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## EXECUTIVE SUMMARY

This report is based on the preliminary findings presented at the Newfoundland and Labrador ISRN Team workshop on February 18<sup>th</sup> and 19<sup>th</sup>, 2010. The Innovation Systems Research Network (ISRN) project is part of a \$2.5 million Social Sciences and Humanities Research Council of Canada – Major Collaborative Research Initiative (SSHRC – MCRI) exploring the social dynamics of economic performance in fifteen cities across Canada. This research has three major themes: (1) the social dynamics of innovation; (2) talent attraction and retention; (3) and governance and inclusion. The Newfoundland and Labrador section of this project is led by Dr. Rob Greenwood, Director of the Leslie Harris Centre of Regional Policy and Development at Memorial University. In St. John's, Ann-Marie Vaughn, Dr. Josh Lepawsky, and Dr. Rob Greenwood, assisted by Crystal Phan and Seamus Heffernan, conducted a total of 76 interviews within a variety of sectors, creative workers, and government and community actors across the three themes. Dr. Reeta Tremblay is leading the research for all three themes in Clarenville, Corner Brook, and Labrador West with the assistance of Ken Carter and Byron Rolls.

The keynote address, by Dr. Greg Spencer, provided an overview of the national project and the implications this research has for smaller cities and rural areas. The following day, the Newfoundland and Labrador Research Team including Ann-Marie Vaughn, Dr. Rob Greenwood, Byron Rolls, and Ken Carter presented on the preliminary findings with time set aside for lively debates. The workshop concluded with a five-member panel discussion on the implications of these findings involving Dr. Greg Spencer, Dave Peddle, Nick McGrath, Lisa Browne and Bruce Gilbert. Several debates emerged over the two-day workshop including one focussed on economic diversity versus specialization and which is more applicable for smaller cities. Other debates centred on the experiences of “CFAs” (*come from aways*) and the need for strategic collaboration. The overall message from the workshop suggests that although this project has interesting insights for smaller cities, the creativity and innovation script depicts large cities like Toronto as the norm. However, all in attendance were hopeful that the Newfoundland and Labrador project will help change this perception.

