Journal of Rural Studies 46 (2016) 1–11

Contents lists available at ScienceDirect

Journal of Rural Studies

journal homepage: www.elsevier.com/locate/jrurstud

Transnationalising entrepreneurship in a peripheral region – The translocal embeddedness paradigm

Alexandre Dubois*

Department of Urban and Rural Development, Swedish University of Agricultural Sciences, P.O. Box 7012, SE-750 07 Uppsala, Sweden

ARTICLE INFO

Article history:
Received 29 October 2014
Received in revised form
3 April 2016
Accepted 4 May 2016

Keywords:
Globalization
Peripheral regions
Small firms
Embeddedness
Rural entrepreneurship

ABSTRACT

In a time when regional innovation strategies have to increasingly be place-based, the ability of small firms to engage in globalized networks appears as a necessary condition for the competitiveness of peripheral regions. To date, there is only scarce scientific evidence about what conditions enable peripheral small firms to be innovative and successfully positioned in global markets. Using translocal embeddedness as a conceptual framework, this research examines the relational biographies of 5 cases of internationalized peripheral small firms from northern Sweden. It shows that firm internationalisation does not lead to a reduced participation in more localized forms of interactions. By highlighting the importance of local agency, i.e. the ability of the firm to actively engage in multiple webs of relations, this research aims at improving our understanding of globalization as potentially cohesive process leading to the reconfiguration of local interactions rather than as a disruptive force dismantling them.

1. Introduction

Ensuring the competitiveness of small firms has established itself as a central issue for regional and local development policies in industrialised nations, not least in relation to development of rural and peripheral regions. The challenges faced by peripheral small firms are well-known, but the most adapted 'recipe' for making them more competitive in the wake of globalisation is still debated. Moreover, some scholars continue to claim that there is a great need for research on the participation of geographical margins in globalisation processes, in order to get a more holistic understanding of the spatial and socio-economic dimensions of these processes (Hayter et al., 2003; Young, 2010).

Most studies that address small firm development in peripheral regions draw attention to the limitations these actors face when engaging in globalisation processes (Anderson, 2000; Anderson et al., 2010; Young, 2010; Galloway et al., 2011; Varis and Littunen, 2012), which are mainly due to their locational disadvantages Copus (2001). Other studies have nonetheless claimed that even peripheral and remote regions can host firms that are highly innovative and competitive, although less numerous and common (Lagendijk and Lorentzen, 2007; Virkkala, 2007; Huggins and Johnston, 2009). It is thus important to better understand the conditions that have made it possible for these small businesses to become competitive in the global economy *despite* their assumed locational disadvantage.

One track followed by researchers to investigate this issue deals with the ability of peripheral small firms to engage in extra-local business networks (Young, 2010), which is considered to be a critical factor for stimulating product and market innovations (Huggins and Johnston, 2009). In the case of peripheral small firms, it has been shown that internationalisation may be achieved through a great variety of relational routes (Young, 2010). These relational routes, undertaken across geographical distances, represent complex and evolving network configurations involving "the coordination of multiple movements of multiple speeds across multiple chains of technological and social networks" (Young, 2006: p. 262).

This paper examines multiple cases of the relational routes that have been taken by successfully internationalised small firms located in remote areas of northern Sweden. The paper starts by reviewing the current state of knowledge within economic and human geography on the subjects of transnationalising entrepreneurship, small firm internationalisation, rural globalisation and rural entrepreneurship. The concept of translocal embeddedness is then introduced and the overall research design is explained. After presenting the empirical material, the main findings are highlighted and further discussed, enabling the concept of translocal

* Formerly, Nordregio, Box 1658, SE-111 86, Stockholm, Sweden.
E-mail address: alexandre.dubois@slu.se.

http://dx.doi.org/10.1016/j.jrurstud.2016.05.003
0743-0167/

embeddedness to be positioned in relation to existing concepts and theories about rural entrepreneurship.

2. Entrepreneurship beyond the local

2.1. Transnationalising entrepreneurship

Evolution of the conceptualisation of entrepreneurship in economic geography is closely related to the re-conceptualisation of the firm not solely as a site of production, but also as a social actor embedded in multiple forms of relations (Yeung, 2000). Using Actor-Network-Theory as a theoretical framework, Korsgaard (2011) argued that the market does not exist as such, but that it is constantly re-constructed and negotiated through the interactions among its protagonists. These relational practices create "local patches of order through mobilisation in temporarily stable networks" (Korsgaard, 2011:673). Following that line of thought, the market can be understood as the process of articulating and coordinating these local patches. Korsgaard further conceptualised entrepreneurship as an evolutionary and relational process by which an "opportunity may be enacted as [...] the process as well as an outcome of the mobilization process that creates an actor-network" (Korsgaard, 2011, p673). Hence, entrepreneurship refers to the "ability of actors, whether individuals or firms, to create and capitalize on different economic spaces" (Yeung, 2009: p. 211). Hence the entrepreneur may be engaged in multiple streams of economic relations that have different spatialities and organising principles, which means that this changing spatiality of entrepreneurial needs to be strongly reflected in a theory of entrepreneurship (Yeung, 2009:211).

