UvA-DARE (Digital Academic Repository)

The mixed role of local communities in home-based economic activities in Caribbean cities

Verrest, H.

DOI

[10.4337/9781784712006.00022](https://doi.org/10.4337/9781784712006.00022)

Publication date

2016

Document Version

Final published version

Published in

Entrepreneurship in Cities

License

Article 25fa Dutch Copyright Act

[Link to publication](#)

Citation for published version (APA):

Verrest, H. (2016). The mixed role of local communities in home-based economic activities in Caribbean cities. In C. Mason, D. Reuschke, S. Syrett, & M. van Ham (Eds.), *Entrepreneurship in Cities: Neighbourhoods, Households and Homes* (pp. 249-270). (Entrepreneurship, space and place). Edward Elgar.
<https://doi.org/10.4337/9781784712006.00022>

General rights

It is not permitted to download or to forward/distribute the text or part of it without the consent of the author(s) and/or copyright holder(s), other than for strictly personal, individual use, unless the work is under an open content license (like Creative Commons).

Disclaimer/Complaints regulations

If you believe that digital publication of certain material infringes any of your rights or (privacy) interests, please let the Library know, stating your reasons. In case of a legitimate complaint, the Library will make the material inaccessible and/or remove it from the website. Please Ask the Library: <https://uba.uva.nl/en/contact>, or a letter to: Library of the University of Amsterdam, Secretariat, Singel 425, 1012 WP Amsterdam, The Netherlands. You will be contacted as soon as possible.

UvA-DARE is a service provided by the library of the University of Amsterdam (<https://dare.uva.nl>)

12. The mixed role of local communities in home-based economic activities in Caribbean cities

Hebe Verrest

12.1 INTRODUCTION

Anyone who has lived in or wandered around a low-income area in cities in 'the Global South' has surely encountered home-based economic activities of the kind found in Caribbean cities, which are at the centre of this chapter. You may have seen barbers working under a mango tree, and through an open door caught a glimpse of a seamstress working behind her machine. Many will have bought drinks and snacks from a small parlour or a kitchen window. Such economic activities are abundant throughout cities in developing countries and play a role in the livelihoods of many (low-income) households. Their 'habitat', defined as their house and the land attached to the house, therefore encompasses care, consumptive and income-generating activities. This mix of activities in the house and home 'habitat' is characteristic for Caribbean cities such as Kingston (Jamaica), La Havana (Cuba), Port of Spain (Trinidad and Tobago), Paramaribo (Suriname) and Willemstad (Curaçao). In residential areas in these cities many food producers, craftsmen and -women, and service providers can be found.

The study presented in this chapter is about the productive use of habitat in the form of home-based economic activities (HBEAs) in four low-income neighbourhoods in the Caribbean capital cities Paramaribo (Suriname) and Port of Spain (Trinidad and Tobago). HBEAs are income-generating activities that are carried out at least partially within the home or yard (Verrest 2007). HBEAs are financially, socially and spatially strongly integrated within the household (Kellett and Tipple 2000) and form a large proportion of micro-enterprises among low-income groups in urban settlements in developing countries (Mead and Liedholm 1998). In Global North contexts, terms such as 'home-based

enterprises' or 'home-based businesses' are preferred (see Chapter 11 in this volume). This chapter uses the term 'economic activities' instead of 'enterprises' or 'businesses', because the operators in the study preferred to use this term and because the social-economic relevance of such activities for household livelihoods in the Global South can be much better understood when they are not seen as (small versions of) classic enterprises (Verrest 2013).

HBEAs are, after paid work, the most often performed type of livelihood activity in the Global South (Moser 1998; Tipple 2005; Verrest 2007). Estimates of the incidence of HBEAs in developing countries such as Ghana, Indonesia and South Africa vary from a quarter to half of low-income urban households (Kellett and Tipple 2000). HBEAs vary in terms of type of activity, the role they play in livelihoods, and how space, skills, labour and funds are used in their operation. Being located in the home means that HBEAs are also connected to the neighbourhood environment (Tipple 2005). While this is acknowledged in the literature, few studies address how the neighbourhood affects HBEAs. The few studies, however, show both positive and negative effects of neighbourhoods on HBEAs. Explanations for this variation in how neighbourhoods affect HBEAs are largely absent, and the importance of HBEAs' role in livelihoods and their different ways of operation have not been considered as possible explanations yet. This chapter addresses this knowledge gap. It poses the question of how institutions and social relations at neighbourhood level influence HBEAs. Furthermore, it seeks to explain this influence through the role HBEAs play in household livelihoods and through their patterns of operation. Institutions are defined as 'complexes of norms and behaviours that persist over time by serving collectively valued purposes' (Uphoff 1993, p. 614). This includes social norms, formal and informal rules, laws or policies.

While it is often assumed that neighbourhood-based social relations are beneficial to low-income groups (Moser 1998), this chapter argues that for HBEAs these neighbourhood relationships are extremely complex and provide HBEAs with huge benefits but are, at the same time, core constraints. Knowledge of this complexity is crucial both for our understanding of the diversity in HBEAs and their functioning, and for the development of suitable policies.

After a theoretical section discussing the concepts and existing knowledge of HBEAs in relation to livelihoods and social relations, the chapter introduces the research methodology and case study areas. Subsequently, the study findings are presented, starting by describing HBEAs in terms of their role in livelihoods and pattern of operation and

continuing with addressing the role of institutions and social relations in the neighbourhood, before the chapter concludes.