## **THE SOCIAL DYNAMICS OF ECONOMIC PERFORMANCE: INNOVATION AND CREATIVITY IN CITY-REGIONS**

### **Newfoundland and Labrador Project Preliminary Findings – St. John's, Clarenville, Corner Brook & Labrador West**

St. John's, NL  
February 18<sup>th</sup> & 19<sup>th</sup>, 2010

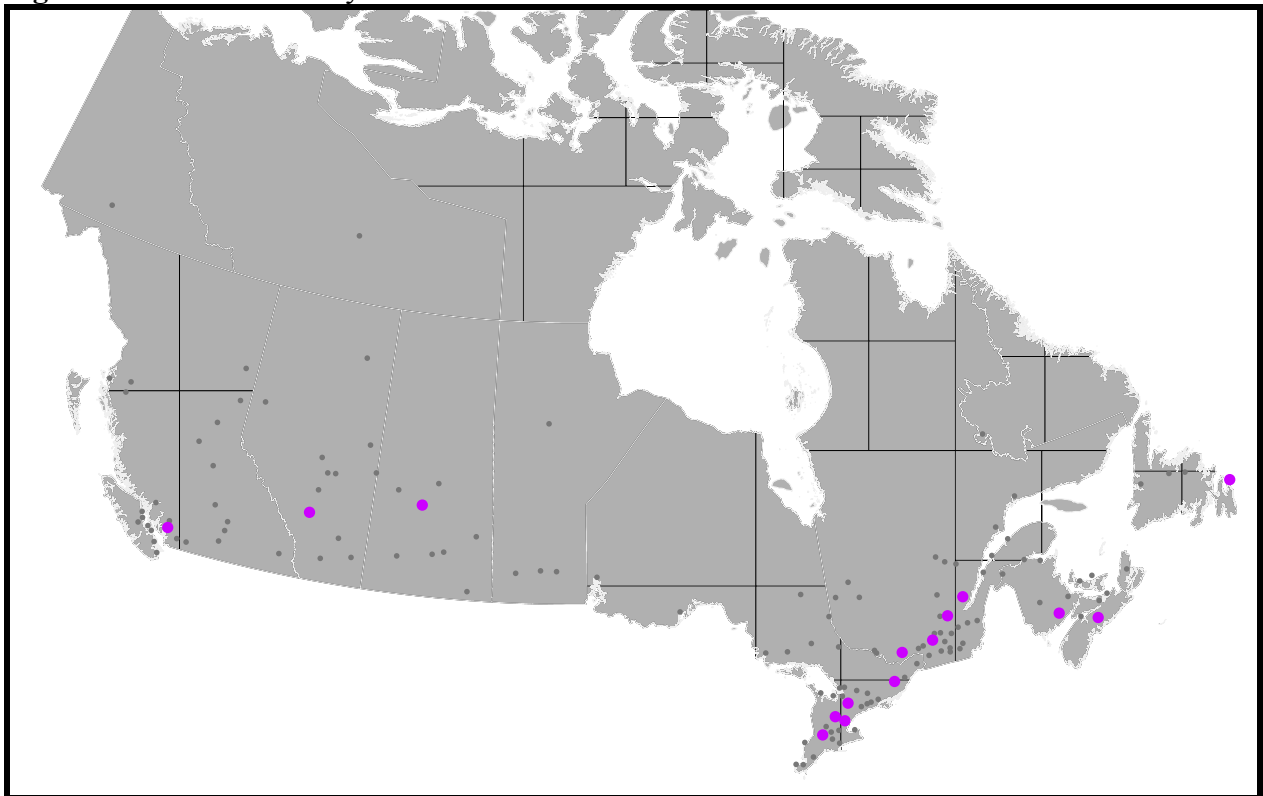
#### **ISRN PROJECT – NATIONAL AND NEWFOUNDLAND OVERVIEW**

The Innovation Systems Research Network (ISRN) project is part of a \$2.5 million Social Sciences and Humanities Research Council of Canada – Major Collaborative Research Initiative (SSHRC – MCRI) exploring the social dynamics of economic performance in fifteen cities across Canada (see Figure 1). The project started in 2006 and is spearheaded by Professors Meric Gertler and David Wolfe at the University of Toronto. It includes twenty-two investigators across the country determining: how knowledge flows within cities, within sectors, and across sectors; why certain cities attract and retain creative and innovative individuals; and how this contributes to social inclusivity, civic engagement, and a dynamic economy. This research has three major themes: (1) the social dynamics of innovation; (2) talent attraction and retention; (3) and governance and inclusion. The Newfoundland and Labrador section of this project is led by Dr. Rob Greenwood, Director of the Leslie Harris Centre of Regional Policy and Development at Memorial University. Additional funding has been obtained from the Industrial Research Innovation Fund (IRIF) and from the office of the Memorial University Vice President (Research) to extend this research outside the St. John's city-region to include: Clarenville, Corner Brook, and Labrador West.

In St. John's, Ann-Marie Vaughn, Director of Education and Learning Technologies (DELT) – Memorial University of Newfoundland, is leading Theme I – the Social Dynamics of Innovation. A total of twenty-six interviews were conducted from July 2009 to February 2010 in a variety of sectors including: oil and gas; oceans; information technology; culture; education; and health. Dr. Josh Lepawsky, Department of Geography – Memorial University, is spearheading Theme II – Talent Attraction and Retention. Twenty-five interviews were

conducted with a variety of creative workers in music, film and research along with representatives from intermediary organizations (i.e. unions, immigration organizations, research organizations etc). Theme III – Governance and Inclusion – is led by Dr. Rob Greenwood and a total of twenty-five interviews were conducted with a number of government and community actors. Dr. Reeta Tremblay, Vice-President Academic, *pro tempore* at Memorial, is leading the research for all three themes in Clarenville, Corner Brook, and Labrador West. Ken Carter, Provincial Rural Secretariat, is assisting with the research in Clarenville and Corner Brook while Byron Rolls, a recent Masters graduate in sociology, is assisting in Labrador West. In addition, advisory committees are in place for St. John's, Corner Brook and Clarenville, and plans are underway to revive earlier efforts in Labrador West.

**Figure 1:** ISRN Case Study Cities



Source: Spencer, 2010

This report provides the preliminary findings from a Newfoundland and Labrador workshop held on February 18<sup>th</sup> and 19<sup>th</sup> in St. John's. Dr. Greg Spencer, a post-doctoral fellow at the Munk Centre, University of Toronto, gave the keynote address about the national project on the opening evening. The following day, the Newfoundland and Labrador Research Team presented on the preliminary findings with time set aside for lively debates. The workshop concluded with a five panel discussion on the implications of these findings. The remainder of this report is divided into seven major sections. The first section provides a brief overview of the innovation and creativity literature while the next section looks at innovation and creativity in smaller, more peripheral cities. This is followed by four sections summarizing the keynote address and the findings from St. John's, Labrador West, Clarenville, and Corner Brook. The final section details the panel discussion. A summary of the findings and future directions conclude this report.

