

## Chapter 13

### **Integrating entrepreneurship with urban and neighbourhood studies: Lessons for future research**

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#### **1. Urban landscapes of entrepreneurship**

Urban landscapes of entrepreneurship have changed and this has consequences for the structure and functionality of contemporary cities. The chapters in this book make an important contribution to current debates on entrepreneurship, city economies and urban geography through providing new insights into changes of entrepreneurship in cities and how this shapes cities. Although the evidence is patchy, the data presented in this book suggest that homeworking is rising, with the main drivers of this trend being micro businesses and self-employed workers who do not have commercial premises. This development changes work-residence relations, commuting patterns and the role of 'residential' neighbourhoods in cities.

Using the home as a base for business is particularly cost effective and convenient in cities because of the high costs for business premises and the time and expense of commuting. At the same time, business funding, outsourcing and work acquisition increasingly takes place

on the internet. Even though these new internet-enabled forms of work and business organisation can supersede local, regional and national scales, for many of these activities face-to-face contact and existing social networks remain crucial. This new area of the online economy is difficult to research because of its invisibility but Anne Green and colleagues provide convincing material showing that part of this entrepreneurial/economic activity is concentrated in cities.

Central business districts and other commercial areas are locations of large firms and employers. The emergence of new and 'unconventional' entrepreneurial spaces for home-based businesses and micro businesses in cities in the form of co-working spaces or creativity hubs, is one element that surprisingly did not feature much in the presented studies in this volume (see chapter 1). Reuschke and Mason (chapter 11) found latent interest in these formalised alternative working spaces in their sample of home-based businesses in urban areas in Scotland but the overall take-up was low, even when co-working spaces were available in the area. However, what did emerge from case studies presented in this volume was a series of more informal entrepreneurial spaces including school gates, football clubs/pitches and residential streets in the neighbourhoods where entrepreneurs live (see Ekinsmyth in chapter 6; Southern and Whittam in chapter 5; Hanhörster, Weck and Fischer-Krapohl in chapter 8).

The emerging literature on home-based businesses highlights the blurring of clear borders between the household and home and businesses. The case studies presented reveal that this 'blurring' is not unidirectional in the sense that the business enters the home and household sphere but rather that the home and domestic spheres are also brought into the

business (Dodd Drakopoulou et al. 2014), emphasising the complex space-economy-society nexus inherent in new business activity.

Different disciplines have different understandings of entrepreneurship and community. For neighbourhood and urban researchers 'the community' is often a place-based concept. It is sometimes synonymously used with neighbourhood but it is always associated with social relations and group identity that give meaning to a place. In management, community is more commonly conceived as a community of interest where a group of people or organisations share common practices, for example entrepreneurs in similar occupations such as craft entrepreneurs. Despite differing views of what entrepreneurship and entrepreneurs actually are and whether communities are place- or interest-based, contributors shared some common understandings of entrepreneurship.

First, there is agreement that entrepreneurship is not an individual event but is shaped by relations to other people. In the case studies presented in this book entrepreneurship is embedded in household decisions and structures or in place-based communities. At its most extreme in the Global South context, home-based business activity does not seem to be attributable to a single entrepreneur/economic actor but is inseparable from the household and the wider community in which the household and the home are located. Despite stark differences in entrepreneurial activity and practices in the Global North and Global South, similarities in the role of the household in entrepreneurship presented by Mwaura and Carter in chapter 10 and Hebe Verrest for Global South cities in chapter 12 are striking. The family firm in the Global North context is a specific example of understanding entrepreneurship as a family event (Carter 2014; Dodd Drakopoulou 2014). Other examples

presented in this book include the community enterprise whose focal point is the place-based community (Southern and Whittam in chapter 5).

Second, this interconnectedness of entrepreneurship with the household and/or the community makes entrepreneurship a social and cultural phenomenon. Studies of entrepreneurship should therefore not only focus on the 'corporate economy' but also on 'society' and 'community', as well as on norms, values, attitudes and cultures. This, in turn, points to the relevance and value of interdisciplinary entrepreneurship research.

