ENTREPRENEURSHIP AND REGIONAL DEVELOPMENT: ON THE INTERPLAY BETWEEN AGENCY AND CONTEXT

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the PhD degree in
Business Administration

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The dissertation you are about to read is a result of my curiosity for how entrepreneurship is sustained when it appears that there are few possibilities to be entrepreneurial. Growing up in a small town of 800 people in the mountainous Tyrol in Austria, the people around me always seemed to make do with what was at hand and quite often were inspiringly resourceful and enterprising.

When I was offered to work on a PhD project that incorporated regional development aspects, I got a chance to engage in, what I perceive as important scholarly work. I therefore set out to study entrepreneurs in regions that are less developed or less privileged. From my own childhood observations, I had a hunch that they would not be less inventive, creative, or resourceful than entrepreneurs in other regions. Rural entrepreneurs may simply work with a different resource base and have to overcome a different set of challenges.

In this dissertation I will demonstrate that entrepreneurial individuals are imperative to regional development, as these individuals do not only create jobs, but also care about bettering the quality of life of their communities. Rural entrepreneurs are willing to invest in the well-being, progress and development of a rural place, even if it may not always be in the sole financial interest of the entrepreneur and his or her firm.

Sibine Müller

Aarhus, 31 August 2013
Three years ago I embarked on the ad-ventures of this exciting PhD project. This page is dedicated to the persons who have been on this journey with me and who have helped me along the way.

First, I would like to express my deepest gratitude to the entrepreneurs who have so happily opened their doors and let me peek into their lives as entrepreneurs. Even when I occasionally missed my ferry and was trapped on an island, or when I ran out of gas and no gas station in sight, only acres of farmland, I sincerely enjoyed studying entrepreneurs in their everyday rural setting. It made me appreciate the beauty of the Danish countryside even more and I am still in awe of what these entrepreneurs have made possible “out there” by being passionate about what they do and caring for their communities.

Next, I would like to thank my supervisors for our valuable and insightful discussions that helped shape this study into the end product that you are holding in your hands. Thank you Professor Helle Neergaard for always believing in me and supporting my ambitions. Thank you Professor John P. Ulhøi for your attention and guidance in making me a better researcher. Thank you Associate Professor Steffen Korsgaard for taking on the role as my supervisor so late in the process, for always being incredibly passionate about my project and the many times the whiteboard was used.

I am grateful to my evaluation committee, Professor Alistair Anderson, Professor Kim Klyver, and Associate Professor Helle Alsted Søndergaard for their valuable comments and reviews. Your feedback will undoubtedly help me improve my work.

Furthermore, I would like to express my gratitude to my research groups iCARE – the interdisciplinary Community of Advanced Research in Entrepreneurship – and CORE – Centre for Organizational Renewal and Evolution – as well as the my colleagues at the Department of Business Administration for the professional and financial support that I have received over the years. I would also like to thank RegionMidt for sponsoring this PhD project.

A special thanks is owed to Professor Per Davidsson and colleagues at the Australian Centre for Entrepreneurship Research (ACE) at Queensland University of Technology in Brisbane, Australia for my enjoyable and fruitful research exchange stay. I am grateful to the Aage & Yelva Nimb’s Fond for awarding me a travel grant, as well as many thanks to Jørn Flohr Nielsen and Helle Neergaard for helping me apply for the travel grant that made the exchange stay in Australia possible.

Vielen Dank Dr. Patrick Saßmannshausen for guiding me out of the coding trap! My sincere thanks to Dr. Bruce for showering me with “Tough Love” and for helping me eradicate some of those redundant words.
Moreover, I would also like to express my appreciation to Birgitte Steffensen for her excellent work proofreading the many pages of this dissertation. Also, a thanks to the secretarial staff; in particular Annette Hein Bengtson, Birthe Hansen, Joan Jepsen, and Lisbeth Widahl for their kind assistance throughout the past years.

I owe an especially big and heartfelt THANKS to Franziska, Ninna, Eliane, Anders, Carsten and Pernille (in no particular order) for all you have done for me throughout the years. Franziska for regularly checking in on me in the most critical phases of the write-up and for being my sparring partner. You helped me move this thesis forward, one step at a time. A thanks to my motivation booster, beloved office mate and Elvis impersonator Ninna, for you always managed to lift my spirits, and for the effort and time you invested in reviewing every single word of this dissertation. Chatterbox 1 aka Eliane, thank you for always being on my side; your presence and friendship have made this journey so much more enjoyable. Thank you Anders for the countless mind and soul clearing walks in the park. Carsten for being hooked on a feeling, and high on believin’. Pernille for always lending an ear to my worries and putting them into perspective. Friends like you are a rare gift. Many thanks, Merci beaucoup, Danke schön, Tusind Tak!

Finally, I would like to thank my partner and companion Morten, for your unconditional emotional support during this three year endeavour, for enduring my odd working hours, sharing the joys and helping me through the lows. Sänk you so much!
EXECUTIVE SUMMARY

This dissertation is a study of entrepreneurial agency as a potential vehicle for facilitating local and regional development. The overall research questions revolve around: (i) how do rural entrepreneurs interact with their local, socio-spatial context? and (ii) how are rural entrepreneurs influenced by such interactions? In approaching these questions, this dissertation focuses on why entrepreneurs act (the causes of entrepreneurship, anchored in the context), how they act (the entrepreneurial practices, action, and activities), and what happens when they act (the outcomes and impact of entrepreneurship). This study sets out to obtain an in-depth understanding of the micro-, community-, and regional-level localized entrepreneurial processes as well as the way in which these processes are intertwined with the spatial context. The contribution of this dissertation lies in the illustration of how local context influences entrepreneurial resource practices and value creating activities in relations to regional development.

In a nutshell, this study finds that rural entrepreneurs actively create opportunities in a dynamic interplay between them and the spatial context; that is across people, culture, history, and natural resources. The insights of this thesis are believed to be vital for understanding why certain types of local entrepreneurship prevail in certain regions. This can further our knowledge of how to foster and enable entrepreneurship in lagging regions. In addition, this study reveals that rural entrepreneurship is about appreciating the local, exploiting resource endowments, and engendering community support. Rural context and rural code of conduct influence the extent to which entrepreneurial activities are localized as well as influence the type of value created for communities.

This thesis consists of a collection of four related articles. The aim and contribution of each is briefly outlined in the following.

Research paper 1: This paper presents a systematic literature review. It examines how the phenomenon of ‘entrepreneurship and regional development’ has been addressed theoretically and empirically in the past. In this article the dominant perspectives in relation to entrepreneurship and regional development considered. This paper provides a thematic analysis of the predominant topics and synthesizes the insights of the two dominant streams of research, and uncovers a number of theoretical and empirical research gaps. The findings reveal that the extant literature has largely investigated two questions: one, how regional conditions influence entrepreneurship, and two, how entrepreneurship impacts regional development. However, the potential interrelation or reciprocity between those questions is found to be insufficiently addressed thus far. Thus, the literature review uncovers an important theoretical gap that addresses the interplay between enterprising agency and regional structuring as well as the possible reciprocal or recursive links in this process.

Research paper 2: This article conceptually examines how rural entrepreneurship engages with “place” and “space” as well as the nature of entrepreneurial activities in rural areas. Two ideal types of entrepreneurship in rural areas are developed: (i) entrepreneurship in the rural
and (ii) rural entrepreneurship. The former type represents entrepreneurial activities that have limited embeddedness in the rural area and enacts a profit-oriented and mobile logic of space. The latter represents entrepreneurial activities that leverage local resources to connect place to space. The particular nature of rural entrepreneurship stems from how this form of entrepreneurship engages with place and space in a dual process that re-valuories rural places. The contribution of the paper lies in how it weaves the constructs of space and place to show the importance of context in understanding entrepreneurship. This study enhances our understanding of the localized processes of entrepreneurial activities and value creation, and how these processes are enabled and constrained by the spatial context.

Research paper 3: This paper empirically investigates the influence of spatial context and resource endowments on entrepreneurial practices across different rural settings. It reveals the types of spatially afforded resources that rural entrepreneurs extract from their context; how entrepreneurs combine these resources to create opportunities, and how they connect these opportunities to different market places. Through a detailed analysis of qualitative data from 28 entrepreneurs across three rural regions, a typology is developed that extents the current understanding of a rather universal and homogenous understanding of rural entrepreneurship. The typology focuses on the characteristics of rural entrepreneurship according to spatial resource embeddedness and their bridging activities to other spatial contexts and results in four types of rural entrepreneurs consisting of Attractors, Valorisers, Artisans, and Entrepreneurs in the rural. The typology highlights the diversity of rural entrepreneurs and surfaces the distinguishing characteristics of what some rural ventures have in common. This offers the ability to identify manifestations of the empirical phenomenon in its context.

Research paper 4: This paper empirically investigates how the socio-spatial context influences entrepreneurial value creation for local and regional development. Through an in-depth analysis of 28 entrepreneurial cases across three diverse rural regions, the paper shows that rural entrepreneurs create multiple types of value for the benefit of their community, thus support community well-being, progress and local development. Rural entrepreneurs are driven to contribute to creating value for ‘their’ community where they have chosen to live and work. This is because (i) of their strong attitudes towards furthering community goals and because (ii) that is what the local code of conduct requires. Thus, the social norms embedded in the local context impact on entrepreneurial value-creating activities. Further, the more isolated and remote, the more pronounced the attitudes towards and concerns for the well-being of the community. Thus, this study contributes to an in-depth understanding how value creation behaviour is motivated by the context. Thus, by adding contextualized explanations of rural entrepreneurial behaviour to the literature, this study places itself in the recent debate and call for contextualizing entrepreneurship research.
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1 INTRODUCTION –
KEY CONSTRUCTS, PHILOSOPHY OF SCIENCE, THEORY,
RESEARCH DESIGN AND METHODS

1 Background

This dissertation is a study of entrepreneurial agency as a potential vehicle for facilitating local and regional development. Regional development and the reduction of disparities between leading and lagging regions is a key item on the current political agenda and academic debate across Europe (Baumgartner, Pütz, & Seidl, 2013; European Parliament Policy Department, 2007). Yet unequal regional development is prominent in most countries (Naudé, Gries, Wood, & Meintjes, 2008), and economic and demographic decline in rural regions has been an increasing challenge in many parts of the industrialized world (Florida, 2003; OECD, 2009). In order to provide opportunities and good living conditions for all citizens in a country, regions and communities are required to uncover new ways of stimulating and sustaining local development. “The case for producing rural entrepreneurship and enterprise strategies for peripheral rural regions has been given added urgency” (North & Smallbone, 2006, p. 59), since entrepreneurs who establish new firms are at the core of the regional development process. Ever since the seminal work of Schumpeter (Schumpeter, 1934 [1912]), entrepreneurship has been regarded as a positive driving force for regional economic growth and development (Birch, 1987; Storey & Johnson, 1987; Reynolds, 1987; Acs & Armington, 2004a) since “new firms create new jobs, new wealth, and innovation, which “fuel the economic vitality of regions and societies” (Romanelli & Schoonhoven, 2001, p. 40).

Corresponding to this view, previous studies have indeed stressed that contextual conditions such as education, culture, social support systems, technology, and the presence of human capital and expertise play an important role in the changing conditions for entrepreneurship (Fischer & Nijkamp, 2009). Even though entrepreneurship is often regarded “as a highly individualized and individualistic behaviour”, entrepreneurs’ decisions and practices are shaped by economic, societal and cultural surroundings (Aoyama, 2009, p. 497; see also Davidson, 1995). Regional conditions have been found to influence the entrepreneurial process, for example, the presence of human capital (Acs & Armington, 2004b) or the availability of financial capital (Audretsch & Keilbach, 2004) positively influence start-up activity. In addition, entrepreneurship has been found to have a positive impact on regional development in terms of job creation and growth (Acs & Armington, 2004a; Audretsch & Keilbach, 2005), localized learning (Florida, 2007, 2003) and social and structural transformation (Berglund & Johansson, 2007; Feldman, 2001; Benneworth, 2004).
1.1 Contextualized Entrepreneurship Research

Low and MacMillan (1988) emphasize that entrepreneurship is a process that can be undertaken in a variety of contexts. Acknowledging the wealth of research that focused on the individual entrepreneur, for example, on traits and personality (McClelland, 1967), skills, background, human capital (Kets de Vries, 1977; Timmons, 1985; Davidsson & Honig, 2003), as well as behavioral and processual views on new venture creation (Gartner, 1988; Katz & Gartner, 1988; Gartner, Bird, & Starr, 1992), this dissertation is based in contextualized entrepreneurship theory (Zahra, 2007; Welter, 2011).

Sociological research used to be dominated by individualized notions of agency over context (Fuchs, 2002; Archer, 1995). This has also been the case in entrepreneurship research, where the focus on the individual-opportunity nexus has been predominant. Previously, research often departed from the assumption that entrepreneurship is context-free and that entrepreneurial actions are unrelated to a particular context (Aldrich & Ruef, 2006; Low & MacMillan, 1988). Context was largely disregarded as a potentially important influencing factor for entrepreneurship. Recently however, there has been a shift in the academic debate “away from the entrepreneur as an island of exchange towards entrepreneurship as a contextual process“ (Kalantaridis & Bika, 2006, p. 110). There is a call to focus more strongly on the interaction between the entrepreneur and its interaction with different spheres of context; hence for contextualizing entrepreneurship research and entrepreneurship theories (Welter, 2011; Zahra, 2007; Shane, 2012; Wright, 2012). Indeed, the literature suggests that contextual structures such as education, heritage, culture, social support systems, technology, and expertise all play an important role in the changing conditions for entrepreneurship (Fischer & Nijkamp, 2009; Julien, 2007). Entrepreneurship is not merely an economic process but draws from the social, spatial and institutional contexts that shape entrepreneurial behaviours, processes and outcomes (Welter, 2011; Jack & Anderson, 2002).

Given that entrepreneurship, and the way that entrepreneurial processes evolve and unfold, are context dependent, it is likely that entrepreneurship unfolds differently in different settings and does not flourish evenly across regions (Mueller, 2006). Urban entrepreneurial activities, for example, may differ from those in the rural, and those in developed countries may differ from those in less developed ones. Contextualized entrepreneurship theory building is an important safeguard from what Zahra (2007, p. 444) refers to as “over-generalization”, which can potentially compromise the relevance, rigour and ultimately usefulness of research findings.

1.2 Research Gap, Objectives, and Research Questions

Regional contexts are heterogeneous and their characteristics and features can vary across regions. Not only do the spatial categories of urban, outskirt, and rural regions differ from each other, but rural regions are also very diverse. Different rural contexts may provide different breeding grounds to create and nurture different entrepreneurial activity, which in turn that may contribute differently to regional development. Thus the immediate environment – that is the socio-spatial context and its structures – may hold different possibilities, opportunities and challenges for entrepreneurship.
This research sets out to identify and analyse the possible reciprocal or even mutually reinforcing links between local context and entrepreneurial action and activity (i.e. agency), as illustrated in the figure below.

**Figure 1: Interplay between context (as structure) and entrepreneurship (as agency)**

![Diagram of interplay between context and entrepreneurship](image)

The main assumption underpinning this research is thus that entrepreneurship influences – and is influenced by – its immediate context. In other words, entrepreneurship is in a reciprocal relationship with context. To date, influential research has been primarily undertaken by spatial economists, whose focus has been on determining the factors of regional start-up rates and explaining the spatial variation across regions through large data-set econometric studies (e.g. Dejardin, 2011; Andersson & Noseleit, 2011; Garofoli, 1994; Audretsch & Fritsch, 1994). Yet, much of this research has two main shortcomings which this dissertation attempts to remedy.

First, such studies are dominated by economic concerns such as growth, income and job creation (Pike, Rodriguez-Pose, & Tomaney, 2007, see also chapter 2). In view of that, what is missing in the literature is a deeper understanding of how entrepreneurship can contribute to sustainable local development beyond job creation and growth. This study rectifies this by examining the types of value-creating efforts (that is not merely economic value) undertaken by entrepreneurs across different contexts concerning regional development outcomes. Second, large-scale regional studies generally conclude that rural regions are typically resource deprived. This leads to the assumption that rural areas are poorly equipped to facilitate entrepreneurial activity. Previously, Anderson (2000, p. 103) pointed to the “otherness” of rural areas as a potential advantage for entrepreneurial action. In line with this reasoning, I argue that rural regions – although the challenges of rurality are recognized – may not be poorly equipped but simply differently equipped than other regions such as their urban counterparts. Rural contexts may offer entrepreneurs different or unique resource affordances. Therefore, understanding the relation between entrepreneurship and the rural context requires insight into how spatially bound resources (of the socio-material context) are recombined to create value.
Accordingly, the main objective of this thesis is to obtain an in-depth understanding of how entrepreneurs interact with their local environment, make use of its innate local resources (e.g., natural, historical and cultural resources), and enrich this environment through value-creating activities that go beyond job creation and growth. These insights are believed to be vital to understanding why some regions are more entrepreneurial than others, and why certain types of entrepreneurship prevail in certain regions.

The two central research questions put forward are:

- How do rural entrepreneurs interact with their socio-spatial context?
- How are rural entrepreneurs influenced by such interactions?

Accordingly, this prompts the following sub questions, which will be pursued in the empirical articles (chapters 4 and 5 respectively):

- How do local differences in resource endowments influence entrepreneurial action and activities across different rural regions?
- How do entrepreneurial actions and activities influence the local context and local structuring in relation to local/regional development?

Furthermore, specific sub questions are introduced during the course of this article-based dissertation. These are outlined in Table 1.

By addressing these questions, the dissertation focuses on why entrepreneurs act (the causes of entrepreneurship anchored in the context), how they act (the entrepreneurial practices, action, and activities), and what happens when they act (the outcomes and impact of entrepreneurship). This dissertation thus provides rich empirical evidence of the interplay between entrepreneurial agency and rural structure (as context). This study provides a nuanced and multi-level understanding of the micro, community and regional level entrepreneurial processes that include resource practices and entrepreneurial value creation, as well as the way in which these processes are intertwined with the local context. The overall and individual article contributions are presented in chapter 6 in more detail.

1.3 Structure of the thesis

In accordance with the general rules and regulations of the Aarhus Graduate School of Business and Social Sciences, a dissertation consisting of a collection of articles must include a summary and a conclusion accounting for the relation between the publications and their individual contribution to the total PhD project. Chapter 1 includes this required summary and chapter 6 contains the overall and individual article contributions. Chapters 2-5 include the individual scientific research papers.

The dissertation is structured as follows: The remaining part of the introduction chapter 1 outlines the central constructs of this thesis, specifically (i) entrepreneurship, (ii) regional development, and (iii) context. Subsequently, a brief section is devoted to considerations about adopting a critical realist perspective, followed by an outline of the theoretical
motivations of this research. The following methodology section presents the study design, the empirical context and data collection methods as well as the various coding and analysis techniques that were applied. Chapter 2 is a systematic literature review of the phenomenon of ‘entrepreneurship and regional development’. Chapter 3 is a conceptual research paper dealing with rural entrepreneurship and the constructs of place and space. In chapter 4 an empirical investigation of how context influences entrepreneurial resource practices is presented. This chapter proposes a typology of rural entrepreneurship. Chapter 5 presents an empirical investigation of how rural entrepreneurs contribute to value creation that lead to local community development, and how the local context influences this process. Lastly, chapter 6 concludes this thesis with the overall contributions and implications for theory, practice, and regional policy. Table 1 provides an overview of the research papers, the respective research questions, aims and contributions.
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Type of paper</th>
<th>Content</th>
</tr>
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<tbody>
<tr>
<td>Chapter 1</td>
<td>Introduction</td>
<td>This chapter introduces the principal topic of the dissertation, central research questions, key constructs, philosophy of science and the theoretical and methodological considerations underpinning this research.</td>
</tr>
<tr>
<td>Chapter 2</td>
<td>Literature Review</td>
<td><strong>Entrepreneurship and Regional Development - A Systematic Literature Review</strong>&lt;br&gt;&lt;br&gt;<strong>Research question:</strong> How has the phenomenon of entrepreneurship and regional development been conceptualized and addressed empirically in the past? What are the potential theoretical, empirical, and methodological shortcomings in the current literature?  &lt;br&gt;&lt;br&gt;<strong>Aim:</strong> This chapter seeks to identify and analyse the main perspectives of entrepreneurship and regional development, to map the field, and provide a thematic analysis of the major topics, examine its past advancements and potential shortcomings of the literature.  &lt;br&gt;&lt;br&gt;<strong>Contribution:</strong> This study synthesizes the insights of the two streams of research and reveals new avenues for future research.</td>
</tr>
<tr>
<td>Chapter 3</td>
<td>Conceptual</td>
<td><strong>Rural Entrepreneurship - Between Place and Space</strong>&lt;br&gt;&lt;br&gt;<strong>Research question:</strong> How does rural entrepreneurship engage with place and space?  &lt;br&gt;&lt;br&gt;<strong>Aim:</strong> The aim is to conceptually examine the nature of entrepreneurial activities in rural areas.  &lt;br&gt;&lt;br&gt;<strong>Contribution:</strong> This study develops two ideal types of rural entrepreneurship. In so doing, it improves our understanding of the micro-level and localised processes of value creation and the way in which entrepreneurial processes are enabled, constrained by and intertwined with the local context.</td>
</tr>
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<td>Chapter 4</td>
<td>Empirical</td>
<td><strong>(Re)Sources of opportunities - The role of spatial context for rural entrepreneurship</strong>&lt;br&gt;&lt;br&gt;<strong>Research question:</strong> How do rural entrepreneurs create opportunities from spatially-bound resources?  &lt;br&gt;&lt;br&gt;<strong>Aim:</strong> This chapter empirically investigates the influence of spatial context and resource endowments on entrepreneurial practices across different rural settings.  &lt;br&gt;&lt;br&gt;<strong>Contribution:</strong> This provides contextualized explanations of how spatial context and its resource affordances influence entrepreneurial resource practices that result in the circulation of value. This study offers a typology of rural entrepreneurship.</td>
</tr>
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<td>Chapter 5</td>
<td>Empirical</td>
<td><strong>What goes around, comes around - How context influences entrepreneurial value creation</strong>&lt;br&gt;&lt;br&gt;<strong>Research question:</strong> How rural context influences entrepreneurial value-creation.  &lt;br&gt;&lt;br&gt;<strong>Aim:</strong> This chapter empirically investigates how the socio-spatial context influences entrepreneurial value creation for local development and community well-being.  &lt;br&gt;&lt;br&gt;<strong>Contribution:</strong> This study provides an enhanced understanding of the various types of entrepreneurial value created in relation to regional development, as well as how different contexts influence entrepreneurial value-creation efforts and behaviours.</td>
</tr>
<tr>
<td>Chapter 6</td>
<td>Conclusion</td>
<td>This chapter presents the overall contribution of this thesis, the individual contributions of the research papers, as well as implications for theory, practice, and regional policy. Finally, a number of critical reflections are presented.</td>
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</table>
1.4 Relation between the research papers

The first article (chapter 2) is a systematic literature review of the phenomenon “entrepreneurship and regional development”. This scientific article lays the foundation for the subsequent three articles (chapters 3-5). This paper reviews the accumulated knowledge of what we know about how context and regional structures influence entrepreneurship, and how entrepreneurship impacts local and regional development. In summary, this paper finds that little attention has been given to which type of entrepreneurship prevails in different spatial environments, and how local entrepreneurship contributes to (sustainable) regional development other than job creation and growth. This gap in the entrepreneurship literature is addressed in the subsequent three articles.

The second article (chapter 3) is a conceptual paper that explores the nature of entrepreneurial activities in rural areas. Two ideal types of entrepreneurship are developed, which are termed “entrepreneurship in the rural” and “rural entrepreneurship”. These types differ conceptually with regard to the embeddedness and place-space relationship of the ventures and their activities. This paper discusses how entrepreneurial processes are enabled and constrained by as well as intertwined with the local (rural) context. These differences concerning embeddedness and space-place relationship are subsequently empirically investigated in the third and fourth research papers.

The third article (chapter 4) investigates the relation between entrepreneurial activity and the resource affordances of the local context. The study analyses how rural entrepreneurs access and recombine resources of the spatial context and how they connect these to the non-local markets. Thus, the paper addresses one of the research gaps uncovered in the literature review, namely how spatial context influences entrepreneurship and which types of entrepreneurship prevail in different spatial environments. The two ideal types of rural entrepreneurship that were conceptually established in the second paper (chapter 3) have guided the analysis. In the end, the two ideal types from chapter 3 needed to be modified and extended to accommodate four types of rural entrepreneurship according to the empirical data.

The fourth article (chapter 5) investigates how rural entrepreneurship contributes to local and regional development beyond job creation and growth. This was one of the main theoretical gaps uncovered in the literature review article (chapter 2). Like the previous articles, this research paper focuses on the interplay between entrepreneurial agency and context (as structure). Specifically, it focuses on the role of the spatial context and how it influences entrepreneurial value creation in relation to local development and community well-being.

Figure 2 illustrates how the papers are conceptually interlinked. All of the articles take departure in the findings of the systematic literature review that combines insights from both the regional studies and entrepreneurship literatures. The conceptual paper examines how rural entrepreneurship engages with place and space in a virtuous cycle and finds that rural entrepreneurship is a heterogeneous construct. This heterogeneity is further explored in two empirical studies, which share the same empirical database. Although both empirical studies
investigate the interplay between entrepreneurial activity and context and deal with structure and agency simultaneously, they each have a primary focus that is either how context influences entrepreneurship (chapter 4) and how entrepreneurship influences context (chapter 5). The two empirical papers together offer an in-depth dualistic view of entrepreneurial agency and structure in a continuous interplay.

Figure 2: Relation between research papers

- **Focus of conceptual paper (chapter 3)**: Conceptually examine how rural entrepreneurship engages with place and space in a virtuous cycle, and is thus found to be heterogeneous.
- **Focus of empirical paper 1 (chapter 4)**: Empirically examine interplay between entrepreneur and context, resulting in contextualized theory building.
- **Focus of empirical paper 2 (chapter 5)**: Regional development outcomes.

- **Focus of literature review (chapter 2)**
  - Rural-Urban divide - rural entrepreneurship portrayed as homogeneous.
  - Lack of research on the interplay between agency and context.
  - Little focus on contextualizing entrepreneurship research and theories.

<table>
<thead>
<tr>
<th>Regional Studies Literature</th>
<th>Phenomenon: “Entrepreneurship and Regional Development”</th>
<th>Entrepreneurship Literature</th>
</tr>
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</table>

8
2 Central Constructs

Table 2 provides an overview of the key constructs and definitions adopted in this dissertation.

Table 2: Central constructs

<table>
<thead>
<tr>
<th>Construct</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Entrepreneurship and the entrepreneur</td>
<td>Entrepreneurship is the creation and extraction of value from an environment (Anderson, 2000); it is the function through which new (economic and other) value is created in society (Schumpeter, 1934). Entrepreneurs are individuals or groups who carry out the entrepreneurial function within the frame of a formalized organization, firm or business. They introduce new combinations of existing resources (Schumpeter, 1934) or create new means-ends relationships (Kirzner, 1973).</td>
</tr>
<tr>
<td>Regional Development</td>
<td>Dynamic process of change towards development, progress and bettering the standard of living in regions (Stathopoulou, Psaltopoulos, &amp; Skuras, 2004), which includes growth as well as structural and social transformation (Berglund &amp; Johansson, 2007), regional learning (Florida, 2003); and is a context dependent construct (Pike et al., 2007).</td>
</tr>
<tr>
<td>Context</td>
<td>Contexts of entrepreneurship include historical, temporal, institutional, spatial, and social dimensions (Welter, 2011). Context is the circumstances, conditions, situations, or environments that are outside to the respective phenomenon. Contexts provide entrepreneurs with opportunities and set boundaries for their actions, thus entrepreneurs are enabled and constrained by contexts (Welter, 2011, p. 167).</td>
</tr>
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</table>

2.1 Entrepreneurship and the entrepreneur

Various definitions of entrepreneurship have been put forward by scholars according to their domain of specialty: predominantly by economists, social behaviourists and psychologists. Some view entrepreneurs as agents who enter new markets, others define entrepreneurs as persons who engage in the creation of new organizations (e.g. Gartner, 1988). The functionalist perspective of entrepreneurship builds on strong traditions in the entrepreneurship field and considers entrepreneurship as the essential function of new value creation. This occurs through the recombination of resources (Schumpeter, 1934) or the creation of new means-ends relationships (Kirzner, 1973). New combinations can be a variety of activities, for example, the development of new goods or services, new methods of production, the opening of new markets, or the introduction of new sources of supply. In Schumpeter’s earlier writings (Mark I), the entrepreneur alone was the heroic actor who could tip the existing market equilibrium; however, in his later writings (Mark II) he adopts the view that there are structures and institutions surrounding entrepreneurial agency, thus posing inhibiting or supporting influences on them. The Mark I notion of entrepreneurship as well as the later Schumpeterian insight of the influence of context (Mark II) are not mutually exclusive. Combined, Schumpeter’s writings suggest that context influences entrepreneurship (Mark II) and entrepreneurship influences (regional) economic development (Mark I).

The contemporary entrepreneurship literature proposes two views on how these new combinations – or opportunities – are recognized: they can be either discovered in the market place (Shane & Venkataraman, 2000) or created through bricolage (Baker & Nelson, 2005) or effectuation (Sarasvathy, 2005). Combining resources in new ways increases the value of the individual resources as well as the sum thereof, thereby creating economic value for the
firm and ultimately society (Schumpeter, 1934; Kirzner, 1973). Recently, studies have broadened the scope of the entrepreneurial function to include the creation of multiple types of value (Korsgaard & Anderson, 2011; Steyaert & Katz, 2004), including social value, environmental value, cultural value, often in conjunction with economic value (see e.g. Di Domenico, Haugh, & Tracey, 2010). Accordingly, this dissertation adopts the definition of entrepreneurship as the extraction and the creation of value from an environment or context (Anderson, 2000) through which new economic and social value is created in society. This study adopts the perspective that individuals and groups alike can extract and create value – including firms, social enterprises, communities and cooperatives. By adopting these definitions, this this study takes an open approach towards who can perform the entrepreneurial function, the types of entrepreneurial opportunities created, the types of entrepreneurial value generated, and the types legal structures of the registered ventures.

2.2 Regional Development

Definitions of regional development are diverse as they require complex consideration of “what local and regional development is for and what it is designed to achieve” (Pike et al., 2007, p. 1254). Overall, regional development is understood as a dynamic process (Fischer & Nijkamp, 2009); it refers to the provision and assurance of equal opportunities as well as sustainable economic and social well-being of individuals in areas that are typically less developed. Regional development studies are traditionally dominated by economic concerns such as growth, income and job creation (Pike et al., 2007; Armstrong & Taylor, 2000). However, “growth must be distinguished from development: growth means to get bigger, development means to get better” (Pike et al., 2007, p. 1254; cf. Daly, 1987). Thus, besides growth, regional development is also about social change and transformation (Berglund & Johansson, 2007).

Spatial and regional science has devoted much focus on the factors determining structural disparity in relation to regional development. This has primarily led to an integration of various scientific perspectives and theories, such as growth theory, agglomeration theory, regional innovation systems theory, location theory, new economic geography, and entrepreneurship (Fischer & Nijkamp, 2009). Previous studies suggest that regional development is influenced by a number of driving forces, namely availability and access to human capital, the level and speed of innovation, the presence physical or communicative infrastructures, existing welfare and institutional structures. Finally, the existence of entrepreneurial activity in regions is also found to be an important driving force for regional development as it creates jobs, income and growth (Cornett, 2009; Audretsch & Keilbach, 2004; Naudé et al., 2008). Figure 3 illustrates the conditions, actors, and drivers that are found in the literature to influence regional development outcomes.
Pike et al. (2007, pp. 1256-1257) stress that “however defined, regional development is a profoundly geographical phenomenon and does not unfold in a spatial vacuum devoid of geographical attachments or context.” In line with this reasoning, the present study adopts the definition of regional development as a context dependent (Pike et al., 2007) dynamic process of change (Fischer & Nijkamp, 2009) towards progress and improving the standard of living in areas that are typically less developed (Stathopoulou et al., 2004); it includes economic growth but also structural and social transformation (Feldman, 2001; Benneworth, 2004).

2.3 Context

Context can be defined as “circumstances, conditions, situations, or environments that are external to the respective phenomenon and enable or constrain it” (Welter, 2011, p. 167). According to Welter (2011) the most important contexts for entrepreneurship are the business context (market, industry), the social context (networks, family), the spatial context (geographical environments), and institutional contexts (culture, society, political system) (cf. Wright, 2012)\(^1\). These contexts offer opportunities and set boundaries, thus can be “an asset and a liability for the nature and extent of entrepreneurship, but entrepreneurship can also impact contexts” (Welter, 2011, p. 165).

Contexts for entrepreneurship are multidimensional and can be distal or proximate. Distal contexts are those that are “farther apart in distance or time” while proximate contexts are closer to the individual or organization (Mowday & Sutton, 1993, pp. 201-202). The social context is defined as networks, household and family. The spatial context deals with geographic environments such as communities and neighbourhoods, industrial districts and clusters. Entrepreneurs are influenced by and engage with socio-material resources of the spatial environment. The institutional context is comprised of formal or informal structures.

\(^1\) Note should be taken that I do not treat each of these dimensions equally in this dissertation. I focus especially on spatial and the social within the spatial (i.e. proximate social). Ideally all these contexts could be regarded, but would go beyond the scope of the research aims of this dissertation.
The former includes political and economy-related rules; while the latter include norms and attitudes of a society. The entrepreneur (as agent) travels through or bridges these contexts as depicted in Figure 4 (Archer, 1995). Bridging means that the entrepreneur interacts with multiple and overlapping contexts, sometimes simultaneously, sometimes not. In practice entrepreneurs, like most individuals, may not necessarily pay much attention to the notion and boundaries of context while he or she bridges them.

**Figure 4: Agent bridging multiple contexts**

Source: Author’s own illustration.

The spatial context has received relatively little attention in the entrepreneurship field compared to, for example, social and institutional contexts (Welter, 2011). In particular scholars call for research of the localised (or proximate) spatial level since we have limited knowledge of how it impacts entrepreneurship (Trettin & Welter, 2011). This dissertation answers this call by investigating how the socio-spatial context impacts on the localised entrepreneurial activities, and how the entrepreneur bridges different – foremost proximate – contexts. In so doing, this thesis examines the impact of spatial resources endowments, how entrepreneurs access them and how entrepreneurs connect/bridge place-specific resources to other contexts.

The “boundaries of these contexts also change constantly because of the dynamism of actors and processes involved” (Zahra & Wright, 2011, p. 72). Hence, context is complex, messy and difficult to capture. Scharfstein (1989) emphasises that “we have no theory for context, no rules for it, and no clear idea of what limits it may have.” Therefore, it is imperative to define context how context is used as well as the phenomenon of study within context, and how it is analytically tackled in a study like the present. This thesis primarily focusses on the local or proximate context (i.e. socio-spatial); although it is acknowledged that other contexts may influence entrepreneurship in conjunction with the socio-spatial. In this study, context for entrepreneurship is treated like the frame of a picture; analytically I try to capture the elements of the socio-spatial context surrounding the entrepreneur, for instance, contextual structures that relate location and physical boundaries, spatial resources or community. With this definition, I acknowledge that I could focus on a range of dimensions of context. However I choose to focus on the socio-spatial, as understanding *everything* in its context makes it impossible to arrive at any objective conclusions of the phenomena under investigation (Scharfstein, 1989).
Furthermore, this thesis emphasises the rural as a distinct spatial context. Rural contexts provide a particularly favourable setting for entrepreneurship research as resource constraints offer good opportunities to observe entrepreneurial resourcefulness, activities and processes (Kodithuwakku & Rosa, 2002). In adverse and uncertain conditions, entrepreneurs often create opportunities from resources that are readily available or of seemingly limited economic value (Baker & Nelson, 2005). Rural space may offer a unique setting for the entrepreneurial process to unfold. Rural context and the role of rurality will be investigated in the course of this dissertation and the respective constructs are discussed in more detail in the subsequent chapters.

3 Philosophy of Science

3.1 Paradigm assumptions: Critical Realist Perspective

Closely associated with the writings of Roy Bhaskar (2009 [1986]), critical realism gained momentum in the social sciences in the 1980s. The ontological assumption of this worldview is that there is reality has an objective existence but and we can only access this knowledge through our minds and cognitive skills (Danemark, Ekström, Jakobsen, & Karlsson, 2002). Our knowledge that unobservable entities exist is not based upon observation of the entities themselves, but upon observation of their effects (Godfrey & Hill, 1995). Lawson (1994, p. 262+267) illustrates the critical realist position in with an analogy to nature:

"Not only does the autumn leaf pass to the ground and not only do we experience it as falling but, according to the realist perspective, underlying such movement and governing it are real mechanisms such as gravity [and] not only is the path of the leaf governed by gravitational pull, but also by aerodynamic, thermal, inertial and other mechanisms”.

The central concept of critical realism is that of causality. The critical realist tries to discover what causal powers act in which way. In Andrew Sayer’s (1992, pp. 104-105) words, causality “concerns not a relationship between discrete events (‘Cause and Effect’) but the ‘causal powers’ or ‘liabilities’ of objects or relations, or more generally their ways-of acting or ‘mechanisms’. [stc.]” The concern is with the interdependence between influencing and being influenced. Thus, the relationship between causal powers and their effects is not fixed but conditional. Things do not happen at their own accord. Therefore, the critical realist view is useful for this research in which I do not only try to uncover which factors influence the process but also how the process evolves (Archer, 1995). In the critical realist perspective, mechanisms are influenced by conditions of the context. The conditions can both be other structures or take the form of other objects, e.g. entrepreneurs with their associated powers and liabilities. One object cannot produce an outcome alone but only in an interaction or interplay with other objects (Lawson, 1994; Easton, 1995). The influence of contextual factors is therefore important in critical realist analysis. The morphogenetic approach (Archer, 1995) offers guidance on how to carry out research within a critical realist perspective, and is outlined in the following section.
With regard to scientific reasoning, abduction is often used in critical realist-inspired research (Blundel, 2007). Danermark et al. (2002, pp. 90-91) describe this form of reasoning further:

“We (1) have an empirical event/phenomenon (the result), which we (2) relate to a rule [frame of interpretation of a theory], which (3) leads us to a new supposition about the event/phenomenon.”

I argue that abductive reasoning suits this research because (i) it starts out by reviewing the existing theories and empirical facts about entrepreneurship and regional development, (ii) then assumes their most likely or best explanation, which leads to the generation of interview themes, and (iii) explores these themes in the empirical research, while allowing themes to emerge inductively from the data.

4 Theoretical foundations

4.1 Entrepreneurship and the morphogenetic approach

With its deep roots in critical realism, Archer’s (1995) morphogenetic approach – an adaptation of Giddens’ (1984) structuration theory – is considered a useful overarching framework to explore the research aims of this thesis. Archer (1995) argues that it is necessary to analyse structure and agency separately to fully comprehend their interdependence. She posits that agents cannot always control structures at will; however, neither can they be created, maintained or transformed without agents (cf. Sarason, Dillard, & Dean, 2010).

The purpose of applying the morphogenetic approach as an analytical framework to entrepreneurship research is to take context seriously. In doing so I am to account for patterns of change and explain the ‘analytical history of emergence’ of entrepreneurial actions and activities that trigger change (Archer, 1995, p. 294; Luckett, 2012). Overall, the aim of this dissertation is to explore the interplay between the entrepreneur (as agent) and the rural context (as structure). Thus, this study sets out to investigate how contextual rural structures influence entrepreneurial agency, and in turn how entrepreneurial agency influences contextual rural structures. Archer’s (1995) morphogenetic approach is chosen as a suitable theoretical lens to examine this interplay. By applying this approach, this study tends to neither over- nor underemphasize the entrepreneur or the context. Hence, I offer an alternative path around theories and studies that are either overly individualistic or overly deterministic.

In line with Sarason, Dean, and Dillard (2006, p. 289) discussion, I argue that the morphogenetic approach is a useful framework for understanding entrepreneurship and rural development as it helps to investigate the dualism of context (structure) and entrepreneur (actor/agent). Although the morphogenetic approach recognizes the interdependence between structure and agency; it posits that structure and agency can be separated analytically from each other because we can observe the interactions between them over time. This is called analytical dualism.
In a nutshell, the morphogenetic argument states that at any given time, pre-existing structures constrain and enable agents, whose (inter)actions reproduce or transform a structure. These changes can be intended or unintended and lead to structural elaboration. Structural elaboration logically postdates these changes or actions and refers to the outcome of these actions, i.e. the transformed structure/context for prospective agents. The new structure thus constitutes a new ‘existing’ structure. Thus, the morphogenetic process is an endless cycle as illustrated in Figure 5.

Figure 5: Continuous cycle of structuration
Source: Adapted and modified from Giddens (1984) and Bhaskar (2009 [1986])

Figure 6: Analytical framework – Structuration view à la Archer (1995)
Source: Adapted and modified from Sayer (1992) and Archer (1995).

Archer (1995) breaks down the morphogenetic process into three analytical stages: (i) emergence/conditioning; (ii) interplay; (iii) outcome, where (i) emergence concerns the existing structure which is, for instance, historically or culturally conditioned in a certain way, (ii) interplay concerns social interactions between agents, and (iii) outcome concerns structural elaboration (transformation) or reproduction (of existing structures). Empirically, what I analytically focused on in this structure-agent perspective is highlighted as bullet points 1-3 in Figure 6.

Empirically, what I investigated was:
1. Structure-/Context-influenced practices, activities and actions
2. Generative/underlying mechanisms that trigger outcomes/events
3. Structure-/Context-influencing practices, activities and actions
Indeed, structuration views entrepreneurship as a recursive process: as a nexus of individuals (entrepreneurs) and social system. Scholars who have addressed entrepreneurial processes from a structuration view are (e.g. Jack & Anderson, 2002; Sarason et al., 2006; Steinerowski & Steinerowska-Streb, 2012) argue that a structure-agent perspective allows for a more rounded understanding of entrepreneurial processes. In particular, because such approaches do not under-socialize or over-socialize the entrepreneur.

Entrepreneurial agents, like most people, are reflexive and as they encounter the mechanisms in society that influence their activities, they learn how to handle these and in this process they can transform society (Mole & Mole, 2010). Archer (1995) explains this as follows: The agent – entrepreneur – is endowed with a range of powers (p) and liabilities (l) (Archer, 1995 based on Sayer, 1992); which can be interpreted as entrepreneurs are endowed with various capabilities, competences, capital (human, social, financial) and resources (material and immaterial). Entrepreneurs act by means of their context rather than simply in their context (Emirbayer & Mische, 1998). In this way, agency results from the interplay of the entrepreneurial efforts, the available resources and contextual factors. This means that agency “is not something that people can have; it is something that people do [sic.]” (Priestley, Biesta, & Robinson, 2013, p. 3).

The prevailing structural conditions impact the agent, but through interaction with the prevailing structural conditions, the agent can – under certain circumstances – transform the prevailing structures. This interaction may produce either no change or any type of change. When no changes are triggered, in Archer’s (1995, p. 160) terminology this is denoted ‘morphostasis’; when changes are triggered, they are denoted ‘morphogenesis’ (hence, the morphogenetic approach). Morphogenesis leads to structural elaboration or transformation of the antecedent structure into a new or different one.

