



The Role of Social Capital in Supporting the Collaborative Economy: A Case Study on Urban Coworking Spaces

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Abstract

This research aims to understand the socioeconomic impact of digital entrepreneurship in developing countries as well as the role of social capital in supporting the collaborative economy through co-working spaces. Using a qualitative approach to case studies, this study identifies factors that influence the success of digital entrepreneurship, including the role of social networks, technological infrastructure challenges, and government policy support. The results of the study show that social capital plays an important role in providing market access, resources, and collaboration opportunities for digital entrepreneurs. Limited technological infrastructure and ineffective government policies are the main obstacles to the development of digital entrepreneurship. Urban coworking spaces are proven to provide support through collaboration between entrepreneurs, which strengthens the collaborative economy in the digital sector. The socioeconomic impact of digital entrepreneurship includes job creation, increased income, and participation in the global economy. The study has implications for policymakers and local communities to support digital entrepreneurship as a means of alleviating economic inequality and improving people's living standards in developing countries.

Keywords: digital entrepreneurship, social capital, collaborative economy, co-working space, socioeconomic impact, developing countries, government policies, technological infrastructure

A. Introduction

Digital entrepreneurship has become one of the main drivers of global economic growth, especially in developing countries. According to recent research, digitization and the use of internet-based technologies are increasingly blurring geographical boundaries and opening up access for more individuals to start their own businesses without the need for large capital (Dey et al., 2022; Batjargal, 2010). However, dependence on technology also creates a new gap, where many business actors in developing countries still have limited access to technology and



supporting infrastructure (Chua et al., 2019). This situation widens the gap in socioeconomic inequality, and digital entrepreneurship is an area that has the potential to exacerbate or reduce this inequality depending on how technology is accessible to marginalized groups (Sriram & Mersha, 2021).

In developing countries, such as Indonesia, the main challenge faced by digital entrepreneurs is the limited social capital and collaborative resources (Putri & Fauzan, 2020). For example, a study by Singh et al. (2018) shows that although coworking spaces in urban areas are starting to support collaborative economic models, small businesses in the digital sector still struggle to build sustainable business networks. This is partly due to the digital divide, which puts individuals from lower backgrounds at a disadvantage in accessing technology and information. In addition, a survey by Guzmán and Kacperczyk (2020) shows that social capital factors, such as trust and norms of information sharing, are also determinants of the success of digital entrepreneurship in developing countries.

The urgency of this research lies in the need to understand how digital entrepreneurship can be a way out of socioeconomic inequality by utilizing the collaborative economy and social capital. As noted by Aldrich and Ruef (2006), social capital plays an important role in supporting the entrepreneurial environment, especially in conditions where technological infrastructure is still limited. In this context, this research is expected to provide an in-depth understanding of how social capital can increase the participation and access of digital entrepreneurs in developing countries in the global economic market. Relevant policy decisions will also be more targeted if they are based on empirical data that reflects the challenges and opportunities for entrepreneurs in the digital field (Zahra et al., 2018).

Previous research by (Hughes et al. (2019) showed that the use of digital technology supported by social capital can accelerate the growth of small and medium enterprises (MSMEs). In addition, other studies also highlight that digital entrepreneurship plays an important role in reducing economic disparities through easier access to new markets and customers (Archer & Yadav, 2020). This study is relevant because it reinforces previous findings that emphasize the importance of digital infrastructure and social support for business success in developing countries (Woolcock, 2001; Uzzi, 1997).

The novelty of this study lies in an approach that directly observes the role of social capital in supporting the collaborative economy in the digital entrepreneurship sector in developing countries. Previously, many studies focused on the role of social capital in the traditional economy (Putnam, 1993), but this study provides a new perspective by connecting social capital with digital entrepreneurship. This research also discusses

collaborative aspects that have not been widely revealed in the context of digital entrepreneurship in developing countries, such as the benefits of coworking spaces and online networks for entrepreneurs.

The main objective of this study is to identify how social capital supports the adaptation and growth of digital entrepreneurship in developing countries. This research also aims to understand the social and cultural factors that shape the collaborative economy in the digital sector and the role of coworking spaces in strengthening business networks in urban areas. Thus, this research is expected to provide a more comprehensive picture of the dynamics of digital entrepreneurship in developing countries.

This research is expected to provide benefits for academics, practitioners, and policymakers. For academics, this research offers a new understanding of social capital and digital entrepreneurship. For practitioners, this research provides insight into the importance of social networks and cooperation in the digital economy. Meanwhile, for policymakers, the results of this study can be the basis for designing policies that support access to technology and resources for digital business actors in developing countries.

