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From shop fronts to home offices: Entrepreneurship and small business dynamics in urban residential neighbourhoods

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Epilogue: Methodological considerations and reflection

Mixed methods

In this study, I have used both quantitative and qualitative methods in order to investigate different aspects of the neighbourhood economy. The mixed methods approach is preferable when one wants to discover overall patterns, but also wants to shed light on the mechanisms that lie at the base of these patterns, and the practices that make up the daily lives of your research subjects. I used survey and register data as well as data from interviews with both entrepreneurs and policy makers. Although these methods have complementary strengths, they each also have their shortcomings. The cross-sectional nature of the survey data applied in chapter 4 for instance, does not allow for comparisons between types of entrepreneurs over time. For example, changes over time in the interfirm-interdependencies that entrepreneurs maintain cannot be captured. This study contains two main comparative dimensions: that of residential neighbourhoods of differing socioeconomic status as well as a comparison between five Dutch cities. It would have also been interesting to compare economic dynamics of residential neighbourhoods with those of other types of urban districts such as city-centres and industrial estates. Although this would entail a highly complex comparative research design it could offer interesting insights into spatial variations between these different production milieus. The same argument can be made for a comparison with urban residential neighbourhoods in other countries.

The LISA register data has the disadvantage that it is not possible to distinguish between home-based and non-home-based businesses. In this case, the relatively unexplored terrain of home-based business has consequences for the availability of data on these businesses. The nature of the data that is available on firms in the Netherlands does not distinguish between home-based and non-home-based firms. If you want to determine if a business is home-based you have to link the firm level register data to municipal real-estate registers, which many municipalities are reluctant to make available (see for instance Risselada, Schutjens, & Van Oort, 2013).

There have been many other instances, as with all research projects, where the social world turned out to be much messier than the categorizations applied to it. Consider the issue of when a firm can be said to be home-based. Is it sufficient to have the home address listed as the business address or does the entrepreneur need to spend a specific amount of work-time there? Also, the terms

‘self-employed’, ‘freelancer’ and ‘entrepreneur’ are often used interchangeably in academic literature, in policy documents and in research reports, each with different definitions. This makes it hard to compare developments between cities and countries. Or consider the example of a group of freelancers engaging in a project-based cooperation while registering their coop as a firm for tax reasons. Can we categorize their collaboration as a firm? Likewise, the rise of websites like E-bay where private sellers are trading anything from old furniture to brand-new electronic devices further obfuscates boundaries between what is a firm and what is not. On the same note, many people who engage in commercial activities from their home do not register as a firm in the start-up phase and some might never do so. Several scholars dealing with the topic of small firms and entrepreneurship have argued that some of the concepts used in the field should be redefined.

Revisiting concepts of entrepreneurship and the firm

Tony Watson (2013) has argued to redefine the rather static concept of ‘the entrepreneur’ into ‘entrepreneurial action’ as a type of action, and study the people who engage in that type of activity. Watson defines entrepreneurial action as ‘the making of adventurous, creative or innovative exchanges (or ‘deals’) between the entrepreneurial actor’s home ‘enterprise’ and other parties with which the enterprise trades’ (Ibid: 26). Entrepreneurship as action emphasizes the dynamics that are involved in the entrepreneurial process and it opens up possibilities to study the contingency and unplanned events in entrepreneurial trajectories. Also, people who run a business may not constantly engage in entrepreneurial action and be more focused on stability and risk aversion. The emphasis Watson puts on entrepreneurship as action is appealing, although it should also be acknowledged that not all exchanges (of goods and information) take place within the (legal) boundaries of the ‘enterprise’ as much of the social embeddedness literature on economic processes already emphasizes. Both Watson (2013; 2013b) and Taylor (1999) have criticized the narrow focus on the legal or administrative boundaries of the firm as the most commonly used unit of analysis. Taylor states that this encourages the treatment of the firm as a ‘black box’ that is easily assigned qualities like linear growth ambitions, rationality, and maximization of economic utility. He also pleads for a more dynamic perspective on entrepreneurship, shedding the ‘stylized shells’ of the legal form of enterprise (Ibid: 16). This treatment of the firm as black box has also been questioned from within the discipline of economics. Especially the Austrian school of micro-economics argues that there should be a stronger emphasis on the role of entrepreneurial processes for the working of markets (see for instance Kirzner, 1997).

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The criticisms of these scholars reflect much of the discrepancies between large-N data and narrative data that I encountered in doing this study. Nevertheless, the register and survey data are very useful if you want to paint with broader strokes and want to illustrate structural developments in (neighbourhood) economies. These data sources do have to evolve with time though, and we have to start collecting data on home-based business and new forms of business. This also relates to the criticism of Doreen Massey who, already in 1984, highlighted the difficulties that are inherent in using standardized categories of industries (SIC-codes) for economic geographic analyses. Her main argument was that in practice, economic activities with a common SIC-code often display more differences than commonalities. This critique has practical as well as theoretical implications. On the practical side, we need to rethink our approach to classifications of industries, because since publication of Massey's critique, we have seen an increase in economic activities that are difficult to classify. Chapter 3 makes an attempt towards re-classifying economic activities based on the nature of the work that they involve. On the theoretical side, we need to acknowledge that the shape and form of firms and businesses as well as the social relations in which they are embedded have changed considerably. There is a need to work towards a new conceptualization of 'the firm'.