Third, concepts used in this book to understand entrepreneurial/economic activities are resource-based. Entrepreneurial processes are therefore about the mobilisation of, and access to resources (Garnsey et al. 2006; Stringfellow and Shaw 2009). The household, the family, the individual and the business community are the most relevant objects for studying resource access and mobilisation in management and entrepreneurship studies. For urban and neighbourhood researchers it is characteristics/resources of the neighbourhood and place-based communities that are of greatest interest.

The book chapters brought to light a variety of concepts on which integrative research can build. The following sections are an attempt to synthesise findings and discussions and to identify synergies between entrepreneurship research and neighbourhood and urban studies for future research.

## **2. Role of homes, households and neighbourhoods for entrepreneurship**

Linking entrepreneurship with homes, households and the residential neighbourhood context of entrepreneurs highlights the interface between economic and social activity. Economic geographers have mainly employed network theory in the spatial embeddedness concept for explaining the interrelationship between economic activity and social context (Hess 2004). Contributions in this volume go beyond social networks and show that concepts from capital theory (Bourdieu 1983) are key in understanding the links between home, households, neighbourhoods and entrepreneurship. Various forms of capital – economic, social, human, cultural and symbolic – are employed across this volume. Economic capital is a combination of financial capital (assets, wealth and money) and physical capital (inputs of production). Social capital is commonly used to describe the ability of actors to secure benefits (economic capital) through social networks or other social structures (Portes 1998, p. 6). In this respect network theory is closely linked with social capital. Human capital refers to educational credentials, qualifications and experiences, and cultural capital refers to long-lasting dispositions of individuals and groups in the form of values, norms and attitudes. Finally symbolic capital is the recognised and perceived value of economic, social and cultural capital (Bourdieu 1983) which is often interpreted as ‘prestige’.

Table 13.1 summarises different forms of capital (resources) by ‘who’ possesses them and what the sources of these capitals (resources) are. This synthesis highlights three key findings of this volume. The first key finding is that multiple resources for entrepreneurship are attributed to neighbourhoods. Second, personal and household sources overlap and are closely interrelated. Therefore the household arises as a relevant unit of analysis for

entrepreneurship. Third, homes are sources of economic and social capital that are useful for entrepreneurship.

Capital forms are used in this synthesis that reflect the interdisciplinary discussion in the book chapters. These differ slightly from capital theory and forms of capital developed by Bourdieu (1983) who, for example, does not distinguish between human and cultural capital and sees symbolic capital not as a capital form in its own right but as an output of 'converted' economic, social, and cultural capital (Lawler 2011). However, a crucial underlying notion of capital theory remains; the ability to transform non-financial forms of capital into economic capital (Bourdieu 1983) or convert social capital into human capital (Coleman 1988).

Entrepreneurship research has traditionally attributed necessary resources for starting a business and business success to personal traits and assets. As argued by Mwaura and Carter (chapter 10), relevant assets and financial resources for entrepreneurship stem from the household and not just the single entrepreneur. Businesses are often part of the wider income portfolio of households with partners subsidising the business through their income or wealth and vice versa. The home can also function as an asset for entrepreneurship in the case of homeownership, and for home-based business entrepreneurs the home is a means of cost savings. The home therefore features strongly at the household level with respect to economic capital in Table 13.1.

Neighbourhoods are also important providers of economic resources (Table 13.1). Sources available for (would-be) entrepreneurs include suitable and affordable business premises

and residential accommodation. House prices and access to certain segments of the housing market feature as sources of economic capital for entrepreneurs in studies on ethnic minority businesses (Hanhörster, Weck and Fischer-Krapohl in chapter 8) and in deprived neighbourhood contexts (Flögel and Gärtner in chapter 9). Entrepreneurs also sell to local people in their neighbourhood, thus their own residential neighbourhood context can be their market (Verrest in chapter 12; Hanhörster, Weck and Fischer-Krapohl in chapter 8 and Schutjens, Mollenhorst and Volker in chapter 7).

