

The Seaport case study: a social networks analysis (draft)

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Abstract

Contemporary analysis of economic development shows that social networks play a crucial role in business functions. The literature shows that firms increasingly draw on networks for external resources in order to remain competitive. Networks facilitate the transfer of knowledge and ideas, allowing greater flexibility for specific projects. But how do social networks contribute to innovation?

The paper examines the role of social networks in facilitating the development of an innovative cultural district project in Halifax, Nova Scotia. The Halifax Port Authority initiated the development of a mixed-use cultural district in 2004, bringing together a range of partners and interests. Using an exploratory case study approach, I analyzed relevant documents and interviewed key players to collect rich and informative data on the Seaport Redevelopment. Together with interview gathered in MCRI study on the social dynamics of economic performance contributed to setting the Seaport case study within a broader understanding of social networks in Halifax. Together the data provide insight into how social networks contribute to innovation in the Halifax city region.

Networks establish trusting, predictable and durable relationships, which facilitate the flow of knowledge and translation of new ideas. In a smaller city like Halifax pre-existing social and professional connections play a vital role in contributing to feelings of trust that stimulate innovative and creative capacity.

The new economic advantage

In the contemporary business world, collaborative networks allow individual firms to expand their resources and gain access to necessary expertise. Studies of such networks increasingly reveal the importance of social networks. Many firms make use of social and professional networks in large-scale project development like cultural districts. Networks

enable firms to remain competitive on the global market. The research shows that social connections contribute to formal networks.

Cultural districts continue to be of interest in planning, as they appear in more cities across the continent. The idea of a cultural district has received praise from the media, urban planners and politicians. Richard Florida, probably the most noteworthy thinker in the field, has published extensively on the value of establishing a viable arts culture in cities. Florida argues the economic and cultural importance of the arts, as the Creative Class move towards more organic and indigenous forms of culture, where culture grows from its surroundings and the creators live close by (Florida, 2002: 182). Big ticket, high-art cultural venues exclude many sectors of society, while districts with street-level culture provide accessibility for everyone. Florida encourages cities to embrace the arts with cultural development projects in order to attract the Creative Class (Florida, 2002: 182).

The paper investigates how local government and non-government actors use social networks. By exploring the Seaport Redevelopment, a cultural district in Halifax, Nova Scotia, the paper attempts to understand the role of networks. If we can understand how social networks contribute to greater innovation and creativity then many cities, especially smaller ones, may be able to learn from the Halifax experience.

Innovation and Creativity

Innovation has become increasingly important with economic restructuring of the economy, global competition and technological change. Governments and firms now employ strategies to become places that generate creativity and innovation. Innovation can be defined simply as the application of new ideas to emergent problems (Bradford, 2004: 1) or as the process through which new economic and social benefits are extracted from knowledge and can be applied to both the creative process of applying that knowledge and the outcome of that process (Industry Canada, 2004). Today's challenge consists of creating ways to manage and harness new forms of knowledge.

In response to these newly placed values, the “new economy” has shifted its focus to human interaction and geographic proximity. Real innovation depends on the “face-to-face contact, in-person discussions that build trust and lead to a common understanding for viable solutions” (Bradford, 2003: 3). With all the technological advancements made in recent years, codified knowledge can be accessed readily; however, the informal sharing of tacit knowledge contributes to greater collaboration and innovation (Bradford, 2003: 3). Wolfe (2005: 3) argues that innovation is a ‘social’ process in which networks and relationships facilitate the translation of new ideas. Companies have clustered themselves geographically in order to encourage greater industry collaboration and communication. According to Wolfe, innovation is place-based, as spatial proximity facilitates the sharing of knowledge and capacity for localized learning. Wolfe argues that the clustering of companies allows for untraded interdependencies (technological spillovers) and tacit knowledge to be transferred between firms through networks. In the “new economy” knowledge, ideas, innovation and creativity have been fostered for global competitiveness (Smith and Warfield, 2006: 5).

