

Firm success in residential neighbourhoods



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Research aim

Explaining neighbourhood firm success by looking at firms' dependency on their local social environment.

Neighbourhood firm success = firm survival, firm growth in sales, profit, employees; satisfaction & expectations

Traditional economic explanations: characteristics of firm, market and entrepreneur

Traditional geographical explanations: location characteristics, accessibility, amount of space

New sociological explanations: what about the local **social** context?

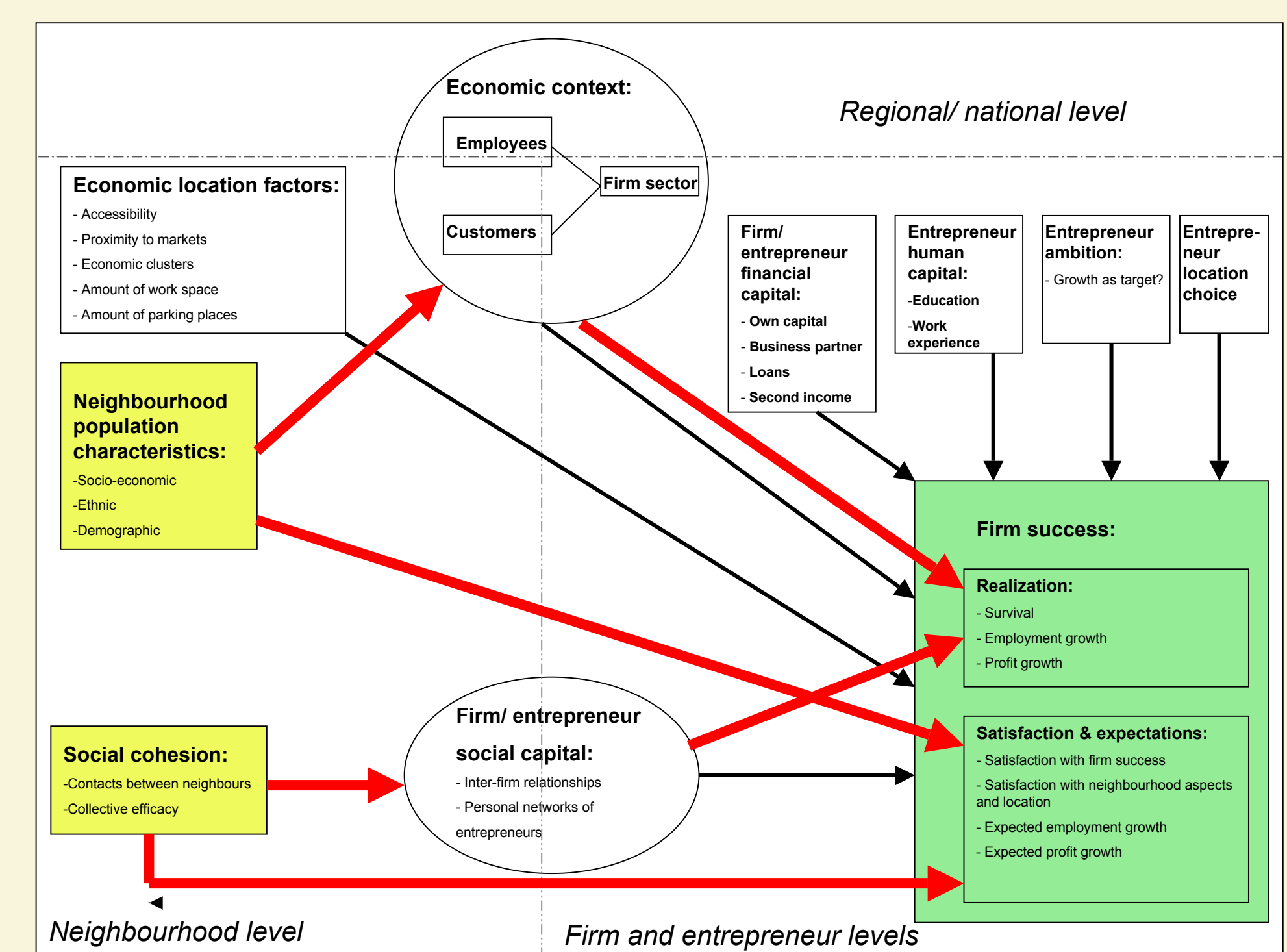
Do the neighbourhood population and/or the level of social cohesion also matter to local firm success?

Economic action is **embedded** in social relations (e.g. Granovetter, 1985), and the most intensive and important relations are often found on the local level (Malecki, 1995).

Geographical proximity enables **informal face-to-face contacts**, which create trust and lead to joint action. We expect **close ties to be important** for neighbourhood firms, which are often small and not targeted at rapid growth. We also expect that being located in a socially cohesive neighbourhood will lead to more local relationships and will influence the effect of local social capital on firm success. Furthermore, we expect that neighbourhood population characteristics indirectly affect local firms and entrepreneurs, as they influence local markets, network potential and social or physical order.