Table 13.1. Forms of capital for entrepreneurship in persons, households and neighbourhoods

Most chapters refer to social capital which entrepreneurs accrue through social networks. Economic geography has mainly focused on business contacts in relation to firm formation and the evolution of business clusters. However, most chapters emphasised the importance of personal ties, notably close ties to family members, kinship, friends, neighbours and other parents living in the neighbourhood. The role of family and kinship has been discussed in the existing entrepreneurship literature with respect to business funding, in particular the provision of start-up capital (Bates 1997). However, contributions in this volume go further to highlight the emotional and organisational support provided by close personal ties (Table 13.1). The household was conceptualised as an 'organisational hub' (Carter et al. 2014) and the home is an important place where this business support is provided, for example through household interaction at meal times (Dodd Drakopoulou et al. 2014).

Besides the family and the home, studies reveal the significance of social relations in the neighbourhood where entrepreneurs live. Here again, the social network of entrepreneurs that emerges in this volume is a mix of personal and business relations. Weak ties to people, for instance from the football club or former encounters in the church, help (would-be) entrepreneurs to access business premises and thus convert social capital into economic capital (Hanhörster, Weck and Fischer-Krapohl in chapter 8; Flögel and Gärtner in chapter 9).

Local weak ties in the neighbourhood where entrepreneurs live also create feelings of belonging and 'homeliness'; cultural resources for business support (Table 13.1). This sense of belonging enables the mobilisation of social and economic capital most notably in the case studies of mumpreneurs (Ekinsmyth in chapter 6) and ethnic minority entrepreneurs (Hanhörster, Weck and Fischer-Krapohl in chapter 8).

Both weak and strong social ties are important for entrepreneurship and examples were presented of how these relate to the home and neighbourhood context. Beyond the strength/quality of social networks, contributors discussed the structure and connectivity of social ties of entrepreneurs. Both bonding and bridging social capital have been highlighted in entrepreneurship as the ability of entrepreneurs to connect to businesses of the same industry or to different organisations and stakeholders whose variety of know-how can be valuable for business success (Davidsson and Honig 2003). Bailey connects the concept of bonding and bridging social capital (Putnam 2000) to neighbourhoods and entrepreneurship in chapter 2. He hypothesises that the bonding social capital present in deprived

neighbourhood (the concentration of people with similar characteristics/cultural capital), which is acknowledged as a strength of these neighbourhoods in urban and neighbourhood studies, can be a potential resource for entrepreneurship. Hanhörster, Weck and Fischer-Krapohl (chapter 8) and Hebe Verrest (chapter 12) provide evidence for the positive impact of bonding social capital in neighbourhoods on entrepreneurship. At the same time, however, the authors draw attention to the downside and risks inherent in localised bonding social capital that can result in 'lock-in' effects. Entrepreneurs have developed compensation strategies in both cases to overcome these negative effects of bonding social capital.

Not only individuals' human capital is important for entrepreneurship but also the human capital of neighbourhoods (Table 13.1). Clark found a correlation between human capital and homeworking in metropolitan areas in the USA (chapter 3), and Ekinsmyth (chapter 6) highlights how the localised human capital helps home-based mumpreneurs to access skilled staff.

Entrepreneurs can accrue cultural capital through the (home-based) family firm highlighting the overlapping of home and family space with personal dispositions and capabilities. 'Being brought up in the firm' is the basis for relevant capabilities and know-how to run a firm (Dodd Drakopoulou et al. 2014). Links between cultural capital and its conversion into economic capital within neighbourhoods are most apparent in chapter 8 by Hanhörster, Weck and Fischer-Krapohl with respect to ethnic minority entrepreneurs. In neighbourhoods with high concentrations of ethnic minorities, entrepreneurs can capitalise on local demand for cultural goods and infrastructure.

Bailey presents a critical view of symbolic capital in relation to neighbourhood choice (chapter 2) but emphasises the potential of neighbourhoods with a certain reputation and status for entrepreneurship. Here he refers in particular to the geographically mobile would-be entrepreneurs – the creative class – that may accrue social and economic capital through living and working in certain neighbourhoods. This can, in turn, also lead to gentrification of neighbourhoods as argued by Flögel and Gärtner in chapter 9. ‘Middle-class’ neighbourhoods in which the entrepreneurial mothers in Ekinsmyth study mainly live, can also have negative effects through inherent norms and values that disapprove of working mothers.

