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GETTING CONNECTED:

Using Networks to Build
Business Community Resilience
in the Blue Mountains



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corporate2community (C2C) would like to acknowledge the contribution from Professor Daniel P. Aldrich for integrating a business community lens into his global research on social capital and disaster resilience.

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As a collective of local and international experts, this White Paper provides important information to acknowledge the vital role business community networks play in building national resilience across Australia.

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EXECUTIVE SUMMARY:

A survey conducted in late 2021 by corporate2community (C2C) of more than 60 business owners in the Blue Mountains Local Government Area highlighted that business owners recognise the power of networks and connections to help build resilience.

At the same time, the survey results highlighted that many local business entrepreneurs lack broad and diverse networks - especially inclusive networks - in the local area, and do not fully embrace or understand the value in networking, especially in terms of building disaster preparedness.

These findings are especially worrying considering the high failure rates of businesses affected by disasters.

Informed by the survey results and a review of relevant literature relating to networks and crises, we make a case for more deliberate programs in the Blue Mountains area which aim to foster connections amongst business owners and operators in order to build their business capacity to handle ongoing and future crisis events.

Given the acute and long term stresses that businesses are likely to encounter, social networks serve as an efficient way to mitigate shocks and accelerate recovery.



Networks and Networking Matter for Disaster

Many Australians - and indeed residents around the world - have faced crises, disasters and shocks in the recent past. COVID-19 and extreme weather events have taken lives, upended business, and pushed us, as individuals and businesses, away from our comfort zones.

Those in the Blue Mountains Local Government Area (LGA) - some 55 to 95 km west of Sydney CBD - have experienced bushfires, storms, floods, and pandemic among other crisis events (Dare and Schirmer 2021).

Often, when we think about protecting ourselves from disasters and from other risks, we first think about the built environment and physical infrastructure.

We might imagine concrete walls, fire breaks and sprinkler systems to keep fires at bay; coastal seawalls and waterproof first floors to handle floods; and of course personal protective equipment (like masks) to hold back pandemics.

These can be important tools in the arsenal to keep ourselves, our loved ones, and our societies safe and resilient.

In addition to the built environment and physical infrastructure, each of us has access to a more powerful set of tools which can help strengthen and protect us in the face of these crisis events and can help us in recovery once the crisis subsides: our networks.

The people whom we know, interact with and learn from, and the people whom we can trust - these people constitute our networks.

These personal and professional networks can assist to mitigate the impact of shocks, help us adapt our behaviour through best practices we may not directly have known about, and can transform the way that we build resilience to future shocks (Aldrich 2019).

Networks form a conduit for important information, help us coordinate our collective activities, provide financial, administrative, and psychological support, and influence our everyday behaviours.

For example, in Boston and New York City people with higher trust and stronger connections to neighbours and to legitimate health experts were more likely to wear masks to protect themselves and their communities when COVID-19 became a pandemic (Page-Tan, Marion, and Aldrich 2022).

On closer examination, not all connections are the same. We may have ties with people who are quite similar in their physical appearance, their language, and their thinking.

These connections to family and close friends are known as *bonding* social capital. The ties we may have between people who do not sound like us, look like us, or think like us are called *bridging* social ties.

And finally, we have ties between ourselves and people in authority and power, a connection known as *linking* social capital.

All three forms of social capital ties, as much research has shown, are incredibly powerful for helping people work collectively and overcome barriers. And all three social capital ties can be actively built through networking. This was the focus of our survey of local business networking in the Blue Mountains.

Networking is the deliberate creation of social capital and social ties through activities.

Through networking, all three forms of social capital ties can be built. Examples of activities include conversations, joint events, recreation, and work. By meeting new people - especially people who think differently to us and access different resources to us - we are participants in inclusive networking.

Through creating and strengthening new relationships with people outside of our normal circles of bonding social capital, we are creating new bridging and linking ties. Often, our fall back in the workplace and in our personal activities may be to connect with people who look like us and with whom we are comfortable with.

An easy but hard-hitting mental exercise is to think about the 10 people whom you talk with and interact with most often. How different are they from you in terms of gender, race, linguistic background, education, and so on?