## **INNOVATION AND CREATIVITY IN CITY-REGIONS<sup>1</sup>**

In the economic geography literature, much has been written about the importance of clusters, regional innovation systems, localized learning, and global pipelines for innovations and economic growth (Gertler, 1995; Porter, 1998; Holbrook and Wolfe, 2000; Wolfe, 2003; Bathelt, Malmberg, and Maskell, 2004; Gertler and Wolfe, 2005; Wolfe and Lucas, 2005; Cooke et al., 2007). This literature stresses the importance of geographic concentrations of interconnected companies and institutions engaged in competition and cooperation. Innovation is now argued to be a social process that depends on interaction and learning and the city-region is thought to be the key space for this to occur (Wolfe, 2009). As David Wolfe (2009) argues, city-regions are the dominant sites of economic and demographic growth. More importantly, "...they are also the leading edges of innovation that will generate the new ideas, new products, and new industries that will drive the economy in the future" (Wolfe, 2009: 14). The city-region thus provides the

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<sup>1</sup> This section is from the Kingston Innovation Systems Study: Hall, H.M. and Donald, B. 2010. *The Social Dynamics of Innovation in the Fractured City – Kingston, ON. Working Paper ISRN*; and Hall, H.M. and Donald, B. 2010. *Clarifying Creativity and Culture in a Small City on the Canadian Periphery: Challenges and Opportunities in Greater Sudbury*. In A. Lorentzen and B. van Heur (ed.), *Cultural Political Economy of Small Cities*. Routledge. In progress.

spatial proximity that encourages knowledge flows between economic actors and the key institutions that support their activities (Wolfe, 2009).

The importance of highly skilled and creative-workers for economic growth has also been stressed in the literature. This is largely due to the work of Richard Florida and his contemporaries on the creative class. In the creative economy, Florida emphasizes the importance of occupations in media, film, fashion, music, advertising, architecture, and design along with various high-technology sectors like information and computer technology as significant economic generators. He also argues that economic inputs are now dependent on the talent of a ‘creative class’<sup>2</sup>, “whose economic function is to generate new ideas, new technologies and/or creative output” (Florida, 2002: 8). The creative class is also said to be attracted to places that offer diversity; a wide range of natural, cultural and recreational amenities; as well as tolerance. The importance of place to economic prosperity is thus seen to be paramount for creativity and innovation in the contemporary economy (Florida 2002; 2005; Donald and Morrow 2003).

### **INNOVATION AND CREATIVITY IN SMALL CITIES ON THE PERIPHERY<sup>3</sup>**

Given the renewed interest in place as a key attribute to the contemporary economy, it is not surprising that most of the research has tended to focus on core, large metropolitan areas as the obvious spaces where creativity and innovation thrives (Florida, 2005; Mcgranahan and Wojan, 2007; Sands and Reese 2008; Stam, et al. 2008). In the regional innovation systems and clusters literature, for example, the majority of academic attention is paid to advanced regions like Silicon Valley, Toronto, Montreal and Waterloo (Morgan and Nauwelaers, 2003; Virkkala, 2007; Lagendijk and Lorentzen, 2007; Holbrook and Wolfe, 2000). As Virkkala (2007) comments “[p]eripheral and more distant areas have largely been ignored, as they have seldom

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<sup>2</sup> The creative class is defined as a group of occupations “...including science, engineering, arts, culture, entertainment and the knowledge-based professions of management, finance, law, healthcare and education” (Florida, Mellander and Stolarick, 2008).

<sup>3</sup> This section is from: Hall, H.M. and Donald, B. 2009. Innovation and Creativity on the Periphery: Challenges and Opportunities in Northern Ontario. Paper and Policy Report for the Martin Prosperity Institute and their Provincial Project, *Ontario in the Creative Age*; and Hall, H.M. and Donald, B. 2010. Clarifying Creativity and Culture in a Small City on the Canadian Periphery: Challenges and Opportunities in Greater Sudbury. In A. Lorentzen and B. van Heur (ed), *Cultural Political Economy of Small Cities*. Routledge. In progress.



been the target of innovation studies” (511). In addition, Johnstone and Haddow (2003) add that peripheries, like Cape Breton, are seen as ‘inauspicious’ spaces for the dynamic and innovative preconditions in the ‘new economy’.

Polèse et al. (2002) further argue that the overwhelming amount of innovations that are produced in large metropolitan areas “...sometimes leads to the assumption that almost all innovation occurs in large cities...but this can blind us to the innovations occurring outside these regions” (133). In fact, examples of innovation in the periphery are often overlooked because they occur within ‘old’ traditional sectors like mining or forestry rather than sectors at the forefront of technological developments (Polèse et al., 2002; Rutherford and Holmes, 2007; Legendijk and Lorentzen, 2007). For example, in Northern Ontario we discovered that companies and institutions within a mining supply and services cluster are producing new technologies or methods to improve the efficiency, safety and sustainability of the mining industry. A number of companies involved in forestry are also creating or adapting processes for pest management, reforestation, and carbon sequestering (Hall and Donald, 2009).