12.2 THEORETICAL BACKGROUND

12.2.1 HBEAs as a Livelihood Activity

Home-based economic activities in developing countries fit in academic and policy debates on – continuously changing – ideas about poverty and the poor. From the 1990s, classic views perceiving poverty as a lack of income, and poor people as a homogeneous group of rather passive victims, were paralleled by alternative views acknowledging the complexity, dynamics, agency and diversity of the poor and poverty, and focusing on the activities people undertake to sustain and change their lives. Research taking this perspective often takes place under the umbrella concept of livelihoods. Livelihoods are generally defined as 'comprising the assets, activities and the access to these (mediated by institutional and social relations), that together determine the living gained by an individual or households' (Ellis 2000, p. 10). Households, individuals and communities develop livelihood strategies based on the human, social, natural, financial, productive and political assets (or capital) available and accessible to them, as well as the livelihood activities that they can mobilise. Most households diversify their livelihoods by developing a mixture of activities that consist of productive and care activities, borrowings and savings, and social networks (Farrington et al. 2002, p. V; Rakodi 2002). With these strategies households aim to recover from stress or shocks, maintain or enhance their assets or provide secure and sustainable livelihoods.

Among the livelihood activities of households are HBEAs, consisting of a large variety of activities that are based on different mobilisations of human (skills, labour), financial (investments), productive (home and attached land and tools) and social (networks) capital. Generally, HBEAs rely on simple technology and depend on manual labour, mostly from within the household (Afrane 2000, p. 5; Kellett et al. 2000, p. 214; Tipple 2005, pp. 618–620). They are organised informally, and financial investments are small and derived from personal funds rather than institutional credit and loans (Tipple 2005, p. 624; Tipple and Coulson 2007).

Various studies on HBEAs have tried to assess the size of incomes from HBEAs and what they mean for the involved households. It is acknowledged that reliable income data, especially from small, informal

entrepreneurs, are hard to acquire. Estimates state that incomes improve by 10 to 30 per cent as compared to incomes earned before the HBEA was started (Strassman 1987, p. 127; Moser 1998; Tipple 2004). Information on the relative importance of HBEAs in livelihoods is scarce, but indicates that HBEAs contribute 60 to 70 per cent of household incomes (Ghafur 2000; Kellett and Tipple 2000; Gough et al. 2003, p. 264). Some studies assess the feasibility of HBEAs themselves and state that few have the possibility to grow beyond subsistence level and have little chance to become the main income provider (Gilbert 1988, p. 25; Kellett et al. 2000, p. 216). Ghafur (2002) relates the operation of HBEAs to the livelihood situation and distinguishes three levels of livelihoods: survival, marginally improving and petty capitalists.

12.2.2 Mediating Structures: Institutions and Social Relations

Whereas early livelihoods studies focused mostly on the agency of actors in shaping their lives, more recent work focuses on understanding the 'mediating processes' affecting the access to assets as well as opportunities to transform these assets into activities and opportunities (de Haan and Zoomers 2005; Verrest 2007; Scoones 2009). Hence, the importance both of people's agency and of structural forces is acknowledged. Ellis (2000) distinguishes between social relations, institutions and organisations as the mediating processes that modify the access of households and individuals to assets. Institutions are 'complexes of norms and behaviours that persist over time by serving collectively valued purposes', and organisations can be defined as 'structures of recognised and accepted roles' (Uphoff 1993, p. 614). Social relations based on, for instance, gender or class structure the access to and shape of social capital. Hence, they are closely related to social capital, that is, 'the ability of actors to secure benefits by virtue of membership in social networks or other social structures' (Portes 1998, p. 6). Organisations, social relations and institutions play a role in every stage of acquiring livelihoods and at different levels of scale ranging from the micro-level of individuals and households to the level of international action (Uphoff 1993; Leach et al. 1999, p. 608).

The quality of social relations, that is, social capital, modifies the access to and use of assets by households and individuals (Bebbington 1999; Ellis 2000). The dominant idea in debates is that social capital generates positive results for people, thus that more social capital is always better. However, scholars such as Alejandro Portes (2000) and Silvey and Elmhirst (2003) and Caribbean scholars such as Peter Wilson (1969, 1973) point to possible negative outcomes of social capital and to

processes of social exclusion. Moreover, some authors emphasise how social capital, especially in development debates, is a concept used to wipe out notes of power and inequality (Harriss 2001).

To understand the interaction between institutions and social relations in the neighbourhood, on the one hand, and HBEAs, on the other hand, it is important to discuss forms and dimensions of social relations, the institutions that underpin social capital and the outcomes of social capital. On the micro-level of households and individuals, strong ties (Granovetter 1973), horizontal relations (Portes 1998) and bonding capital (Woolcock 1998) all refer to (strong) networks between neighbours, friends and family members with similar characteristics and power standing. Relations beyond the immediate family and community, possibly with people from different ethnic, geographical, occupational and class background and people of different power standing, are termed weak ties (Granovetter 1973), bridging and linking capital (Putnam 1993; Portes 1998; Harriss 2001) and vertical networks (Coleman 1988). The quality of relations within these different forms of networks is affected by gender, ethnic and age relations (Narayan 1999; Harriss 2001). Not necessarily more social networks but the optimal combination between weak and strong ties generates the 'best' results in terms of social, economic and political benefits from social capital. At neighbourhood or community level, social networks consist mainly of bonding and, in diverse communities, bridging networks.

In terms of institutions, Portes and Sensenbrenner (1993) distinguish different norms that motivate people to accept claims from social relations. Norms of reciprocity and enforceable trust are instrumental reasons. Reciprocity results in social chits that develop out of previous good deeds. Social capital motivated by enforceable trust is the result of individual members' disciplined compliance with group expectations that are based on notions of 'good standing' and expected benefits or punishment. Besides instrumental reasons, there are socialisation-related motivations for social capital. For these, moral imperatives are the main forces for behaviour either in the form of value introjection or in the form of bounded solidarity. The first refers to norms and value imperatives that people learn during socialisation processes and become appropriate behaviour within groups. Bounded solidarity is similar to this except for the fact that it emerges from specific space- and time-bound situations.

