

*Innovation Systems Research Network  
The Social Dynamics of Economic Innovation*



**Halifax City Region Study**

*Report on Theme 1: Knowledge Flows*

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This paper reports on research conducted in Halifax, Nova Scotia, in 2008. It contributes to a national project examining the *Social Dynamics of Economic Innovation* in Canada. Halifax is among 15 case study cities being investigated in a study led by Dr David Wolfe at the University of Toronto. The Halifax case is led by Jill Grant at Dalhousie University. Research on the Halifax case study began in 2006 with Theme 3: civic governance. In 2007 we completed Theme 2 interviews (talent attraction and retention). We finished interviews for Theme 1, on knowledge flows, in August 2008.

For the Theme 1 research we decided to focus on **knowledge intensive and creative businesses**. These industries had been of interest in our earlier years of research on the project, so looking at them allowed us to build a body of interview data that we could compare and contrast across the research themes. We selected three sectors to investigate.

- *Engineering / architecture / planning consulting firms*. We included this sector in our analysis in 2007 and decided to continue interviews with this group to increase our understanding of how the sector operates. Halifax is an important regional centre for such firms, and has some firms that have developed a national profile.
- *Music sector businesses*. Interviews in 2006 began to identify the critical importance of the music sector to attracting and retaining talented workers to many industries in Halifax. We began to profile the sector with interviews in 2007. We wanted to extend the sample size for this sector by including it in our 2008 study.
- *Advertising / design firms*. We added this sector for 2008 after some respondents in earlier interviews noted that some of the Halifax firms were winning international awards for their creative products and innovative work.

To enhance our investigation of the music industry (in support of related research projects being undertaken by student researchers on the project), we conducted five extra interviews (beyond the 25 contracted for our case study).

## Overview of sample:

We conducted a total of 30 interviews with 31 respondents (Table 1). They were fairly evenly distributed across the three industries profiled, with slightly more in the music category. Only four of the respondents were female (two in consulting, and one in each of the other sectors).

*Table 1: Interviews conducted for theme 1 in Halifax in 2008*

	Music industry	Advertising / design	Engineering / planning/ architecture consulting
Interviews	12	9	9
Respondents	12	10	9

We recruited respondents by developing a sampling frame of all of the firms we could identify in the targeted sectors. We did not include firms or individuals we had interviewed in previous years. As we worked through the sample we employed snowballing techniques to add to the sampling frame. Because we were interviewing in the summer period, some potential respondents were not available.

Most interviews were conducted in the respondent's place of work, but some took place at the university. Interviews took from 35 to 98 minutes, with an average length of 57 minutes. All interviews were taped and transcribed for analysis.

## Challenges with the instrument:

The instrument appeared well suited to the interests and language of manufacturing firms, but it presented problems of terminology for some of the industries we decided to target. Consequently, we made some adjustments to the research design. We moved the check list of questions about innovations and knowledge flows into a survey schedule that we provided in advance to respondents and asked them to fill out prior to our meeting. (Some respondents declined to fill the survey out, or indicated that they believed it was not relevant to their activities.) Then in the interview we asked them to comment on the elements that were the source of greatest competitive advantage for their business. Many respondents found concepts like "production processes" confusing, likely because we focused on service and creative industries that do not typically use such language to describe their work. The industries that we looked at traded principally in ideas, and in intellectual or creative abilities. Consequently, in the semi-structured interviews we often had to proffer examples to illustrate what we might have meant. This process undoubtedly influenced responses received.

To facilitate the flow of the interviews, we rearranged the order of some questions. We included questions on features respondents found attractive in Halifax to generate responses to analyse in conjunction with similar data collected in the two previous years of data collection for the project. To enhance data collection on the music industry in Halifax (to support student research projects related to the overall project), we created a modified schedule for five additional interviews with people in that industry.

## Addressing the Theme 1 Hypothesis

### STUDY HYPOTHESIS

“**Theme I:** The primary hypothesis for this theme is that the economic and creativity performance of city-regions depends on three key characteristics: the strength of local knowledge circulation processes *within* individual industries/clusters, the strength of local knowledge circulation *between* individual industries/clusters, and the strength of knowledge-based linkages between local and non-local economic actors. To further clarify, our hypothesis is as follows: the economic performance of city-regions depends on the structure (density and diversity) of local networks – in particular, a mix of strong and weak ties, a mix of local and non-local ties, as well as the heterogeneity and diversity of economic actors belonging to these networks.”

The qualitative data collected in the study do not afford a clear ability to address the hypothesis because the data do not directly evaluate economic or creative performance. The data can, however, illuminate the nature of knowledge circulation within and between industries from the perspectives of those interviewed. Together with other data assessing economic performance the data will thus inform the testing of the hypothesis.

