This study of innovation – its intensity, the sources used for knowledge creation, and its impacts – is based on a comprehensive survey of innovation in Canadian manufacturing firms. The study pays attention to the different actors in the system, who both compete with and complement one another. It investigates how innovation regimes differ across firm sizes and across industries. Owing to the high degree of foreign investment in Canada, special attention is given to the performance of foreign-owned firms. The authors compare the Canadian innovation regime with results of studies of other industrialized countries. The picture of a typical innovator that emerges is a firm that combines internal resources and external contacts to develop a set of complementary innovative competencies and strategies. The study finds that innovating firms not only depend on R&D but also rely on ideas and technology from various other sources, both internal and external to the firm.

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Innovation and Knowledge Creation in an Open Economy

Canadian Industry and International Implications

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