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

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Social Dynamics of Economic Performance: Primary Question

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

Three Key Themes

- Social learning dynamics and knowledge flows between economic actors in dynamic city-regions
- Social dimensions of talent and creativity in city-regions (including diversity, openness, inclusion)
- Social nature of civic engagement and governance processes

The Social Dimension

- Sociological perspective on economic phenomena
 - Role of groups and institutions in social settings
 - Links and interactions between actors
 - firms and support organizations – innovation system
 - “Innovation is a social enterprise that occurs within a variety of institutional settings” (Wolfe and Gertler, 2002)
- Underscores the role of power in economic action
 - 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?
 - Formal politics versus associative governance (III)
 - How does the power dimension facilitate/inhibit effective collaborative leadership, civic engagement?
 - Implications for responsibility and accountability

Institutions and Social Relations

- For Gerth and Mills
 - Institutions are organization of roles which carry different degrees of authority, so that one of the roles is understood and accepted as guaranteeing the relative permanence of the total conduct pattern.
- For Polanyi economies are:
 - Instituted processes of interaction between man and his environment
- For Hodgson
 - Social organization which, through the operation of tradition, custom or legal constraint, tends to create durable and routinized patterns of behaviour
- For Hall
 - Institutions refer to the formal rules, compliance procedures and standard operating practices that structure the relationship between individuals in various units of the polity and economy
- For Zysman-
 - Historically conditioned and nationally specific institutional structures create distinctive patterns of constraints and incentives that channel existing power relations among groups in society

Social Dimension of Innovation Capabilities

- Dynamic innovation systems produce *unique regional and localised capabilities*,
 - become a key source of competencies for local firms across a *variety of sectors*
- Localised capabilities include:
 - The region's specific institutional endowment
 - Local research and knowledge infrastructure
 - Unique knowledge and skills available in the region
- A region's institutional endowment shapes:
 - Distinctive rules, practices, routines, habits, traditions, customs and conventions
 - Entrepreneurial spirit, moral beliefs, political traditions and decision-making practices
 - Distinctive regional 'culture'

Social Dimensions of City Regions

- Socio-economic relations manifested in both spatial and institutional ways
 - How do institutions shape these relations within and across spatial levels
 - Multilevel governance and 'nested scales'
 - Role of institutional structures as compared to individual actors 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
 - Institutions may be national, regional or local
 - Pattern of interaction across scales is crucial
 - 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

Size, Growth and Innovation

- Growth potential of cities depends on their specialized knowledge base
 - But to what extent are innovation and growth effects a function of size rather than specialization or diversity?
- Specialization in high value-added activities favours regions with a diversified base in manufacturing and services
 - Linked to capacity for R&D and innovation
 - U.S. counties with higher populations exhibit higher rates of innovation
 - Cities of 1 to 4 million produce twice the rate of patents as those of 50 to 250k
 - Inputs to innovation are cheaper and more readily available
 - Thick labour markets make inputs to innovation readily available
- High valued-added activities require less land
 - Attracted to and create concentrations of human capital
 - Toronto's high activity rate improves productivity
 - Raise property values pushing out land-consumptive activities

Specialization versus Diversity as Sources of Growth and Innovation

- Diversity, not specialization, contributes to employment growth
 - Transmission of knowledge across sectors stimulates innovation (and 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)
- However diversity may be more significant for high tech (analytic) industries and specialization for capital goods industries (synthetic)(Henderson)
- Stage of product life cycle affects innovation
 - Firms develop new products in diversified creative urban environments, but relocate to specialized cities for mass production to exploit cost advantages (Duranton and Puga)

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
 - Increasingly centrality of service-based knowledge for urban competitiveness
 - Cognitive-cultural economy (Scott)
- An international hierarchy of cities and regions is emerging
 - Much knowledge transfers between these regions
 - Repositories of leading edge knowledge for activities in which they are specialized
 - Regions are leading nodes for internationally distributed system of innovation
 - Benefit from high levels of local knowledge capital and decoding new knowledge from other similar nodes
 - Play role as gateways for diffusing leading edge knowledge through their respective national urban and regional hierarchies

The Role of Talent in Innovation

- Labour is the most important 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
 - Answer lies in openness, diversity and tolerance
 - '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
 - Generates 'buzz' in both cultural and career sense
- But is focus on talent and creativity the same as focus on the cultural and creative industries or much more?

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)
- “Jacobs, Florida and Glaser 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)
- Notion that skills drive growth is less convincing than a theory that the preferences of firms – i.e. agglomeration economies – give rise to growth
 - Cities reconstituted as ‘Schumpeterian hubs’ - “giant matrices for recombining resources in order to generate innovations.” (Veltz 2004)

How Do Institutions Shape Social Learning Processes?

- 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 effective mechanisms for local social knowledge management
- Requires higher order of learning
 - By institutions engaged in critical /reflexive self-monitoring
 - ‘learning by learning’
 - Three learning dynamics
 - Civic learning
 - Administrative learning
 - Policy learning
- Learning regions are:
 - “collectors and repositories of knowledge and ideas (that) provide an underlying environment or infrastructure which facilitates the flow of knowledge, ideas and learning” (Florida)

From Social to Civic Capital

- Features of social organization of a region that facilitate coordination and cooperation among economic actors
 - Capital refers to asset
 - Social connotes that it is attained through community
- 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*
 - *Bridging* not *bonding* capital
 - Comprised of formal or informal networks between individual community members, between communities, or between community and the state
 - Acknowledges the critical role of local leaders in intensifying and formalizing collaborative networks within and between communities.
- Defining civic capital as sense of solidarity or interpersonal ties
 - *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)
- Collaborative institutions - formal and informal organizations that:
 - Facilitate exchange of information and technology
 - Foster cooperation and coordination
 - Enhance civic capital and improve competitiveness by:
 - Creating relationships and establishing trust
 - Forming collective institutions
 - Identifying common strengths and developing common agenda
- 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

Social Exclusion/Inclusion

- Metro regions have 'pull effect' on population (OECD)
 - Import young people from hinterland
 - Yet, post-industrial cities increase social exclusion
 - But they generate wealth that can be redistributed and invested elsewhere
 - Job opportunities for young people
- 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
- 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?

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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