong research infrastructure comprising of the mid-sized comprehensive university and a number of government laboratories, a stable employment base of government jobs, and a notable number of industry associations. For a non-government town, these benefits are certainly impressive and date back to a provincial government decision in 1874 to establish a Provincial School of Agriculture (now OAC), and culminating with the relocation of the headquarters of the Ontario Ministry of Agriculture Food, and Rural Affairs to Guelph in 1997 and a special \$55 million a year partnership agreement between OMAFRA and the University of Guelph to carry out agriculture related research and which now represents close to half of the university's annual research budget.

Adding to these fortunes has been investment from the federal level which has helped give critical mass to efforts supporting value added agriculture in the region. In addition to Agriculture and Agri-Foods Canada (AAFC's) Guelph Food Research Centre, and the Public Health Agency of Canada's Laboratory for Foodborne Zoonoses, the federal government has made a significant investment under the science and innovation theme of AAFC's Agricultural Policy Framework (APF). Though this pioneering five-year federal, provincial and territorial agreement aimed at improving the competitiveness of Canadian agriculture, Guelph became home to four innovation support organizations dedicated to building innovation capacity 'beyond the farm gate'. Three of these organizations – BioEnterprise, Ontario Agri-Food Technologies, and Soy 20/20 –were renewed in 2009 under the successor to APF, Growing Forward, and have

since come together under the Agri-Technology Commercialization Centre, consolidating the ‘organization thickness’ of the region.

Also notable is that for all this agriculture and innovation related investment the value added agriculture industry in Guelph is in fact comparably small. A recent report identified a modest 64 mostly small and medium sized food and agriculture firms next to some 42 research centers and initiatives, 38 agricultural related industry associations representing commodity and livestock producers, 8 cluster support organizations.³ The report found that though the cluster demonstrates a number of key strengths that make it a strong candidate for strategic development, innovation performance was relatively poor given the depth and breadth of knowledge assets, and that the cluster demonstrated weak cohesiveness and identity and was hindered by the absence of a major R&D anchor firm.⁴

More remarkable however is the fact, Guelph, despite have a national profile in agriculture, is foremost an automotive and manufacturing town, qualifying more as an old industrial region that a peripheral one (as per Todtling and Tripl). As Figure 2 indicates, the automotive sector is the most prominent cluster in Guelph both in terms of total employment and employment growth.⁵ This dependence on the automotive sector has, however, been an issue for the city. Efforts taken to diversify from the automotive and related manufacturing base has come not only from a concern related to its exposure to a struggling industry, which lost some 2000 job in 2008 alone, but also out of a desire by the city council and its citizens to develop and brand Guelph into an environmentally friendly city that is committed to a green and sustainable future. Indeed, sustainability runs deep in Guelph, as evidenced by the number of local environmental groups and from the passing in 2008 of the Community Energy Plan (CEP). This signature plan commits Guelph to becoming a leader in energy efficiency and a role model for comparable North American cities by among other goals, making energy use per capita and resulting greenhouse gas emissions less than the current global average; and ensuring that all publicly funded investments will visibly contribute to meeting CEP goals.

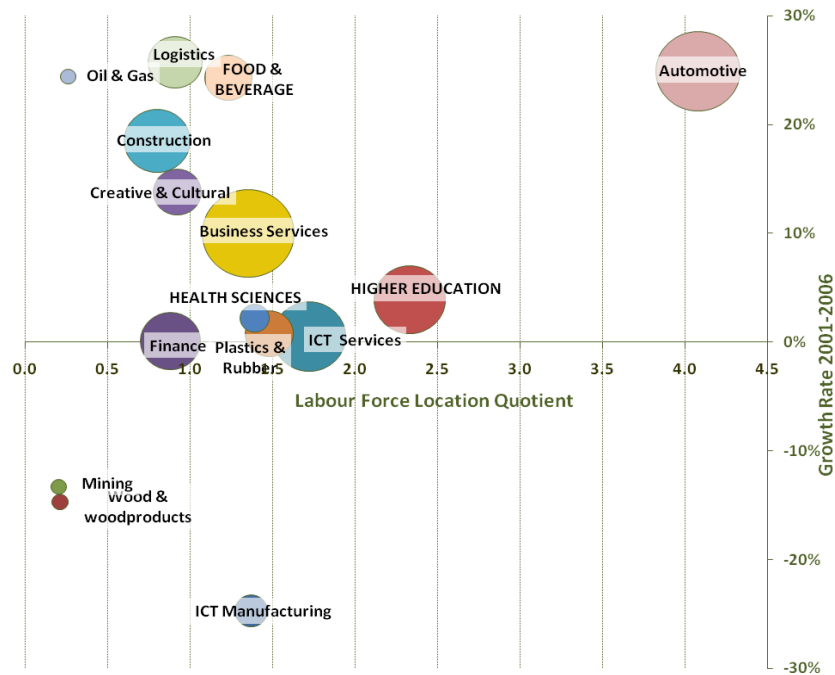
There was also recognition by the city that its research strengths in agriculture and related industries were not being fully taken advantage of. As was noted by one official, “All the players are here [but] what we don’t see is the commercial activity.” It was these concerns that led the city to commission the development of a cluster strategy that would make recommendations on strengthening the region’s knowledge industries, and primarily those related to agriculture.