This quick exercise can reveal the bias that we often have when selecting our advisers, friends, and network members (Wiley-Little 2018).

It isn't easy to reach out to others, especially if they are not people who look and sound familiar.

Our business chambers, for example, can often end up attracting people who look like the founders, creating relatively isolated and homogeneous networks.

However, diverse ties build the strongest resilience and help us during peacetime (when things are calm) and during crises (when they are not).

Increasingly, research has focused on the power of inclusive networking to actively and deliberately build up our connections and to expand our social ties (Aldrich and Kiyota 2017).

We have long known that broader networks, i.e., those which extend to include people who live and work in different circles, can help us achieve important individual goals, such as finding a job (Granovetter 1973).

These diverse networks especially come into play during crises.

For example, when our physical location is threatened by encroaching hazards such as fire, storm, and other natural phenomenon, those of us with broader networks are likely to receive more useful and accurate information about those impending hazards and therefore the actions we take to increase the safety of ourselves and those around us are likely to be more effective (Metaxa-Kakavouli, Maas, and Aldrich 2018).



This was illustrated when those evacuees from the Fukushima Dai-ichi nuclear power plant meltdowns in Japan who had broader networks, also had better mental health, despite the incredible strains created by the nuclear reactor meltdown (Iwasaki, Sawada, and Aldrich 2017).

Inclusive networking means, for example, ensuring that men and women, minorities, and the vulnerable, are included when we build our connections.

By actively reaching out to underrepresented groups, to people beyond our normal circle of familiar faces, and to people outside our region, we are building resilience through those diverse networks.

The power of strong, diverse social ties to buffer against shocks is especially important in light of research that has shown high failure rates among businesses which go through disasters (Scott 2014).

Research has also shown that diverse businesses perform better, even during peace time when no disasters loom (McKinsey 2015).

When small businesses fail, communities face a variety of negative impacts, including loss of economic diversity, services, employment opportunities, and death of the 'high street' (Grace 2021).

Yet we know comparatively little about the kinds of networks in the Blue Mountains or their preparedness to handle shocks.

"WHEN SMALL BUSINESSES FAIL, COMMUNITIES FACE A VARIETY OF NEGATIVE IMPACTS..."



About the Survey

The focus of the survey was on the Blue Mountains region, which has a gross regional product of some \$2.75 billion, a population of nearly 80,000, and 5,515 local businesses.

After receiving ethical approval from Charles Sturt University, we surveyed the Blue Mountains business community in late 2021, using the SurveyMonkey online platform.

The survey asked a number of demographic questions (age, gender, length of time in the community, type of employment and business, and so on) and then a number of questions concerning individual and organisational networking and preparedness.

These questions were a mix of quantitative, Likert-scale questions (e.g., On a scale from not connected (1) to extremely connected (5), how connected are you within your organisation?) along with open-ended, qualitative questions (e.g. What do you think would make the business community across the Blue Mountains more connected?).

The majority of the people responding to the survey (more than two-thirds) worked as business owners and the rest were a mix of managers, employees, and self-employed. Respondents lived across the Blue Mountains LGA, with the majority in the communities of Springwood, Katoomba, Leura, Lawson, Wentworth Falls, and Blackheath.

Survey respondents indicated that they knew their businesses and the communities they serve well, and one-third of participants had spent more than a decade in their organisations, with roughly one-quarter there for 6-10 years and one-third for less than five years, see Figure 1.

HOW LONG HAVE YOU BEEN WORKING IN YOUR ORGANISATION? (YEARS)