Urban density creates an ‘ecology of creativity’ where innovation and creativity are facilitated by the transmission of ideas, knowledge, trade secrets, impressions and localized rumours. By having a healthy ecology of creativity, a city can build and foster a community that better reflects changing values. Medium- and smaller-sized cities must learn how to attract and retain talent in order to maintain a diverse knowledge base in order to discourage net out migration (Bradford, 2003: 9). Equitable participation contributes to a healthy ecology of creativity by encouraging local partnerships with the public and private sectors. This establishes associative governance, a network constructed where local actors learn skills of social partnerships and collaborative problem solving (Bradford, 2003: 9). A civic culture of creativity can stimulate new thinking and facilitate the sharing of ideas and experiences (Bradford, 2003: 10). Florida recognizes that cities with a healthy ecology of culture become growth poles of talent and technology (Bradford, 2003: 10).

Networks

Networks provide firms with vital resources. Small firms must network in most instances, as they do not have the same access to expertise and information as large firms.

Networks facilitate innovation by enabling knowledge transfer between individuals and firms. Different perspectives and experiences contribute to greater innovation and creativity because of the enhanced range of information and exposure to new technologies. The concept of community-of-practice, which refers to a group of people informally bound together by shared expertise and interest for a joint enterprise, also suggests positive influence on a firm's ability to achieve productivity and creativity (Schonstrom, 2005: 19). Building networks and relationships for external sources of new knowledge has become a main objective for firms that wish to remain competitive.

Networks range in character from formal to informal relationships. Formal networks are intentionally formed groups, located geographically proximate to share knowledge and interact for specific business outcomes (Kingsley and Malecki, 2002: 72). Informal (social) networks consist of a group of public, private and not-for-profit entities, who share and exchange information to improve a firm's economic standing and competitiveness. Informal (social) networks are bound by mutually reinforced self-interest rather than an explicit agreement that links all parties like a formal network (Kingsley and Malecki, 2002: 72). In many firms and organizations, informal networks provide workers with a place to find information, solve complex problems and learn how to do their job (Abrams, 2003: 64). Social networks may facilitate inter-firm exchange; however, these networks may result in certain disadvantages. Understanding the nature of networks is necessary in order to manage these ties more effectively and improve collaborative capacity (Van Laere and Heene, 2003: 248).

Informal networks take various forms including embedded relationships, which refer to an individual's relative depth of involvement in social relations (Baum, 1992).

Embedded relationships enable small firms to tap external resources that would otherwise be out of reach. Research suggests that providing sources of information is a primary function of the informal network. These networks provide small firms with greater

capacity when highly specialized resources are required but cannot be obtained in-house (Van Laere and Heene, 2003: 248). In turn, firms become more competitive from increased access to information and referrals from other participants in the network (Van Laere and Heene, 2003: 248). Furthermore, literature indicates that effective networks may build upon previous informal relationships. Mintzberg (1979) suggests that even the most formal organizations have an “informal nature” based on friendship, personal ties, and strategically negotiated inter-firm coalitions and ties. Personal relationships can make networks more effective as they can resolve conflict, build trust, speed the decision-making and uncover new possibilities for the partnership (Van Laere and Heene, 2003: 253). Research suggests that friendships build a basis for personal networks to grow into business networks (Kingsley and Malecki, 2002: 75). Friendships provide regular and safe interaction where ideas are “bounced” off friendly contacts (Kingsley and Malecki, 2002: 74). Trust must first exist in order for networks to serve as an information source.

Embedded relationships establish trust from the exchange of favours. Trust then enables network members to make decisions quickly and process more complex information than without trust. In turn, trust has a significant positive impact on firm capacity. Shared values, norms, interpersonal affiliation and respect contribute to greater trust levels. Once people establish trust, deeper learning and sharing can occur. Fine-grained information transfer results once networks begin communicating and interpreting tacit information (Van Laere and Heene, 2003: 255). A vital component in innovation and product development, tacit knowledge consists of information learned through culture and habits that cannot be conveyed or documented (Polanyi, 1958). Frequent face-to-face interaction facilitates the transfer of tacit knowledge, which strengthens the importance of local sources for expertise (Kingsley and Malecki, 2002: 74). Small firms must exchange clear and exact information in order to form lasting and enduring relations that will encourage future partnerships (Van Laere and Heene, 2003: 255). Frequent interactions and the timely exchange of information will improve communication amongst networks.

