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## Strategic planning: Review of external data/information

### Briefing theme: Growing Role of Universities in Economic Development & Diversification

#### Background:

- Research-intensive universities have the potential to fuel economic growth and revitalization, in partnership with governments, businesses, and community organizations. In today's information and knowledge economy, economic development isn't simply higher education's distant "fourth mission," behind teaching, research and community service. It has become among the primary justifications for public investment in these institutions.<sup>i</sup> This is particularly true in Alberta where the pressure to diversify the economy is mounting. As developers of talent, instigators of innovation, catalysts for commercialization, hotbeds for start-ups, the community is beginning to realize the tremendous role we can play to support economic revitalization.
- The following briefing provides a summary of the ever-growing role universities play in economic development and diversification. This is pertinent for the University of Calgary to consider as we embark on the development of our next strategic plan.

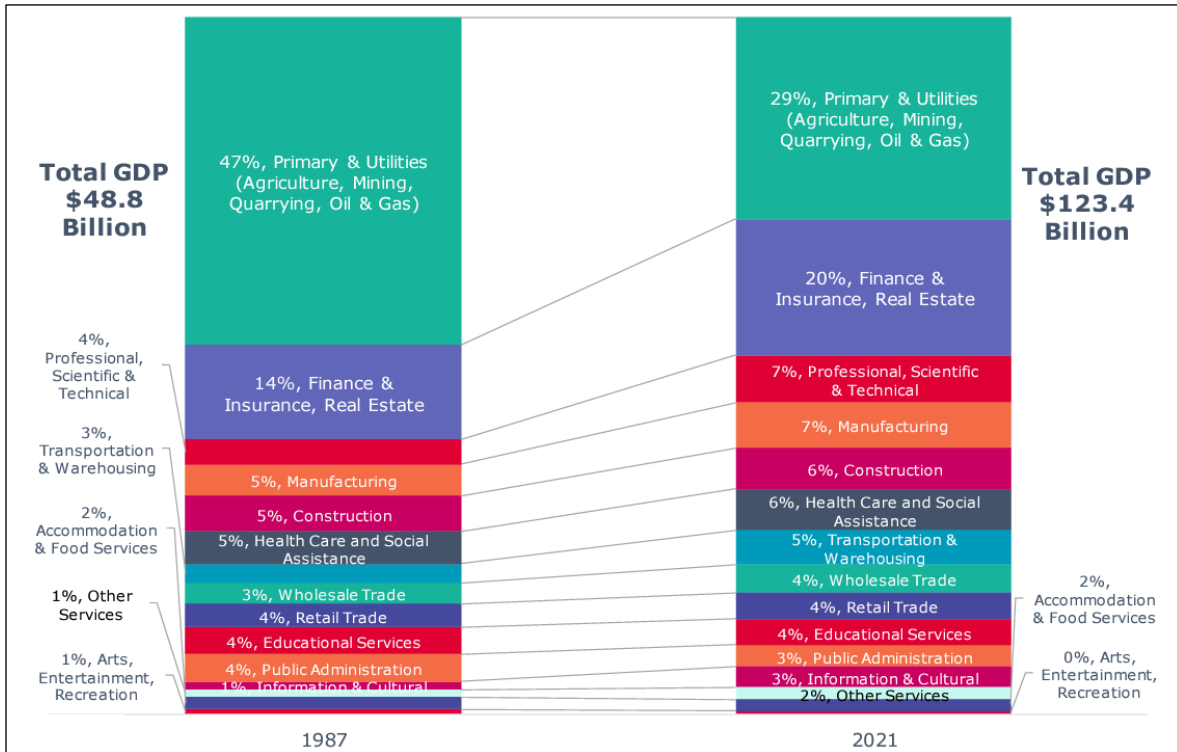
#### Key Trends Identified:

- **Universities drive both talent creation and talent attraction.** Although universities role in creating talent is well understood, it is becoming increasingly acknowledged that universities also play a role in attracting talent to a region (both international immigrants and migrants from other provinces), particularly those that are highly skilled. In today's knowledge economy, highly skilled workers want opportunities to continuously learn and upskill over time, they want to be surrounded by other highly skilled individuals, and they want opportunities for their children to receive an excellent post-secondary education nearby. All of these come from being located in a city with a top research university.
- **Universities play an integral role in company creation and company attraction.** High on the list of reasons that companies choose where to locate their head offices, is the availability of talent within the region, the quality of the university in the region that will serve as a talent pipeline, and the opportunities to partner with the university in the region. For example, when Amazon was choosing where to establish their second headquarters, they indicated that the talent pipeline was of paramount importance. Their Request for Proposals asked for a detailed summary of the universities in the region.<sup>ii</sup>

Universities also generate new businesses themselves as start-ups and spin-outs. Start-ups are, put simply, businesses that have just started up. They might be new businesses started by students or alumni that the university supports to grow and scale through its innovation ecosystem. Spin-outs are companies set up to make use of intellectual property that originated from within a university. These start-ups and spin-outs generate tax revenue, create employment opportunities and attract private investment.