In the creative economy, the Kingston ISRN Team discovered that variables like talent, tolerance, and technology are biased by design to favour large, core metropolitan areas (Lewis and Donald, 2010). For example, in Canada it’s not surprising to discover that so-called creative and high-tech industries are concentrating in and around large metropolitan areas like Toronto, Montreal, Ottawa and Vancouver (Polèse et al., 2002; Gertler et al., 2002; Beckstead and Gellatly, 2003) or that these large core areas are attracting higher proportions of ‘talented’ individuals who are highly educated (Polèse et al., 2002; Gertler et al., 2002). In the creativity script, size is an advantage and larger cities are more likely to rank on top of the indexes (Dreher, 2002). Meanwhile, smaller, peripheral places often end up at the bottom of these league tables (Gertler et al., 2002) creating a perception that these places are devoid of talent or creativity.

Recent interest into the applicability of creative-led economic development for more rural, mid-size, and peripheral places have had mixed results. In their work on rural counties, McGranahan and Wojan (2007) discovered that the rural creative class is older and more likely to be married. Thus, strategies geared at improving the quality of local schools may be more critical in rural areas. In addition, Sands and Reese (2008) determined that there is no clear evidence that a creative class strategy will work for mid-size urban areas in Canada. A common

complaint in the academic literature is that the “...the ‘creativity script’ does not take into consideration the variability of places or the applicability of large city strategies for other geographic contexts...” (Rantisi et al., 2006: 1793; Gibson & Klocker, 2004). In other words, as Sands and Reese (2008: 9) enquire “are such strategies appropriate for seriously distressed cities such as Detroit and smaller and more isolated places such as Nanaimo, British Columbia?”

In the end, economic growth strategies need to be tied to the economic foundations of smaller, more peripheral cities. As the following report on the preliminary findings in Newfoundland and Labrador depicts, a big-city script for economic development can provide some interesting insights for smaller cities. However, it also portrays larger cities and their strategies as the norm while smaller, peripheral cities look like economic failures. What small cities need is a new policy mentality that recognizes place-based challenges and opportunities. The preliminary work in Newfoundland and Labrador is a testament to the importance of place-based policy-making and the role of smaller, peripheral cities in the contemporary economy. The following sections provide a summary of the keynote address, presentations, and panel discussion from the Newfoundland and Labrador workshop.

**KEYNOTE SPEAKER – DR GREG SPENCER, UNIVERSITY OF TORONTO**

***Social Dimensions of Creativity and Innovation in Canadian City-Regions: Lessons from the ISRN Project 2006-2010 and related work***

Dr. Spencer started his presentation with a brief overview of the research goals in the Cluster-Based ISRN Project (2001-2005) and a more in-depth look at the current City-Region ISRN Project. He stressed the importance of the social dimension of economic performance that underpins much of this research. He then turned to the debate surrounding specialization versus diversity as sources of growth and innovation. At the heart of this debate is the argument that the transmission of knowledge across diverse sectors stimulates growth in additional sectors. Specialization, however, in high-value added activities is often essential for regional prosperity. This debate is impacted by a number of other issues including size of the urban region, connections to global networks, and the evolution of the industrial structure. Dr. Spencer then introduced the agent-based modelling approach, a computer simulation, which demonstrates how

various elements of the creative process interact. Overall, he found that the local context (specifically diversity) influences the creative performance of individuals and that places may become more diverse through patterns of social interaction and learning.

In terms of knowledge intensive industries, Dr. Spencer divided them into three categories and described their most common subject of qualification: Creative Industries; Innovative Industries; and Discovery Industries. In terms of mapping these industries, he found that creative industries are more likely to be located in large cities like Toronto, Vancouver, and Calgary. Whereas, Innovative Industries are concentrated in more natural resource based centres including Kitimat, Labrador City, and Wood Buffalo and Discovery Industries are seen in places like Ottawa-Hull, Salaberry-de-Valleyfield, and Quebec City. He then turned to measuring local diversity in terms of both economic and cultural diversity. Dr. Spencer pointed out that St. John's placed 24<sup>th</sup> on economic diversity, 102<sup>nd</sup> on cultural, and 50<sup>th</sup> on combined out of 140 urban areas. The least diverse urban areas were mainly located in Northern Quebec and the Maritimes.

His key research findings are that dense diverse social learning opportunities are important for creative economic activity while local diversity is less important for science and technology industries. He also stressed that not only do different places require different strategies but so do different industries. Thus, policy should focus on matching both place and industrial strategies to the context. Finally, building and maintaining relationships locally and non-locally are essential. Dr. Spencer's key findings for rural areas are that they tend to suffer from a lack of local 'creative advantage' with sparse local networks and low diversity. This suggests that there is a larger role for the public sector in network building. Furthermore, the attraction and retention of younger workers is a serious problem for most rural areas in developed countries.