Conceptual model



Context HiPo-program

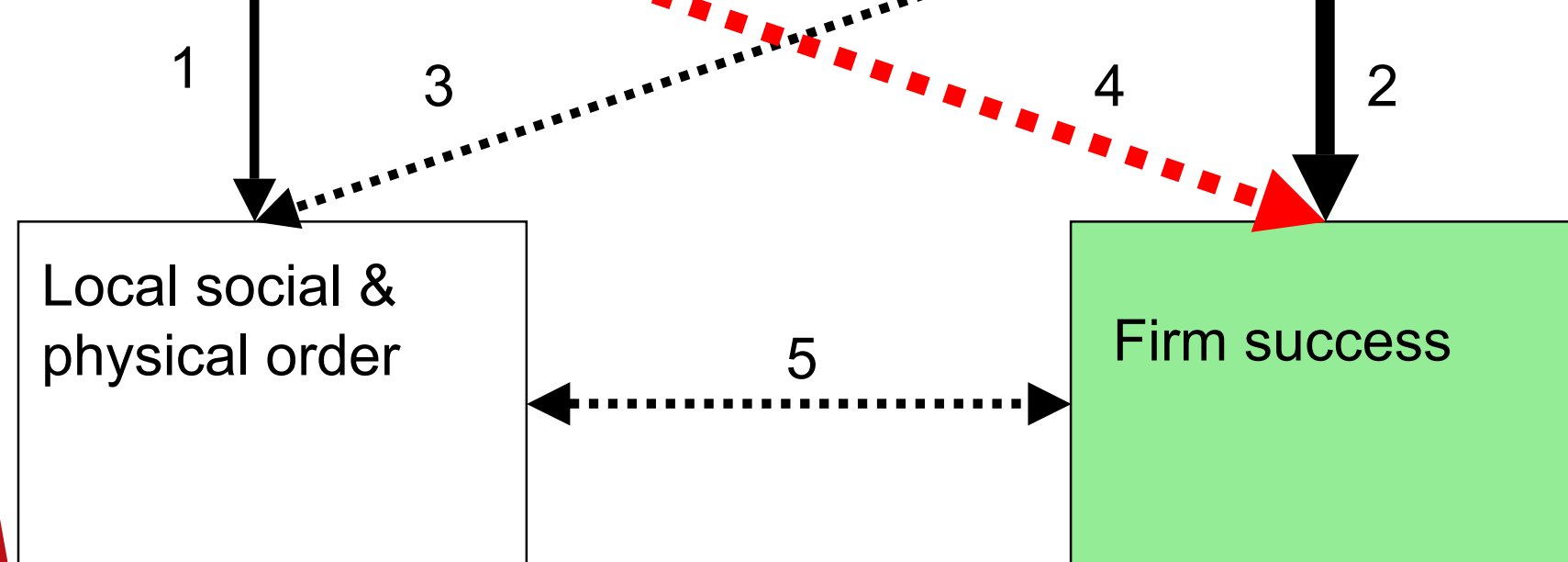
160 neighbourhoods in 40 municipalities

Urban Sociology

Neighbourhood Community Characteristics

Economic Geography

Firm/ entrepreneur/ market characteristics



Data:

For 160 neighbourhoods, PC5-level

- **LISA:** firms + sector + working persons (available)
- **CBS/ CombiMonitor:** population characteristics (available)
- **Survey of the Social Networks of the Dutch (SSND):** panel social networks (partly to be collected)
 - 2000: 1000 inhabitants
 - 2006: follow-up 660
 - 2008: 384 new inhabitants
- **Survey of the Social Networks of Entrepreneurs (SSNE):** firm success, firm/ entrepreneur aspects & social networks (75 minute interview, to be collected)
 - 2008: 480 entrepreneurs
 - 2010: follow-up

Methods

- Multivariate analysis
- Longitudinal network analysis
- Multilevel analysis

Problems

- **Bias** in research population: SSNE data captures only entrepreneurs who live and work in neighbourhood → 'solved' by including case study with non-local entrepreneurs
- Conceptual link: **lack of literature** bridging the two research fields. → Difficult to formulate hypotheses
- **Multilevel** analyses: data on 3 levels (entrepreneur/ firm/ neighbourhood) → How can data be linked and analyzed?

Preliminary division of chapters/progress

1. Introduction
2. Firm survival and firm growth in Dutch neighbourhoods (LISA)
3. Firm survival and firm growth in selected 160 neighbourhoods (LISA+SSND2000/6)
4. Firm success in selected 160 neighbourhoods (SSND2000/6/8 & SSNE2008)
5. Linking local social/ physical order and firm success
6. Differences between local and non-local entrepreneurs
7. Changing neighbourhood firm success (comparing SSNE 2008 & 2010)