Embedded relationships contribute to collaboration. Personal links can grow into strategic collaborations (Dodgson, 1993). Case studies of formal networks found that

prior friendships facilitated inter-firm collaboration (Rosenfeld, 1996). Uzzi (1997) noted these ties provide actors with problem-solving mechanisms to achieve greater coordination and interaction. Collaboration stimulates joint problem solving, which results in enriched networks. This approach of working through problems promotes learning and innovation. Collaboration between networks and firms leads to rewarding results that could not be achieved alone as collaboration expands a firm's capabilities (Van Laere and Heene, 2003: 255).

MCRI Data

Conducting interviews for a Major Collaborative Research Initiatives (MCRI) study on the social dynamics of economic performance of city regions provided rich and informative data on the role that networks play in the Halifax city regions. In the summer of 2006 we interviewed representatives of 13 civic associations and 13 local government organizations. Several respondents alluded to the Seaport Redevelopment collaboration process leading to additional investigation for a masters project.

From the interviews

Analyzing the data supported the literature and revealed new themes about the function of social networks. Associations and government groups use social networks for similar purposes. Respondents indicated that networks facilitate business operations by enabling relationships with other individuals in the same industry (3-A-4, 2006). One respondent attributed networking as the most essential element to their industry, which uses relationships to develop economic opportunities.

The whole industry revolves around relationships. We actually organize networking events to bring broadcasters and distributors together with our producers, or we go to international markets, and have a physical presence there, so that our clients can network with people or raise money from. [3-G-1]

Through informal networks, one respondent received opportunities for career advancement (3-A-5, 2006). By participating in various informal networks within an industry, the respondent acquired extensive knowledge and expertise. Eventually the informal networks evolved into a formal network, an industry association that required a person in charge with established contacts.

Building relationships appears easier in Nova Scotia, where proximity creates smaller social factions. Respondents recalled meeting people through high school, college and family connections. A small province creates concentrated networks in urban centres.

We tend to encourage staff to attend certain events and trade shows, and then informally as they work on different projects, they'll get to know people and expand their contact base. Nova Scotia's small enough we tend to know a lot of people personally through university or school. [3-G-7]

The small size of Halifax also facilitates relationships amongst local economic actors. Within the three levels of government, personal relationships help to further development goals.

The three levels of government work quite well together, we are all on the same street. We all know each other; we all go bowling together and go for coffee together. So the personal relationships are very strong 'cause it's a small city and we work together on a lot of different things. [3-G-4]

Many respondents revealed a widespread belief that networks produce effective results. Social networks can provide economic actors with external resources to increase their capabilities. Networks can help to pool regional resources to secure economic opportunities. A respondent recalled an incident when informal networks helped attract a bid of a high-technology company.

We really wanted this company because of the number of jobs that it would create, but, also the spin-off and potential for growth. So, we had everything from, when you do these things, there's a whole look at behind the scenes, who to talk to, at what point and where you engage in with another organization, the feds, the province. So we put together an organization called Team Nova Scotia. We looked at 20 to 25 organizations and individuals who we felt were critical to be on board in order to make this deal happen. There were many organizations that we engaged in loosely to form Team Nova Scotia. We were fortunate enough because we won. We used that loosely defined group to engage them with what we felt we had to do to close this deal. [3-G-5]

Many respondents utilize networks to gain access to outsider information. One respondent (3-A-10, 2006) networked with other groups to obtain professional insight and expertise.

If you need information that you have the contacts for or if you're slow at getting feedback or you need immediate input on some issues or statistics, you have contacts that you can use to get that information quickly. [3-G-12]

By providing access to external resources and information, social networks facilitate innovation. Because of the informal nature, ideas flow more freely in a relaxed, uninhibited atmosphere. One respondent (3-A-8, 2006) mentioned informal social gatherings as places where ideas generate, as opposed to more formal, structured meetings or emails. Some respondents use informal networks to learn how to approach formal networks. Hosting breakfast sessions, community events, and company barbecues can facilitate developing future partnerships. One respondent revealed that creating opportunities for networking becomes increasingly difficult as peoples' lives change.