### ***Discussion for Keynote Speaker***

During the discussion period, conversation focused on the lack of innovation which appears to be ingrained in the Canadian business culture. Possibly because of finance issues, lower business start-ups compared to the United States, and local demand. Participants were interested in how

we can make smaller regions more diverse on a smaller scale? However, this is a difficult task because size and diversity are strongly related where big cities can support more diverse relationships. Participants also questioned whether small places can be populated with creative people even without creative industries? The discussion also brought up concerns over Canadian big cities and their demand for more attention. This brought up the classic Canadian debate over whether resources should be spread around versus putting all the eggs in one basket. A number of participants expressed concerns that the national project comes across as a big city project and the sense that Toronto is the norm. This further reinforces the age old debate that the centre of Canada is good and the rest is peripheral. Diversity also becomes the model or argument. However, is the work of Porter and others on clusters more applicable for less diverse places? Participants were also interested in how the recession has impacted the project and how city-regions attract people.

#### **INNOVATION AND CREATIVITY IN THE ST. JOHN'S CITY-REGION**

As seen in Table 1, the population of the St. John's city region in 2006 was 181,115 representing a 4.7 percent increase from the previous census period. The City has a higher percentage of creative and science and technology occupations when compared to Canada. However, the percentage of foreign born is significantly lower when compared to the Canadian average. Five industrial clusters are evident in St. John's, including: Oil and Gas; Maritime; ITC Services; Business Services; and Higher Education. The remainder of this section summarizes the two presentations and the discussion period on the St. John's city-region.

**Table 1:** Summary and Highlights for St. John’s city region (CMA)

<b>Key Indicators</b>	<b>St. John’s</b>	<b>Canada</b>
Population, 2006	181,115	31,612,890
Population Change, 2001-2006	4.7%	5.4%
% Foreign Born	2.9%	19.8%
% BA Degree or higher	18.8%	18.1%
# Employed	87,890	15,958,195
Employment Growth 1996-2006	17.3%	19.8%
Employment Rate	58.7%	62.4%
Unemployment Rate	10.0%	6.6%
% 'Creative' occupations	38.6%	33.2%
% Science & Tech. Occupations	8.0%	6.6%
'Bohemians' per 1,000 Labour Force	11.3	14.2
Number of Industrial Clusters	5	255
% Employment in Clusters	19.9%	22.1%
Average FT Employment Income	\$ 48,392	\$ 51,221
% Change Average Income 2000-2005	7.4%	5.5%

**Source:** Spencer and Vinodrai, 2009.

### **Ann-Marie Vaughan – Theme I Results – *Northeast Avalon Synopsis of what we heard***

The purpose of Ms. Vaughan’s presentation was to determine the social foundations of innovation in the St. John’s city-region. A total of twenty-six interviews were undertaken in a variety of sectors from oil and gas to health and IT. A number of key themes emerged from the interview process, including: optimism and confidence due to the economic boom; the important role of the university and college for labour, research and development, and community support; a skills gap in IT and the Oceans Technology sector for marketing and business development; and a culture of giving back to the community. In terms of cluster maturity, Ms. Vaughan discovered that oil and gas was most mature, followed by arts and culture and IT. Within these sectors, she found that oil and gas companies valued community relationships with other companies and the government but noted the absence of head offices in Newfoundland and Labrador. The Arts and Culture sector was more multi-faceted and companies tended to work together on almost everything whereas the IT sector saw other companies as subcontractors rather than collaborators. Finally, Ms. Vaughan found that talent attracts talent; there is low turnover in some sectors; and many oil and gas companies are located in the region simply

because the resource is there. Furthermore, government programs were seen to be instrumental. However, transportation was cited as a significant challenge.

**Dr. Rob Greenwood and Dr. Josh Lepawsky – Theme II & III – *St. John's: a metropolis on the margins? Attracting and Retaining Talent & Emerging Lessons on Governance***

Dr. Greenwood was reporting on Theme II and III looking at talent attraction and retention as well as inclusivity and civic engagement. He started with a discussion of the various conceptions of city-size and how the ISRN project is fixated on size. However, the work of Richard Sheamur among others (e.g. Larry Bourne and Mario Polese) argues that location also matters. In Canada, Newfoundland and Labrador is at the margins of national population flows however St. John's is on the receiving end for the province. In Theme II, Dr. Lepawsky discovered that social networks are essential for talent attraction and retention. He also found that highly educated and creative workers felt loyalty to St. John's but felt that it wasn't the right place to be in Canada to be at the top of their game. Employers and intermediary organizations cited challenges with the size and remoteness of St. John's. Another issue was the real or perceived social divide between 'insiders' and CFAs. In Theme III, Dr. Greenwood argued that the tension between the federal and provincial government impacts collaborative decision-making. In addition, municipalities and economic development organizations are starved for resources and respect. On the other hand, social organizations are thriving, possibly due to strong leadership. In closing, Dr. Greenwood emphasized the importance of the Staples Economy when thinking about these themes in the Canadian context.