In general, the respondents reported relatively few traditional markers of innovation. For instance, a few of the engineering consultancy firms had established patents on some processes or had innovated around a service. Most, though, could offer few specific examples in response to our inquiries. Some had diversified by establishing divisions to offer new services, but this often entailed bringing previous ‘suppliers’ or sub-contractors into the organization. The greatest degree of innovation appears to be occurring in the music industry as its workers struggle to create a new economic model after the collapse of the record/CD market. Many responded that they didn’t know whether they had innovated ahead of their competition.

We summarize the responses from the interviews under several themes. First we report on knowledge flows, noting the different patterns found in different sectors, and comment on the variability. Then we briefly summarize findings on what respondents said about attracting and retaining talented and creative workers to identify why Halifax attracts the people it does. We end with a few concluding remarks.

### **Knowledge Flows: Music industry**

Halifax has a well-known indie musical scene that attracts musicians from across the country. At the same time, though, the industry may be under-served, with relatively few music managers, promoters, and agents (most of whom remain centred in larger cities like Toronto). Changes in the music industry that have undermined the viability of record sales have transformed prospects for musicians. In the past, musicians had to move to major centres to become known and sign a record deal. Prospects for becoming wealthy from a hit record have diminished in recent years, and the industry is rapidly shifting gears. Today, technology gives musicians more options of where to work and how to work. The internet and social networking technologies like *Facebook* and *MySpace* have become strategic venues for artists to reach and build new audiences through downloads

and touring. Halifax has benefitted from the transformation while becoming known for its warm and nurturing musical community.

#### *Local knowledge circulation within the music industry*

As a medium sized city, Halifax is a locale that lets musicians stay in touch with each other easily. People see each other's shows; they bump into each other on the street or in restaurants. They ask each other for help and favours. They play on each other's recordings or shows. Knowledge flows fluidly between those with experience and newcomers to the scene. Respondent after respondent talked about the mutual support and encouragement that permeates the community. Individual musicians move between music genres, often playing in multiple bands or helping each other out, as respondents explained.

“All you have to do is take 12 CDs and read the credits and you won't believe you are looking at the same 30 names over and over and over again. But they are playing different instruments, they are singing different things. It is different kinds of music. It's bizarre, but it's wonderful. It's what makes this industry unique and saleable from my perspective....It becomes fascinating as a sales feature: part of our brand. We work it from all angles, that this is a community. We're selling a community. It didn't use to be like this. It's very nice. It was really dog-eat-dog when I worked in the music business. But the internet changed the world. Information is so easy to get to. All of that stuff you used to guard, your business before...it is all here. Why not just tell people?” (Interview 20, Music intermediary)

In the music sector technological and social innovation in the way that products are sold changed the dynamics of the way in which products are produced. Adjusting to the effects of music downloading affected knowledge flows in dramatic ways. In Halifax, the music industry adjusted by developing a collaborative atmosphere and an independent approach to producing and marketing music. The camaraderie in the Halifax music scene generates an intensely innovative atmosphere that draws potential musicians to the city and creates a cultural “buzz” about the place.

#### *Local knowledge circulation between the music industry and other industries*

Respondents talked about the important role that the local universities and colleges play in providing audiences and potential musical talent. Many musicians first come to Halifax to attend university or college. The Nova Scotia College of Art and Design (NSCAD University) has been an especially significant breeding ground for very creative musicians to form bands and to try out their talents; several respondents also mentioned Dalhousie University as a place where bands formed. The large numbers of students in the city create the core of the audiences that attend live venues that give musicians an opportunity to hone their craft.

Public agencies play vital roles in facilitating the music industry and connecting it to other sectors. CBC Radio provides an especially valued service in scouting and honing

talent, giving many local artists a chance to produce work professionally and find an audience. Music Nova Scotia offers vital opportunities for business training and for funding for musicians: respondents suggested that its programs are unique in the country and give local artists a significant edge in developing their talent. Many respondents spoke of the unique interest of the province under the leadership of Premier Rodney MacDonald (a fiddler) in supporting and growing the music industry through new policy and funding initiatives.

### *Linkages between local and non-local actors in the music industry*

While Halifax is a vital incubator of music, the city is too small a market to sustain many full-time musicians or music managers. To make a living in the business, musicians have to find other audiences: that usually requires touring. Those who hope to make it “big” often move to larger markets like Toronto or Montreal. (Some may find other ways to supplement their playing income, by working in music promotion or management.) Many of those living in Halifax have committed to staying in the region, and try to prove that it is possible to be successful while living in Halifax.

“Of course I am moving further and further away from HRM [in my work]. You could do this from just about anywhere, what we do. The benefit for me of remaining here is I am remaining a part of my community. I am supporting where I come from. I am close to my family and friends. I can guide or assist new artists from this part of the country. In Eastern Canada the music industry is far closer than anywhere else in the country. You know, after the fifteenth anniversary of the [East Coast Music Awards] they started the West Coast Music Awards. But it’s not nearly the sense of place and pride that we have here.”  
(Interview 24, Music promoter)

The internet, email, and air travel are key technologies that facilitate the linkages that permit musicians to live in Halifax but tour elsewhere, and that allow music promoters and managers to work from the region. Through technology they can find mechanisms for distributing, promoting, and selling work, and they can arrange tours. Some artists rely on management in Toronto because so few local services are available in Halifax. Some have become “famous” in Europe through their internet activities; they find it convenient to go on tour for several months a year while making Halifax their creative base.