There is an umbrella group for the knowledge economy here. It provides a forum where people that wouldn't normally interact can interact. We tried to create forums where people could get together after work, and they didn't work. They did at one point, but companies evolved and got busier. I think it's an age thing too. We start off with people around a similar age, but then as they grow, they have families, and they have other community connections. It just gets harder and harder to get people to come out unless you have a business reason for them to do it. Interestingly enough, a lot of the networking that goes on is not even business networking necessarily, but you've given them that business reason to get together. [3-A-5]

Networks must have a purpose to be effective. To bring people together, networks must work towards goals. Some respondents maintained that common goals unify the network.

The most effective way we network is when there is something that needs to be done, when there's something to achieve, we drive towards that and then you get to know people in flight. [3-G-9]

Temporary in nature, informal networks provide flexibility to organizations. Should partnerships fail, organizations are not bound by contract.

Partnerships have to be flexible enough that you can get in and out. In case it's not working or the project comes to the end, you can move along. [3-G-5]

Often informal networks develop into formal networks. The informal discussions that occur in coffee shops can grow into more formal initiatives (3-G-10, 2006). For other respondents, informal networks must progress into formal networks at some point. One respondent revealed that although relationships help in the outside world, government organizations require a formal process to establishing partnerships.

Informal is crucial. But you can only get informal for so long, because sooner or later, it's got to go to paper, or it's got to go to an email or it's got to go

electronic. So the issue of informality is, in my world anyway, non-existent. Everything I do is somehow formalized. [3-G-11]

Seaport Redevelopment Case Study

Research on the creative and cultural industry shows that cultural district development contributes to economic growth; however, a great deal remains unknown about the processes involved in developing cultural districts. Data from the MCRI interviews reveals that social networks facilitate the collaboration process. For that reason I decided to investigate the role of social networks in a large-scale project development: the Seaport Redevelopment at the Port of Halifax, Nova Scotia. The case study provides insight into the social processes that contribute to greater collaborative efforts and innovation.

Because social processes within networks are so vital in developing partnerships, we need to investigate them to understand how large-scale projects get built. As the world has become smaller, the need for networking has become greater. The Seaport Redevelopment provides an opportunity for us to describe the process in the development stage.

Approach

In order to analyze and synthesize the Seaport Redevelopment collaborative process I used an exploratory case study approach. A case study approach provides an in-depth examination of one case in order to gain knowledge about a phenomenon (Yin, 1984: 23). The insights found will help us to understand the collaborative process involved in decision making so that we may use that knowledge in developing future projects.

In the fall of 2006 I began investigating the collaborative networks involved in the Seaport Redevelopment. Techniques included the analysis of relevant documents such as press coverage and interviews with stakeholders. I contacted respondents by email and telephone. I interviewed three of the four stakeholders and key players involved in the collaborative process in person and another by telephone. I interviewed personnel from the federal government agency, the project architects, the university partner, and the

developers. The informal interviews lasted 35 to 80 minutes and were recorded and transcribed.

Data analysis of the interview transcripts revealed common themes and points of interest about the social network process. I summarize these findings by using quotations in order to illustrate what the respondents said about the process. I searched the data for information that would support, contradict or go beyond the current research available on networks. The interviews delivered rich, informative data that allowed me to fulfill my research objectives, which included understanding the previous models, understanding how the project transpired, exploring the collaborative process and assessing the effectiveness of the collaborative process. Understanding the social processes at work in collaborations will help explain the factors that affect the project's outcome.

The interview data reveals that social networks played a key role in developing the Seaport Redevelopment. To avoid identifying the respondents, I have used pseudonyms throughout the data analysis, which include Kim¹, an architect and urban designer based in Toronto, Pat, a city councillor and Terry, the architect designing the new university partner's campus. The key players include the Halifax Port Authority, a university partner, a local architect, and a consultant. The key players indicate that social networks advanced the project at different stages of the development process.