³ Hickling Arthurs Low. 2010. Strategic Plan for the Guelph Agri-Innovation Cluster, City of Guelph.

⁴ Ibid.

⁵ Employment LQs are based on national average. Source: Greg and Tara Vinodrai.

Figure 2: Structure of the Guelph Economy, 2001-2006 (adapted from Spencer and Vinodrai, 2008).



This interest and commitment to reshape the existing economic trajectory is reflective of a broader civic engagement in Guelph. There are numerous groups in Guelph that are both active and vocal in local issues and who are quick to mobilize in response to issues and attend public forums. Groups such as ‘Friends of Guelph’ which comprises respected citizens and former leaders, environmental groups such as LIMITS and Guelph Environmental Leadership, and the Guelph Civic League are but a few such examples. This engagement was on display most recently with a showdown between the city and environmental groups over the development of the Hanlon Creek Business Park, prompting the popular mayor to claim that “a handful of protesters have held our city hostage and ignored democratic processes”.⁶

This civic engagement is indicative of a healthy level of social capital that permeates among citizens as well as organizations such as the university, government labs and among some parts industry, all of whom have shown a willingness to participate in local networks, community events and associative groups. Yet, for all this social capital, Guelph does not benefit from effective local governance. In fact, one of the outcomes of the development of the cluster strategy was a recognition that there was a limited local capacity to actually deliver on the initiatives and goals set out in the strategy.⁷ What the Guelph case study therefore suggests is

⁶ Mercury News, Editorial: ‘City’s statement lacked clarity’. September 05, 2009.

⁷ Hickling Arthurs Low, Strategic Plan for the Guelph Agri-Innovation Cluster. City of Guelph. 2010.

that simply having the ‘norms and networks facilitating collective actions’ (Woolcock, 1998) does not necessarily translate into outcomes.

Local governance in Guelph

One of the notable features of the Guelph governance landscape is the lack of an economic development corporation, a type of organization that has become increasingly common in many North American cities often and which can play a lead role in realigning or reorienting the local economy (Squazzoni 2008). In the absence of such an organization, the core local strategic governance network that is engaged on matters of economic development comprises a group of key stakeholders: the City of Guelph; the University of Guelph; Guelph Partnership for Innovation (GPI); the Guelph Chamber of Commerce; and the three organizations that make up the Agri-Technology Commercialization Centre (comprising BioEnterprise, OAFT and Soy 20/20). These organizations interact both informally and formally for decision-making purposes related to cluster development, which they subsequently support further through their respective organizational activities.

The City of Guelph, through its Economic Development and Tourism Services, undertakes the widest range of activities related to developing clusters. These include marketing, investment attraction, business retention/expansion, trade shows, advertising, networking and strategic initiatives. Supporting commercialization activities is GPI, which offers mentorship programs and entrepreneurial training, and supports cluster linkages through networking breakfasts and events, and connecting the University of Guelph research to industry. The city’s efforts are also supported by an advisory committee for economic development (GEDAC) which informs broader strategy development.

For its part, the Guelph Chamber of Commerce is playing an increasingly important role as it undertakes activities aimed at supporting SMEs, conferring awards, and in fostering linkages among the community and organizing networking events.

The University of Guelph is also a core contributor to the strategic decision-making of the region. It plays an important role in facilitating research collaborations between the university and companies, and through its oversight of the research park, it plays a role in attracting companies to the region. The university has, for example, collaborated with the city in the promotion of its Grow Guelph brand. Its commitment to the locality has been further enhanced with the opening in 2009 of a business development office which was widely seen as an important step to address the view of several in industry that the university was disengaged from the local economy and industry.