### **Knowledge Flows: Advertising / design industry**

Firms in the advertising and design industry vary from one person working at home to large national or international agencies with 70 or more employees in Halifax. Some of the local agencies have won important international awards for their work and serve international as well as local clients.

*Local knowledge circulation within the advertising / design industry*

Respondents from advertising businesses appear very competitive. Respondents suggested that junior people shift employers with some frequency, although senior staff members seem more settled. The young staff may transfer knowledge from organization to organization as they ‘learn the ropes’, but the more experienced staff are less likely to share knowledge across the industry. Rather than saying that they seek to learn from their competitors, those in advertising firms argued that they did business differently from others. Some explicitly criticized elements of the approaches that other firms used.

Although the agencies did not generally consider collaborating with each other, respondents did see some advantage in being in a city with competitors.

*Q: What benefit does your firm gain from being in the HRM with the same or closely related industries?*

Are you saying is there a benefit from being in a cluster?

*Q: Exactly!*

Talent attraction more than anything else. Let’s compare our agency to a competitor in Sackville, New Brunswick. The biggest challenge for the one in Sackville is if you’re a talented person you want to be around a variety of firms that could take advantage of you, and not be in a town where there is only one. That is for career management, but you also want to be around like people. So there is a community effect in Halifax, which is making agencies here stronger and making those outside Halifax weaker. We are a bit of a magnetic pull for the talented people. This serves our firm very well. There is an advantage to being in Halifax. Twenty years ago there would arguably have been none. Then being near the client was the advantage. If your client was Ganong, you would want to be located in St. Stephen’s; if your client was McCains, then you would be better off in Fredericton. Being in Halifax would have been a disadvantage except if you had local clients. Today we have offices in Halifax, [place XX], and [place YY], but our creative talent are all here in Halifax. (Interview 2, Advertising)

Those interviewed from smaller graphic and communication design firms approached their work more collaboratively, and talked about working together and learning from each other. Most of them concentrated on the regional market, but one did web site design mostly for a national or international market. They were more committed to holding onto their employees, and used different hiring strategies to find staff.

“What benefit do we gain from being in the HRM with similar or closely related industries? Advertising agencies would probably say that it gives them a talent pool to pull on. We don’t necessarily hire from within the industry. There’s a revolving door in ad agencies that I try not to play a part in.” (Interview 12, Advertising)

Because of the nature of the work, ideas in the design field become part of the public domain once they are used. Innovation is integral to the work, but can’t easily be protected by patent or copyright. The creativity of the people in the firm is critical to

continued success. High salaries and good working conditions are used to try to retain talented workers and prevent them from being ‘stolen’ by the competition.

### *Local knowledge circulation between advertising / design and other industries*

Some of the advertising design companies indicated that at one time they needed to be located in the same community as their clients to win accounts, but times are changing. “I mean, we could potentially do all the work we’re doing here from almost anywhere, so we’re here because we believe that being closer to your clients is a good thing” (Interview 17, Advertising). Some respondents still value their network relationships highly: as one said, “A small business like this needs healthy good ongoing relationships [with clients]” (Interview 8, Advertising/design). The firms that worked locally seemed most likely to be interested in participating in local networking organizations like the Chamber of Commerce.

Although parochialism is diminishing, some respondents suggested that Toronto corporate heads remain inclined to hire Toronto ad agencies rather than ones from Halifax.

“When you go to Toronto to pitch business they are inclined to think that the most talented agencies are right there in Toronto. That is a big disadvantage. ... The brand of Halifax as a centre of innovation, creativity, arts, culture, technology, the knowledge based industries, [well] the reputation is understated in Central Canada. They do not understand how good we are. We are better than they think.” (Interview 2, Advertising)

Some said they located their business in Halifax in order to get advertising or design work in this region. Others resisted the idea of local networks and suggested that they lived in Halifax out of preference for the city, but could do their work from anywhere if they wanted.

Many respondents highlighted the importance of face-to-face time with clients to gain a deep understanding of the needs and opportunities for a campaign. Some saw the building of networks and client relationships as a long-term prospect, while others saw it as fluidly related to particular jobs or projects. For those who looked for long term relationships with clients, being located in the same place as their clients was helpful. For those committed to intense creativity in their products, the quality of the living and working environment proved central to their decision to be in Halifax.

### *Linkages between local and non-local actors in advertising / design*

Several respondents in advertising talked about the role of research and of the utility of the internet for gaining information and knowledge from other industries in other places that could be useful in their work. The industry works with communication technologies that often extend far beyond the local community. Larger firms have supply chains (subcontractors, etc) located in other parts of Canada (or beyond). Since many firms are doing work outside of Halifax and outside the region, travel is a mandatory part of the

job. For some, gaining recognition through international design awards and trade shows has become an important motivating factor.

