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Influence of geographical proximity on labor-mobility in the textile industry in West-Sweden: A relatedness approach

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Abstract

Influence of geographical proximity on labor-mobility in the textile industry in West-Sweden: A relatedness approach. Snöfrid B. Herou, University of Gothenburg, enrolled 2013, expected to be finished summer 2018, snofrid.borjesson.herou@gu.se

State-of-the-art Geographical proximity has traditionally been put forth as highly important for knowledge transfer due to the fact that it is easier to meet and exchange knowledge with others that are in close geographical proximity to one self. In addition, being co-located, agents can more easily, and spontaneously, access the local communication network and take part of the 'local buzz' (Bathelt, Malmberg, and Maskell, 2004). However, recently it has been argued that the importance of geographical proximity has been exaggerated in the literature (Morgan, 2004) and that there are other types of proximities that are more important for knowledge transfer. Researchers especially put forth social proximity (via networks) (Breschi and Lissoni, 2001) and cognitive proximity (Boschma, 2005) as key for this. Research gap This study particularly focuses on labor-mobility. Whereas research exploring labor-mobility and its impact on firms and regions is increasing, there is still fairly little known about the underlying structures of labor-mobility (Neffke, Otto, and Weyh, 2016). In addition, analyzes focusing in greater detail on how geographical proximity influences labor-mobility is of importance to the research field for bringing more clarity to the debate on the role of geographical proximity (Breschi and Lenzi, 2010). This study thereby poses the following research question: How does geographical proximity influence labor-mobility in the textile industry? Theoretical arguments From a resource-based perspective knowledge resides within individuals and is said to be the most important resource of the firm (Grant, 1996). Organizations learn through their members and the recruitment of new employees is thereby an important mechanism for ingesting new knowledge into the firm (Simon, 1991). Since accessing labor is vital for firms to stimulate learning and develop new knowledge, labor-mobility is regarded as crucial mechanisms for knowledge transfer (Malmberg and Power, 2005). Understanding how labor-mobility is structured and what role geographical proximity has for the mobility is important for policy-making that aims at promoting industry development and growth at the regional and national levels. Method and data The context for this study is the textile industry in VG, for which I distinguish between and compare Manufacturing of textiles and Wholesale and retail trade of textiles. I use linked employer-employee data for the years 1990-2010, which is maintained by Statistics Sweden and accessed through the LOUISE-database at the department of Economy and Society at University of Gothenburg (as part of the research area 'Labor Mobility and Growth').

For measuring labor-mobility I use a skill-relatedness approach by Neffke et al. (2016). Compared to calculating the absolute numbers of job-moves, the skill-relatedness approach has the advantage to “isolate the structure underlying inter-industry labor flows” which remedies the fact that the absolute number of job-moves “depend on the sizes and the flow rates (the fraction of employees switching jobs) of the industries involved” (Neffke et al., 2016: 13). I investigate how geographical proximity influences labor-mobility by applying the skill-relatedness approach in a new way: Labor-mobility patterns are compared intra- and inter-regionally for both parts of the textile industry in VG, whereby a higher degree of relatedness through intra- compared to inter- regional labor-mobility signifies a higher influence of geographical proximity on labor-mobility. Results The study both confirms the proposition that geographical proximity influences labor-mobility and at the same time indicate that other forms of proximities matter since a similar set of sub-industries are related inter-regionally as intra-regionally, although fewer and less intensely inter-regionally. The latter observation is especially noticeable for Manufacturing of textiles in VG, which appears more regionally bounded than Wholesale and retail trade of textiles in VG. Interestingly, Manufacturing of textiles in VG is also more intensely connected to the manufacturing sector intra- than inter-regionally, for which possible reasons are discussed in the paper. The difference in influence of geographical proximity of these two parts of the textile industry suggests that research should be devoted towards further exploring differences between industries with regards to geographical proximity and less so towards generalizing across all industries.

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