THE INFLUENCE OF PHYSICAL AND SOCIAL DISTANCE UPON REMOTE ECONOMIES

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ABSTRACT

The influence that distance from markets has upon remote economies, particularly as it relates to developed economies, remains under researched and lacks a theoretical base. The influence of distance and small size often has a compounding effect which places small, remote countries at a disadvantage in relation to many types of products and services. This paper contributes to the literature on this topic by proposing that there are two types of distance that influence business location and operational decisions. The first of these is physical distance, which is closely related to the geographic distance between centres. This is the way that distance has traditionally been viewed. The second is social distance, which relates to the advantages obtained from being close to sources of socially embedded communication. These types of distance form two dimensions which may be used to construct a two by two matrix. The resulting four quadrants assist in clarifying the effects of the different types of distance have upon a diverse range of products, industries and businesses. The paper highlights that distance is not a simple one-dimensional relationship. By identifying the different types of distance greater understanding of it effects may be obtained.
INTRODUCTION

One of the enduring themes of Australian history is that of distance from markets. Located far from its major trading partners and from countries sharing a similar culture, isolation has formed a backdrop to the country’s evolution. The theme of isolation was popularised by Blainey (1966) in his widely read and still influential book *The tyranny of distance*. Since then, the book’s title has entered everyday discourse to describe how the nation’s geographical position has influenced its evolution. New Zealand shares a similar background in respect to isolation.

Size also influences a nation’s business and economic affairs and when size and geography are combined, a particular subset of challenges and problems tend to emerge. Small size and isolation are problems for many nations and Australia and New Zealand are far from being alone in feeling the effects of remoteness from the main centres of business activity.

The effects of size and distance upon business have attracted little academic interest. This may be because most academic journals, and contributors to them, are located in the densely populated northern hemisphere and as a consequence the problems are not pressing or even apparent. Economic geography identifies, post facto, where various business activities are located but it tends to be poor in explaining the reasons behind location decisions, particularly if it is not obvious as in the case of a mineral deposit. Business strategy has a distinctly large economy orientation and has yet to develop a speciality, or even interest, in the effects of geography upon business development. The general field of international management tends to concentrate more on behavioural and cultural differences than physical distance.

As many nations are to a greater or lesser extent affected by combinations of small size and isolation, analysis of how these factors influence business decisions would provide valuable insights. This paper dissects the nature of distance as it affects business and proposes motivations and explanations that contribute to understanding the nature of businesses in peripheral economies and the particular set of challenges they face. Where size is relevant it has also been included in the analysis.

The paper is oriented towards the experience of industrialised countries, or at least those parts of countries which are in the tradeable sector. Many Pacific Islands are micro states that have the disadvantage of being so small that their economic viability is called into question. This presents a particular problem which is not addressed by this paper.

APPROACHES TO THE EFFECTS OF DISTANCE UPON BUSINESS

Being located far from key markets presents a challenge to business and government in many countries. Approximately 90 countries are small and not part of a large trading bloc such as the European Union. Many, such as Australia, New Zealand are located far from the major economic nodes of the world economy. Business development and achieving economies of scale under these conditions can be difficult. For instance only 32 of the Fortune 500 companies ranked by revenue were located outside the European Union, North America, Japan and South Korea.
One framework that attempts to identify the manner in which geography influences economic and political outcomes is core-periphery theory. Core periphery theory was popularised by sociologists such as Wallerstein (1991) to provide a taxonomy and terminology which would assist in explaining differing patterns of economic development. Wallerstein considers core-periphery theory is a component of world systems theory which in turn is an approach to explaining how variations in development may arise from geographic dispersion.

The core-periphery concept is a combination of economic and political theory. As may be discerned from the words core and periphery, it is not a value free theory. Wallerstein (1991) and his colleague Goldfrank (2000) approached core periphery theory as a means of explaining unequal economic development. Those at the core are assumed to derive benefits from their position at the expense of those on the periphery. Wealth, status and capacity to influence decisions are proposed to be greater at the core and those at the core act to maximise its wealth at the expense of those at the periphery. This contrasts to equal development and mutual benefits that are inferred by internationalisation, globalisation and comparative advantage.