### **Knowledge Flows: Engineering / planning / architectural consulting industry**

Halifax has consulting firms that range from very small (six or fewer employees) independent companies to large (150 or more employees) national consulting firms. Acquisitions and mergers are common in the industry. For instance, during late 2008 the large western Canadian firm Stantec acquired Jacques Whitford Environmental, the largest Halifax based consultancy that had grown over the last two decades to become a national leader in the field with offices in several cities and gross revenues of \$230 million (Halifax Herald, 2009). Expansion outside the region helps to establish a higher profile for firms, but can be quite costly both in economic and in personal terms. When asked what other city would be more advantageous for his firm, one respondent said, “I think that if we wanted to really be bigger and have a further reach, then it would be Toronto, but there’s such a price that you pay to move to Toronto” (Interview 1, Consulting).

#### *Local knowledge circulation within the consulting industry*

Respondents indicated that they keep an eye on what their competition is doing in the region. They read each other’s work, and sometimes ‘borrow’ or build on good ideas. At times they may collaborate on projects or subcontract work to other firms that have special expertise or capacity. They participate in local professional networks that offer opportunities for exchanging and building knowledge.

Some firms have established particular niches: for instance, consulting for rural communities, or managing public consultation processes. Such firms may have less need to follow trends in other companies because they face limited competition for the specialized local work they do. Establishing local knowledge of place is important in consulting practice. If firms are not familiar with the local context in other places, then they look to partnerships with other firms. As one consultant said, “If we’re not local to an area, we would never walk into that area without partnering with somebody else.” (Interview 4, Consulting)

Networking between firms is more important to some firms than to others. While some firms mostly work on their own, others regularly form alliances.

“I think it’s the nature of the industry – yes, we have relationships with other firms. They’re pretty fluid and depend on work that we want to pursue and are able to do. With [large mixed use project] we have alliances with an architectural firm in Montreal. ... As we pursue projects, we’ll form partnerships or create teams that involve other consultants. You could draw quite the little network diagram of the various consultants in the Halifax and Atlantic Canada area and their interrelationships that would be a little bit like ‘six degrees of separation’.” (Interview 5, Consulting)



Some firms are strategic in partnering with other firms, doing work alone when they can, but looking for temporary linkages where those may be advantageous.

“We compete hard and we collaborate hard. Very often we compete and collaborate with the same firms. ... We will collaborate with people who are major competitors if that’s the way we both can serve a client or can best get the work. Sometimes you’ve got to hold your nose because that’s how it goes. We do a lot of collaboration with all kinds of firms of all sizes.” (Interview 14, Consulting)

#### *Local knowledge circulation between consulting and other industries*

In general the consultants acknowledge that they are selling similar services as their competitors, so having good relationships with potential clients becomes essential to success. Most of the firms participate in local social and business networks and organizations. Networking activities not only provide a chance to learn about upcoming projects but also to build good network relationships that help to secure work.

A few firms have good connections with the universities to take advantage of the latest research, but most respondents said they did not. A small number have relationships with providers of special technologies, but for most firms opportunities to market those seem limited.

#### *Linkages between local and non-local actors in the consulting industry*

Respondents in consulting indicated that they ensured that staff attend conferences and read journals to try to stay current in the profession. Some work within large companies that can draw on talent from other locations and that can provide special training opportunities for their staff. The internet is an important source for research for firms of all sizes.

Most of the consultants focussed their work within the Atlantic region and sought limited networking links beyond that. Some with specialized expertise and national reach participated in professional networks beyond the region to maintain their specialized knowledge.

#### **Variability in knowledge flows**

We note that the nature of knowledge flows differs considerably between the industries profiled. Even between firms within industries the flows can vary depending on the size and specialization of the firm, or its corporate culture. All respondents acknowledged the importance of knowledge. Many saw the internet as having opened up new possibilities of information flow. Local knowledge flows were most important to those who focused their business locally and depended on collaborations with other local suppliers; however, some firms attended primarily to markets outside the city-region and therefore relied relatively little on local knowledge flows outside their business. Some respondents emphasized the importance of knowledge transmission within the firm as a source of

creativity, and employed “open office” concepts or other organizational strategies to enhance knowledge generation and innovation.

The nature of knowledge flows depends also on the “chemistry” of the community within which the firm operates. Local knowledge sharing is catalyzed in the Halifax music community. Musicians trade experiences and expertise. Respondents imply that such knowledge flows enhance creativity and generate a unique culture for groups like singer-songwriters and indie bands (Morton, 2008). By contrast, interviews indicated that the advertising industry operates in what some might call a “toxic” environment: respondents showed disdain for other ways of organizing work, approaching clients, and addressing the world. They expressed little interest in sharing knowledge within the local industry. While the Halifax music scene is a strong locally-based community, the Halifax advertising industry is a collection of businesses that happen to operate in the same city.