Generating the idea

To increase its competitive edge, the port implemented a redevelopment plan for the Seaport along piers 20 to 23 to increase cruise ship capacity and to create a destination for residents and visitors (HPA, 2006). Respondents revealed that Richard Florida's theory of the Creative Class influenced the conception of the Seaport Redevelopment. Members of the collaborative network mention Florida and his theories as providing inspiration. The local architect revealed that Kim was heavily influenced by Richard Florida and explained how the two had met.

¹ Names have been changed to pseudonyms

He had been a big follower of Florida for some years and they crossed paths. I don't know if it was in Pittsburgh or Baltimore or somewhere around there. They had crossed paths on earlier work.

The respondent revealed that Kim adopted Florida's ideas to create a concept plan for the Seaport Redevelopment. Kim may also have been inspired by the artist colony that was already developing at the seaport.

We did Pier 21 about 8 or 9 years ago and it was already developing as an artist colony at that time because we had to evict all kinds of them in order to create Pier 21. Fortunately the port created alternative space for them in the Immigration Annex and a lot of them are still there. It's a creative zone, which is now being nurtured.

The consultant revealed that prior experience guided the Seaport Redevelopment concept plan.

We modelled very much what we did after the 401 Richmond in Toronto, which I think is the best example anywhere that I've seen including the Custard Factory, in terms of a true artist's co-op. It's a brilliant project. Kim did that. Kim and I have worked together on many projects: Queen's Quay Terminal, Yerba Buena Gardens in San Francisco and he did work for us in London on Canary Wharf.

In sum, previous partnerships and experience influenced the concept for the Seaport Redevelopment.

Building partnerships

The port had to coordinate with the municipality during the first phase of the project, despite the fact that the HPA had no obligation to seek approval. By volunteering to comply with municipal regulations, the HPA secured a level of reciprocity for the development process.

We actually went through the process of getting a development agreement for the first phase of the project. We went through the process voluntarily. We felt that we would be much better served if we had HRM on our side. I think that was a really important thing to do because the support we've had from the HRM for our initiatives has been huge. It's started to pay off in areas like public transportation.

The respondent clarified that the HPA cooperated with the municipality in order to establish an enduring relationship. During the interview, one respondent described a collaborative relationship that facilitated the exchange of information and creativity.

I believe that development is a local business. I think development has to do so much with what happens locally, I mean the public and what the public think, how they trust people. Government is local. You would always as a developer, develop a way to partner with someone locally. Kim, for example, would be going into somewhere like Halifax would always have a local partner. Somebody who knows the way things works, but the local partner may not have the broadest of experience. So what you are trying to do is combine that big kind of thinking with local knowledge, credibility, and the ability to make people feel comfortable.

The respondent explained how the partnership facilitated this particular project.

Anytime I sit up on a stage at a public meeting, I always have the local architect because I'm the guy from away with all these grand, wild ideas, but with the local architect beside me they trust him because he's from here or he's done it before, and he's not going to let it get out of hand. That's the best balance.

Relationships are vital to the development and the implementation of large-scale projects like the Seaport Redevelopment. The consultant acknowledged that relationships with local partnerships or good neighbour gestures facilitate the process.

The university partner had to negotiate with the provincial government to receive funds for the expansion and cooperate with the municipality for the development agreement.

The university partner revealed that certain relationships were vital in effecting the coordination of the project.

Pat, the councillor of the South End has been extremely supportive. Pat is also chair of the Culture Advisory Committee with the preparation of the Halifax Cultural Plan. Pat is very focused on the subject matter, on what the folks are doing down here. Our former president was also involved in the Culture Advisory Committee. So that's a really good relationship.

The university partner explained that many of the key players involved in this project have had associations with one another previously. When asked about social connections, the respondent revealed an existing social relationship with the architect hired to design the new campus.

When we did the request for the proposal for the architect, it wasn't that we had any particular interest in any design or aesthetic. I think some of us did have a prior relationship or knowledge with Terry's work and liked it. Besides that, our kids are the same age and have grown up together. I don't think that actually tainted the process, but there were relationships there and Terry has a relationship with the president of our school. Terry is building the president's house. That turned out to be a pleasant association, but that didn't taint it.

The university partner revealed that social relationships helped move the project along. When asked about whether smaller sized cities facilitate networks, the respondent explained:

There are some very good relationships down at the Seaport. There is a good relationship between our project manager and the facilities manager down at the port. It seems that these two have a very practical working relationship and they work very well together. That has helped move the project along.

