

Firm Success In Residential Neighbourhoods



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Research aim

Explaining the success of local firms by looking at their dependency on the local social environment.

Neighbourhood firm success: survival, profit growth, employment growth, satisfaction

Traditional economic explanations:

characteristics of firm, entrepreneur and market

Traditional geographical explanations: economic

location factors, agglomeration advantages

New sociological explanations: what about the local social context?

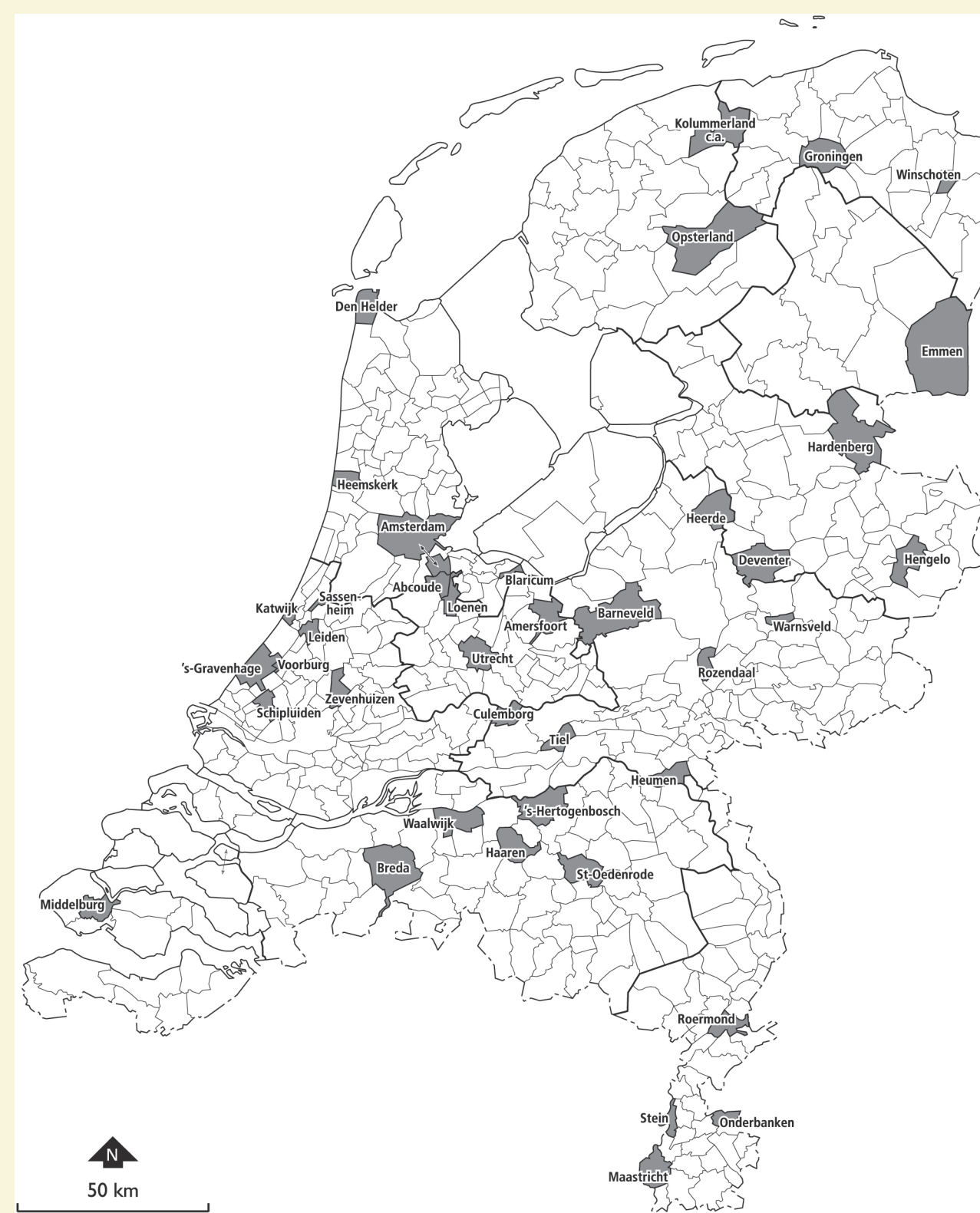
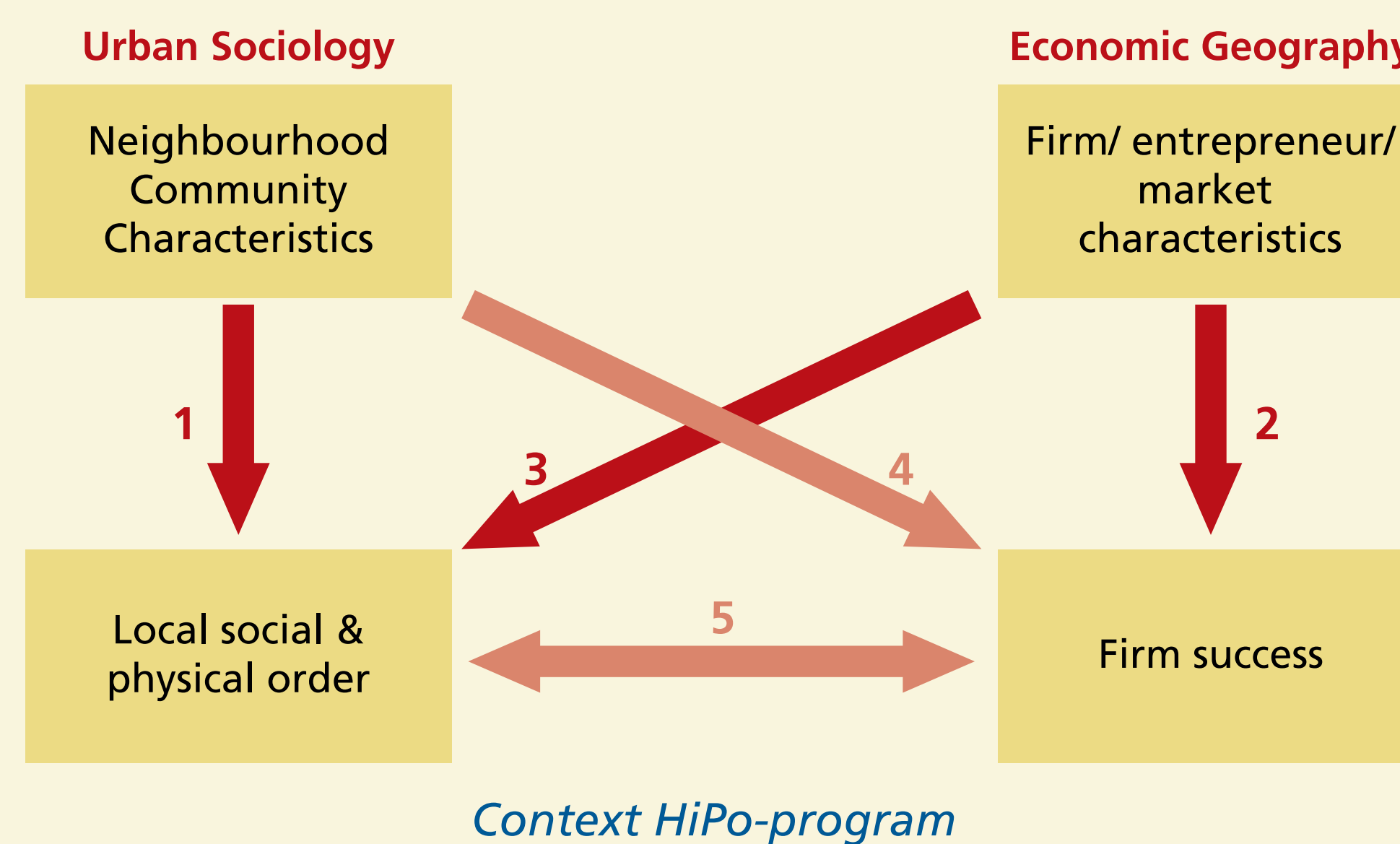
Main research question of project