Finally, the three non-profit ATCC organizations are also frequently engaged in the local governance dialogue given their expertise of the value-added agricultural sector and commercialization. Bioenterprise offers hands-on monitoring, business development, expert advice and support to start-up companies; OAFT is promotes opportunities and connections in

value added agriculture and agri-food; and Soy 20/20 builds value-added opportunities for soy and other commodity producers. Together they are highly valued as a local source of expertise, knowledge, connections and commercialization capability and can provide a unique competitive advantage to the Guelph cluster.

Thus while there exists an informal network of organizations that are regularly engaged in matters of knowledge based economic development, this local governance capacity faces a number of challenges affecting its ability to undertake the necessary roles of local strategic governance as identified in Figure 1.

Impediments to effective local strategic governance

One of these challenges stems from the fact that there are jurisdictional tensions among some of the participants that limits their ability to act strategically for Guelph. Though based in Guelph, the organizations that make up ATCC have provincial mandates, and as such, have no explicit commitment to the Guelph region. This competing responsibility limits the role that ATCC can play in making strategic decisions in support of the region's Agri-Innovation Cluster. It also can have the effect of blunting the strategic dialogue among stakeholders because of their broader concerns and their reluctance to appear to be acting on behalf of Guelph as opposed to the province.

Second there are a large number of agri-support organizations and agri-related government departments based in Guelph, each of whom speak with their own voice, and on different issues, and to different levels of government. The result is a crowded landscape that imparts an impression that Guelph is the centre of agri-business in Ontario when in fact it is simply home to large number of separate support organizations and government bodies, very few of whom actually speak for Guelph's cluster and economic interests. This once again further dilutes the focus on Guelph issues and adds to stakeholder confusion on where the locus of leadership resides.

This confusion is compounded by a third challenge related to leadership and strategic direction within the network. Among the core group that is engaged in a strategic narrative, leadership is fragmented with no single organization having the independence and credibility among all stakeholders to lead the governance network that supports the cluster and related issues. The city, which has traditionally played the strongest leadership role in matters of economic development, has become reluctant to play a lead role for several reasons. First, the city fears that its leadership ultimately 'crowds out' the commitment and initiative of the cluster stakeholders and creates expectations upon the city that it is unable fulfill. Also from experience with other development initiative, the city has found that too strong of a role can place it in conflict with its other civic responsibilities.

For its part, the Guelph Chamber of Commerce, which represents all local industry, is faced with representational challenge if it is seen by its members to direct a disproportionate amount of resources towards one set of constituents, in this case the value-added agricultural firms. Thus,

while an effective participant, the Guelph Chamber of Commerce is not necessarily best suited for a leadership role within the network for development of the agri-cluster.

The most appropriate organization to lead the cluster development is the Guelph Partnership for Innovation, an organization created by the Ministry of Research and Innovation (MRI) through its Regional Innovation Network (RIN) program and funded in part by the city to foster linkages and support cluster development. Recently, however, the Ministry has taken steps to revamp its RIN program as part of broader changes to its innovation programming that will make for a more generic approach to innovation that is not targeted to any one sector. These changes once again dilute the ability of GPI to act strategically on behalf of the agri-cluster and community.

Finally, the region has not fostered the development of leaders who could assume the important role of champion for the region and who could broaden the governance network to tap into a broader base of expertise and wealth. The fact that the manufacturing base is largely absent from the strategic governance dialogue is quite remarkable given its importance to the economy. As one interviewee noted: “There is a complete disconnect between the small manufacturers [that comprise the automotive and manufacturing base] and what the city is trying to do [value added agriculture and sustainable development]. The city has not brought these people to the table [despite] their business experience and connectivity... and I see no leaders coming out of the city [that could] broaden the base of leadership.”

It is worth noting that none of these challenges speak directly to those identified by Todtling and Tripl. Organizational thinness clearly does not explain Guelph’s challenge, given the abundance of organizations and relatively strong research capacity and qualified labour force. And though Guelph maintains an ‘old industrial’ base, its governance network is by no means ‘locked-in’ cognitively or politically. Indeed, it is quite the opposite. The local political actors are committed to a new development trajectory and have created a governance dialogue that has largely excluded the old industrial actors though not entirely. Interest is strong in identifying opportunities for converting the manufacturing base towards green products and process and which build on agri-innovations such as bio-plastics. The third ailment of regional innovation systems, that of fragmentation, by which is meant the lack of networks and interactive learning, does apply to Guelph cluster, though it is not at all clear whether this is in fact a problem. As the HAL report found, there are only weak horizontal linkages between cluster firms and that this was an indication of limited collaborative research and product development occurring among firms, and the lack of an anchor firm that could drive interconnectivity within the cluster.⁸ Whether this weakens the innovation performance of the region is not clear however given recent research on Canadian clusters which highlight that fact that firms are often niche players in global as opposed to local value chains (Wolfe and Lucas 2004).

