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# Innovation, Creativity and Inclusion

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# What is Social about the Dynamics of Economic Performance in City Regions?

How do local social characteristics and processes in city-regions interact to affect their economic vitality and dynamism as centres of innovation and creativity?



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# Three Key Issues

- Social learning dynamics and knowledge flows between economic actors in dynamic city-regions
- Social consequences of scale and the implications for mid-size and smaller urban regions
- Social implications of size for inequality, inclusion and quality of place



# The Social Dimension

- Sociological perspective on economic performance
  - Links and interactions between social actors
    - innovation is an interactive process
    - “Innovation is a social enterprise that occurs within a variety of institutional settings” (Wolfe & Gertler, 2002)
- Underscores the dimension of power
  - Role of size in innovation dynamics (I)
    - Is Jacob’s variety primarily a function of size?
  - Social inclusion/exclusion in creativity and innovation (II)
    - What is a *socially inclusive* talent-based economic development strategy?
  - Strategic management of city regions (III)
    - How does the power dimension facilitate/inhibit effective collaborative leadership, civic engagement



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# Social Dimensions of City Regions

- Socio-economic relations manifested in both spatial and institutional ways
  - Institutions shape relations within and across spatial levels
  - Institutions may be national, regional or local
    - Pattern of interaction across scales is crucial
  - Multilevel governance and 'nested scales'
- Role of institutional structures in supporting urban and regional innovation
  - Collaboration among actors mobilizes local assets and helps shape local institutional arrangements (Simmie and Wood)
- Institutions also shape and funnel knowledge flows
  - Local agglomerations of knowledge tap into global knowledge pipelines
- City-regions are advantaged by their diversity and size
  - 'City-region' as a spatial formation constituted by multiple scales simultaneously



# Social Learning Process in Cities

- Learning is the most important social process
  - Innovation and creativity place a premium on the ability to acquire, absorb and diffuse knowledge
- Challenge is to structure knowledge in social ways
  - establish mechanisms for local social knowledge management
- New economy demands proximity because of the way knowledge is transmitted
  - Advantage of proximity lies in the ability to mediate knowledge
  - “it is in cities that information is not just created, but sorted – where the ‘important’ information moves to the top of the enormous heap of banality” (Storper and Manville)



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# Specialization versus Diversity as Sources of Growth and Innovation

- Specialization versus diversity affected by other factors
  - Size of the urban region
  - Point of insertion into global network of urban nodes
  - Evolution of the industrial structure towards knowledge-intensive activities
- Diversity, not specialization, contributes to employment growth
  - Transmission of knowledge across diverse sectors stimulates growth in additional sectors (Glaeser et al.)
- Diversity across complementary industries sharing a common science base stimulates innovation
  - Degree of local competition for new ideas within a city also stimulates innovation (Audretsch and Feldman)
- Competition for new ideas within a city creates a conducive environment for innovative activity (Audretsch)



# Role of Specialized Knowledge Base

- Growth potential of cities depends on their specialized knowledge base
  - Specialization in knowledge-intensive service (information sector) activity generates strong economies
  - Growing importance of computer and communication networks reinforces concentrations of producer-services in large metropolitan centres
- Specialization in high value-added activities favours regions with a diversified base in manufacturing and services
  - Linked to capacity for R&D and innovation
    - Cities of 1 to 4 m produce twice the patents as those under 250k
    - Thick labour markets make inputs to innovation readily available
- Dynamic cities reinvent themselves by moving from one field of specialization to another
  - Creative ideas can be transferred from one sector to another
  - “Some specializations are better than others” (Drennan)





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# Cities as Nodes in Global Networks

- Most innovative firms use more external sources of knowledge than less innovative ones (CIS3)
  - Ability to access external knowledge critical for innovate firms
  - Localities embedded in wider sets of national and international linkages
- Merging roles of manufacturing and service activities
  - Centrality of service-based knowledge for urban competitiveness
- An international hierarchy of cities and regions is emerging
  - Much knowledge transfers between these regions
    - Repositories of leading edge knowledge for specialized activities
  - Regions are leading nodes for internationally distributed system of innovation
    - Decoding new knowledge from other similar nodes
    - Play role as gateways for diffusing leading edge knowledge through their respective national urban and regional hierarchies
    - Medium-sized cities act as regional hubs