To remedy this, Yeung posited the notion of *transnationalising entrepreneurship* in order to emphasise the complex process of relational reconfiguration that firms need to achieve, often across multiple geographies, as "entrepreneurs are no longer bounded in their local and domestic economies" (Yeung, 2009: p. 211). Yeung also argued that "an entrepreneur can have a much wider and integrated entrepreneurial space than other entrepreneurs and competitors, potentially allowing him/her to tap into wider markets/resources/knowledge, to exploit significant cost differentials, and to enhance competitive performance" (Yeung, 2009: p. 214).

Yeung's notion of transnationalising entrepreneurship can be considered a major theoretical advance in entrepreneurship theory, because it introduces geography not as an external condition affecting patterns of economic interactions, but rather as an intrinsic element of the configuration of economic spaces. However, what Yeung fails to clarify is that transnationalisation is much more than a process of geographical expansion for which the economic spaces of firms are stretched across boundaries. Indeed, crossing a boundary, especially a national boundary and to a lesser extent a regional boundary, requires a firm to navigate within a different institutional context, driven by its own set of norms, rules and codes. Hence, transnationalising entrepreneurship ultimately requires a new approach to network development and resource mobilization compared with more 'domestic' forms of entrepreneurial behaviour. An upgraded relational space is necessary in order to address the specific issues inherent to doing business in differentiated contexts.

2.2. Small firm internationalisation

Finding a product and market niche, i.e. a relatively stable constellation of economic partners located within a more or less bounded geographical space (called generically the 'domestic' market in this paper), has traditionally been an important development strategy for small firms. Because the capacity of small firms in the past to reach out to actors beyond this domestic market was constrained by regulatory, logistical and cognitive barriers, these domestic markets, even for firms working within the same field, were relatively disjointed from each other. Globalisation has strongly affected this approach by introducing increased external, and especially international, competition within these domestic markets and thus disrupting the fragile equilibrium of small firm niches. External competition on the domestic market has pushed many small firms to seek further business opportunities elsewhere, in order to be able to "exploit competitive advantages beyond domestic markets" (Winch and Bianchi, 2006: p. 74). Penetrating external markets enables small businesses to "differentiate themselves from their competitors" (Isaksen and Karlsen, 2013: p. 244). Using an evolutionary perspective, Chadwick et al. (2013: p. 322) suggested for instance that "small firms may not desire growth if it will push them out of their niches" and thus highlighted the difficult trade-off between development strategies aiming at maintaining a niche position and those seeking growth and market expansion. Ultimately, a critical success factor for the internationalisation of small firms is "to maintain balance between existing products and channels and the newer opportunities being sought in the international market place" (Winch and Bianchi, 2006: p. 84). Internationalisation endeavours may require small firms to combine an ability to develop new product offerings of high quality and to fill a specific gap in the market. Winch and Bianchi (2006) labelled this process a *deep niche strategy* consisting of narrowing down the firm's product offering towards a limited number of customers or geographical markets, as a way to enable small firms to maximise the effectiveness of their limited internal research and development capabilities.

In many instances, increased international competition has necessitated small firms becoming more attuned to the evolution of global markets in order to adapt their product offerings to the future needs of the market. This process is knowledge-intensive and requires small firms to draw on intelligence on a wide range of subjects touching upon product, process and market development from a diverse pool of sources. Hence it is clear that more efforts need to be devoted to gaining a better understanding of how the process of internationalisation is initiated and managed by small businesses. Here the work of Fletcher (2004) appears central in proposing a solid theoretical basis for further empirical investigation.

One of Fletcher's main arguments is that small firm internationalisation has less to do with strategic choice than with the ability of the small firm, and especially the firm's manager, to identify and seize "windows of opportunity" (Fletcher, 2004: p. 294) that may appear at some point in the firm's development trajectory. This assertion can be related to Storper's conceptualisation of a 'window of locational opportunity' (1997), which is "the 'locational freedom' enjoyed by firms developing along pathways or trajectories that are different from the corresponding pathways or trajectories of those firms still attached to old stocks of external economies" (Skuras et al., 2005: p. 343). In the context of peripheral small firms, Young argued that to achieve this goal, small firms need to develop flexible business practices that enable them to make the best of the opportunities emerging from the "'happy accidents' of connectivity" (Young, 2010: p. 851). Fletcher goes even further in dismissal of the 'strategic' dimension of internationalisation by claiming that such windows of opportunity are "something that happened unexpectedly, almost by accident" (Fletcher, 2004: p. 295) and thus that small firm internationalisation should be viewed "as a processual, iterative and fluctuating process" (Fletcher, 2004: p. 292) that "does not occur in neat sequential stages" (ibid: p. 292). Fletcher also argues that small firm internationalisation relates to "a vision of how