Social relations are an important asset to allow people to build livelihoods and cushion themselves against adverse situations (Moser 1998; Bebbington 1999; Grootaert 2001). They produce beneficial outcomes such as access to assets and information that provides material gain or coping. Being excluded from, that is, not having access to, certain

social networks and organisations is therefore an important feature of being poor (Woolcock and Narayan 2000; Lloyd-Evans and Potter 2002; Silvey and Elmhirst 2003). Portes and Sensenbrenner (1993) have paid attention to the negative outcomes of social capital on ethnic entrepreneurship because it limits personal freedom, leads to excessive claims and limits access to extra-community assets, social networks or opportunities. They state that, while feelings of trust and solidarity result in strong ties and bonding capital, they may have negative results if they foster excessive claims on the profits and labour of these businesses. Furthermore, such strong ties enable fierce regimentation of and limited access to contacts with the outside world, and foster levelling-down pressures that prohibit the efforts people make 'to move ahead'. The latter is relevant where people's solidarity and trust are bounded and built on a perception of limited possibilities of social and economic mobility or oppression by the system. The focus in this study is not on ethnic entrepreneurs, but it does focus on communities with bounded solidarity and on entrepreneurs who rely on these communities for their market. Therefore, similar features may be relevant.

Negative outcomes of Caribbean social relations are also captured in the concept of Wilson's (1973) 'crab antics'. In the analogy, lower-class citizens group together in a 'bucket of poverty' and, whilst there is plenty of opportunity for creativity, the attempts of individuals to escape from the 'bucket' are hampered because they are pulled back by each other (Wilson 1973; Sampath 1997; Puri 2003). In *The Dragon Can't Dance*, Earl Lovelace (1979) portrays this for Trinidad's low-income area of Laventille. In Ryan and Barclay's (1992) work on black entrepreneurship in Trinidad and Tobago as well, this 'crabs in a barrel' thesis is brought forward. In addition, they highlight the complexity of simultaneously maintaining personal and business relations with people.

12.3 METHODOLOGY AND CASE STUDY AREAS

Data for this study were collected between 2003 and 2005 through in-depth interviews with 81 HBEA operators, who were involved in a total of 100 home-based livelihood activities in four low-income communities in Paramaribo (Suriname) and Port of Spain (Trinidad and Tobago). The interviews discussed: the development, operation and meaning of HBEAs; interactions with institutions; and the meaning of HBEAs in household livelihoods. This group of HBEA operators was selected from a sample of 392 randomly selected households, approximately 100 in each community, who were surveyed on household

composition, livelihoods, housing conditions and the existence of HBEAs within their house. This survey revealed that 39 per cent of households ($n=152$) in these four communities were involved in HBEAs. The respondents for the in-depth interviews were selected from this sample of 152 households which were willing to be re-interviewed for 90–120 minutes. In the following presentation of results, percentage shares refer to the 100 activities if the HBEAs are in focus or the 81 operators if the household or individuals are relevant. In addition to these datasets, 50 experts were interviewed who were representatives of relevant organisations, the government, institutions or policy makers.¹

The two countries – Suriname and Trinidad and Tobago – have distinct political and economic structures and policies but, at the same time, share important characteristics. Processes of economic globalisation and local accommodation together with national political developments have produced different social-economic outcomes. While in the first decade of this century Suriname slowly recovered from two decades of economic crisis and hardship, Trinidad and Tobago's economy was booming as a result of the country's large oil and gas reserves and the soaring prices for these resources on the world market. Despite large differences, Suriname and Trinidad and Tobago and their capital cities experienced similar political and economic historical developments, such as a history of slavery, colonialism and post-colonialism, and an economic dependence on a few volatile natural resources. They also share typical Caribbean features, such as an ethnically diverse and highly urbanised population, and small economies. The two selected cities are similar in size (250 000 residents), representing a large proportion of the total national population, and are core locations in terms of political and economic decision making. In each city, two low-income and ethnically mixed neighbourhoods were chosen as research locations. Krepi in Paramaribo is an old inner-city neighbourhood, and Nieuwweergevondenweg is a neighbourhood on the southern fringes of the city that was built after 1950 when Paramaribo expanded rapidly. Gonzales in Port of Spain is located just outside the city centre, and Mount d'Or is situated along the main road in the East–West corridor, the main urban region in Trinidad and Tobago.

The neighbourhoods are similar in terms of social structures. The following analysis does not focus on comparison between neighbourhoods or countries but on the differences at the individual level within neighbourhoods and communities.

12.4 HOME-BASED LIVELIHOOD ACTIVITIES

HBEAs include the sale of home-made sweet and savoury snacks, garments, child care, woodwork, hair braiding and car repairs. The production and sale of food together with small-scale retail activities are the most frequently encountered activities. Assuming that HBEAs in inner-city areas would compete with the nearby commercial city centre and as a result there would be less demand for HBEA products in these inner-city communities, the expectation was that differences would be found in the prevalence of activities between inner-city neighbourhoods and those in the urban fringes. However, such differences were absent. This can be explained by the fact that home-based activities either focus on products needed by community members on an everyday and often ad hoc basis, such as elementary groceries (e.g. sugar, flour, tea) or street foods, or offer cheaper alternatives to similar products in commercial shopping centres, such as seamstresses and car mechanics. In either case HBEAs offer something shops in the inner city do not.

Understanding the role of HBEAs in livelihoods starts with a calculation of the cash income derived from the activities. Calculating cash income proved hard, as many HBEA operators were not able to provide data on costs, sales and profits. This was because they were not keeping records, conflated household and business budgets, or experienced large fluctuations in sales and profit. Data on cash incomes could be derived from two-thirds of the HBEA operators. In Suriname, their mean monthly income was US\$160, and in Trinidad and Tobago US\$202. However, more than half of the HBEAs in each country generated less than US\$100 per month, well below poverty lines and minimum wages at the time.