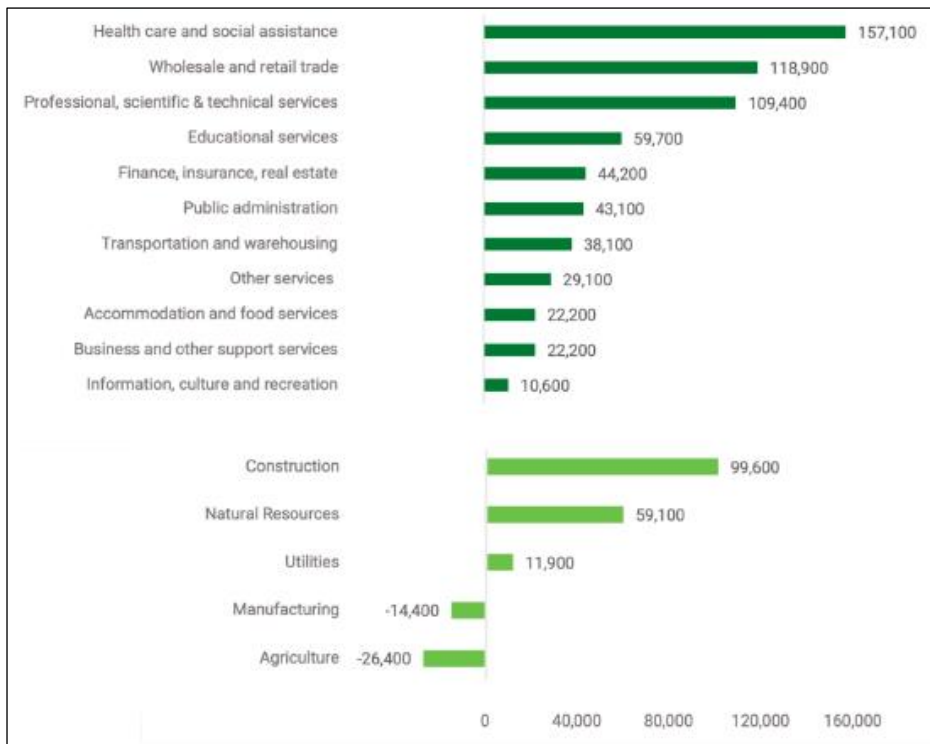
- **Universities educate our future workforce, both producing skilled labour for existing industrial sectors and producing skilled labour for new and emerging industrial sectors.** This puts universities at the centre of discussions around addressing current labour market shortages, but also at the centre of conversations about future economic development, diversification, and growth of new industrial sectors.

Calgary's economy is diversifying. Figure 1 shows how the proportion of GDP by industry has changed over the last 35 years.



**Figure 1.** Calgary's GDP by Industry, 1987 & 2021 <sup>iii</sup>

This diversifying economy means a shift in labour market demand across sectors and between occupations within sectors. Alberta has moved away from goods production over the past twenty years, to an information and knowledge-based economy. While most jobs categories have seen an increase in job creation since the turn of the century, 85% of total new jobs arose in the service sector, and the proportion of all jobs in the service sector rose from 74% to 77%. As Figure 2 shows, two of the top three fastest growing occupations are primarily served by the university sector.<sup>iv</sup>



**Figure 2.** Change in total employment by occupation, Alberta, 2000-2022 <sup>v</sup>

This ability to support the talent development of new and emerging industrial sectors puts universities central in conversations around transitioning economies and cities working to diversify and revitalize their economies.

- **Universities drive R&D and have established innovation ecosystems.**

*[Note, universities contributions to R&D in Canada were well document in the Research & Innovation briefing, thus will not be repeated in this briefing.]*

Universities have also increasingly become the hubs for innovation, with many establishing adjacent innovation parks that serve to support entrepreneurs and researchers from their initial discovery phase through to commercialization, start-up, and small-to-medium enterprise company growth.

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<sup>i</sup> Mintz, S. (2022). How Universities Can Support Equitable Economic Development. Retrieved from <https://www.insidehighered.com/blogs/higher-ed-gamma/how-universities-can-support-equitable-economic-development>.

<sup>ii</sup> Ferreira, F., Rosenkopf, L., Cappelli, P. (2017). The Headquarters Checklist: How Do Companies Pick a Location? Retrieved from <https://knowledge.wharton.upenn.edu/article/headquarters-checklist-companies-pick-location/>.

<sup>iii</sup> Calgary Economic Development (2022). Why Calgary? Our Economy in Depth. Retrieved from [https://www.calgaryeconomicdevelopment.com/assets/Reports/WhyCalgary\\_Our-Economy-in-Depth-2022-06.pdf](https://www.calgaryeconomicdevelopment.com/assets/Reports/WhyCalgary_Our-Economy-in-Depth-2022-06.pdf).

<sup>iv</sup> HESA (2022). Environmental Scan, Commissioned by UofA. Retrieved from <https://www.ualberta.ca/strategic-plan/media-library/2022-10-27-uofa-environmental-scan.pdf>.

<sup>v</sup> HESA (2022). Environmental Scan, Commissioned by UofA. Retrieved from <https://www.ualberta.ca/strategic-plan/media-library/2022-10-27-uofa-environmental-scan.pdf>.