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An Introduction to *Contextual embeddedness of entrepreneurship*

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It is well established that entrepreneurial behaviour reflects the environment in which individuals / organisations are embedded in (Zahra, 2007; Welter 2011). Following a recognition that ‘economic activity is embedded in social relations’ (Granovetter, 1985: 487) led to a view of entrepreneurship as a social phenomenon. This line of theorising has been developed over the years to incorporate the multifaceted dimensions of the context where entrepreneurship is situated (Welter 2011; Wigren-Kristofersen et al., 2019). Variations in the institutional, social and spatial relations entrepreneurship is embedded in, have been found to create very different within and across nations’ conditions for entrepreneurial ventures (Baker et al., 2005: 498) through the access, and lack thereof, to resources and opportunities. Unsurprisingly, entrepreneurship researchers attempting to explain entrepreneurial behaviour and entrepreneurial processes have tried to unpack these different contextual influences.

Many entrepreneurship studies have researched embeddedness in the context of social networks (Jack and Anderson, 2002; Jack, Drakopoulou Dodd, and Anderson, 2008), institutions (Welter and Smallbone, 2011; Thornton et al., 2011; Welter et al., 2018), families (Aldrich and Cliff, 2003; Xheneti et al., 2019), gender (Yousafzai et al., 2019), localities (Kalantaridis and Bika 2006; Korsgaard et al., 2015) amongst other contexts and have utilised various theoretical approaches to capture this contextual diversity. Theories such as social network theory, social capital theory, human geography or institutional theory have been used to highlight the embeddedness of entrepreneurship in networks, social capital, places and institutions respectively (Korsgaard et al., 2022: 2015). While this has limited theorisation to one dimension of context, a smaller, but growing number of studies, has tried to disentangle multidimensional aspects of entrepreneurial embeddedness. For example, studies of women entrepreneurship have recently highlighted the embeddedness of women entrepreneurship in multiple contexts – family, social, institutional, societal (Welter and Smallbone, 2010; Yousafzai et al., 2019; Hugh and Jennings, 2020).

As the body of work on embeddedness develops further, it becomes apparent that some long-standing themes find renewed interest in entrepreneurship research to reflect the changing external

environment for entrepreneurship as a result of policy changes, societal challenges, technological developments or crises. For example, the theme of social networks in embeddedness research that focuses on the differential access to resources and legitimacy stemming from network positionality and connections of the entrepreneur in social structures (Anderson and Jack, 2002; Jack, Drakopoulou Dodd, and Anderson, 2008) has seen an application in the literature on ecosystems, digital entrepreneurship and to some extent crises such as the pandemic. The literature on ecosystems highlights the role that intermediaries such as accelerators play in facilitating network and resource access of the start-ups embedded in the ecosystem (Brown et al., 2019). The growing literature on digital entrepreneurship, on the other hand, takes the issue of networking and interactions to the digital ecosystem realm (Sussan and Acs, 2017; Krauss et al., 2019).

Another long-standing theme of embeddedness research is rooted in human geography. It is mainly concerned with place as the representational or symbolic dimension of the spatial context (Kibler et al., 2015; Müller and Korsgaard, 2018; Redhead and Bika, 2022). For example, being embedded in close-knit communities (often in peripheral areas) encourages a sense of collaboration and cooperation that helps entrepreneurs respond to the common environmental challenges or crises events (McNaughton and Gray, 2017). This theme becomes even more important with the emergence and development of social enterprises that are committed to the co-creation of solutions in response to the challenges in the environments where they operate (Seelos et al., 2011). Studies have suggested that they leverage features of place including place-based relational networks to develop and shape it through their actions (Kilpatrick et al., 2021)

What becomes evident from this discussion and articulated into detail in Korsgaard et al. (2022), is that embeddedness is a dynamic and multidimensional concept that changes over time and encompasses multiple levels of analysis. The studies in this volume engage implicitly or explicitly with a number of these conversations and propose fruitful avenues for further research that are sensitive to these ‘embedding processes, acknowledging past, present and future imaginations’ (Wigren-Kristoferson et al., 2022: XX; see also Redhead and Bika, 2022). We now introduce the chapters in this Volume.