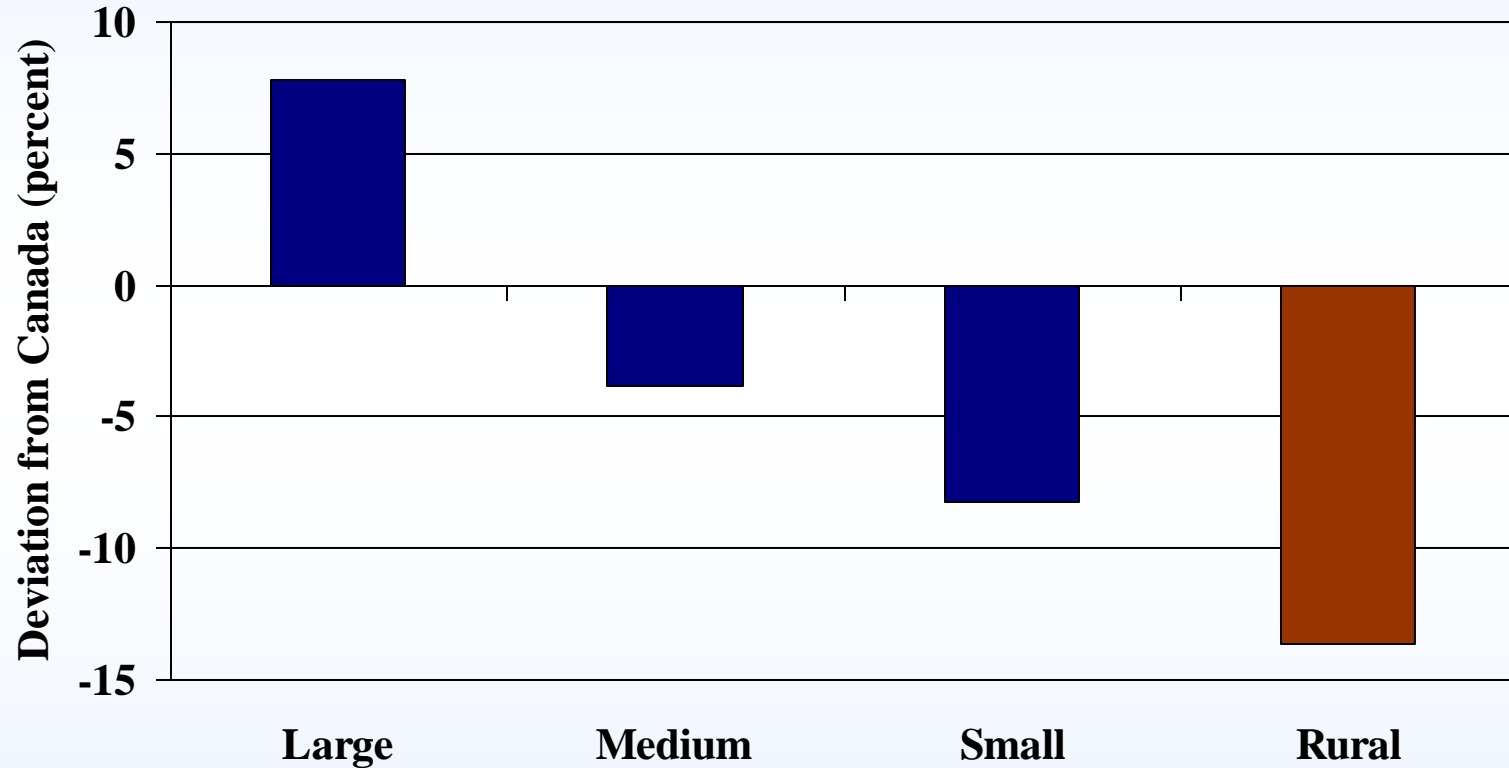
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# Specialization vs. Diversity Reprised