"To what extent does the local social context contribute to the explanation of the success of local firms?"

Current focus

"How do local networks contribute to the explanation of firm success, controlled for characteristics of the firm and entrepreneur?"

"Is there a mediating effect of neighbourhood cohesiveness on the effect of local networks on firm success?"



160 neighbourhoods in 40 Dutch municipalities

Data

For 160 Dutch neighbourhoods (PC5-level)

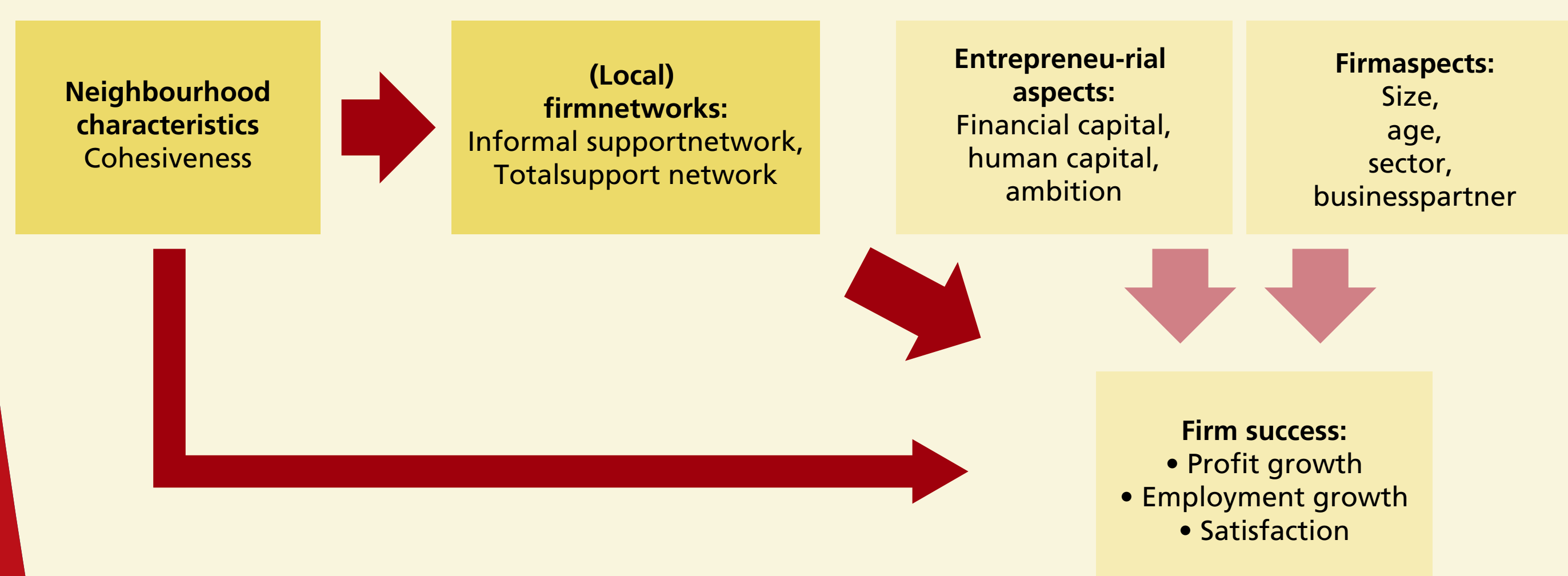
- **LISA:** firms + sector + employees (available)
- **CBS/ CombiMonitor:** population characteristics (partly available)
- **Survey of the Social Networks of the Dutch, 2000-2008 (SSND):** social cohesion (available)
- **Survey of the Social Networks of Entrepreneurs 2008-2010 (SSNE):** firm success, firm/ entrepreneur aspects & social and professional networks for 384 entrepreneurs (partly available)

Methods

- Multivariate regression analysis
- Multilevel analysis
- In-depth interviews

How do local networks relate to firm success?

Controlled For Firm and Entrepreneurial Characteristics	Profit growth	Employment growth	Satisfaction
Local share of informal firm support network (within 1 km)	n.s.	+(entrepreneurs with low education)	n.s.
Local share of total firm support network (within 1 km)	+(firms without employees 2006) -(firms with employees 2006)	+(partnership businesses) +(firms without employees 2006) +(firms within highly cohesive neighbourhoods)	n.s.



Conceptual model current study

Problems, limitations and solutions

- **Bias** in research population: 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
- **Multilevel** analyses: data at 3 levels (entrepreneur/ firm/ neighbourhood) → How can data be linked and analyzed?
 - **Causality issue:** limits bold conclusions → solved by using qualitative methods + next panel wave

Preliminary division of chapters/ Progress

1. Firm survival and firm growth in Dutch neighbourhoods (1st paper presented)
2. Local networks and their associations with firm success in selected 160 neighbourhoods (2nd paper presented)
3. Linking local social order with firm success (3rd paper presented)
4. Demographic, economic and physical neighbourhood characteristics and their effect on firm success
5. Differences between local and non-local entrepreneurs (case study)
6. Changing neighbourhood firm success (comparing SSNE 2008 & 2010)