Core periphery theory has been incorporated into contemporary economics and economic geography by Paul Krugman and others to assist in explaining the pattern of development both within and between regions (Krugman, 1991, 1998, Krugman and Venables, 1995, Ottoviano and Puga, 1996, Ekholm and Forslid 2001). Baldacchino (2006) and Regner (2003) addressed issues relating to strategy formation in peripheral economies. Krugman (1991) introduces a mathematical model to explain core-periphery economic relationships. As with many economic models, a number of simplifying assumptions are made. He concentrates on a small number of products, and assumes there are no barriers to movement of capital, ideas or products. Disadvantages of distance are subsumed under the general heading of transport costs. Nor does he incorporate differences in market size or intangibles such as time zones.

The application of Krugman’s model has a fairly clear outcome; peripheral economies face significant barriers in maintaining their relevance and attaining reasonable levels of economic growth. Krugman’s model suggests that the way in which economic growth can be achieved is by concentrating on keeping costs, including wages, lower than in the core in order to remain competitive and attract inward investment. This process may occur within a country, such as the economic relationship between rural and urban areas, as well as between countries.

Whilst core-periphery theory was developed within the disciplines of sociology and economic geography, it provides a useful conceptual framework and terminology with which to approach the analysis of the internationalisation of businesses domiciled in peripheral economies.

The small economic size of peripheral countries limits the opportunities for firms to enter many industries. Few peripheral companies have significant influence in industries such as motor vehicles, aerospace or capital equipment manufacturing. The small size of the domestic market also limits a company’s growth prospects and the ability to access capital for expansion. These circumstances indicate that the experiences of companies in peripheral economies are not fully explained by conventional strategy theories. For instance the small size of economies on the
periphery implies that companies face the challenges of overseas expansion and the competitive pressures exerted by better financed and lower cost overseas competitors when they are quite small in size compared to their counterparts in core economies. Theorising peripheral firm’s experiences would therefore provide an insight into the challenges faced by many businesses in small countries.

One attempt at providing statistical rigor to the problem of distance is presented by Battersby (2006) and Battersby and Ewing (2005) in the Australia Government Treasury Working Paper series. Economists have long been aware of the difficulties which distance presents to remote economies. Not only are major markets more difficult to penetrate, but distance from suppliers also provides a form of natural protection shielding domestic manufacturers and service providers from import competition. Ewing and Battersby examined what they termed the gravity trade model. They observed that when countries were closer, they tended to trade more intensively with each other. Explained another way, the closer two countries are the stronger is the “gravitational pull” of trade.

Battersby and Ewing’s analysis revealed Australia was more ‘remote’ in terms of distance from the centres of economic activity than every other industrialised country apart from New Zealand. Their analysis revealed that Australia’s remoteness has decreased over the last forty years as economic activity in Asia had expanded. But this change has only slightly shortened the trading distance in Australia’s favour. Certainly costs of transport have decreased over time but Battersby and Ewing note that relatively this has not affected Australia’s isolation as costs have fallen for all countries.

Their findings point to a reduced trading performance by Australia compared to that which could be expected from the nation’s size. For instance, were Australia to be located within the European Union, or adjacent to NAFTA, Australia’s expected level of trade with the rest of the world would be approximately 50% greater than it actually is.

As economists, Battersby and Ewing view this isolation in negative terms. Productivity growth may lag as the full benefit of openness to economic forces is not being obtained and the efficiency of firms may suffer as they are not being exposed to the full force of competitive pressures or deriving the benefits of technological innovations.

**A MODEL IDENTIFYING THE TWO COMPONENTS OF BUSINESS**

Statistical analysis, as useful as it is, only indicates association, leaving causation open to inference. This paper attempts to identify the causal factors contributing to Battersby and Ewing’s findings, and to move beyond that to identify how these influence the structure of Australia and New Zealand’s business systems.

This paper proposes that there are two types of distance that are relevant to business location and operation, namely physical distance and social distance. Each of the two types of distance operates in different ways and each has a different impact. It is
important for policy makers, managers and academics to understand the impact of each of the different types of distance

**Physical distance** is the easiest to define, as it is basically geographical distance. The most obvious measure of this distance is kilometres. But this is a misleading measure. There may be a major mountain range between countries, such as between China and India, which magnifies the impact of geographic distance. In other cases transport systems may be poor or other supporting infrastructure non-existent. Conversely, major oceans no longer provide the barriers that they once did.