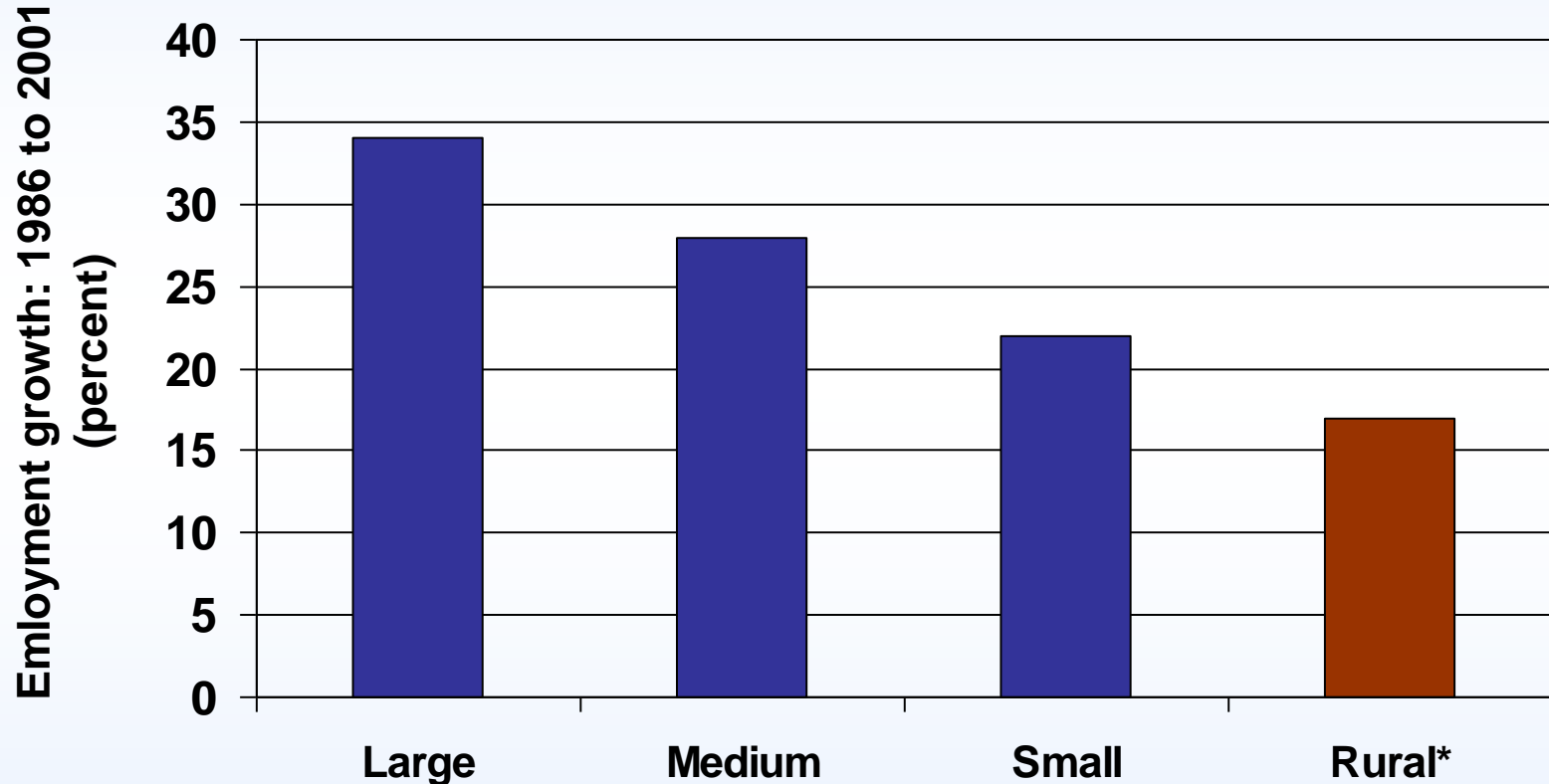
- Dilemma of lock-in for older industrial centres
  - Remain invested in technologies and industries in which they are efficient
    - Pittsburgh, Hamilton, Akron, Windsor
- Older regions may lag in R&D
  - Preference for incremental over radical innovation
  - Lower R&D intensity
- “Important question may be whether a city has specialized in the right thing at the right time” (Storper and Manville)



# Incomes are Higher in Larger Cities



# Employment Growth is Also Higher



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# Challenges for Medium-sized Cities

- Canadian 'hub' cities
  - 10 cities generate over 50% of GDP and employment
  - 65% of net new jobs created in them
  - Each is the hub for its respective region or province
- Hub cities face major challenges
  - Benefit less from immigration and internal migration
  - Must contend with loss of home-grown talent
  - Lack investment and political capacity to drive growth
- Medium-sized cities with specialized knowledge base may enjoy growth and prosperity
  - Saskatoon?
  - Many others lack industrial base, knowledge base or quality of place
  - Challenge is to rejuvenate local economy with limited resources or factor endowments



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# The Role of Talent in Innovation

- Labour is critical input for innovation
  - Labour flows to those places that have a 'buzz' about them
- Universities are key creators and attractors of talent
  - "universities are a crucial piece of the infrastructure of the knowledge economy, providing mechanisms for generating and harnessing talent" (Florida)
- Many places produce talent – but fewer succeed in retaining it and attracting it from elsewhere
  - Not all cities with universities retain their talent – Kingston?
  - 'Quality of Place' attracts talent to city regions:
    - Critical mass of creative people/activities
    - Successful places provide 'thick' labour market that matches people to jobs
    - Talent attracted to places that have a 'buzz' about them
- Is focus on talent and creativity the same as focus on the cultural and creative industries or much more?