Cash income data are unreliable but also give an incomplete picture of the impact of HBEAs. First, HBEAs also produce non-tangible results, including self-esteem and respect in the community. Second, the size of cash incomes provides little information about their role in livelihoods, that is, whether the home-based activity is the sole, main or supplementary income. Close to half (49 per cent) of the households in the in-depth sample generated a supplementary income from their HBEA(s) (there are other, larger incomes), 31 per cent their main income (other, smaller incomes exist) and the remaining group (20 per cent) their sole income (no other incomes). In particular, the cash incomes of less than US\$100 were a supplementary income. Third, the size of income does not tell us what its function for the overall livelihood opportunities is, that is,

whether it supports household survival, household security or the development of a relatively well-off position. Relevant questions from a livelihoods perspective are: what kinds of households find themselves in which situations (survival, security or well off) and how has this situation or position changed as a result of HBEA(s)? For investigating change, three sets of information were used. First, retrospective information was provided by the HBEA operators on their livelihood opportunities at the start of the activity and what their HBEAs have meant in the course of time. Second, an assessment was made of the current livelihood opportunities that the involved households enjoy. Third, operators were asked about their perception of what would have happened to the household if HBEAs no longer existed, assuming that no other activities were taken up. This together gives an indication of the functions of HBEAs in household livelihoods.

HBEAs vary in terms of their meaning for the livelihoods of households. For about half of the households, HBEAs can be characterised as producing a modest supplementary income, contributing to the survival of the involved household. For the other half of the households, HBEAs produce larger incomes that contribute to household security or even increased wealth. One-third of the households that are involved in HBEAs find themselves in a situation of survival. They barely manage to fulfil (locally defined) basic needs for food, clothing, housing, utility bills, transport and school fees. Many are in debt to local grocery stores and buy appliances such as refrigerators and gas cookers on credit. They rely on state support for basic health care. However, without such home-based activities two-thirds of the interviewed households would fall into this group. Slightly more than half (52 per cent) of HBEA operators consider their livelihoods as secure. This would be a small group of only 21 per cent without the operation of HBEAs. Secure households can cover their basic needs and can cope with some shocks and stresses in their livelihoods, such as illness or unexpected necessary expenditures. These findings mean that HBEAs play an important role in enhancing the livelihoods of households from a level of survival to a level of security. The remaining 11 per cent of households are relatively well off. The HBEA is in most of these cases relevant for achieving this position. Only 5 per cent of the operators would see themselves as being well off without HBEAs. HBEAs that produce a supplementary income mostly contribute to the stabilisation of households at both survival and security level.

HBEAs in the selected cities and neighbourhoods are a women's domain. In three-quarters of the HBEAs a woman is involved as one of the main operators or managers. In almost two-thirds (63 per cent) of all

HBEAs, she is the sole head of the activity. In some HBEA sectors, such as the production of food, close to 80 per cent are managed by women. Women operators appreciate their HBEA because it allows them to work from home and combine various domestic and productive tasks (see also Afrane 2000; Gough et al. 2003). Yet this is true only for women who have an HBEA as a supplementary source of income. For women without another source of income, HBEAs are not their preferential choice, because the work is irregular, insecure and low-paid. Many of these women pointed out that they would rather work as employees in the regular labour market but lack access because the number of regular jobs available is limited or jobs entail conditions that do not allow for a sustainable combination of income-generating and domestic tasks. Hence, whether women are positive about having an HBEA depends strongly on opportunities for and real involvement in regular paid work activities and their access to other sources of income. Then HBEAs can be an extra source of income earned in the convenient home environment but are also a last resort for women without alternatives to earn a low and insecure income.

12.5 OPERATING HOME-BASED ECONOMIC ACTIVITIES

Labour is the most important production factor for HBEAs. Tools are used but mainly in support of and not instead of labour. The HBEA operators are the main labourers, but in 37 per cent of HBEAs additional labour is mobilised. This labour is preferably derived from within the household, mostly unpaid and often used flexibly. Household labour is cheaper than external labour, can be mobilised flexibly according to the fluctuating needs of the HBEAs and is considered trustworthy. Only 6 per cent of the total group of HBEAs use labour from outside the household, and 13 per cent have paid employees.

Both technical and business skills are needed in HBEAs. Half of the HBEA operators have basic technical skills. Such skills produce a limited range of widely available products that respond to a local demand. HBEA operators may be skilled at a more advanced level, but many do not use these skills, as they sell goods that have a guaranteed demand on a small scale. A large majority (72 per cent) derive their technical skills informally from within the household or from their immediate social networks.

The business skills used in HBEAs are also developed in a more or less learning-by-doing process in which the household plays an important

role. Only 19 per cent of the operators have used formal institutions to learn business skills. Business skills play a minor role in HBEAs. The HBEA operators themselves only mention the need for technical skills and say 'You need to know what you are doing' in terms of business skills. No more than basic skills (counting money) are applied in 61 per cent of all HBEAs. The others use more advanced skills (33 per cent) such as basic cost calculation or a cost and profit account. Highly specialised skills including future profit estimates and marketing plans are exceptional (6 per cent). Such methods are usually not equipped to produce reliable data on profit or income but give insight in general sales and the income that is available for immediate (household) consumption. This may very well satisfy HBEA operators looking for a safe supplementary income but does hamper further development and growth of HBEAs.

For their first investments, three-quarters of the HBEA operators invest less than US\$500 and more than half even less than US\$100. The households and the immediate social networks of the household are the most important sources of investment. Formal financial institutions such as banks or micro-finance institutions play a minor role. Close to half the operators in both countries make a second investment in their HBEA, most often after a few years. Operators prefer to make low-risk, cheap and flexible investments. They appreciate using a small input, from their own funds, to start the activity. If activities fail, there is not much lost. When such funds are not enough or when activities have proven to be successful they will look for other funds. Then again, they will prefer the most flexible and risk-free types of investment.