What types of urban neighbourhoods are most likely to provide social, cultural and symbolic capital that can be converted into economic capital for entrepreneurship? Following on from Bailey’s conceptual framework of entrepreneurship and neighbourhoods, there is no single ‘typical’ neighbourhood. Entrepreneurs are a heterogeneous group and so different neighbourhood characteristics will be favourable for entrepreneurs depending on their interests, needs and identification of opportunities. For the mumpreneurs in Ekinsmyth study (chapter 6) it was the density of neighbourhoods that provided social networks to access staff and child care and the atmosphere (‘buzz’) which could be capitalised upon. The study by Reuschke and Mason suggests that female home-based entrepreneurs tend to live predominantly in suburban areas while relatively few home-based entrepreneurs live in inner urban areas (chapter 11).

Views differ regarding the role of urban deprived neighbourhoods for entrepreneurs. Whereas they may provide potential assets for entrepreneurship in the form of vacant property/land and networks and bonded communities (Table 13.1), the lack of bridging social capital and other forms of capital (financial, physical, human) largely outweigh these possible advantages.

### **3. Methods and data**

The book chapters employ different methods and data which proved to be of great value for understanding how cities, urban neighbourhoods and the home are shaping entrepreneurship and vice versa. Research on businesses that are not 'mainstream', notably micro businesses and home-based businesses, faces the challenge that this group of businesses is difficult to identify as most of them are not registered and do not have 'traditional' business premises that enables them to be easily recognised as a business. Access to 'invisible' entrepreneurs and businesses by contributors in this volume was made variously through a business membership database, observation, a population/neighbourhood survey, population census data, and snowballing and gatekeeper methods.

Contributions also provide a range of study designs as how to link entrepreneurship with cities, homes, households and neighbourhoods. Some studies selected neighbourhoods first and then tried to identify entrepreneurs in these neighbourhoods through population surveys, observation or interviews with local stakeholders. Other studies focused on

businesses or certain types of entrepreneurs and analysed them in their spatial/neighbourhood context. Quantitative studies were able to use comparative designs and thus could reveal differences and similarities of home-based businesses, or businesses that sell mainly to the residential neighbourhood where the owner lives, with other types of businesses. Qualitative studies were able to highlight the interconnections between the individual entrepreneur and the household.

Research designs and methods are, of course, dependent on research questions and aims. In the case of the hard-to-reach group of unconventional businesses, contributors clearly had to find creative ways of collating data and it is this variety of data and methods that together provides new insights into business practices and spaces. Particularly striking is the value of combining both quantitative and qualitative methods in unravelling networks and neighbourhood characteristics relevant to entrepreneurial activity.

Dynamics and change could be addressed in some chapters through retrospective questions in interviews or quantitative panel data. Both longitudinal study designs are highly valuable for understanding how entrepreneurship relates to household dynamics, individual life courses, and neighbourhood change, as well as wider business and economic cycles and technological development.

#### **4. Areas for integrative future research**

Based on the contributions in this book, we can identify five areas for future research that integrate entrepreneurship research with urban and neighbourhood studies. The first area for integrative research evolves around time. Examples for the time-space nexus of entrepreneurship presented in this volume are plenty. In micro businesses, and home-based businesses in particular, household routines and business routines are interwoven; the personal, domestic and business spheres are not static but change over time. Home-based businesses are often set-up because of the need to manage the everyday geography of family life. Family needs change over time and this can lead to moving the business out of the home or moving the business to another neighbourhood. Neighbourhood resources were found to be important at the business start-up stage but became less important when the business was more established. Future research that systematically analyses time-space connections of entrepreneurship will contribute to understanding firm formation, business performance and success, and residential and business locational choices.