Relationships are evident in the collaborative network, creating a complex network of connections. The local architect indicated, though, that social networks can also have negative consequences.

We were after the university campus job and didn't get it because Terry had a previous relationship with the president of [the university partner] and he was the favoured son. You know, it's as simple as that.

Although social networks do not always produce positive outcomes, some respondents attributed collaboration with producing more innovative products.

It facilitates more innovation. Because what happens when you don't have that is you end up with compromise and compromise isn't always a good thing.

Respondents revealed that social networks play a role in establishing collaborations.

Trust is essential to creativity. You tend to trust people that you have worked with, that you have experience with more, which means that the collaborative process can reach greater heights. I think the other thing is confidence. I find especially in this country, that we tend to be insecure. We tend to be very insecure in terms of embracing change, embracing what is good in others. We tend to be reluctant to partner with others. Partnerships are really important because they tend to bring together the best of different approaches.

In sum, respondents confirmed that many factors influence project development including reciprocal relationships and local buy-in. Respondent also revealed that social networks help make the collaboration process more effective by generating trust and innovation.

Resolving issues

Collaboration contributes effectively to project development; however, limitations exist where relative powers are unequal or a hierarchical system prevails. In the Seaport Redevelopment case, the HPA regulatory powers override the municipality. As a result,

the HPA pursued the development agreement on a voluntary basis, establishing a reciprocal relationship for future projects such as the fast ferry. Respondents indicated that collaboration prevented the project from stalling.

We've had no resistance. The worst thing a developer can have is resistance, from the public or different levels of government because that can slow you down and especially if you've started to spend money. For that reason we have been able to move quickly. We're two years in and most of the infrastructure is in place. And that is fast for development. That is fast.

The project provided other examples of where issues arose throughout the process. The local architect explained that experience determined the roles of individuals in the collaborative network.

My key role was to bring Kim in and then he took the lead. Then we filled in all the local content and all the work on the ground that had to be done. It was a good collaboration.

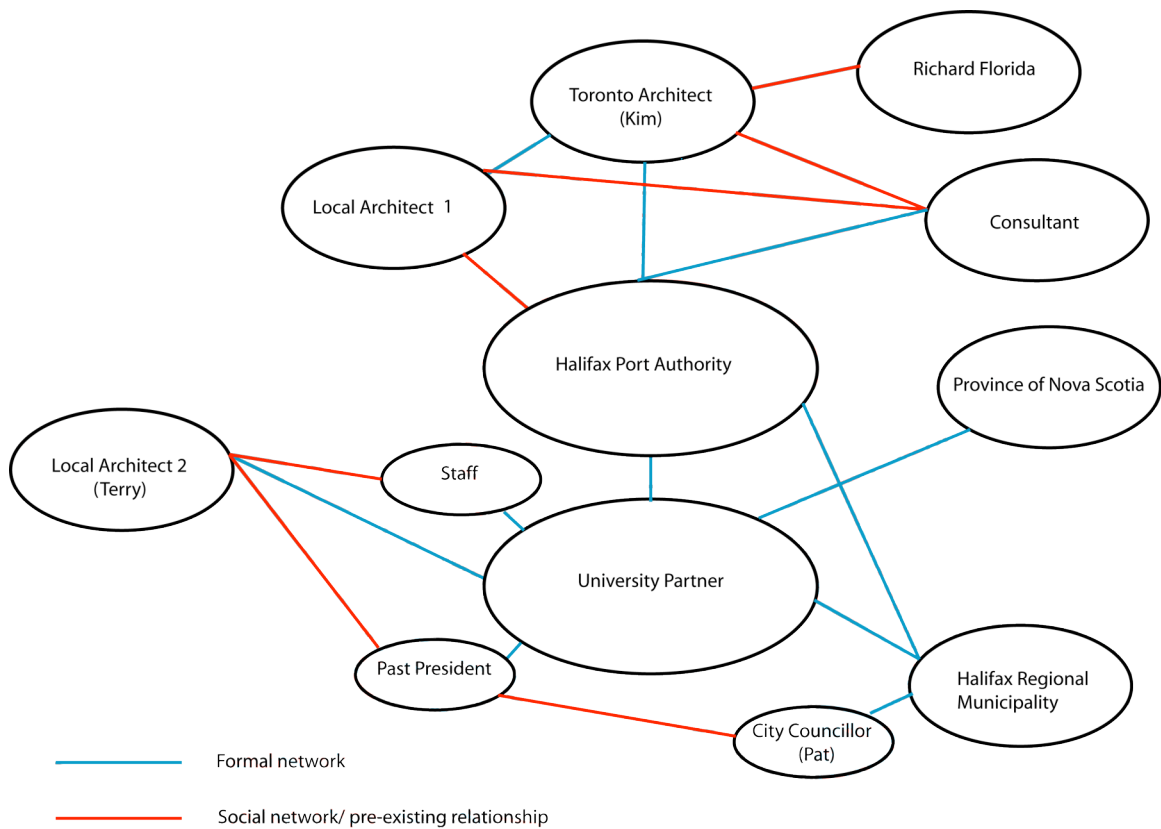
The local architect emphasized that expertise is an essential ingredient to make a project successful. He indicated that the expertise that the other firm had was required for leading the project. The local architect indicated that Kim's expertise influenced group behaviour. Kim took a leadership role, while the local architect took an ancillary role filling in local content and being the person laying the groundwork. Members with expertise provide leadership, while less experienced members defer.