5  Research Design and Methods

In this study I applied a multiple embedded or nested case study design (Yin, 1994; Miles & Huberman, 1994) including a total of 28 entrepreneurial cases in three different rural regions in Denmark. In line with the research objectives, such a research design allows for an investigation of “a contemporary phenomenon within its real life context” (Yin, 1994, p. 13), that is, entrepreneurship in rural contexts. Case study research is appropriate where the analysis of “the context and the dynamics of a situation is important” (Dobson, 2001, p. 285). An embedded case study design involves multiple sub-units of analysis which enables the investigation of different cases within and across different geographic areas.

5.1  Empirical Setting: Denmark

As an empirical setting for studying rural entrepreneurship and development, Denmark offers several advantages. Although a relatively small country both in area and population, Denmark contains within its borders wide geographic, demographic and economic diversity. It is composed of different regions ranging from densely populated and towards the extreme opposite. It serves as a manageable entity of a broader, more complex entrepreneurial environment within a relatively small area. In particular, the contrast between regions and
parts thereof, is remarkable, and the opportunity to examine different types of rural regions – some located in relative proximity to urban, some as remote as an island – is of particular interest as “the best way of observing the true value of entrepreneurship is when resources and opportunities are at their most meagre” (Kodithuwakku & Rosa, 2002, p. 433).

In Denmark, rural entrepreneurship has been an item on the agenda of economists and national and regional policy makers for decades (cf. Maskell, 1982). In 2008, the five formal regions of Denmark all presented a regional development plan (in Danish “den regionale udviklingsplan” or RUP²). It is part of the official governmental policy to ensure growth and progress in all regions and to minimize the divide between urban and rural development in order to safeguard the well-being of all citizens. A policy called “A balanced Denmark - The Regional Policy” (in Danish “Danmark i balance - Regionalpolitisk udspil”) was presented in the autumn of 2009, stating that “people must be ensured good and equal opportunities regardless of where they live in the country” (Ministry of Interior and Social Affairs 2009, p. 2). The regional development plan emphasises that boosting and supporting entrepreneurship is a key priority as it is recognized that entrepreneurship remains an important contributor to regional development.

Overall, Denmark possesses only few natural resources, and after the second World War the country has seen a rapid transformation from being an agricultural society to a knowledge society. This also means that the majority of the population has migrated to, and is now concentrated in, a handful of cities, especially on the East coast of the Jutland peninsula as well as in and around Copenhagen on Zealand. In connection with the distribution of EU Structural Funds 2007-2013, Danish rural areas have been defined as areas with (i) low business income, where the municipal per capita income is below 90 per cent of the national average, and (ii) weak population trends, in that the area in question has experienced a decline in population or less than half as strong a growth as the national average in 2000-2005 (the Danish Business Authority ‘Erhvervs- og Byggebestyrelsen’, URL: http://www.ebst.dk/yderomraader, Jan. 2011).

A total of 16 of the 98 municipalities in Denmark meet these criteria and are thus classified as rural. Around 600,000 people live in these 16 rural areas, which is equivalent to about 11 percent of Denmark's total population. In addition, 27 Danish islands are classified as rural and remote areas. Thus, I argue that the increased political focus on rural areas provides an excellent opportunity for this research to contribute to the public debate and offer policy and practical recommendations. It also means that there is plenty of information available about rural areas in terms of their structural configuration and socio-economic environment, which is utilized as additional background information for investigating the potential influence of certain rural contexts on entrepreneurial activity.

² A Danish description of what the regional development plans contain can be found on the website of the interest organization “Danish Regions” on: URL: http://www.regioner.dk/
This section briefly describes the three regions selected for the empirical data collection (note: the sampling strategy will be presented in the subsequent section). The three selected regions are called Northdjursland, the Wadden Sea region and the island of Samsø, depicted in Figure 7.

Northdjursland is a suburban fringe region (in this dissertation called “outskirt”) with a mix of industrial, agricultural and residential activity within a reasonable 30-45-minute commuting distance to a major urban area, Wadden Sea is a remote rural area over 200 km from a major city, while The island of Samsø, though not as distant, provides a special form of isolation as an island, accessible by a 30-km ferry transfer. All three form part of rural Denmark and are spatially separated from one another and the major urban areas of Copenhagen (Zealand) and Aarhus (Eastern Jutland).

Figure 7: Three selected regions

Northdjursland: This region is an area of about 720 km² in the north-east of the Jutland peninsula; it has approximately 37,880 inhabitants. The area has good road and rail connections to Denmark’s second largest city – Aarhus – which is approximately 45-60 km away (depending on which part of the area one measures). Thus due to its location on the mainland, Northdjursland is rather easily accessible by car and is also close to the Airport of Aarhus (about 35 km away), which offers daily flights to the capital of Copenhagen. With 31 per cent of the region’s inhabitants commuting, Northdjursland has the highest rate of out-

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3 In Danish this region is called Norddjursland and is its own municipality, it refers to the northern part of the larger region Djursland, which is comprised of a north and a south part.
commuters in 2012, compared to the other two selected regions with 24 per cent in the Wadden Sea region and 13 per cent on the island of Samsø. In 2008, 2,404 registered firms existed in the area, with the majority of them in the industry, agriculture, forestry and fishing industries; 307 businesses were closed down that year. The average new firm formation rate from 2008 – 2011 was 3.1 per 1,000 inhabitants and 9 per existing firms (source: census data from Statistics Denmark).

**Wadden Sea region:** This region is an area in the south-west of Denmark, which can be characterised as a remote rural area. The Wadden Sea region is a unique cultural, recreational and natural area; it is known for its shallow body of water with tidal flats and wetlands, which provides rich grounds for biological diversity (e.g. birds and seals) and is endowed with natural resources such as amber. In medieval times, this region was known for its trade in cattle, silver and lace. The Wadden Sea spans three countries (Denmark, Germany and the Netherlands) and stretches over four Danish municipalities (i.e. Tønder, Esbjerg, Fanø, and Varde). This region covers an area of about 1,950 km² (excl. Fanø and Varde municipalities). The entire Wadden Sea region is a peripheral or remote rural region as it is located at the outskirts of Denmark, on the boarder to Germany and compared to the other two regions, it is over 200 km away from a major city (i.e. Aarhus). Generally, the west coast of Denmark, where this region is located, is known for its low growth rates and eastward outmigration to more urban areas. In 2008 (latest available statistic) 8,400 registered firms existed in the area, with the majority in trade, transport as well as agriculture, forestry and fishing industries; 1030 businesses were closed down that year. The average new firm formation rate from 2008 – 2011 was 2.9 per 1,000 inhabitants and 10 per existing firms (source: census data from Statistics Denmark).

**Island of Samsø:** Samsø is a Danish island about 30 kilometres off the Jutland peninsula. The island is 115 km² in size and the island community consists of approximately 4,000 inhabitants, who call themselves “Samsings”. The island can be reached by ferry, either a 60-minute service from Jutland or a 110-minute service from Zealand (see Figure 7). Since 2004 Samsø’s local airfield has been restored and the island can now also be reached by small propeller planes (i.e. light aircraft). In Denmark, the island is well known for its high quality agricultural produce, in particular its berries and early harvest of potatoes. Also, it is a favourite recreational and tourist destination in summer among the Danes, known for its beautiful nature, scenery and beaches.

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4 Latest available statistic from Statistics Denmark.
5 These four all are defined as rural regions according to the definition provided above.
6 The Wadden Sea region also covers four Danish municipalities: Tønder, Esbjerg, Varde and the island of Fanø. However, for the data collection, only Tønder and Esbjerg municipalities were considered, since Varde municipality only stretches over a very small part of the Wadden Sea and marshland area and the island of Fanø was also excluded, since an island is a special spatial area, and this study already includes an island, namely Samsø.
7 Note should be made of the fact that the city of Esbjerg, which is Denmark’s 5th largest city with ~70,000 inhabitants is located in the Wadden Sea area. However, although Esbjerg is a city, it is argued that it is relatively small with limited amenities of a large urban centre. For example, Esbjerg does not have its own university (although two Danish universities – University of Southern Denmark and Aalborg University – both have established smaller campuses with a few organizational departments/institutes in Esbjerg).
In 1997, The island of Samsø was internationally recognized when the island – through the initiatives of a local entrepreneur – won a government competition to become a model community for energy self-sufficiency from renewable energy sources within 10 years. At that time, the island was entirely dependent on oil and coal, which was imported from the mainland. Today the island is 100 per cent self-sufficient in renewable energy sources, mainly from solar and wind power, and 75 per cent self-sufficient in heating after implementing clean district heating systems. In 2008 (latest available statistic) 386 registered firms existed on the island, with the majority in the tourism and hospitality as well as agriculture, forestry and fishing industries; 41 firms were discontinued in 2008. The average new firm formation rate from 2008 – 2011 was 2.2 per 1,000 inhabitants, and 11 per existing firms (source: census data from Statistics Denmark).

5.2 Sampling and data collection
This study consists of multiple individual cases embedded in three different regions, which were selected using a purposeful sampling strategy in order to obtain diverse and information-rich cases (Patton, 2002). The purposive sample was used to identify and compare common patterns among units of analysis that face diverse conditions and constraints, which allows for “greater claims to theoretical extraction than with a more homogeneous sample“ (Di Domenico et al., 2010, p. 688). I find that such an approach is useful to explain the possible variation in the outcome of entrepreneurial activity on community-level value creation.

5.2.1 Levels and unit of analysis
The critical realist approach allows for the integration of several levels of analysis, which is imperative to capture the structural context, potential causal factors and mechanisms surrounding the entrepreneur. In addition, multiple levels of analysis can enrich the research and may aid to avoid overlooking key factors for the explanation of the studied phenomenon (Aldrich & Auster, 1986). In this study I incorporate (i) the regional level with its regional structures, resource structures, community context (see discussion and definition of context in theory section), and (ii) the firm and individual level, that is, the entrepreneur and his/her venture. The primary unit of analysis is the interaction between local context (i.e. resources, location, degree of rurality) and entrepreneurial agency (i.e. entrepreneurs, their ventures and activities).

The study design and data sources are summarized in Figure 8, and considered in more detail in the following sections.
5.2.2 Regional level sampling

The region has become the basis of economic and social life. Fischer and Nijkamp (2009, p. 2) emphasize that the “national level of observation, though still important, is no longer the uniquely privileged point of entry to our understanding of economic development”. Even more so since the barriers (and borders) between national economies increasingly disappear in our globalized world (Scott & Storper, 2003).

In Denmark, the government has divided the country into five administrative regions. These are rather large, as each of these five administrative regions includes numerous municipalities and islands. For the purpose of the present study, these state-defined regions are not well suited as case-study regions as they are too large and include too many spatial variations within them. This study focuses on smaller spatial entities with a view to comparing local variations. Thus, when I mention “regions”, I refer to distinguishable entities that are geographically coherent, that is where the boundaries are either physical (island of Samsø), political (municipality of Northdjursland) or determined by a specific biological/natural occurring phenomenon (the marshlands of the Wadden Sea region).

At the regional level, the regions were selected according to a heterogeneity criterion in order to achieve variation among the case regions (Flick, 1998). I chose regions which were likely to vary with regard to some elements of rurality likely to affect the entrepreneurial process as suggested by Stathopoulou et al. (2004): (i) factors of the physical environment and (ii) socio-economic factors. The most important one for this study is the former which includes location, degree of rurality and distance to major urban centres. Therefore, I have sampled an outskirt region that is in fair proximity to a major urban centre, a remote area that is fairly distant and more difficult to access as there is no highway in its vicinity, and an isolated island region, which is naturally isolated and can only be reached by ferry. The (ii) socio-economic factors include main industrial sector and population density. The sample frame is illustrated in the table below.
Table 3: Sample Frame

Sources: “Municipal key figures” from the Ministry for Economic Affairs and the Interior and Statistics Denmark (in Danish: “De kommunale nøgletal” fra Økonomi- og Indenrigsministeriet og Danmarks Statistik)
Notes: * excludes Varde and Fanø municipalities.

<table>
<thead>
<tr>
<th>Regional Sampling Criteria</th>
<th>Selected Regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Region</td>
<td>Northdjursland</td>
</tr>
<tr>
<td>Location, Degree of Rurality</td>
<td>Outskirt</td>
</tr>
<tr>
<td>Distance to major city (approx.)</td>
<td>45 km</td>
</tr>
<tr>
<td>Area in km² (approx.)</td>
<td>720</td>
</tr>
<tr>
<td>Main sectors</td>
<td>Agriculture and (heavy) Industry</td>
</tr>
<tr>
<td>Population (in 2012, approx.)</td>
<td>37,880</td>
</tr>
<tr>
<td>Population Density</td>
<td>53/km²</td>
</tr>
<tr>
<td>No. of cases selected within region</td>
<td>7</td>
</tr>
</tbody>
</table>

5.2.3 Venture level sampling

Table 4 provides an overview of the 28 entrepreneurial cases, the regions they are located in, their core activities, and some firm level descriptives. The first three cases in each region were selected based on the recommendation of the local business councils. The subsequent entrepreneurial cases were selected through a sequential sampling strategy (Flick, 1998), letting the sample evolve of its own accord as data was being collected (Teddlie & Yu, 2007). Thus the size of the sample was not determined in advance. For a case to be included, a triad of local entrepreneurs, local inhabitants and the local business council were asked to recommend entrepreneurs or ventures that had contributed to the community and/or region in some way or another or who are particularly anchored in the community; according to their own definition of what ‘contributes positively’ may entail. This strategy was chosen because what constitutes ‘development’ can vary geographically across countries, regions, communities, and places and may change over time (Pike et al., 2007)\(^8\). Hence, this criterion ensures that the ventures included were considered important to the respective regions in the sense that they created some form of value important to the community. Moreover, the researcher’s informal talks with local residents whilst staying in the regions for up to one week added some additional cases. From these recommendations a diverse group of entrepreneurial ventures were selected within different economic and industry sectors, legal structures and founding years to enable potential theoretical diversity (Eisenhardt, 1989).

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\(^8\) Local and regional development is a spatial construct (Castells, 1983), thus what is understood by local and regional development is context dependent (Storper, 1997).
Table 4: Venture characteristics

Notes: * The case ID’s consist of a letter and a number; the letter indicates the case study region. ‘N’ stands for cases in the region Norddjursland, ‘V’ for cases in the Wadden Sea region, and ‘S’ for cases on the island of Samso.

<table>
<thead>
<tr>
<th>Case ID</th>
<th>Region</th>
<th>Founding year</th>
<th>Legal Structure</th>
<th>Employ (in 2012)</th>
<th>Main sector</th>
<th>Core Activity</th>
<th>Locational relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>N01</td>
<td>Outskirt</td>
<td>2007</td>
<td>LLC</td>
<td>3</td>
<td>Manufacturing</td>
<td>Produces cosmetics and personal care products (consumer goods)</td>
<td>Native</td>
</tr>
<tr>
<td>N02</td>
<td>Outskirt</td>
<td>2008</td>
<td>Association</td>
<td>0</td>
<td>Education</td>
<td>Provider of entrepreneurial education and boarding facilities for game developers</td>
<td>Native</td>
</tr>
<tr>
<td>N03</td>
<td>Outskirt</td>
<td>2000</td>
<td>Sole Proprietorship</td>
<td>2</td>
<td>Manufacturing</td>
<td>Development, design and manufacturing of wooden outdoor music instruments</td>
<td>In-migrant</td>
</tr>
<tr>
<td>N04</td>
<td>Outskirt</td>
<td>2003</td>
<td>Association</td>
<td>5</td>
<td>Service Provider</td>
<td>Creator and provider of state-of-the-art wireless Internet infrastructure for rural areas</td>
<td>In-migrant</td>
</tr>
<tr>
<td>N05</td>
<td>Outskirt</td>
<td>2010</td>
<td>Ltd.</td>
<td>12</td>
<td>Construction / Consultancy</td>
<td>Builder and provider of consultancy service for construction, also creator and organizer of an industrial cluster</td>
<td>Native</td>
</tr>
<tr>
<td>N06</td>
<td>Outskirt</td>
<td>1979</td>
<td>LLC</td>
<td>18</td>
<td>Pluriactive: Manufacturing / Sale</td>
<td>Produces “do-it-yourself” kits for cosmetics and personal care products. Also workshops and seminar on how to make your own cosmetics.</td>
<td>Native</td>
</tr>
<tr>
<td>N07</td>
<td>Outskirt</td>
<td>-</td>
<td>Sole Proprietorship</td>
<td>0</td>
<td>Pluriactive: Design / Manufacturing / Wholesale</td>
<td>Design and manufacturing (outsourced) of terracotta products, e.g. garden pots and decorations</td>
<td>Native</td>
</tr>
<tr>
<td>V01</td>
<td>Remote</td>
<td>2007</td>
<td>Sole Proprietorship</td>
<td>45</td>
<td>Pluriactive: Agriculture / Manufacturing / Hospitality / Dissemination</td>
<td>Former castle now operating hotel, restaurant, events, conference centre, largest Danish organic agriculture, production of foods and beverages with own or locally grown ingredients, nature centre (dissemination), camp sites for boy and girl scouts</td>
<td>In-migrant</td>
</tr>
<tr>
<td>V02</td>
<td>Remote</td>
<td>1992</td>
<td>Public limited company</td>
<td>29</td>
<td>Pluriactive: Arts, entertainment and recreation activities</td>
<td>Living Viking museum, amusement park, historical reconstructions and communication, and production school (~30 students/year) for working with wood/metal (carpentry), textiles, agriculture and food</td>
<td>In-migrant</td>
</tr>
<tr>
<td>V03</td>
<td>Remote</td>
<td>2008</td>
<td>Commercial foundation</td>
<td>0</td>
<td>Pluriactive: Agriculture / Winery / Hospitality</td>
<td>Winery, growing and producing wine, bed &amp; breakfast, speciality food shop</td>
<td>In-migrant</td>
</tr>
<tr>
<td>V04</td>
<td>Remote</td>
<td>2004</td>
<td>Partnership</td>
<td>4</td>
<td>Pluriactive: Tourism / Hospitality / Dissemination</td>
<td>Nature centre, organizing nature tours, dissemination of knowledge about local wildlife and landscape (Wadden sea, marshland), famously known for tours to the “black sun”, a natural phenomenon where black starlings “dance” over the marshland</td>
<td>Returning</td>
</tr>
<tr>
<td>V05</td>
<td>Remote</td>
<td>2003</td>
<td>LLC</td>
<td>0</td>
<td>Agriculture / Manufacturing</td>
<td>Farming and production of foods and beverages with own locally grown fruit, in particular berries</td>
<td>Native</td>
</tr>
<tr>
<td>V06</td>
<td>Remote</td>
<td>2011</td>
<td>Partnership</td>
<td>4</td>
<td>Knowledge-based services</td>
<td>DNA laboratory offering private persons a DNA profile, for example, for predisposition of illnesses</td>
<td>Returning</td>
</tr>
<tr>
<td>V07</td>
<td>Remote</td>
<td>2010</td>
<td>Ltd.</td>
<td>0</td>
<td>Pluriactive: Agriculture / Tourism / Dissemination</td>
<td>Joint vegetable garden, outdoor kitchen, cooking workshops and seminars using local vegetables, farming heirloom, traditional crops</td>
<td>Returning</td>
</tr>
<tr>
<td>Case ID</td>
<td>Region</td>
<td>Founding year</td>
<td>Legal Structure</td>
<td>Employ (in 2012)</td>
<td>Main sector</td>
<td>Core Activity</td>
<td>Locational relationship</td>
</tr>
<tr>
<td>---------</td>
<td>--------</td>
<td>---------------</td>
<td>---------------------</td>
<td>------------------</td>
<td>---------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>S01</td>
<td>Island</td>
<td>2005</td>
<td>LLC</td>
<td>12</td>
<td>Knowledge-based services</td>
<td>A physical gathering place for knowledge-exchange and consultancy about energy saving and renewable energy solutions and installations</td>
<td>Native</td>
</tr>
<tr>
<td>S02</td>
<td>Island</td>
<td>2009</td>
<td>Association</td>
<td>0</td>
<td>Service/Education</td>
<td>Yoga Centre, Yoga education and retreat</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S03</td>
<td>Island</td>
<td>2011</td>
<td>Sole Proprietorship</td>
<td>0</td>
<td>Service</td>
<td>Event and travel management specialized in the products and services on the island of Samsø. Focusing on tailor-made solutions, e.g. “energy tours”; “food tours”</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S04</td>
<td>Island</td>
<td>2001</td>
<td>Sole Proprietorship</td>
<td>12</td>
<td>Manufacturing</td>
<td>Design and manufacturing of magnifying glasses and optical medical equipment</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S05</td>
<td>Island</td>
<td>1997</td>
<td>LLC</td>
<td>0</td>
<td>Tourism/Hospitality</td>
<td>Sport and recreation business that rents out traditional horse wagons. Also offers experience to roll down a hill inside a giant “zorb” ball</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S06</td>
<td>Island</td>
<td>1998</td>
<td>Sole Proprietorship</td>
<td>14</td>
<td>Arts, entertainment and recreation activities</td>
<td>Reinvented traditional museum into a living “eco museum”, managing nine living historical visiting sites around the island, historical reconstructions and communication</td>
<td>Returning</td>
</tr>
<tr>
<td>S07</td>
<td>Island</td>
<td>2004</td>
<td>Association</td>
<td>2</td>
<td>Pluriactive: Transportation Service, Tourism</td>
<td>Managing airport, Offers passenger and scenic flights</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S08</td>
<td>Island</td>
<td>2001</td>
<td>Sole Proprietorship</td>
<td>0</td>
<td>Pluriactive: Agriculture/Manufacturing</td>
<td>Farming and production of speciality foods and liquors with own locally grown ingredients, in particular berries</td>
<td>Native</td>
</tr>
<tr>
<td>S09</td>
<td>Island</td>
<td>2006</td>
<td>Partnership</td>
<td>0</td>
<td>Agriculture/Manufacturing</td>
<td>Organic brewery, own agriculture and production of beer ingredients</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S10</td>
<td>Island</td>
<td>2003</td>
<td>Sole Proprietorship</td>
<td>1</td>
<td>Manufacturing</td>
<td>Production of speciality food and beverages with locally sourced ingredients</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S11</td>
<td>Island</td>
<td>2000</td>
<td>Co-partnership</td>
<td>1</td>
<td>Tourism/Hospitality</td>
<td>World’s largest tree labyrinth made from an abandoned Christmas tree plantation</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S12</td>
<td>Island</td>
<td>2009</td>
<td>N/A</td>
<td>1</td>
<td>Pluriactive: Tourism/Hospitality/Dissemination</td>
<td>Falcon centre, flying of falcons for tourism, bird of prey and falcon breeding and dissemination program</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S13</td>
<td>Island</td>
<td>1996</td>
<td>Sole Proprietorship</td>
<td>0</td>
<td>Pluriactive: Tourism/Hospitality/Dissemination</td>
<td>Human health therapy and leadership training with horses, horse riding for tourists, boarding house for troubled children</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S14</td>
<td>Island</td>
<td>2004</td>
<td>Sole Proprietorship</td>
<td>0</td>
<td>Pluriactive: Tourism/Dissemination</td>
<td>Nature centre and cafe, dissemination of local wildlife, nature playground for children</td>
<td>In-migrant</td>
</tr>
</tbody>
</table>
5.2.4 Data sources

The primary empirical data were collected during 2011-2012. The study used observation (experiencing), interviewing (enquiring) and secondary materials (examining) to collect rich data (Wolcott, 1994). Incorporating these techniques allowed me to obtain rich data, which consist of “a wide and diverse range of information collected over a relatively prolonged period of time” (Lofland & Lofland, 1995, p. 16). The entrepreneurial process is a dynamic process; it occurs over time and involves various stakeholders as well as various dimensions of the immediate environment. Therefore, wherever possible, triangulation of the various data sources was used to check the validity of statements obtained in the interviews (Jick, 1979; Denzin, 1987). The table below provides an overview of the various data sources.

<table>
<thead>
<tr>
<th>Level of Analysis</th>
<th>Inquiry</th>
<th>Data</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional/ community level</td>
<td>Experiencing</td>
<td>Regional observations</td>
<td>Field observations from 4-7 days in each region, informal interviews with residents, photographs, observing places and people</td>
</tr>
<tr>
<td></td>
<td>Enquiring</td>
<td>Expert interviews and statistical census data</td>
<td>Semi-structured interviews with local business councils (1-1½ h); Census data from 2000-2008 of regional characteristics, demographics and new venture formation (source: Statistics Denmark)</td>
</tr>
<tr>
<td></td>
<td>Examining</td>
<td>Archival documents</td>
<td>Policy documents, regional reports, newspaper articles, online articles</td>
</tr>
<tr>
<td>Individual/ venture level</td>
<td>Experiencing</td>
<td>Observations</td>
<td>Site visits at venture premises and surroundings, field notes, photographs</td>
</tr>
<tr>
<td></td>
<td>Enquiring</td>
<td>Interviews</td>
<td>28 in-depth interviews, lasting between 90-120 minutes per entrepreneurial case.</td>
</tr>
<tr>
<td></td>
<td>Examining</td>
<td>Documents</td>
<td>Organizational documents (i.e. websites, marketing materials, annual reports), newspaper articles and clippings, online and other media (online videos, radio interviews, etc.)</td>
</tr>
</tbody>
</table>

On the regional and community levels, data sources were triangulated using statistical data, archival and other secondary documents about the region such as reports or policy documents as well as photographs and observations from the researcher’s lengthy visits in the communities. In addition, expert interviews with the local business councils and informal interviews with local residents were conducted. On the individual/venture level, interviews with the principal founders were conducted throughout 2011-2012. Besides the interviews, site visits, observations and documentary evidence were used to triangulate the data and add depth to the case studies (Di Domenico et al., 2010). Documentary material included public media (e.g. radio and TV interviews when available) and organizational material such as marketing materials, annual reports, websites, and newspaper clippings.

While the collected data are not representative of all entrepreneurs in all rural regions, the research design and data collected provided detailed, personal accounts on the entrepreneur, the entrepreneurial activities and context. Thus this study strives for analytic generalization (Yin, 1994) and not statistical generalization.
5.2.5 Interviews

The interviews were conducted with the principal founders of 28 ventures (in total 35 individuals, accounting for team entrepreneurs). The interviews with the entrepreneurs are the cornerstone of the empirical material, as they allow the researcher to “enter into the other persons perspective and find out those things we cannot directly observe” (Patton, 2002, p. 341). The interviews were the most relevant and important source of information to my analysis because it allowed me to access contextual and relational aspects of the entrepreneurial process. The aim of the interviews was to understand how the entrepreneurs experience and perceive the local context for their activities and ventures, and how they navigate in it. The interviews lasted on average between 90-120\(^9\) minutes and were carried out at the premises of the ventures and in the informants’ mother tongue, which was Danish, except for one participant whose mother tongue was English.

A semi-structured interview guide was prepared prior to the interviews. The interview guide was divided into two main parts: firstly, questions about the entrepreneur, entrepreneurial process and activities, the venture, and secondly questions about the locality, localisation, community, and context. In line with acknowledged methods on qualitative interviewing (Patton, 2002, pp. 339-425; Gilham, 2005), the interview guide included key questions that were grouped thematically. The themes for the questions were derived from the literature review that preceded the interviews. Themes revolved around, for example, the enabling and constraining factors of rurality or experiences regarding the local community and public authorities. A complete list of the themes is presented in the left column of the interview guide in Table A1.1 in the appendix.

The questions of the interview guide were mostly open, thus the nature and direction of the answers were open too. Probes were used where it seemed that more information could be disclosed (Mowday & Sutton, 1993). In each interview I asked the informants a series of questions about themselves, their backgrounds and about the venture. Another series of questions concerned the context in which the venture is located. I did this to obtain comparable first-person accounts of descriptions of, and reflections about the local environment and context, their relationship with the community as well as accounts of their goals, actions, activities, strategies and decisions as they unfolded along the way, during the start-up phase (past) and at the current time of operation (at the moment of data collection). The translated interview guide can be found in the Appendix, Table A1.1.

All interviews were audio-recorded and subsequently transcribed. An acknowledged advantage of the semi-structured interviewing was its flexibility to allow the informants to guide me in new and unexpected directions (Mowday & Sutton, 1993).

9 Two interviews – N04 and S06 - lasted longer than that, approximately 180 minutes.
5.3 Coding

“Coding is Analysis” (Miles & Huberman, 1994, p. 56). With the coding process I also began
the analysis. It was therefore crucial to be systematic and to make use of established coding
methods that suited the research aims (Miles & Huberman, 1994; Saldaña, 2009). Although I
tried to be as structured as possible, it needs to be noted that the coding process is not
straightforward task as one mixes (systematic) order with constant (coding) activity. The
purpose of coding is to break down and link the data in analytically relevant ways, and thus to
generate categories, identify themes and constructs and instil order to grasp meaning,
interpret the data, draw conclusions and ultimately build theory (cf. Coffey & Atkinson,

The interview transcripts and all other textual material, audio, video and photographic data
were coded and analysed using the Nvivo10 software package, a qualitative analysis software
for data management, coding and retrieval. According to the guidelines provided by Bazeley
(2007), a rigorous and systematic coding process was undertaken using the software powerful
tools to create open codes (free nodes), and more advanced code structures with nested sub-
codes (tree nodes) as well as relationships between codes (relationship nodes). In line with
established coding procedures (Miles & Huberman, 1994; Saldaña, 2009), first the data for
the individual cases were coded and analysed, followed by a cross-case and cross-region
analytical comparison. During this process I worked recursively between the data and the
existing literature, and then between the data and analysis from the various case studies
(Coffey & Atkinson, 1996; DeCuir-Gunby, Marshall, & McCulloch, 2011). This process is
depicted in Figure 9 and further explained in the subsequent section on data analysis.

![Figure 9: Circular coding process](image)

Source: Adapted and modified from DeCuir-Gunby et al. (2011, p. 139)

An initial, a priori codebook (sometimes termed coding scheme) for the open coding process
was developed that was guided by the themes of the interview guide. As I entered the second
cycle of coding, additional, iterative categories emerged. These emerging categories were
passages that did not fit in the available codes or themes (Patton, 2002) which meant that the
coding scheme needed to be modified and refined constantly (see Figure 9). A codebook
makes explicit the processes involved in the construction of the analysis as well as the
presentation of the interpretation (MacQueen, McLellan, Kay, & Milstein, 1998). Developing
and using a codebook has helped me to be consistent in my coding and to achieve
transparency of the relationships between codes and data. The codebook includes a code name (i.e. label for a theme, category, construct), an abbreviation or nickname, a definition of what the code means, and a short description of how to decide when the code applies. During the course of this study, a total of 36 open codes and 107 thematic or structural codes (which include two or three levels of sub-codes) were developed. An excerpt of the codebooks for open, attribute, thematic codes is provided in the table below. Extended excerpts of the codebooks can be found in Table A1.2, Table A1.3, and Table A1.4 of the Appendix.

Table 6: Excerpt of codebook

<table>
<thead>
<tr>
<th>Code name</th>
<th>Nickname</th>
<th>Type of code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Venture name</td>
<td>-</td>
<td>Attribute</td>
<td>–</td>
</tr>
<tr>
<td>Sector</td>
<td>-</td>
<td>Attribute</td>
<td>–</td>
</tr>
<tr>
<td>Core Activity</td>
<td>-</td>
<td>Attribute</td>
<td>–</td>
</tr>
<tr>
<td>DB(07) NACE</td>
<td>-</td>
<td>Attribute</td>
<td>–</td>
</tr>
<tr>
<td>Authenticity</td>
<td>AUTHENT</td>
<td>Open Code</td>
<td>Code applies when respondent talks about authenticity of products, services, or venture or story/narrative or venture</td>
</tr>
<tr>
<td>Bricolage</td>
<td>BRICOLAGE</td>
<td>Open Code</td>
<td>Code applies when informants talk about or show examples of bricolage, e.g. “making do with what is at hand”, bootstrapping, recombining scrap materials, etc.</td>
</tr>
<tr>
<td>Code of conduct</td>
<td>CONDUCT</td>
<td>Open Code</td>
<td>Code applies to behaviours and practices that are seen as informal code of conduct in the locality, “Social ground rules”, Relates to interview Q12.</td>
</tr>
<tr>
<td>Attitudes towards rurality</td>
<td></td>
<td>Thematic</td>
<td>Attitudes towards rurality, including real and perceived advantages and disadvantages</td>
</tr>
<tr>
<td>Advantages RUR ADV</td>
<td></td>
<td>Thematic</td>
<td>Advantages of living/working/operating a business in a rural area, e.g. short commute, employee loyalty</td>
</tr>
<tr>
<td>Disadvantages RUR DIS</td>
<td></td>
<td>Thematic</td>
<td>Disadvantages of living/working/operating a business in a rural area, e.g. difficult to become part of community</td>
</tr>
</tbody>
</table>

The coding process followed a first and a second cycle (Saldaña, 2009), summarized in Table 7. The data were sorted according to the central themes linked to the research aim, for instance, themes around the value created by the venture, themes regarding context and how it affects entrepreneurial activities, and so forth. By using the themes developed for the interview guide, some open codes were developed a priori. However, from then on the coding process was mostly iterative and continued for several months. The coding techniques used are outlined in Table 7.
Table 7: Coding techniques

<table>
<thead>
<tr>
<th>Cycle</th>
<th>Coding technique</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st cycle</td>
<td>Attribute coding</td>
<td>Information and facts about the entrepreneurs, ventures, and regions such as age, gender, founding year, etc. (Lofland &amp; Lofland, 1995).</td>
</tr>
<tr>
<td>1st cycle</td>
<td>Open coding</td>
<td>Assigns basic labels and provide inventory of topics (often the first step in the analysis). Entail little interpretation – rather attributing a class of phenomena to a segment of text (Saldaña, 2009).</td>
</tr>
<tr>
<td>2nd cycle</td>
<td>Thematic/Structural coding</td>
<td>Assigns and captures the major thematic ideas in the data (Gibbs, 2008). Assigned to themes that entail interpretation. Allows for identifying some themes deductively on the basis of theoretical constructs found in the literature (that are included in the interview guide), and others inductively (Lapadat, 2009; Saldaña, 2009, p. 67).</td>
</tr>
<tr>
<td>2nd cycle</td>
<td>Relationship coding</td>
<td>Inferential and explanatory links and relationships or patterns (Miles &amp; Huberman, 1994)</td>
</tr>
</tbody>
</table>

In the first cycle, attribute coding and open coding techniques were used. The former technique catalogues facts/descriptives about the entrepreneur(s) and ventures such as age, gender, founding year, type of business, legal form, locational relationship, and the like (Lofland & Lofland, 1995). This helps to sort and filter the data, or focus on an area of interest as well as to identify patterns; these can be used to “ask” coding queries in NVivo (e.g. how many returning entrepreneurs – attribute – have talked about value creation compared to natives). The latter technique is an initial inventory and categorization of textual raw data, which entails little interpretation – rather attributing a class of phenomena to a segment of text (Saldaña, 2009). The initial, open codes, which tend to describe dimensions of the major category codes, were then merged under these major categories (using the parent-child node function of NVivo).

In the second cycle, thematic coding was applied. This technique enables the capture of major thematic ideas in the textual data (Gibbs, 2008). In line with the recommendation by Ryan and Bernard (2003, p. 87), I continuously asked the question “what is this expression an example of?” to discover and label themes. Although most themes evolved from the data inductively, thematic coding also allowed me to identify some “question-based” themes deductively on the basis of theoretical constructs found in the literature, which guided my semi-structured interview guide (Lapadat, 2009; Saldaña, 2009, pp. 45-184).

Furthermore, I used relationship coding in the second cycle (Miles & Huberman, 1994). Potential patterns and relationships between the themes, the data and the cases were explored by making extensive use of NVivo’s coding query and matrix query functions. Through these functions, coding connections between categories and themes were developed (Denzin & Lincoln, 2005). This allowed for cross-case and cross-region comparisons and examining similarities and differences among the cases and case regions. When no additional themes, constructs or relationships could be identified and when marginal improvements became small, I assumed theoretical saturation and concluded the coding stage (Eisenhardt, 1989).
5.4 **Data Analysis**

To organize, analyze and attribute meaning to the data, the three-step process described by (Miles & Huberman, 1994, pp. 10-12) was applied. The three steps include (i) data reduction, (ii) data display, and (iii) conclusion drawing and verification.

5.4.1 **Data reduction**

This first phase of qualitative data analysis is recognized as a process of “selecting, focussing, simplifying, abstracting, and transforming the data” to generate themes and patterns from the data material (Miles & Huberman, 1994, p. 10) which can be achieved through coding, discarding irrelevant data, writing memos and so forth. This stage was congruent with my first cycle of coding where relevant categories and themes were created and irrelevant information discarded. However, everything was kept in audit trail as unexpected findings may require re-examining some data previously considered unnecessary (cf. Lincoln & Guba, 1985).

5.4.2 **Data display:**

Miles and Huberman (1994) remind us that a good display of data, in the form of tables, charts, and other graphical formats is essential and ultimately permits conclusion drawing. Similar to data reduction, data display is a continual process. Display techniques include, for example, matrices and networks (or relationship graphs), which I used extensively for analyzing my data during and after the coding stage. In particular, I used NVivo’s matrix query function expansively, which produced rows and columns of intersecting coded data. Additionally, I generated numerous tables (MS Excel) to display themes and relationships along with supporting quotations and data snippets. Such data displays were created within each of the three selected regions for each individual case entrepreneur/venture to compare data and findings across cases and case regions. An excerpt of such a data display is provided in the Appendix, Figure A1.1. Moreover, charts summarizing information by providing a picture of reduced data and/or relationships between constructs and were continuously created and refined. One such chart in its final version is Figure 4 in Chapter 5. The initial versions of this figure, before continuous refinement through consulting the data, literature, theory and peers, can be found in the Appendix Figure A1.2.

5.4.3 **Conclusion drawing and verification:**

In this stage of the analysis the researcher begins to develop initial conclusions regarding the findings and the study. Developing initial conclusions is based on cross-case data displays and then subjecting these initial conclusions to verification procedures (Miles & Huberman, 1994); for example, I used data triangulation, and went back and forth between the data, literature and theory (Jick, 1979). This step intends to verify that findings are appropriate, trustworthy and reliable before they are presented as final or conclusive results. The initial conclusions can then be verified by evaluating their trustworthiness (Lincoln & Guba, 1985), which is discussed in the following section.
5.5 Trustworthiness of study and findings

Qualitative data interpretation faces the challenge of trustworthiness of the empirical accounts and their interpretation (Denzin & Lincoln, 2005). Thus, in qualitative case study research, the quality of the study design can be reached by confirmability, credibility, transferability, and dependability, which are not equivalent but similar to the terms objectivity, internal and external validity, reliability (cf. Miles & Huberman, 1994).

Confirmability (in preference to objectivity): Confirmability corresponds to the notion of objectivity or construct validity used in positivist research (Riege, 2003). Strategies to enhance confirmability are to create a confirmability audit (Lincoln & Guba, 1985) which includes retaining audiotapes, verbatim transcripts, field notes, documents and others (such as photographs) which were extensively used in this study. Another beneficial way of ensuring confirmability is through inter-coder checks of the data (Lincoln & Guba, 1985). Although the raw data and the coded data were discussed with co-authors and supervisors on multiple occasions, I coded the data material solely on my own, which may be a shortcoming concerning the confirmability of this study. However, I made sure to kept the raw data – the original transcripts, audio data, videos, documents, photographic data, field notes – organized and systematically stored in an NVivo database. Through using NVivo’s audit trail function (which saves every step of the way), it was possible to go back and review previous steps and revise subsequent ones if necessary. Condensed notes and summaries of the data reduction and analysis phases were made (Lincoln & Guba, 1985). Also codebooks were developed in order to be consistent when labelling the themes and categories. Thus, it is argued that the quality of the findings and interpretation are in line with the confirmability criterion.

Credibility (in preference to internal validity): To enhance the credibility and believability of the findings (trustworthiness), the researcher can triangulate multiple sources of evidence (Lincoln & Guba, 1985). This study draws on a multitude of data sources and triangulates interviews, observations, documents, factual and statistical data, thus cross checking various sources of evidence. The verbatim from interviews is cross checked with observations and field notes and other documentary materials such as newspaper clippings when possible dating back to when the ventures were founded. This warrants researcher bias (Flick, 1998).

Transferability (in preference to external validity/generalizability): Although the sample of this study was purposefully selected, it is not intended to be representative of all entrepreneurs in all rural regions, as this research aims at analytic generalization (Yin, 1994) in contrast to statistical generalisation. The sampling of this study does not allow the results to be generalizable to the wider population; but they may be generalised at a conceptual level (Jack et al., 2008), thus transferrable to other (theoretical) situations and contexts. The procedures to ensure transferability included the use of theoretical replication logic in multiple case studies (cf. Eisenhardt, 1989), which was achieved through a purposeful sampling strategy as well as a clear and transparent definition of the scope and boundaries in the research design phase (Riege, 2003). Furthermore, in favour of transferability Miles and Huberman (1994) suggest using cross-case and cross-nation comparisons when possible and
appropriate. Cross-case and cross-region comparisons are a central feature of the present study.