Technologies such as the internet have influenced local knowledge flows and the relative success of firms and independent business people. They have enabled advertising and design companies to market their creativity internationally. Some designers work regularly with clients they have never met. The technologies have encouraged musicians to develop new forms of knowledge and to learn more about business to make a living from their music. The internet has allowed local consultants to learn quickly about “best practices” elsewhere, in some ways facilitating the mass distribution of popular ideas<sup>1</sup>.

Segments of some industries remain place dependent. Some services are of necessity locally based. They depend on local knowledge and expertise, familiarity with local conditions and processes, and integration with local or regional networks. Because of their knowledge of clients, the firms that seek such work can do it quickly, easily, and inexpensively. The smaller regionally based firms in consulting operate in this way. In the advertising and design sector, local work may be completed either by small local firms or by regional branches of national firms.

Larger consulting firms seem more likely than smaller firms to establish and transact forms of expert knowledge that are less place-specific. For instance, the planning sections hire specialized staff to take on urban design, environmental analysis, or landscape design work. In recent years, they have ramped up staffing for sustainability planning. Engineering divisions may employ specialists in infrastructure technologies, while the architectural divisions may look for specialists in green technologies or LEED certification. Such specialized knowledge qualifies the firms for particular tasks that smaller generalist firms may not be able to manage. Respondents from the large firms described their firms as innovating in a range of ways, sometimes ahead of their competitors.

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<sup>1</sup> In some ways we might argue that such knowledge sharing through the internet and through professional associations may undermine innovation at the local level. Standard solutions that are adopted elsewhere by the gurus in the field become the “answer” for local issues, regardless of suitability.

A subset of the advertising companies takes maverick approaches to the work they do. For them local relationships are less important than the desire to get their work noticed in an age of competing messages. Hyper-creativity and innovation in their product becomes their strategy for success in the business market. They actively subvert conventional rules in ways that may make traditional knowledge irrelevant or obsolete. They see innovating ahead of their competitors as essential; their innovation focuses mostly on ideas, and somewhat less on the mechanisms of product development and delivery. They have big ambitions for their business, as one respondent revealed.

“What we want from the people that work in our business is people that want to be the best in the world. We don’t want to be the best in Halifax, or the best in Atlantic Canada, or the best in Canada. We want to be the Best in the World. When you go to Empire Theatres and you see 70 spots from around the world that were deemed to be the best in the world, our stuff is going to be on that screen. We set that as a goal in our business about three years ago in our business plan. We are two years ahead of the plan.... The ideas that we have can compete anywhere and if we can’t build a client set that values that here, and build a community that values the simplicity of finding that truth and delivering an idea here, we need to go to places like Toronto. We can take that message somewhere else; we don’t have to be beholden to this area. We love this place; we think we can do it from here. We’re very proud of the fact that we’re from here. But like I said before, we’re not content to just be the best in Halifax or the best in Atlantic Canada, the best in Nova Scotia. We want to compete with the world and we think that we have all of the tools to do it so why sit here and wait for it to come to us when we can go out and get it?” (Interview 6, Advertising)

The consulting firms that developed specialized skills and knowledge and the advertising companies that pioneered successful maverick approaches to their work appear to have grown more quickly than other firms in the same sectors. In some cases, these firms reported that they were innovating processes, products, and ways of doing business. They were typically extending their operations outside the region, exporting services to other parts of Canada, the US, and beyond. They saw Halifax as a good location for their businesses because of the lifestyle amenities it offered them and their workers. In an age of high speed internet and excellent air connections to Europe, the US east coast, and central Canada, operating from Halifax suits their purposes.

### **Attracting and retaining talented and creative workers**

While respondents in all sectors noted a shortage of people with particular kinds of expertise, they also indicated that in general they find it reasonably easy to attract workers to the Halifax city region. Different sectors have different issues with retention.

#### *Music: magnet for talent*

The music industry respondents indicated that the region lacks music managers and agents because the nature of the business attracts those people to Toronto. The networking and relationships necessary in the business are facilitated by proximity. The

agents and managers who remain in Halifax do so for family and lifestyle reasons and reconcile themselves to regular travel on business.

Musicians recognize Halifax as the best place to bring their wares in the Atlantic region. Respondents describe the city as a meeting spot for musicians and a place to get inspired (Interview 29, Musician). It nurtures and incubates new talent.

“I knew I was going to come to Halifax to kind of start things over again – that’s because the market was easier to penetrate. It needed somebody to come in – sort of what I envisioned – to do what I needed to do. So it was easier to start off here in Halifax than - you know – than to try and start it off in Toronto. It was a little easier to [make an impression].” (Interview 26, Musician / music promoter)

Over the last decade Halifax has become a magnet for aspiring musicians to learn the ropes, to master their stage fright, to develop their craft in front of live audiences.