The implications of this research are crucial in developing policies that support the collaborative economy and digital entrepreneurship. This study shows that social capital can be an important element to strengthen the digital economy in developing countries, especially in supporting small businesses that focus on local and global markets (Granovetter, 1985). Policies that recognize the importance of social capital in the digital economy will be more effective in facilitating inclusive economic growth, where all levels of society can participate and benefit from the digital economy (Lin, 2001; Burt, 2000).

B. Research Methods

This study uses a qualitative approach with case study design to understand the socioeconomic impact of digital entrepreneurship in developing countries. The qualitative approach was chosen because the main objective of this study is to explore a deep understanding of the experiences, perceptions, and challenges faced by digital entrepreneurs in developing countries. Through this approach, the research can capture the complexity and dynamics of the socioeconomic context that affects the development of digital entrepreneurship, including the role of social capital in supporting business growth in an environment that is less conducive to infrastructure (Creswell, 2013; Yin, 2018).

The case study design was chosen to allow for an in-depth exploration of a specific unit of analysis, i.e., digital entrepreneurs in several major cities in developing countries. The study uses a multiple-case design approach, which covers several research subjects operating in

various sectors of digital entrepreneurship, such as online commerce, digital services, and creative technology. This design aims to identify different adaptation patterns among digital business people and to test the relevance of social capital in various business sectors. Yin (2018) stated that multiple-case design provides power in explaining complex social phenomena through comparison of findings between cases.

The main data collection techniques in this study are in-depth interviews, participatory observation, and documentation analysis. In-depth interviews were conducted with 15 digital business actors who were selected by purposive sampling based on certain criteria, namely business actors who have been operating for more than two years and are actively using digital platforms to run their businesses. Each interview lasts 60 to 90 minutes and is recorded with permission from the respondent to maintain data accuracy. The semi-structured interview guide is designed to dig into information about adaptation strategies, social networking, and the challenges faced in running a digital business. Participatory observation techniques are carried out by visiting co-working spaces in urban areas, where most digital entrepreneurs gather and collaborate. This observation allows researchers to study social interactions and collaborations that occur among business actors, so that they can identify the role of social capital directly in the context of the collaborative economy.

To strengthen the data obtained from interviews and observations, this study also collects secondary data through documentation, such as annual company reports, digital transaction data, and policy reports from related institutions. This documentation provides additional context that helps enrich understanding of the operational environment that impacts digital entrepreneurship in developing countries. The entire data was analyzed using a thematic analysis approach, which involved coding the data based on key themes relevant to the research objectives, such as social capital, community support, and technological challenges. This approach allows for the identification of recurring patterns and themes from interview and observation data to derive more holistic conclusions.

To ensure the validity and reliability of the data, the triangulation method was applied by comparing data from interviews, observations, and documentation. The member checking process is carried out by asking respondents to review a summary of the interview results that have been interpreted by the researcher, to confirm that the data is in accordance with their experience and perception. This process helps minimize researcher bias and ensures that the interpretation of the data truly reflects the reality experienced by respondents. In addition, detailed field records and the use of qualitative data analysis software are also

used to maintain consistency and accuracy in the data collection and analysis process.

By using this research method, it is hoped that an in-depth understanding of how digital entrepreneurship plays a role in driving positive socioeconomic impacts in developing countries, as well as how social capital contributes to supporting a more inclusive collaborative economy.

C. Results and Discussion

1. The Influence of Social Capital on the Success of Digital Entrepreneurship

The findings of the study show that social capital plays an important role in supporting digital entrepreneurship in developing countries. Entrepreneurs who have a strong social network tend to be more successful in facing digital business challenges than those who lack social support. These social networks include relationships with co-workers in co-working spaces, online communities, as well as access to mentors or investors. A study by (Batjargal (2010) reinforces these findings, showing that social capital is able to increase entrepreneurial capabilities and market access.

2. Challenges of Technology Infrastructure in Developing Countries

The limitations of technology infrastructure are still a major obstacle for digital entrepreneurs. Business actors revealed that unstable internet connections, expensive technology costs, and limited technology services in rural areas slow down their ability to maximize digital potential. A study by (Chua et al. (2019) shows that infrastructure factors are the main barrier to digital entrepreneurship in developing countries, especially in regions that have not been touched by technology.

3. Collaborative Economic Support Through Coworking Spaces

Co-working spaces are a strategic place for digital entrepreneurs to collaborate and exchange ideas. Most of the respondents felt the benefits of sharing information and cooperation opportunities with fellow entrepreneurs in the space. Coworking spaces not only offer physical facilities, but also open up networking opportunities, which are essential for access to markets and project collaboration (Putri & Fauzan, 2020).