As the economic activities are based in the home, domestic activities and economic activities overlap. Half of the operators use space in the house for their economic activity that is also used for domestic purposes. Another 10 per cent work from a designated area within the house. The remaining 40 per cent have a designated space outside the house, on the attached land. Some of them leave the home for parts of their work, for example sales of snacks on the main road or outside the neighbourhood. The home-based location fosters simultaneous execution of economic and domestic activities. For example, while sewing, a seamstress may also look after her children. On the other hand, room for physical expansion and market expansion is limited, and tensions with domestic demands for space may occur. The vast majority of HBEAs (81 per cent) do not leave the community to sell their products. This home-based selling is one of the convenient aspects of operating an HBEA, because it allows spatial and temporal integration of activities. As a result, the neighbourhood is the only market for 45 per cent of the HBEA operators.

About one-fifth have customers from outside the neighbourhood. Besides, only one-quarter of the HBEAs sell their products to sources outside their immediate social network (including the neighbourhood). This means that combined personal and business relations characterise much of the HBEA–customer interaction. What such interactions entail and how they relate to HBEAs will now be explained in turn.

Based on the source of input (formal or informal) and their size (time, funds) and distance (to the market), several patterns of HBEA can be distinguished. These distinct operational patterns are related to both the role and the function of HBEAs in livelihoods. Where HBEAs are supplementary incomes they are operated with input of limited amounts of time and labour from the operator or unpaid household labour. The operators hardly make any secondary investments, have limited business skills and produce for the local market. Where HBEAs are the main or sole income, other labour than from the operator's household is mobilised, and markets are more often outside the community and immediate social networks. Differences between HBEAs that are the main or sole income are related to the input of secondary investments.

The function of the HBEAs in livelihoods is also related to the operation of HBEAs. HBEAs that assist households to improve their livelihoods, from a level of survival to a level of security or better off, are operated differently from those that remain at a level of survival. More time and secondary investments are spent on HBEAs that induce a change. Moreover, where HBEAs assist in improving the household's status, more labour is input and especially other markets are reached. The level of skills in households at survival level is lower but more time-intensive than in security-level households. Households that move from security to a level of relative wealth reach that status as a result of a higher input of labour, secondary funding and new markets compared to households that remain at a secure level. The next section discusses how the patterns of operation and importance of HBEAs for the livelihoods of involved households are related to neighbourhood networks.

12.6 THE ROLE OF THE NEIGHBOURHOOD

The large majority of HBEA operators depend on the neighbourhood for their market. As a result, good relations with neighbours are highly valued by operators. 'Good relations' mean, first of all, that neighbours 'look out for each other' and provide help during emergencies such as sickness or burglary. Second, it means that neighbours are respectful and do not 'throw each other's business on the street' (meaning that they do

not gossip). Moreover, good relations provide opportunities to borrow or ask for goods (such as food), to assist when repairs to cars and houses need to be done, or to look after children. People described how this kind of support used to be 'natural' and existing between 'everybody', whereas today it is more a privileged relationship between a few people. In all communities people complained about the decreased sense of unity within the community and the increased gossiping and distrust between people. What has remained of the old support relations is the 'emergency care'. As a result of these changes, people increasingly prefer to 'stick to themselves'. They will greet each other on the street but try not to 'mix' too much, since that is only expected to cause problems in the short or long term.

Most people feel that they can expect neighbours to help them when they need it, but it is hard to go beyond a level of politeness. Distrust, gossip and differences in norms, values and attitudes prevent this. The fragmented relations within the community and increased (perceived) insecurity do affect livelihood opportunities for residents in the neighbourhoods. What's more, they affect the opportunities and organisations for HBEAs.

12.6.1 Institutions Underpinning Social Relations

The important institutions at the level of the neighbourhood are all related to the strong relations between the HBEA operator and his or her household, on the one hand, and the community they reside in, on the other. These relations affect market practice and competition between HBEAs.

The geographical scope of the market and its composition of people of similar social, political and economic standing (bonding networks) provide very specific opportunities but also put constraints on HBEA operators. Owing to its localised character, the market is small in size, and the low-income status of the neighbourhood translates into limited demand. Yet this demand is very well known by the HBEA operators precisely because of their similar socio-economic status. The most striking characteristic of the market of HBEAs is the complexity of relations maintained by operators and their clients. They are not anonymous to each other but maintain multiple business and private relations. After all, customers are mainly neighbours, family and friends as well. An advantage of these multiple relations is that they foster mouth-to-mouth advertising.

Market advantages and limitations are the result of the quality of the relations between HBEA operators and their clients, as well as of the

'codes of conduct' (or institutions) underpinning these relations. The empirical findings reveal that four codes of conduct underpin the way in which operators of HBEAs and their customers interact with each other. These codes are: 'You need to help each other out'; 'It is important to live in peace with your neighbours and family'; 'Everybody needs to make a dollah'; and 'People are jealous and they want to bring you down'. These codes conflate with the categorisation of Portes and Sensenbrenner (1993) of instrumental and socialisation-related motivations. 'You need to help each other out' and 'It is important to live in peace with your neighbours and family' are instrumental motivations and based on notions of reciprocity and enforceable trust. The beliefs that 'Everybody needs to make a dollah' and 'People are jealous and they want to bring you down' are related to socialisation and the notions of value introjection and bounded solidarity. These four norms affect the level of trust between the HBEA operators and their customers and shape positive and negative results in various domains of HBEAs.