*Dependability (in preference to reliability):* Dependability considers the stability and consistency of the research process, procedures and methodological techniques applied (Lincoln & Guba, 1985) and thoroughness of data documentation (Yin, 1994). The study design has been carefully considered and is congruent to the research questions. This means to document and record the data as concrete as possible, i.e. all interviews were tape recorded, observations written down in memos, photographs taken. I furthermore relied on consultations and discussions with peers (e.g. supervisor and co-authors) to address the questions of whether or not the results of the study are consistent, which enhances dependability (Miles & Huberman, 1994).
References


# Appendix – Chapter 1

## Table A1.1: Semi-structured interview guide

<table>
<thead>
<tr>
<th>Theme</th>
<th>Questions</th>
<th>Probes/Prompts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>About the Entrepreneur, entrepreneurial process and activities, the venture</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| **Q1 - Personal background**                                         | − Please tell me a little about yourself, where you come from, about your background, education, upbringing, etc.  
− and how this has affected where you are today  
− Do you feel that the term "entrepreneur" applies to you?  
− If yes, why? If no, why not? What expression fits better?                                                                                     |                                                                                                    |
| **Q2 - Start-up, Venture’s history**                                 | − Tell me about when your company was established.  
− On which fundamental ideas is the company built on?  
− Where does the idea come from?  
− What was the motivation behind the idea?                                                                                                        | • How and when was the company formed?  
• Can you make a living from your company?                                                                                                           |
| **Q3 - “Who is the venture”**                                        | − Is there a particular philosophy behind the company?  
− If yes, what is the philosophy behind the company?  
− What are your core activities?  
− In addition to the core business, do you have other activities in relation to the company, and if yes what are they?  
− What proportion of your sales is local, in Denmark, international?                                                                                   | • Sustainability  
• Social responsibility  
• How many employees do you have at the moment? Why none?                                                                                           |
| **Q4 - Returning / Expat**                                            | − Have you lived here all your life?  
− What does this mean for your company?                                                                                                               |                                                                                                    |
|                                                                      | − You do not come from this place OR you came back here from a big city / abroad etc. − What does this mean for your company in relation to  
− the idea generation,  
− the start-up of the company  
− or now, at the stage of operation of the business?                                                                                               |                                                                                                    |
|                                                                      | − Can you give an example?                                                                                                                                                                             |                                                                                                    |
| **Q5 - Growth, Quality**                                             | − What is the meaning of “growth” to you?  
− Do you have a growth strategy?  
− How would you describe the company's growth strategy?                                                                                         | • Sustainable growth?  
• What does it mean to you to be able to use local resources for the company?  
• What about the landscape, the region's history, the people who live here ...?  
• Do you use volunteers (and to what extent? are they local?)                                                                                   |
|                                                                      | − What does quality mean to you? And how does it relate to growth in your perspective?                                                                                                                  |                                                                                                    |
| **Q6 - Local resources (baseline physical, human, etc.)**            | − What local resources do you draw on?  
− material, physical, natural  
− human  
− (intangible) heritage  
− Are certain resources or people in the area particularly valuable?  
− Can you give me an example?  
− Do you involve the local residents in any of your activities?  
− How? Can you give me an example?                                                                                                               | • What does it mean to you to be able to use local resources for the company?  
• What about the landscape, the region's history, the people who live here ...?  
• Do you use volunteers (and to what extent? are they local?)                                                                                   |
<table>
<thead>
<tr>
<th>Theme</th>
<th>Questions</th>
<th>Probes/Prompts</th>
</tr>
</thead>
</table>
| **Q7 - Network/Embeddedness** | **Showing a map of Denmark:**  
- Can you show me on the map where your most important network partners are located?  
o  Who are they?  
o  How did you create your network?  
o  Which function do they serve?  
o  Why are most of them within OR outside the Northdjursland/Wadden Sea/ Samsø?  
o  Are any of these indispensable?  
- Do you know other entrepreneurs in the area?  
- Do you talk, meet? What activities do you do together?  
- Who has inspired you to start your own business? | • Customers, suppliers, friends, family…  
• Why do you prefer to use local suppliers, distributors,… ?  
• Are there other companies that have been inspired by you? |
| **About the locality, localisation, community, context** | **Q8 - Place/Space**  
- What does it mean for the company that it is located where it is located?  
o  How important is it for the company that it is located here?  
o  Can you give an example of a situation where you have deliberately drawn on your local anchoring?  
o  How important is it for your “product” that you are located here on Northdjursland/Wadden Sea/ Samsø?  
- Imagine that you relocate your business to another location, what would it mean?  
o  Would it be even be possible (why yes, why not)?  
- Do you use the Northdjursland/Wadden Sea/ Samsø area in the marketing, branding and selling of your products / in your business?  
o  If yes, can you give me a specific example?  
o  If not, can you give me an example of how market your product/service? | • What are the reasons that this is so important for you?  
• Storytelling? |
| **Q9 - Authorities, public** | **How do you experience the political frame of having a business here in Northdjursland/Wadden Sea/ Samsø?**  
- What is the role of local authorities in relation to your business (start-up and now)?  
- How do you perceive the apparent heightened political focus on entrepreneurs in rural areas?  
o  If yes, can you give me an example of a situation where the political focus has had an impact? | • Did they facilitate or hinder your activities as an entrepreneur? |
| **Q10 - Rurality** | This area is classified as a rural or peripheral area (use term “yderområde” in Danish). What does this mean for your company to be based in a “rural region”?  
o  What are the most significant advantages?  
o  What are the most significant disadvantages? | • Qualified labour?  
• What other elements of the business are affected? E.g. transport,… |
<table>
<thead>
<tr>
<th>Theme</th>
<th>Questions</th>
<th>Probes/Prompts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Q11 - Local Community</strong></td>
<td>- Do you think the local community is well-functioning?</td>
<td>• Contribution to work, culture, landscape,…</td>
</tr>
<tr>
<td></td>
<td>\hspace{1em} Why?</td>
<td></td>
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<td></td>
<td>\hspace{1em} o Can you give me examples of things that are good</td>
<td></td>
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<td></td>
<td>\hspace{1em} o Can you give me examples of things that are less</td>
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<td></td>
<td>\hspace{1em} o Can you give me examples of things that are less</td>
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<tr>
<td></td>
<td>\hspace{1em} What is the value of the company for Northdjursland/Wadden</td>
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<td></td>
<td>\hspace{1em} Sea/ Samsø?</td>
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<td></td>
<td>- What does this mean for Northdjursland/Wadden Sea/ Samsø that you have</td>
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<td></td>
<td>\hspace{1em} your business here and not somewhere else?</td>
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<td></td>
<td>- Imagine that your company does not exist at Northdjursland/Wadden Sea/</td>
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<td></td>
<td>\hspace{1em} Samsø anymore, what would it mean for the community?</td>
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<td></td>
<td>- Do you feel that your company contributes to the surroundings and</td>
<td></td>
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<td></td>
<td>\hspace{1em} community?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>\hspace{1em} o Can you give me examples of how?</td>
<td></td>
</tr>
<tr>
<td><strong>Q12 - Culture, Traditions, Heritage</strong></td>
<td>- How would you describe the culture in Northdjursland/Wadden Sea/ Samsø?</td>
<td></td>
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<tr>
<td></td>
<td>\hspace{1em} o In your view, are there special “island, etc.” values?</td>
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<tr>
<td></td>
<td>\hspace{1em} o If yes, do these values have a particular importance</td>
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<td></td>
<td>\hspace{1em} o Can you give me an example?</td>
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<tr>
<td></td>
<td>- What is the meaning of heritage and history of the place for your</td>
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<td></td>
<td>\hspace{1em} business?</td>
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<td></td>
<td>\hspace{1em} o Do you incorporate it in your business? How?</td>
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<td></td>
<td>\hspace{1em} o Can you give me an example?</td>
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<tr>
<td>Trust</td>
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</table>
Table A1.3: Codebooks for attribute coding (node classification)

Notes: *Attribute coding was done on the regional, venture and individual levels. The NVivo software calls this node classifications, i.e. descriptive information assigned to each case region, case venture and case entrepreneur. The majority of these attribute codes is factual information triangulated from different sources: the national statistics bureau ‘Statistics Denmark’ and Nøgletal.dk provided the regional level data. The input for the venture level coding was found in organizational documents, annual reports, in the interviews and the database “web-direct” that provides information on all VAT registered businesses in Denmark. The individual level data was retrieved from the interviews.

<table>
<thead>
<tr>
<th>Level</th>
<th>Code name</th>
<th>Level</th>
<th>Code name</th>
<th>Level</th>
<th>Code name</th>
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<td>Region name</td>
<td>Venture</td>
<td>Venture name</td>
<td>Individual</td>
<td>Founder name(s)</td>
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<td></td>
<td>% Out-Commuters % (2008+2011)</td>
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<td>CVR No.</td>
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<td>Age group</td>
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<td>2nd Main economic activity</td>
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<td>Sector</td>
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<td>ENT Network: Who is mentioned</td>
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<tr>
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<td>Area in km²</td>
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<td>Core activity</td>
<td></td>
<td>Founder origin, Locational category</td>
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<tr>
<td></td>
<td>Average age of workforce</td>
<td></td>
<td>Core activity - grouped</td>
<td></td>
<td>Founder, sex</td>
</tr>
<tr>
<td></td>
<td>Average NFF 2008-2011 / 1000 inhabitants</td>
<td></td>
<td>Economic sector</td>
<td></td>
<td>Founder, birth year</td>
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<td>Population in urbanized areas (2009+2011)</td>
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<td>Resource acquisition</td>
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<td>Founder, highest obtained education</td>
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<td>Degree of rurality</td>
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<td>Resource acquisition - detailed</td>
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<td>Founder, last location of residence</td>
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<tr>
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<td>Distance to city</td>
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<td>Primary market (Sales)</td>
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<td>Founder, locational relationship</td>
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<td>In-commuters % (2008+2010)</td>
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<td>Sales - detailed</td>
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<td>Founder, name</td>
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<td>Main economic activity</td>
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<td>Primary market place</td>
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<td>Founder, origin</td>
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<td>NFF/existing firms (2008)</td>
<td></td>
<td>Essential resources (Competitive Adv.)</td>
<td></td>
<td>Founder, outlook</td>
</tr>
<tr>
<td></td>
<td>Native population %</td>
<td></td>
<td>Essential local resources, primary</td>
<td></td>
<td>Has life-partner from outside</td>
</tr>
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<td>New firms per 1000 inhabitants 2007</td>
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<td>Essential local resources, secondary</td>
<td></td>
<td>Last location of residence, category</td>
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<td>New firms per 1000 inhabitants 2008</td>
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<td>Essential non-local resources</td>
<td></td>
<td>Length of interview (min)</td>
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<td>New firms per 1000 inhabitants 2009</td>
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<td>Founder, name</td>
<td></td>
<td>Locational choice</td>
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<td>New firms per 1000 inhabitants 2010</td>
<td></td>
<td>Founding year</td>
<td></td>
<td>Novice or serial</td>
</tr>
<tr>
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<td>New firms per 1000 inhabitants 2011</td>
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<td>Immediate community</td>
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<td>Opportunity (necessity, lifestyle, opport.)</td>
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<tr>
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<td>No of discontinued firms (2008)</td>
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<td>Legal form</td>
<td></td>
<td>Secondary founder (or spouse), origin</td>
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<td></td>
<td>No of firms (2008)</td>
<td></td>
<td>Location of venture, region</td>
<td></td>
<td>Secondary founder, origin category</td>
</tr>
<tr>
<td></td>
<td>No of population w highest education=primary</td>
<td></td>
<td>Main industry</td>
<td></td>
<td>Team: partner form outside</td>
</tr>
<tr>
<td></td>
<td>No of population w highest education=secondary</td>
<td></td>
<td>No of employees clustered</td>
<td></td>
<td>Type of entrepreneurship</td>
</tr>
<tr>
<td></td>
<td>No of population w highest education= gymnasium</td>
<td></td>
<td>No of employees total</td>
<td></td>
<td>Years lived in current location of residence</td>
</tr>
<tr>
<td></td>
<td>No of population w highest education= vocational</td>
<td></td>
<td>No. employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>No of population w highest education= higher edu.</td>
<td></td>
<td>No. part-time employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-native population %</td>
<td></td>
<td>Received LAG</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Outlook dimension</td>
<td></td>
<td>Region</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Population (2008)</td>
<td></td>
<td>Team vs. solo</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Population (2012)</td>
<td></td>
<td>Website languages</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Population density (2008+2012)</td>
<td></td>
<td>Facebook and other social media</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Table A1.4: Excerpt of codebook for thematic and structural coding (tree nodes)

Notes: * indented codes are sub-codes and ** sub-sub-codes. These codes were largely inductively developed and constantly refined, merged and aggregated to bigger categories or broken down into smaller sub-units using NVivo’s parent- and child node function. Not all codes were assigned a nickname and a description, e.g. when the label is self-explanatory.

<table>
<thead>
<tr>
<th>Code name</th>
<th>Nickname</th>
<th>Code Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Attitudes towards rurality</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advantages</td>
<td>RUR_ADV</td>
<td>Thematic</td>
<td>Advantages of living/working/operating a business in a rural area, e.g. short commute, employee loyalty</td>
</tr>
<tr>
<td>Disadvantages</td>
<td>RUR_DIS</td>
<td>Thematic</td>
<td>Disadvantages of living/working/operating a business in a rural area, e.g. difficult to become part of community</td>
</tr>
<tr>
<td>We are not a “rural area” - attitude</td>
<td></td>
<td>Thematic</td>
<td>Code applies when informants express that they do not feel or think it is a rural area – “we are in the centre of the world” - attitude</td>
</tr>
<tr>
<td>Next big city isn’t far</td>
<td></td>
<td>Thematic</td>
<td>–</td>
</tr>
<tr>
<td>Inertia, Remain unchanged</td>
<td>INERTIA</td>
<td>Thematic</td>
<td>Code applies when respondents talk about how life in rural areas remains largely unchanged, unaffected, keep up with the times, modern vs. old</td>
</tr>
<tr>
<td>Slow tempo</td>
<td>TEMPO</td>
<td>Thematic</td>
<td>Code applies when respondents talk about the slow tempo of a rural area (can both be positive and negative)</td>
</tr>
<tr>
<td><strong>Belief-system towards local development and value creation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Culture of self-help</td>
<td>SELF-HELP</td>
<td>Thematic</td>
<td>Being supportive and caring, Helping and relying on each other, (Steinerowski &amp; Steinerowska-Streb, 2012)</td>
</tr>
<tr>
<td>Making do with what we have</td>
<td></td>
<td>Thematic</td>
<td>–</td>
</tr>
<tr>
<td>Customers demand local</td>
<td></td>
<td>Thematic</td>
<td>Code applies to expressions when customers demand local products, local experience, etc.</td>
</tr>
<tr>
<td>Desire to educate, disseminate</td>
<td></td>
<td>Thematic</td>
<td>–</td>
</tr>
<tr>
<td>Focus on organics, Sustainability and authenticity</td>
<td></td>
<td>Thematic</td>
<td>Code applies when informants express a focus on organics (økologi), sustainability and authenticity</td>
</tr>
<tr>
<td>Mutual dependency</td>
<td>DEPENDENCY</td>
<td>Thematic</td>
<td>Code applies to expressions of “together we are better” -attitude</td>
</tr>
<tr>
<td>Co-exist with neighbouring enterprises</td>
<td></td>
<td>Thematic</td>
<td>Code applies when informants talk about friendly co-existence with other businesses in the area. Relates to open code ‘competition’ and sense of competition</td>
</tr>
<tr>
<td>Shared concern for survival of community</td>
<td>SURVIVE</td>
<td>Thematic</td>
<td>Code applies when informants express concern for survival of community and well-being of the community, incl. shared communal concern</td>
</tr>
<tr>
<td>Desire to contribute to local development</td>
<td>WELL-BEING</td>
<td>Thematic</td>
<td>Code applies when informants express a desire/longing/wish to contribute to well-being, progress and development of community, place or wider region</td>
</tr>
<tr>
<td>Look after place (taking care)</td>
<td></td>
<td>Thematic</td>
<td>–</td>
</tr>
<tr>
<td>Code name</td>
<td>Nickname</td>
<td>Code Type</td>
<td>Description</td>
</tr>
<tr>
<td>-----------</td>
<td>----------</td>
<td>-----------</td>
<td>-------------</td>
</tr>
<tr>
<td>Want to create positive image of place</td>
<td>–</td>
<td>Thematic</td>
<td>–</td>
</tr>
<tr>
<td>Conditions and Context</td>
<td>CONTEXT</td>
<td>Thematic</td>
<td>Conditions or states that are experienced by entrepreneurs; can be enabling or constraining. Code applies to enabling and constraining structural conditions towards entrepreneurial activity.</td>
</tr>
<tr>
<td>Constraining</td>
<td>CONSTR</td>
<td>Thematic</td>
<td>Code applies to the real and perceived constraining structural conditions for entrepreneurial activity</td>
</tr>
<tr>
<td>Distal</td>
<td>DISTAL</td>
<td>Thematic</td>
<td>Descriptive coding of structures that are distal to the entrepreneur. Example: Tax system (=distal systemic)</td>
</tr>
<tr>
<td>Enabling</td>
<td>ENABL</td>
<td>Thematic</td>
<td>Code applies to the real and perceived enabling structural conditions for entrepreneurial activity</td>
</tr>
<tr>
<td>Economic</td>
<td>ECONOMIC</td>
<td>Thematic</td>
<td>Refers to economic structures that affect entrepreneurial activity</td>
</tr>
<tr>
<td>Formal</td>
<td>ENABL</td>
<td>Thematic</td>
<td>Coding applies to formalized structures</td>
</tr>
<tr>
<td>Informal</td>
<td>FORMAL</td>
<td>Thematic</td>
<td>Coding applies to informal structures, e.g. networks, institutions, etc.</td>
</tr>
<tr>
<td>Physical, spatial</td>
<td>INFOR</td>
<td>Thematic</td>
<td>Refers to physical, material, spatial context and structures that affect entrepreneurial activity</td>
</tr>
<tr>
<td>Proximate</td>
<td>PROX</td>
<td>Thematic</td>
<td>Descriptive coding of structures that are proximate to the entrepreneur, typically localised. Example: Infrastructure (=proximate spatial structure)</td>
</tr>
<tr>
<td>Social, community</td>
<td>SOCIAL</td>
<td>Thematic</td>
<td>Refers to social and community structures that affect entrepreneurial activity</td>
</tr>
<tr>
<td>Institutional, ethos</td>
<td>INST-ETH</td>
<td>Thematic</td>
<td>Code of conduct (informal or formal)</td>
</tr>
<tr>
<td>Tourism structure</td>
<td>TOURIS-STRUC</td>
<td>Thematic</td>
<td>About how the tourism structure affects entrepreneurship or context, which type of tourism structure exists</td>
</tr>
<tr>
<td>Outcome, Change</td>
<td>CHANGE</td>
<td>Thematic</td>
<td>General coding; coding of the consequences or outcomes of entrepreneurial activity for the locality, community and/or entrepreneur him/herself. Can be positive, negative, intended, unintended (3 types of unintended).</td>
</tr>
<tr>
<td>Economic change</td>
<td>CHANGE-ECON</td>
<td>Thematic</td>
<td>Refers to the typical economic changes such as job creation, expansion, income, profit</td>
</tr>
<tr>
<td>Micro-level change</td>
<td>MICRO-LEVEL</td>
<td>Thematic</td>
<td>Coding applies to changes or transformation at the micro level, i.e. the agency/entrepreneur and venture level combined, Example: Firm has more employees</td>
</tr>
<tr>
<td>Physical change</td>
<td>CHANGE-PHYS</td>
<td>Thematic</td>
<td>Refers to the physical, material change that the entrepreneurial activity creates</td>
</tr>
<tr>
<td>Region/community-level</td>
<td>REGION-LEVEL</td>
<td>Thematic</td>
<td>Coding applies to changes or transformation at the meso/regional level, i.e. community, at the place of the entrepreneurial activity. Example: Region has increased volume of tourism, region has more windmills. This happens as an outcome of entrepreneurial activity at T4 (Structural elaboration)</td>
</tr>
<tr>
<td>Social change</td>
<td>CHANGE-SOC</td>
<td>Thematic</td>
<td>Coding applies when change, value creation is of a social nature</td>
</tr>
<tr>
<td>Socio-economic change (Well-being)</td>
<td>CHANGE-SOC_ECON</td>
<td>Thematic</td>
<td>Hybrid between economic and social. Coding applies when change is a mix of social and economic nature</td>
</tr>
<tr>
<td>Transformative change</td>
<td>TRANSFORM</td>
<td>Thematic</td>
<td>Coding of outcomes of entrepreneurial activity that is transformative to context or structures, i.e. structural elaboration</td>
</tr>
</tbody>
</table>
Figure A1.1: Example of data display table

Notes: Microsoft Excel’s ‘sort & filter’ functions are well suited to compare data across cases and regions. In addition NVivo’s matrix queries produce coding matrices that were extensively used to compare cases, regions, and themes.
Figure A1.2: Example of first versions of a chart - data display stage

Notes: the final chart can be found in Chapter 5 Figure 4. The final chart was developed by going back and forth between the data, theory and literature. In total I created eight versions of this figure, always in conjunction with consulting the data and literature, before I could present a final version and conclusions in chapter 5.
ENTREPRENEURSHIP AND REGIONAL DEVELOPMENT – 
A SYSTEMATIC LITERATURE REVIEW

Sabine Müller
Department of Business Administration, Aarhus University

Abstract: Regional Studies and Entrepreneurship are streams of research that both debate the phenomenon of ‘entrepreneurship and regional development’. This chapter presents a systematic literature review that answers the overall research question: how has the phenomenon been conceptualized and addressed empirically in the past? The aim is to identify and analyse the leading perspectives relating entrepreneurship and regional development, to map the field and provide a thematic analysis of the major topics as well as past advancements and shortcomings. The systematic search is conducted in leading journals of entrepreneurship and regional studies. A total of 134 peer-reviewed articles were reviewed, coded and thematically analysed. A main finding is that previous studies have largely investigated two questions from two different perspectives: (i) how regional structures or conditions influence entrepreneurship and (ii) how entrepreneurship contributes to regional development. It has mostly been separately focused on the one or the other relation, but not on the interrelation or interplay between enterprising agency and regional structuring. Regional development studies tend to overlook the role of contextualized agency in addressing these questions, thus neglecting processes that may influence entrepreneurs acting in distinctive localities. On the other hand, entrepreneurship studies tend to overlook the role of the localized and proximate contextual conditions in the entrepreneurial process. There are opportunities for future research to investigate which type of entrepreneurship prevails in different regional contexts, how entrepreneurship is influenced by different regional contexts; as well as how entrepreneurship can contribute to regional well-being and development beyond the traditional measures of job creation and growth. This study contributes to the literature by outlining the past advancements of the two streams of research and discussing avenues for future research. Finally, implications for regional policy are considered.

Keywords: regional conditions · regional development · economic growth · rural-urban divide
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1 Introduction

Regions matter. Regions matter because it is the best place to make economic decisions, it is the place where stakeholders have a very strong stake in the outcome, and it is the place where these stakeholders know most about what they are good at as well as how they can best work together. (Mark Drabenstott, former chair of the OECD Territorial Development Policy Committee, OECD, 2011). Reducing economic disparities across regions and supporting employment- and wealth-generating activities in order to increase the competitiveness of all regions are the primary goals of the European Union today (Moats Au, 2006). Regional policies aim to stimulate regional development across Europe especially for rural, remote and non-core areas. The goal for these regions is to become sustainable and self-sufficient, and entrepreneurship is a key driver in that process as it contributes to job creation and economic growth in non-core regions (Audretsch & Keilbach, 2005; Fritsch & Mueller, 2008). Entrepreneurship has been promoted as a central means of creating, maintaining, and sustaining vitality in dispersed populations (Fuller-Love, Midmore, Thomas, & Henley, 2006) as it creates jobs and contributes to regional growth through creatively utilizing, valorising and (re-)combining the often limited resources available (Anderson, 2000; Baker & Nelson, 2005; Pike, Rodriguez-Pose, & Tomaney, 2007).

In the early nineties research on entrepreneurship and its effects on regional development as well as regional variations that affect new firm birth rates have emerged as central areas of inquiry. Since then the topic has become increasingly relevant for policy makers and researcher alike, hence today we find a large body of literature devoted to studying entrepreneurship and regional development issues (Trettin & Welter, 2011; Baumgartner, Pütz, & Seidl, 2013). Given the large body of accumulated research that has amassed over the past decade, it is a particularly appropriate time to review the scholarly work conducted thus far (cf. Short, 2009). Thus, the present literature study takes stock and reviews the cumulative body of knowledge concerning the relation between entrepreneurial activity and regional development.

The aim of this study is to identify possible different research perspectives or understandings of the relation between regional context and entrepreneurship, and entrepreneurship and its role for regional development. In this regard, the analytical goal is (i) to identify, analyse, and structure the main discussions and perspectives about the phenomenon through an in-depth, analytical reading, (ii) to discuss the conceptual and empirical contributions, and methodological advancements, (iii) to uncover potential inconsistencies and shortcomings, and finally (iv) to identify avenues for future research.

This literature study sets out to investigate the main perspectives of entrepreneurship and regional development, and how this phenomenon has been addressed theoretically and empirically in the last decade. A number of guiding research questions are put forward:

- What is the role of context and regional conditions for entrepreneurship?
- What is the role of entrepreneurship for regional development?
• What are potential theoretical, empirical, and methodological shortcomings in the literature from the past ten years?

A recent review of the literature by Trettin and Welter (2011) provides an excellent overview of spatially oriented entrepreneurship research with a focus on combining the disciplines of geography and entrepreneurship. This present literature review extends Trettin and Welter’s (2011) broader focus by providing an in-depth analysis of the dominant perspectives of the phenomenon. Another newly published literature review by Baumgartner et al. (2013) provides useful insights about the role of social, institutional and innovation capital in non-core regions. Although this present literature review also covers these themes to some extent, the present review (i) goes beyond these three regional conditions, (ii) it goes beyond the spatial characteristics of the non-core region, and (iii) it also reviews literature examining the link between entrepreneurship and its contribution to regional development and growth. Thus, collectively, these two previous plus the present literature study provide an all-encompassing view of the accumulated body of knowledge.

This study contributes to the literature by revealing a number of research gaps to be examined in future research. It also contributes to regional policy researchers and practitioners as it provides an overview of the current understandings of how regional conditions influence entrepreneurial activities, and in turn how entrepreneurial activities influence regional development and growth. This may help policymakers to create more tailor-made supporting activities for a region’s particular needs.

The remainder of this study is structured as follows: The next section presents a conceptual review of the phenomenon which will guide the review process. Section three provides an overview of the method of inquiry and the systematic search process. In the findings section, first a brief analysis of some descriptive findings is provided. The major part of the findings section reviews the extant literature on the topic and identifies the different perspectives about the phenomenon of study. The discussion section outlines theoretical gaps and presents avenues for future research. Finally, this study concludes with implications for research and regional policy.

2 Conceptual review

The formal OECD definition sees regional development as a “general effort to reduce regional disparities by supporting (employment and wealth-generating) economic activities in regions []” through a shift from “redistribution and subsidies for lagging regions in favour of measures to increase the competitiveness of all regions” (OECD, 2011). In the academic literature regional development is understood as a dynamic process (Fischer & Nijkamp, 2009) concerning the provision and assurance of equal opportunities as well as the sustainable economic and social well-being of individuals in areas that typically are less developed. Berglund and Johansson (2007) highlight that regional development is not only about economic transformation but also about social change of a place or region. Simplified, economic regional development includes growth in GDP and local income as well as net job creation and employment growth. Whereas social development include regional learning
Florida, 1995), the development of collaboration, cohesion, involvement and trust within a region (Seidl, Schelske, Joshi, & Jenny, 2003), or the creation of pride for its heritage and its economy in a region (Anderson, 2000).

Regional development can include spatial and territorial as well as temporal and historical dimensions (Johansson, 2009; Johannisson & Dahlstrand, 2009). More precisely these dimensions refer to (i) life-setting (e.g. urban, non-core, remote, peripheral, outskirt, or rural areas), (ii) economics (e.g. regional economic growth, new firm formation rates), (iii) outlook (e.g. community life, traditions; Johannisson & Dahlstrand, 2009), (iv) resources (e.g. availability of human, social and financial capital), (v) institutions and politics (e.g. regional policies), and (vi) infrastructure (e.g. “hard” and “soft” infrastructure; OECD, 2009). Further, regional development is about changing human behaviour and socio-economic contexts into desirable, beneficial, and sustainable regional conditions (Cécora, 1999, p. xi), thus regional development tends to have a positive connotation in the literature (Pike et al., 2007).

It is generally acknowledged in the entrepreneurship literature that regional conditions tend to influence new firm formation rates and that “the local social and economic milieu is the most important in fostering new firm formation.” (Garofoli, 1994, p. 391). The immediate environment and relations, for example, with family, networks and role models also have an important role in entrepreneurship (Julien, 2007). The recent special issue of Small Business Economics (Issue 4 of volume 36), entitled “Entrepreneurial Dynamics and Regional Growth”, focuses on the effects of entrepreneurship on regional development outcome, especially looking at the effects on regional productivity growth, job creation and employment dynamics (e.g. Andersson & Noseleit, 2011; Koster, 2011). The general consensus is that entrepreneurship does indeed have a positive impact on regional development (Dejardin & Fritsch, 2011).

These indications in the extant literature suggest that structural conditions that influence entrepreneurial activities in regions exist, and that entrepreneurial activities influence regional structures in terms of development. In other words, the discussions seem to revolve around two central relationships: (i) regional context, including conditions and structures that influence entrepreneurship, and (ii) regional development and growth through entrepreneurship. This will be investigated using a systematic literature search and review approach as outlined in the following.

3 Study Design

This section outlines the strategy for searching, selecting and analysing the literature. Different types of literature reviews can be carried out depending on the purpose of the study. These range from self-study reviews, context reviews, historical reviews, theoretical reviews, methodological reviews, meta-analysis reviews, to integrative reviews. The purpose of the present literature study is to take stock of the conceptual and empirical developments of the phenomenon of entrepreneurship and regional development that is tackled by two streams of research (i.e. regional studies and entrepreneurship). Thus, this calls for an integrative
literature review type which reviews, summarizes, critiques and synthesizes what is known about a phenomenon/field at a point, which can result in the development of new frameworks and/or perspectives (Torraco, 2005).

3.1 The sample

To ensure scientific quality, the search was restricted to publications that had undergone peer review and been accepted in scientific journals with a traditional double blind peer-review process. The sample contains articles from the top ten international journals on Entrepreneurship (according to the ABS Academic Journal Quality Guide 2010) and the top ten international journals of Regional Studies (according to Maier, 2005, 2006).

Table 1: Selected journals and articles

Notes: *The number of articles selected for the review (last column) were chosen according to the criteria of inclusion/exclusion outlined in Table 2.

<table>
<thead>
<tr>
<th>Journal</th>
<th>Publisher</th>
<th>5-year impact factor (2010)</th>
<th>Database sources</th>
<th>Relevant articles*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Entrepreneurship Journals</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Business Economics</td>
<td>Springer</td>
<td>2.057</td>
<td>Business Source Complete 1989-</td>
<td>12</td>
</tr>
<tr>
<td>Entrepreneurship and Regional Development</td>
<td>Routledge</td>
<td>1.770</td>
<td>Scopus</td>
<td>32</td>
</tr>
<tr>
<td>Strategic Entrepreneurship Journal</td>
<td>Wiley and Sons</td>
<td>3.518</td>
<td>Web of Science (2008-)</td>
<td>0</td>
</tr>
<tr>
<td>Journal of Small Business and Enterprise Development</td>
<td>Emerald</td>
<td>-</td>
<td>ABI Inform (2003-)</td>
<td>8</td>
</tr>
<tr>
<td>Family Business Review</td>
<td>Sage Pub.</td>
<td>2.546</td>
<td>ABI Inform (1999-)</td>
<td>0</td>
</tr>
<tr>
<td>International Journal of Entrepreneurial Behaviour and Research</td>
<td>Emerald</td>
<td>-</td>
<td>ABI Inform 1995-</td>
<td>0</td>
</tr>
</tbody>
</table>

**Sum E’ship journals** 61

<table>
<thead>
<tr>
<th>Regional Studies Journals</th>
<th></th>
<th>5-year impact factor (2010)</th>
<th>Database sources</th>
<th>Relevant articles*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Studies</td>
<td>Routledge</td>
<td>2.212</td>
<td>Web of Science 1967-</td>
<td>24</td>
</tr>
<tr>
<td>Regional Science and Urban Economics</td>
<td>Elsevier</td>
<td>1.612</td>
<td>Web of Science 1975-</td>
<td>0</td>
</tr>
<tr>
<td>Urban Studies</td>
<td>Sage Pub.</td>
<td>2.312</td>
<td>Web of Science 1964-</td>
<td>0</td>
</tr>
<tr>
<td>Annals of Regional Science</td>
<td>Springer</td>
<td>0.984</td>
<td>Web of Science 1967-</td>
<td>10</td>
</tr>
</tbody>
</table>
3.2 The literature search and coding process

The search was conducted in February 2011. First, a search according to Boolean logic (Boole, 2009 [1854]) using boolean operators (such as AND, OR, NOT, NEAR, and SAME) was carried out in those databases that cover each of the selected journals best (cf. Table 1), namely ISI Web of Science (Thomson Reuters), Scopus (Elsevier), and Business Source Complete (EBSCO), and ABI/INFORM (ProQuest). These databases allow for an advanced search option where one is able to construct a comprehensive search string. For this literature review, the following search string was used in title, abstract and keywords:

\[(TITLE-ABS-KEY=(entrepreneur* OR "new venture*" OR "new firm formation*") AND TITLE-ABS-KEY =((region* W/1 develop*) OR (region* W/1 renew*) OR (region* W/1 growth*) OR (rural* W/1 develop*) OR "regional economic growth" OR "declining area*" OR "declining region*")) OR (TITLE-ABS-KEY =((region* W/1 entrepreneur*) OR (rural W/1 entrepreneur*) OR (communit* W/1 entrepreneur*) OR "indigenous entrepreneur*" OR "local entrepreneur*"))\]

The asterisk wildcard operator * was used to search for variations of a word and would replace multiple characters anywhere in this word. AND and OR are the Boolean operators that either find those articles that contain all of the terms or that contain any of the terms. W/n represents a proximity parameter where the terms in the search must be within a specified number of terms (n). For the Web of Science the \$W/n\$ parameter is substituted by the parameter SAME, which means the terms have to be within the same sentence. (SciVerse, Elsevier, 2011).

The search and inclusion/exclusion process included five stages as illustrated in Table 2.

Table 2 Stages of the literature search process

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description of task</th>
<th>exclude Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Systematic Boolean search in various databases that cover the selected journals best, using a self-constructed search string (see below), covering period 2000-2010</td>
<td>-175</td>
</tr>
<tr>
<td>2</td>
<td>Qualitative assessment excludes a further 43 articles</td>
<td>-43 132</td>
</tr>
<tr>
<td>3</td>
<td>Add seminal and highly-cited works, that somehow slipped the search term</td>
<td>+18 150</td>
</tr>
<tr>
<td>4</td>
<td>Limit to journals with an on-going dialogue on the topic, that is journals that have published five or more articles about the phenomenon</td>
<td>-16 134</td>
</tr>
</tbody>
</table>
Step one produced a total of 175 scientific peer-reviewed articles in the period 2000 - 2010. In step two a reading and qualitative assessment of the abstracts led to the exclusion of 43 articles that were either entirely unrelated to the discussion of the phenomenon or where issues of entrepreneurship/regional development were only a marginal topic of the article. For example, one of those articles that was caught in the search but is about another subject area was Mitchell et al. (2007), who examine entrepreneurial cognition research in their paper. Another example is Belina and Helms (2003) who study practices of urban policing towards 'quality-of-life offences' and 'Zero Tolerance Policing' and do not examine any issues of entrepreneurship at all. Thus, such articles were excluded as they are unrelated or do not comply with the focus and aim of this present literature review.

Yet, it was also necessary to add 18 highly-cited articles (according to the ISI Web of Science Citation Report®) or highly relevant articles that had slipped the search criteria in step three. Examples include Kodithuwakku and Rosa (2002), Morgan (1997), or Pike et. al.’s (2007) article entitled “What kind of local and regional development and for whom?” as well as articles from the “Entrepreneurial Dynamics and Regional Growth” special issue in Small Business Economics (Vol.36 Iss.4) published in 2011. This criterion ensures that the most influential articles are included in the review even if these fall outside the specified criteria, for example year. Step four limits the sample to articles from journals with an on-going discussion of the topic, which is defined as having published five or more articles about the phenomenon of study. The final sample amounts to 134 peer-reviewed articles included in the review.

An analytical and critical reading in line with Hart (1998) was carried out according to a reading guide that contains a number of pre-defined categories, which codes the articles systematically and thematically. These codes include main themes, theories used, methods applied, and purpose and results of the article among others. Table 3 provides an overview of the codes. A more detailed tabulation of the codebook can be found in Appendix Table A2.1. An excerpt of some coded articles are provided in Figure A2.1 in the Appendix.

Table 3: Coding scheme

<table>
<thead>
<tr>
<th>Attribute codes</th>
<th>Method codes</th>
<th>Thematic codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Author(s)</td>
<td>Explicitly build theory (yes/no)</td>
<td>Main theme</td>
</tr>
<tr>
<td>Discipline of author(s)</td>
<td>Hypotheses developed (yes/no)</td>
<td>Sub theme</td>
</tr>
<tr>
<td>Title</td>
<td>Country specific (yes/no)</td>
<td>Theories/Perspectives applied</td>
</tr>
<tr>
<td>Year</td>
<td>Country of data</td>
<td>Concepts used</td>
</tr>
<tr>
<td>Journal</td>
<td>Type of study I (T/E/T&amp;E)</td>
<td>Purpose</td>
</tr>
<tr>
<td>Journal subject area</td>
<td>Type of study II (Qn/Ql/MM)</td>
<td>Central issues</td>
</tr>
<tr>
<td>Body of literature</td>
<td>Nature of study</td>
<td>RQ's/Hypotheses</td>
</tr>
<tr>
<td>ISI/Scopus citations</td>
<td>Time span of data collection</td>
<td>Arguments</td>
</tr>
<tr>
<td></td>
<td>Data collection design</td>
<td>Outcomes/Results</td>
</tr>
<tr>
<td></td>
<td>Level of analysis</td>
<td>Regional factors influencing entrepreneurship</td>
</tr>
<tr>
<td></td>
<td>Nature of analysis</td>
<td>Definitions of regional development</td>
</tr>
<tr>
<td></td>
<td>Unit of analysis</td>
<td>Definitions of (local/regional/rural) entrepreneurship</td>
</tr>
<tr>
<td></td>
<td>Unit of observation</td>
<td>Future research</td>
</tr>
<tr>
<td></td>
<td>Time of data collection</td>
<td>Limitations</td>
</tr>
<tr>
<td></td>
<td>No. Of Data</td>
<td></td>
</tr>
</tbody>
</table>
4   Findings

4.1   Descriptive findings

4.1.1   Data sources and methods

Entrepreneurship and regional development appears to be a highly empirically studied phenomenon. 73 per cent of the reviewed studies are empirical in nature, while 18 per cent are theoretical articles, which include conceptual, methodology or review articles, and 9 per cent are a mix of theoretical and empirical articles. The empirical studies show a high proportion of quantitative and econometric studies (61%), while 26 per cent apply qualitative methods and 13 per cent apply a mixed methods approach comprised of different qualitative methods, or a combination of qualitative and quantitative methods. Figure 1 provides an overview of research designs applied.

It is argued that the field is fairly balanced with regard to the amount of theoretical and empirical articles. It seems that the topics have reached some level of maturity where constructs have been clarified and are thus sought to be empirically tested. Especially, econometric methods are popular and have been developed and refined continuously over time to suit the study of entrepreneurship in regions. For example, later studies tend to include very elaborate time lag structures or more precise variables to capture the phenomenon under investigation (for example Fritsch & Mueller, 2008).

4.1.2   Country of Data

By far most of the focus concerning entrepreneurship and regional development and on the determinants of start-up rates in regional settings has been gathered in western countries, especially European countries, USA, and Canada. Studies include, for example, Sweden (e.g. Davidsson, Lindmark, & Olofsson, 1994; Berggren & Dahlstrand, 2009; Johannisson, Ramirez-Pasillas, & Karlsson, 2002; Braunerhjelm & Borgman, 2004), Germany (Audretsch
& Fritsch, 1994; Mueller, 2006; Wagner & Sternberg, 2004; Bathelt & Kappes, 2008), Italy (Meccheri & Pelloni, 2006; Friedman & Desivilya, 2010), the UK (Thurik, 2003; Anderson, 2000; Mueller, van Stel, & Storey, 2008); and the US (Flora, Sharp, Flora, & Newlon, 1997; Renski, 2009). Developing or emerging economies appear to receive limited attention, at least in the high ranking journals that were selected. Some exceptions exist, for example Indonesia (Ndoen, Gorter, Nijkamp, & Rietveld, 2002), South Africa (Naudé, Gries, Wood, & Meintjes, 2008), Ethiopia (Kimhi, 2010), and Argentina (de Jorge Moreno, Castillo, & de Zuani Masere, 2007). Studies focusing on Chinese regions have gained increasing research interest since early-mid 2000. Articles include, for example Li and Matlay (2006), Ma (2002); Yang and Xu (2008); Dai and Liu (2009).

4.1.3 Level of analysis – spatial category

The majority (app. 80 %) focuses on the regional scale and compares regions or assesses the economic situation within a nation or sub-regions within a larger region. These are typical large dataset studies using statistical or econometric methods (similar to Trettin and Welter’s “R1, R2, and R3” categories) comparing regions, provinces, municipalities, counties, or industrial clusters and agglomerations (i.e. Regional innovation systems, RIS/Entrepreneurial regional innovation systems, ERIS, app. 15% of the 80%) with regard to entrepreneurial activity.

In contrast, approximately 20 per cent of the studies that focus on the local scale explore and assess the situation and/or compare smaller entities, such as a 1-4 communities, urban districts, areas (places) or clusters and agglomerations. (similar to Trettin and Welter’s “L-local” category). These are typically studies applying survey, case study, or mixed methods approaches.

Although these findings are much in line with Trettin and Welter (2011), the present study finds a somewhat higher number of local-scale studies. This may be attributed to the fact that Trettin and Welter (2011) also include international, national and cross-national studies in their search, which the present study does not. Nonetheless, local-level studies, for example focusing on localized entrepreneurial activity in urban districts, small towns or communities, still seem to be under-represented.

4.1.4 Unit of analysis and measures

In general, great detail and rigour are given to the articles’ methodology sections. Individual studies are largely internally consistent in that they define and defend their definitions and operationalizations. However, constructs are not consistent across studies. The challenge of differences in measures and operationalizations is that cross-study-comparisons become problematic. Thus, it may pose a difficulty for cumulative knowledge development if definitions and operationalizations vary across studies.

With regard to the construct of entrepreneurship, the terms entrepreneurs, new firm formation, start-up, self-employed are often used interchangeably. This is also reflected in the multiple measures used for studying entrepreneurship, encompassing self-employed
(Georgellis & Wall, 2000; Beugelsdijk & Noorderhaven, 2004) or small firms with zero employees (Braunerhjelm & Borgman, 2004), new, young and small firms, i.e. younger than three years and with less than 20 employees (Mueller, 2006), new VAT registrations (Mueller et al., 2008), single-establishment firm with autonomous ownership (Davidsson et al., 1994), or single-unit firms with less than 500 employees (Acs & Armington, 2004a; Chen & Lin, 2006; Bruce, Deskins, Hill, & Rork, 2009).

Concerning regional development, the construct typically includes economic measures such as GDP (Audretsch & Fritsch, 2002) or GSP growth (Bruce et al., 2009), labour productivity growth (Audretsch & Keilbach, 2005), job creation and employment growth (Andersson & Noseleit, 2011; Dejardin, 2011). In addition, some researchers refer to regional development as community well-being (Johnstone & Lionais, 2004; Laukkanen & Niittykangas, 2003; Blake & Hanson, 2005) and social transformation (Berglund & Johansson, 2007). Across studies, constructs tend however not to be consistent, for example regional development, regional economic development, economic growth, and regional employment generation are often used synonymously.

4.1.5 Main topics and theories

Popular theories in the articles include Schumpeter’s theory of economic development, labour market economics and (new) economic geography, endogenous growth theory, and industrial economics. These are especially dominant among the large-dataset, region-scale studies. Embeddedness, institutional theory, location theory and network theory are more prevalent in local-scale studies. Also finance and micro-finance theories appear to be applied frequently, especially for studies focusing on the availability of financial capital on new firm births and policy studies. Articles that examine clusters, industrial districts, agglomerations, or university-spin offs tend to revert to the regional innovation systems (RIS) and entrepreneurial regional innovation system (ERIS) approaches. Other, but more infrequently used theories include absorptive capacity, traits theory, genetics and various strands of organizational theory (e.g. contingency approach, strategy, decision making). Figure 2 shows the main topics and themes studied.
Figure 2: Main topics

4.2 The landscape of the field

Both streams, regional studies and entrepreneurship research, tend to agree that the relationship between entrepreneurship and regional (economic) development is rather complex because multiple direct and indirect, long-term and short-term effects are present (Tamasy, 2006; van Stel & Suddle, 2008). In the literature mainly two parallel discussions are taking place as illustrated in Figure 3.

