

**Special Session (S31) "The social dimension of entrepreneurship in the context of economic crisis"**

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**Social Entrepreneurship in residential neighbourhoods: mutual benefits through local links?**

*Topicality of the research*

Over a decade now, urban residential neighbourhoods in the western world are rediscovered as important economic areas. ICT developments, shifts in economic sectors towards service and knowledge based activities have facilitated the rise of small scale businesses in homes and neighbourhoods (Folmer & Risselada 2013). This paper explores the relationship between entrepreneurship and the local context by looking at commercial entrepreneurs located in residential neighbourhoods in the Netherlands. It is argued that this relation is mutually reinforcing. On the one hand, the local environment can offer context specific resources for entrepreneurs, such as affordable business premises or can serve as a source of network contacts (Reuschke & Houston 2016). On the other hand, the presence of businesses and entrepreneurs might be beneficial for the neighbourhoods in which they are located, for instance through the provision of goods and services or the creation of jobs, but also through their involvement in addressing social problems and creating social change – albeit on a local scale (Campin et al. 2013). And this kind of civic engagement is especially important in times of decreasing government investments and economic austerity, such as in the economic crisis between 2008 and 2012 (Lumpkin et al. 2013; Seelos et al. 2011).

Therefore, I want to study to what extent commercial neighbourhood entrepreneurs are pursuing social value creation and what drives them to do this. With neighbourhood entrepreneurs I mean entrepreneurs owning enterprises located in residential neighbourhoods and who themselves also reside in the same neighbourhood or in close proximity to the neighbourhood in which their firm is located. The degree to which the relationship between these local economic actors and their environment is mutually reinforcing, is studied using the following question:

*To what extent are neighbourhood entrepreneurs involved in activities towards signalling and addressing social problems within society in general and the local context in particular?*

This research focuses on the Netherlands, where in the period between 1999 and 2006 over 35% of all firms in urban areas was localized in residential districts (Raspe et al., 2010). For these local entrepreneurs, the residential neighbourhood has become a place of both living and working, as many entrepreneurs work from home or live nearby their business location. Through this "everydayness of entrepreneurship" (Johannisson 2011) the private and business lives of these entrepreneurs are likely to become increasingly intertwined over time.

*Outline of theoretical framework*

This paper tries to bring together concepts from economic geography, social entrepreneurship and social network analysis. The relationship between economic actors and their environment is one of the main foci in economic geography. Every form of economic action is embedded in certain social and geographic spheres, as entrepreneurs are linked to other persons and places through their social networks (Korsgaard et al. 2015; McKeever et al. 2014). And this interplay between entrepreneurs and their environment is especially apparent at the local level. In particular, this holds for the group of neighbourhood entrepreneurs on which this paper focuses. As these entrepreneurs work and live in the same local environment, both their private and business lives are linked to this neighbourhood context, making them more likely to have many local network contacts (Johannisson 2011; Sleutjes & Schutjens 2012).

These strong local relationships are thought to be related to the impact these entrepreneurs might have on their local environment. It has been understood in the literature that the contribution of entrepreneurs goes beyond the economic dimension as the activities of entrepreneurs can also lead to social value creation (Maïr & Marti 2006; Müller 2016). The focus in this paper is primarily on local social value creation. Because of their strong links with the local environment, the neighbourhood entrepreneurs central in this paper are most likely to resemble the group Zahra et al. (2009) call 'social bricoleurs'. They define this type of social entrepreneurs as persons "who act on locally discovered opportunities with locally available resources" (Zahra et al. 2009, p. 524). So this group is distinguished by their focus on the signalling and solving small-scale local issues. This definition could fit well for the group of neighbourhood entrepreneurs, i.e., entrepreneurs who both live and work in the same neighbourhood, because they might be more aware of both social problems and opportunities that are manifest locally. Consequently neighbourhood entrepreneurs play an important part in improving and maintaining neighbourhood liveability and solving local social problems. The extent to which their social networks is local might also play an important role.