12.6.2 Service Providing, Price Setting and Sales

The notion that 'You need to help each other out' is the main reason for some people to start home-based work. They want to provide the community with specific services. Both neighbourhoods in Port of Spain lack space designated for commercial activities. Shopkeepers starting out in these areas did so because they wanted to provide the community with basic commercial services. Not only the fact that people start an HBEA but also low prices, and consequently the small profits on products and services offered through HBEAs, result from the perception of HBEA operators that customers are poor and have a hard time making ends meet:

I try to make everything at a minimum, because it is a poor neighbourhood, and you have to ask a reasonable price. Some people [vendors] ask a higher price but I say to myself that you have to consider it being a poor neighbourhood. If you ask a dollar, and you know what you do, then you will be making profit. (Teresa, producer and seller of sandwiches, pies and juices, Gonzales, Trinidad and Tobago)

In addition to their concern about the economic difficulty of the customers and the strong notion of a need to help out, some operators also worried about what their neighbours think about them, and wanted to avoid being accused of over-asking or taking advantage of the neighbourhood. They feared it would give them a bad reputation that,

subsequently, would reduce their opportunities to rely on neighbours and close social relations in times of trouble:

I does check like whatever money I put out to buy my goods. I will calculate it and see: if I sell at this price I would make back a profit and things like that. You cannot put your goods too high, because they complain a lot about it. So I does average to suit. (Marlena, shopkeeper in Mount d'Or, Trinidad and Tobago)

A special case in this regard consists of HBEA operators who provide products and services that previously one was not supposed to demand money for. In Suriname, for example, traditionally neighbours would braid each other's hair and, with major festivities such as a *bigi jari*,² neighbours, friends and family were asked to make a special dish or cake to serve at the party. There was no such thing as payment for the labour time. You just 'need to help out', and in return people will help you too. Today, however, some HBEA operators are no longer willing or able to spend their time and use their skills without some monetary return. The economic crisis that affected Suriname in the 1980s and 1990s has resulted in a severe reduction in purchasing power and impoverishment of large groups in society, including the communities under study. For these groups, making ends meet has become a continuous day-to-day struggle. For example, a woman who bakes cakes in Nieuwweergevondenweg started to ask people to give her, in addition to the ingredients for the cake, a contribution for her 'gasbom', that is, the cost of cooking fuel. She asked for refunds for the cooking fuel because she felt she could not ask for money for her labour time.

HBEA operators try to avoid a perception among customers that they are no longer 'one of them' and getting ahead of them. They fear that such perceptions enforce feelings of jealousy and trigger negative behaviour because 'People are jealous and they want to bring you down.' The existing norm is that everybody is poor and will stay poor. This finding is confirmed both by Wilson's 'crab thesis' (1973) and by Portes and Sensenbrenner's (1993) acknowledgement of the existence of levelling-down norms. The following quote describes this process and the operators' fear of it:

I know why I want no business here. People are jealous and don't give you anything. It have some people I does talk to who are all right but it has other people ... People really try to bring you down. They do not like to see other people strive. They find you are going too far ahead. I can't even think about nice things around here. People is just so jealous. (Salina, caterer, Mount d'Or, Trinidad and Tobago)

At the start of their activity and also in hard times HBEA operators rely on the support of the community. This support means that people come and try the product offered by respondents, even though they may not really need it or are satisfied with their current provider. Furthermore, clients may accept that the HBEAs, at the start-up stage but also in times of financial difficulty, cannot guarantee a continuous production or only have a few of the articles needed in stock. Operators mentioned that this support exists and that it is of crucial importance to their activity. The motivations that 'Everybody needs to make a dollah' and that 'You need to help each other out' pave the way for this support. By and large, the neighbourhood welcomes and supports new initiatives. This support though is limited and holds as long as people consider the operator to be leading a life that is just as difficult as their own. Too much showing of improved livelihoods and of business tools and supplies is often understood as getting ahead and disliked by the customers. As a result, they may stop buying the products offered.

Where activities are strongly integrated in domestic life and where activities are meant to create livelihood security rather than income growth, home-based selling is preferred. Hence, local markets are the sole opportunity. First, many operators (women in particular) lack access to private transport and are forced to sell close by the home. Second, cultural norms may force them to stay close to the private domain. Third, home-based selling enables efficient management of several productive and reproductive activities in the same temporal and spatial frame. Fourth, the products and services offered by these HBEAs are basic and do not have a high degree of specialisation. They are the type of products that can be found 'on every street corner' and do not reach a wider audience. Examples of such products include home-made snacks such as popsicles that are aimed at servicing a local clientele. Finally, the lack of marketing for HBEAs confines their market to those who are in reach of mouth-to-mouth advertising. Marketing opportunities are limited because of the costs involved and also because of the informal status of many HBEAs.

HBEA operators who would like to expand their activity or avoid the negative effects of mixing business and private relations with their clientele may look out for other markets beyond the neighbourhood. For others, dealing with their local market is a careful balancing act. HBEA operators who want to avoid becoming a 'welfare institution' that supports the neighbourhood try to make customer relations more anonymous and business-like or try to interfere as little as possible with the neighbourhood. Either way, they avoid breaking the norm of 'keeping

harmonious good relations' and will still greet neighbours and provide support in times of severe distress or crisis.

12.6.3 Providing Credit and Competition

Providing credit is a critical issue for HBEA operators' relationship with clients. It is the area where social and business concerns clash. Many operators feel obliged and motivated to provide credit facilities because they want to help out their neighbours or because they care about good neighbourhood relations. The customers may bring the personal relationship and the fact that the operator 'knows what I am going through' as a moral justification for the request. The operators feel they cannot turn their eyes away from helping their neighbour. Hence, such credit provision was reported over and over again as a reason for business failure and problems. Many used to give credit to customers but have stopped or restricted credit provision because of bad experiences. The stories HBEA operators told about their experiences with credit provision are larded with descriptions of misbehaviour in respect of credit facilities:

Sometimes, when you do jobs for people individually, they tend to think that, because you are working from home and it is a small business, they can push you around, think 'She can wait' and things like that. It is always a lay back with paying of the money. (Selma, caterer, Gonzales, Trinidad and Tobago)

No, I don't give credit. There are few people I credit because I know they are going to pay me at the end of the month. For the others, it is a big hassle. You have to keep on asking them and I do not want to ask every day. I, myself, I never take anything on credit. Even as I make little money, I will buy cash. (Norah, shopkeeper, Krepi, Suriname)

The operators often claim how neighbours are jealous and assume they have more than enough money to give them something for nothing or at least provide extensive credit. Short informal discussions with neighbours also brought forward that they see HBEA operators as being well off and expect them to share their economic success and provide credit or other special treatment.