Figure 3 is based on the findings of the present literature study and shows the predominant discussions. One discussion focuses on determining the regional conditions that are associated with locations that are strong in entrepreneurial activity. This research focuses on how regional structure, context or spatial characteristics influence entrepreneurial activity (i.e. R→E – relation, Figure 3). In contrast, the second discussion mainly revolves around the role of entrepreneurship and the actions of the entrepreneur(s) that are required for regional development. Here, the focus is on entrepreneurship as an initiator of regional development (Berglund & Johansson, 2007), and studies tend to focus on how entrepreneurship contributes to regional development and growth (i.e. E→RD – relation, Figure 3). Constructs such as community entrepreneurship (Johannsson & Nilsson, 1989; Johnstone & Lionais, 2004), rural entrepreneurship (Hoy & Vaught, 1980; Wortman, 1990), and local/regional entrepreneurship (Lowe, 1993) are explored in this line of research.
These two parallel discussions are quite evenly distributed, as 51 per cent of studies examine the R→E – relation and 49 per cent of the studies examine the E→RD – relation. Although, one might expect studies also focusing on the reciprocal or recursive links indicated by the dotted lines in the model, very few have actually examined such interrelations. Some notable exceptions include Kodituwakku and Rosa (2002), West, Bamford, and Marsden (2008), Anyadike-Danes, Hart, and Lenihan (2011), Aoyama (2009), Jack and Anderson (2002). In the following sections these separate relations (i.e. R→E, and E→RD) are presented in more detail, while the relative absence of the interrelation or reciprocity is considered in the discussion section.

4.2.1 The role of regional conditions for entrepreneurship (RD → E)

Research focusing on the role of regional conditions for entrepreneurship is typically concerned with determining the conditions in locations that are strong in entrepreneurial activities and show high start-up rates. Entrepreneurial activity varies considerably across regions within a country (cf. OECD, 1998). Start-up rates vary from 5.7 to 14.8 start-ups per 1,000 inhabitants in all sectors in Swedish regions (Davidsson et al., 1994); from 7.9 to 20.7 per 1,000 members of the workforce in Irish regions (Hart & Gudgin, 1994); from 3.6 to 7.1 per 1,000 inhabitants in Italian macro-regions (Garofoli, 1994), from 10.0 to 59.5 per 10,000 production workers in UK regions (Reynolds, Storey, & Westhead, 1994), or from 5.1 to 13.3 per 1,000 employees in German regions (Fritsch, 1992; Fritsch & Falck, 2007).

Previous empirical research on the regional determinants of entrepreneurship and spatial variations of urban, peripheral, and rural regions finds numerous explanatory factors. For instance (1) the rate of unemployment has a negative effect on new firm formation (Davidsson et al., 1994; Santarelli, Carree, & Verheul, 2009, push vs pull effect), (2) a region’s employment structure has an effect, as areas with a large proportion of blue-collar/manual workers have lower rates of new firm formation, whereas areas with a high proportion of a highly educated and/or highly specialized workforce has higher start-up rates.
(Audretsch & Fritsch, 1994; Garofoli, 1994), (3) new firm formation rates are higher in regions close to cities with universities and higher research institutions where knowledge and technological spill-overs are more extensive (Acs, Audretsch, & Feldman, 1994; Audretsch & Keilbach, 2004b), (4) regions dominated by small firms have high rates of new firm formation whereas those dominated by large firms have low rates (Davidsson et al., 1994), (5) the productive structure of specialization of the local industrial system affects firm formation rates (Garofoli, 1994), (6) new firm formations are higher in regions where the gross value added per person is greater (Audretsch & Fritsch, 1994), (7) new firm formation tends to be higher in localities where the start-up activities involve low capital requirements for entry (Hart & Gudgin, 1994), and (8) areas with strong local policies that foster the technical knowledge base and encourage entrepreneurship exhibit higher entrepreneurial activity (O’Gorman & Kautonen, 2004; Chrisman, Gatewood, & Donlevy, 2002).

Moreover, (9) locations with good accessibility to financial and venture capital (Avdeitchikova, 2009), human and social capital promote new firm births (Georgellis & Wall, 2000; Audretsch & Keilbach, 2004b). Finally, (10) regions with a strong entrepreneurial culture that promotes risk-taking, creativity and innovation (Florida & Kenney, 1988b), and (11) locations with a strong entrepreneurial orientation, milieu, or environment (for example Silicon Valley, cf. Saxenian, 1994; Beugelsdijk & Noorderhaven, 2004; Aoyama, 2009) encourage higher start-up rates than others. Table 4 presents an overview of the regional conditions found to be enabling or constraining for entrepreneurship, ranging from systemic/institutional, to economic, to social, and geographical conditions.

Table 4: Overview of how structural conditions influence entrepreneurial activity

<table>
<thead>
<tr>
<th>Structural conditions</th>
<th>Effect</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>SYSTEMIC/INSTITUTIONAL STRUCTURES</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Formal</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Policy, support and initiatives:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- foster technical knowledge base</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- encouraging entrepreneurial activity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- government support and policies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- local empowerment (business councils)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- elimination of legal and administrative obstacles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- entrepreneurial expertise/support services</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Informal</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- that promotes risk-taking, creativity and innovation; entrepreneurial attitude, dynamism, and entrepreneurial ability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- presence of social acceptance of entrepreneurial activities / legitimacy of entrepreneurship</td>
<td></td>
<td></td>
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<tr>
<td>- entrepreneurial environment (that is many new small and young firms in a region and/or presence of other entrepreneurs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- positive public attitude towards entrepreneurship</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Structural conditions

<table>
<thead>
<tr>
<th>Economic structures</th>
<th>Effect</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability or presence of human capital, Proportion of highly skilled/educated</td>
<td>+</td>
<td>Georgellis and Wall (2000), Kalantaridis and Bika (2006a), Audretsch et</td>
</tr>
<tr>
<td>labour, high level of knowledge, education</td>
<td></td>
<td>al. (2010), Burke, Fitzroy, and Nolan (2009), Davidsson et al. (1994)</td>
</tr>
<tr>
<td>Availability of Access to financial capital (for example local banks, angel</td>
<td>+</td>
<td>Florida and Kenney (1988a), Audretsch and Keilbach (2004b), Malecki</td>
</tr>
<tr>
<td>investors, seed capital)</td>
<td></td>
<td>(1997), Naudé et al. (2008), Avdeitchikova (2009)</td>
</tr>
<tr>
<td>Concentration of venture capital activity</td>
<td>+</td>
<td>Mason and Harrison (2002), (Sutaria &amp; Hicks, 2004), Avdeitchikova (2009)</td>
</tr>
<tr>
<td>Unemployment rate (caution: push versus pull effects)</td>
<td>+/-</td>
<td>Georgellis and Wall (2000), Sutaria and Hicks (2004), Fritsch and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Falck (2007, positive in the short-term)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>*negative for Davidsson et al. (1994), Santarelli et al. (2009, push</td>
</tr>
<tr>
<td></td>
<td></td>
<td>vs pull effect)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(2001)</td>
</tr>
<tr>
<td>High proportion of women in the population</td>
<td>-</td>
<td>Georgellis and Wall (2000)</td>
</tr>
<tr>
<td>Specialization of industry</td>
<td></td>
<td>Aoyama (2009)</td>
</tr>
<tr>
<td>Proportion of SMEs in the population of existing firms</td>
<td>+</td>
<td>Davidsson et al. (1994), Aoyama (2009)</td>
</tr>
<tr>
<td>Knowledge-intensive industry</td>
<td>+</td>
<td>Braunerhjelm and Borgman (2004)</td>
</tr>
<tr>
<td>Sectoral diversity</td>
<td>-</td>
<td>Audretsch et al. (2010)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(2000)</td>
</tr>
</tbody>
</table>

### Social structures

| Social capital and networks                                                       | +      | Flora and Flora (1993), Audretsch and Keilbach (2004b), Jack and       |
| Community capital                                                                 | ?      | Westlund and Bolton (2003), Johansson (2009), Johnstone and Lionais   |
|                                                                                  |        | (2004)                                                                 |

### Spatial/Geographical structures

|                                                                                  |        | Benneworth (2004)                                                      |
| Existing regional assets/resources                                                | +      | Keeble, 1992; Meccheri, 2006                                           |
| Attractive living conditions and natural amenities                                | +      | Acs et al. (1994), Audretsch and Feldman (2004); Acs et al. (1994),    |
|                                                                                  |        | Berggren and Dahlstrand (2009), Agrawal (2002), Audretsch and Keilbach |
| Regional spirit, spirit of place, norms, local ethos or code of conduct           | +/-    | Westlund and Bolton (2003), Johansson (2009), Cahn (2008)              |
| Regional entrepreneurial dynamism, Role models, regional entrepreneurial capacity  | +      | Meccheri and Pelloni (2006), Vaillant and Lafuente (2007), Gaddefors    |
| or capital                                                                        |        | and Cronsell (2009), Audretsch and Keilbach (2004b), Naudé et al.      |
|                                                                                  |        | (2008), Lafuente, Vaillant, and Rialp (2007)                            |
| Regional environments that promote diversity and creativity                       | +      | Lee, Florida, and Acs (2004)                                           |
| Proximity to urban centres                                                        | +      | Mueller et al. (2008), Fritsch (1997)                                  |

Regional conditions can either constrain or enable the start-up and growth rates of small businesses (Naudé et al., 2008). For example, it is commonly agreed that access to and
availability of finance, that is, local banks, venture capital, or angel investments, is crucial for entrepreneurship, whereas lack thereof may inhibit entrepreneurial activity in regions (Georgellis & Wall, 2000; Kalantaridis & Bika, 2006a). However, a small fraction of scholars doubt whether access to finance is a constraint to start-up because entrepreneurs are usually good at bootstrapping and bricolage (that is, making do with what is at hand, see e.g. Baker and Nelson, 2005). In addition to such formal structures influencing on entrepreneurial capital, informal institutions, such as regional/local networks and culture, shape and influence regional entrepreneurial activity (Beugelsdijk & Noorderhaven, 2004).

The social capital or network perspective is supported by, for example, Johannisson and Nilsson (1989), Lawton Smith, Glasson, and Chadwick (2005) and Jack and Anderson (2002), which connect the entrepreneur with the social structure of the local context (Berglund & Johansson, 2007). The entrepreneur is seen as a “networking person utilizing his/her personal network as a vehicle to exchange information while acquiring resources from the [immediate] environment” (Koditshuwakku & Rosa, 2002, p. 434). Not only is the entrepreneur utilizing the network but also creating entrepreneurial networks locally (Benneworth, 2004), which indicates some recursive links.

Even though regional social capital is found to be important for entrepreneurship in regions, Berglund and Johansson (2007, p. 502) point out that the network perspective provides indications as to what processes of regional development could look like, but do not “provide help to what to look for in processes of transformation”. One could find these hints in connection with the culture perspective, which sees the local network as a potential to the creation of culture (Mønsted, 1993). Culture plays a role in determining the level of local entrepreneurship as high levels of entrepreneurial activity can be partly ascribed to cultural features of localities (Aoyama, 2009). Overall, culture can explain the less tangible differences or “soft” factors between regions and countries regarding entrepreneurial activity (Johannisson, 1984, Davidsson, 1995, Holmqvist, 2001). Previous research looking at the culture dimension has discovered that regional entrepreneurial culture is improved the more entrepreneurs are active in a region, which in turn has positive effects for regional development (Audretsch et al., 2010; Feldman, 2001); which suggests a cyclic or recursive process. Also, in their survey of 54 European regions, Beugelsdijk and Noorderhaven (2004) find that regions with a higher entrepreneurial culture tend to grow faster. Thus localities that are characterised by a culture that is conducive to entrepreneurship may have higher start-up rates and more innovation and, in turn, may influence economic growth.

Another aspect of entrepreneurial culture is a local environment where being an entrepreneur is legitimate or even esteemed, which is found to be highly conducive to entrepreneurship (Mueller, 2006). Thus to increase regional development through entrepreneurship, the surroundings need to provide a fertile entrepreneurial ground through building and maintaining a culture that is conducive to entrepreneurial attitude, orientation and activity (Beugelsdijk & Noorderhaven, 2004). The existence of social acceptance and a positive public attitude towards entrepreneurship is crucial to achieve this (Mueller, 2006; Minniti, 2005). In the literature, an entrepreneurial environment or milieu is typically defined by the
number of new, small and young firms or the presence of other entrepreneurs in a region acting as role models, who help legitimizing entrepreneurship as a profession (Psaltopoulos et al., 2005; Mueller, 2006; Gaddefo rs & Cronsell, 2009). de Jorge Moreno et al. (2007, p. 44) confirm that some regions exhibiting entrepreneurial “local dynamism” tend to reinforce the confidence of entrepreneurs, and subsequently firm growth in their area. However, by using cross-sectional data the authors tend not to establish the direction of causality; thus potential recursive effects that may show an inverse relationship could not be captured.

Aoyama (2009), for example, examines aspects of regional culture influencing entrepreneurial rationality. The author finds that cultural and historical legacy are important underlying mechanisms of entrepreneurial capital in regions. More importantly, Aoyama (2009) suggests reciprocity with respect to context and entrepreneurship in the sense that entrepreneurs influence the context as much as the context influences entrepreneurship. Even though culture seems vital for a region’s entrepreneurial capital, and national culture or regional entrepreneurial culture (i.e. entrepreneurial attitudes in a region) have been studied to some extent, there has been fairly little research of the regional or even localized culture dimension. For example, how do local culture, local ethos or the local code of conduct influence entrepreneurship? Some conceptual work indicates that local ethos, spirit and norms may be important for entrepreneurial activity (cf. Westlund & Bolton, 2003; Johansson, 2009), but research still must empirically explore this dimension.

This section has given some insight into the regional conditions that influence entrepreneurial activity. Thanks to this research, our cumulative knowledge uncovered numerous (cf. Table 4) regional structural characteristics that can either constrain or assist the start-up, survival and growth entrepreneurial ventures. Such studies, however, have their limits with regard to explaining interdependencies between the factors underlying entrepreneurship and often times also have difficulties explaining causality (Benneworth, 2004). This issue will be addressed in more detail in the discussion section.

4.2.2 The role of entrepreneurship for regional development (E \( \rightarrow \) RD)

Previous research has investigated the question whether large and established firms or the new entrepreneurial firms contribute most to regional growth and development. This question has also sparked considerable political interest, as regional development policies and investments should target the ‘right’ kind of businesses (Smallbone, North, Bal dock, & Ekanem, 2002). The majority of the reviewed studies find that indeed small businesses “serve as a locomotive of regional growth and employment creation” (Audretsch & Fritsch, 2002, p. 114).

New, small businesses have long been recognized to be a crucial driver for regional development and growth (Birch, 1987). Entrepreneurs are found to valorise resources, processes, and institutions, which is crucial for regional development (Tödtling, Pike, Rodriguez-Pose, & Tomaney, 2011; Pike et al., 2007). It is generally acknowledged that the relationship between entrepreneurship and regional (economic) development is multifaceted (van Stel & Suddle, 2008) and includes direct and indirect effects. Direct or immediate
effects typically relate to new job creation, employment growth and GDP growth, whereas indirect effects relate, for example, to the negative crowding-out of existing firms and competitors, resulting in closures and job losses, which typically arise sometime after the new businesses are established (van Stel & Suddle, 2008; Fritsch & Mueller, 2004; Mueller et al., 2008).

In his seminal work “How our smallest companies put the most people to work“, Birch (1987) found that small and medium-sized enterprises create far more new jobs than their large counterparts. After this revelation, research interest on the effects of entrepreneurship on job creation has increased considerably (van Stel & Suddle, 2008). Many subsequent studies have shown that there is a positive link between new firm formation on job creation and growth in regions, even when taking firm deaths into account (e.g. Reynolds, 1999; Acs & Armington, 2004a; Audretsch & Thurik, 2001; Audretsch & Fritsch, 2002; Thurik, 2003; Mueller et al., 2008; Baptista, Escaria, & Madruga, 2008). Kalantaridis and Bika (2006a) further find that entrepreneurs who generate new jobs tend to recruit locally, which is important as many less populated regions face the challenge of outmigration. However, the positive effects of job creation and growth are time dependent. Econometric studies that consider elaborate time-lag structures first appeared in the early-mid 2000s (Georgellis & Wall, 2000; Fritsch & Mueller, 2004). These studies show that positive employment effects of start-ups are relatively limited in the first three years but then increase significantly after year six, for instance, in Germany, The Netherlands, the UK (Caliendo & Kritikos, 2010; van Stel & Suddle, 2008; Mueller et al., 2008), or year eight in Portugal (Baptista et al., 2008).

Very few of the reviewed studies find a weak connection (Fritsch, 1997) or no significant connection (Mueller et al., 2008) between entrepreneurship and job creation. Audretsch and Fritsch (2002, p. 114) argue that both sides – those that find positive effects and those that do not – may be correct as “new firm start-ups as well as large incumbent firms may make a significant contribution to economic development – but not in all regions and at all times.” However, the literature generally agrees that the effects of new firm formation on regional development, especially on employment creation and growth, are positive and emerge over longer periods of time (Fritsch, 2008).

Without doubt, employment creation and growth are some of the most studied effects of entrepreneurship on regional development (even entire special issues are devoted to studying these effects, see, for example, Small business economics 2011 Vol.36 Iss.4), and are dominated by quantitative large-dataset research. In addition to the short-term and direct job creation effect, Fritsch and Mueller (2004) find two indirect effects of new firm formation: a medium/long-term effect called the displacement effect which causes "old" firms to go out of business thus leading to job losses. Second, the so-called induced effect that leads to employment growth, after the new and surviving firms induce improved performance and thus stimulate employment growth.

Mueller et al. (2008) re-examine this link between entrepreneurship and job creation over time by means of an econometric analysis of a British longitudinal dataset. Their results indicate that rural and peripheral areas which typically exhibit low start-up rates have a strong
immediate direct effect of job creation but have a long-term negative effect of employment growth. New firms displace existing firms resulting in job loss. The authors find that more jobs are lost in such less prosperous areas than can be created and sustained, which ultimately lends evidence to their argument that there is a wrong type of entrepreneurship considering the negative employment growth in rural regions. In an earlier study Fritsch (1997, p. 444) hints also at the “core-to-periphery downward trend in founding activities”. Indeed, studies tend to agree that less populated areas, areas that are remote or at the periphery of a country, which are often termed non-core or rural areas, do indeed have lower start-up rates than more populated and urban areas.

Most of the studies mentioned above depart from a regional-scale level of analysis, focusing on how start-up rates compare across large geographical entities within a nation. In comparison, the reviewed studies focusing on the local level tend to emphasize the role of the entrepreneur as an individual actor or initiator of local regional development and social well-being of places (Blake & Hanson, 2005; Johannisson, 1983). This goes beyond the single enterprise and firm-level measures which are usually considered in the economic regional development approach (Berglund & Johansson, 2007). Instead, entrepreneurship is seen as a function of the economy or a form of behaviour, and as such entrepreneurs are found to contribute not only to economic regional development but to social transformation and regional well-being (Blake & Hanson, 2005; Berglund & Johansson, 2007). Table 5 shows an overview of the impact of entrepreneurial activity for economic and social regional development.

Table 5: Overview of how entrepreneurial activity influences regional development

<table>
<thead>
<tr>
<th>Regional development outcomes</th>
<th>Effect*</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ECONOMIC IMPACT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job creation, Employment growth</td>
<td>+/-(-*)</td>
<td>Acs and Armington (2004a); Acs and Mueller (2008); Andersson and Noseleit (2011); Fritsch (1997); Fritsch and Mueller (2004); Bruce et al. (2009); (Baptista et al., 2008); Dejardin (2011); Dejardin and Fritsch (2011); Koster (2011); Anyadike-Danes et al. (2011); Mueller et al. (2008); Andersson and Noseleit (2011)</td>
</tr>
<tr>
<td>GDP growth, Labour productivity growth (i.e. GDP per hours worked)</td>
<td>+(-*)</td>
<td>Audretsch and Fritsch (2002), de Jorge Moreno et al. (2007), Mueller (2007), Braunerhjelm and Borgman (2004), Audretsch and Keilbach (2004a); Bruce et al. (2009, + for GSP)</td>
</tr>
<tr>
<td>Regional competitiveness</td>
<td>+</td>
<td>Bosma, Stam, and Schutjens (2011)</td>
</tr>
<tr>
<td>Intellectual capacity, innovation</td>
<td>+</td>
<td>Link and Ruhm (2011), Acs and Plummer (2005), Mueller (2007)</td>
</tr>
<tr>
<td><strong>SOCIAL IMPACT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social transformation, Community well-being, “Entrepreneurship as the ‘energizer’ in the community”</td>
<td>+</td>
<td>Johnstone and Lionais (2004), Laukkanen and Niittykangas (2003),</td>
</tr>
<tr>
<td>Entrepreneurial “thinking” or culture in region</td>
<td>+</td>
<td>Gaddefors and Cronsell (2009), Aoyama (2009)</td>
</tr>
<tr>
<td>Regional, localized learning, production of new regional knowledge</td>
<td>?</td>
<td>Lawton Smith et al. (2005), Acs and Plummer (2005)</td>
</tr>
<tr>
<td>Diversify the economy of rural areas</td>
<td>+?</td>
<td>Ortiz-Miranda, Moreno-Perez, and Moragues-Faus (2010), for entrepreneurial agricultural cooperatives</td>
</tr>
</tbody>
</table>
As Table 5 indicates, the present literature study finds that with regard to how entrepreneurship contributes to regional development, most attention has been given to studying the economic impact of entrepreneurial activity. Other aspects of regional development such as regional learning, identity creation or general regional/community well-being, which go beyond job creation and growth, have not received as much attention as studies investigating macro conditions influencing new firm formation rates, or new firms effecting macro conditions.

4.2.3 Main approaches and perspectives

Econometric approaches are preferred by scholars who study the effects of macro structural conditions (such as unemployment rate) on new firm birth rates as well as the effects of new firms on (macro) outcomes such as regional/national job creation and GDP growth. These effects are predominantly examined by means of large dataset quantitative studies. Articles include papers such as Gries and Naude (2009), Sutaria and Hicks (2004), Acs and Armington (2004b) for the former or Audretsch and Keilbach (2004b), Fritsch and Mueller (2004), or Thurik (2003) for the latter (see Tables 4 and 5 respectively).

Scholars focusing on economic explanations seem to be a tightly-knit community building on each other’s work to a large degree; for example there are considerable cross-citations among scholars such as Fritsch, Mueller, Audretsch, Thurik, Dejardin, and Acs, publishing most of their work in journals such as Small Business Economics, Annals of Regional Studies or Regional Studies. These journals typically publish quantitative, econometric works. It may thus not be surprising that these scholars examine the phenomenon from an economic perspective. These studies adopting a quantitative and/or econometric approach also typically focus on the regional scale and make inter-regional comparisons within a nation (cf. Baumgartner et al., 2013). Thanks to their work we now know which types of economic factors have an influence on new firm births, and that entrepreneurship indeed contributes considerably to regional economic development in terms of job creation and growth. It has advantages to be a tightly-knit academic community as together it advances the cumulative body of knowledge. However, caution is advised that an isolated economic perspective may under-socialize entrepreneurial agency.

In the other “camp” are scholars who study entrepreneurship and regional development from a sociological perspective, for example Anderson, Johannisson, Kalantaridis, Hjorth, or Steyart. It appears that the primary outlet for studies that ascribe to a more sociological view of entrepreneurship is Entrepreneurship and Regional Development. But studies are also frequently published in European Planning Studies, Entrepreneurship Theory and Practice, and some even in the economics-focused Small Business Economics. Although our findings indicate that this “camp” is somewhat “better” at recognizing and referencing the findings from the economic studies, there is still a challenge not to over-socialize entrepreneurial agency. These scholars also tend to use the most diverse methodological approaches, i.e. qualitative and mixed methods approaches are predominant but also quantitative survey approaches are employed. Regarding the level of analysis, these studies tend to focus both on the regional and local level of analysis.
Thus the discussions and different perspectives can be grouped into four quadrants, as illustrated in the figure below.

Figure 4: Main perspectives

![Diagram showing four quadrants with different perspectives and discussions]

Through an initial examination of the cross-citations between the articles, there are some indications that only few discussions across the economic and sociological disciplines occur. However, to confirm this finding, further investigation would be needed, possibly through a bibliometric and cross-citation analysis. This would exceed the scope of the present literature study.

5 Discussion and avenues for future research

The abovementioned findings suggest three main issues for discussion: (1) the challenges of two “camps” studying one phenomenon (2) the challenge of a rural-urban divide, and (3) the challenge of reciprocity. Avenues for future research are discussed within each of these three sections.

5.1 One phenomenon studied from two perspectives

As indicated in the findings section, the discussions of the phenomenon mainly revolve around two main discussions: the impact of spatial conditions on entrepreneurship, i.e. \( R \to E \), and the role of entrepreneurship in regional development, i.e. \( E \to RD \). In addition, the two discussions appear to take place among scholars from two “camps” that are characterized by either ascribing to a more economic or a more sociological view of entrepreneurship and of regional development.
In line with Baumgartner et al. (2012) and Pike et al. (2007), the present literature study argues that the answers to the two questions (i) ‘what is entrepreneurship?’ and (ii) ‘what kind of regional development and for whom?’ are fairly different. This may be because two streams of research converge on one phenomenon which is studied involving a multitude of perspectives as scholars enter the discussion with different scientific backgrounds. These include, for example, geography, economics, economic geography, political science, management and organisation, sociology, planning studies.

With regard to entrepreneurship, scholars with different backgrounds tend to use the notions of entrepreneurship and entrepreneur differently (cf. Benneworth, 2004). Economists and economic geographers typically operationalize entrepreneurship as the net start-up of a new business in a given period; these may cover all kinds of businesses such as subsidiaries of established firms or a fruit stand on the corner. Few economic studies have refined the criteria of what actually constitutes an entrepreneurial start-up. Exceptions exist: for instance Mueller (2006) who defines entrepreneurial start-ups as firms that are younger than three years and have less than 20 employees, or Davidsson et al. (1994) who use the definition of single-establishment firms with autonomous ownership. In contrast, for sociologists the notion of entrepreneurship is often more multifaceted than the setting up of a VAT-registered business. For example, Anderson (2000) argues that entrepreneurship is about the creation and extraction of value from an environment that involves the shift in value from an existing utility value to a higher market value.

Bridging the gap between these two perspectives of ‘what entrepreneurship is’ and their notions of the construct might be tricky since the epistemological and methodological standpoints are different. Yet, it is argued that both camps can benefit from understanding, acknowledging and reflecting on the complexities of what the construct entails from each other’s perspective. Thus it is argued that the discussions about entrepreneurship and regional development need more complimentary “connections” across disciplines. This is imperative because policy makers may use the insights and results of these studies for designing and evaluating regional policy.

With regard to the question ‘what kind of regional development?’, some scholars see regional development as equivalent to regional growth and job creation, while for others it is far more comprehensive; for example, social transformation, change, regional learning, and the development of regional entrepreneurial culture (incl. norms, spirit, ethos). The former conceptualization is comparably easier to quantify and measure, while the latter may not always follow a straightforward linear pattern thus being harder to capture with traditional quantitative methods. This may be the reason why the economist “camp” tends to study entrepreneurship and regional development from a more economic perspective, and vice versa.

Although Fischer and Nijkamp (2009) previously argued that regional development is a dynamic process, involving social, socio-economic and economic change and transformation in regions (Berglund & Johansson, 2007), the more social or communal benefits that relate to regional development have barely been investigated (cf. Baumgartner et al., 2013; Korsgaard
& Anderson, 2011). Social value-creation, however, seems to be reserved for social entrepreneurship as it is a defining characteristic of social enterprises (Di Domenico, Haugh, & Tracey, 2010). Blake and Hanson (2005, p. 681) indeed argue that researchers and policy makers alike need to “expand their concepts of regional and urban development beyond those processes associated with technologically defined and growth-oriented originality, such that notions of local development may enhance the social well-being of places”.

Compared to the wealth of studies ascribing to the economic regional development perspective, precious few studies show how entrepreneurship can result in social and socio-economic regional development at the communal (community, village, town), regional and societal level. It is thus argued that the notion of regional development needs to be conceptualized in a more all-inclusive way in order to encompass also social value creation.

In a nutshell, future research should “develop a sounder conceptual understanding of what types of entrepreneurship drive what kind of regional development” (Baumgartner et al., 2013, p. 22).

5.2 Rural – Urban divide

The role of entrepreneurship for regional development and growth has been studied mostly on large aggregate regions, e.g. cities and metropolitan regions or entire provinces, counties or states (cf. Baumgartner et al., 2013; Trettin & Welter, 2011). Especially metropolitan or urban regions are known as hot-spots of entrepreneurship, while rural areas typically lag behind with respect to start-up rates (Mueller et al., 2008). Fritsch (1997, p. 444) term this tendency the “core-periphery downward trend in founding activities”. Areas with a high population density tend to have higher firm formation rates because the infrastructure of services and resources is more developed and readily available in more populated regions (Audretsch & Fritsch, 1994). Without a doubt, rural regions (also termed non-core regions) face special challenges as the disparities between urban and rural regions widen. Rural entrepreneurs face challenges regarding growth due to small local markets and larger distances to non-local markets (Meccheri & Pelloni, 2006) as well as difficulty in accessing necessary human and financial capital (Wortman, 1990). Although rural settings may face resource constraints in the traditional sense of lacking human, social and financial capital, it may offer other advantages and enabling conditions such as heritage, local culture or community capital (cf. "Gemeinschaft" Tönnies, 1957).

Previous research indicates that rural settings may hold unique opportunities for entrepreneurship. Anderson (2000, p. 103), for example, suggests that the socio-material conditions in peripheral areas may become “a feedstock for entrepreneurial action”. Thus, even though statistically entrepreneurial activity may be lower in rural regions, unique and creative entrepreneurial activity may emerge as regional resource endowments are transformed into viable businesses. Anderson (2000) provides an example of a rural entrepreneur who transformed an old derelict castle into a flourishing event business by utilizing the values, traditions and resources of the region. Other famous successful rural areas that show entrepreneurial or local dynamism are the Emilia Romagna region in Italy,
Few studies, however, investigate potential heterogeneity across rural regions. Rural regions are often just that, labelled as rural and lumped together to compare to other, typically with more densely populated regions. Some notable exceptions are Vaillant and Lafuente (2007) who find differences in entrepreneurial activity between rural Catalonia compared to rural areas in the rest of Spain due to presence of entrepreneurial role models and a strong industrial tradition. Another study by Bosworth and Willett (2011) juxtaposes entrepreneurial activities in two different rural areas in the UK, viz. Cornwall and Northumberland. These authors stress the need for a better understanding of the local spatial conditions that enable entrepreneurial activity in underprivileged regions. Entrepreneurial activity in non-core areas may not always result in formal firm set-up that can be measured and operationalized by conventional statistical methods; rather entrepreneurship is carried out as a function in the local economy/community that can take on many shapes and forms (McQuaid, 2002).

Focusing on a local context may offer rich opportunities for exploring spatial conditions that influence entrepreneurship as well as the regional development outcomes that entrepreneurs may create for their local communities. After all, Kodithuwakku and Rosa (2002, p. 433) claim, after an extensive study of entrepreneurship in rural Sri Lankan villages, that the best way of observing “the true value of entrepreneurship is when resources and opportunities are at their most meagre”. Thus rural settings, and possibly also urban districts and enclaves that may be similarly strong in community capital, could provide an excellent context to study entrepreneurship that is localized and contextualized.

5.3 The challenge of reciprocity

The current predominant way of studying the phenomenon rarely allows for exposing the dynamic relationships and reciprocal links between context and entrepreneurship. Studies applying econometric methods tend to be the preferred choice and have gained momentum in this field since the early nineties. These studies are indeed important as they shed light on the explanatory factors of entrepreneurship in certain regions and also they reveal the economic impact of entrepreneurship for regional growth. However, there is a limit as to what such studies can measure, and uncovering reciprocity appears to be a challenge. As established before, the entrepreneurial process in regions is a dynamic one; it occurs over time and involves various stakeholders/agents and other dimensions of the immediate local, meso and macro environment.

While time series and longitudinal large dataset studies and social network analysis can measure some of these interdependencies, these approaches fall short when trying to encapsulate the multifaceted and intangible aspects of the interrelationships between the immediate local context and entrepreneurial activity. This is partly due to the difficulty of separating individual, organizational and context-level relations (Scott, 2000). Quantitative approaches tend to overlook the role of localized, contextualized agency and “to do so ignores processes that lead to the distinctive characteristics of localities” (Lawton Smith et
al., 2005, p. 449), thus entrepreneurship is often “stripped of its contextual influence” (Blake & Hanson, 2005, p. 681).

This opens up for future research to gain a deeper understanding of which type of entrepreneurship prevails in different local contexts, and how local entrepreneurial actors contribute to (sustainable) regional development that goes beyond the traditional measures of growth. It is difficult to investigate the reciprocal links of how entrepreneurship is influenced by – and contributes to – the immediate context through quantitative methods alone (Kodithuwakku & Rosa, 2002; Welter, 2011). Therefore it argued that the discussions about entrepreneurship and regional development could benefit from more in-depth qualitative studies to explore such reciprocal links. In other words, there is a need to investigate the interplay between entrepreneurial activities and the immediate local context. This idea relates to Anderson, Dodd and Jack’s (2012) ontology of relatedness, which suggests that entrepreneurship is a non-linear, non-predictable, transient, idiosyncratic process. A process of dynamic relationships between structure (as context) and agency (as entrepreneurship) (Jack & Anderson, 2002). Entrepreneurs closely engage with the context and these “connections to, and between, processes, people and places” are the connections that explain entrepreneurship (Anderson et al., 2012, p. 961).

There are opportunities to direct future research efforts towards understanding how individuals and structures co-evolve as well as to articulate the dynamic relationships between entrepreneurial actors and their context (over time). Welter (2011) recently pointed out the need to focus more strongly on the interaction between the entrepreneur, local resources and context, in other words for contextualizing entrepreneurship.

Studies focusing on reciprocity and context could be guided by well-established sociological frameworks aiming at contextualizing social phenomena. For example Giddens’ (1984) structuration theory or Archer’s (1995) morphogenetic approach may be useful. By adopting such frameworks, entrepreneurship and regional development research has the opportunity to gain a fuller and more nuanced understanding of the “independence of context (structure) and entrepreneur (actor/agent) in the moment and across time and space” (Sarason, Dean, & Dillard, 2006, p. 289).

Empirical research using structuration-like approaches is scarce and explanations that relate entrepreneurial action especially to local structure are both theoretically and empirically under-researched (for some exceptions see Jack & Anderson, 2002; Sarason et al., 2006; Steinerowski & Steinerowska-Streb, 2012). Possibly because entrepreneurship and regional development are “complex, contingent and uncertain” processes (Benneworth, 2004, p. 455) and as such it may be challenging to investigate its relatedness and reciprocity. Complexity, contingency and uncertainty, however, may offer rich potential for exploring the dynamics and interrelationships that exist between local context, entrepreneurial activities and regional development. In so doing, research may get a step closer in explaining why entrepreneurship does not thrive equally well across regions (Mueller, 2006; Welter, 2011).
In sum, since entrepreneurship is a context-specific process, it can hardly be studied isolated from its immediate environment (Welter, 2011). Accordingly, attention must be given to context-specific aspects when studying entrepreneurship as these are likely to have an influence on the entrepreneurial process itself and on entrepreneurial capacity of regions. Thus, there are opportunities for future research to study the effects of contextual factors that include, for example, aspects of local resource endowments, heritage, history, or local culture that include local norms, spirit, and ethos. Local culture and heritage may be broad and fuzzy constructs that are difficult to measure, especially quantitatively. Nonetheless, place-specific local resources, culture and heritage are argued to be important mechanisms in understanding why different regions may offer different conditions for different types of entrepreneurial activity.

6 Conclusion

Entrepreneurship and regional development is a phenomenon studied and debated by two streams of research converging on the issues of how regional conditions influence entrepreneurship, how entrepreneurship contributes to regional development, and how regional policy can or should aid entrepreneurial activity in regions. The phenomenon seems to be highly topical and relevant. Empirically, we have come a long way exploring and explaining, but there are still plenty of avenues for future research. Several directions have been proposed to move the field forward, in particular investigating the effects of place-specific resource endowments, heritage and local culture.

This literature study showed that entrepreneurship and regional development have largely investigated two questions: (i) how regional structures or conditions influence entrepreneurship and (ii) how entrepreneurship contributes to regional development. It has mostly been separately focused on the one or the other relation, but not on the interrelation. Thus there is a theoretical gap and therefore an opportunity to examine the interrelation or interplay between enterprising agency and regional structuring. This literature study has argued that there is a need to obtain a more nuanced understanding of local entrepreneurship, how entrepreneurs are embedded in their context, and how they interact with their immediate environment and make use of the innate resources (e.g. natural, historical and cultural). These insights may be useful to understand why some regions are more entrepreneurial than others, and why certain types of local entrepreneurship prevail in certain regions.

Overall, regional studies and entrepreneurship scholars have established that entrepreneurship is largely dependent on its context. Urban, outskirt, and rural regions may, for example, create and nurture different types of entrepreneurial activity. However, only a small amount of research has tackled the genesis and underlying mechanisms of local entrepreneurship and the role of the immediate local context on the entrepreneurial process. Even though entrepreneurial activity may statistically be lower in some regions, especially in rural regions, unique entrepreneurial activity can emerge by utilizing the inherent resources and transform those into viable businesses (Anderson, 2000). Thus, context-specific aspects have an influence on the entrepreneur and entrepreneurial potential of regions. Rural or non-core regions should not simply be lumped together and compared to more populated regions. On
the contrary, constructs of rurality need to be examined in more detail as rural areas are heterogeneous within countries as well as between them. This provides an opportunity to study entrepreneurship and regional development across different rural regions.

To sum up, little attention has been given to which type of entrepreneurship prevails in different spatial environments, and how local entrepreneurship contributes to (sustainable) regional development other than job creation and growth. Few studies have focused on how local entrepreneurs can benefit from a region’s inherent resource endowments, and have revealed other than purely economic impacts of entrepreneurship on regional development.

This literature review offers a thematic analysis and identifies the dominant understandings of the phenomenon. Other types of literature reviews such as a meta-analysis could complement the present study by synthesizing the previous empirical findings, show differences in study design, and analyse how the different construct and variable definitions affect the empirical results.

6.1 Implications

There are implications for theory and regional policy if the above mentioned research gaps are addressed in the future. First, providing rich analyses of the interplay between rural structures and enterprising agency offers value to the field by recognizing the existence of multiple realities when researching the entrepreneurial process (Jayasinghe, 2003). Focusing on this interplay, a more nuanced understanding of local, place-bound enterprising agency, how local entrepreneurs are influenced by – and contribute to – their immediate context/structure, may be obtained. These insights may enhance our understanding of how enterprising individuals transform local structures, hence can create and sustain regional development.

Second, there are implications for regional policy makers. Today, policies are often based on a best-practice approach inspired by what other regions or countries do, rather than develop their own context-specific, tailor-made program. Other countries’ or regions’ policies, as they are today, often fail to consider the specificities of the local place and entrepreneurial culture (North & Smallbone, 2006). Therefore, regional policy makers need to understand that regional environments are different and consequently different measures must be developed to foster local entrepreneurship. The results of this study may assist regional policy makers to design their own context-specific program to create favourable conditions for rural entrepreneurs.
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# Appendix – Chapter 2

## Table A2.1: Detailed coding scheme

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Figure A2.1: Excerpt of coding database (MS Excel)
RURAL ENTREPRENEURSHIP OR ENTREPRENEURSHIP IN THE RURAL - BETWEEN PLACE AND SPACE

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Abstract: Entrepreneurial activities are an essential component in rural development. The aim is to conceptually examine the nature of entrepreneurial activities in rural area and how rural entrepreneurship engages with place and space. Two theoretical ideal types of entrepreneurship in rural areas are developed; these are (i) entrepreneurship in the rural and (ii) rural entrepreneurship. The former type represents entrepreneurial activities that have very limited embeddedness in the rural area and enacts a profit-oriented and mobile logic of space. The latter represents entrepreneurial activities that leverage local resources to re-connect place to space. This study argues that successful rural entrepreneurship leads to a virtuous cycle in which local resources are codified and the local place positively re-valorised. This conceptual study contributes to improving our understanding of the micro-level and localized processes of entrepreneurial activities and value creation and the way in which these processes are enabled and constrained by the spatial context.

Keywords: rural entrepreneurship · space and place · ideal entrepreneurial types
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1 Introduction

On the very small island of Strynø in Denmark, John Sørensen, a former sail ship captain, makes jam. The jam is produced from berries grown in John’s own orchard on the eastern side of the island where the neighbouring island of Langeland offers some shelter from the wind, but where the rain is still salty. This combined with the many hours of sunshine compared to the rest of Denmark provides excellent conditions yielding a particular depth of flavour in the berries. The jam recipes used were developed from the recipes of local amateur jam-makers who on occasion have also served as co-developers and sample-tasters. John’s products are now sold in specialty shops all over Denmark, and the venture has an annual turnover of approximately 140,000 Euros. This may not seem like much, but it is well enough for John to make a living, and on an island of about 200 inhabitants the venture is a source of considerable pride contributing to the overall atmosphere of development on the island.

The above example indicates the importance that the immediate spatial context can have on entrepreneurial ventures. Indeed, it appears that this particular venture could not have unfolded anywhere else, and that the past, present and most likely the future of the venture are intimately linked to the island of Strynø. Furthermore, this entrepreneurial activity is distinctly rural due to its need for arable land but also because of adaptation to the location. It is unlikely to take place in an urban area and it incorporates a particular enactment of rurality in the development, process and product of the venture.

While it is easy to define John’s venture as rural entrepreneurship, it is less straightforward to state why this is the case as well as how we can define rural entrepreneurship as a concept. The concept of rural entrepreneurship suggests that it is entrepreneurship and then something extra: a “value-added” that has to do with the socio-spatial category of the rural. We can define rural entrepreneurship as all forms of entrepreneurship that are located in areas characterized by large open spaces and small population settlements relative to the national context (Kalantaridis & Bika, 2006). Such a definition has distinct advantages when exploring rural entrepreneurship from an aggregate level. Yet, in the context of trying to understand the micro-level processes of entrepreneurial activities and their role in the continual enactment of rurality, it suffers from three shortcomings: Firstly, it does not recognize the increasing diversity of entrepreneurial activities in rural areas, and hence overlooks that entrepreneurial activities can enact rurality in a variety of different ways. Secondly, it treats the spatial dimension as a matter solely of location as opposed to an integral part of the entrepreneurial process (Welter, 2011; Hindle, 2010). And thirdly, it does not capture the potentially intimate link between the spatial context and the entrepreneurial activities that was apparent in the example above. Or in other words, it gives an overly broad and un-informative perspective on what constitutes the “extra” in rural entrepreneurship.

In this paper we argue that entrepreneurial ventures located in rural locations vary in terms of the extent of rurality insofar as they engage with their rural location in different ways. Additionally, we argue that these differences are important for their impact on local development and resilience (Bristow, 2010; Hudson, 2010). Specifically, we develop two ideal types, namely rural entrepreneurship and entrepreneurship in the rural. The latter type
engages with the immediate spatial context as merely a location for its activities, thereby employing a logic of space characterized by profit and mobility. An industrial plant or a shop that, unlike John’s jam production, could be relocated without any significant loss of function or identity is not rural as it does not involve an exchange or relation between the human actors/the venture and the specific rural location that we refer to as entrepreneurship in the rural. The former type, rural entrepreneurship as we conceptualize it here, involves a particular engagement with its place and in particular the rurality of the place and environment. Rural entrepreneurship involves an intimate relation between the entrepreneurial activity and the place where it occurs. Rural entrepreneurship draws on the innate (natural, cultural, historical, human, social and/or financial) resources of a place, which the venture needs to support its development (Jack & Anderson, 2002; Johannisson & Dahlstrand, 2009). From these resources codified artefacts are created; these can partake in the logic of space, hence re-connecting place to space (Johnstone & Lionais, 2004). We will also argue that while entrepreneurship in the rural may promise short-term economic growth in the area, rural entrepreneurship, despite its potential limitations in achieving the fast and high levels of growth that conventional policy approaches seek, may be more beneficial for long-term resilience of rural places.