***Discussion for St. John's***

In Theme I, participants were curious about the size of firms involved and where the company headquarters are based. Aside from oil and gas all of the companies were located in Newfoundland and Labrador. Participants also asked if companies in different sectors working together and collaborating. With regards to the skills gap, some participants were shocked because a number of government programs exist to help in this area. However, the lack of experienced professionals is the real issue. Interestingly, the Business School at Memorial

University was not mentioned in any of the interviews. Participants wondered if the Business School was connected to sectors or places in the province and whether this is something that needs to be looked at. Conversation then turned to the role of diversity for creative industries. Participants felt that Newfoundland and Labrador does lack economic diversity but has a lot of culture. They also questioned whether diversity is needed to have a deep, rich culture? One participant mentioned that Toronto is the world's hotel. But then questioned: who wants to live in a hotel?

In Themes II and III, the discussion centred on CFAs and whether the friendliness of Newfoundland and Labradorians is a false perception. On one side of the debate, some participants argued that people can be 'standoffish', plus family history is essential in many conversations. Still others argued that CFAs are not all the same and everyone has different experiences. A number of participants mentioned that it might be sector- or place-specific (i.e. the oil industry and the Avalon Peninsula might have particular social relations). It was mentioned that diversity does exist in small pockets; however some believed that in five years this will change because of the economy.

## **INNOVATION AND CREATIVITY IN LABRADOR WEST**

Labrador West is a collection of three towns, including: Labrador City, Wabush, and Churchill Falls. The economic history of the region is tied to natural resource development. The two dominant mining companies are: Rio Tinto, which operates as the Iron Ore Company of Canada (IOC), in Labrador City; and Areslor/Mittal in Wabush (Rolls, 2010). The 2006 population of Labrador West was 9,660. This is a 6.1 percent decline from the previous census (Community Accounts, 2010). The following is a summary of the Labrador West findings and discussion.

### ***Bryon Rolls – Labrador West Findings***

Mr. Rolls' presentation was based on thirty-three interviews looking at all three themes in Labrador West. In Theme I, he found that most innovation was occurring within a specific company (i.e. IOC) or sector. Infrastructure, healthcare, transportation, lack of buzz, and

difficulties breaking into social networks were all cited as challenges. In terms of talent attraction and retention, Mr. Rolls discovered that most respondents had a positive job outlook but also recognized that without their job they would have to relocate. Labrador West was also mentioned as a great place to raise a family. Other attractive characteristics included safety, employment services, short commute, recreation, strong union and strong municipal council. A number of challenges were also cited including: ‘one-industry’ town, transportation issues, isolation, lack of affordable housing, inadequate social and health services and a lack of government support or presence (offices relocated to Deer Lake). Finally, in Theme III Mr. Rolls discovered that local government was an essential component in getting all the parties to the table. He also found that inclusivity is not seen as an issue but there are service gaps with youth, elderly, the lesbian/gay/bisexual/transgender community and bilingual services. However, the region has initiated a ‘Welcoming Committee’ and ‘Welcome Package’ to assist newcomers in the community.

### ***Discussion for Labrador West***

Participants discussed the transient population in many communities especially with the labour ladder where you leave the place and not the company. Conversation also turned to the perception that more collaboration is better. Participants stressed that strategic collaboration is key by looking at where you could and where you should collaborate. The strong municipal government in Labrador West was stressed and the role of IOC in the political process was described where the various levels of government will use the company for a specific agenda.

### **INNOVATION AND CREATIVITY IN CLARENVILLE & CORNER BROOK**

In 2006, the town of Clarenville had a population of 5,274. This was a 3.3 percent increase from 2001. Over the years, the town has attracted some immigrants but during the last census period there were no new immigrants in Clarenville (Statistics Canada, 2010). Corner Brook had a population of 26,625 in 2006. As seen in Table 2, 1.9 percent of the population were foreign-born which is significantly lower than the Canadian average. However, Corner Brook does have a slightly higher percentage of people working in creative occupations when compared to



Canada. The City has no industrial clusters based on the ISRN statistics. The remainder of this section summarizes the presentation and the discussion period on Clarenville and Corner Brook.