Part I: Place Embeddedness

In Chapter 2 Merouani, Box, Larsson and Rytkönen - *Surviving on the island. linking firm survival and contextual factors in a peripheral region* - respond to calls for a better understanding and focus on a neglected context in the literature on entrepreneurship – the peripheral regions which are often burdened with depopulation, deficient infrastructure, dependence on seasonal economic activities, and other various economic challenges for residents and businesses. Their study aims to highlight the conditions for entrepreneurship in these regions that make firm survival over time possible by taking a longitudinal approach. Theoretically, they use insights from economic geography to highlight the challenges that stem from ‘islandness’, yet, maintaining that although many spaces might have lost their economic rationale, they maintain strong social relations and a sense of community that support entrepreneurship and chances of firm survival. They investigate this interplay between the peripheral contexts of island and archipelago communities and firm outcomes, paying special attention to spatial variations over time. The study focuses on the survival of all firms active on 17 islands in the Stockholm Archipelago, Sweden, during a 20-year period (2000-2020). Using longitudinal multilevel modelling, the study indicates that – despite the seemingly ‘homogeneous’ context – differences in factors relating to market dynamism and infrastructural and institutional support, however small, have substantial effects on the conditions for everyday entrepreneurship in these communities. Access to (or the introduction of) fibre broadband, kindergartens, and year-round grocery stores increased firms’ survival chances over the 20 years of observation. In addition, the number of voluntary associations, an indication of the local trust and social cohesion in the region supported firms (survival) in their local communities. Overall, the chapter shows how different spaces (i.e. islands) change at different speeds, affecting the context for entrepreneurship and highlighting the dynamics of the context-entrepreneurship relation.

Chapter 3 by Kairikko, Dhaliwal and Cacciolatti entitled *Entrepreneurial micro-ecosystems: a study on connectedness and collaboration in the edtech community*, has a focus on the edtech micro-ecosystem within the entrepreneurial ecosystem in the Helsinki region in Finland and

highlights the connected and collaborative community practices developed within this micro-ecosystem. Theoretically, the chapter engages with the micro-level approach of entrepreneurial ecosystems, which has received increased attention because of its concern with how entrepreneurs, intermediaries, and stakeholders within an ecosystem connect and collaborate. The focus of this approach has shifted scholarly attention from the structural features of the ecosystem to the sense of community that characterizes such ecosystems fostering as a result the collaboration amongst its actors, which in turn shapes the ecosystem. In order to analyse these processes in practice, the chapter uses a single case study of the emerging edtech community in Finland during the time-period 2016-2019.

The Finnish ecosystem is very relevant to study the edtech micro-ecosystem due to both the start-up boom that has characterised the recent years and its reputation for high quality education. The start-up boom in Finland has been manifested by an increasing support for start-ups through public and private accelerators, as well as growth in start-up investment. The emergence of the edtech community, on the other hand, reflects the paradigm shift in learning and the technological advancements of recent times have opened up many opportunities in the education technology and learning solutions sector. The study relies on extensive data collecting consisting of 42 interviews, 51 different observations (accelerator training, pitches, social events etc.) and documents. The use of multiple methods of data collection including researcher engagement in the field, provides rich data that illustrate the collaboration and connectedness in the edtech ecosystem in Helsinki. The chapter highlights the role of the accelerator as ecosystem builder supporting processes of connectedness and collaboration including peer support. The study shows how by assuming this role the accelerator is able to connect start-ups that participate and those that do not participate in accelerator programmes. The chapter is rich of contextual detail and contributes further to debates about the bottom-up approach in entrepreneurial ecosystem literature that focuses on what entrepreneurs and other actors do and how they engage within the community. These findings have implications that go beyond this particular case to include community dynamics in other industries within the broader ecosystem. It shows that although collaboration and connectedness are a form of collective action, they might not emerge without effort and support by intermediary organisations.

Chapter 4 by Gravié-Plande and Martine Hlady-Rispal, *Deconstructing how a sustainable business model shapes value within a territorial ecosystem*, delves into issues of space by placing a particular emphasis on the relational nature of space and the interactions between multiple stakeholders in the ecosystem in shaping the diverse forms of value that a sustainable enterprise creates. The chapter engages specifically with the concept of value shaping within what is referred to as a territorial ecosystem. This brings to the attention of the reader the geographical boundaries of relevance to an understanding of how multiple actors in the ecosystem exchange and shape the value flows and contribute towards developing a sustainable business model.