The most obvious disadvantage associated with this type of distance is transport costs. Transport costs can easily be measured and a manufacturer of refrigerators in Italy has a distinct cost advantage in being close to the European market compared to a manufacturer of refrigerators in Australia. But transport costs do not have a uniform impact as they are moderated by the value of the product compared to its weight; distance has no influence upon where diamonds are mined and computer chips manufactured as they may be easily transported by air at little cost. Bulk commodities such as iron ore and coal may be transported cheaply provided there is ready access to a port. Lack of a sea port is a major disadvantage for landlocked countries.

A further element of this dimension is the perishability of the product. Bread is a typical example of a product which must be consumed close to where it is produced. Even though refrigeration and other preservation techniques can expand the economic distance that a perishable product may be transported, there are still limitations which do provide natural protection, or alternatively opportunities, for firms.

Distance also has a time value. With distance comes the increased likelihood of delays that are important where components are for just-in-time processes or have other high costs associated with late delivery. Distance is also important for knowledge transmission. Whilst data is capable of instantaneous time transmission it is of little use in many cases if it cannot be acted upon until staff come to work. Time zone differences are significant for businesses where real time information is important.

The second dimension is that of **social distance**. This dimension recognises that there is a psychological component to distance. In many areas of business social distance is just as important as physical distance. This dimension identifies that information is more than just data and that knowledge is more complex than bits and bites. Behavioural scientists have identified that the context of information is important; information in high context cultures and situations requires considerable background knowledge and tacit learning to interpret and to understand its subtleties and not so obvious meanings (Hall 1976). Social distance inhibits the ability to tap into this high context information. Email, for instance, lacks important components of communication such as eye contact or body language.

Social distance also refers to networks where information which is commercially important cannot be transmitted in the written or tangible form. Many markets rely upon informal and confidential information being passed between groups of insiders where rumour and innuendo are commercially important. Financial markets provide example. This process also includes networks where trust and reputation is important and which can only be built with continuous and ongoing interaction.
Social distance also encapsulates the intangible advantages of propinquity. Many corporations have a head office in Manhattan or London, which is quite small relative to the size of the company. Most of the routine administrative work previously undertaken by head offices may be dispersed to less expensive or prestigious locations but the strategic centre prefers a location close to a financial centre. Such a location provides a company with cache, a desirable address, close contact with other managers in similar positions, easy access to top level advice and professional services and the opportunity for senior executives to link with high profile voluntary organisations such as arts groups and charities. It also permits senior executives to network with a wider number of people than would be the case in a provincial location.

Evidence of the influence of social distance may be seen in the clustering found in certain industries. Examples are entertainment in Hollywood, finance and administration in London and New York, fashion in Milan and information technology in Silicon Valley. These are just some examples of clusters which rely upon short social distances for their attraction and competitiveness. Porter (1985) identified that clusters are important for competitiveness in many industries.

A more obvious manifestation of social distance is variations between national cultures. Few national cultures are the same, and even within countries there may be significant cultural variations that may impact upon business relationships. Problems may arise from differences in language, behavioural expectations and general unfamiliarity with mores, norms and values. Trust is also easier to establish and behaviour easier to interpret amongst people who share a similar background. Social distance is often unrelated to physical distance; Australia and the United Kingdom are closer socially than Australia and Indonesia. Hofstede’s work provides a useful guide to countries which share a similar culture (Hofstede 1984, 1991).

Social distance also influences the perception of physical distance. When countries are small and peripheral, they may be easily overlooked by those domiciled in larger economies. There are over 190 countries in the world and most are unfamiliar to key decision makers, or are stereotyped into preconceived categories. An example is the way that northern hemisphere decision makers refer to poor countries as ‘the south’, a categorisation that Australians and New Zealanders have to endure.

A PHYSICAL-SOCIAL DISTANCE MODEL

Using the two types of distance as axes, a useful model, comprising four quadrants, may be generated. Such a model is a common way of classifying management alternatives. The advantage of such a matrix is that it is composed of two discrete and easily described dimensions and the four classifications generated by the axes represent a comprehensive set of options which accommodate most variations. Whilst such a configuration may have the tendency to oversimplify, it has the pedagogical advantage of being straightforward to describe and easy to understand.
High Impact of social distance

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**Figure 1.** Framework identifying the effects of different types of distance upon business decision making.

Figure 1 shows the resulting matrix. It identifies how physical and social distance interacts to produce four different types of distance challenges.