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# Size and Agglomeration Create Concentrations of Talent and Creativity

- Individual workers drawn to centers where employment opportunities are greatest
  - Development of urban node involves a process of mutual attraction of capital and labour in interdependent spiral (Scott)
- Notion that skills drive growth is less convincing than a theory that the preferences of firms – i.e. agglomeration economies – give rise to growth
- “Jacobs, Florida and Glaeser are all on to something in claiming that skills and amenities go together, *but they may have got their causality reversed*
  - it is the fact that these skilled workers are congregated in certain places that leads to the presence of amenities and, in some cases, makes the places tolerant and bohemian as well.” (Storper and Manville)



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# From the Creative Class to the Creative Economy

- Leading edge technologies facilitate shift to deroutinized production and outputs
  - In leading edge sectors
  - ‘Cognitive-cultural economy’ (Scott)
- Cities are breeding ground for new production or consumption oriented experiments
  - Reconstituted as ‘Schumpeterian hubs’
  - Cities reconstituted as ‘Schumpeterian hubs’ - “giant matrices for recombining resources in order to generate innovations.” (Veltz 2004)





# Social Exclusion/Inclusion

- Metro regions have 'pull effect' on population (OECD)
  - Import young people from hinterland
  - Post-industrial cities increase social exclusion
  - But they generate wealth that can be redistributed and invested elsewhere
- Service sector in urban labour markets increasingly polarized
  - High-end jobs in KIBS
  - Contingent labour in retail and personal support care
    - Increasing evidence of income polarization
    - Entrenched in chronic spaces of exclusion
  - Some of the highest poverty rates found among recent immigrants
    - Diversity cannot drive innovation if the poor find themselves cut off from opportunity"



# Socially Inclusive Development Strategies

- Essential for tapping into knowledge resources of labour force
  - Social inclusion expands talent pool and increases potential for cross-fertilization of ideas and knowledge
- Key challenge for education and labour market policies
  - Prior learning assessment and validation of credentials
- How responsive are civic leaders to non-traditional or non-elite groups?
  - To what extent are strategic planning exercises 'old boys' club?
  - What role is played by associations that represent other social groups in the community?
- To what extent do strategic planning exercises at the local level involve broader social community?
  - How inclusive are the associational groups that participate in strategic planning exercises?
  - To what extent are social issues deliberately framed as part of strategic planning exercises?
  - To what extent are 'inclusive' issues framed as part of agenda
    - Employment opportunities
    - Integration of immigrants



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# Civic Capital & Social Inclusion

- Efforts to improve economic performance must address both industrial transformation and social inclusion
- Focus attention on cities' capacity to formulate responses to their particular challenges
- Recognition of political agency means cities have some degree of influence over their economy trajectory
- Role of civic capital
  - consists of interpersonal networks and solidarity within a community based on a shared identity, expectations or goals and *tied to a specific region or locality*
  - Comprised of formal or informal networks between individual community members, between communities, or between community and the state
- Defining civic capital as sense of solidarity or interpersonal ties
  - Acknowledges the critical role of local leaders in intensifying and formalizing collaborative networks within and between communities.
  - *but also accounts for how it can be harnessed and intensified for meaningful regional governance by civic entrepreneurs.*



# Strategic Management of City Regions

- Regional response to globalization is emergence of strategic management policy
  - Not for firms, but for regions
    - Development and enhancement of factors of production that cannot be transferred across geographic space at low cost
  - “This strategic management of regions has harnessed the propensity for knowledge and innovative activity to concentrate geographically as a locomotive of regional economic development” (Audretsch, 2002)
- Formulate innovation-based strategic plans
  - “local social knowledge management exercises”
- Strategic planning exercises draw upon civic capital created by these institutions
  - Generate trust by engaging key social partners in ‘talk’ – builds set of shared understandings and expectations



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# Contextualize Strategic Management

- Policy prescriptions need to be tailored to circumstances of individual urban regions
- Medium and small size cities must draw upon local knowledge resources
- Cities must develop the organizational and institutional infrastructure for collective action
  - Identify and cultivate local assets
  - Undertake collective planning processes
  - Promote regional mindset to foster growth
- Virtue in promoting “different imaginaries” (Scott)



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# From Civic Engagement to The Democratic City

- Concept of urban citizenship
  - Right of urban citizenship as the right to shape and influence
  - Active citizenship requires knowledgeable and discursive political community
    - Involves 'face to face' engagement in local institutions
- Urban sites as settings for the practice of democracy
  - Cities are sites of dense and varied institutional activity
    - Firms, business associations, public sector and voluntary organizations
  - All of these institutions are relevant for the practice of urban democracy



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