



## Embedded entrepreneurship in the creative *re*-construction of place



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### ABSTRACT

This paper focuses on ways in which entrepreneurs engage with place and community. Drawing on the ideas of embeddedness and transferring value across spheres, we develop insight about how the relationship between entrepreneurs and communities influences entrepreneurial practices and outcomes. Employing an ethnographic perspective including participant observation, we explored the situated practices of entrepreneurs in two depleted communities in the Northwest of Ireland. We found that entrepreneurs not only drew on the community in running their business, but were also involved in a wide range of “other” activities that engaged, involved and worked with the community. This entrepreneurship produced a range of projects that addressed social and economic issues (unemployment, employability and emigration) and the depleted sense of place which was adversely affecting these communities. We show how social bonds and an affinity to community enable entrepreneurship to create, renew and reify a positive identity of place by combining understanding with entrepreneurial purpose.

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### 1. Executive Summary

Context is now recognised as a critical factor in explaining the situatedness of entrepreneurial processes. According to this view entrepreneurs are embedded in networks, places and communities which socially frame resources and opportunities. While much research views entrepreneurial embeddedness as a “one-way relationship” with context and community as given, calls have been made for more understanding about the actual relationship and dynamics between entrepreneurs and the communities in which they operate. Responding to this call, this paper focuses on ways in which entrepreneurs engage with place and community.

To investigate this dynamic view of entrepreneurship, we look at two depleted communities straddling the Counties of Derry and Donegal in Northwest Ireland. An ethnographic, qualitative approach is used employing participant observation and the phenomenological interviewing technique with purposefully selected respondents. Participant observation and field work were conducted by one member of the research team who was familiar with the area. Two theoretical lenses are used to make sense of the data; Granovetter's (1985) embeddedness and Barth's (1969) transfer of value across spheres. Drawing on both perspectives offers a mechanism for understanding the relationship between individuals and communities and how this engagement shaped entrepreneurial practices and outcomes.

The main contribution of this paper is to synthesise and apply existing conceptual insights to provide a more local and contextually sensitive view of entrepreneurship as a socio-economic process. This paper pushes the embeddedness perspective forward by

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demonstrating how important social resources can be, and how through social bonds, entrepreneurship recreates, renews and reifies the identity of place. This extends Barth's interpretation by demonstrating how entrepreneurs can bring about social change by being engaged and working with the community in which they are embedded. For practice, this research shows the value embeddedness can bring to entrepreneurs and communities. While entrepreneurs have to recognise the benefits of engaging with the community and what this can bring about, communities also need to appreciate that entrepreneurship can bring about change. This change can be both social and economic. When a social focus is combined with economic outcomes, gains follow and the very fabric of a community can be changed.

## 2. Introduction

This study seeks to understand how entrepreneurial processes are enacted in context. It looks beyond entrepreneurship with context as background (Zahra, 2007), to envisage entrepreneurship as the engagement with place and community. Two theoretical lenses are used to study the engagement of entrepreneurs with place; Granovetter's (1985) embeddedness and Barth's (1969) transfer of values across spheres. We argue that entrepreneurship arises in places (Steyaert and Katz, 2004), is socially situated (Cope, 2005; Fligstein, 2001) and extends beyond the economic domain (Gartner et al., 2006; Watson, 2013); but entrepreneurship involves some novel recombining of resources (Alvarez and Busenitz, 2001). Conceptually, embeddedness infers how context socially frames resources and opportunities, and draws focus on the micro-social role and skills of entrepreneurs in the communities in which they operate (Fligstein, 2001, p.106; Marti et al., 2013). Entrepreneurial embeddedness, the connections to place and community, becomes a situated condition from which new entrepreneurial combinations arise. Seen in this light, context is the milieu (Julien, 2007) for enterprise and can become a resource in itself.

To investigate this dynamic view of entrepreneurship, we look at two communities straddling the Counties of Derry and Donegal in Northwest Ireland, 'Inisgrianan' and 'Blighsland'. These communities were tired from their past troubles, passed over in post-industrial modernity, had exhausted their resources and seemed to have lost their identity and purpose, but had acquired dependency. They can be described as depleted communities (Gaddefors and Cronsell, 2009; Johnstone and Lionais, 2004). While some places experience economic growth, depleted places experience a spiral of economic decline and a host of associated social problems.

We chose this context to gain insight of what Schumpeter conceived as the *Socialökonomik* (Swedberg, 1991), which is the dynamic of the social and economic. Schumpeter (1934a, 1934b; p.3) followed Max Weber's approach to economics as a subset of social life, "The social process is really one indivisible whole. Out of its great stream the classifying hand of the investigator artificially extracts economic facts". Swedberg (1995) describes this as the interaction between economic and social elements and shows how Schumpeter applied this in the final chapter of *Theorie*, where he re-embeds the economic "facts" in the original "social process". Accordingly, we see the social embeddedness of enterprise in place as a useful and novel way to explore entrepreneurially wrought change.

Our research questions are – what is the nature of entrepreneurial engagement with place and community? And, how can we explain it? These open questions allow us to use a qualitative method with ethnographic techniques to generate a grounded understanding to help theorise relationships between entrepreneurship and place.

The main contribution of this paper is to synthesise and apply existing conceptual insights from the literature to provide a more local and contextually sensitive view of entrepreneurship as a socio-economic process. This paper pushes the embeddedness perspective forward by demonstrating how important social resources can be, and how through social bonds, entrepreneurship recreates, renews and reifies the identity of place. Welter (2011; p.175) noted how much research assumes a "one-way relationship" between entrepreneurship and context, where entrepreneurs have to take context as given. We challenge this view and respond to Zahra's (2007) call for more understanding about the relationship and dynamics between context and entrepreneurship. Our account of entrepreneurship as situated enactment extends existing concepts of embeddedness by showing how entrepreneurial anchoring in place may involve more than a configuring process. We demonstrate how place and a sense of place, as a resource, can become a fundamental part of the entrepreneurial process, enabling and constraining possibilities for both entrepreneurs and communities. Sarason et al. (2006) call for more reflective accounting of the role and process of structure and entrepreneurial agency. We present structure as the depleted community to examine the role of the entrepreneur (and entrepreneurship) as agent. Our analysis expounds the structuration process whereby entrepreneurial agency, as embedded in the community, modifies that community. Johannisson and Nilsson (1989) and Lyons et al. (2012) recognise that the role of community in entrepreneurship is critical, but not well studied. We show how entrepreneurship through the community has the ability to recreate, renew and reify a purposeful identity for places and their future. Finally, we add to the literature on resources by drawing attention to how resources can be renewed and invigorated (Barney, 1991). We show how a Schumpeterian recombination of social resources can be conceived as an entrepreneurial process. This is achieved through a socialised explanation of entrepreneurship where social resources can be understood in similar ways to material resources (Steyaert and Hjorth, 2006). This frees up entrepreneurship accounts from an econometric ghetto to provide a human (Polanyi, 1957) and spatial dimension (Steyaert and Katz, 2004).

In the remainder of this paper, we first present an overview of the literature, drawn on to provide theoretical understanding. This is followed by a detailed account of our method and the ethnographic qualitative approach we used. Thereafter, the findings from our study are presented. We then present our analysis of these findings. Finally, our conclusions are presented along with suggestions for future research.

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