**Quadrant 1 – High isolation- High impact of physical distance, high impact of social distance** – This quadrant represents a situation where distance has a major impact upon business activity. The combination of these two types of distance leads to clustering and close co-location of activities. This may be seen in the emergence of financial centres such as London and New York. Other clusters which are well known are Hollywood and the entertainment industry and Silicon Valley and information technology. All of these rely upon the propinquity of experts who benefit from being in close contact with each other. The range of skills of those in close proximity, and their availability for face-to-face contact, is also important and acts as a further attraction. Financial centres for instance consist of more than just foreign exchange traders; there is a complex mix of accountants, lawyers and arbitrators, IT experts, actuaries and so forth. Similarly Hollywood reflects a wide range of skills relevant to the entertainment industry.

A further stimulus to such clusters is that often information within them is context rich and deeply embedded within a social system. Information may also have a high level of perishability. Time delay in transmitting information is critical and the close location of participants whose constant interaction generates its own argot, further reduces barriers to communication. An additional stimulus to such clusters is the attraction that they have for the most talented in the field from around the world, further reinforcing their appeal.
Clusters such as these are difficult to replicate. Provision of supportive hardware alone cannot overcome the advantages provided by close location, as can be seen in the experience of Cyber Jaya in Malaysia.

Whilst not every country may become an international financial centre, there are opportunities in most countries for clusters to form which draw upon the country’s natural attributes and skill. The challenge for policy makers is to understand what is achievable and what is not and make appropriate policy settings. For example New Zealand, building upon its natural attractions and outdoor settings, is a desirable adventure tourist destination. It is developing a dairy industry of world significance by drawing upon its natural advantages and the close proximity of the various participants in the industry. Conversely, attempting to emulate the benefits that geographic location provides Singapore would be an unwise and unprofitable use of resources.

Although the main clusters referred to may dominate discourse, there are many similar secondary clusters that provide benefit to nations. London may be a major financial centre, but there are many other secondary financial centres of lesser complexity which can provide similar services to surrounding areas and countries. Additionally products or services may need to be modified for local consumption, providing a stimulus to local activity.

**Quadrant 2 – Spatial isolation**-High impact of physical distance low impact of social distance-

In this quadrant, the dominant concerns are the impact of transport costs and the perishability of the product or service. Lowered transport costs have assisted those in remote economies, but transport costs are lower overall for all users so relatively the situation has not improved greatly. The increased use of airfreight for high value low weight products has removed some of the disadvantages of distance.

A particular group of countries disadvantaged by their physical distance are those that are land-locked (Behrens et. al. 2006). Many countries in Africa and Asia lack ready access to the sea, which is the least expensive form of transport. They consequently find it difficult to enter the global economy using their competitive advantages but they may benefit in a perverse way from lack of overseas competition. Being land-locked is a particular disadvantage if relations with neighbouring countries are tense.

Low social distance favours the transfer of information which is dominated by factual data, such as scheduling information, rather than high context and socially embedded information.

Contemporary manufacturing techniques often exacerbate the impact of physical distance (Womack 1990). Attempts to reduce costs arising from warehousing and logistics activities have seen the emergence of just-in-time manufacturing or variations of it. This has led to deliveries in industries such as motor vehicle assembly being made at short intervals with critical delivery times. This favours suppliers being located within close distance of a key assembly plant, leading to the development of a manufacturing cluster which often stretches along major highways. A similar effect
may be seen in the importing activities of retailers who use shipping and transport facilities as a form of warehousing, thus stressing reliability and timeliness.

Physical remoteness points to the difficulties involved in developing a critical mass of manufacturers or alternatively maintaining those already in existence. Much of Australia's manufacturing base was developed during a period of high tariffs. The motor vehicle industry for instance, took its present form when imports were restricted. Now that tariffs are negligible, and imported cars dominate the market, maintaining the network of suppliers and manufacturers is becoming increasingly difficult (Schweinsberg 2005).

Distance affords many service providers natural protection. Large overseas retailers, for instance, do not wish to dissipate effort in entering or servicing remote and small markets. Many service providers must be close to customers, the most obvious being hairdressers, car repairers and most professional services. This tends to limit choice for those in remote markets and may promote inefficiency amongst service providers.

**Quadrant 3 – Contextual isolation - Low impact physical distance high impact social distance**

A number of different types of important activity fall within this category. The most obvious are those products which may be transported easily but which are associated with particular cultures. Most viewers of television, entertainment products and books want to see shows which reflect their own language, culture and experiences. (The Australian penchant for American television shows is an obvious exception.) So even though such shows are easily transported over cable, they are rarely accessed. Some products may be modified to suit local conditions; many magazines, such as Cosmopolitan and Readers Digest, have local editions, and shows such as Big Brother and quiz shows are licensed for local production. These are examples of reducing social distance.