Network analysis

The following diagram illustrates the nature of the relationships and connections between the key players involved in the Seaport Redevelopment. The blue line indicates formal or market networks, which refer to relationships that intentionally form for specific business outcomes. The red line indicates pre-existing relationships or social networks, which consist of interactions based on personal ties, friendship, or previous experience.

Research shows that social connections influence the pattern of formal networks. For example, the university partner respondent and Terry had a previous social connection because their children had grown up together. The past president of NSCAD also had a previous experience with Terry when he built her house, which resulted in a formal network when the architect won the bid for the university partner campus. Additionally,

she participated in the Culture Advisory Committee, where she developed a social connection to Pat, a city councillor and chair of the committee. The connection proved useful when the university negotiated with the city for a development agreement. Another social connection existed between the Toronto architect and Richard Florida. The two men crossed paths in the United States several years ago. The encounter had a lasting impression on the architect, influencing many of his future project concepts. The Toronto architect and the consultant had a previous work history, while the Halifax Port Authority had previous work experience with local architect 1. In both cases previous work experience appear to contribute to future collaborations. The consultant developed a strategic relationship with local architect 1 in order to encourage public support and local buy-in. The diagram illustrates the key role that social connections play in the Seaport Redevelopment collaborative network.



Themes in the discourse

Several themes became clear in the data examined. Data indicates that social and formal networks make collaboration more effective. Firms survive based on their capacity to collaborate. Small firms must establish trusting and durable networks in order to access information and resources otherwise not available to them (Van Laere and Heene, 2003: 251). The Seaport case confirmed the importance of social and formal networks in establishing trust. Trust enables firms to make quicker decisions and process more complex information than they could otherwise. By speeding up the decision-making process and increasing the ability to process information, trust positively impacts the firm's capabilities. Trust contributes to greater innovation because as inter-firm competitiveness diminishes, creativity increases. Respondents revealed that a connection exists between networks with trust and creative capacity.

Social and formal networks make collaboration more effective by facilitating knowledge transfer. Respondents revealed that partnering helps facilitate the exchange of information. Allowing for greater knowledge diffusion and knowledge creation, networks support innovation. Through networks, individuals can access information that may be relevant to their own workplace. Firms benefit from the informal linkages between one and another, adding a competitive advantage through the sharing of knowledge, expertise and resources.