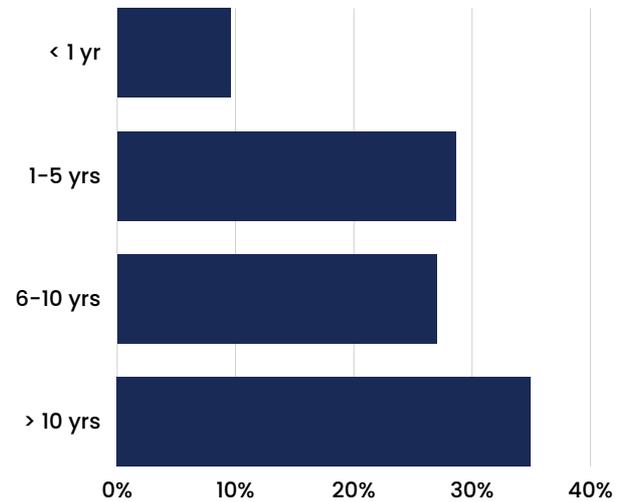


FIGURE 1. LENGTH OF TIME IN ORGANISATION

Most managed or worked at microbusinesses with fewer than 4 employees, engaging in areas ranging from retail trade to food service to health care and professional services.

The majority of survey respondents were middle-aged women, in the 45- to 64-year-old age bracket.

We therefore see the survey as a valuable snapshot into the way that most local businesses envision what connections they hold and what value they have for them.

In the following sections we report the main survey findings before moving into recommendations to inform the next steps which could be taken to assist building the networking strengths of the Blue Mountains LGA business community.

Challenges in Valuing Networks

While survey respondents demonstrated extensive experience and tenure in their respective organisations (see Figure 1), responses showed that many continue to operate in relative isolation.

This is not an ideal situation, given the recent disasters of the Black Summer bushfires of 2019/20, followed by severe flooding in some locations and then the COVID-19 pandemic.

The cascading nature of these disasters meant that businesses had not fully recovered from one crisis event before having to face the next.

As one recent study pointed out, “limited contact and limited resourcing adversely affects collaboration between the different types of organizations active in disaster recovery activities” (Dare and Schirmer 2021).

That is, when we connect only to people in a similar situation, we will all be in a similar crisis situation, should another disaster situation evolve.

Networks which connect beyond our immediate neighbours and members of our organisation can greatly enhance local business recovery by providing novel perspectives, resources, and advice.

Many respondents did not see value in networking, did not know with whom to network, or how it would fit into their business as usual.

When asked about the value of their membership to networking organisations, nearly one-half stated that they did not see the value in the service.

In open-ended responses, several business owners said that they saw no discernible value in networking while others decried the need to pay up to \$1000 to participate in local chambers of commerce and other business groups which require membership dues for what they perceived as little or no value.

The survey showed that some business owners are connected to existing business association networks in the Blue Mountains, especially chambers of commerce (such as those in Springwood) or affinity groups for women entrepreneurs that cater for specific networking themes.

Respondents mostly connected to these place-based networks in the locations where they operate, often these were to organisations in the tourism industry.

This is to be expected, given that the Blue Mountains LGA depends heavily on tourism as a critical source of income (Ingham & Redshaw 2017, p. 54).

Local, Like-Minded Networks

For those respondents engaged in some networking activities, the reasons given for doing so underscored the challenge of overcoming the tendency to gravitate towards a familiar group and a heavy reliance on bonding social ties.

In other words, they saw building ties as “Networking with like-minded people”. This underscores the dangers in our natural inclination to huddle with similar faces.

This was again demonstrated with roughly one-fifth of respondents ranking the highest value in networking coming from “connecting with like-minded peers.”

Very few (less than 16%) saw connecting with new people as extremely important. Most connections between the respondents and their social ties were quite limited, extending only to their own organisations and businesses.

We asked respondents about their connections to internal members of their organisations, to neighbours and to regional peers.

Of these categories, the highest percentage - roughly one-fourth - felt extremely connected only to others within their own organisation. Most (nearly 80%) felt only slightly or moderately connected to other organisations and businesspeople in the area.

In terms of channels for carrying out networking, more than 85% of respondents had not connected with local businesses in person. These local connections could be through informal breakfasts, teas, lunches, or dinners, however we recognise COVID-19 restrictions would have limited these opportunities.

Nearly 40% of respondents believed that their businesses were not adequately connected to other businesses.



Networking for Building Disaster Preparation and Resilience

Australia and other nations have begun opening borders previously closed due to COVID-19. Pandemics and other natural hazards are likely to increase in intensity and cost as the effects of global climate change continue to escalate.

Our results showed a general lack of business preparedness for Blue Mountains respondents.