**Table 2:** Summary and Highlights for Corner Brook region

<b>Key Indicators</b>	<b>Corner Brook</b>	<b>Canada</b>
Population, 2006	2 6,625	31,612,890
Population Change, 2001-2006	1.8%	5.4%
% Foreign Born	1.9%	19.8%
% BA Degree or higher	12.4%	18.1%
# Employed	10,885	15,958,195
Employment Growth 1996-2006	0.4%	19.8%
Employment Rate	49.2%	62.4%
Unemployment Rate	15.2%	6.6%
% 'Creative' occupations	32.4%	33.2%
% Science & Tech. Occupations	4.2%	6.6%
'Bohemians' per 1,000 Labour Force	8.4	14.2
Number of Industrial Clusters	---	255
% Employment in Clusters	0.0%	22.1%
Average FT Employment Income	\$ 43,052	\$ 51,221
% Change Average Income 2000-2005	-0.3%	5.5%

**Source:** Spencer and Vinodrai, 2009.

### **Ken Carter – Director, Partnership Research and Analysis, Rural Secretariat**

Mr. Carter's presentation was based on twenty-five interviews in Clarenville and thirty-two interviews in Corner Brook. In Clarenville, he found that respondents were optimistic about the future due to steady growth, high incomes, high employment, and high property values in the community. In Theme I, he discovered that Clarenville has strengths in business services, accounting and engineering. However, there is little evidence of knowledge flows between firms and institutions due to a lack of critical mass and interest in collaborating. It is interesting to note that the proximity to St. John's was cited as a challenge for economic growth in some sectors. In Theme II, Mr. Carter found that the quality of life for young families is an essential component for residents. However, senior professional positions are lacking in the community and companies have difficulty attracting people (especially accountants and engineers) and

retaining them. In Theme III, Mr. Carter discovered that the health care sector is bringing new immigrants into the community and that discrimination wasn't seen as an issue. In terms of governance, he argued that more communication is needed along with a more in-depth and collaborative economic development and strategic plan. Mr. Carter also found that town councils are small and lack authority however there is a good working relationship between the three levels of government. Overall, he argued that Clarendville needs to strengthen ties among key firms and find ways to attract professionals (perhaps through a quality of life for young families approach).

In Corner Brook, Mr. Carter argued that the metals network is perhaps the best example of a cluster in the region. Within this cluster, both government and industry argued that more dynamic players are needed in the community. In arts and tourism, he found that stronger links are needed to the broader community. However, artists find the natural landscape inspiring and are passionate about improving the built environment. Respondents mentioned that space and funding are challenges for artists in the community. In the ecosystems management cluster, Mr. Carter discovered that there are not enough jobs to retain people permanently and not enough networking among the partners especially researchers at CNA and the College. Other challenges cited by respondents include: too many people involved on the government side and a lack of leadership; the length of the funding process; and the degree of autonomy for funded research. In Themes II and III, Corner Brook recently held the 1<sup>st</sup> Annual Gay Pride Parade and many saw this as a symbol of increasing tolerance and diversity. However, lifestyle amenities are lacking and limited employment possibilities for professionals impede talent attraction and retention.

### ***Discussion for Clarendville & Corner Brook***

Participants argued that social inclusion and diversity plays a bigger role in big cities. Participants also mentioned that the economic history produces a culture within the community. Some were curious about how to go about changing this culture and increasing management skills. A discussion was generated on the differences in planning between the two communities. It was mentioned that there are three plans in Corner Brook with little buy-in from the community. Residents are more concerned about their roads but at the same time will argue that

there needs to be a plan. Leadership and communication were seen as essential components to overcoming this challenge. Attention was then shifted to the role of government. One participant argued that government runs the risk of trying to fix what's not broken or fix what's broken with the same cookie cutter. Others mentioned that there is only so much government can do while most agreed that people and places are different and place-based policies are needed. One participant pointed out that Newfoundland has a history of looking to the patron to solve its problems and they are not accustomed to doing it for themselves.

#### **PANEL DISCUSSION**

Five panellists were invited to give their impressions and offer their perspective on some of the issues that were raised over the two days.

#### **Dr. Greg Spencer – *Post-Doctoral Research Fellow, University of Toronto***

Dr. Spencer addressed the discussion regarding the evidence of creative industries without diversity and suggested that the diversity might be hidden. The concept of a transient population was brought up earlier in the day and this mobility can also contribute to diversity. He speculated that this might be the case in Newfoundland and Labrador rather than diversity through immigration. Although the number one factor for creative industries was diversity in the agent-based model, the number two driver was mobility of people between places. Dr. Spencer also stressed the importance of connectivity and transportation for mobility. With regards to the low turnover in some companies, he cautioned that this can actually impede knowledge transfer and innovation. He added that the lack of management and business skills is a common theme across the country. Finally, Dr. Spencer cautioned against “pop” economic development and stressed that the overall project was not designed to produce a single method of economic development policy. The challenge is to match the local context to the appropriate policy approach.