A further type of product in this category is complex products, which may be manufactured at a central location but which require ongoing support during installation or operation. A typical example is medical implants such as Cochlear hearing devices. These complex pieces of equipment require liaison with surgeons and users for the equipment to be installed effectively. Many other medical devices, pharmaceuticals and complex capital equipment fall into this category. Social distance in this case refers to the bifurcated nature of the product. It is not a plug and play device like an iPod, but requires considerable face-to-face support at the point of use. The product is not purely an easily transported manufactured product but must be supported by a local knowledge base and support network.

Other types of services also are subject to the problem of social distance. Local firms dominate banking in most countries, with the large international banks aiming to service an internationally focussed clientele. Those banks which are foreign owned often take on local characteristics such as the Australian banks in New Zealand.

Some companies, if they are powerful and dominant, can reduce social distance by inducing customers to conform to their standards. For instance, airlines have limited options when purchasing Boeing's products. Boeing will train customers engineers in
its standards, processes and philosophies but makes few attempts to adapt its practices to customers processes (Sharma and Bowonder 2004).

**Quadrant 4 - Low isolation-Low impact pf physical distance, low impact of social distance**

The most obvious business activity reflected in this quadrant is trade in raw or bulk materials. Products such as iron ore, oil or cotton are rarely culturally sensitive. They may be easily stored and cheaply transported by sea. Their nature lends themselves to being easily sold through commodity exchanges, as can be seen in the various markets for crude oil and minerals. Only low context and time insensitive information is used in the control and production process. In contrast operators in futures and hedge markets for these products are located in a financial centre which takes advantage of the propinquity of major customers, market analysts and financiers and the high perishability of information required by them. An example is the London Metal Exchange.

Not all nations can become major raw material exporters; they must have natural advantages in the first place and not all countries are so endowed.

A further group of activities which fits into this quadrant are those associated with mass produced consumer goods, such as basic televisions, DVD players, microwaves, MP3 players and so on. These products may be cheaply transported by sea so they may be manufactured in many locations, provided adequate transport logistics are available. As production lends itself to economies of scale, manufacturers can locate where production costs are lowest. The product has low social distance as it is the shows on the TV, the music played on the iPod or the type of food put in a microwave oven which, provides the cultural context, not the hardware itself which is culturally neutral.

**IMPLICATIONS FOR BUSINESS AND GOVERNMENT**

How does business adapt to these conditions and in particular what policies may governments adopt to promote an acceptable range of industries?

Multinationals often take advantages of the benefits that different locations have to offer. As a result there has been significant structural differentiation of activities. Bartlett and Ghoshal (1989) acknowledged this when they described the different forms that multinationals could take. The large mining companies, such as Rio Tinto and Xtrata, provide an example. Although they have worldwide operations, they prefer to locate their key decision makers close to the financial markets which drive the share price and the banks which provide loans. Production, research and development and day-to-day operational matters are dispersed to where it makes the most sense and are located around the globe. The motor vehicle industry provides a further example. Toyota’s engineering and design is undertaken in just a few centres around the world, manufacturing and assembly takes place in factories which are located in any number of countries and distribution and product support takes place...
close to the customer. Overall coordination, product planning and high-level resource allocation decisions take place in Toyota City in Japan.

Footloose industries that produce high value added products with a high value to weight ratio, can be located almost anywhere. This is because the cost of air transport is a small fraction of the value of the product. Examples are those producing computer chips and specialist pharmaceuticals. Such companies have become adept at seeking establishment incentives. So when a new plant is being proposed, countries often try to outbid each other with subsidies in order to attract the plant. Singapore and Ireland are two countries that have built pharmaceutical and IT industries using such establishment incentives. (Koh, 2006, Ward, 1996)

There are also hierarchies of clusters. Most newsworthy are dominant clusters such as London, New York and Silicon Valley. But there are inevitable congestion costs which impact upon the economies of clusters and they are rarely in equilibrium. Services must be taken to the customer and all counties have different legal and cultural requirements. So even if London and New York provide the high level financial services, it does not imply that they are not available elsewhere or that financial services will necessarily migrate there. There also comes a time when costs in clusters rise and congestion costs are major disincentive to locating there.