Neighbours of HBEA operators not only are customers but may very well be major competitors as well. People copy the success of their neighbours by starting the same type of activity or selling the same products. In the end, this results in reduced turnover and profits for all involved. Interestingly, nobody is actually complaining about this or taking steps to counter it. Competition may be fierce, but the need to maintain good social relations is considered more essential. However, stronger than this is the notion that 'Everybody needs to make a dollah',

which allows people to start competing activities in their need to earn some additional income. As a strategy to beat competition, people try to extend their services, for instance by providing a greater variation of products and services or by extending hours of operation to times when others are closed:

No, I do not have much competition, 'cause here is what happens: my sale is in the night when the others close up. I open right through – past midnight, if necessary. As long as there is a thing like bingo in the community centre or boys liming here, I stay open and I serve them. I am a woman from the soil: if you want something and I have it, I give it to you. (Sandra, shopkeeper, Gonzales, Trinidad and Tobago)

For HBEAs producing more specialised products, competition comes from outside the community. For seamstresses and some craftsmen, the big manufacturers provide cheap and fast alternatives and leave a few, but more specialised, 'jobs' for them. Moreover, some formalised HBEAs, such as car mechanics, experience competition from informal competitors within the same neighbourhood.

12.7 CONCLUDING REMARKS

HBEAs provide an important source of income for low-income households in urban areas in the Global South. Variety in terms of type of activity, role in livelihoods, and organisation is great, but financial, social and spatial integration of HBEAs in the household is a common characteristic of the activity, albeit in different degrees. Besides strong relations of the HBEA within the household, HBEAs are also strongly embedded in the community. In order to understand how these HBEAs–neighbourhood relations work this chapter has discussed institutions and social relations at work in four low-income communities in Paramaribo (Suriname) and Port of Spain (Trinidad and Tobago).

Four norms (or institutions) that underpin these social relations were identified: 'You need to help each other out'; 'It is important to live in peace with your neighbours and family'; 'Everybody needs to make a dollah'; and 'People are jealous and they want to bring you down'. These norms shape how HBEA operators deal with price setting, sales, credit provision and competition. The findings of this study bring forward a very complex picture of social relations and operations in the neighbourhood. Most HBEAs rely on the community for their market. Market relations at this level are very complex and entail advantages and disadvantages. Positive aspects for the operators are general support for

the HBEAs and the familiarity with and short distance to the market, which makes marketing unnecessary and enables home-based selling. For the community itself, HBEAs supply cheap products and services with credit facilities in what is otherwise a 'commercial desert'. On the negative side, the neighbourhood as market is small and has limited purchasing power. Furthermore, operators are forced to sell goods very cheaply, have to deal with huge competition and need to provide unreliable credit. Finally, they are limited in their ambition to grow because this will trigger negative reactions from their neighbours. Hence, neighbourhoods are HBEA operators' biggest support but also a core constraint.

How neighbourhood-based support and threats are playing out depends on the role and functions of HBEAs, on the one hand, and the way in which they are operated, on the other hand. HBEAs that are informal, modest and supplementary in terms of income and serve the community are required to juggle these complex relations more than HBEAs that operate in a more formal and extra-community manner.

The findings of the study re-emphasise the idea that analysing HBEAs in countries in the 'Global South' requires embedding them in the context of the overall livelihoods of the household. This supports our understanding of how HBEA operators need to deal with the community. In addition, the study shows that understanding HBEAs requires embedding them in the neighbourhood context. Research addressing related questions such as the benefits of cooperatives or solidarity networks for HBEA operators and how neighbourhood–HBEA interactions are shaped in neighbourhoods with different social-cultural or economic composition would further strengthen our knowledge of home-based economic activities.

NOTES

1. For full information on research design see Verrest (2007, 2013).
2. A *bigi jari* is Sranang Tongo (lingua franca in Suriname). Literally it translates to *big year*. It refers to a lustrum birthday year (10, 15, 20, 25, etc.), which is expected to be celebrated with a party.

REFERENCES

- Afrane, S. (2000), 'The place of home-based enterprises in the household economies of the low-income families in Kumasi: analysis of contributions and linkages', paper presented at the CARDO International Conference on