In order to understand how value is shaped in this context, the authors use an autoethnographic case study of Terra Garona a social enterprise in the Bordeaux region in the southwest of France whose mission is to leverage on the region's tradition with river tourism to preserve, renovate, and construct old sailing ships. The autoethnographic nature of the project refers specifically to the engagement of the researchers in developing the business model for this enterprise. The case study was developed over several years comprising the period between 2014-2017 and it illustrates the collective nature of innovation through the collaboration of a multitude of actors, such as consumers, associations, public institutions, private organisations and the territory in a shared project. The chapter provides several novel insights in relation to the entrepreneurial nature of such collective projects whereby the value-shaping process, a process that the analysis shows to be driven by local culture can contribute to the development of sustainable business models. Overall, this chapter aims to show how territory and the ecosystem therein plays an important role in how different stakeholders work together in shaping value.

Another key theme in this book taken forward by Slitine and Chabaud (Chapter 5) in their work on social enterprises relates to how entrepreneurs are embedded in space and aim to shape it through their actions. Their chapter entitled, *The evolution of an organizational form from social enterprise to territory enterprise*, uses an institutional entrepreneurship lens to demonstrate how a social enterprise changes and modifies its organisational form in order to adapt to the challenges faced in their community through a territory enterprise, defined as organisations that are anchored in their territories and respond to the variety of social issues in these territories. Through a longitudinal case study of the Archer Group located in Romans-sur-Isère (France) spanning the

time period from 1987 to 2022, the chapter traces the creation, development and change over time of the Archer group in order to be able to best respond to its mission and the evolving social issues in its environment. The chapter illustrates how the group's founder and leader gradually transformed a work integration social enterprise (WISE) into a 'territory enterprise' whose goal is to mobilize the entire local community in service of sustainable local development. By using a process approach, the study investigates a social enterprise's evolution to adapt to the challenges of the territory, as well as the actions of an institutional entrepreneur. The concept of the 'territory enterprise' has recently emerged in the literature on social and sustainable enterprises and the study contributes not only to a deeper understanding of its working as a form of social enterprise but also the wider debates on how (social) enterprises relate to space.

Part II: Institutional and digital embeddedness

Ciccarino in Chapter 6 - *Comparative cases from Portuguese social innovation public policy*, looks at the role government support can play in fostering social innovation and sustaining social change. She takes the view that social innovation can be sustained through the efforts of governments in creating synergies between different stakeholders including the private sector. She investigates these issues in the context of Portugal, a European country that has developed a pioneer public policy to encourage entrepreneurship, social innovation and boost the social investment market. The chapter focuses specifically on the case of the Portugal Social Innovation Programme (PIS) whose aim is to link investors with social entrepreneurial initiatives (SEI) and offers support to structure SEI in a sustainable way by providing access to resources and networks. Insofar as the SEIs accomplish the contracted results, PIS reward their private investors. The programme is based on the premise that public and private capital share risks, and the public capital funds the most effective initiatives. PIS, is used in this chapter as an example of a governmental programme that enables the experimentation required for innovation building and increases the chance of public services improvement, eventually contributing to an enhanced welfare-state. To illustrate the workings of this programme, the chapter uses data from a database of 120 cases that have been put together through survey and interview data. More specifically, the chapter focuses on three distinct cases supported by PIS, analysed through content analysis and compared across various different investment criteria. The analysis provides the links between PIS investment criteria and SEIs types

supported. Overall, the chapter shows that PIS has great innovative potential in building networks and fostering the entrepreneurial ecosystem.

Chapter 7 from Hakola and Sarna, *Motivation behind alternative growth modes in SMEs: a systematic literature review*, deals with a longstanding topic in entrepreneurship research – firm growth. Through a systematic literature review they set to understand the antecedents of small business growth. Their starting point is that despite considerable attention to the topic from scholars in the entrepreneurship and strategic management research areas, knowledge about small firm growth remains fragmented and inconclusive. The chapter suggests that the evidence to date has been accumulated by primarily focusing on large firms neglecting the fact that smaller firms have different motivations for growth and hence, choose different modes of growth.