“I will tell you that right now, Halifax is quite reminiscent of Greenwich Village of New York in the ‘50s and ‘60s, where you have this community of artists, visual artists, poets, and songwriters. I mean, Bob Dylan came out of that. ... Twenty years ago, you would have had to get out of Halifax – you would need to get to Toronto and try to get noticed. Strangely enough, now a lot of Toronto groups and individuals come to Halifax.” (Interview 27, Music producer)

Those in the music industry commented on the hope that some aspiring musicians have that they will make it big by “getting discovered”. Most respondents argued that success in music comes through hard work, years of learning by doing, and developing a sense of business acumen. The knowledge necessary takes time to master, and provides no guarantee of financial success. Creativity and innovation come from musicians feeling comfortable and inspired within the local conditions. Collaboration with others in the community supports innovation in the content and style of the musical products generated.

Although many musicians leave the city at some point in their careers to tour or live elsewhere, the city continues to lure them back. Respondents noted that many well known musicians return from time to time to replenish their creative juices in Halifax. Several up-and-coming stars have chosen to stay in the city to make it the base for their careers. The music industry reveals the challenge of turning creativity and innovation into economic success at a local level. The small regional market means that successful musicians have no choice but to export their cultural products. Halifax plays an important role in incubating musical talent, but has not been able to reap the economic rewards of its creative potential in the way that cities like Nashville have. Attracting talent is not difficult for the city, but retaining it can be.

#### *Advertising / design: a shortage of young talent*

Respondents from firms in advertising and design indicated that it proves relatively easy to attract senior managers to the region because of the amenities of the area. They note that folks looking for an extremely cosmopolitan setting may not come, but in general

they can attract workers. They find more difficulty with junior staff. Because none of the local universities have programs in copy writing or art direction, firms may not find trained people locally. Young workers appreciate the physical and natural amenities of the city and so are generally eager to come to Halifax. While it is easy to attract workers from Toronto or other parts of Canada, those junior staff are quickly scouted by other firms ready to pay them higher salaries to jump ship. Although one respondent said, “We don’t expect anyone to sign on for life” (Interview 10, advertising), others resented making major investments in young workers only to lose them to competitors. One respondent said his staff had almost completely turned over within the last five years. Some firms noted that they had made it a rule to only hire people who already lived in Halifax. Others had begun to hire from outside advertising to develop their own talent. Several respondents in the sector noted that inflation in salaries was occurring due to the shortage of talented workers.

Young workers have to come to employment in advertising and design with a very good knowledge base and technical skills so that they can be put directly to work. Respondents noted that they expect high salaries and good benefits. They want long vacations and short work days. The “Millennials”, one respondent said, don’t want to work long hours to meet a deadline or commit to a long term career with a company. They are concerned about lifestyle, and may want to take an afternoon off to go surfing. Some companies have recognized the need to accommodate the tastes of this generation and compensate with games rooms or Friday afternoon social events. Others lament the steady turnover of junior staff and the continuing need to train new employees to develop the kind of knowledge they need to contribute effectively to the firm.

*Engineering / planning / architecture consulting:*

The consulting firms noted a shortage of specific types of expertise, but generally found it easy to attract workers to and keep them in Halifax. Local universities are training students with most of the types of skills that the firms need. In other cases, people with specialized knowledge who are from the region want to return to the city and are willing to consider the lower salary scale offered by firms in the region.

“I don’t think there’s too many people at the management level that would want to live anywhere but Halifax, to be honest with you. When we do interviews, especially for students, we usually advertise for this office and get a lot of applicants. One of the things we ask is ‘are you interested in [another Atlantic city]?’ And one time out of 10 maybe somebody will be interested in the other ones, but it’s usually ‘well, if there’s nothing here maybe I’ll consider that’. And the other 9 or 10 are like ‘No. It’s Halifax or nowhere’. I think people really want to be here for a whole bunch of reasons that I don’t know.” (Interview 3, Consulting)

Lifestyle, the ocean, and the cultural environment are big draws to talented workers and to managers.

“For us, the environment here is probably more important from the point of view that it attracts creative people; it’s easy to encourage people to live in Halifax and

to be part of a creative environment. And that's part of the reason why we're involved more actively in the cultural sector – we want our creative people to have opportunities outside of their work that satisfies some of their other needs. So I find that Halifax and the HRM makes a really compelling case in terms of it being a really great place to live to live regardless of what you're doing.”  
(Interview 21, consultant)

Some firms try to build commitment and loyalty from their workers through profit sharing or employee ownership plans. Some respondents noted that the region offers workers career and personal opportunities that larger cities can seldom provide.