- Housing, Work and Development: The Role of Home-based Enterprises, Newcastle University.
- Bebbington, A. (1999), 'Capitals and capabilities: a framework for analyzing peasant viability, rural livelihoods and poverty', *World Development*, **27**(12), 2021–2044.
- Coleman, J.S. (1988), 'Social capital in the creation of human capital', *American Journal of Sociology*, **94**(Supplement), S95–S120.
- de Haan, L. (2000), 'Globalization, localization and sustainable livelihood', *Sociologia Ruralis*, **40**(3), 339–365.
- de Haan, L. and Zoomers, A. (2005), 'Exploring the frontier of livelihoods research', *Development and Change*, **36**(1), 27–47.
- Ellis, F. (2000), *Rural Livelihoods and Diversity in Developing Countries*, Oxford: Oxford University Press.
- Farrington, J., Ramasut, T. and Walker, J. (2002), *Sustainable Livelihoods Approaches in Urban Areas: General Lessons, with Illustrations from Indian Cases*, London: Overseas Development Institute.
- Ghafur, S. (2000), 'Urban poor home-based work and development in Bangladesh: an entitlement perspective', paper presented at the CARDO International Conference on Housing, Work and Development: The Role of Home-based Enterprises, Newcastle University.
- Ghafur, S. (2002), 'Gender implications of space use in home-based work: evidences from slums in Bangladesh', *Habitat International*, **26**(1), 33–50.
- Gough, K.V., Tiple, A.G. and Napier, M. (2003), 'Making a living in African cities: the role of home-based enterprises in Accra and Pretoria', *International Planning Studies*, **8**(4), 253–277.
- Granovetter, M.S. (1973), 'The strength of weak ties', *American Journal of Sociology*, **78**(6), 1360–1380.
- Grootaert, C. (2001), *Does Social Capital Help the Poor? A Synthesis of Findings from the Local Level Institutions Studies in Bolivia, Burkina Faso and Indonesia*, Working Paper No. 10, Washington, DC: World Bank.
- Harriss, J. (2001), *Depoliticizing Development: The World Bank and Social Capital*, New Delhi: LeftWord Books.
- Kellett, P. and Tiple, A.G. (2000), 'The home as workplace: a study of income-generating activities within the domestic setting', *Environment and Urbanization*, **12**(1), 203–213.
- Kellett, P., Senkwe, B. and Speak, S. (2000), 'Creating and sustaining livelihoods in Ipusukilo: a pilot study of home-based enterprise and poverty alleviation in Zambia', paper presented at the CARDO International Conference on Housing, Work and Development: The Role of Home-based Enterprises, Newcastle University.
- Leach, M., Mearns, R. and Scoones, I. (1999), 'Environmental entitlements: dynamics and institutions in community-based natural resource management', *World Development*, **27**(2), 225–247.
- Lloyd-Evans, S. and Potter, R.B. (2002), *Gender, Ethnicity, and the Informal Sector in Trinidad*, Aldershot: Ashgate.
- Lovelace, E. (1979), *The Dragon Can't Dance*, London: Deutsch.
- Mead, D.C. and Liedholm, C. (1998), 'The dynamics of micro and small enterprises in developing countries', *World Development*, **26**(1), 61–74.

- Moser, C.O.N. (1998), 'The asset vulnerability framework: reassessing urban poverty reduction strategies', *World Development*, **26**(1), 1–19.
- Narayan, D. (1999), *Bonds and Bridges: Social Capital and Poverty*, Washington, DC: World Bank, Poverty Group, Poverty Reduction and Economic Management Network.
- Portes, A. (1998), 'Social capital: its origins and applications in modern sociology', *Annual Review of Sociology*, **24**(1), 1–24.
- Portes, A. (2000), 'The two meanings of social capital', *Sociological Forum*, **15**(1), 1–12.
- Portes, A. and Sensenbrenner, J. (1993), 'Embeddedness and immigration: notes on the social determinants of economic action', *American Journal of Sociology*, **98**(6), 1320–1350.
- Puri, S. (2003), 'Beyond resistance: notes toward a new Caribbean cultural studies', *Small Axe*, **14**, 23–38.
- Putnam, R.D. (1993), 'The prosperous community: social capital and public life', *American Prospect*, **4**(13), 35–42.
- Rakodi, C. (2002), 'A livelihoods approach: conceptual issues and definitions', in C. Rakodi and T. Lloyd-Jones (eds), *Urban Livelihoods: A People-centred Approach to Reducing Poverty*, London: Earthscan, pp. 3–22.
- Ryan, S. and Barclay, L.A. (1992), *Sharks and Sardines: Blacks in Business in Trinidad and Tobago*, St Augustine: University of the West Indies, Institute of Social and Economic Research.
- Sampath, N. (1997), '"Crabs in a bucket": reforming male identities in Trinidad', *Gender and Development*, **5**(2), 47–54.
- Scoones, I. (1998), *Sustainable Rural Livelihoods: A Framework for Analysis*, IDS Working Paper No. 72, Brighton: University of Sussex, Institute of Development Studies.
- Silvey, R. and Elmhirst, R. (2003), 'Engendering social capital: women workers and rural–urban networks in Indonesia's crisis', *World Development*, **31**(5), 865–879.
- Tipple, G.A. (2005), 'The place of home-based enterprises in the informal sector: evidence from Cochabamba, New Delhi, Surabaya and Pretoria', *Urban Studies*, **42**(4), 611–632.
- Tipple, G. and Coulson, J. (2007), 'Funding the home-based enterprise: finance and credit in developing country livelihoods', *International Development Planning Review*, **29**(2), 125–159.
- Uphoff, N. (1993), 'Grassroots organizations and NGOs in rural development: opportunities with diminishing states and expanding markets', *World Development*, **21**(4), 607–622.
- Verrest, H. (2007), *Home-based Economic Activities and Caribbean Urban Livelihoods: Vulnerability, Ambition and Impact in Paramaribo and Port of Spain*, Amsterdam: Amsterdam University Press.
- Verrest, H. (2013), 'Rethinking microentrepreneurship and business development programs: vulnerability and ambition in low-income urban Caribbean households', *World Development*, **47**, 58–70.
- Wilson, P.J. (1969), 'Reputation and respectability: a suggestion for Caribbean ethnology', *Man*, **4**(1), 70–84.

- Wilson, P.J. (1973), *Crab Antics: The Social Anthropology of English-speaking Negro Societies of the Caribbean*, New Haven, CT: Yale University Press.
- Woolcock, M. (1998), 'Social capital and economic development: toward a theoretical synthesis and policy framework', *Theory and Society*, **27**(2), 151–208.
- Woolcock, M. and Narayan, D. (2000), 'Social capital: implications for development theory, research, and policy', *World Bank Research Observer*, **15**(2), 225–250.