Distinguishing between rural entrepreneurship and entrepreneurship in the rural sharpens our analytical gaze on the micro-level and localized processes of value creation and how these processes are enabled, constrained and intertwined with the immediate spatial context (Hindle, 2010). As such, it contributes to our understanding of two central issues that have received insufficient theoretical and empirical attention: the role of the immediate spatial context in entrepreneurial processes (Welter, 2011) and the impact of entrepreneurial activities on local development and resilience (Hudson, 2010).

In the following we begin by introducing the key concepts which we build the ideal types on. These include the distinction between space and place, a functionalist view of entrepreneurship as well as a brief introduction to the extant literature that bridges place and entrepreneurial activities. Then follows an elaboration of the ideal types of entrepreneurship in the rural and rural entrepreneurship; we also discuss the potential for a virtuous cycle in rural entrepreneurship. Building on this we then discuss some characteristics of rural entrepreneurship which include the use of bricolage, mixed embeddedness, capped growth and the pursuit of multiple types of value. We conclude the paper with some implications for research and practice.

2 Entrepreneurship and the spatial dimension

To date, research has paid less attention to the impact of the spatial context than to the social, economic and to some extent institutional contexts (Welter, 2011; Hindle, 2010). In particular research on the localized spatial level has been limited (Trettin & Welter, 2011) and even more so when the spatial context is rural, since much of the research on the link between entrepreneurship and spatial context has focused on innovative environments and milieus, clusters and learning regions. However, these are either typically urban phenomena or at the aggregated spatial levels of regions and states (Trettin & Welter, 2011). Similarly,
studies of rural development have generally devoted only little attention to the finer details of entrepreneurial activities or restricted their view of entrepreneurship to profit-oriented and short-sighted opportunistic behaviour (Van der Ploeg, Renting, Brunori, Knickel, Mannion, Marsden, De Roest, Sevilla-Guzmán, & Ventura, 2000).

To advance a more fine-grained understanding of rural entrepreneurship we will introduce related key concepts; these will form the basis for the development of the ideal types: space, place and entrepreneurship.

2.1 Space and place
As indicated above, the concepts of space and place are crucial for understanding rural entrepreneurship. Rural entrepreneurship stands apart from other forms of entrepreneurship first and foremost because of its particular spatial characteristics. While the concept of place has been given relatively limited attention in the field of entrepreneurship, it is well established in the field of human geography. The concept of place, as deployed in geography, can only be understood in its relation to the concept of space (Massey, 1994). Tuan (2007), in one of the works that founded human geography as a discipline, broadly defined space as processes of movement and mobility, and place as fixation or pause. Place is experienced through intimate dealings with things and people, exemplified through the infant child’s experience of the mother as a “safe place”. Space is the network that unfolds between places defined by movement between places. As such, space is abstract and quantitatively defined, while places are a form of object to which qualities and values are attached (Tuan, 2007). A space thus turns into a place when it becomes the object of intimate experience and emotional attachment.

For scholars focusing on economic and social aspects of space and place, space typically means the movement and flow of capital, labour, resources and information (Hudson, 2001; Castells, 1999). This movement and flow has been increasing rapidly in scope and density with the emergence of new information and transportation technologies. Space is thus dominated by economic concerns relating to the optimization of profit or accumulation of economic value for companies, countries and regions. While the movement of capital, labour, resources and information is always an exchange between places and while capitalist production must take place somewhere, a place is more than a place of capitalist production (Hudson, 2001). Echoing Tuan, places are seen as localized material, social as well as economic relations. As a consequence, places become meaningful in that they mean something to those who feel attached to them, and that a place can be unique and have unique qualities.

Clearly, the relations between space and place are complex. The increasing movement in space has led to growth in some places, primarily in larger urban areas. Other places seem to be threatened by space. Capital, labour, resources and information accumulate at the centres leaving the periphery depleted (Johnstone & Lionais, 2004), as the movement flows away from or around these peripheral places. Also the heterogeneity and uniqueness of individual places, growing or declining, appear to be threatened by the dissemination of global products.
and culture, as evident in the substitution of local variety with, for example, enterprises such as 7-Eleven and McDonald’s.

Scholars have emphasized the socially and materially constructed nature of places (Cresswell, 2006). Places are not there to be discovered but are created and continually recreated through the meaning assigned to the place (Cresswell, 2006). Places become meaningful and “real” as people get attached to them and interact with the natural and developed environment of the place. These interactions define and redefine places, and often places become the scene for conflicts over identity and value. A place is therefore more than a simple location; it is constituted by the practices that take place in a location and the relations that engage with the location, so that the social practices are influenced by the place, and the place is shaped by the practices. Accordingly, the natural and material environment of places enables as well as constrains the localized practices of the place. Once built, infrastructure and buildings at a particular place enable certain activities, yet may also lead to various forms of lock-ins and path-dependencies (Hudson, 2001). Similarly, the natural environment of a location enables and constrains the social construction of the place. Therefore, re-creation of places is neither materially nor socially determined but occurs in complex interrelations between the social and the material.

2.2 Entrepreneurship

Klein (2008) offers a useful distinction between three different views of entrepreneurship in the existing research traditions that have dealt with this phenomenon: occupational, structural and functional. In its attempt to describe the characteristics of the entrepreneur, the occupational perspective treats entrepreneurship as an occupational category that uses the individual as unit of analysis. Within this tradition is has been claimed that entrepreneurs have certain traits (e.g. need for achievement) or entrepreneurial mindsets (e.g. high entrepreneurial self-efficacy) distinguishing them from other people (cf. McClelland, 1987; Chen, Greene, & Crick, 1998). The structural perspective focuses on the firm as unit of analysis, suggesting that entrepreneurship is about new or small firms. Here the emphasis is often on the characteristics of firms and markets, which may be considered more or less entrepreneurial. Finally, the functional perspective treats entrepreneurship as an activity or process. This tradition is rooted in economics and in particular the perspectives advanced by Schumpeter and Kirzner. Here, entrepreneurship is seen as the function through which the market develops either through Schumpeterian disruption (Schumpeter, 1950) or Kirznerian equilibration (Kirzner, 1973). The function of the entrepreneur is not necessarily connected to particular individuals or firms, but is seen as a mundane activity in which all market actors can engage (Foss & Klein, 2012). Recent developments in the entrepreneurship research field have uprooted the functional perspective from its economic foundation arguing that entrepreneurship is neither restricted to market activities nor the creation of economic value (Steyaert & Katz, 2004; Sarasvathy & Venkataraman, 2011). Accordingly, Steyaert and Katz (2004, p. 182) suggest that

“...entrepreneurship in the last quarter of the twentieth century became a model for introducing innovative thinking, reorganizing the established and crafting the new
across a broad range of settings and spaces and for a range of goals such as social change and transformation far beyond those of simple commerce and economic drive”.

New concepts such as social entrepreneurship, eco-preneurship and cultural entrepreneurship stand testimony to the idea that an entrepreneurial method (Sarasvathy & Venkataraman, 2011) might exist that can help actors create multiple types of value including economic, social, cultural and communal (Korsgaard & Anderson, 2011).

For the purpose of exploring rural entrepreneurship as a process that is impacted by its immediate spatial context, and which is central to the development of rural areas, the functional view of entrepreneurship is appropriate (Kalantaridis & Bika, 2006). Drawing on the Austrian tradition of Schumpeter, we thus define entrepreneurship as the recombination of resources to create value, yet emphasize an open attitude towards the types of value that entrepreneurs can create. Rural entrepreneurship, being spatially bound, must thus involve the extraction of value from a given environment (Anderson, 2000, 1998).

Entrepreneurship in rural areas is thus a function or activity that can be undertaken by a number of different rural actors, including but by no means restricted to farmers. Further, entrepreneurship as a function is not at odds with holistic and qualitative ideas of regional and rural development, which emphasizes the creation of localized, endogenous, sustainable and resilient communities in the rural (Kitchen & Marsden, 2009; Bristow, 2010). In particular we emphasize that entrepreneurship does not necessarily entail acting in accordance with the “logic of the market” and disregard for internal resources and endogenous and sustainable development, as claimed by several rural development researchers (Van der Ploeg et al., 2000). Indeed, we suggest that entrepreneurial activities lie at the heart of any development in rural areas, regardless of whether it involves opportunistic industrialization of farming (Van der Ploeg et al., 2000).

2.3 **Place, space and entrepreneurship**

The exploration of spatial issues relating to entrepreneurship has focused primarily on issues of concentration in space: the agglomeration of economic, entrepreneurial or innovative activities, or factors potentially supporting new firm formation within particular spaces (cf. Davidsson, Lindmark, & Olofsson, 1994; Audretsch, 2003). Thus, much attention has been given to clusters (Feldman, 2001) and place agglomeration (Scott & Storper, 2003), industrial milieus (Maillat, 1998) and learning or innovative regions (Florida, 2007; Morgan, 1997). As a consequence, limited attention has been paid to entrepreneurship in relation to places as meaningful locations to which people are emotionally and socially attached. Furthermore, when rural or otherwise marginalized spaces are discussed, it has often been with a focus on uncovering the barriers to economic progress preventing the transformation of these spaces into growth areas, as evidenced in the regional development and entrepreneurship interface (e.g. North & Smallbone, 2006; Smallbone, North, & Kalantaridis, 1999).

Hjort (2004), following De Certeau (1984), explores the creation of places for creative entrepreneurial activity in established firms. For Hjort (2004) as well as De Certeau (1984) the matter concerns the creation of emancipatory places in otherwise highly strategized and dense urban spaces. Yet, although most rural areas at least in the Western world have been extensively developed and transformed by human activity, rural areas are characterized by a lesser density of flow and movement, and hence are subject to less intense strategizing from corporate and government institutions. So while Hjort (2004) is concerned with entrepreneurship in a form of urbanized context, both Anderson (2000) and Johnstone and Lionais (2004) tackle the peripheral or depleted areas head-on.

Anderson (2000) suggests the existence of a particular peripheral form of entrepreneurship. Periphery, to Anderson (2000), is characterized by an absence of higher order services which flow to the urban hubs. Yet, the advent of experiential or aesthetic consumption has created spatial business opportunities for entrepreneurs, so that the periphery, instead of being a place of production, becomes a place of consumption. Anderson presents case study examples of skilled and resourceful people who have moved to rural areas and by commoditising traditional values and resources creating new combinations of higher value, they have become entrepreneurs. Key to this is that the values commoditised were those which made the places peripheral in the first place and built on the difference between periphery and core, for example the difference between the solemnity and dignity of a rural castle setting and the hustle and bustle of city life. So although Anderson does not deploy the concept of place, he clearly demonstrates the possibility of entrepreneurial activity that engages intimately with the resources and heritage of rural places.

In a similar vein Johnstone and Lionais (2004) discuss how entrepreneurs can enhance the quality of life in depleted communities, both rural and urban. They suggest that depletion occurs as an area loses its rationale as space, i.e. its ability to produce and attract capital, as is evident in old mining districts. This severely restricts the possibility of creating traditional forms of business entrepreneurship. However, many such areas remain meaningful places of social relations, trust and attachment. And, according to Johnstone and Lionais (2004), community business entrepreneurs can use the qualities of place to recreate a rationale as space. They do this by engaging in forms of entrepreneurship that use the social relations and meanings of the place, e.g. through local volunteers, markets and networks, to create alternative forms of organizing that serve local development purposes.

Feldman (2001) and Julien (2007) emphasize that entrepreneurship is always a regional event, subjective and dependent on time and place because all entrepreneurs will always belong to a context or milieu at any given time. Julien’s (2007, p. 120) ‘entrepreneurial milieu’ is described as the “socio-economic environment surrounding the entrepreneur”. A place that provides latent resources and social capital, in addition to the financial and human capital, can support venture creation and development. Even though Julien’s (2007) notion of the entrepreneurial milieu encompasses mostly traditional economic location factors (infrastructures, workforce, incubators etc.), he also acknowledges that the milieu is a social place that promotes an entrepreneur-friendly culture where innovative and entrepreneurial
people have room to flourish. Thus, Julien’s (2007) entrepreneurial milieu is both economic space and social place.

Further, in her research on entrepreneurship in a Kibbutz setting, Heilbrunn (2010) explored entrepreneurial opportunities and new venture creation in a variety of settings ranging from high to low levels of economic capital (space) and from high to low levels of social capital (place) available. Those areas that provided both space, in respect to economic capital and infrastructure, and place, in respect to social capital (termed “spaces and places”), show significantly higher entrepreneurial activity than any other areas. Thus, depleted communities and areas with social capital only (place) seem to be especially challenging for developing entrepreneurial capacity.

3 Rural entrepreneurship between space and place

As indicated above, the role of place in entrepreneurship is important yet underdeveloped. We believe that the need for a stronger integration of place and entrepreneurial activity is particularly urgent in relation to the study of rural entrepreneurship. Location in a rural space or place is the defining characteristic of rural entrepreneurship, and the conditions offered by rural locations, regardless of the heterogeneity of such spaces, appear to include depopulation, peripherality, lack of human, cultural and financial capital and so forth. Building on Schumpeter’s concept of resource combination and Anderson’s (1998, p. 106) definition of entrepreneurship as the “extraction of value from the environment”, we define rural entrepreneurship as the extraction of value from a rural environment through creative recombination of resources. And we reinforce this statement in stressing the difference between actual rural entrepreneurship and entrepreneurship in the rural.

3.1 Entrepreneurship in the rural

All forms of entrepreneurship as well as production in general have a spatial dimension (Hudson, 2010, 2001). As such, any entrepreneurial activity is situated in one or more locations in space. Traditional economic theory states that production and entrepreneurship, ceteris paribus, will tend to gravitate to those locations that provide the strongest economic incentives, be they land prices, labour costs, specialized labour skills infrastructure-based transaction costs. Such incentives or characteristics are quantifiable and may serve to attract the kind of capital and production that emphasizes economic incentives. Hence, the competitiveness literature has emphasized the need for regions and localities to make themselves attractive to outside investments and global flows of capital, labour and people (Kitson, Martin, & Tyler, 2004; Bristow, 2010). Entrepreneurship in the rural as an ideal type refers to those types of activities that engage with their spatial location as a space for profit. And indeed rural spaces in general offer a number of distinct incentives in the form of greater availability of land as well as lower prices (Kalantaridis & Bika, 2006) and government subsidies. It has also been noted that although rural labour may generally be less skilled and educated they may well be more loyal, compliant, adaptive and in possession of a strong work ethic (Kalantaridis & Bika, 2006; Jensen-Butler, 1992). To what extent these advantages offset the problems of rural location depends on the nature of the entrepreneurial
activity. As a consequence, location in a rural area may well be the result of economic incentives.

For smaller firms, location in a rural area may be the result of the entrepreneur’s life-style choice, but unrelated to the activities of the firm. Information technologies and generally improved infrastructure have made it possible for entrepreneurs to settle down in rural areas and enjoy the pleasures of rural life while running their businesses. While this naturally means that the entrepreneur is enacting a form of rurality in his or her personal life, it does not necessarily mean that this is the case for the entrepreneurial activity. In such an instance the entrepreneurial activity is incidentally located in the rural, and the firm basically engages with the location as a space for profit.

From a local development perspective, entrepreneurship in the rural holds significant advantages. To the extent that they are integrated in the global flows of capital, such ventures can generate high and fast economic growth rates at the firm level. And such growth rates may have spillover effects on the community in the form of job creation. Yet, there are also a number of risks and problems. In particular we will point to 1) the emergence of enclave economies and two-tier communities, 2) increased vulnerability to changes in global markets and 3) suboptimal use of localized resources.

Firstly, entrepreneurship in the rural may lead to the creation of enclave economies and two-tier communities. In relation to the industrialization of rural Denmark in the 70s and 80s, Jensen-Butler (1992) points to the creation of enclave economies. Such economies occur when production is disconnected from the local or regional economies. This may occur when production builds (primarily) on imported input and the sale of the output happens on non-local markets. Proliferation of an enclave economy can lead to disintegration of local economic linkages and make the localized flows of materials and capital less important. Furthermore, such entrepreneurial ventures, being marginally embedded in the local economy, are more likely to relocate as soon as economic incentives suggest it.

Similarly, rural development scholars have pointed to the risk of two-tier communities characterized by social exclusion of the indigenous rural people and lower social classes, if rural spaces are taken over by entrepreneurial activities that are not embedded in the local communities (Shucksmith & Chapman, 1998). In-migrant entrepreneurship may thus turn out to be a blessing or a curse from the local perspective depending on the extent to which the entrepreneurial activity is embedded in the local community (cf. Gaddefors & Cronsell, 2009; Kalantaridis & Bika, 2006; Jack & Anderson, 2002).

Secondly, localities that depend on activities and production strongly integrated in the global markets on both the supply and demand sides are more vulnerable to changes in the global markets, as the recent global crisis has demonstrated (Hudson, 2010). While this may be positive when global markets are sound and growing, it makes for greater damage in times of crisis also making local economies more susceptible to competition from other localities that may begin to offer better economic incentives for location of production. Examples abound
as regards regions and localities that have lost jobs due to outsourcing and relocating driven by economic incentives.

Thirdly, a predominance of non-place bound entrepreneurship, that is entrepreneurship in the rural, may lead to a suboptimal use of localized resources (Kitchen & Marsden, 2009). Policy and business focusing on competitiveness in the global market tend to overlook the potentials of local resources and specificities (Bristow, 2010; Hudson, 2010) and what we here refer to as rural entrepreneurship. Typically we experience that regional policy invests in high-growth and high-potential industries and new ventures, which are not always those that utilize the localized resources optimally. This may become a long-term problem as businesses that are not grounded in local resources are more vulnerable to shifting market conditions (Simmie & Martin, 2010).

3.2 Rural entrepreneurship

Rural entrepreneurship, as we define it here, engages with a location as place, thus as a location of meaningfulness and social life. It involves new combinations of localized rural resources that create value not solely for the entrepreneur but also for the rural place. As a rural place, the place offers certain ‘location-specific advantages’ in the form of the material, social and cultural elements that make up the place. Such location-specific advantages may result from the particular landscape (shaped or untouched by human activity) and/or the social, cultural and historical elements that have accumulated over time through the people who live and work in these places (Williams, Balaz, & Wallace, 2004). Such elements can be used as unique resources in entrepreneurial activities (Stathopoulou, Psaltopoulos, & Skuras, 2004). These are unique because they are place-specific and no place is made up of the same mix of resources, thus offering distinctive opportunities for entrepreneurship. For example, the recent surge of localized food products leveraging territorial and heritage aspects in the so-called quality turn (Goodman, 2003) provides a good example of the recombination of rural resources that creates value for the individual entrepreneur but also contributes to the place where these products come from. Indeed, John’s production of jam on the island of Strynø is a case of localized quality-food production that has creatively recombined material and social resources of this particular rural place. He thereby created value in the form of economic income as well as in form of contributing to the pride and the community life (Johannisson & Nilsson, 1989) of the place and its inhabitants. One could even argue that John’s jam production contributed to branding the small island of Strynø, which may attract tourists.

Rural entrepreneurship, being bounded by place, may not offer the promise of fast and high growth in the way that certain forms of entrepreneurship in the rural do. Still, it does hold distinct advantages. We will point to two: Firstly, it holds potential for an optimized use of the inherent resources in the rural area in question (Kitchen & Marsden, 2009). Rural entrepreneurship focuses on using the resources that are locally available, even if these are more expensive to acquire and use than resources acquired through the global market. While this does not necessarily lead to an optimal allocation of resources on a global market, it does create what we might refer to as local equilibrium in that localized resources are allocated in
such a way that more (economic and social) value is extracted from these resources, which may be natural, human and/or social in nature. As an example, the combination of the local Strynø jam-makers’ recipes with John’s berries and entrepreneurial narrative clearly made the recipes more valuable for the jam-makers, John as an entrepreneur, and the entire island of Strynø.

Secondly, genuine rural entrepreneurship holds potential for making localities more resilient (Bristow, 2010; Christopherson, Michie, & Tyler, 2010; Hudson, 2010). This is due to two factors. First, entrepreneurial ventures based on local resources are less likely to relocate even if economic rationality would dictate it. In particular if their competitive advantage rests on a link to the place. Second, decreased reliance on resources acquired on the global market makes their activities less dependent on fluctuations on this market. This claim, however, is made with some reservation as not all products of rural entrepreneurial ventures can be made solely with local resources, and the ventures remain subject to global fluctuations in terms of selling their products on non-local markets.

4 The virtuous cycle of rural entrepreneurship

If successful, genuine rural entrepreneurship results in a virtuous cycle between space and place. The virtuous cycle consists of a dual and complementary dynamic (see Figure 1). On the one hand, entrepreneurs extract value from the place by recombining localized resources. This typically involves a process of codification, which makes the resource combinations transferable and comprehensible in non-local markets and/or settings. Hence, place is reconnected to space (Johnstone & Lionais, 2004). On the other hand, recombination and codification transform the resources and hence meaning of the place, as they intervene in the existing social and material configurations that constitute the place as a constructed site of meaning and felt value. We refer to this as re-valorisation of place. In the following we elaborate on the concepts of codification and re-valorisation as the two dynamics of the virtuous cycle of rural entrepreneurship.

Figure 1: Between space and place

Re-combination of place
specific resources – extraction of value from place

Re-valorisation
Re-enactment of place – intensification of meaning and value of place
4.1 Codification and recombination of resources

Extracting value from a place and (re)connecting place to space requires a transformation of the localized resources. This involves the form of entrepreneurial recombination of resources that characterizes all forms of entrepreneurial activity, but in the case of rural entrepreneurship it also involves a form of codification of localized resources. The logic of space requires this. For an artefact (product, narrative etc.) to become mobile and transferable in space, it must be codified and to some extent quantifiable. In the case of John’s jam it needs to be carefully labelled and the storyline surrounding it must invoke elements that are known and familiar outside the island of Strynø. Or in other words, the jar of jam that John originally received from his neighbour, having no label and a storyline comprising elements only meaningful to the locals, is not mobile in a spatial logic. For this to be the case John had to engage in entrepreneurial recombination involving a form of branding of the jam and the island to a form and narrative that is meaningful and attractive outside the island of Strynø. Similarly, e.g. hiking trails, mountain climbs, historical sites and other spots locally known and appreciated need to be marked and translated in order to be communicable and mobile outside the immediate local place (Korsgaard & Anderson, 2011). This codifies the localized and often tacit knowledge and meaning of places, hence, we refer to this process as codification.

Codification as a general term holds a variety of different strategies. One of these, and perhaps the most important one in the context of rural entrepreneurship, is commodification: a phenomenon that has been described in the extant literature. Commodification occurs when objects “take on an exchange value over and above their use values and are able to be traded” (Cloke & Perkins, 2002: 526). Revaluing place as space thus involves converting place-specific objects into commodities by giving them a form that creates or increases exchange value thus making it possible to trade them. According to Cloke and Perkins (2002), this transforms the objects into quantitatively appreciated objects and therefore these objects become potentially mobile in the flow of space; or simplified: a price is set for the object.

Rural development scholars have suggested three contemporary strategies for commodification of rural resources: 1) deepening, increasing the value of a given unit of production such as can be seen in organic farming; 2) broadening, including new activities “located at the interface between society, community, landscape and biodiversity” (Van der Ploeg & Renting, 2004, p. 235), such as agri-tourism; and 3) re-grounding, in which rural ventures engage with new sets or patterns of resources (Kitchen & Marsden, 2009), for example shifting away from traditional agriculture to tourism or energy production (Kitchen & Marsden, 2009; Van der Ploeg & Renting, 2004). While an overview of the strategies of rural development is highly informative, the role of entrepreneurial activity remains under-theorized from this perspective (Kitchen & Marsden, 2009); therefore these strategies present only a fragment of the possible avenues that the creative recombination of place-specific resources can take in rural places.

While commodification is the most conspicuous case of codification, we wish to stress that codification does not necessarily involve a pricing and exchange value, and consequently
does not necessarily involve the creation of economic value. Other forms of value may be sought and realized. Local entrepreneurs may, for instance, recombine resources and create artefacts to attract new residents with the hope of creating social value in the place.

### 4.2 Re-valorisation of place

Codification also results in a transformation of the place from which the codified resources were drawn (Cloke & Perkins, 2002). The recombination of resources intervenes directly in the social and material relations that define the place as a meaningful location. By recombining place-specific objects, the place is re-enacted and re-valorised as place. Such re-valorisation can be either negative or positive depending on whether the recombination and codification of resources is experienced by the local community as something that makes the place more valuable and meaningful. In the example of the island of Strynø, the use of localized resources and in particular the use of local recipes made the locals proud of the product and of their island. The fact that the residents feel pride and increased meaningfulness in the place is important especially in these times where rural areas experience outmigration to metropolitan areas. Feeling pride and attaching meaning to a place may encourage a sense of belonging to and identity with the place where one lives (Lindgren & Packendorff, 2006; Schneider, 1986), which may reverse the trend to relocate to more urban places. Similarly, the local community may experience recombination and codification as negative, leaving the place exploited and at a loss.

A virtuous cycle is thus achieved when the extraction of value leads to a re-valorisation of the place in that the resource base has been enriched. This may then encourage new activities and even new ventures, which build on the new enriched local resource base. On the island of Strynø, John’s jam production has encouraged other activities, such as the recently opened cider production at the opposite end of the road from John’s jam facility.

While we acknowledge that places and hence the transformation of places can be contested and ambivalent, we suggest that the concept of re-valorisation is useful even if in some cases it may be difficult to sort out and measure the overall long-term impact of re-valorisation.

### 5 Characteristics of rural entrepreneurship

The definition of the differences between rural entrepreneurship and entrepreneurship in the rural as ideal types, enables us to make conjectures about the characteristics of rural entrepreneurship processes. These conjectures, being built on ideal types, refer to expected stylized behaviours of entrepreneurs and ventures that match the ideal types to some degree. As such, the conjectures may serve as propositions to be explored in further research as well as linking our concept of rural entrepreneurship to the broader understanding of entrepreneurship as a phenomenon. In particular we will emphasize the role of bricolage, mixed embeddedness, capped growth and the pursuit of multiple types of value.

### 5.1 Bricolage

We will argue that rural entrepreneurs are more likely than other entrepreneurs to engage in different forms of bricolage. Baker and Nelson (2005, p. 333) define bricolage as “making do
by applying combinations of the resources at hand to new problems and opportunities”. This
definition extends Levi-Strauss’ understanding of bricolage as simply making do with
elements at hand as Baker and Nelson single out the entrepreneurial element by emphasizing
recombination of resources as well as the application to new problems and opportunities. For
Baker and Nelson (2005) entrepreneurial bricolage involves an active refusal to seek out new
resources in confronting new problems and opportunities. They even argue that opportunities
tend to be constructed on the basis of resource availability. It is furthermore emphasized that
resources are not only recombined but re-interpreted and used for other purposes than
initially intended.

There are two reasons why rural entrepreneurs are more likely to engage in bricolage. Firstly,
rural areas in general are characterized by certain forms of resource scarcity. Financial and
human capital is typically scarcer than in urban settings, which imposes certain restrictions on
resource use and acquisition on entrepreneurs in rural areas and rural entrepreneurs.
Secondly, unlike entrepreneurs in the rural, rural entrepreneurs, being deeply embedded in
rural places, are likely to have more knowledge of the locally available resources and also
they will be more inclined to use them, even if they are not the best suited technically and
economically. So where entrepreneurs in the rural will seek out resources in the global
market to confront a given problem, rural entrepreneurs will make do with the resources at
hand locally.

It is perhaps not incidental that Baker and Nelson invoke the concept of bricolage in a study
of entrepreneurs mainly situated in a depleted area in the US. Certainly, the resource
constraint faced by the entrepreneurs of the old mining districts that Baker and Nelson study,
is very similar to the constraints faced by rural entrepreneurs in many parts of the western
world. Thinking of “at hand” in a spatial sense indicated that rural entrepreneurs either by
necessity or by choice are partially confined to using resources that are locally available in
the rural area.

5.2 Mixed embeddedness

As we conceive of rural entrepreneurship, it grows from the subjective meanings and
relations that constitute places. As such it would appear that the more intimate your
knowledge and sense of place, the more likely it is, ceteris paribus, that you are to be able to
use resources at hand to create rural ventures. Yet, as pointed out by Tuan (2007), an intimate
embeddedness in a place may lead to a form of blindness to the place, because the intimacy
re-enacts the place without thought or reflection. We therefore argue that a form of mixed
embeddedness is more conducive to rural entrepreneurship. Mixed embeddedness here refers
to a state where one has intimate experience with more than one place. Examples of this
would be returnees (Gaddefors & Cronsell, 2009), newcomers (Jack & Anderson, 2002) or
immigrant and expatriate entrepreneurs (Stone & Stubbs, 2007). Ideally, such entrepreneurs
are able to integrate different social and spatial spheres.

Mixed embeddedness enhances the likelihood of rural entrepreneurial activity in two ways.
Firstly, by creating the possibility of shifting between an intimate engagement with a
distanced vision of the place (Csikszentmihalyi, 1996). Without these two components it may be difficult to create new combinations of resources and thus entrepreneurial activities. Secondly, mixed embeddedness expands the potential entrepreneur’s toolkit (Swidler, 1986). Being embedded in multiple places means having more extensive networks and access to more material and immaterial resources which to draw on in creating new combinations.

It is important to note, however, that we do not consider that living in an area necessarily involves being locally embedded. Following our conceptualization of place, being embedded in a place involves intimate knowledge and experience of the meaningfulness of the place. This does not come instantaneously nor automatically from being located at the place (Tuan, 2007). Location in an area may therefore at best be considered a proxy for local embeddedness.

**5.3 Capped growth**

Rural entrepreneurial ventures are unlikely to see the same growth patterns as other types of entrepreneurial ventures. There are several reasons for this. Firstly, they are confined, at least to some extent, to using localized resources either by choice or by necessity. As such there may well be a limit to their growth. In the case of the jam venture on the island of Strynø, even if John were to use all the fruit grown on the island, he would still be limited in his production capability compared to mainland and more industrialized jam producers. Secondly, as the location in rural areas in itself often contradicts the profit maximizing rationale (Jack & Anderson, 2002), it is unlikely that the growth pattern of rural ventures should be dictated solely by profit maximization and growth aspirations.

**5.4 Multiple forms of value to be pursued**

While the logic of space entails a single-dimensional emphasis of economic value, places are sites of meaningful lived life in which multiple forms of value are likely to be pursued. Entrepreneurial activities that start out in rural places by recombining place-specific resources are unlikely to pursue solely the creation of economic value. Entrepreneurs that seek only economic profit will have little reason to subject themselves to the limitations of rural places. And even if a rural location incidentally offers some particular economic incentive for entrepreneurial activity (e.g., cheap land prices) that it seeks to capitalize on it, this would in all likelihood be of the type that we refer to as entrepreneurship in the rural.

Instead, we propose that rural entrepreneurial ventures will be motivated by a desire to realize multiple types of value. In a study of the “Friland” community building project in rural Denmark, Korsgaard and Anderson (2011) found that value was being created on several dimensions including societal, communal and personal levels. Clearly, this value creation was integral to the creation of “Friland” as a place.

**6 Conclusions and Implications**

This paper has explored rural entrepreneurship as a distinct phenomenon with important differences from other forms of entrepreneurship, including what we refer to as
entrepreneurship in the rural. We argued that the particular nature of rural entrepreneurship stems from how this form of entrepreneurship engages with place and space in a dual process that re-valorises place as space thereby re-enacting place. In the following we will introduce some implications of the distinction in relation to research and practice.

6.1 Implications for research

The distinction between the ideal types of entrepreneurship in the rural and rural entrepreneurship offered here is a tool for engaging conceptually and empirically with the diversity of entrepreneurial activities in rural areas, thereby increasing our understanding of rural entrepreneurial processes and their impact on local development.

We argue that it may be a fruitful avenue for research in treating rural entrepreneurship as a distinct form of entrepreneurship, which may be studied on somewhat different terms than other entrepreneurship forms. Such a line of research may lead to a better understanding of rural entrepreneurship as well as greater appreciation. And, we believe that this understanding and appreciation is a prerequisite when researchers seek to assist rural entrepreneurs in creating more sustainable rural ventures. Indeed, it seems that current entrepreneurship research will struggle to understand, appreciate and support ventures such as John’s jam production on the island of Strynø and many other examples with their financially irrational locations, self-imposed resource scarcity and capped growth.

Furthermore, the conceptualization of rural entrepreneurship presented here pushes spatial issues to the forefront of the analysis and suggests that the spatial can be of central importance for entrepreneurs. Hitherto spatial issues in entrepreneurship have focused on space and how certain spaces appear to have a higher concentration of entrepreneurial activity (Steyaert & Katz, 2004). This is evident in research on innovative clusters, regions and cities. While such research is timely and important, it blurs entrepreneurial activity in depleted and peripheral areas (Anderson, 2000).

Studying entrepreneurial activity in alternative spaces is likely to bring forth new perspectives and ideas (Steyaert & Katz, 2004; Hindle, 2010; Trettin & Welter, 2011). In the present conceptual exploration it becomes clear that spatial issues in entrepreneurship cannot be reduced simply to matters of concentration: for example concentration of ventures, resources and forms of capital in distinct spaces. The importance of place in rural entrepreneurship suggests that entrepreneurship may not simply be about quantitative agglomeration but also about qualitative intensification and re-enactment. Rural entrepreneurship may not as such lead to the creation of innovative regions nor should that necessarily be the ambition. Instead, rural entrepreneurship first and foremost leads to an enhancement of the quality of place and life in rural places, an enhancement of the value – in the broad sense – of the localized resources. As such we suggest a strengthened interest in the spatial aspects of entrepreneurial activity in rural as well as other forms of entrepreneurship.

The conceptual distinction made between rural entrepreneurship and entrepreneurship in the rural is not without its limitations. They are ideal types, and do therefore not necessarily match anything in real life; we acknowledge that the locational choice of firms is typically
made from a number of motives, and it may be difficult to keep them apart. Similarly, what constitutes a “significant” interaction with the place is, of course, relative and a matter of interpretation. On the other hand, we are quite confident that entrepreneurship as well as rural development researchers will be able to identify instances of both ideal types in their work.

6.2 Implications for practice
Practitioners and policymakers engaged in rural development face a complex problem with no easy solutions. We believe that the distinction proposed here may prove a helpful tool for understanding and addressing the heterogeneity of entrepreneurship in rural areas. While it is clear that both ideal types of entrepreneurship may contribute to economic development in rural areas, our analysis suggests that policymakers, local governments and business support agencies be aware of the potential and advantages of genuine rural entrepreneurship. In accordance with recent territorial policies (OECD, 2006), our analysis suggests the value of experimenting and innovating with localized resources even if this does not represent the shortest route to fast growth. Similarly, local policymakers and business support agencies are encouraged to acknowledge the diversity of ventures in rural areas and to enact a multidimensional attitude to value creation, emphasizing the importance of creating a more qualitative and holistic approach to venture, local and regional development (Hudson, 2010) to encourage entrepreneurs to pursue the creation of multiple types of value.

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(RE)SOURCES OF OPPORTUNITIES –
THE ROLE OF SPATIAL CONTEXT FOR RURAL ENTREPRENEURSHIP

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Abstract: This paper investigates the interplay between entrepreneurial activity and the resources of the local context. In so doing, this study analyses how rural entrepreneurs access and recombine resources that are afforded by spatial context. Most entrepreneurs face considerable resource constraints, which are even more pronounced in rural areas. Spatial context offers a specific set of resource affordances which impact entrepreneurship, as entrepreneurs access the resource base (resource endowments) of a place. We know very little about, through which practices rural entrepreneurs access and utilize spatially afforded resources that are rooted in the local context. The study shows how entrepreneurs engage in bridging activities, which means they reconnect rural places to non-local markets. A typology is developed that focuses on the characteristics of rural entrepreneurship according to spatial resource embeddedness and their bridging activities. The typology highlights the diversity of rural entrepreneurs and surfaces the distinguishing characteristics of what some rural ventures have in common. This offers the ability to identify manifestations of the empirical phenomenon in its context. The study contributes to an in-depth understanding of how entrepreneurs use spatial resources and engage in localized entrepreneurial activities that result in the circulation of value.

Keywords: spatial context · resource affordance · bridging · rural entrepreneurship
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1 Introduction

Entrepreneurship has been widely recognized as a vital mechanism for countering challenges of rural areas. Entrepreneurship in rural regions can contribute to community life and maintain a commercial infrastructure (Laukkanen & Niittykangas, 2003). Entrepreneurship is an essential activity for many rural areas struggling to defy de-population and decreasing service levels and standard of living (OECD, 2006; Stathopoulou, Psaltopoulos, & Skuras, 2004). Entrepreneurial processes are both enabled and constrained by their immediate context (Aldrich & Ruef, 2006; Anderson, 2000). The social, institutional, economic and spatial context provides possibilities and resources for entrepreneurs and may impact on their ability to engage in entrepreneurial activities. In recent years, spatial context has emerged as an important theme in entrepreneurship research as scholars advocate that the spatial dimension should be treated as an integral part of the entrepreneurial process (Welter, 2011; Trettin & Welter, 2011; Hindle, 2010). Including spatial context and thus further contextualizing the theories of entrepreneurship is a vital addition to continuing theoretical development of the field of entrepreneurship (Zahra, 2007).

In order to enable entrepreneurial activity, it is important to understanding of the underlying mechanisms of discovery or creation of opportunities as well as a keen sensitivity to the differences with which these mechanisms unfold across contexts. While entrepreneurship universally requires the mobilisation and recombination of resources (Kirzner, 1973; Shane & Venkataraman, 2000), the types of resources that are accessible, the legitimate ways of mobilizing them, and the creativity needed to recombine them varies across contexts (Welter, 2011). It is therefore essential for entrepreneurship research to explore different social, institutional and spatial contexts, and thereby come to understand how contexts impact on entrepreneurial activities.

Spatial context has received relatively little attention in the entrepreneurship field compared to, for example, social and institutional contexts (Welter, 2011). In particular, there has been a need for research emphasising the localised spatial level (Trettin & Welter, 2011, see also Literature Review Chapter 2). Contextualised entrepreneurship theory building is an important safeguard from what Zahra (2007) refers to as over-generalization which can potentially compromise the relevance, rigour and ultimately usefulness of research. Contextualized explanations of an empirical phenomenon – such as entrepreneurship – is important to be able to gain a deep understanding of how the entrepreneurial process and its underlying mechanisms manifest in concrete contexts (Danermark, Ekström, Jakobsen, & Karlsson, 2002; Zahra, 2007).

We explore the role of spatial context in entrepreneurial processes with a particular emphasis on the rural. Rural contexts provide a particularly favourable setting for entrepreneurship research as severe resource constraints provide great opportunities to observe entrepreneurial activities and processes (Kodithuwakku & Rosa, 2002). In adverse and uncertain conditions entrepreneurs often create opportunities from resources that are readily available and or of seemingly limited economic value (Baker & Nelson, 2005). Rural areas may offer resources unique to their
settings. Overall rural areas typically suffer from resource scarcity, inadequate infrastructure, small markets and limited presence of human and financial capital compared to urban areas. Rural entrepreneurs are therefore more likely to rely on and make the most of the spatially available resources such as natural amenities, socio-material and cultural landscapes (Kitchen & Marsden, 2009; Neergaard, Korsgaard, & Hindle, 2008b). Also, considering the infrastructural challenges of many rural areas, rural entrepreneurs are also likely to be particularly attentive to how their entrepreneurial activities can leverage and build connections to other localities (OECD, 2006). In other words, rural entrepreneurial activities tend to be highly affected by their spatial context.

Understanding how entrepreneurs can utilize the local resources available in order to create viable ventures in underprivileged areas is important in promoting sustainable economic development in the rural areas of developed economies. In addition, understanding the relation between entrepreneurship and the spatial context in rural areas thus requires an understanding of how various spatially bounded resources are accessed and recombined to create value. We thus explore the impact of spatial context on entrepreneurial activities in rural settings through 28 qualitative case studies of entrepreneurial ventures in three rural areas in Denmark. In particular, we set out to answer the following three research questions: (1) what types of (local) resources do rural entrepreneurs extract from their spatial context; (2) what do they do with these resources, in other words how do rural entrepreneurs recombine resources to create opportunities, and finally (3) how do they connect localized opportunities with non-local market flows.

The paper is structured as follows: In sections two and three we explore the existing literature on entrepreneurship and spatial context and conceptualise resource affordances and bridging as two central ways in which the spatial contexts impacts on entrepreneurial resource practices. In section four we outline the methods of the study. Section five unfolds our findings. This section is structured according to the three research question put forward. Finally, we discuss how our results contribute to the understanding how spatial context enables entrepreneurial activities.

2 Entrepreneurship and spatial context

Historically entrepreneurship research has had a focus on the individual entrepreneur (Gartner, 1989; Shane & Venkataraman, 2000). Recently, several calls for a better integration of context, that is the need to focus more strongly on the interaction between the entrepreneur, local resources and context have been made (Shane, 2012; Wright, 2012; Welter, 2011). There is a growing consensus that entrepreneurship is not just an economic process, but draws from the social, material and institutional contexts, which shape the entrepreneurial process and its outcomes (Jack & Anderson, 2002; Welter, 2011). These contexts provide individuals with opportunities and set boundaries for their actions. However, the spatial context still appears to be underrepresented in entrepreneurship research (Trettin & Welter, 2011), or is less advanced than research on the social and institutional contexts (Hindle, 2010).
The substantial research on social networks and the social construction of opportunities stand testament to the progress made in how entrepreneurial processes are inherently socialised (Ruef, 2002; Jack, Dodd, & Anderson, 2008; Hoang & Antoncic, 2003; Hite & Hesterly, 2001; Elfring & Hulsink, 2003; Burt, 2000). The institutional context has also received increasing interest from entrepreneurship and institutionalisms scholars alike. One example of this is the extensive work on entrepreneurship in post-communist Eastern Europe, indicating the importance of institutional settings (Smallbone & Welter, 2001; Smallbone & Welter, 2006). Also the growing literature on institutional entrepreneurship suggests that institutional contexts can enable and constrain entrepreneurial activities (Pacheco, York, Dean, & Sarasvathy, 2010; Mair & Marti, 2009; Greenwood & Suddaby, 2006; Garud, Jain, & Kumaraswamy, 2002).

As pointed out earlier, research on the spatial context is less comprehensive and less diverse. Research that focuses on the relationship between entrepreneurship and its spatial context – both within the entrepreneurship and regional studies literature – focuses on rather large agglomerated spatial levels such the nation or the region (Trettin & Welter, 2011, cf. chapter 2). These macro level studies are well suited for showing the aggregate effects of new firm formation in certain defined regional and spatial areas and variations in entrepreneurial activities across regional boundaries (Feldman, 2001; Cooke, 2004). At a regional level it is apparent that some regions offer more opportunities for entrepreneurial activity than others (Stuart & Sorenson, 2003), and that agglomeration effects occur in areas such as city centres with well-functioning innovation systems (Cooke, 2004). Explanations of this typically focus on knowledge spill-over effects from, for example, research universities or triple helix constructions (e.g. Audretsch & Fritsch, 2002). Spatial context impacts entrepreneurship through proximity: being geographically close to urban centres (Mueller, van Stel, & Storey, 2008; Fritsch, 1997), being close to universities (Audretsch & Feldman, 2004; Audretsch & Fritsch, 2002), or being close to other small or medium-sized enterprises (Audretsch & Keilbach, 2004; Beugelsdijk & Noorderhaven, 2004) has been found to stimulate entrepreneurial activity.