“In some ways, you can be a big fish in a small pond fairly easily here, whereas if you're in Toronto or New York or San Francisco, you're going to be a small fish, you know?” (Interview 25, Consulting)

### **Why Halifax draws talented people**

*Nobody cares how much money you have  
If you've got enough to get in a cab  
There'll be drinks on the house if your house burns down  
There's a reason that I love this town*

*I saw your band in the early days  
We all understand why you moved away  
We'll hold a grudge anyway*

*I shot the shit with Miniature Tim  
If he needs a tune, then I'll write one for him  
We like the same books and we like the same sounds  
There's a reason that I love this town*

Lyrics from “Love this Town”, Joel Plaskett

For many decades, Halifax and the Atlantic region was seen as a “poor cousin” within the Canadian Confederation. In the last decade or two, however, its image has been transforming, and its appeal as a destination has grown significantly. What are the factors that respondents cite in explaining the city's attraction?

As one respondent noted, the city has to compete on lifestyle because the dollars aren't here. “We don't pay the highest salary in Canada – we're far from it. But it's a good place for people to live” (Interview 19, Music administrator). If talented workers made decisions based primarily on economic factors, many respondents said that they should not stay in Halifax.

“If you're trying to stake your turf out here, you have to be a very dedicated lover of this particular part of the country, otherwise you would get the hell out and move – which is, of course, what most people do because it makes things that much easier. There are a few folks, the new generation of artists - I'll call [Joel] Plaskett the forefront of the new generation of artists – have decided that

they can live in Halifax. Matt Mays and folks like that – although Matt’s back and forth between New York – but that’s only a decision that an artist who is at a point in their career where they enter into a cycle where you make a record and then you tour and then you come home. If you don’t tour and you’re not necessarily making records and you’re in the early part of your career, then it’s almost suicide to hang around here, especially with the price of gas and everything else. Go someplace where 60% of the population lives within a three hour drive and will actually go out to shows!” (Interview 15, Music promoter)

Although the province is not wealthy respondents said that some of its policy initiatives have contributed to cultural development in a significant way. When asked what financial advantages musicians have in remaining in Halifax, one respondent said:

“Financial advantages? Well there are a number of grant programs available through the Provincial Government. We have Music Nova Scotia, based out of Halifax, which is a major resource in helping musicians get access to funds for recording and touring and for promoting their music abroad. There are some pretty good resources here for people who are really serious about making music and want to operate within the machinations of the industry. If you have any desire to work overseas, of course, you can’t get a whole lot closer to Europe, unless you move to Newfoundland. That works for a number of musicians. I know that John Campbelljohn, Charlie Acourt, they all go overseas to work. It’s just as easy for them to be here based out of Halifax than anywhere else in the country.” (Interview 28, Music critic)

Respondents consistently mentioned several elements in explaining the lure of the city.

- Size, compactness, walkability
- Natural beauty and access to water
- Architectural heritage and development potential
- Social cohesion and community feeling
- Cultural and artistic vitality and diversity
- Cost and variety of housing options
- Good air connections and technology services
- Pace of life

Praise for Halifax often involved comparisons to other cities in Canada and beyond, and to the idea of “balance”.

“It’s a little bit not too 24/7. You know what it is? It’s balance. It’s a lovely balance. Big enough to have good clients, good suppliers, good growth, and it’s gentle enough to live peacefully; to know who your councillors are. It is all those things. It is balance. ...It’s a little Boston, and a little Saint John. It’s just right! I mean if you think, you can really go and live wherever you darned well please, especially in our industry. So you really have to choose where it works for you -- and I like this size. And the rest of our employees like this size. And we like that we can get to the ocean on the weekend and be across from [a high rise] in the middle of the week.” (Interview 13, Advertising design)

Some respondents suggested that the city generates positive attitudes in people in ways that differentiate the place from other cities.

“People in Halifax think differently than people in Toronto. Part of it is the pace. Something that you may not get in Vancouver that you definitely wouldn’t get in Toronto is a little bit of a “got to try harder attitude”, just because you’re from Halifax. That just goes for anywhere in Atlantic Canada, I think. It’s not just Halifax. You’ve got a little harder to prove your metal. I had a conversation with a client in Calgary yesterday. We’re trying to hire somebody for them for their marketing department in Toronto and everybody good that we come across is in Halifax and they won’t leave.” (Interview 12, Advertising)

Some respondents suggested that if they wanted to see their businesses get larger then moving to Toronto might be an option, but they simultaneously affirmed their commitment to Halifax.

*“Q: What city would be more advantageous for your firm?”*

I guess that depends on what your priorities are. I mean you can go up to Toronto and would we – if our sole objective was to be a bigger firm. Yah, we would be bigger if we were in Toronto but part of our objective is to lie in Atlantic Canada. In that regard I can’t imagine any place being better for us. So it really depends on what factors you take into account. But the size of the market is primary on both sides you’ve talked about – there’s the market in terms of clients we can serve and also the availability of a network of consultants and business with whom we can partner. ... You know other things like why we operate here... As opposed to Toronto, you know lifestyle amenities, the unique characteristics of the region, family relationships, whatever. Things that make people want to live here obviously keep us here as opposed to New York City where we no doubt would have a bigger, more profitable business than we have here.” (Interview 5, Consulting)

In some cases, respondents stayed in Halifax despite the issues it created for their work. For instance, staying in Halifax is challenging for successful musicians who worry they may get forgotten by important players in the Toronto scene, or treated as “those hermit artists” (Interview 29, Musician); the same respondent noted, though, that he needed the nurturing and quiet context of the city to write his music. A music promoter echoed the sentiment that keeps people in Halifax regardless of what might be “sensible”.