Furthermore, the influence of the neighbourhood context is taken into account. Certain features of the neighbourhood context, for instance low liveability scores or high crime rates, might bring about more involvement in social entrepreneurship activities. Also, social attributes of the local environment can play a role. Next to supportive communities, which stimulate social entrepreneurship, the lack of community action can also lead to the development of social entrepreneurial initiatives, for instance in neighbourhoods where 'institutional voids' exist (Maïr and Marti 2009).

Finally, characteristics of the entrepreneur himself or herself, of their firms and of their social networks are also of importance in exploring the local social value creation.

#### *Empirical Approach*

This paper adopts a mixed-method approach, combining quantitative and qualitative methods. The quantitative analysis is based on data from the second wave (2013) of the Survey on the Social Networks of Entrepreneurs (SSNE2). The SSNE is an extension of the Survey on the Social Networks of the Dutch (SSND), which focuses on the social networks of all different kinds of inhabitants in Dutch neighbourhoods (Völker & Flap 2002). In the SSNE2 383 entrepreneurs were interviewed, whose firm was located in over 140 Dutch residential neighbourhoods in areas ranging from rural to highly urbanized.

Following the research design of the SSND, a number of research methods was applied to collect the network data for the entrepreneurs in the SSNE. Next to the resulting extensive information on entrepreneurs' social networks, the data include information on the firm performance and characteristics of the firm (such as its sector, age, size, turnover development, etc.), as well as the local market orientation of the firm. Also, in-depth information on the entrepreneur himself or herself is available. Moreover, the survey includes some indicators of social entrepreneurial behaviour. For instance, the entrepreneurs were asked about the willingness they would intervene in situations regarding social disorder or crime in their neighbourhood. Also, they were asked to what extent their firm also has societal and environment goals, next to economic goals.

The first findings show that the entrepreneurs are willing to intervene in their neighbourhoods, but differences are found when comparing neighbourhoods with different socio-economic scores.

The qualitative part of the empirical research seeks to investigate the social entrepreneurship aspirations and activities of entrepreneurs located in residential neighbourhoods. In order to do so, in-depth interviews with a number of the entrepreneurs also featured in the SSNE will be conducted in the Spring of 2017. Entrepreneurs are selected, who are located in contrasting neighbourhoods with regard to liveability scores and socio-economic conditions in order to explore the influence of the neighbourhood context on the extent of (local) social involvement of entrepreneurs.

With regard to these social entrepreneurial activities, the definition of 'social bricoleurs'

by Zahra et al. (2009) is used. I will primarily look at the involvement of this group of entrepreneurs in small-scale locally focused activities, such as improving the quality of public spaces, by picking up litter or creating green spaces, or volunteering in local initiatives. In order to get insight into the different drivers of social entrepreneurial activities, the interviews are used to discuss the personal aspirations and motivations of the entrepreneurs towards social entrepreneurship, as well as the role of the social networks of the entrepreneurs and the influence of the neighbourhood context.

#### *Contribution*

With this paper I hope to make at least two contributions. Firstly, this study brings in a geographical perspective to the field of social entrepreneurship research, making it an interdisciplinary study. It has been argued that the presence of local entrepreneurs leads to sustainable and liveable neighbourhoods (Jacobs 1961), but their actual impact remains unclear. As stated by Müller (2016), there is a need for more studies looking at how community well-being is created through localized entrepreneurial activities. And as I deal with a special and growing type of residents, namely local neighbourhood entrepreneurs, their influence on the local environment might even be more substantial compared to either other residents or firms without these local links. Also, the micro level focus on the local context of entrepreneurship can be seen as a contribution to both entrepreneurship research as well as urban and neighbourhood studies.

Secondly, this paper brings together commercial entrepreneurship and social entrepreneurship. Previous studies have often focused on the differences between these groups, (e.g. Austin et al., 2006) but a combination of the two, i.e., by looking at social value creation of commercially-driven entrepreneurs, is less common and can therefore be seen as a contribution to the field of (social) entrepreneurship.

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