Towards a more effective strategic governance network

⁸ Hickling Arthurs Low. 2010. “Strategic Plan for the Guelph Agri-Innovation Cluster”. p. 23

The Guelph experience offers a number of lessons for local strategic governance. First, for it to be effective, a committed set of local partners is needed that can make decisions and act strategically for a locality. Having core partners engaged in a network whose organizational mandates commit them to a broader focus risks diluting the quality of dialogue and decision-making among other partners.

For localities such as Guelph, where there is an abundance of support organizations, associative bodies and stakeholders interested in being engaged, it is important, therefore, to differentiate between two groups. One consists of the core partners that shape the strategic dialogue, and the other consists of collaborators who can contribute to delivering on goals by way of their expertise, authority, or jurisdictional representation, but who generally do not have the interests of the locality within view of their daily activities.

Second, local strategic governance networks require a node of leadership that is credible not only among local firms but also and among the broader local stakeholders. This is essential if the network is to deliver on the range of governance functions and goals. The Agri-Innovation Cluster Strategy, for example, recommends some 37 actions to support the cluster, many of which are beyond the responsibility of any one organization and require a broad commitment from different organizations and levels of government. Others can be undertaken by a stakeholder and with limited resources. Strong leadership is therefore essential to encourage stakeholders to take up the responsibility for a particular challenge or project and see it through to closure.

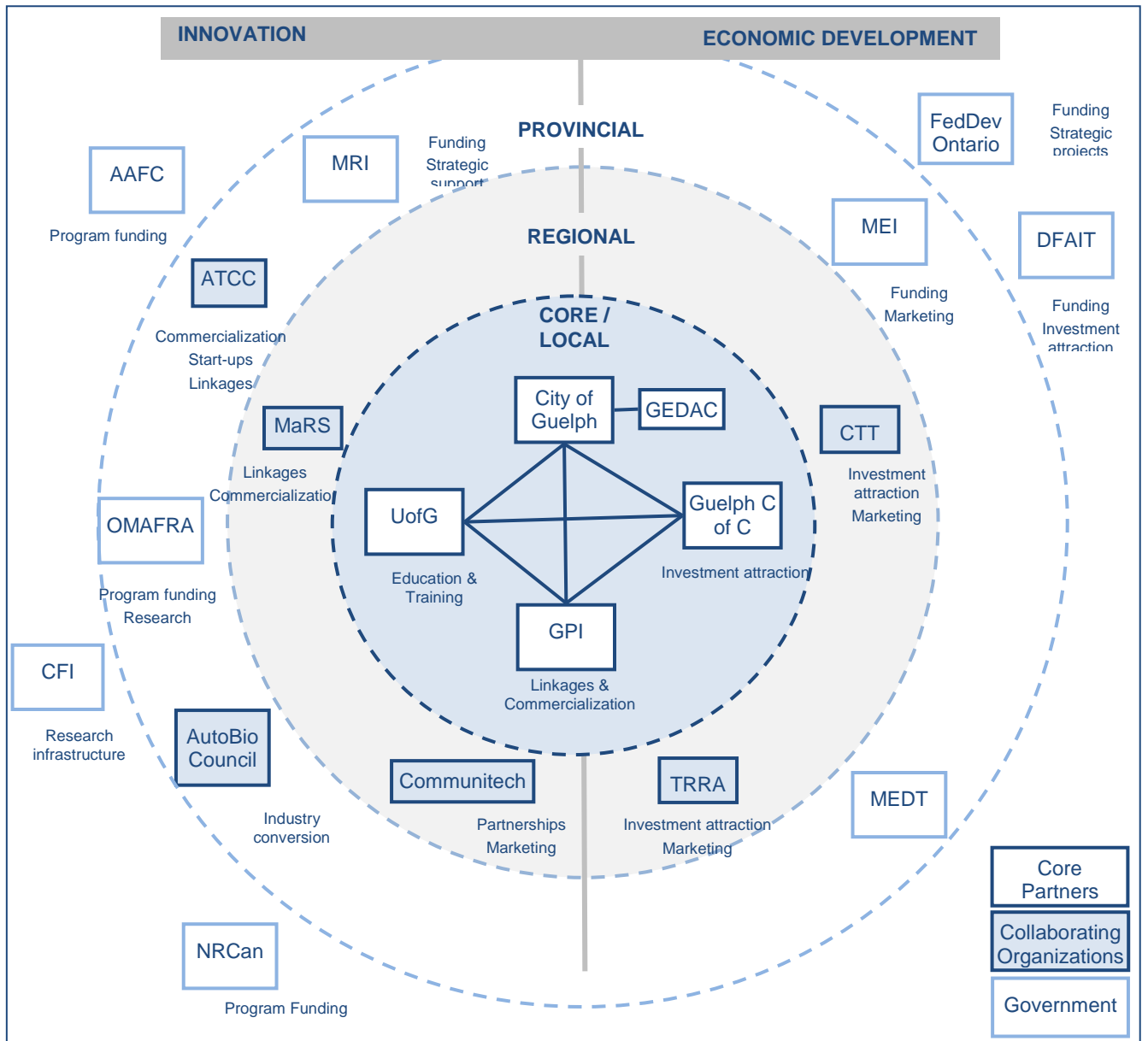
Third, the governance network should be broad enough in its focus to be able to address the range of issues that arise when reorienting the local economy and to access the necessary resources not only within the locality but also from other levels of government. Land use planning, adjusting college curriculums to meet local industry needs, promoting university-industry interactions, and engaging oppositional civic groups are all tasks that require a broad set of responses that no one local entity can normally address.