According to Trettin and Welter (2011) the dominant research designs do not provide much information about the underlying processes and the strategies of the micro level entrepreneurial efforts as embedded in localized practices of entrepreneurship. Entrepreneurial practices may differ depending on their spatial context, and the identification of mechanisms that influence the spatial context is not nearly as advanced as research of the social and institutional contexts (Hindle, 2010). Hence, this provides an opportunity to focus on the role of the proximate, spatial context for entrepreneurship, which this present study sets out to do.

2.1 Rural spatial context

To explore the role spatial context further we turn to the rural setting. This is to gain a deeper understanding of the ways in which spatial resources and connectedness of locations enable entrepreneurial activities. Rural areas of the developed world have undergone a transformation in the past decades (Stathopoulou et al., 2004; Markantoni & van Hoven, 2012). Agricultural
production no longer dominates the socio-economic landscape of rural areas and has given way to a polyvalent rural scene with multiple actors and interest reconfiguring a contested rural space (Dopfer, Foster, & Potts, 2004; Ilbery, 1998). Rural areas have moved from being predominantly a production space to a consumption space (Halfacree, 2006). Thus, the “countryside has become a multifunctional space for leisure, recreation, working and living” (Markantoni & van Hoven, 2012, p. 507; cf. Marsden, 1999). The transformed rural landscapes face challenges as unequal regional development is a salient feature of most countries, and economic and demographic decline in rural and outskirt regions has been an increasing challenge in many parts of the industrialized world (Florida, 2003; Naudé, Gries, Wood, & Meintjes, 2008). Although different rural areas are impacted differently by the socioeconomic change, rural areas tend to lag behind in terms of economic performance. The primary challenges related to the lower performance include an ageing population, out-migration, lower labour productivity, lower educational levels, and a lower level of public services (OECD, 2006). Additionally, rural areas tend to have “poor developmental capacity” because of the relative absence of physical infrastructures, qualified labour and research activity and technological improvements (Morgan, 1997, p. 496).

The rural context offers a particularly well-suited context to study the role of the spatial dimension (Kodithuwakku & Rosa, 2002) for a number of reasons: Firstly, rural areas are a distinctly spatial category with particular economic, social and natural/physical environments that are easily identifiable as spatial and are different from their urban counterparts (Stathopoulou et al., 2004). The economic characteristics include, for example, high share of enterprises in the primary sector, low technology and export-orientation, low specialization or missing integration of value chains (Copus & Skuras, 2006; Copus, Skuras, & Tsegenidi, 2008). The social environment is, for example, characterised by having dense social networks of mutual control (Johansson, 2009). Also, the physical environment includes natural, cultural and landscape amenities, poor accessibility to “hard” transportation and “soft” communication infrastructure (OECD, 2006, 2009), the existence of physical resources and raw materials such as soil, wind, water, landscape, and the like (Terluin, 2003).

Secondly, historically and traditionally entrepreneurial activities have been intimately linked to the physical structure of the spatial context, in particular in relation to agricultural production (Ilbery, 1998). Also new entrepreneurial activities in the rural are often tightly connected to the spatial dimensions, as evidenced in rural tourism, agro-food and ventures associated with the experience economy (OECD, 2009).

Thirdly, rural areas are often struggling with resource scarcity compared to many of their urban counterparts, as well as infrastructural challenges growing from a peripheral status. Rural regions may offer a particularly insightful arena for exploring how entrepreneurs extract and make use of spatially afforded resources.
2.2 Resource affordance

Resources are a crucial element of entrepreneurship processes as entrepreneurs need resources to meet their aspirations and create opportunities (Penrose, 1995). Most entrepreneurs face substantial resource constraints (Shepherd, Douglas, & Shanley, 2000), and this may be even more prevalent for entrepreneurs in resource-deprived environments such as rural areas. The role of resources, resourcefulness, and resource limitations is therefore important in entrepreneurship research (Di Domenico, Haugh, & Tracey, 2010, p. 683). Resources can be an important source of competitive advantage (Kogut & Zander, 1992). “However, merely possessing such resources does not guarantee the development of competitive advantages or the creation of value” (Sirmon, Hitt, & Ireland, 2007, p. 273). Entrepreneurs must access, assemble, accumulate, combine, and utilize resources to create opportunities and ultimately value. The affordance of resources is therefore important for entrepreneurial activities regardless of the individual entrepreneur’s ability to muster and recombine these resources.

Since new venture creation requires resources, entrepreneurs make use of a range of practices to access, gather and recombine the resources needed. To overcome resource constraints, entrepreneurs often engage in creative activities to access resources which can be either readily available or dormant (Baker & Nelson, 2005; Starr & MacMillan, 1990). For example, entrepreneurial can engage in practices of social resourcing and effectuation (i.e. collaboration, making alliances, networking, Sarasvathy, 2001; Sarasvathy, Dew, Read, & Wiltbank, 2008), financial bootstrapping and bricolage (Baker & Nelson, 2005), scavenging and cooptation of underutilized resources (Starr & MacMillan, 1990; Baker & Nelson, 2005), or community involvement (Berglund & Johansson, 2007; Hjorth & Johannisson, 2003). Furthermore, anecdotal evidence suggests that entrepreneurs, especially in rural or resource-scarce areas, activate and leverage spatially bound resources (Kodithuwakku & Rosa, 2002). These are resources that exist within the boundaries of a spatial context; that is the resource endowments of the physical and socio-economic context (Stathopoulou et al., 2004). Such spatial endowments may include physical and natural resources (Hindle, 2010), social and community resources (Flora, Sharp, Flora, & Newlon, 1997; Johnstone & Lionais, 2004), as well as human resources, cultural heritage and other immaterial assets (Stathopoulou et al., 2004). These spatial resources may have unique or distinct spatial characteristics that cannot be reproduced in other locations and thus can become a source of competitive advantage (Hindle, 2010; Anderson, 2000; Neergaard, Korsgaard, & Hindle, 2008a)

Spatial contexts may offer distinct sets of resources that enable entrepreneurs to engage in entrepreneurial activities (cf. Kalantaridis & Bika, 2006b; Anderson, 2000; Meccheri & Pelloni, 2006). Yet, spatial contexts can also constrain entrepreneurial activities, since they tend to have a finite set of resource endowments. So while being located and embedded in a particular spatial context provides access to spatial resources, it also limits resource availability. The resources that normally considered to be important for entrepreneurial success, such as financial and human capital (Wortman, 1990; Kalantaridis & Bika, 2006a) as well as access to markets.
(Kalantaridis & Bika, 2011; Warner & Hefetz, 2003), are relatively harder to come by in a rural setting.

### 2.3 Bridging across spatial contexts

Entrepreneurial activity is enabled and constrained not solely by virtue of the resources afforded by the location, but also by how these resources – in the form of goods, services or experiences, can be connected to other spatial contexts. Entrepreneurs who connect to other, non-local spatial contexts (e.g. market places) engage in, what economic geographers refer to as, bridging to space (Hudson, 2005). Leveraging existing connections between spatial contexts or building new connections may be an important source of opportunities for entrepreneurs. Infrastructural elements that enable transportation of goods tend to be asymmetrical, and metropolitan areas are often more accessible than rural outskirts, leading to very different conditions for entrepreneurial activities. Also, as pointed out by (Castells, 1999) the developments in IT and communications have led to new patterns of connectedness across regional and national boundaries. The geographical location of the entrepreneurial activities in the movement and flow of capital, labour, resources and information is thus likely to impact entrepreneurial activities.

### 2.4 Analytical framework and research questions

In this study, we explore three interrelated aspects of spatial context in relation to entrepreneurship. Through the abovementioned review of the literature, the following analytical framework is constructed depicted in Figure 1. This framework guides research questions and empirical analysis.

#### Figure 1: Analytical framework

Firstly, we focus on (1) the role of resources. In adverse and uncertain conditions entrepreneurs create opportunities from resources that are readily available and or of seemingly limited economic value (Baker & Nelson, 2005). Understanding the relation between entrepreneurship and the spatial context in rural areas thus requires an understanding of what types of resources rural entrepreneurs extract from their spatial context.
Secondly, accessing resources is not enough; they must be creatively recombined to create new ventures. Accordingly, in this study we (2) explore how rural entrepreneurs recombine resources; more specifically we focus on the spatially specific practices undertaken by rural entrepreneurs in assembling bundles of resources into opportunities.

Thirdly, the spatial context of rural entrepreneurship may involve a dynamic interaction between the localized practices of places and the non-local dynamics of markets, movements of people and other non-economic values. Consequently, we (3) investigate how localized activities and non-local dynamics of markets and flows are connected in the entrepreneurial activities of rural entrepreneurs?

3 Research design and methods

This paper investigates the relation between resource practices of entrepreneurs in their spatial context. A multiple embedded case study research strategy is applied (Yin, 1994; Eisenhardt, 1989). Scholars have recently advocated for the need for qualitative studies of localized entrepreneurial activities in order to gain a deeper understanding of the role of the interplay between entrepreneurship and their spatial contexts (Welter, 2011; Trettin & Welter, 2011; Hindle, 2010). As discussed the issue of spatial context has so far been studied at the aggregate level using the quantitative methods appropriate for the level of analysis (Trettin & Welter, 2011, see also Literature Review chapter 2). The study of localized spatial contexts requires an engagement with the qualities attached to places (Tuan, 2007), which are best studied through an in-depth qualitative approach.

3.1 Empirical Setting and Sample

Three distinct rural regions in Denmark were selected to reflect the diversity using a purposeful sampling strategy (Patton, 2002), employing the heterogeneity criteria suggested by Stathopoulou et al. (2004): (i) factors of the physical environment (i.e. location and degree of rurality), (ii) and socio-economic factors that include main industrial sector, population density, and average start-up rate/1000 inhabitants in 2000-2010. Region A, Northdjursland, is a suburban, outskirt region with a mix of industrial, agricultural and residential activity within a reasonable 30-45-minute commuting distance to a major urban area. Region B, the Wadden Sea area, is a remote rural area over 200 kilometres from a major city. Region C, the island of Samsø, though not as distant, provides a special form of isolation as an island, accessible only by a 30 kilometres ferry transfer. All three form a part of rural Denmark, spatially separated from one another and the major urban areas of Copenhagen (Zealand) and Aarhus (Eastern Jutland).

Data were collected from 28 entrepreneurial ventures across the three regions. The cases were selected according to a sequential sampling strategy (Flick, 1998) that employs a gradual selection principle where “the sample evolves of its own accord as data are being collected” (Teddlie & Yu, 2007, p. 80). We asked a triad of local entrepreneurs, local inhabitants and the local business council to recommend entrepreneurs or ventures that had either contributed to the
community and/or region in some way or another, according to their own definition of what ‘contributes positively’ may entail, or they thought were somehow anchored in the community.

3.2 Data collection

Data were collected using observation (experiencing), interviewing (enquiring) and studying materials prepared by others (examining) (Wolcott, 1994), principally through (i) a series of two-hour semi-structured, face-to-face interviews with the principal enterprise founders, (ii) field notes, observations and photographs touring their premises, and (iii) publicly-available media (e.g. radio and TV interviews, Facebook profiles or blogs where available) and marketing materials, annual reports, websites, and newspaper clippings (dating back up until start-up).

The interviews were conducted with the principal founders of 28 ventures (in total 35 individuals, accounting for team entrepreneurs). An overview of the cases is presented in table 1. These first-person accounts included descriptions and reflections of the environment they are located in, their use of local and non-local resources, as well as accounts of their goals, actions, and practices with regards to sourcing activities and which markets they serve and why. So, the entrepreneurs were asked about their current and past use of different type resources that are important for their ventures, their past and current markets, which practice, activities and actions they undertake in connection with the resource they access, and the enabling and constraining factors of the context of their business.

While the collected data are not generalizable to all entrepreneurs in all rural regions, they provide useful and rich data on the interplay of resource structures embedded in specific contexts.
Table 1: Venture characteristics

Notes: * The case ID’s consist of a letter and a number; the letter indicates the case study region. ‘N’ stands for cases in the region Northdjursland, ‘V’ for cases in the Wadden Sea region, and ‘S’ for cases on the island of Samsø.

<table>
<thead>
<tr>
<th>Case ID</th>
<th>Region</th>
<th>Founding year</th>
<th>Legal Structure</th>
<th>Employment (in 2012)</th>
<th>Main sector</th>
<th>Core Activity</th>
<th>Locational relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>N*01</td>
<td>Outskirt</td>
<td>2007</td>
<td>LLC</td>
<td>3</td>
<td>Manufacturing</td>
<td>Produces cosmetics and personal care products (consumer goods)</td>
<td>Native</td>
</tr>
<tr>
<td>N02</td>
<td>Outskirt</td>
<td>2008</td>
<td>Association</td>
<td>0</td>
<td>Education</td>
<td>Provider of entrepreneurial education and boarding facilities for game developers</td>
<td>Native</td>
</tr>
<tr>
<td>N03</td>
<td>Outskirt</td>
<td>2000</td>
<td>Sole Proprietorship</td>
<td>2</td>
<td>Manufacturing</td>
<td>Development, design and manufacturing of wooden outdoor music instruments</td>
<td>In-migrant</td>
</tr>
<tr>
<td>N04</td>
<td>Outskirt</td>
<td>2003</td>
<td>Association</td>
<td>5</td>
<td>Service Provider</td>
<td>Creator and provider of state-of-the-art wireless Internet infrastructure for rural areas</td>
<td>In-migrant</td>
</tr>
<tr>
<td>N05</td>
<td>Outskirt</td>
<td>2010</td>
<td>Ltd.</td>
<td>12</td>
<td>Construction/ Consultancy</td>
<td>Builder and provider of consultancy service for construction, also creator and organizer of an industrial cluster</td>
<td>Native</td>
</tr>
<tr>
<td>N06</td>
<td>Outskirt</td>
<td>1979</td>
<td>LLC</td>
<td>18</td>
<td>Pluriactive: Manufacturing/ Sale</td>
<td>Produces “do-it-yourself” kits for cosmetics and personal care products. Also workshops and seminar on how to make your own cosmetics.</td>
<td>Native</td>
</tr>
<tr>
<td>N07</td>
<td>Outskirt</td>
<td>-</td>
<td>Sole Proprietorship</td>
<td>0</td>
<td>Pluriactive: Design/ Manufacturing/ Wholesale</td>
<td>Design and manufacturing (outsourced) of terracotta products, e.g. garden pots and decorations</td>
<td>Native</td>
</tr>
<tr>
<td>V01</td>
<td>Remote</td>
<td>2007</td>
<td>Sole Proprietorship</td>
<td>45</td>
<td>Pluriactive: Agriculture/ Manufacturing/ Hospitality/ Dissemination</td>
<td>Former castle now operating hotel, restaurant, events, conference centre, largest Danish organic agriculture, production of foods and beverages with own or locally grown ingredients, nature centre (dissemination), camp sites for boy and girl scouts</td>
<td>In-migrant</td>
</tr>
<tr>
<td>V02</td>
<td>Remote</td>
<td>1992</td>
<td>Public limited company</td>
<td>29</td>
<td>Pluriactive: Arts, entertainment and recreation activities</td>
<td>Living Viking museum, amusement park, historical reconstructions and communication, and production school (~30 students/year) for working with wood/metal (carpentry), textiles, agriculture and food</td>
<td>In-migrant</td>
</tr>
<tr>
<td>V03</td>
<td>Remote</td>
<td>2008</td>
<td>Commercial foundation</td>
<td>0</td>
<td>Pluriactive: Agriculture/ Winery/ Hospitality</td>
<td>Winery, growing and producing wine, bed &amp; breakfast, speciality food shop</td>
<td>In-migrant</td>
</tr>
<tr>
<td>V04</td>
<td>Remote</td>
<td>2004</td>
<td>Partnership</td>
<td>4</td>
<td>Pluriactive: Tourism/ Hospitality/ Dissemination</td>
<td>Nature centre, organizing nature tours, dissemination of knowledge about local wildlife and landscape (Wadden sea, marshland), famously known for tours to the “black sun”, a natural phenomenon where black starlings “dance” over the marshland</td>
<td>Returning</td>
</tr>
<tr>
<td>V05</td>
<td>Remote</td>
<td>2003</td>
<td>LLC</td>
<td>0</td>
<td>Agriculture/ Manufacturing</td>
<td>Farming and production of foods and beverages with own locally grown fruit, in particular berries</td>
<td>Native</td>
</tr>
<tr>
<td>V06</td>
<td>Remote</td>
<td>2011</td>
<td>Partnership</td>
<td>4</td>
<td>Knowledge-based services</td>
<td>DNA laboratory offering private persons a DNA profile, for example, for predisposition of illnesses</td>
<td>Returning</td>
</tr>
<tr>
<td>V07</td>
<td>Remote</td>
<td>2010</td>
<td>Ltd.</td>
<td>0</td>
<td>Pluriactive: Agriculture/ Tourism/ Dissemination</td>
<td>Joint vegetable garden, outdoor kitchen, cooking workshops and seminars using local vegetables, farming heirloom, traditional crops</td>
<td>Returning</td>
</tr>
<tr>
<td>Case ID</td>
<td>Region</td>
<td>Founding year</td>
<td>Legal Structure</td>
<td>Employ (in 2012)</td>
<td>Main sector</td>
<td>Core Activity</td>
<td>Locational relationship</td>
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</tr>
<tr>
<td>S01</td>
<td>Island</td>
<td>2005</td>
<td>LLC</td>
<td>12</td>
<td>Knowledge-based services</td>
<td>A physical gathering place for knowledge-exchange and consultancy about energy saving and renewable energy solutions and installations</td>
<td>Native</td>
</tr>
<tr>
<td>S02</td>
<td>Island</td>
<td>2009</td>
<td>Association</td>
<td>0</td>
<td>Service/ Education</td>
<td>Yoga Centre, Yoga education and retreat</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S03</td>
<td>Island</td>
<td>2011</td>
<td>Sole Proprietorship</td>
<td>0</td>
<td>Service</td>
<td>Event and travel management specialized in the products and services on the island of Samsø. Focusing on tailor-made solutions, e.g. “energy tours”, “food tours”</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S04</td>
<td>Island</td>
<td>2001</td>
<td>Sole Proprietorship</td>
<td>12</td>
<td>Manufacturing</td>
<td>Design and manufacturing of magnifying glasses and optical medical equipment</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S05</td>
<td>Island</td>
<td>1997</td>
<td>LLC</td>
<td>0</td>
<td>Tourism/ Hospitality</td>
<td>Sport and recreation business that rents out traditional horse wagons. Also offers experience to roll down a hill inside a giant “zorb” ball</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S06</td>
<td>Island</td>
<td>1998</td>
<td>Sole Proprietorship</td>
<td>14</td>
<td>Arts, entertainment and recreation activities</td>
<td>Reinvented traditional museum into a living “eco museum”, managing nine living historical visiting sites around the island, historical reconstructions and communication</td>
<td>Returning</td>
</tr>
<tr>
<td>S07</td>
<td>Island</td>
<td>2004</td>
<td>Association</td>
<td>2</td>
<td>Pluriactive: Transportation Service, Tourism</td>
<td>Managing airport, Offers passenger and scenic flights</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S08</td>
<td>Island</td>
<td>2001</td>
<td>Sole Proprietorship</td>
<td>0</td>
<td>Pluriactive: Agriculture/ Manufacturing</td>
<td>Farming and production of specialty foods and liquors with own locally grown ingredients, in particular berries</td>
<td>Native</td>
</tr>
<tr>
<td>S09</td>
<td>Island</td>
<td>2006</td>
<td>Partnership</td>
<td>0</td>
<td>Agriculture /Manufacturing</td>
<td>Organic brewery, own agriculture and production of beer ingredients</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S10</td>
<td>Island</td>
<td>2003</td>
<td>Sole Proprietorship</td>
<td>1</td>
<td>Manufacturing</td>
<td>Production of specialty food and beverages with locally sourced ingredients</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S11</td>
<td>Island</td>
<td>2000</td>
<td>Co-partnership</td>
<td>1</td>
<td>Tourism/ Hospitality</td>
<td>World’s largest tree labyrinth made from an abandoned Christmas tree plantation</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S12</td>
<td>Island</td>
<td>2009</td>
<td>N/A</td>
<td>1</td>
<td>Pluriactive: Tourism/ Hospitality / Dissemination</td>
<td>Falcon centre, flying of falcons for tourism, bird of prey and falcon breeding and dissemination program</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S13</td>
<td>Island</td>
<td>1996</td>
<td>Sole Proprietorship</td>
<td>0</td>
<td>Pluriactive: Tourism/ Hospitality / Dissemination</td>
<td>Human health therapy and leadership training with horses, horse riding for tourists, boarding house for troubled children</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S14</td>
<td>Island</td>
<td>2004</td>
<td>Sole Proprietorship</td>
<td>0</td>
<td>Pluriactive: Tourism/ Dissemination</td>
<td>Nature centre and cafe, dissemination of local wildlife, nature playground for children</td>
<td>In-migrant</td>
</tr>
</tbody>
</table>
3.3 Coding and Analysis

The data were subjected to rigorous coding and analysis. Some a priori codes that reflected the themes of the interview guide codes were created. Mostly the themes evolved through inductive, analytic and interpretative inquiry process (Lincoln & Guba, 1990; Glaser & Strauss, 1967), going back and forth the between the data and the existing literature, and between the data and analysis from the various case studies (Coffey & Atkinson, 1996).

The coding process followed a first and second cycle of coding. In the first cycle, open coding and attribute coding techniques were used. The former is an initial systematic analysis and categorization of textual raw data, whereas the latter indexes factual information about the entrepreneur, ventures, and contexts such as age, gender, founding year, type of business, legal form, locational relationship, average start-up rate and the like (Lofland & Lofland, 1995). In the second cycle, a thematic coding approach was applied. Although most themes evolved from the data inductively, thematic coding also allows for identifying some themes deductively, on the basis of theoretical constructs found in the literature, which reflected the themes of the interview guide (Lapadat, 2009). These techniques are especially appropriate for a multi-data, multi-participant study like the present, because it is gathers topic lists, indexes major categories or themes and establishes links between them. (Saldaña, 2009).

For this study, four overall coding themes were developed, these are (i) resources and resource endowments, (ii) markets and sales, (iii) localized action and activities, and (iv) environment, conditions and context. The four main themes were divided into sub codes, and again divided into sub-sub codes (cf. Miles & Huberman, 1994; Spradley, 1980), resulting in a total of 39 main categories and sub-codes. An excerpt of the codebook and of the coding for the subcategory “baseline physical resources” is provided in Table 2 and Table 3 respectively.

Table 2: Excerpt of codebook

<table>
<thead>
<tr>
<th>CODEBOOK</th>
<th>Code</th>
<th>Abbrev.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Resources</td>
<td>RESOUR</td>
<td></td>
<td>coding applies to resources that are used in the entrepreneurial activity, can be</td>
</tr>
<tr>
<td>3.1 Local</td>
<td>RESOUR-LOCAL</td>
<td></td>
<td>local, non-local or a combination of local and non-local (= INPUT f. venture)</td>
</tr>
<tr>
<td>3.1.1 Baseline physical</td>
<td>BASELINE</td>
<td></td>
<td>coding applies to baseline physical (cf. Hindle, 2010) local resources – i.e.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>tangible. e.g. raw materials, landscape, buildings, soil, agricultural structures,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>wind, sun (energy sources), equipment, also non-local raw materials from local</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>vendors, etc.</td>
</tr>
</tbody>
</table>
Table 3: Example of thematic coding

<table>
<thead>
<tr>
<th>CODING</th>
<th>BASELINE</th>
<th>Quote</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data source</td>
<td>Interview</td>
<td>Case N04 “We installed them [masts] on the silos and all sorts of strange places. These are the highest points we have here [in the area]. So we drove out to the farmer who lives out in the middle of nowhere ...yes, and he would of course love to have us provide Internet. And he will get it, once we get an antenna installed on his silos (smiles).”</td>
<td>Notes: The silos of the many farmhouses in the area are used to install wireless masts and antennae.</td>
</tr>
<tr>
<td>Observations</td>
<td></td>
<td>N04 Notes: The silos of the many farmhouses in the area are used to install wireless masts and antennae.</td>
<td></td>
</tr>
<tr>
<td>/Photographs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interview</td>
<td></td>
<td>V01 “It [the castle] has been here for 1000 years, so it has EVERYTHING, you know. The nature,... it is so fantastic to live on a ‘hilly island’ here on the plain and well..., the entire cultural landscape and natural landscape here is incredibly exciting. [...] The castle has been standing empty for 25 years and everybody actually thought it should be torn down, as a matter of fact. [...] And today, by and large, everybody knows it,...we have created an enormous awareness, also because we have purposefully been using the qualities of this place.”</td>
<td>Notes: Gram castle before and after. Gram castle 6 years ago, before an entrepreneur took over it had been uninhabited for 25 years and the buildings as well as surroundings were deteriorating; and castle today, restored according to the traditional methods.</td>
</tr>
<tr>
<td>Observations</td>
<td></td>
<td>V01</td>
<td></td>
</tr>
<tr>
<td>/Photographs</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4 Findings and Analysis

This findings section is structured according to the three research questions. Consequently, in section 5.1 we begin by showing which resources are spatially afforded, showing how rural entrepreneurs draw on a variety of local and non-local resources. In section 5.2 we show how these resources are combined through localized entrepreneurial activities and action. Subsequently in section 5.3, we unfold how rural entrepreneurs connect or bridge place-specific resources with other spatial. In section 5.4 we then close the loop and link all of the findings, which results in a typology.

It needs to be mentioned that although the selected regions were chosen to reflect potential differences, within the analytical framework of this study, no noteworthy regional differences could be identified. We find shared patterns of resource practices across the selected rural regions. Thus the findings of this research paper appear to be relevant across rural areas.
4.1 Mapping spatial resources

Rural entrepreneurs can access resources from both the spatial and non-spatial context and these can be tangible, immaterial or relational. In this study, entrepreneurs collectively accessed the following resources in order of relative importance: 1) baseline physical, 2) human resources and human capital, 3) social and community resources/capital, 4) immaterial, and 5) financial. Table 4 presents an overview and examples of the type of resources accessed.

The resources presented in the table include the most important resources utilized according to the entrepreneurs (interviews) triangulated with the researchers’ own observations (photographs, company tours, etc.). It is thus not a complete list of all resources deployed by the entrepreneur. Instead, focus is on those resources that are vital to the start up and running of the business, as interpreted by the researchers based on the data material. Consequently, the NVivo counts shown in the right hand columns do not show absolute numbers, but indicate the relative importance of each. It is thus possible from this to identify the most pervasive resources used by the rural entrepreneurs.
Table 4: Types of resources accessed by rural entrepreneurs
Notes: * refers to the number of coding references.

<table>
<thead>
<tr>
<th>Type of resource</th>
<th>Specified</th>
<th>Examples local</th>
<th>Examples non-local</th>
<th>Local*</th>
<th>Non-local*</th>
</tr>
</thead>
</table>
| Baseline physical resources | - Buildings  
- Discarded, abandoned materials or buildings  
- Natural amenities (landscape, nature, natural phenomena, wildlife)  
- Natural resources (raw materials, agricultural produce)  
- Other physical resources (e.g. infrastructure production facilities, machines) | - Empty, derelict buildings of a former castle, neglected farmhouses, abandoned dairy or slaughterhouse, closed-down hostel  
- Abandoned airport – runway and terminal buildings  
- Natural bird migration phenomenon known as “black sun” as a tourist attraction (V04)  
- Energy resources, i.e. sun and wind, straw for biofuel  
- Agricultural raw materials such as berries, honey, etc. to make jam, berry juice  
- Wood from the forest to build musical instruments | - Non-locally sourced agricultural products such as saffron, sugar, malt, barley  
- Non-locally sourced packaging material and chemicals  
- Production facilities elsewhere/abroad | 84 | 20 |
| Human resources and Human capital (i.e. businesses, products and services) | - Labour (Workers, Employees)  
- Volunteers  
- Businesses, products and service  
- Know-how and expertise | - Living museum uses 80 local volunteers to run daily activities  
- Wireless internet provider uses volunteers to run day-to-day functions  
- Localized know-how, expertise in building low-energy houses (S01)  
- Integrating local products, businesses or services; and using other businesses in the area as sub-contractors, e.g. Tree labyrinth uses wooden statues carved from local trees by a local artists (S11) | - Volunteer berry-pickers from abroad  
- Workers, e.g. V01 employs workers from Poland to build parts of the conference centre  
- Trainees from abroad, e.g. S14 employs biology students from Oxford as trainees | 65 | 11 |
| Social and community resources | - Social networks  
- Business networks  
- Partnerships  
- Cooperatives | Local professional and private partnerships with community and other entrepreneurs, for  
- cooperating, e.g. loaning and sharing equipment  
- partnering to sell products together under one umbrella, e.g. foodstuffs “Wadden Sea Delights”, “Samso’s Back Yard”  
- financing, e.g. community financing the restoring of buildings for S06  
- N04 uses locals erect wireless antennae on their buildings and masts in their backyard | - External professional networks for  
- marketing, e.g. PR- agency, label printer  
- counselling, e.g. start-up support  
- cooperating, e.g. shared production equipment such as jam and juice producers process their raw materials at a shared cider mill | 36 | 16 |
| Immaterial | - Culture, History and heritage  
- Stories, Image, Place brand | - V01 uses history as a setting for storytelling and for performing historic games  
- Place brand used as resource to sell jam or honey | - Non place-specific stories (e.g. stories about birds of prey for S12 are general knowledge) | 48 | 3 |
| Financial | - Grants, loans or other funding | - Financial support from local banks  
- Financial support from local community (S06 + N04 got some activities partially financed by locals)  
- Municipality grants | - National and EU funding, e.g. LAG-funds (EU structural funding | 7 | 7 |
4.1.1 Baseline physical resources

Entrepreneurs access three main baseline physical resources embedded in the spatial context. These are (i) unused buildings, (ii) landscape and nature, and (iii) natural resources and raw materials extracted from the area. All of these are utilized by rural entrepreneurs in all three regions. Baseline physical resources (Hindle, 2010) are basic and ‘objective’ sets of physical assets that reside in a particular location, such as land and infrastructure, buildings, vehicles, factories, and manufacturing equipment. This notion is extended by including other spatial endowments such as landscapes and natural beauty (Cresswell, 2004), and nature amenities and natural resources, weather, soil, etc. (Stathopoulou et al., 2004).

Examples of baseline physical resources are the empty, neglected buildings such as a former castle, abandoned farms, or unused dairy or slaughterhouses. Such unused buildings often offer associated legends, history and/or heritage which enhance their (potential) value. Especially on the island of Samso, respondents referred to the beauty of the landscape and the entire geographical location as an important resource endowment; as it provides a sense of peace, quiet and community due to its natural isolation from the mainland. The founder of the island’s Yoga centre, who came from elsewhere, has purposely chosen the building and the location of the island of Samso to set up her business:

“This house here is called "Solglimt" (Danish transl. of “glimpse of the sun”), and this place has got a distinct atmosphere and a lot of effort has been put into it. And Samso [island] itself is a somewhat special place, because there is just such a great energy over here for finding peace and quiet. (S02)

Natural resources and raw materials are frequently used by rural entrepreneurs, especially those operating in the agro-food and tourism sectors. For example jams, juices and liquors are made from locally grown fruits (e.g. S08, S10, V05), marshland is used to grow special, heirloom varieties for outdoor cooking events (V07), and frequent wind and high sun exposure are used to produce renewable energy (S01).

4.1.2 Baseline human resources and human capital

Nineteen of the 28 businesses examined here have employees, almost exclusively recruited locally. In particular, these businesses tap into non-traditional labour sources including volunteers, pensioners, chronic unemployed, or persons with physical or other disabilities. In addition, the rural entrepreneurs frequently utilize the services, expertise and products of other local businesses to leverage collective regional human capital. They commonly integrate local products, businesses or services, using other businesses in the area as suppliers, or to supplement a product line with other products from the area. Informants emphasized that they deliberately recruited locally and sourced from local businesses. However, some entrepreneurs use non-local human resources for short-term or seasonal contracts, e.g. foreign fruit pickers during harvest or foreign contractors to restore buildings.
Baseline human resources² form the “human pillar underpinning a community” (Hindle, 2010, p. 623). For purposes of this analysis, however, the human factor extends beyond direct human resources such as employees, workers, volunteers; and includes the collective human capital or stock of productive skills and technical knowledge embodied in a community’s labour force (Arthur & Sheffrin, 2003) for example its businesses, services, products, know-how, and expertise.

4.1.3 Social and community resources

In all three of the rural communities investigated, entrepreneurs utilized local professional and private partnerships with the community and other entrepreneurs in the area. By forming small informal business networks and cooperatives they are able to loan and share labour, equipment, and to sell products and/or services together under one umbrella. Across all three regions using social and business networks in order to help each other out is a common “code of conduct”. For example, the founder of a construction business (N04) explains that using his network allows him to share or borrow workers from neighbouring businesses:

_We can use each other's workers and move them back and forth if there is one [business] that needs some workers acutely, et cetera. We use each other's labour when it is needed, and the know-how. That guy, he's really good. So, I just borrow the man, because he is good at this or that, which is a competency I need for a certain job…_ (N04)

Moreover, agro-food and beverage producers in the Wadden Sea area or on the island of Samsø have formed business networks called “Wadden Sea Delights” and “Samsø’s Back Yard.” While the Wadden Sea network is still in its infant stage and only exists as an online website with information about the area and the producers, Samsø’s Back Yard is somewhat more established. It has a physical market place on the island where the products are sold, and is represented at regular food and farmers’ markets off the island. Such networks enable them to get a wider market reach away from the small local market, and develop a common branding of products from a certain area and associate it with quality local food.

Furthermore, rural entrepreneurs frequently make use of the entire community as a resource in their ventures. Rural communities are characterized as a tight knit group of people, with a culture of self-help, relying and helping oneself and others (Steinerowski & Steinerowska-Streb, 2012). These characteristics are pronounced for the more isolated and remote areas such as Wadden Sea and the island of Samsø. Several of the entrepreneurs frequently make use entire rural communities and their “communal or bonding social capital” (Putnam, 1995), which refers to the assets of community that can be utilized by entrepreneurs (Hjorth & Johannisson, 2003) and close ties that establish community cohesion (Emery & Flora, 2006).
Social resources refer to connections among people and organizations (Emery & Flora, 2006). Especially in rural areas, “social capital is a critical community characteristic.” (Emery & Flora, 2006, p. 19). As other resources, social capital resources lie in the context within which an actor or entrepreneur is located (Adler & Kwon, 2002). While community assets are locally bound, social and business networks may extend beyond community boundaries and include non-local agencies for marketing, selling and financing of products and service, competencies typically not available in rural areas.

4.1.4 Immaterial resources

The analysis shows that the immaterial resources that are afforded by the spatial context include cultural, historical, and heritage resources such as traditions, cultural amenities, history and historic buildings, legends, images and a distinctive local identity or place brand. These are sometimes related, for example when entrepreneurs use stories about historical events in their products and services. Immaterial resources are often combined with baseline physical resources such as landscape, nature or buildings, animating or giving them characteristics or qualities beyond the physical.

Immaterial resources provided by the spatial context are frequently and enthusiastically talked about and utilized by entrepreneurs. The ability to visualize these features often provides the inspiration for and key value proposition of the venture. The founder of a re-used castle V01 utilizes not only the old empty buildings, landscape, produce and soil, but also the heritage and traditions embedded and embodied the history of the structure and its surroundings. Immaterial resources that “belong” to a place are important features that they would like to preserve and communicate through their ventures.

Many of the ventures use the name of the locality as a brand, for example Samsø Brewery, Event-Samsø, Samsø Berries. Place-branding is more prevalent on the island of Samsø, but was also observed in the Wadden Sea region, although the place names used in the venture names do not refer to the greater Wadden Sea region, but to smaller places within that region (Ribe Vikingcentre, Vibegaard Juices, Sneum Winery). Such branding in Northdjursland was not observed, which would indicate that the more readily definable and recognizable the place, the more potent the local brand. In the case of the island of Samsø, as an island its boundaries and geographic identity are well-known. Its entrepreneurs thus use an existing place brand that stands for high quality agricultural products and associate it with their own local food production. In the case of the Wadden Sea region, the boundaries are less known or defined and entrepreneurs in the food and beverage network do not yet have an existing “food place brand” available. However, they are creating one emphasising public perceptions that local, rural food production is authentic and qualitatively preferable to supermarket goods.
4.1.5 Financial resources

The rural entrepreneurs encountered in this research did not seek or use venture capital or angel funding. Typically, they sought Local Action Group (LAG) funding, national funding (e.g. from the ministry of food, agriculture and fishers, or from one of the five autonomous Danish regions) and/or EU funding (e.g. European Structural and Rural Development Funds, European Regional Development Fund or similar regional development funds). Food producers and tourism ventures have typically sought and received LAG-funds (10 out of 18 cases). While relatively small (DKK 20,000 - 150,000), several entrepreneurs attributed this targeted rural funding as important for startup or for expanding their rural business. In addition, this local support symbolizes community and municipality commitment to the venture, and provides additional moral support to the entrepreneur as it means the community “believes” in the venture:

> We've received some money from the local action group, called LAG,... DKK 100,000 to establish our farm shop and wine bar and the smaller projects around the vineyard... [] and we are really, really happy about that. Firstly, because it is a good economic support to get something like this started, and secondly, it's also really nice that there is someone in the community who believes in what we do. (V03)

However, some rural entrepreneurs chose to bypass local LAG funding, such as a local brewery (S09) deciding to decline financial support, because of perceived “strings attached”. Instead they used bank loans and forms of bootstrapping and making do such as building the brewing tanks from discarded materials such as metal containers and milk tanks to ferment and store beer.

4.2 Localized entrepreneurial action and activities

Resources do not come with a pre-defined set of possible uses (Penrose, 1995; Dew, Sarasvathy, & Venkataraman, 2004a). It is therefore essential what entrepreneurs actually do with the resources afforded by their spatial locations. The ability to combine the various resources or means, in certain ways to develop opportunities, to achieve specific ends within target markets is what makes them entrepreneurial. The spatially-related entrepreneurial actions found in our study can be grouped into five main categories: 1) local material and human sourcing, 2) reusing place-specific resources, 3) commodification through storytelling, 4) collaborating and partnering with local actors, and 5) involving and empowering community. Table 5 presents an overview.
Table 5: Types of resource activities/practices

Notes: The column on the far right refers to the number of cases which demonstrate the respective resource practice.
*human resourcing, **material resourcing

<table>
<thead>
<tr>
<th>Type of resource activity and action</th>
<th>Specified</th>
<th>Examples</th>
<th># of cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local material and human sourcing</td>
<td>Local and place-bound tangible or intangible affordances</td>
<td>Integrating local products, businesses or services in own venture, for example using other businesses in the area as suppliers, or supplement a product line with other products from the area</td>
<td>25*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“Upcycling” neglected landscapes, run-down buildings, discarded materials for new purposes</td>
<td>23**</td>
</tr>
<tr>
<td>Reusing place-specific resources</td>
<td>Existing, unused tangible or intangible affordances</td>
<td>Utilizing the typical features of place, e.g. landscapes, nature and natural phenomena (such as wildlife) and include in storytelling</td>
<td>11</td>
</tr>
<tr>
<td>Commodification through storytelling</td>
<td>Creating a narrative which supports place branding</td>
<td></td>
<td>18</td>
</tr>
<tr>
<td>Collaborating and partnering with local actors</td>
<td>Collaborating and partnering with other local entrepreneurs and the community (creating synergies)</td>
<td>Forming networks and partnerships with other local entrepreneurs, local stakeholders, or community actors, “sharing the cake” and distributing wealth among each other by teaming up and guiding customers to other local actors, or using each other’s products and services in activities</td>
<td>24</td>
</tr>
<tr>
<td>Involving and empowering community</td>
<td>Creating activities and value through the involvement and participation of the community</td>
<td>Involving and empowering the local community, local stakeholders and/or informal leaders in venture activities Engaging, priming and convincing community, informal leaders and local stakeholders in activities</td>
<td>18</td>
</tr>
</tbody>
</table>

4.2.1 Local material and human sourcing

With few exceptions (N01, N06, N07, S04, and V06), rural entrepreneurs in this sample prefer to source locally as much as possible. As they see it, they are able to support the local economy while creating entirely local products, services or experiences for modern customers, who increasingly perceive and demand “local” sourcing as better, fresher, or more appropriate:

Today, you talk a lot about that everything should come from nearby, should be local... local produce, and so on. Customers appreciate the proximity between those who grow produce and those who process them. And it should not be from too far away. (S10)

The importance of being as local as possible should not be underestimated (cf. Parrott, Wilson, & Murdoch, 2002). Even though the prices may be higher than if sourced externally, the sample businesses prefer to acquire raw materials, production materials and labour locally. Entrepreneurs frequently integrate local products, businesses or services in their own venture, for example, using other businesses in the area as suppliers, or supplementing a product line with other products from the area. The venture that created the world’s largest tree labyrinth (S11) uses wooden statues carved by local artists from local timber, and also serves locally produced food for events. This not only provides the customer with an entirely local experience, but also contributes to a sustainable local economy:
When we need contractors for something like that, we always use local contractors. And when we need items, we always use local forwarding company, ... we always use local producers and suppliers, also for example in connection with our tree sculptures [in the labyrinth]. So, we are very much driven by being sustainable in that way and supportive of our community. Also because it means so much in a very small community that the locals support each other and the community, right? (S11)

Entrepreneurs commonly use the productive skills and technical knowledge embodied in the community’s labour force, deliberately and whenever possible. They hire local builders, electricians, and cleaning firms, expressing an intrinsic need to contribute to the well-being of the local economy. The founder of S03 believes “if we are all doing fine, then my business is also doing fine...[,] because if we want to survive here, then we all need to get something out of our entrepreneurial initiatives”.

Entrepreneurs freely acknowledge that the labour force in their rural communities may not be the best educated or the most knowledgeable in the area of their business, but that they make up for it with passion and loyalty. Local labour is highly valued as locals are extremely loyal, devoted and tend to “mind their precious jobs” (quote from V05, V06).

The director of S01 explains that “what the employees may lack in higher education is, however, made up for with dedication”. The general attitude among the entrepreneurs is that everybody can be trained even when it comes to technologically advanced tasks. For example, S04 recruited locals and trained them to design and manufacture optical magnifying loupes used as medical instruments by surgeons or dentists. Another example is the case S01 that has employed many locals who lost their jobs when the local slaughterhouse closed. Today these employees are highly knowledgeable about renewable energy sources and installations.