Respondents indicated that they participated in previous relationships before joining the Seaport Redevelopment collaborative network. Social networks matter to firms, because it allows firms to have access to resources that they do not have to own (Van Laere and Heene, 2003: 248). Firms turn to relationships for value-creating resources and capabilities that extend beyond their own firm to establish a competitive edge (Van Laere and Heene, 2003: 252). Cooperative relationships facilitate firms in gaining new competences, conserving resources and sharing risks, moving into new markets and creating new opportunities for future projects. While Kingsley and Malecki (2002: 74) suggest that proximity influences a firm's willingness to use informal networks, the Seaport case suggests that social ties influence their use of networks, not proximity. The

Seaport Redevelopment case study reveals that informal ties play a primary role in determining patterns of coordination.

A small community facilitates social networks. Personal links can grow into strategic collaborations so that proximity builds trust from face to face interactions. In Halifax, the respondents noted many of the same people attend the same events. Respondents explicitly stated that the size of Halifax makes it easy to meet people.

The Seaport case suggests that establishing local partnerships reduces roadblocks and encouraged local buy-in. During public meetings, the local partnership demystified the perceptions of ideas that “come from away”. Local relationships utilize the close bonds among firms and local institutions, creating a learning region. A learning region fosters a connection between local sources of expertise, facilitating the sharing of tacit knowledge. Proximity facilitates the flow of information by establishing trust within the learning region, a result of frequent face-to-face interaction (Kingsley and Malecki, 2002: 74). Therefore, out of town expertise benefits immensely when collaborating with a local partner by tapping into the local learning region.

The Seaport case study provides insight into power imbalances within collaborative networks. All four respondents indicated that expertise and experience influence leadership. One respondent sought out a partnership based on expertise and past projects. Expertise indicates that a person possesses relevant knowledge and skills that will benefit the whole of the network (Duemer, 2004: 721).

Power imbalances between the different levels of government created limitations to the collaborative network. Although the port was not required legally to collaborate with the municipality, practically they needed to consult with the municipality. By changing the hierarchical relationship to a relationship of equals, the port secured a level of reciprocity for the future. Actors in a network come to depend on the resources controlled by others in the network and therefore, position themselves where they can make future use of these resources (Van Laere and Heene, 2003: 253). A single exchange such as the

development agreement builds mutual trust between the two parties, the HPA and the municipality, that can be revisited in the future.

In sum, the research highlights the value of social networks. The research shows a relationship between social ties and formal networks. As social networks build trusting and enduring relationships, firms feel more inclined to share knowledge and resources, resulting in more strategic collaborations.

Networks have emerged as a new approach to economic development. Networks allow smaller firms to remain competitive by providing external sources of information and expertise. By encouraging embedded relationships amongst local firms and institutions, the gap bridges between the private and public sectors. Stronger community connections will engage the civil society, breaking down barriers to economic growth and innovation. Networks stimulate innovation and economic development; therefore, the economic actors will want to encourage network formation. Firms and government can create new opportunities for networking including events such as golf tournaments, brainstorming sessions over breakfast, open houses, social galas and charity benefits to bring professionals together. By expending more resources on building social connections, the public and private sector may increase local innovative capacity.

Questions for Further Study

Given the necessity of firms to collaborate and develop networks in order to remain competitive, further research is required. Globalization has made it difficult for firms to survive. Firms need strategies to increase their resources and access to more information and expertise. Literature and research data indicate that networks facilitate firms by providing functional relationships. Networks develop trusting and durable relationships, which encourage innovation and creativity. The case study presents new areas of interest.

First, the data indicates that social networks facilitate knowledge dissemination; however, they have certain disadvantages. Firms must educate themselves on the shared costs and opportunities involved in developing networks. The case study reveals some limitations to collaboration and networks. Systems of hierarchy and power imbalances restrict the

advantages of collaborative networks. In order for firms to fully utilize collaborative networks, further research is required to explore how to effectively manage informal linkages.

Second, an element of randomness may influence the social connections between the key players involved in the study. The data indicates that some participants had social relationships prior to their involvement in the project: chance meetings through children or activities. Coincidence or randomness can factor into initiating social relationships. In small cities like Halifax, the likelihood of pre-project relationships increases.

Networking in the future

The research shows the importance of network development in the Seaport Redevelopment and provides insight into the intricacies involved in establishing networks. The case study reveals that social connections occur ubiquitously impacting the conventions of production. If firms hope to continue to develop new and innovative projects, then we need to continue further research into social network analysis.

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