A second area of interdisciplinary research is the application of notions of entrepreneurial capital to neighbourhoods. Entrepreneurship researchers have increasingly made use of 'entrepreneurial capital' as a conceptual framework to study business performance and success (Stringfellow and Shaw 2009). Essentially, the mix of different forms of capital and their interactions, changes and conversions over time are the research focus rather than just social networks or social capital (Firkin 2001, 2003). Arguably, neighbourhood and urban research has paid a lot of attention to social capital and social networks but less so on different forms of capital in the urban/local economic development process and their convertibility into economic capital. Adapting the 'entrepreneurial capital' concept to neighbourhoods would mean the systematic investigation of the social, economic, cultural,

human and symbolic capital of neighbourhoods and their sources, accessibility, interaction and convertibility. This will provide answers to the questions as to what constitutes 'entrepreneurial capital' in neighbourhoods and how local economic policy can change/improve the entrepreneurial capital of neighbourhoods/cities.

Discussions in this book have brought forward the relevance of social class in relation to entrepreneurship which we define as the third area of integrative research that has the potential to provide new insights into entrepreneurial processes. Social class is a central concept for neighbourhood researchers. Neighbourhoods are perceived of as 'working class' or 'middle-class' and these perceptions are long-lasting. Social mobility is key to understanding residential mobility in many countries. In contrast, there has been little engagement in entrepreneurship studies with the impact of social class on entrepreneurial choices and outcomes. Social class is closely connected with status and how people perceive their own capabilities, and this is connected to space and place.

Contributors to this volume employed the embeddedness concept. However, it is the concept of 'family embeddedness' according to Aldrich and Cliff (2003) that contributors refer to here, rather than notions of social or local embeddedness. The concept of family embeddedness has increasingly been used in entrepreneurship studies to understand entrepreneurial choices but has attracted thus far little attention from economic geographers. This is the fourth area of integrative research that appears to be particularly relevant for understanding microbusinesses, notably home-based businesses and ethnic minority businesses. In the case of home-based activities, the business is largely embedded in the family and household context, to the extent that in some cases the business and the

family are inseparable in daily life (Dodd Drakopoulou et al. 2014 in relation to home-based family firms and Pret and Shaw 2014 in relation to craft entrepreneurs). The mixed embeddedness concept has increasingly been used as a framework for studying ethnic minority businesses. However, where the focus is upon the interrelationship between business location choices and residential choices, the family embeddedness concept was found to be more useful to understand why ethnic minority entrepreneurs work and live in neighbourhoods with high minority concentrations and how their locational choices change over time (Hanhörster, Weck and Fischer-Krapohl in chapter 8). Relevant areas of interdisciplinary research include the geography of family embeddedness and the relevance of proximity to family resources.

Finally, wellbeing is a topic of interest for both entrepreneurship and neighbourhood studies. One key aspect of entrepreneurial decisions is the wellbeing of the household (Mwaura and Carter in chapter 10). The objective of entrepreneurs is not only financial wellbeing. People are motivated to set up home-based businesses for a variety of reasons including to increase the work-life balance of the family and thus the social wellbeing of the family/household. The concept of wellbeing has become very topical over recent years in relation to people and places. Community enterprises demonstrate one means by which enterprise and entrepreneurship can (positively) impact on community/neighbourhood wellbeing. However, there is a clear need for more systematic and critical research into the relationships between microbusinesses, including home-based business and self-employment, and well-being at the level of individuals, households and communities.

To conclude, neighbourhoods are significant places that structure people's lives, and they provide multiple resources for entrepreneurs in terms of economic, social, cultural, human and symbolic capital. People do not only reside in neighbourhoods but they also develop business ideas or run a business there, with the support of their family, friends and neighbours. This underlines the role of cities in entrepreneurship. Cities are not only relevant for entrepreneurship as they provide localisation and urbanisation benefits (e.g. broadband and other infrastructure or face-to-face contacts) but the symbolic value of some (creative) neighbourhoods can attract (would-be) entrepreneurs, a tolerant culture towards working mothers and ethnic minorities can foster entrepreneurial potential and the variety of affordable commercial premises and housing helps business start-ups and growth. There is need to understand positive and negative effects of neighbourhoods on entrepreneurial behaviour and how entrepreneurship can impact on neighbourhood change and local economic development. In particular, time-space patterns, entrepreneurial capital, social class, family embeddedness and wellbeing evolve as fruitful areas of interdisciplinary entrepreneurship research. We hope that this book will inspire scholars to further develop these areas of research.

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