Overall, the data strongly indicates that the lack of a highly educated workforce in rural areas does not pose an insurmountable challenge for entrepreneurial efforts to establish high-tech ventures in rural areas. The founder of the high-tech gazelle venture S04 furthermore explains that by hiring and training local employees, he is able to contribute to creating local expertise and jobs, which potentially gives the venture a good reputation within the community:

*We are proud and will stick to manufacturing our products on the island. Because it's a good story! [...] We feel that we want to promote that curious little story that a company like us can even exist here [on an island] and be successful,... and focus on using that story for something positive instead of focussing on the disadvantages, that it is expensive to export our product or that it is difficult to find highly-educated local labour. (S04)*

However, not all rural entrepreneurs can or want to source entirely locally. Especially, the cases involving food products or cosmetics import some ingredients that cannot be found or produced
locally. Examples are agricultural products such as saffron, sugar, cocoa, or barley or chemical products such as essential oils, glycerine, or lanolin (e.g. N01, N05, N06, S10). In general, however, we find that rural entrepreneurs’ intentions to source locally are high. For example, the brewery S09 on the island of Samsø prides itself by either sourcing or growing all ingredients for its beer locally. That meant that the entrepreneur started to grow barley for his own supply, which is not a traditional island crop on the island of Samsø. According to our data, it is argued that there are rural entrepreneurs (e.g. N02, S01, S01, S03, S06, S09, S11, V01, V02, V04) who appear to establish new ventures with the resources affordances/endowments of their immediate environment in mind and so activate dormant resources or even revive seemingly worthless resources. Others (e.g. N01, N06, N07, S04, V06) seem to create a business according to a specific idea and afterwards consider which resources can or should be sourced locally.

4.2.2 Re-using for new purposes

Across the cases, rural entrepreneurs express that they deliberately try to re-use existing resources as they have unique qualities, such as heritage (V01, S06, S07, S11, V03), a story (N03, N04, S11), a history (V01, V02), or special spirit (S02) attached to them. These qualities appear important for a number of reasons. One reason is that it is cheaper, thus rural entrepreneurs engage in bricolage and bootstrapping; sometimes our informants even expressed pride in making their products with unusual discarded materials:

*And this hasn’t cost very much at all, these are just some old milk containers. So, we did not spend much money on that one here, and the other one I actually got it for free!* (S09)

The analysis shows that entrepreneurs often re-use existing and often immobile resources (e.g. neglected landscape, run-down buildings) afforded by the context. These resources often are transformed to suit a new purpose. This practice is similar to “upcycling”, when seemingly worthless materials are transformed into new materials with improved quality or a higher value. Approximately half of the case entrepreneurs have re-used or upcycled existing buildings or other physical materials of the spatial context to suit a new purpose, and in some cases the history of the building is preserved and used in storytelling. An overview of examples of re-using existing resources is provided in Table 6.
Table 6: Examples of re-used resources

<table>
<thead>
<tr>
<th>Venture/Case ID</th>
<th>Dis-used resources</th>
<th>New purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>N02</td>
<td>deteriorating hostel</td>
<td>- boarding school, classrooms and lecture halls</td>
</tr>
<tr>
<td>N03</td>
<td>discarded, faulty manufactured saucepans from nearby pots and pans factory</td>
<td>- outdoor musical instruments</td>
</tr>
<tr>
<td>N04</td>
<td>discarded tin cans and styrofoam</td>
<td>- antennas to create wireless Internet connectivity</td>
</tr>
<tr>
<td>N06</td>
<td>unused slaughterhouse and abolished farm</td>
<td>- manufacturing facilities, office space and shop floor for DIY cosmetics venture</td>
</tr>
<tr>
<td>V01</td>
<td>castle buildings, derelict farm and old stables, derelict stables adjoining castle</td>
<td>- conference and event facilities, holiday apartments, exhibition centre local artisans and for trade fairs</td>
</tr>
<tr>
<td>V03</td>
<td>abandoned farmhouse</td>
<td>- B&amp;B, specialities shop and wine-tasting place</td>
</tr>
<tr>
<td>V06</td>
<td>unused furniture factory</td>
<td>- state-of-the-art DNA laboratory</td>
</tr>
<tr>
<td>V07</td>
<td>unused circus wagons</td>
<td>- outdoor kitchen and dining area</td>
</tr>
<tr>
<td>S06</td>
<td>unused dairy</td>
<td>- museum and tourist welcome centre</td>
</tr>
<tr>
<td>S09</td>
<td>discarded milk containers</td>
<td>- beer brewing equipment</td>
</tr>
<tr>
<td>S11</td>
<td>abandoned Christmas tree plantation</td>
<td>- world’s largest tree labyrinth</td>
</tr>
</tbody>
</table>

However, when it comes to intangibles, transforming old buildings for new purposes is not always cheaper than building new ones. The informants frequently express that they engage in re-using existing resources because they have a desire to preserve the heritage of the buildings and which is anchored in context. Another reason is that it makes for good stories that are incorporated in the storytelling of the venture. Informants reported finding it important to make the stories and heritage accessible to the locals and customers. The following quotations from an entrepreneur, who re-uses an abandoned farm as a design studio, exhibition and warehouse and for terracotta products, highlight this further:

_The locals think that it is exciting, that something new can exist in these old rundown buildings. That these old buildings CAN even be used to for something again... just like we ourselves thought that it was exciting to re-use them! (N07)_

Re-using a hostel for a boarding school and lecture halls, the director of (N02) states proudly:

_So now we have 27 rooms here and 4 classrooms. And it's also a great story, because the hostel has notoriously been running a deficit in this area. In July and August there were guests, and the rest of the year it has been empty and slowly fallen apart. And now we fill it all year round. So it is also a really good story, don’t you think? (N02)_

There are ample similar examples to be found. Thus we can state with some confidence that latent resources are turned them into something valuable to the wider population and market. Particularly, we find that if a place is endowed with some form of history, heritage or traditions, entrepreneurs tend to make use of these resources.
4.2.3 Commodification through storytelling

Across the cases we find that through storytelling, rural entrepreneurs are able to commoditize immaterial resource endowments of their context. The commodification of material/physical endowments manifests itself as rural entrepreneurs take advantage of the typical features of rural areas such as the landscape/scenery, nature and natural phenomena (such as wildlife). One example of how nature and the scenery are transformed into a commodity in an entrepreneurial effort is the yoga centre (S02) on the island of Samsø. S02 uses the unspoiled landscapes and the beauty and tranquility of the island and the phenomenon that people de-stress when physically isolated from the mainland as a crucial resource for 3-5-day long yoga retreats. Another example is N04, which created a wireless infrastructure for their local community. N04 exploits the very reason that none of the big providers wanted to invest in and create Internet in the area: Households are few and scattered over a large area, which is empty, flat and does not have tall buildings to obstruct the wireless signals. These features are the very qualities that, according to the founders, allow N04’s wireless technology to work so well.

Moreover, rural entrepreneurs commoditize wildlife and natural phenomena associated with the spatial context. A good example of how wildlife is used in a key value proposition is a venture V04 operating in the Wadden Sea region. The diverse wildlife in the area includes huge flocks of starlings which fly, or rather “dance”, in hundreds of thousands in the evening sky. This natural phenomenon is commonly known as “black sun” and attracts tourists from all over Europe.

Furthermore, across numerous cases, we find that activating or commoditizing immaterial resources through storytelling is a common practice for rural entrepreneurs. In case V01, the founder restored its buildings using traditional materials and building techniques as well as using the stories and history connected with the castle to create experiences for the customers, for example historic role-playing for children. The founder of V01 states that the castle offers “thousands of stories that I can make use of”. By using the heritage of the castle, he activated and commoditized the dormant immaterial resources within the spatial context. V01elaborates:

*We use the cultural heritage to create new experiences. It is a deliberate choice to use the cultural heritage that “lives” in these buildings..., but it's not a museum, we use the cultural heritage actively, without destroying it. These castle building you see, they were unused for a long time, they stood empty and were neglected, which such buildings actually can hardly withstand. Now, of course, we take care of them, we cleaned them up and maintain them and the castle’s heritage, and all the while we make money doing it. (V01)*

Place branding is a distinct theme appearing frequently in our data. It is a special resource in the sense that some use it as input for entrepreneurial ventures while others create place brand. Thus it is an outcome of entrepreneurial activity. For example, case S01 has effectively created a “green energy island” brand as it facilitated making the island energy self-sufficient in renewable
energy sources. Other entrepreneurial activities on the island actively use this image or place brand as part of their own products, services or marketing efforts. Thus the “green island place brand” became a resource affordance or place-specific commodity for others in the area. For some entrepreneurs the place brand became an invaluable resource (e.g. S03 started organizing “Samsø Energy Tours”), for others it may not be essential to fulfil their value proposition but they still use it.

Especially for the tourist ventures and food producers an established place brand seems to be an invaluable immaterial resource, an important and necessary condition for selling their products to a wider market. In other words, their business activities are based on the inherent place brand of a region. These artisan producers furthermore re-create the place brand by using it in their storytelling, as often the story of the venture and the qualities of the place are printed on product labels and marketing materials. The founder of a tourist business S05 highlights that:

*The word ‘Samsø’ as such sells! People have a good feeling when you say ‘Samsø’. It means something pleasant, it means a place of good quality vegetables, it means it is a nice place to be, it means lovely nature and so on. So the word 'Samsø' produces positive associations in those who hear the word. That is why everything over here on the island is called something with ‘Samsø’, for example 'Samsø Downhill', 'Samsø Labyrinth', 'Samsø Falconer Centre', every company is called something with Samsø (smiles). It is simply the name Samsø that is a brand in itself.* (S05)

4.2.4 Collaborating and partnering with locals

Rural entrepreneurs leverage the socio-spatial resources of the community, which includes a willingness to partner up or help each other out to forge collaborations. With only four exceptions (N07, S04, S14, V06), the informants express that they engage in collaboration or partnerships with other local entrepreneurs, local stakeholders or community actors. Collaboration between the tourist businesses implies that entrepreneurs consider each other. For example, they offer complementary local products and services, share customers, and use collaborative marketing. In this way they "share the cake", meaning they distribute wealth among the local community.

The networks we have observed among our informants resemble what the literature calls commodity networks. Such networks focus on “webs of interdependence that exist among different actors in the rural economy” (Alvarez & Barney, 2010; as cited in Stathopoulou et al., 2004, p. 410), and are mostly informal partnerships. Teaming up, being supportive and helping each other out seems an integral part of the rural entrepreneurs in this study (cf. Steinerowski & Steinerowska-Streb, 2012).
4.2.5 Community involvement and empowerment

Spatial resources are also frequently leveraged by involving or even empowering the local community. Our findings show a strong sense of community and responsibility for each other is crucial for putting together the resources necessary for entrepreneurial activities. The analysis shows that they often engage local stakeholders and informal leaders (i.e. priming) in their activities (cf. Hindle, 2010). Rural entrepreneurs create activities and value through the involvement and participation of the community.

The data suggests that utilizing community as a resource and involving the community in the entrepreneurial process is often done (i) to finance part of the venture or (ii) to further the venture’s community- or social goals. Furthermore, community involvement creates a “good” local story and is frequently used in storytelling. The following story provides evidence of how entrepreneurial opportunities can be financed through community involvement. When S06 announced that it could not afford to restore the derelict former dairy, which was to become a welcome hall for visitors on the island, the local community stepped in. Most of the derelict building was only a pile of yellow brick. So the locals bought every brick in the pile for DKK 100 each and donated it back to S06 enabling them to carry on restoring the building.

Those entrepreneurs who frequently involve and empower the community (cases N04, N05, S01, S06, S09, S11, V01), emphasized that ensuring that the community has a real or perceived stake in your venture adds to its willingness to help out when one is struggling. The founders of the Internet provider N04 gave another example of this: Not only did the locals offer their own buildings, silos, and backyards to install N04’s wireless masts for free, but they put up a large part of financing when the company was in trouble:

_Different private people loaned us a large amount of money. The supported our project because they thought it was a good idea... [] We wrote to all of those who were members of the association and said that we had a bit of a financing problem, but that we could handle it if enough would sign up to pay a year in advance. So we simply borrowed money from the members, and in this way we managed to get the project up and running again. (N04)_

Community involvement does, however, not happen by itself. Our data supports the notion that (i) priming the community and (ii) offering community actors real or perceived ownership in the entrepreneurial venture are necessary conditions for community participation. Like this an entrepreneurial venture becomes almost a joint endeavour between the entrepreneur and the community, which creates “pride and a sense of responsibility for the success” of the venture (S06). The director of S01 explains that it was crucial to communicate and convince the vision and goals of the project to the community, which he calls “priming local stakeholders” (cf. Hindle, 2010):
So, we involve all local stakeholders, of course, and explain why we think this project is a good idea. And before we meet with them, we secured the green light and shook hands on the deal... with the well-respected local businessman and the farmer et cetera. One might say in fact,... we do that to ‘prime’ them, and in that way ... instead of them sitting in the back row being adverse, help us advocate our venture. (S01)

4.3 Bridging and connecting across spatial contexts

We operationalize bridging activities primarily in terms of (i) which customer segment the venture addresses and (ii) where the physical marketplace is situated (subsequently also referred to as “outlet”). We explore whether the venture connects local and/or place-specific resources to a non-local market or whether the venture solely operates on one single market. The data suggests two distinct groups of ventures that engage in bridging to other spatial contexts and two groups that exhibit very limited or no bridging activities, as outlined in the Table 7.

Table 7: Bridging and connecting to market

<table>
<thead>
<tr>
<th>Bridging</th>
<th>Specified: Market (outlet and customer base)</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Local and non-local customers, local and non-local outlet</td>
<td>V01 produces local place-specific products that are directly sold to local and non-local customers at their premises and indirectly through supermarkets. The packaging includes the story of the venture and advertising to attract visitors, who want to “visit the story”. This pattern of bridging is especially prevalent for businesses that are pluriactive across sectors.</td>
</tr>
<tr>
<td></td>
<td>Local and non-local customers, local outlet</td>
<td>Event agency S03 organizes various tours of the locality for national and international customers. Thus the actual physical marketplace is local, but the customers are non-local. This pattern of bridging is especially prevalent for tourism and experience economy businesses.</td>
</tr>
<tr>
<td>Limited, or no</td>
<td>Local customers, local and/or niche outlets</td>
<td>S10 produces hand-made speciality foods and beverages that are priced to fit certain smaller customer segments or niche markets. These goods are sold locally and in a few speciality shops around the country.</td>
</tr>
<tr>
<td></td>
<td>Non-local customers, non-local outlet</td>
<td>The optical loupes manufacturer S04 produces locally, but exclusively for a non-local customer segment of medical professionals. The product is not a place-specific product; also the resources to assemble these loupes sources non-locally. This venture operates on space as the product is largely detached from any place-specific features.</td>
</tr>
</tbody>
</table>

4.3.1 Local and non-local customers, local and non-local outlets

Several ventures (N02, N05, S01, S06, S11, V01, V02, V04) connect place-specific resources with non-local markets. This process manifests itself in two ways: one, through selling place-specific goods to non-local markets, and two, through attracting non-local customer to the locality. In so doing, these ventures have both local and non-local customers, and also operate on local and non-local marketplaces.
A typical example is case V01 which produces and sells place-specific goods such as organic flour, potatoes and milk locally as well as non-locally through one of the major supermarket chains in Denmark. The packaging includes the story of the venture and of the locality where the products come from, which advertises the locality. This attracts people who want to “visit the story”, hence attracts non-local customers to the area. The venture therefore directly addresses both a local and non-local customer segment as well as having a local and non-local outlet for its products. Ventures like these are typically pluriactive within the sectors that include agriculture, tourism, experience economy, and education.

4.3.2 Local and non-local customers, local outlet

Ventures in this category (cases S02, S03, S05, S07, S12, S13, S14) access local and non-local customers, but their outlet is strictly local. This is a very typical bridging pattern for ventures in the agro-food, tourism and experience economy sectors, which serve both local and non-local customers (e.g. tourists), but by nature sell their products/services/experiences at a local outlet as their products are physically tied to a particular geographical locality. A typical case example is the event agency S03 – an organizer of corporate events and tours mostly for national and international customers: these are held at the particular locality of the island. Thus the actual physical marketplace or outlet is local, but the customers are non-local. This pattern of bridging is especially prevalent for tourism and experience economy businesses.

4.3.3 Local customers, local and/or niche outlets

Ventures sell entirely locally and/or in few speciality shops, or at fairs and festivals. These ventures typically serve niche markets. Typical case examples include ventures that farm and produce speciality foods and beverages, like the organic brewery S09. The brewery sells almost exclusively to local customers including local hotels and restaurants as well as local inhabitants and tourists. The venture S09 is the only local brewery, which according to the founder, means that he always enjoys adequate local demand. It is also more cost effective to sell locally than selling through non-local outlets and shipping the beer from the island:

> With the exception of one or two cases [of beer] here and there, all of our products are sold on the island. That is by choice, because if we were to sell six cases of beer to any store across the water, it would cost almost the same as selling a whole pallet locally. (S06)

Selling exclusively locally is a choice for cases S08, S09, S10, V03, V07. A comparison of these ventures shows they are typically sole proprietorships and have no more than five employees. These ventures exhibit some common features as to what the literature conceptualizes as lifestyle entrepreneurs (cf. Marcketti, Niehm, & Fuloria, 2006). Informants in this category tend to express modest intentions in terms of growth for their businesses and expansion to other markets. It should be noted, however, that some of these ventures that today sell exclusively on the local market (cases N04, V05) express an ambition to expand and sell their product also non-locally.
But they lack the production capacity and consequently economies of scale to do so. One case example is the Internet provider N04, which at the time of data collection, was gradually expanding its services across the local boarders.

4.3.4 Non-local customers, non-local outlet
These ventures sell and operate largely on non-local markets. They utilize largely non-local resources. Thus, these ventures do not engage in any bridging activates to other spatial contexts, as they do not bridge any local or place-specific products to non-local markets or vice versa. If these ventures utilize local resources, they do so by choice, convenience or chance, and not because their products or services are distinctly tied to the locality. The local resources and localized activities may be part of fulfilling the venture’s value propositions, but in essence the venture could be relocated somewhere else with no or little loss of their key value propositions.

One such example is case S04, which produces high-tech magnifying loupes. This venture addresses a non-local customer segment of medical professionals. According to the founder, 90-95 per cent of their production is exported to international markets, and the rest to the national market. The product is not distinctly local, thus not place-specific. The resources to assemble these loupes are largely sourced from elsewhere but locally; and there is no local demand for it. Thus, ventures like these operate on non-local markets. According to the data, such ventures are typically manufacturing or high-tech businesses.

4.4 Types of rural entrepreneurship
Based on our analysis in sections 4.1, 4.2, and 4.3, we suggest a grouping according to four types of rural entrepreneurship depending on (i) the extent of local anchoring (x-axis, Figure 2) of resources and localized practices; and (ii) bridging activities (y-axis, Figure 2). These four types are labelled Attractors, Valorisers, Artisans, and Entrepreneurs in the rural. Figure 2 depicts the four types in a 2x2 matrix, and Table A4.1 in the Appendix provides a detailed overview of the similarities and differences. Each of these types is briefly discussed in the following.
### Figure 2: Typology of rural entrepreneurship

<table>
<thead>
<tr>
<th>Quadrant 1: Attractors</th>
<th>Quadrant 2: Valorisers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bridging</strong></td>
<td>Bridging: yes, connecting local resources to non-local markets</td>
</tr>
<tr>
<td><strong>Resources</strong></td>
<td>Resources: local resources by chance, convenience or choice</td>
</tr>
<tr>
<td><strong>Resource activities</strong></td>
<td>Resource activities: moderately localized</td>
</tr>
<tr>
<td><strong>Market</strong></td>
<td>Market: local and non-local customers, local outlet</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quadrant 3: Artisans</th>
<th>Quadrant 4: Entrepreneurs in the rural</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bridging</strong></td>
<td>Bridging: no, operating locally</td>
</tr>
<tr>
<td><strong>Resources</strong></td>
<td>Resources: place-specific local resources</td>
</tr>
<tr>
<td><strong>Resource activities</strong></td>
<td>Resource activities: low-moderately localized</td>
</tr>
<tr>
<td><strong>Market</strong></td>
<td>Market: local customers, local and/or niche outlet</td>
</tr>
</tbody>
</table>

#### 4.4.1 Quadrant 1: Attractors

The main feature of the “Attractors” is that they commodify local resources and attract non-local customers to visit the locality. The typical local resources utilized are the natural amenities of the place combined with the stories, imagery and place brand attached to them. This type engages in bridging; they address non-local customers while selling local products/services/experiences locally. Although the Attractors sometimes access very place-specific resources, they tend to utilize local resources by chance, convenience or choice. The attractors do not engage as much in localized resource activities compared to entrepreneurs in quadrants 2 and 4, thus the spillover of place-specific resources into new value for the rural area may be smaller compared some of the others. We argue that these ventures may be able to relocate without losing their key value proposition. Even though we find that the primary resources are local, they are not distinctively bound to the place, which means they could be found elsewhere.

These ventures support a healthy local environment as they address the non-local dynamics of market places and accordingly transform local resources into a higher market value. The Attractors are typically ventures in the tourism and hospitality sectors, agro-food tourism and experience economy. We find this type more predominant on the island of Samsø. Most of them seemingly share features with lifestyle entrepreneurs (cf. Tregear, 2005); in that they elect to have a good work-life balance, have few employees, and do not express high growth ambitions (except cases S02, S07, and S12). With regard to the founders’ locational relationship, all of the
Attractor founders are non-native or in-migrant entrepreneurs, who did not live in the area before they established their ventures.

4.4.2 Quadrant 2: Valorisers

We call this type of rural entrepreneurs the “Valorisers”. The Valorisers’ customers are both local and non-local. In addition, the business activities and sales take place both locally, at the place where the venture is situated (i.e. typically at the premises of venture), and non-locally (i.e. through national, global outlets). This type of rural entrepreneurship bridges to the non-local market places by attracting customers to the very place of their business, and furthermore offering products or services outside the spatial context.

The Valorisers accesses and successfully connect place-specific or place-bound resources to wider non-local markets, thus making those place-specific local resources valuable to a broader customer base. Therefore, they enhance and (re-)valorise distinct local resources, and eventually (re-)valorise the place itself. The process of valorisation is the productive use of a resource and means to leverage the local potential and qualities/affordances of a particular place. Valorisation happens when the local material or immaterial resources, the unique environmental conditions, or even human input and know-how are utilized, commercialized and enhanced (Stathopoulou et al., 2004). Through this process, place-specific resources, which may lay dormant or perceived as worthless, are transformed into valuable local resources (for other local actors) when connected to non-local markets (cf. case of the restored former castle V01).

The Valorisers are found across all three regions and across a multitude of sectors, and are found across a variety of different ventures. This type of entrepreneurship contributes to an optimized use of the inherent resources of the rural locality (cf. Kitchen & Marsden, 2009) as they utilize, commoditize and valorise place-specific resources such as natural amenities, landscapes, community, historic and heritage resources. According to our analysis, this type engages highly with the locality as a meaningful location, i.e. as place (Hudson, 2001).

In relation to the other three types, the distinguishing element of the Valorisers is that these ventures cannot relocate their efforts without losing some or all of their key value propositions. These ventures are typically confined to a specific place: they are uniquely embedded in their local context and would be different in form and substance if originating or transferred somewhere else. This is because the resources and resource practices are distinctly tied to a spatial context, thus they become anchored at- or bound to a place.

4.4.3 Quadrant 3: Artisans

The Artisans are group that is mostly comprised of ventures that sell hand-crafted niche products, such as speciality foods and beverages or other hand-made goods such as wooden instruments. These ventures typically utilize local, place-specific resources for their production that includes local raw materials and agricultural produce combined with place brand and place
stories. The products are priced to fit certain smaller customer segments or niche markets. Artisans almost exclusively sell locally, thus do not engage in bridging to wider, non-local markets. However, some cases (S10, S08, V05) have expanded to sell their goods in a few specialty shops nationwide.

Typical examples of Artisans are food producers that use local produce as well as the local place brand for storytelling and marketing purposes. These firms are furthermore tend to be operated by a husband and wife team and do not have more than five employees. The informants frequently expressed little or no ambition to grow their business and to expand beyond the confines of the local marketplace (similar to Attractors). Comparable to lifestyle entrepreneurs (Tregear, 2005), the Artisans use the rural place not only a place of business but as one where the founder(s) live and are socially active; and they may sacrifice growth for lifestyle choices. Thus, the Artisans is that they are highly engaged in localized resource activities, thus engaging deeply with the locality as a meaningful place (Hudson, 2001). Like lifestyle entrepreneurs, the Artisans appear to be driven by the desire to earn a respectable living, find satisfaction in their career; often turning a hobby into a business (Marcketti et al., 2006).

Although these entrepreneurs may not valorise place-specific resources or an entire place in the same way as the Valoriser type (quadrant 2), we find strong support in the data that these are, however, an important element in supporting commercial activities in rural communities and thus contribute to a resilient local environment.

4.4.4 Quadrant 4: Entrepreneurs in the rural

This type of rural entrepreneurship, which we term ‘Entrepreneurs in the rural’ (cf. chapter 3), is located in a rural area but does not engage intimately with the place in terms of local resource extraction or localized resource activities. These ventures appear to use the rural place more as a geographical locality. Hence, this type is the least embedded in its rural context compared to the three previous types. Our data suggests that, although these entrepreneurs do engage in some resource activities such as collaborating, priming of stakeholders and so forth, they do that mostly with partners outside the spatial context. Besides producing locally, these entrepreneurs engage in only few localized activities. Some of them (N06, N07, V06) re-use or upcycle existing buildings for a new purpose and use the stories attached to these buildings to create narratives which can support local place branding.

The Entrepreneurs in the rural are mostly manufacturers and all sell a product in a variety of sectors except tourism and is found across the three regions. The physical outlets or marketplaces are non-local and they do not serve the local market, perhaps because there is no demand for these types of products locally. With regard to resources, these ventures do either not utilize any or very few local resources that are essential to fulfil their key value proposition. However, these entrepreneurs principally tend to hire local employees as these are apparently highly loyal.
Although these entrepreneurs exhibit the least engagement with the locality, we find that all except one case (N06) have set up local production facilities, which generates local jobs, learning and income. This can be an important anchor for these firms, in the sense that these ventures cannot relocate their activities effortlessly. Regarding the founders’ locational relationship, they tend to be natives, or at least have lived in the region for a long time. Therefore, when these entrepreneurs engage with the locality, they do so mostly in a private capacity; as private members of the community (e.g. members of associations, sports clubs).

5 Concluding discussion

Our findings highlight that spatial context matters greatly for the resource affordances that enable entrepreneurial opportunity creation. The discussion focuses on three main topics (i) rurality and rural development, (ii) the importance of spatial context for entrepreneurial activity, and (iii) bridging to other contexts as a source of overcoming spatial limitations.

5.1 Rural development

The creation of socioeconomic development depends on reconnecting rural places to non-local marketplaces; or what economic geographers refer to as connecting to space (Hudson, 2005). Considering that rural areas are heterogeneous with regard to their resource endowments, commodification of specific resources of the rural area may offer an extremely wide range of entrepreneurial opportunities (cf. Stathopoulou et al., 2004). Besides commoditizing heritage and local culture and attaching them to tangible products or services (cf. Ray, 1998), entire places themselves can be commoditized as the cases of S01 and V01 demonstrated. Through the strategic use of spatial resources, using local place brand, culture, heritage, and so forth, rural areas can build vibrant localities and invigorate and safeguard their economic and social well-being (Ray, 2000).

We argue that the type we call “Valorisers”, is a particularly interesting case for such rural development as they utilize the local qualities and add value to them by connecting them to non-local marketplaces, thus fully exploiting the local potential. Although the Valorisers may not be the typical high-growth, gazelle firms that create many jobs and high profits in a relatively short time, we argue that these ventures build a solid, resilient economic base for rural areas. Entrepreneurs who activate and extract place-specific resources and commoditize those into a product, service or experience, and connect those to a wider market, perform an important type of entrepreneurship for lagging regions.

5.2 Importance of spatial context

The findings of this study firmly establish the importance of spatial context for entrepreneurial activities. Overall, the findings highlight the complex nature of resource use and practices. The spatially afforded resources are important for the majority of the ventures studied here, especially for the belonging to the categories of the Attractors, Valorisers, and Artisans (Figure 2). Considering that resources are a central feature in firms’ decision-making (Barney, 1991;
Penrose, 1959/1995), we find that the spatial context influenced entrepreneurship by offering resources that are uniquely tied to a particular place. The entrepreneurs in this study were often deeply embedded in their local contexts. This embeddedness strongly influenced the entrepreneur’s decisions about whom to collaborate with, whom to hire, and which markets to serve.

The spatial context provides entrepreneurs with what Swidler (1986) calls a toolkit or repertoire of finite material and immaterial resources, from which entrepreneurs can create an almost infinite number of configurations. While the finite nature of the place-specific resources in rural regions may limit an entrepreneur’s freedom to create any type of venture imaginable, we found that considerable entrepreneurial agency was exercised to re-combine resources creatively and uniquely with what the place offered. By re-combining spatially afforded resources, the entrepreneurs continually re-interpreted those resources and put them to use. In line with prior research (Baker & Nelson, 2005; Dew, Sarasvathy, & Venkataraman, 2004b) the new use is sometimes radically different from the originally intended one. Although localized entrepreneurial agency is heavily influenced by spatial context and its resource affordances, it is not determined by it. Some place-specific resources may be distinctively tied to a locality; however, similar resources are likely to be found in other places, for instance, an abandoned castle, heritage or traditions can also be found elsewhere. It takes an entrepreneurial agent (i.e. an individual, group or community) to recognize and activate the value of such existing and sometimes dormant resources and channel them into a new venture (Anderson, 2000). Thus, our findings affirm that rural economic development need not necessarily rely on the inflow of resources, but can rely on the endogenous resource base (Ray, 1999).

We found entrepreneurs that were able to create positive synergies between their entrepreneurial activities and the spatial context, which results in opportunities not just for themselves but for other local actors. Cases S01 and V01 are prime examples of ventures that valorise, extend and enrich the local resource base and in doing so, create opportunities for others. In this way entrepreneurial ventures like these create both new resources (e.g. physical marketplaces, stories, imagery, place brand) and collaborative possibilities which other entrepreneurs can and do use.

5.3 **Bridging as a source to overcome spatial limitations**

Another key component in our study was the establishment of connections across local contexts: what we termed bridging activities. Consistent with our analysis, rural ventures have different ways of connecting (or not connecting) across spatial contexts, and these differences impact on the nature and development of firms. Accordingly, the Artisans in our study, who serve local or niche markets, will likely be more vulnerable given their lack of non-local connections. However, serving an exclusively local market is often an active choice. Therefore these limitations may not necessarily be perceived as a restriction by the entrepreneur. Similarly, Entrepreneurs in the rural are likely to find themselves enabled and constrained by the locality because they exploit solely non-local connections.
Considering the Attractors and Valorisers, Burt’s (2000; 2004) idea of bridging across networks can be extended to our reasoning of bridging across spatial contexts. Indeed, bridging across spatial contexts is an important source of opportunity for the Attractors and the Valorisers (i.e. attracting non-local customers and selling place-specific products and services non-locally). Utilizing the inherent resources and connecting spatially relevant resources to the non-local dynamics of the market may be an important and necessary process in building a resilient local economy (Hudson, 2010).

5.4 Contribution and implications

This study provides a spatially integrated and contextualized view of how the entrepreneurial process unfolds across different rural contexts. This study offers to a micro-level understanding of the relationship between entrepreneurial resource activities and the spatial context. Furthermore, the study contributed to understanding the importance of the interplay between entrepreneurship and spatial context (Welter, 2011). Thus this study places itself in the centre of the contemporary academic debate regarding whether and how context matters for entrepreneurship.

The typology focused on the characteristics of rural entrepreneurship according to spatial resource embeddedness and their bridging activities to other contexts. Although a typology is often used to create taxonomy, we argue that it should not be used strictly as such. Rather, the aim was to reflect upon the diversity of rural entrepreneurs and to reveal some of the distinguishing characteristics of rural ventures. This may offer policy makers the ability to identify different manifestations of rural entrepreneurship, hence facilitate a targeted design and delivery of local policy depending on local needs.

Ideally, rural regions would have a mix of all four types that suit their development needs. Drawing an analogy to nature: a biotope needs micro-organisms as well larger organisms that live in synergy and symbiosis with each other. Together these organisms contribute to the overall well-being of the environment, the biotope. The ideal distribution to achieve the greatest possible benefit for regional and local development may be a worthwhile avenue for future research. The implications of this are that entrepreneurs and regional policy makers have an opportunity to consider what a particular place can offer and how they can best make use of its inherent endowments.
Acknowledgements

This research was supported by a research grant from the Danish Business Authority and the European Social Fund

Endnotes

(1) The notion of affordance originated with the psychologist J. J. Gibson, who studied how people perceive the world, cf. the theory of affordances, Gibson (1977).

(2) In accordance Hindle’s (2010) framework, the construct of baseline human resources as we use it here, is not the accumulated human capital characteristics of the entrepreneur him/herself, but the human endowment of the context.
References


## Table A4.1: Similarities and differences of cases in typology

Notes: This grouping is the outcome of the interpretation of the data taking into account (1) the type of input resources used (i.e. place-specific, local by chance/convenience/choice or non-local), (2) the type and extent of localized resource activities (e.g. storytelling, collaborating, restoring, etc.), (3) the addressable market and outlet (i.e. local or non-local).

<table>
<thead>
<tr>
<th>Cases</th>
<th>(1) Resources “Which input is accessed and used”</th>
<th>(2) Localized resource activities “How input is converted into a product”</th>
<th>(3) Market (product, sales, outlet) “How and where the product is sold”</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Attractors</strong> Bring in non-local customers (tourists, visitors) to the locality; resources remain place based; thus dynamically bridges through direct access to non-local customer segment while selling product/service/experience at a local outlet.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| S02, S05, S07, S12, S13, S14 | Local by chance, convenience or choice  
Typical local resources used: natural amenities (landscape, nature, natural resources, wildlife) combined with place brand | Moderately localized: engage in some localized activities  
*Typical localized resource activities:*  
- Local sourcing  
- Collaborating/Partnering with local community stakeholders and/or other entrepreneurs  
- Re-using, restoring, maintaining place-specific resources  
- Storytelling of place-specific resources | Engages in bridging activities  
*Typical market:* Non-local customer base, local outlet  
*Typically sells:* services and/or experiences  
*Typical sector:* tourism, agro-food tourism, experience economy |
| **The Valorisers** Exploiting the local potential of place-specific resources and connecting them to the non-local market (i.e. customer segment and outlet), resources are revalorised and through highly localized entrepreneurial activities become place bound. |
| N02, N05, S01, S03, S06, S11, V01, V02, V04 | Highly place-bound  
Typical local resources used: mix of natural amenities and place-specific resources combined with heritage and community | Highly localized: engage in many localized activities  
*Typical localized resource activities:*  
- Local sourcing  
- Collaborating/Partnering with local community stakeholders and/or other entrepreneurs  
- “Sharing the cake” with other entrepreneurs in the area  
- Priming of local community and stakeholders  
- Commodification of place-specific resources  
- Community involvement and empowerment  
- Storytelling of place-specific resources  
- Re-using, restoring, maintaining place-specific resources  
- Producing locally | Engages in bridging activities  
*Typical market:* Local and non-local customer base, local and non-local outlet  
*Typically sells:* goods, services and/or experiences  
*Typical sector:* Pluriactive – agriculture, manufacturing, service, tourism, education |
<table>
<thead>
<tr>
<th>Cases</th>
<th>(1) Resources “Which input is accessed and used”</th>
<th>(2) Localized resource activities “How input is converted into a product”</th>
<th>(3) Market (product, sales, outlet) “How and where product is sold”</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Artisans</strong>&lt;br&gt;No (direct) bridging of place-specific resources to non-local markets, but highly localized entrepreneurial activities.</td>
<td>N03, N04, S08, S09, S10, V03, V05, V07</td>
<td>Moderately place bound</td>
<td>Highly localized: Engage in relatively many localized activities</td>
</tr>
<tr>
<td>Typical local resources used: natural resources (raw materials, agricultural produce combined with place brand)</td>
<td>Typical localized resource activities:</td>
<td>Typical market: Non-local customer base, mostly local or niche outlet</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Local resourcing</td>
<td>Typically sells: artisan/speciality goods</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Storytelling or “Narrification” of place-specific resources</td>
<td>Typical sector: mostly food and beverages</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Collaborating/Partnering with local community, stakeholders and/or other entrepreneurs</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Producing locally</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Restoring/ maintaining</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Sharing the cake</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Re-using/upcycling</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Entrepreneurship in the rural</strong>&lt;br&gt;Although operating on non-local markets, no utilization of local place-specific resources and limited or no localized entrepreneurial activities, thus not inherently and intimately connected to locality. These do not engage in bridging of place-specific resources to non-local markets.</td>
<td>N01, N06, N07, S04, V06</td>
<td>Mostly non-local (if local then by chance, convenience or choice)</td>
<td>Engage in no or limited localized activities</td>
</tr>
<tr>
<td>Typical local resources used: none</td>
<td>Typical localized resource activities:</td>
<td>Typical market: Non-local customer base, non-local outlet (non-existent or limited local customer)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Producing locally</td>
<td>Typically sells: manufactured goods</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Re-using place-specific resources</td>
<td>Typical sector: Manufacturing, high-tech, no tourism</td>
<td></td>
</tr>
</tbody>
</table>
5

WHAT GOES AROUND, COMES AROUND –
HOW CONTEXT INFLUENCES ENTREPRENEURIAL VALUE CREATION

Sabine Müller
Department of Business Administration, Aarhus University

Abstract: This chapter investigates how rural communities are enriched by entrepreneurial value-creating activities that go beyond job creation and growth but include, for example, regional learning or place branding. In addition, this study explores how spatial context influences these value-creating activities. This qualitative, the case-based study shows that rural entrepreneurs create multiple forms of value for their communities, ranging from purely economic to socioeconomic and to social value. The reasons why rural entrepreneurs create value, not only for themselves, but value that benefits the community is partly explained by their desire to contribute positively to the place where they live and work. Another explanatory factor is a concern for the survival of the community. These motives appear to be mediated by the degree of rurality. The more isolated and remote, the more pronounced the attitudes towards and concerns for the well-being of the community. Thus, this study contributes to an in-depth understanding of how and why entrepreneurship can create multiple forms of value in rural areas as well as how value creation behaviours are motivated by the rural context. In addition, it provides an in-depth understanding of why not all rural entrepreneurs contribute or at least intend to contribute equally and in a similar way to local development. Thus, by adding contextualized explanations of rural entrepreneurial behaviour to the literature, this study places itself in the recent debate and call for contextualizing entrepreneurship research.

Keywords: value creation · local and regional development · rurality · spatial context
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1 Introduction

In modern societies, political ideology equates growth and development with progress. Yet, “unequal regional development is a salient feature of most countries” (Naudé, Gries, Wood, & Meintjies, 2008, p. 111), and economic and demographic decline in rural and remote regions has been an increasing challenge in many parts of the industrialized world (Florida, 2003). Regions today are forced to find new ways of stimulating and sustaining development and growth. Regional development is thus an important issue in the current political debate and in research. In Europe, for example, where over 56 per cent of the population lives in rural areas, covering 91 per cent of the territory, the EU Commission focuses many of its projects on aiding rural or declining regions to enter a stage of sustainable regional development, in this way slowing down or even reversing the trend toward migration to urban areas. Entrepreneurs who establish new firms are at the core of this process as the creation of new firms has long been recognized as a driving force contributing to regional development (Birch, 1987; Audretsch & Fritsch, 2002). New entrepreneurial firms create value in the form of “new jobs, new wealth, and innovation [ ] that fuel the economic vitality of regions and societies.” (Romanelli & Schoonhoven, 2001, p. 40).

From a firm’s perspective, value creation begins by providing value to customers (Sirmon, Hitt, & Ireland, 2007); however, firms may also want to create value that goes beyond the single interests of the firm and contribute to furthering a social cause (McWilliams & Siegel, 2001). Value creation through entrepreneurship and new organizations can thus target the customer or the community/society or both (Sirmon et al., 2007). However, “what ‘value’ is created, how it is perceived as valuable[,] and the process through which that value is created are likely to vary considerably, depending on the source/level of analysis that produces the value” (Lepak, Smith, & Taylor, 2007, p. 183). Lepak et al. (2007, p. 186) stress that the process of value creation varies depending on the perspectives adopted by scholars: “any discussion of value creation must clearly articulate both the target of the value and the party that produces the value and is intended to benefit from it”. Accordingly, entrepreneurial value creation, as it is defined in this study, is the value created by the actions and activities of entrepreneurs (i.e. party that produces value) that benefits the local community (i.e. target of value) concerning regional development outcomes. Although it is acknowledged that entrepreneurial efforts also result in individual and firm level value creation, this paper focuses on the community-level value created.

The majority research on regional development has focused on the economic side of value creation (cf. Literature Review in chapter 2). Certainly, economic value creation may be the raison d’être of most for-profit organizations. Without a doubt, the economic impact of entrepreneurial activity in rural areas is important. However, a study of entrepreneurial activities that result in value creation and regional development other than job creation and growth is both necessary and useful. Thus, through 28 qualitative case studies in three different rural contexts, this study investigates multiple forms of value creation pursued by rural entrepreneurs. The aim
is to shed light on how entrepreneurial activity and value-creating efforts unfold in rural regions as well as to examine the potential underlying motives that affect entrepreneurs to create value beyond the interests of the firm adding benefits to the community. The research questions put forward are: (1) which types of community-level value do rural entrepreneurs create? and (2) how does the socio-spatial context influence the value-creating efforts of rural entrepreneurs?

This study addresses the following research gaps: One, the need for more nuanced understanding of the forms of entrepreneurial value creation in rural areas (Korsgaard & Anderson, 2011). In this respect, this study offers an alternative understanding of how entrepreneurship supports regional development beyond job creation and growth. Second, this study provides an explanation as to why rural entrepreneurs create value that is targeted at benefitting the community. It is shown how various forms of value-creating efforts are influenced by context.

This chapter is structured as follows: The next section (2) introduces previous and contemporary literature on the topics of entrepreneurship, value creation and regional development. The subsequent method section (3) presents the case study design and how the case material was coded and analysed. The findings section (4) outlines types of value creation found in the data. as well as examines the mechanisms that can explain the variations in value-creating efforts. Section 5 presents a concluding discussion section considers the importance of context, the dynamics of value creation, and the direct impact of entrepreneurship on value creation other than growth. In addition, implications for research and regional policy are considered.

2 Regional development, entrepreneurship and value creation

Regional development is understood as a dynamic process (Fischer & Nijkamp, 2009) and refers to the provision and assurance of equal opportunities, and sustainable economic and social well-being of individuals in areas that are typically less developed. Besides growth, regional development is also about social change and transformation (Berglund & Johansson, 2007). Entrepreneurship is found to be a key element in the creation of new activity and value in resource-constrained rural areas (Bosworth, 2008; Kalantaridis & Bika, 2006b; Stockdale, 2006), as entrepreneurs are found to be important initiators of economic and social change and thus can contribute to regional well-being and development (Berglund & Johansson, 2007). Entrepreneurs are referred to as key economic drivers in regions as they create more jobs than their established large counterparts (Birch, 1987). Entrepreneurial firms also grow proportionately faster and in the long run they create more jobs than larger, established firms (Van Praag & Versloot, 2007; Florida, 2003; Billou, 2009). Indeed, numerous studies have found positive links between new firm formation on job creation and growth in regions even when taking firm deaths into account (see for example Acs & Armington, 2004a; Audretsch & Fritsch, 2002; Thurik, 2003; Mueller, Van Stel, & Storey, 2008; Baptista, Escaria, & Madruga, 2008). Furthermore, entrepreneurial activity is found to have a major influence on the rate of technological progress as entrepreneurs have the capacity to introduce new technologies, develop new resources and commercialize innovations of all kinds (Birch, 1979; Baumol, 2004). Thus, entrepreneurship is a vital
mechanism propelling the process of economic value creation and growth, especially in resource-constrained rural settings.