*“Q: What benefits does your firm get from being located in the city with other companies in the music industry?”*

It doesn't necessarily. The majority of communication I have is not with local people. I really don't know what the benefit is, other than it is a great place to live. The air is clean and that kind of stuff. You can focus here. There is less distraction. I end up travelling quite a bit because I live here. I need to maintain relationships and on that score there is no benefit [to being here]. It's a creative place to live; it is inspiring to live here. I have lived in Toronto four or five times and have no problem with it, but I like it here better.” (Interview 11, Music promoter)



Many respondents argued that the business occupancy tax in Halifax makes business more expensive for them than it would be in other cities. When we asked about what government authorities could do to help businesses we unleashed unexpected emotion. Most respondents spoke negatively about the city government, and several specifically targeted the Mayor as lacking vision and leadership. Many respondents indicated that they wanted to see something significant happen in the city; some were looking to processes like the urban design process, Halifax by Design, to stimulate new development.

“I think people are scared here. This is the one thing about this part of the world that I’m just not used to. People are scared to death of change of any kind – it will kill the place unless they do something about it. You’ve got politicians who are afraid to do absolutely anything. There’s no vision there, there’s no great idea.” (Interview 15, Music promoter)

A few respondents commented on their perceptions that Halifax does not embrace success in the way it should. Companies that innovate successfully may not win friends and influence people locally, as one respondent noted.

“We beat the company who did the [*international cosmetics firm*] standard store. It was because we were better. It was a great compliment, very wonderful. Do you think anyone here would want to celebrate that as a wonderful thing? We believe that if we do better then the design community here does better ... It is very frustrating to meet with people: it is always the same song and dance. We hear the same thing over and over again: ‘that is not the way we do things here’.” (Interview 8, Respondent 2, Advertising)

Another respondent made a similar comment that may reveal a tension between the notion of social cohesion implicit in the strong communities within the region, and the individualism that may stimulate innovation in some industries.

“We don’t often welcome new ideas. It’s a real struggle sometimes. And I think we could be a lot more open to innovation and change. I also think that people don’t necessarily like to see other heads rise above the crowd so there’s a chop! You don’t want people to get too full of themselves, so that’s a challenge to innovation.” (Interview 25, Consulting)

Although some of the respondents identified the ‘warts’ on the face of the city, they also detected changing times and circumstances that ultimately may auger well for the economic prospects of the city.

“You know, in this kind of business – and I mean very specifically advertising agencies – you do the same amount of work whether you’re working with a budget of \$200,000 or 20 million dollars. That’s crazy but true. I think that in smaller markets, clients with \$200,000 tend to act even more arrogant and belligerent than clients who have \$20 million in a bigger market because there’s a bully mentality here and a poverty mentality here. \$200,000 is considered to be a lot of money here and people with it swagger and exploit other people. It’s ugly and it’s an unattractive thing about working in this market place, but it is

changing. It's small – it's one of the last vestiges of an isolated region that is really not isolated anymore.” (Interview 9, Advertising)

## **Conclusion**

We focussed our analysis on three types of knowledge-intensive industries: consulting, advertising/design, and music. These businesses may not be typical of other firms and sectors in the region. A survey profiling other industries could have found quite different results. Because of the relatively small sample size and the qualitative nature of the study we cannot generalize readily beyond the sample.

The data collected do not in themselves provide sufficient information to confirm or refute the hypothesis of theme 1. This may not be surprising because of the nature of the study design. That said we believe that if the data are interpreted alongside additional quantitative data on the regional economy, then they will contribute to a better understanding of whether the hypothesis has merit.

As the project works towards testing the hypotheses of the theme researchers doing the case studies could benefit from direction on how to operationalize the terms. For instance, how should we identify strong or weak ties in local networks? The survey instrument did not ask respondents to comment on the strength of ties. What indicators could differentiate “strong ties” vs “weak ties”? Given that we did not ask questions that generated many specifics of the networks actors participated in, what can we look for to determine the heterogeneity of the actors involved in the networks?

The nature of the questions included in the survey suggests that other hypotheses may have been implicit in the research design: articulating them so that research team members could explore them may be helpful. For instance, many questions dealt with innovations, but the hypothesis does not explicitly connect to those. Should we link questions dealing with talent attraction and retention to knowledge flows or network analysis?

The data do show considerable variability in the role of knowledge flows and the ways in which respondents conceive of local and non-local knowledge networks. We obtained rich descriptions of the way that these firms operate that will yield deep insights into the social dynamics of innovation in the Halifax city region. Data analysis will continue towards that end.

## References

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