Strengthening local strategic governance

A number of steps are required for strengthening local strategic governance. Identifying the full range of actors is an important first step for it helps local actors understand better the breadth of possibility for action. Regional collaborators, federal departments and agencies, local and non-local, can all be engaged to support the innovation capacity of a locality.

For Guelph's value added agriculture cluster, there are a significant number of current and prospective collaborators that could support the cluster provided there is an effective core governance capacity. Figure 3 maps out the full range of organizations that should be in view given their expertise, dedicated resources for agriculture, or potential for collaborating.

Figure 3: Key Organizations in the broader governance network



The diagram distinguishes between three types of stakeholders: i) core partners, which should be closely involved in strategic decision-making, ii) collaborating organizations, which can be engaged to collaborate on delivering specific initiatives or support, and iii) government departments and agencies which are critical for funding and related support. Each of these stakeholders has been positioned within the graph to reflect whether they support primarily innovation (left side) or more are broadly focused on economic development (right side). Also only organizations identified as being able to act strategically for the Guelph region are included as core partners.

The next step is to understand the contributions that partners and collaborators can - or are willing - to make, and to assess whether a given locality has the leadership and collaborative capacity to engage the necessary partners and collaborators. If not, this leadership capacity needs to be specifically strengthened. It requires the mentoring of either a civic entrepreneur as described by Henton (1997), or identifying a credible lead organization that can be developed to manage a broad set of relationships and lead on strategic initiatives. Either way, the leadership must, in the words of Henton, be able to “forge ties that bind economy and community for their mutual benefit ... [and] ... help communities collaborate to develop and organize their economic assets to build strong resilient networks between and among the public private and civil sector.”⁹ In Guelph, this ultimately remains a challenge. The sheer number of organizations that fall within the sphere of value added agricultural innovation only underscores the importance of local leadership that can engage, align, and mobilize respective resources towards strategic goals.

Conclusion

This paper contributes to the growing body of research concerning the role of local governance in supporting innovation. Yet it does so through more of a practitioner than a theoretical lens in an effort to identify important factors that need to be considered when building or strengthening local governance capacity for the purposes of knowledge based economic development. To the extent that it engages the literature, it suggests that a finer typology of regions is required if we are to better understand the diversity of local political economies and their respective challenges when seeking to reorienting their development trajectories. It also points to the fact that structure matters when assessing local governance, and that attention should be given to the mandates and capacity of the specific actors engaged in a network to better understand what makes for effective local governance. Rather than engage all actors equally, governance networks need to discern between those core partners that can act strategically for the particular locality and collaborators that can contribute to delivering on objectives. This can bring clarity to the local governance structure especially in crowded organizational landscapes such as Guelph.

On the practitioner side, this paper emphasizes the importance of - and scope for - local action in supporting knowledge based economic development. Developing a local governance capacity is important to be able to deliver on the broad range of actions which all too often fall through the governance gap. This governance gap is the result of there often being no one organization that has the mandate for the type of broad actions that stem from cluster strategies or other strategic planning processes. It therefore requires a network that is locally focused and strategic and which can tap into the necessary resources, expertise and money be they in universities, the private sector or from other levels of government and public organizations.

⁹ Henton et al., *Grassroots Leaders*, 33.

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