**Dave Peddle – *Head of Arts, Sir Wilfred Grenfell College***

Mr. Peddle was curious about what indicators measure success for rural communities. More specifically, he was interested in how we define a successful community in the rural context. Mr. Peddle was impressed with the social networks in the IT sector that were developed at Memorial University which were discussed in Anne-Marie's presentation. He also emphasized the importance of leadership and trust. Mr. Peddle was deeply concerned about the vested interests that are using propaganda to muddy the increasing autonomy of Grenfall. He believes that gaining more autonomy at the College is an exercise in the development of the West Coast and that the people trying to impede this are ultimately impeding the economic development of the West Coast.

**Nick McGrath – *Town of Labrador City***

Mr. McGrath stressed his concerns about the perception that outside the Avalon nothing exists. However, he believes that the research on the smaller places is counteracting this perception. He argued that major centres like Toronto, Montreal, and St. John 's obviously have a purpose to serve as hubs for business etc. and spin-offs happen naturally. However, smaller places often only have one industry and their spin-off is what they create or produce (i.e. ore). Mr. McGrath believes that communities are what they make of themselves and we need to build on that. He hopes that the national project will see that the challenges are different in Newfoundland and Labrador and for smaller places.

**Lisa Browne – *Clarenville Advisory Board, Rural Secretariat, Eastern Health***

Ms. Browne stressed the broader issues of governance and collaboration/partnerships. In terms of collaboration, she argued that this concept is becoming increasingly important especially in areas like funding which are largely dependent on forming partnerships. Ms. Brown commented that you're a region whether you want to be or not which presents some political challenges. For example, as an elected official for a specific place you need to balance what's right for the region versus what's right for the people who voted you in. Ms. Browne was concerned about ethical

decision-making citing the example of a water treatment plant in Clarenville and the adjacent local service district (LSD). The LSD doesn't have a plant and ethically they deserve clean water but there are bigger issues at play. For example, if the LSD uses the Clarenville plant they will be able to approve a large residential development which would impact Clarenville's competitiveness for that development. She finished by discussing the importance of community spirit as an indicator of successful communities and stressed the lack of management skills and staff for smaller places.

**Bruce Gilbert – *Assistant Deputy Minister, Rural Secretariat***

Mr. Gilbert discussed his Ph.D. research which looked at synergistic collaborative processes. He argued that the drivers of this process are similar to the drivers of clusters and networks. The first is shared leadership where information, the risks, the glory, etc. are shared or divided in a variety of ways. In terms of diversity, Mr. Gilbert argued that innovation does occur without it. Diversity is desirable and likely to bring benefits but it's not absolutely necessary. The final characteristic is buzz and he stressed that there is no single recipe to create it and that there are a lot of external factors that you can't control. He ended by questioning when did people decide that California was a "cool" place to be and started moving out there? Is it conceivable that this could happen in Newfoundland and Labrador?

**SUMMARY OF FINDINGS AND FUTURE DIRECTIONS**

In St. John's, a number of key ideas emerged from the 76 interviews that were conducted across all three themes, including: optimism and confidence due to the economic boom; the important role of the university and college for labour, research and development, and community support; a skills gap in IT and the Oceans Technology sector for marketing and business development; the importance of social networks for talent attraction and retention; and the loyalty creative workers feel towards St. John's. In Labrador West, innovations were occurring within a specific company. In terms of place-based characteristics, a number of key findings were mentioned, including: safety, employment services, short commute, recreation, strong union and strong municipal council. However, a number of challenges were also cited including: 'one-industry'

town, transportation issues, isolation, lack of affordable housing, inadequate social and health services and a lack of upper-level government support or presence. In Clarenville, proximity to St. John's was cited as a challenge for economic growth in some sectors and senior professional positions are lacking in the community. In Corner Brook, the research team discovered that there are not enough jobs in some sectors to retain people permanently and not enough networking among the partners.

Several engaging debates emerged over the two-day workshop including one focussed on economic diversity versus specialization and which is more applicable for smaller cities. Participants argued that diversity is desirable and likely to be beneficial but it is not absolutely necessary for innovation. Other debates centred on the experiences of CFAs and the need for strategic collaboration. There are several other areas that require further discussion, including: the role of the School of Business in Newfoundland and Labrador; the importance of the Staples Economy when thinking about these themes in the Canadian context; and the transportation challenges within the province and the rest of the country/world. More importantly, the research team should begin to think about the implications of this research for policy. Overall, the message from the workshop suggests that although this project has interesting insights for smaller cities, the creativity and innovation script depicts large cities like Toronto as the norm. However, all in attendance were hopeful that the Newfoundland and Labrador project will help change this perception

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