

creative
SASKATCHEWAN

DISCUSSION PAPER

**THE CREATIVE INDUSTRIES AND INNOVATION
IN SASKATCHEWAN SMALL BUSINESSES**

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THE CREATIVE INDUSTRIES AND INNOVATION IN SASKATCHEWAN SMALL BUSINESS

As of 2015, Saskatchewan had the highest per capita count of small businesses in Canada. While the national average was 106 per 1,000 population, Saskatchewan's rate was 132 per 1000. Small businesses account for 98.8% of the businesses in the province. They account for 31% of the GDP and employ 31.4% of the workers. Without a doubt, Saskatchewan is a province of small business entrepreneurs. That entrepreneurial spirit is evident in high rate of small businesses in almost every sector of the economy from construction, real estate, and accounting to oil and gas, transportation and farming.ⁱ Moreover, as entrepreneurs, small businesses in Saskatchewan are vital for innovation in the economy. "Their size means they are often better able to quickly react to a changing environment. Small businesses are more in tune to the needs of their customers, and are able to develop products and services accordingly."ⁱⁱ Innovation finds its natural locus in small businesses and Saskatchewan is at the forefront of small businesses. Hence it is worthwhile to consider the relationship between small businesses in general and the creative industries. If both of these are key drivers of innovation, there are undoubtedly synergies that are worth developing.

The first point to remember when considering the relationship is that for the most part, the creative industries are small businesses in their own right. Musicians are producing, marketing and selling a product as are craftspeople, filmmakers, publishers, galleries, theatre companies and those who work in digital and interactive media. Hence on one level at

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least, the knowledge and skills that creative industry business owners develop is exactly the same as those in other industries. All business owners must develop a product or service. All must develop a business plan and a budget. All must attempt to understand and satisfy their market. And finally, all must attempt to innovate in order to remain competitive. Further, while creative industry entrepreneurs must deal with specifically “artistic” inputs into their process (thus setting them apart), they must also deal with the everyday inputs of other industries. Thus, while recording an album requires the artistic activities of songwriting and performing, it also requires materials for manufacturing, transportation services for shipping and retail services for selling.

In this basic sense, the creative industries are made up of small businesses in the same way that other sectors of the Saskatchewan economy are. But it is precisely here that the first possibilities of mutual gains can be found. On the one hand, creative industry entrepreneurs can learn from the practices of businesses in other sectors. The constant innovation in manufacturing, marketing and even in sales are required in creative industries as well. Hence while there is justification for creative industry entrepreneurs to associate with others in the same sector, broadening out one’s associations can only lead to more success in the market. On the other hand, entrepreneurs in other sectors can benefit from the unique experimentalism that the arts foster. While the director of a play, for example, may not have direct expertise in organizing a small team of realtors, his or her experience organizing the performances of a group of actors may yield team-building ideas that can help other small businesses gain competitive advantage in their industry. In this way, simply operating in one and the same economy and associating with one another can lead to direct

benefits to both the creative industries and to entrepreneurs in other sectors.

As well, both the creative industries and the other types of small businesses benefit from their complementary existence within one and the same geographical location. From the standpoint of the other small businesses, a thriving creative industry sector acts as a magnet for bringing talented future employees to the province. In a competitive world, skilled employees are much more likely to have choices about where they will take employment. A community that has a vibrant culture with plenty of artistic activity provides a vital incentive to prospective employees to choose Saskatchewan as a place to build their future. But it is not simply prospective residents who are incentivized by local culture. A thriving arts sector makes Saskatchewan that much more appealing for young people within the province to stay.

Creative industries and small business also have much to gain from business-to-business commercial transactions. A thriving creative economy means an innovative and competitive potential partner for exchange of goods and services with businesses from other sectors. When an accounting firm wants to rebrand or to redesign their internet presence, a thriving local creative economy means that they have choices around them from which they can select business partners. It means that the costs of doing business are reduced given the proximity of those choices. Finally, it also means that they can more likely forge a lasting relationship because those local partners can better understand the specific needs of the business. A thriving creative economy means that better goods and services are available for small businesses at lower costs than they would otherwise be. At the same time, as more businesses in other sectors engage with local creative industries, the economy of those

creative industries starts to thrive. This local success will provide the creative industries with the competitive edge they need to take their product beyond Saskatchewan so they can continue to contribute to the pride and respect that the people of Saskatchewan feel in so many other areas.

Finally, it is important to realize that change of employment is an increasingly inevitable fact of life and the creative industries are no exception. Hence it is more than likely that employers in a wide variety of sectors will eventually employ workers who have had some experience in the creative industries. It is important that once again this be seen as a mutual gain. For the creative industries, more young people will stay in the province and try their hand in those fields if they feel that other industries will later value the experience they have gained if they decide to move on. In other words, to the extent that other sectors appreciate the human capital acquired through apprenticeship in the cultural industries, that serves to lower the opportunity costs associated with venturing a career there. This will likely increase the number of people

who try out the cultural industries and thus increase the human capital of the province. For other sectors, the gain is the employees they then get who are well-educated, disciplined, and fundamentally creative when it comes to on-the-job problem solving. In other words, employers in other sectors benefit from the training that time in the culture industries provides.

As a whole, Saskatchewan is a province of entrepreneurs. From its deep roots in natural resources to its thriving service sector, small business owners are a fundamental part of Saskatchewan's economy and its way of life. The creative industries are not only a profound, potential asset to innovation at the level of small businesses, they are themselves small businesses. The creativity and innovation that the small business sector brings to the province can only be enhanced by a thriving creative industry.

ⁱ Data on small business in Saskatchewan is taken from *Saskatchewan Small Business Profile*, Performance and Strategic Initiatives Division, Ministry of the Economy. 2016.

ⁱⁱ *Beyond the Big Idea: Redefining and Rethinking the Innovation Agenda*, Canadian Federation of Independent Business. 2016.