4. The Role of Government Policies in Supporting Digital Entrepreneurship

Governments in developing countries have begun to launch programs aimed at supporting the development of digital entrepreneurship, such as technology subsidies, training, and tax incentives. However, many entrepreneurs feel that this program is still ineffective. Bureaucratic problems, unclear access, and delays in

implementation often hinder business actors from making optimal use of these policies. According to (Aldrich & Ruef (2006), direct and appropriate government support is very important to encourage the success of entrepreneurs in the digital sector.

5. The Socioeconomic Impact of Digital Entrepreneurship

The impact of digital entrepreneurship on the socio-economy of the community is evident in several aspects, such as the creation of new jobs, increased income, and strengthening the local economy. Respondents from small to medium-sized businesses that successfully leverage digital platforms experience significant revenue increases and greater engagement in the global economy. (Dey et al. (2022)) highlighted that digital entrepreneurship can serve as a bridge to improve people's living standards in developing countries, provided that access to technology is equal.

Discussion

1. Analysis of the Role of Social Capital in Digital Entrepreneurship

Based on the findings, social capital has been proven to have an important role in facilitating access to information, financing, and collaboration opportunities. Social capital allows digital entrepreneurs to expand their business networks, obtain the latest market information, and gain access to resources that are difficult to reach independently. In this context, the theory of social capital by Coleman (1988) can be applied, which shows that a strong social network serves as an important resource in supporting business growth in an uncertain environment. This study supports the previous results by (Putnam, 1993) that social capital functions as a link for communities to achieve common economic goals.

2. Technology Infrastructure Challenges and Solutions

The findings show that technology infrastructure challenges are an obstacle that hinders innovation and adaptation of digital entrepreneurship in developing countries. Digital entrepreneurs face issues related to internet connectivity, technology costs, and technical support. To address this problem, the study recommends that the government work closely with the private sector to accelerate the development of technological infrastructure, especially in remote areas. Woolley & Clohessy (2020), also recommends that governments should consider technology subsidies for small businesses to increase their competitiveness in the digital market.

3. Effectiveness of Government Policies and Bureaucratic Obstacles

Government policies in supporting digital entrepreneurship are considered very important but still not optimal in their implementation. The support provided is often limited to the administrative aspect without involving sufficient technical guidance. According to Guzmán and Kacperczyk (2020), effective policies

should focus on reducing bureaucratic barriers and simplifying procedures to accelerate the process of establishing and managing businesses. This discussion underscored the importance of the government's role in creating a conducive ecosystem for digital entrepreneurs by facilitating access to needed resources.

4. Collaborative Economy Through Coworking Spaces

The results show that coworking spaces play an important role in supporting the collaborative economy and digital entrepreneurship. Through coworking spaces, entrepreneurs can exchange ideas, collaborate on joint projects, and get moral and financial support. The influence of this coworking space can be explained through the social capital theory put forward by Lin (2001), where the social interaction that occurs in the coworking space creates collaboration opportunities that support the sustainability of small and medium-sized enterprises. This concept is in line with Woolcock's (2001) finding that social capital can increase the adaptive capacity of individuals and groups in dealing with market changes.

5. Socioeconomic Implications of Digital Entrepreneurship

Based on the findings, digital entrepreneurship has a significant impact on socioeconomic aspects in developing countries. In addition to creating jobs, digital entrepreneurship allows local entrepreneurs to participate in the global economy without having to leave their communities. This has a positive impact on increasing the income and quality of life of the people around entrepreneurs. The implications of these results suggest that digital entrepreneurship can be a tool to reduce economic inequality between regions, as noted in research by Sriram & Mersha (2021). The support of the government and local communities is urgently needed to ensure that digital entrepreneurship is accessible to all levels of society, so that its impact on the local economy is more equitable and inclusive.

D. Conclusion

This research shows that digital entrepreneurship in developing countries has a significant socioeconomic impact, both for individual entrepreneurs and for the communities in which they operate. Social capital has proven to play an important role in supporting digital entrepreneurship, especially through social networks that help digital business actors access resources, expand markets, and overcome various technological challenges. However, limited technological infrastructure and suboptimal government support are still the main obstacles that hinder the development of digital entrepreneurship in developing countries. In addition, co-working spaces have been proven to support collaboration and the exchange of ideas that strengthen the collaborative

economy. These findings emphasize the importance of social interaction and community support in building sustainable businesses. The positive socioeconomic implications of digital entrepreneurship include increased income, job creation, and wider participation in the global economy. With effective policy support and infrastructure development, digital entrepreneurship can be a tool to reduce economic inequality and improve the quality of life of people in developing countries.

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