Across a variety of shocks - including bushfires, storms, floods, droughts, heatwaves, and cyberattacks - very few felt very or extremely prepared for these kinds of shocks, see Figure 2.

Roughly 70% of our respondents had not reached out for help during the crises over the past two years, see Figure 3 below.

AS A BUSINESS OWNER, MANAGER OR EMPLOYEE, HOW PREPARED ARE YOU NOW FOR FUTURE DISASTERS?

	Not Prepared at all	Slightly Prepared	Moderately Prepared	Very Prepared	Extremely Prepared	TOTAL	Weighted Average
Bushfire	6	11	18	17	1	53	2.92
Severe Weather Storm	6	9	23	11	1	50	2.84
Floods	22	6	19	5	1	53	2.19
Drought	20	6	22	4	1	53	2.25
Landslide	32	4	14	2	1	53	1.79
Heatwave	13	7	22	8	2	52	2.60
Disease	26	5	11	8	3	53	2.19
Cyber Attack	14	15	15	7	3	54	2.44

FIGURE 2. PREPAREDNESS FOR DISASTER

Importantly, data showed that even among those who engaged in deliberate networking, many did not recognise its power to build resilience to ongoing and future shocks.

When asked about the ways that business networks contribute to community, most (more than three-quarters) pointed to the value of building community networks and fostering business resilience, while only about half thought of the value of networks in strengthening community disaster preparedness.

Nearly one in eight had not considered the role a strong business network could have in disaster planning, response and recovery.

A growing body of work has demonstrated both quantitatively and qualitatively over a broad range of shocks and disasters that broader networks help businesses survive and thrive.

During the ongoing COVID-19 pandemic, for example, research has shown that communities in the United States with higher levels of bonding and linking social capital saw lower levels of excess deaths (Fraser, Aldrich, and Page-Tan 2021).

Following the 1994 Kobe earthquake in Japan, communities with higher levels of bonding ties brought back more residents to repopulate than similar but less connected areas of the city (Aldrich 2011).

Networks made up of businesses are especially important, as the organisations themselves serve as critical community assets for recovery (Storr, Haeffele-Bach, and Grube 2015; Dare and Schirmer 2021). Business owners - who can connect across race, class, and a variety of other gaps - know their communities best (Grace 2021) and are often personally invested in the recovery processes, which has often proven challenging for organisations to survive.

HAVE YOU OR YOUR ORGANISATION REACHED OUT TO LOCAL BUSINESS NETWORKING GROUPS FOR SUPPORT DURING THE BUSHFIRES, COVID-19 OR OTHER DISASTERS IN THE LAST TWO YEARS?

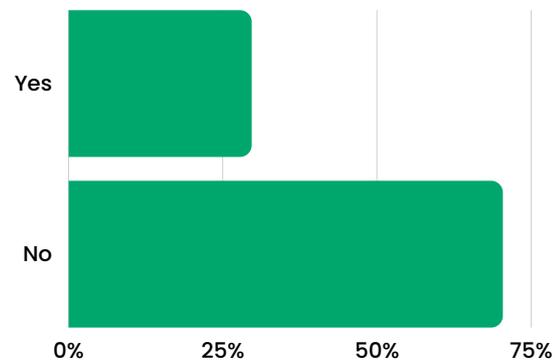


FIGURE 3: REQUESTING SUPPORT OVER THE LAST TWO YEARS

The businesses in the Blue Mountains, when working as a networked and connected community, would make an ideal centre to coordinate local recovery, provide information on overcoming bureaucratic obstacles, and serve as hubs for rebuilding.



Next Steps: Networking Beyond Local

Our survey has shown that some business owners and managers have been actively and inclusively networking to expand their networks.

And some recognise the power that networks have to mitigate shocks like COVID-19, bushfires, and floods.

Despite these efforts, the Blue Mountains business community faces major challenges as many have yet to see the value in networking, few feel prepared for ongoing and upcoming risks, and those who have built connections have engaged in relatively close-knit and internal network building.

We lay out a plan for a community of the more than twenty villages across the Blue Mountains to better connect and build a network of businesses that support each other, are more organisationally prepared, and therefore more resilient.