The chapter is based on a systematic analysis of 72 empirical studies on SMEs to present an integrative framework of the major motives behind internal (organic), external (acquisitive), and hybrid growth modes in small firms. More specifically, the study builds upon the recent study by Ego (2022) by focusing on SMEs only. This focus revealed that SMEs differ when it comes to antecedents of growth. The synthesis review concluded that SMEs select organic growth due to internal reasons: resource specificity, objective to control growth process, entrepreneur's characteristics, and product development strategy. Meanwhile, acquisition growth is mainly explained by an organizational strategy to differentiate and innovate, firm structure, microenvironmental factors and multiple growth goals. Hybrid growth, on the other hand, is chosen due to an SME's specific strategic choices, availability of resources, interfirm connections, and favourable macroenvironmental factors. Thus, a focus on SMEs reveals important antecedents of growth such as organizational structure, growth imitation, and the entrepreneur. Market regulations and sociocultural factors were not as important as growth antecedents in the context of smaller firms. Overall, the study responds to calls for a systematic understanding of firm growth particularly in the context of smaller organizations, proposing directions for further research on the highly debated topic of business growth.

Chapter 8 by Durst, Torkkeli and Ainamo entitled *The role of crises in international SMEs business models: An institution-based view*, offers some new insights on the relationship between institutional conditions and international SMEs operations during crises. Entrepreneurship

research has widely examined the role institutions play in the rate and nature of entrepreneurship. In the context of international SMEs, institutions of both home and host countries enable and constrain the internationalization process. However, the literature on firm responses to crises has not engaged sufficiently with the formal and informal institutional environment despite it undoubtedly affects the scope for firm responses and the available institutional support in the society.

The authors move these discussions forward by developing a conceptual framework that helps in understanding how institutional conditions impact on the international SMEs' responses to crises with a special focus on business model change. By linking insights from the institution-based view of strategy with research on business model change in international entrepreneurship, this study proposes four different types of business models that highlight the circumstances or situations the organization is exposed to in the institutional environment in times of an external crisis. Type I (innovative) and II (reactive) business models are of companies operating in countries with stable and supportive institutions but with different temporal orientations of the entrepreneur, whether to the future or the current time period. Type III (retrenchment) and IV (exit) business models are of companies that operate in contexts characterized by ill or poorly functioning formal and informal institutions exacerbated further by the crisis event. The model this chapter proposes contributes in various ways to the literature. It integrates various theoretical bodies of work and acts as a starting point for future empirical studies examining business models, crisis and resilience in the context of SME internationalisation.

The final chapter (9) by Wasilczuk and Heinonen entitled *I love to write and create. Can I earn money doing it? Entrepreneurial process of bloggers*, explores other external conditions for entrepreneurship. They look at the increasing role of technological developments and new digital opportunities for new and emerging forms of entrepreneurship. Although the role of digitisation as an external enabler of entrepreneurship is widely recognised because IT solutions and web applications shape the concepts of entrepreneur, entrepreneurship, and the entrepreneurial process, the topic remains under-researched. The chapter aims to respond to these calls for a better understanding of digital entrepreneurship and digital entrepreneurial processes by focusing on entrepreneurship taking place via social media.

The study explores blogging and the entrepreneurial process of bloggers by using netnography - a relatively novel research method - to analyse the cases of four Polish bloggers and their blogs during the time period 2020-2022. The findings suggest that the entrepreneurial process of bloggers consists of three phases: legitimisation, monetisation, and professionalisation. Blogging plays a role as a hobby, passion, and source of income, and for their audiences and clients a form of entertainment and source of support and information. Digitisation is seen in this study to support passions and hobbies turn into profitable businesses. Interestingly, the study also highlights the ways in which bloggers communicate and interact with readers and thus capitalise on an opportunity to verify their ideas about products and services on an ongoing basis. The reader/client is not only a stakeholder by being a peer of products offered but also the co-creator of the content provided. The study emphasises the role that the audience/prospective client engagement plays in the success of the monetisation of a blog. Overall, the study suggests that social media and related opportunities, earning modes, and entrepreneurial processes develop rapidly and thus represent compelling avenues for future research.

OUTLOOK

This Anthology illustrates the breadth and rigour of European entrepreneurship research. The chapters illustrate the range of approaches undertaken to study entrepreneurial behaviour and process but also a commitment to studying entrepreneurial processes through methods that are more attuned to this processual nature. The chapters in this Anthology have relied on longitudinal designs and have used a wide range of methods of data collection. A common thread crossing through the chapters in this volume is the embeddedness of entrepreneurship in multiple contexts and in particular, its role in shaping these contexts over time. The volume shows the continuous evolution of entrepreneurship research, and we hope it will stimulate further research agendas and approaches.

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