

# Socially embedded relationships of firms: An aid to recovery in a vulnerable community?

Dr Felicity Powell  
Opus International Consultants

---

---

---

---

---

---

---

---

## Framework of presentation

- Why study economic relationships?
- Features to learn more about
- Outline of the research study
- Findings and conclusions



---

---

---

---

---

---

---

---

## Why study economic relationships in relation to disaster resiliency?



---

---

---

---

---

---

---

---

## What types of factor are important to learn about?

- Characteristics of the firm
- Networking behaviour of owner
- Location behaviour

---

---

---

---

---

---

---

---

## Characteristics of the firm

- Industry sector
- Markets for goods and services
- Embeddedness in local economy



---

---

---

---

---

---

---

---

## Networking behaviour

- Strong or weak ties
- Traded or untraded interdependencies
- International comparisons



---

---

---

---

---

---

---

---

## Location behaviour

- Spatial proximity
- Location criteria
- Spatial inertia or lock-in



---

---

---

---

---

---

---

---

## Objective of this study:

To investigate whether the socially embedded relationships between firms are associated with variations in the likely location behaviour of businesses in a post-disaster scenario.

---

---

---

---

---

---

---

---

## Definition of socially embedded relationship

- Ties between the owner-manager of a business with other individuals that are set in social relationships and influence the economic decision-making of the firm
- Influenced by informal mechanisms, whilst business relationships governed by formal mechanisms

---

---

---

---

---

---

---

---

## Three research questions

1. What forms of socially embedded relationships exist between businesses?
2. What has been location behaviour of businesses to date?
3. To what extent would location behaviour change after a disaster and do socially embedded relationships explain any changes?

---

---

---

---

---

---

---

---

## How the data was collected

- Survey of three industry sectors in Wellington
- Followed by interviews with representative sample of business owners
- Location criteria given to interviewees for categorisation

---

---

---

---

---

---

---

---

## Socially embedded relationships

- Propensity to network
- Customers and suppliers are an important source of 'strong ties'
- Social ties stronger than business ties in close networks
- Nature of ties evolve over lifecycle of the firm

---

---

---

---

---

---

---

---

## Location behaviour to date

- Spatial proximity to strong ties
- Dependence on local economy
- Most firms have moved location at least once

---

---

---

---

---

---

---

---

## Location criteria

- Proximity to clients/customers
- Also accessibility, availability of labour
- Personal amenity value
- Good broadband and other infrastructure

---

---

---

---

---

---

---

---

## Post-disaster location decisions

- Connectivity and power critical
- Industry sectors
- Location of markets for goods and services
- Socially embedded relationships not relevant to *location* decisions after a disaster

---

---

---

---

---

---

---

---

## Conclusions

- Trading relationships and markets would be significant determinant of post-disaster location. Industry sector may also be important.
- Organisations that relocate may induce snowballing effect
- Socially embedded relationships would only aid recovery if organisations remain in disaster area

---

---

---

---

---

---

---

---

## And finally...

Relationships between firms have important implications for the resiliency of communities in vulnerable places



---

---

---

---

---

---

---

---