It is important to start with the realisation that our reservoirs of social capital - our connections to others through bonding, bridging, and linking ties - are not set in stone.

Whether we see ourselves as well connected or reluctant to engage in networking, all of us have the power to expand our contacts.

Much research has shown that we can deliberately increase the breadth and depth of our social networks.

In fact, past initiatives, including Meet your Street, More than a Fire Plan, and Heads up for Fire, helped build location-based partnerships in Blue Mountains communities (Reshaw, Ingham, Harrison & Quigley 2016).

Peer reviewed research has shown that even in resource poor, post conflict communities in developing nations, active intervention can measurably increase social ties (Pronk et al 2008; Brune and Bossert 2009).

So too in high resourced, advanced democracies. An example is the Ibasho program in Japan, where local organisations and elders partner to design socially integrated and sustainable communities with broadened networks, which increased a sense of belonging to the community, and deepened efficacy (the belief that one's voice has an impact in the community) (Aldrich and Kiyota 2017).

We propose the creation of formal cross-town, regional networks focused on leveraging the power of businesses and business owners to build resilience to crisis events.

Through a series of start up meetings, held in person and via online telepresence, business owners, managers, and employees would connect not only to other businesses in their town, but also to businesses in different fields and in different locations.

This network would help build more diverse ties to people inside and outside specific industries, such as tourism, food service, accounting, and so on.

This in turn would build collective capabilities, capacity and success, as businesses interact with each other, share experiences and ideas, and build localised supply chains.

Initial meetings could involve meet and greets, a short panel and workshop on the role of networks in disasters, and a broader discussion of setting up hubs for information and action sharing.

Attending events, interacting with new people, contributing to conversations, and learning from experts can help businesses break through the standard local, highly similar networks to build networks better prepared to meet the challenges of the future.

There are some challenges that may inhibit active, inclusive networking. In open ended answers, some respondents to the survey indicated that they were worried networking might reduce their place-based identity.

We believe that this is unlikely given the importance of village-based life and strong local culture and practices, which can resist the erasure/dilution of a distinctive local identity and voice.

Further, local businesses, particularly small businesses, are themselves recognised as essential building blocks of their communities. The introduction of fresh ideas and new people only serve to strengthen local community and social connections and boost economic diversity.

A majority of respondents said that they would be interested in developing a new, more open network of businesses, but would need administrative help given time and resource constraints.

We believe that developing a regional-based network to provide opportunities tied to disaster education and mentoring - can meet this need. With funding from regional and national authorities, a number of NGOs and private sector organisations can help guide the creation of this network.

One final barrier comes with the limitations of our survey, which captured the opinions of more than 60 Blue Mountains businesspeople, primarily women owners of microbusinesses.

We - and other scholarly and public policy focused observers - need more information to be able to make generalisations about the overall business industries and broader neighbourhoods across the area.

As we write this, the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) is starting research into promoting small business preparedness and resilience.

We hope that the ASBFEO alongside this survey and White Paper will be the start of a series of partnerships with local academics, private sector, and public sector actors, intent on reducing our vulnerability to risk through inclusive networking.



CONTRIBUTORS



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Daniel is an award-winning author who has published five books, more than seventy peer reviewed articles, and written op-eds for The New York Times, CNN, Asahi Shinbun, along with appearing on popular media outlets such as CNBC, MSNBC, NPR, and HuffPost. Aldrich has spent more than five years carrying out fieldwork in Africa, Asia, and the Middle East and his research has been funded by the National Science Foundation, the Fulbright Foundation, and the Abe Foundation.



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Valerie lectures in Emergency Management and supervises Doctor of Public Safety candidates. Her research interests include perceptions of risk and resilience in local communities, disaster recovery, time-pressured decision making, and the tertiary education of emergency managers.



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Renae founded corporate2community (C2C) a certified social enterprise in 2018, motivated by her personal experience of disasters and understanding of the role businesses can play in helping Australian communities before, during and after impacts. As a leading partnership broker between industry and government, Renae shapes private sector solutions while bolstering government efforts in the delivery of community resilience-led outcomes.

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