One example of how a financial cluster may emerge is the bundling of infrastructure, such as roads, airports and communication towers, into managed trusts. This process was started by the Macquarie Bank in Australia in response to the large amounts of superannuation money seeking a high interest low risk return. Previous to Macquarie Bank’s initiatives, infrastructure assets were considered to be both boring and low or no return investments. There are now a significant number of such trusts established in Australia, and the investment banks with experience in them are taking their expertise overseas.

Australian and New Zealand businesses have responded in a predictable way to the challenge of distance (James 2005). Most firms with overseas operations are multidomestics, where day-to-day decisions are made close to the customer. Head office provides the finance, takes major long-term strategic decisions and monitors operations at a distance. Day to day and medium term decisions are taken locally. Remote nations are at a disadvantage where intensive and high context coordination and communication involving customers is required.

As distance is a natural endowment, there is little governments can do about it apart from the timely adoption of new technologies and the maintenance of cost effective infrastructure. As such it is important to maintain policy settings which promote the widespread adoption of the latest transport and communication innovations.

There is less that can be done about social distance. The Australian government from time to time encourages the learning of Asian languages, and academics promote the benefits of a diverse workforce. But social distance remains a significant hurdle because it is impervious to money based incentives and programs. More recently, the existence of cultural amenity and liveability have been promoted as ways of attracting key business persons and decision makers to cities and with them, increased economic activity. Cultural attractions, adequate infrastructure, leading educational and health
facilities, low crime rates and effective government are cited as ways of attracting key elite personnel who form the nucleus of a cluster. Sometimes serendipitous events have a major impact; Hong Kong’s location and political status during China’s communist era and London’s introduction of an effective sewerage system during the 19th century are two disparate examples. Sydney’s physical setting also contributes to its attractiveness.

A further challenge for government is to maintain industries which were established under previous industry policies (DITR 2006) The Australian motor vehicle industry, for instance, runs the risk of losing a critical mass of suppliers which would detract from its effectiveness. The same challenge applies to manufacturing generally, particularly in high value manufacturing for export. The industries which dominate under open trading conditions may not be considered by government to be ideal from a nation building point of view and those that are lost may be considered essential components of a modern nation. As a result, government has the difficult task of assessing what, if anything, is capable of being done.

One of the main challenges for government in physically isolated countries is to maintain the presence of home grown companies. When companies grow to the stage of having most of their assets overseas, there is always the temptation to move domicile closest to their main markets. This may be seen in a number of South African companies, such as Anglo American and South African Breweries, moving to London, and in the case of Australia, News Corporation and BHP Billiton moving their listing overseas. By maintaining a critical mass of business activity as well as liquid and open financial markets, the temptation to migrate overseas is reduced. The presence of large companies acts as social attraction and gravitational pull for others to locate co-locate.

This discussion highlights the dilemmas that governments face in remote economies. There is little that they can do which will ameliorate the problems but there is much they can do to exacerbate existing difficulties. There seems little alternative to get the basics right and trust that appropriate outcomes follow.

**CONCLUSION**

The effect of distance upon business presents difficulties for academic enquiry. Whilst physical distance may be measured in kilometres, this measure oversimplifies the problem and presents it as being one-dimensional. This paper has reconceptualized distance as having both a physical and social component. As a consequence, its impact upon business is multi-dimensional and difficult to quantify. However, the theme of this paper has been that the different ways in which distance affects business, and countries, may be identified and described. A useful model has been proposed to assist classification.

The distance of many nations from the centres of economic activity provide an enduring theme which informs both their history and current experiences. This paper has attempted to dissect the various components of distance and identify the impact that each is likely to have upon business activity. In doing this, it has linked both the experiences of the various components of distance with how these are likely to
influence business decisions. In doing this, the paper identifies an area which has been neglected in the academic business literature.

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Kia ora!

Welcome to the proceedings CD for the ANZIBA 2006 conference.

The 2006 ANZIBA conference was hosted by the School of Marketing and International Business, Victoria University of Wellington.

Starting with the first ANZIBA conference, in 1998, a key feature of the annual meeting of the Australia and New Zealand International Business Academy has been the participation of internationally renowned scholars as keynote speakers. Continuing that rich tradition, I am thrilled that Peter Buckley, from Leeds University in the UK, and Hideki Yoshihara, from Nanzan and Kobe Universities, in Japan, were our keynote speakers for ANZIBA 2006.

Best regards,
Beth

Elizabeth L. Rose
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We would also like to thank

Neil Quigley, DVC Research,
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