It is commonly acknowledged that the relationship between entrepreneurship and regional development is multifaceted (van Stel & Suddle, 2008) and this relationship has direct and indirect effects on regional development. Direct effects of value creation typically relate to new job creation and growth due to new start-ups, which has been studied extensively (see chapter 2, Müller, 2011; Baumgartner, Pütz, & Seidl, 2013). Indirect effects often revolve around the structural and social transformation of regions as a result of entrepreneurial activity, and these are more challenging to measure and capture. It is argued that such indirect effects and the social forms of value creation are under-researched as “the social is often treated solely as a background factor, the ceteris paribus of the economists” (Korsgaard & Anderson, 2011, p. 135).

Regional growth is considered a major outcome of entrepreneurial activity, however it is rarely explored in other than economic terms (Korsgaard & Anderson, 2011). Without a doubt economic growth is an important indicator that provides insight into the vitality and competitiveness of regions. But it is not the sole indicator of regional well-being, progress and development. For example, in a study of a community building project in rural Denmark, Korsgaard and Anderson (2011) found that value was being created on several dimensions including society, community and individual. Some studies suggest that regional and community value creation may include (i) regional learning (Florida, 1995), (ii) “the development of cooperation, solidarity, participation and trust within a region by bringing various groups and institutions together” (Seidl, Schelske, Joshi, & Jenny, 2003, p. 343), and (iii) the creation of pride in the region and its heritage (Anderson, 2000). As such, entrepreneurship also may create a number of positive outcomes that are more socioeconomic or social in nature. What is missing from previous studies is an analysis of which positive outcomes are created, and if and how these are influenced by the spatial context. The present study rectifies this by illuminating the various forms of entrepreneurial value created relating to regional development, which are not purely economic in nature.

### 2.1 Entrepreneurship and value creation

Anderson (2000) defines entrepreneurship as the extraction and creation of value from an environment or context. The present study adopts this definition in order to take an open approach to the types of value pursued and created, as rural entrepreneurship may be “expected to affect the wider community within which the entrepreneurial activity takes place” (Stathopoulou, Psaltopoulos, & Skuras, 2004, p. 412; cf. Wortman, 1990).

The functionalist view of entrepreneurship builds on strong traditions in the entrepreneurship field. Entrepreneurs are seen as the essential function of new value creation. This happens through the recombination of resources (Schumpeter, 1934) or the creation of new means-ends relationships (Kirzner, 1973). According to Schumpeter (1934), new combinations can be a
variety of activities, for example, the development of new goods or services, new methods of production, the opening of new markets, or the introduction of new sources of supply. Combining resources in new ways which increases the value of the individual resources as well as the sum thereof, creates value for the firm and ultimately society (Kirzner, 1973; Schumpeter, 1934).

In the traditional views, the entrepreneurial function is expressed through the creation of new firms or new economic activities within existing firms (Shane, 2003). Implicitly, entrepreneurial activities are assumed to be motivated fully or in part through monetary gain (Kirzner, 1973; Baumol, 1990), and accordingly, the main output of such activities is the creation of economic value (cf. Birch, 1987; Acs & Armington, 2004b). Recent studies has broadened the scope of the entrepreneurial function to include the creation of multiple types of value (Korsgaard & Anderson, 2011; Steyaert & Katz, 2004), including social value, environmental value, cultural value, often in conjunction with economic value (see e.g. Di Domenico, Haugh, & Tracey, 2010), and perhaps even intertwined.

2.2 The socio-spatial context of rurality

To explore the role of socio-spatial context in the entrepreneurial value creation process, this study draws on case material from a rural setting. This setting is particularly well suited to study entrepreneurship and the role of the socio-spatial context since “the best way of observing the true value of entrepreneurship is when resources and opportunities are at their most meagre” (Kodithuwakku & Rosa, 2002, p. 433). In addition, rural regions vary widely with regard to their physical and socio-economic environments (Stathopoulou et al., 2004), which may be important factors as to why entrepreneurial value creation unfolds differently across regions.

Rural regions differ from urban regions in terms of population density, geographical space, proximity to markets (labour, goods), dependence on agriculture and farming and diversified economic base (Meccheri & Pelloni, 2006). Yet, even though most people have an intuitive understanding what rurality means, formal definitions are manifold and vary widely. Definitions range from spatial/geographical to socio-economic and socio-cultural definitions. According to Stathopoulou et al. (2004) the main characteristics of rurality as an entrepreneurial milieu can be grouped into elements of the physical environment (e.g. location, natural resources, landscape) and the socio-economic environment (e.g. social capital, cultural heritage or infrastructure). The physical environment is concerned with the proximity or distance to urban centres, to major markets and accessibility to customers, suppliers, and information. Distance to cities, or degree of remoteness, has implications for the extent of rural communities’ access to higher education, hospitals and health care facilities or cultural amenities. The degree of remoteness of a rural location may influence different aspects of entrepreneurship and consequently growth and the creation of employment (North & Smallbone, 2000).
Definitions of rurality according to socioeconomic environment include income, growth rates, social capital, cultural heritage, or infrastructure (Stathopoulou et al., 2004). In economic terms, rurality has to do with low business income, low rates of growth and weak population trends. The OECD and the EC use population density to measure rurality: areas with less than 150 inhabitants per km² are considered rural. Population density and settlement size are the most widely used definitions by European policy makers and researchers (Stathopoulou et al., 2004; cf. North, Smallbone, & Vickers, 2001; Smallbone, North, Baldock, & Ekanem, 2002). Kalantaridis and Bika (2006a), for instance, define rural areas as large open spaces and small population settlements relative to the national context. It is relatively easy to calculate population densities; however, the shortcoming of such average figures is that they “may be distorted by the presence of a town within an essentially rural area” (Rousseau, 1995, p. 2); also they cannot provide information about the socio-spatial build-up and culture of rural communities. In addition, population density averages cannot provide information about the nature of rural communities.

Besides these rather traditional definitions, alternative approaches to defining rurality have been developed, which mainly concern the socio-cultural aspects of rural communities. Such approaches are argued to be more inclusive of what the concept of rurality entails as they embrace “the extent to which people’s socio-cultural characteristics vary with the type of environment in which they live” (Halfacree, 1993, p. 24). Also Tönnies’ (1957) work and the distinction between Gemeinschaft (community) and Gesellschaft (society) is a common reference to the distinction between the rural and the urban socio-cultural climate.

Furthermore, some scholars argue that research should shift its focus “onto territories (that happen to be in rural locations) and/or marginalised social groups (that happen to live in rural areas)” (Ray, 1999, p. 257). Murdoch and Pratt (1993) stress that there is a spatial element to the rural, but that the characteristics of the ‘rural’ may also be found and practiced in the ‘urban’, or in any other place. In this regard, “a rural entrepreneur is someone living in a rural location and the difference between them and an urban entrepreneur may be found in the effects of rurality in the entrepreneurial process” (Stathopoulou et al., 2004, p. 412). The present study seeks to add to this line of thought by exploring the influence of rurality on the entrepreneurial value-creating process. Thus, the study examines the potential impact of the spatial environment – i.e. the degree of rurality and remoteness – as well as the socio-cultural environment – i.e. sense of community.

### 2.3 Rurality and entrepreneurial value creation

Entrepreneurs tend to locate their ventures in regions where their roots are and where they have family and friends, or places that they have chosen as their ‘homes’ (Dahl & Sorenson, 2009). This may affect how rural entrepreneurs engage with location as ‘place’. ‘Place’ is defined as a location of meaningfulness and social life (Hudson, 2001). Previous research suggests that when entrepreneurs (no matter whether native, returning or immigrant) are rooted in a particular place,
it allows them to identify or create opportunities and to assemble the resources necessary to exploit these opportunities (Dahl & Sorensen, 2012; Gaddefors & Cronsell, 2009; Jack & Anderson, 2002). Hence, the socio-spatial influence of context on entrepreneurship may become more transparent in places where entrepreneurs engage intimately with a location or place. In line with this thought, the present study argues that the intimate relationship between entrepreneurship and place (context) may influence entrepreneurs’ value-creating efforts – efforts that go beyond a mere profit maximization rationale of increasing personal wealth (cf. Stathopoulou et al., 2004).

Although the profit motive is a central feature of entrepreneurship (Baumol, 1993; Schumpeter, 1934), it does not preclude other personal, community-related or social motivations. For example, Bosworth and Willett (2011, p. 209) find evidence that rural in-migrant entrepreneurs recognise “the need for local development in order to improve both their quality of life and their business opportunities”. They suggest that engaging with local communities and supporting development at the local level creates positive outcomes beyond personal and firm-level value creation. The present study explores this argument by probing the “mysteries of motivation” behind entrepreneurial value creation intended to benefit the community (Peredo & McLean, 2006, p. 63). The rural context provides a particular setting where collective thinking and action can be observed (Peredo & McLean, 2006). Thus, the argument put forward is that since rural entrepreneurs create ventures in places where they also pursue their social and family lives, they may have an incentive to pursue value-creating activities not only for themselves and their firms, but also for their community.

3 Research design and methods

3.1 Case study design
This study uses a qualitative case-based research strategy to retrieve in-depth information about rural entrepreneurship. The study employed a multiple embedded case study design (Yin, 1994) involving a total of 28 entrepreneurial cases in three different rural regions in Denmark. Table 3 provides an overview of the 28 cases, the regions they are located in, their core activities, the founders’ locational relationship, and some firm level descriptives.

3.2 Sampling
This study consists of multiple, individual cases embedded in three different case study regions, which were selected using a purposeful sampling strategy (Patton, 2001). The purposive sample was used to identify and compare common patterns across cases and case-study regions as they may face diverse conditions and constraints. Such an approach helps to explain the possible variation in the outcome of entrepreneurial activity on community-level value creation.

The selected regions were chosen according to a heterogeneity criterion in order to achieve variation across the case regions (Flick, 1998), which had to include some elements of rurality
that are likely to affect the entrepreneurial process as suggested by Stathopoulou et al. (2004): (i) factors of the physical environment that include location, degree of rurality, distance to major urban areas, and (ii) and socioeconomic factors that include main industrial sector, population density. The sample frame is illustrated in Table 1 and Figure 1. The three rural regions offer the potential to uncover differences in how entrepreneurs navigate in their spatial context.

Table 1: Sample Frame

Sources: “The municipal key figures” from the ministry for economic affairs and the interior and Statistics Denmark (DK transl. "De kommunale nøgletal” fra Økonomi og Indenrigsministeriet and Danmarks Statistik)
Notes: *Excludes Varde and Fanø municipalities.

<table>
<thead>
<tr>
<th>Regional Sampling Criteria</th>
<th>Northdjursland</th>
<th>Wadden Sea*</th>
<th>Island of Samso</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of region</td>
<td>Outskirt</td>
<td>Remote</td>
<td>Island</td>
</tr>
<tr>
<td>Location, Degree of rurality</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distance to major city (approx.)</td>
<td>45 km</td>
<td>210 km</td>
<td>60 km (30 by ferry)</td>
</tr>
<tr>
<td>Area in km² (approx.)</td>
<td>720</td>
<td>1.950</td>
<td>115</td>
</tr>
<tr>
<td>Main sectors</td>
<td>Agriculture and (heavy) Industry</td>
<td>Trade, Transport and Agriculture</td>
<td>Agriculture and Service</td>
</tr>
<tr>
<td>Population (in 2012, approx.)</td>
<td>37,880</td>
<td>154,200</td>
<td>3,890</td>
</tr>
<tr>
<td>Population density</td>
<td>53/km²</td>
<td>79/km²</td>
<td>34/km²</td>
</tr>
<tr>
<td>No. of cases selected within region</td>
<td>7</td>
<td>7</td>
<td>14</td>
</tr>
</tbody>
</table>

Figure 1: Three selected regions: Northdjursland, Wadden Sea and the island of Samso

On the venture level, the selection of the individual 28 cases followed a sequential sampling strategy (Flick, 1998), letting the sample evolve of its own accord as data was collected (Teddlie & Yu, 2007, p.80). For a case to be included, a triad of local entrepreneurs, local inhabitants and the local business council were asked to recommend entrepreneurs or ventures that had contributed to the community and/or region in some way or another, according to their own
definition of what ‘contribute positively’ may entail. This criterion ensures that the ventures included were considered important to the respective regions in the sense that they created some form of value that was important to the community. Moreover, the researcher’s informal talks with local residents whilst staying in the regions for up to one week added some additional cases.

### 3.3 Data

The study is based on observation (experiencing), interviewing (enquiring) and secondary materials (examining) to collect rich data (Wolcott, 1994). Wherever possible I compared the different types of data available to explore the credibility of statements obtained and to compare the different positions within the material.

At the regional and community levels, data sources were triangulated using statistical data, archival and other secondary documents about the region, such as reports or policy documents as well as photographs and observations from the researcher’s prolonged visits in the communities. In addition, expert interviews with local business councils and informal interviews with local residents were conducted. At the venture level, 90 to 120-minute interviews with the principal founders were conducted throughout 2011-2012. The style of each interview was a combination of narratives and a semi-structured design. Besides the interviews, site visits, observations, and documentary evidence were used to triangulate the data and add depth to the case studies (Di Domenico et al., 2010). Documentary material included publicly available media (e.g. radio and TV interviews) and organizational material, such as marketing materials, annual reports, websites, and newspaper clippings. Using such archival data allows access to some real time accounts of the ventures (Navis & Glynn, 2010).

### 3.4 Coding and analysis

According to the guidelines provided by Bazeley (2007), a rigorous and systematic coding process was undertaken using NVivo 10, a qualitative analysis software for data management, coding and retrieval. In line with established coding procedures (Miles & Huberman, 1994; Saldaña, 2009), first the individual cases were coded and analysed, followed by a cross-case and cross-region comparison. The software also assisted in retrieving and probing the relationships between the data material, the main themes and key constructs.

The coding process followed a first and a second cycle. In the first cycle, attribute coding and open coding techniques were used. The former technique catalogues factual information about the entrepreneur(s) and ventures such as age, gender, founding year, type of business, legal form, locational relationship, and the like (Lofland & Lofland, 1995). The latter is an initial systematic analysis and categorization of textual raw data. Examples these types of codes are provided in Table A5.1 in Appendix I of this chapter. Some of the initial open codes, which tend to describe dimensions of a major category, were then merged under some thematic categories (using the parent-child node function of NVivo) in the second-cycle. The second-cycle coding involved mostly thematic coding or (Boyatzis, 1998) and relationship or comparative coding (Miles &
Thematic coding makes use of a set of a priori codes that are strongly presumed to be relevant for the analysis but also allows for an inductive evolvement of themes from the data (Lapadat, 2009). With this technique it is possible to capture the major thematic ideas in the data (Gibbs, 2008).

In practice, the data were sorted according to the central themes linked to the research aim. For this study, four overall coding themes were applied: (i) the nature and impact of the context and its rurality on entrepreneurial activity, (ii) the type and form of entrepreneurial value created, (iii) the nature of the interaction between the two, and (iv) the potential underlying value creation mechanisms/belief system. These themes were divided into main codes such as ‘belief system’ (see table below), which subsequently were divided into sub codes, and again into sub-sub codes.

Table 2: Codebook excerpt and example of thematic coding

<table>
<thead>
<tr>
<th>Code</th>
<th>Abbrev.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Belief system (WHY)</td>
<td>BELIEF</td>
<td>Belief system, attitudes, motivations that guide entrepreneurs’ choices, of how they do business and use resources</td>
</tr>
<tr>
<td>7.1 Shared concern for survival of community</td>
<td>SURVIV</td>
<td>Code applies to concerns of survival of community, incl. how entrepreneurial activity relates to this concern</td>
</tr>
</tbody>
</table>

Data source | Case | Quote
---|---|---
Interview | S01 | “This island’s challenge is not about whether to save the climate or polar bears; it’s about saving ourselves,...from the potential collapse that is obviously associated with a rural area such as ours, for example depopulation, et cetera. [...] and it is nice that together we [community] can solve our own problems, and that we can take care of ourselves. We take charge and be in control,... and can create and reap our own benefits – both in terms of money but actually also to control our own fate.”

Interview | S03 | “[...] my business should also cast profits all the way around [for others in the area]. If I do not make sure once in a while to get my customers into different local hotels or if I don’t source from the local store, well then I may risk that all of a sudden this or that hotel won’t exist any longer, or that the local taxi guy has folded, because they couldn’t keep themselves afloat.”

The iterative coding process lasted several months. Potential patterns in the coding and relationships across themes, data and cases were explored by making extensive use of NVivo’s coding query and matrix query tools. These tools produced coding connections between categories and themes (Denzin & Lincoln, 2005), and allowed for cross-case and cross-region comparisons and examining similarities and differences. When information, constructs and relationships were exhausted, theoretical saturation was assumed, that is when marginal improvements were limited, then the coding stage was concluded (Eisenhardt, 1989).

The data were analysed according to Miles and Huberman’s (1994, pp. 10-12) three-step process: data reduction, data display, and conclusion drawing. As the aim was to explore the types of value creation and the influence of rural context on value creation, the data was analysed...
by identifying the consequences or outcomes of entrepreneurial activity that affected the local community or wider region. In the data material I categorized situations where such consequences of value creation were addressed, talked about or observed. The interviews offered the most insight. Therefore elaborate quotations from the interviews will presented in the subsequent findings section in order to provide the reader with the entrepreneur’s own words about their attitudes, motivations and choices.
Table 3: Venture characteristics

Notes: * The case ID’s consist of a letter and a number; the letter indicates the case study region. ‘N’ stands for cases in the region Northdjursland, ‘V’ for cases in the Wadden Sea region, and ‘S’ for cases on the island of Samsø.

<table>
<thead>
<tr>
<th>Case ID</th>
<th>Region</th>
<th>Founding year</th>
<th>Legal Structure</th>
<th>Employ (in 2012)</th>
<th>Main sector</th>
<th>Core Activity</th>
<th>Locational relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>N01</td>
<td>Outskirt</td>
<td>2007</td>
<td>LLC</td>
<td>3</td>
<td>Manufacturing</td>
<td>Produces cosmetics and personal care products (consumer goods)</td>
<td>Native</td>
</tr>
<tr>
<td>N02</td>
<td>Outskirt</td>
<td>2008</td>
<td>Association</td>
<td>0</td>
<td>Education</td>
<td>Provider of entrepreneurial education and boarding facilities for game developers</td>
<td>Native</td>
</tr>
<tr>
<td>N03</td>
<td>Outskirt</td>
<td>2000</td>
<td>Sole Proprietorship</td>
<td>2</td>
<td>Manufacturing</td>
<td>Development, design and manufacturing of wooden outdoor music instruments</td>
<td>In-migrant</td>
</tr>
<tr>
<td>N04</td>
<td>Outskirt</td>
<td>2003</td>
<td>Association</td>
<td>5</td>
<td>Service Provider</td>
<td>Creator and provider of state-of-the-art wireless Internet infrastructure for rural areas</td>
<td>In-migrant</td>
</tr>
<tr>
<td>N05</td>
<td>Outskirt</td>
<td>2010</td>
<td>Ltd.</td>
<td>12</td>
<td>Construction / Consultancy</td>
<td>Builder and provider of consultancy service for construction, also creator and organizer of an industrial cluster</td>
<td>Native</td>
</tr>
<tr>
<td>N06</td>
<td>Outskirt</td>
<td>1979</td>
<td>LLC</td>
<td>18</td>
<td>Pluriactive: Manufacturing / Sale</td>
<td>Produces “do-it-yourself” kits for cosmetics and personal care products. Also workshops and seminar on how to make your own cosmetics.</td>
<td>Native</td>
</tr>
<tr>
<td>N07</td>
<td>Outskirt</td>
<td>-</td>
<td>Sole Proprietorship</td>
<td>0</td>
<td>Pluriactive: Design / Manufacturing / Wholesale</td>
<td>Design and manufacturing (outsourced) of terracotta products, e.g. garden pots and decorations</td>
<td>Native</td>
</tr>
<tr>
<td>V01</td>
<td>Remote</td>
<td>2007</td>
<td>Sole Proprietorship</td>
<td>45</td>
<td>Pluriactive: Agriculture / Manufacturing / Hospitality / Dissemination</td>
<td>Former castle now operating hotel, restaurant, events, conference centre, largest Danish organic agriculture, production of foods and beverages with own or locally grown ingredients, nature centre (dissemination), camp sites for boy and girl scouts</td>
<td>In-migrant</td>
</tr>
<tr>
<td>V02</td>
<td>Remote</td>
<td>1992</td>
<td>Public limited company</td>
<td>29</td>
<td>Pluriactive: Arts, entertainment and recreation activities</td>
<td>Living Viking museum, amusement park, historical reconstructions and communication, and production school (~30 students/year) for working with wood/metal (carpentry), textiles, agriculture and food</td>
<td>In-migrant</td>
</tr>
<tr>
<td>V03</td>
<td>Remote</td>
<td>2008</td>
<td>Commercial foundation</td>
<td>0</td>
<td>Pluriactive: Agriculture / Winery / Hospitality</td>
<td>Winery, growing and producing wine, bed &amp; breakfast, speciality food shop</td>
<td>In-migrant</td>
</tr>
<tr>
<td>V04</td>
<td>Remote</td>
<td>2004</td>
<td>Partnership</td>
<td>4</td>
<td>Pluriactive: Tourism / Hospitality / Dissemination</td>
<td>Nature centre, organizing nature tours, dissemination of knowledge about local wildlife and landscape (Wadden sea, marshland), famously known for tours to the “black sun”, a natural phenomenon where black starlings “dance” over the marshland</td>
<td>Returning</td>
</tr>
<tr>
<td>V05</td>
<td>Remote</td>
<td>2003</td>
<td>LLC</td>
<td>0</td>
<td>Agriculture / Manufacturing</td>
<td>Farming and production of foods and beverages with own locally grown fruit, in particular berries</td>
<td>Native</td>
</tr>
<tr>
<td>V06</td>
<td>Remote</td>
<td>2011</td>
<td>Partnership</td>
<td>4</td>
<td>Knowledge-based services</td>
<td>DNA laboratory offering private persons a DNA profile, for example, for predisposition of illnesses</td>
<td>Returning</td>
</tr>
<tr>
<td>V07</td>
<td>Remote</td>
<td>2010</td>
<td>Ltd.</td>
<td>0</td>
<td>Pluriactive: Agriculture / Tourism / Dissemination</td>
<td>Joint vegetable garden, outdoor kitchen, cooking workshops and seminars using local vegetables, farming heirloom, traditional crops</td>
<td>Returning</td>
</tr>
<tr>
<td>Case ID</td>
<td>Region</td>
<td>Founding year</td>
<td>Legal Structure</td>
<td>Employ (in 2012)</td>
<td>Main sector</td>
<td>Core Activity</td>
<td>Locational relationship</td>
</tr>
<tr>
<td>---------</td>
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<td>----------------</td>
<td>----------------</td>
<td>-------------</td>
<td>---------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>S01</td>
<td>Island</td>
<td>2005</td>
<td>LLC</td>
<td>12</td>
<td>Knowledge-based services</td>
<td>A physical gathering place for knowledge-exchange and consultancy about energy saving and renewable energy solutions and installations</td>
<td>Native</td>
</tr>
<tr>
<td>S02</td>
<td>Island</td>
<td>2009</td>
<td>Association</td>
<td>0</td>
<td>Service/ Education</td>
<td>Yoga Centre, Yoga education and retreat</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S03</td>
<td>Island</td>
<td>2011</td>
<td>Sole Proprietorship</td>
<td>0</td>
<td>Service</td>
<td>Event and travel management specialized in the products and services on the island of Samsø. Focusing on tailor-made solutions, e.g. “energy tours”, “food tours”</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S04</td>
<td>Island</td>
<td>2001</td>
<td>Sole Proprietorship</td>
<td>12</td>
<td>Manufacturing</td>
<td>Design and manufacturing of magnifying glasses and optical medical equipment</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S05</td>
<td>Island</td>
<td>1997</td>
<td>LLC</td>
<td>0</td>
<td>Tourism/ Hospitality</td>
<td>Sport and recreation business that rents out traditional horse wagons. Also offers experience to roll down a hill inside a giant “zorb” ball</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S06</td>
<td>Island</td>
<td>1998</td>
<td>Sole Proprietorship</td>
<td>14</td>
<td>Arts, entertainment and recreation activities</td>
<td>Reinvented traditional museum into a living “eco museum”, managing nine living historical visiting sites around the island, historical reconstructions and communication</td>
<td>Returning</td>
</tr>
<tr>
<td>S07</td>
<td>Island</td>
<td>2004</td>
<td>Association</td>
<td>2</td>
<td>Pluriactive: Transportation Service, Tourism</td>
<td>Managing airport, Offers passenger and scenic flights</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S08</td>
<td>Island</td>
<td>2001</td>
<td>Sole Proprietorship</td>
<td>0</td>
<td>Pluriactive: Agriculture/Manufacturing</td>
<td>Fanning and production of speciality foods and liquors with own locally grown ingredients, in particular berries</td>
<td>Native</td>
</tr>
<tr>
<td>S09</td>
<td>Island</td>
<td>2006</td>
<td>Partnership</td>
<td>0</td>
<td>Agriculture/Manufacturing</td>
<td>Organic brewery, own agriculture and production of beer ingredients</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S10</td>
<td>Island</td>
<td>2003</td>
<td>Sole Proprietorship</td>
<td>1</td>
<td>Manufacturing</td>
<td>Production of speciality food and beverages with locally sourced ingredients</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S11</td>
<td>Island</td>
<td>2000</td>
<td>Co-partnership</td>
<td>1</td>
<td>Tourism/ Hospitality</td>
<td>World’s largest tree labyrinth made from an abandoned Christmas tree plantation</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S12</td>
<td>Island</td>
<td>2009</td>
<td>N/A</td>
<td>1</td>
<td>Pluriactive: Tourism/Hospitality/Dissemination</td>
<td>Falcon centre, flying of falcons for tourism, bird of prey and falcon breeding and dissemination program</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S13</td>
<td>Island</td>
<td>1996</td>
<td>Sole Proprietorship</td>
<td>0</td>
<td>Pluriactive: Tourism/Hospitality/Dissemination</td>
<td>Human health therapy and leadership training with horses, horse riding for tourists, boarding house for troubled children</td>
<td>In-migrant</td>
</tr>
<tr>
<td>S14</td>
<td>Island</td>
<td>2004</td>
<td>Sole Proprietorship</td>
<td>0</td>
<td>Pluriactive: Tourism/Dissemination</td>
<td>Nature centre and cafe, dissemination of local wildlife, nature playground for children</td>
<td>In-migrant</td>
</tr>
</tbody>
</table>
4 Findings

The data offers ample evidence that rural entrepreneurs pursue multiple types of value that benefits the community where they work and live. The findings reveal 14 strongly reoccurring types of community-level value. These types can be roughly grouped into three dimensions: (i) economic, (ii) socioeconomic, and (iii) social value. However, it is suggested that they are more constructively placed on a spectrum as illustrated in Figure 2; with the more economic value at one end, through to socioeconomic, and social value at the other end (cf. Emerson, Wachowicz, & Chun, 2000). Naturally, in reality these categories are overlapping and do not present themselves at the opposite ends of a spectrum.

Figure 2: Spectrum of community value creation

The more economic outcomes correspond to the traditional outcomes of entrepreneurial value creation, such as profits, income, growth or job creation. Social value is created when entrepreneurial efforts result in generating improvements in the lives of individuals or the community as a whole. Socioeconomic value is ‘somewhere in-between’ as it includes both social and economic outcomes. Table 4 shows the types of community value created in each case, whereas Table 5 summarises the types of community value created including examples and quotations. Each of the 14 types is described in considerable detail including exemplifying quotations in the Appendix II.
Table 4: Types of community value created by case and region

Notes: Those ventures with a high count of value created are shaded in grey. The value-creating impact of entrepreneurial activity for the community is the researcher’s interpretation of data material (see method section); there are quotes and data snippets that substantiate each of the x’s.

| Case ID | Region/Rurality | Total count (max 14) | New boosted tourism | Local job creation | Activate hard-to-employ | Inspire new entrepreneurial activity | Support new/improved infrastructure | New (physical) market place others’ in area | Create attention fiction others’ region, place brand | Distributed wealth/f others’ income/f others’ | New localized | New localized knowledge | New/restored natural, physical, or cultural amenities | New/increased local activities | Preserve history or heritage | Pride, self-respect in community | Creation of sense of belonging, Strengthen local identity |
|---------|------------------|----------------------|---------------------|-------------------|------------------------|--------------------------------------|---------------------------------------|---------------------------------------------|---------------------------------------------|-------------------------------------------|----------------|-------------------------|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| N01     | Outskirt         | 1                    | x                   |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| N02     | Outskirt         | 4                    | x                   |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| N03     | Outskirt         | 3                    | x x                 |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| N04     | Outskirt         | 6                    | x x x               |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| N05     | Outskirt         | 5                    | x x                 |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| N06     | Outskirt         | 6                    | x x                 |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| N07     | Outskirt         | 2                    | x                   |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| V01     | Remote           | 13                   | x x x               |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| V02     | Remote           | 12                   | x x x               |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| V03     | Remote           | 4                    | x                   |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| V04     | Remote           | 5                    | x x x               |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| V05     | Remote           | 1                    | x                   |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| V06     | Remote           | 4                    | x                   |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| V07     | Remote           | 5                    | x x                 |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| S01     | Island           | 10                   | x x                 |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| S02     | Island           | 5                    | x                   |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| S03     | Island           | 2                    | x                   |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| S04     | Island           | 5                    | x                   |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| S05     | Island           | 2                    | x                   |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| S06     | Island           | 6                    | x x                 |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| S07     | Island           | 8                    | x x                 |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| S08     | Island           | 2                    | x                   |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| S09     | Island           | 5                    | x                   |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| S10     | Island           | 5                    | x x                 |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| S11     | Island           | 5                    | x x                 |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| S12     | Island           | 4                    | x x                 |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| S13     | Island           | 4                    | x                   |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |
| S14     | Island           | 3                    | x                   |                   |                        |                                      |                                       |                                             |                                            |                                           |                |                        |                  |                            |                             |                             |

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### Table 5: Types of community value created incl. examples

Notes: The numbers in brackets (*) next to the individual value-creating elements refers to the number of cases where the respective outcome is observed. The extent can vary across cases. Further, it is acknowledge that Income and Tax revenue are also important economic community-level outcomes, but these were not measured and thus do not appear in the list.

<table>
<thead>
<tr>
<th>Type of value</th>
<th>Examples</th>
</tr>
</thead>
</table>
| New or boosted tourism (13*)                           | - New types of tourism, such as energy tourism (S01) or tourism visiting organic food festivals (V01, V02).  
- For example S01 has about 8,000 visitors at its premises per year, of which 6,000 account for a new type of global tourism on the island, namely energy tourism. |
| Local job creation (19)                                | - Nineteen ventures created a total of 210 jobs, out of which 50 account for the self-employed founders, and 165 account for local jobs created (in 2012).  
- Entrepreneurs tend to hire almost exclusively hire local employees, workers and volunteers. |
| Activate hard-to-employ persons or “problem youths” (9) | - Entrepreneurs employ persons with physical or mental disabilities (V01, S10), pensioners (N03, N04, S06) or “problem” youths and children (S12, S13, S14, V02).  
- For example, the falconer centre (S12) invites children with special needs to become apprentices and participate in the daily activities of the venture. |
| Inspire new entrepreneurial activity (10)              | - Entrepreneurs inspire new local start-up activities through spin-offs, inspiration or imitation.  
- For example V01 or S10 have inspired other organic food producers in the region to start their own production, or N06 inspired N01 and others, to create personal care and cosmetics. |
| New or improved infrastructure (3)                    | - Three ventures created new or improved (hard or soft) infrastructures:  
- S01 influenced a renewable energy infrastructure, S07 restored an abandoned airfield and created an air travel infrastructure for the island, and N04 created high-speed wireless Internet for the entire Northdjursland region. |
| New (physical) market place (3)                        | - Three entrepreneurs create new physical outlets for other local producers to showcase and sell their products (cases V01, V02, V07).  
- For example, V01 created a permanent exhibition centre as well as biannual trade fairs for local producers. |
| Attention for region – place branding or political interest (14) | - Numerous entrepreneurs contribute – to varying degrees – to branding their regions.  
- Rural entrepreneurs, in particular those that have a global market, contribute to attracting interest and attention to the community as a result of being able to commoditise local, place-specific resources and make those attractive and valuable to non-local markets. |
| Distributed wealth/ Income or business for others (13) | - Rural entrepreneurs create income or business for other local actors, through local (re-)sourcing, sharing and referring customers, offering complimentary products/services from other local entrepreneurs, and involving local associations or the community, for example, in the form of volunteers. |
| New localized knowledge, competences and expertise – regional learning (11) | - Entrepreneurs generate new localized knowledge, competences and expertise, which can result in regional learning.  
- For example, S01 initiated a project of energy self-sufficiency in the area. They employed local builders to construct low energy buildings. In this way they helped create a learning experience for local craftsmen equipping them to build similar houses or energy projects in the area. |
| New/ restored/ transformed natural or cultural amenities (16) | - Rural entrepreneurs restored or reused abandoned buildings.  
- For example an abandoned farmhouses into cosmetics manufacturing (N06) or terracotta design studio (N07), an old furniture factory into DNA laboratory (V06), a deserted dairy into welcome hall of ecomuseum (S06), an abandoned Christmas tree plantation into the world's largest tree-labyrinth (S11), or old castle stables into exhibition centre and holiday apartments (V01). |
The analysis indicates that economic, socioeconomic and social value creation in communities cannot easily be kept apart. Entrepreneurs create an entire spectrum of value that lies somewhere between purely economic and purely social. Most of the community value created can, however, be categorized as socioeconomic incorporating elements of both economic and social impact. Value-creating outcomes are often interconnected (Korsgaard & Anderson, 2011), and the analysis supports that the value creation process and outcomes are dynamically interlinked. For example, new tourism dynamics create attention to the region, which in turn generates distributed wealth to the surrounding artisans, hospitality and experience economy sectors. In other cases entrepreneurs utilized immobile resources (e.g. neglected landscape, run-down buildings) to create activities that resulted in restoration of the natural amenities and scenery, which in turn contributed to place-branding and an increased number of tourists.

In the literature the relationship between entrepreneurship and regional development tends to be portrayed as entrepreneurship having a direct impact on economic growth, which subsequently indirectly can lead to socioeconomic and social changes, for instance creation of image, place brand, or regional learning. However, our analysis strongly suggests that entrepreneurial activity directly creates socioeconomic and social value for community.

4.1 **Contextual influence**

The empirical evidence suggests that not all rural entrepreneurs in all regions contribute equally and similarly to local development. Thus, the following section considers the influence of the socio-spatial context on these types of value creation. The variation in community-level value creation can be partly² attributed to (i) the specific social norms of a specific context, and (ii) the entrepreneurs’ attitudes towards community well-being. Table 6 provides an overview.
Table 6: Contextual norms and attitudes towards community well-being

Notes: The value-creating outcomes “Preserved history or heritage” and “Pride, self-respect in community” seem not to be motivated by the contextual norms or attitudes towards community well-being. An initial probe into the data indicates that these two types of value creation are partly motivated by the entrepreneurs’ personal pride in a locality and its heritage and their desire to educate others. This would need further analysis that goes beyond the scope of the present study.

<table>
<thead>
<tr>
<th>Spectrum:</th>
<th>Economic</th>
<th>Socioeconomic</th>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New/boosted tourism</td>
<td>Local job creation</td>
<td>Activate hard-to-employ</td>
</tr>
<tr>
<td>Rural code of conduct</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Attitudes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local development</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Mutual dependency</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Shared concern for survival of community</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
</tbody>
</table>

4.1.1 Contextual norms: Rural code of conduct

The findings indicate that certain social norms, which are anchored in the local context, have an impact on the entrepreneurs’ attitudes as well as on their behaviour to create value that benefits the community. In the entrepreneurs’ own words, such perceived social norms are termed “rural code of conduct” (S03) or “social ground rules” (S01). The informants affirmed that their entrepreneurial value-creating actions are influenced by the rural code of conduct present in their communities and that they generally try to adhere to the local code of conduct. Across the cases (in particular N03, N04, N05, N06, N07, S01, S02, S03, S05, S06, S07, S10, S11, S12, S14, V05, V06), the entrepreneurs expressed that their local community is characterized by being supportive and caring. Also they repeatedly expressed that residents and entrepreneurs in the community help and rely on each other. The entrepreneurs said that the rural communities in which they operate have a strong willingness to help out. Adhering to an ethos or culture of reciprocity appears to be evoked by the informal code of conduct on how to behave in a rural community. Being mutually supportive is to be expected when living and doing business in a close-knit rural community: “you support one another if you can”, the founder of S01 states. Abiding by such a code of conduct seemingly influences entrepreneurs’ attitudes towards...
contributing to the local development and well-being. The founder of S03 expresses that “what goes around, comes around” in such a small community, thus one is willing to help others whenever one can:

_We [local entrepreneurs] must ensure that we all get the most out of what we're doing and try to help each other. When someone is under pressure for some reason or other [you help out]... You just have to do it, right? Because it [helping out] is a necessary condition for our businesses to function in a place like this.[_] Definitely. And that's another thing that I think is so great about living here [in a rural community], you have genuine values that relate to helping each other and being friendly with each other...[_] And that is perhaps a particular form of respect and type of conduct [compared to big cities], otherwise you wouldn’t want to live in a place like this. (S03)_

4.1.2 Attitudes towards community well-being

Besides rural code of conduct, the entrepreneurs’ attitudes towards community well-being seem to influence value-creating behaviour. Across the cases, three strongly pronounced and reoccurring common attitudes appear to guide entrepreneurs’ choices to create value for the community and not solely for themselves. These are: (i) an overall desire to contribute to local progress and development, (ii) mutual dependency or a “together-we-are-better” attitude, and (iii) a shared concern for the survival of the community.

- **Desire to contribute to local development**

Related to the “place” literature (Hudson, 2001), when rural entrepreneurs engage with location as place, entrepreneurs attributes experiences, emotions and affection to the place where they live. The co-founder of N02 voices that

_We want to be part of revitalizing and developing [the area]. And we are proud that we are actually making a contribution to this development. (N02)_

All but six cases (i.e. N01, S08, S11, S13, S14, V04) indicate that they create community value because of a strong desire to contribute to the overall well-being and development of the place where they have chosen to live and work. These findings are in line with Bosworth and Willett (2011, p. 204) who in their study of in-migrant entrepreneurs found “an appetite to contribute to rural development, as rural in-migrants’ businesses do help and support the local community”, for example, by sponsoring local activities (e.g. V01, V07). The informants of the present study frequently mention that they want to “give something back” to the community, because the community in turn often supports or helps them along the way. Contrary to Bosworth and Willet’s (2011) in-migrant entrepreneurs, the present study finds that this desire appears to be present regardless of whether the choice of location was intentional (in-migrants, returning entrepreneurs) or unintentional (native entrepreneurs). This attitude influences the entrepreneurs’
value-creating efforts, for instance, by “sharing the cake” or distributing wealth to other actors in the community. S03 states:

> It’s definitely the philosophy of my business that it must also create growth around me [in the community], for example, for local suppliers. In fact, we all ought to benefit from what my business does, in some way or other. (S03)

Furthermore, the founder of V1 stresses that

> It is all about joining in to create development and progress together, in order to making it a better place [], or else you cannot reach your goals. (V01).

Thus, the findings suggest that in order to improve both their quality of life and business opportunities, rural entrepreneurs acknowledge the need to contribute to local development. Thus this attitude strongly guides the entrepreneurs’ choices towards creating community-level value.

- **Mutual dependency**

Two thirds of the informants (in particular N02, S01, S03, S12, V01, V02, V03) stress that in order to promote development and progress, rural enterprises and community actors must “pull together”. The informants recognize that in rural areas, entrepreneurs are mutually dependent on each other frequently mentioning that “together we are better...together we can make this [rural area] a better place” (S03). This common “together better”-attitude appears to be a strong motive as to why they create value for the community. Rural entrepreneurs are part of and sometimes deeply embedded in their local communities (V06) and thus share a sense of mutual responsibility for each other, the place and the well-being of the community. The founder of V05 elaborates:

> We depend on each other, and it also makes a place like ours stronger by,... what shall I say, ...if we are a 5-6-7 producers who share some things, and where you can have your products on display in each of their shops, then the customer coming to one of the places and might say 'Ah, that also looks interesting, I will try it.' That also means something. (V05)

This quote illustrates what was found across the majority of cases, namely that entrepreneurs recognize that by working together they are able to support local development. For example, collaboration between the tourist businesses means that the entrepreneurs count on each other and offer complementary local products and services as well as share customers and engage in joint marketing. This way they distribute business and wealth between them locally. Furthermore, V01 explains that rather than being in competition with other local businesses, it is important for the commercial health and general well-being of the community to “share the
cake” so that everybody gets something out of entrepreneurial activity. Founders of V01 and S05 elaborate on the “absence of competition” in their rural community:

\[
\text{We are not interested in buying up our neighbours even though we may have the ‘muscle’ to do so. We prefer collaborating with them. People are motivated by partnerships. For example, when we have our big trade fairs, we draw on the locals and local volunteers. In this way the local associations and sports clubs also earn a little money. (V01)}
\]

\[
\text{We really have a good sense of community,... We do not compete against each other, we are past that... because we realize that we need to support each other. We know how to guide our customers to all places [in the area] for them to spend money everywhere. And if we all do the same thing, it will benefit our company as well. It is really nice that it works that way. (S05)}
\]

• Shared concern for survival

The case entrepreneurs repeatedly express a shared concern for the survival of the community (S01, S02, S03, S04, S05, S08, S10, S11, V01, V03, V04, V05) as a strong motivation to support local development in term of creating some sort of value for the community. If all businesses thrive and survive, then the rural area will be thrive and survive (cf. interview S03). Those entrepreneurs, who have a shared concern for the survival of the region, say that they would rather partner up and share their customers with other rural businesses than merely looking out for themselves or being competitive. S03 elaborates:

\[
\text{Well, it is important that my neighbour’s business is doing well, it is important that my business is doing well, it is important that the potato farmer survives... The more of us [entrepreneurs] who make money, the better for the entire community... the better the roads, the better the ferry services, the better the schools,... and the more likely it is that we get to keep our hospital. So therefore we cannot afford to treat each other as competitors or throw a spanner into the works. That would be silly, that is just no good! We must ensure that we all get the most out of what we're doing here and try to help each other. (S03)}
\]

According to the data, rural entrepreneurs understand and appreciate the challenges of being located in the rural although rural areas present a constant danger of depopulation and closing of important and necessary services in rural areas. The director of S01 says “the challenge our island faces [] is about saving ourselves... from the potential collapse that is obviously associated with a rural area such as ours, for example depopulation, etc.”. Thus, a shared concern for the survival of the community appears to be a strong driving force towards creating community-level value. For example, the renewable energy venture S01, which initiated the
“renewable energy island” project, highlights that community self-sufficiency and ultimately the survival of the community are highly important:

[] my business should also cast profit in full circle,... all the way around [for others in the area]. If I do not make sure once in a while to get my customers into different local hotels or if I don’t source from the local store, well then I may risk that all of a sudden this or that hotel won’t exist any longer, or that the local taxi guy has folded, because they couldn’t keep afloat. (S03)

I'd rather pay my taxes here and create wealth and well-being here than in let’s say Copenhagen. And that is because I come from here, and I'm passionate about the area. I have a local anchoring. [] And I want to contribute to preserving the values of this place that I value so highly, by being located here. (V07)

This community protection is furthermore highlighted by the founders of S05, a sports and recreation business specializing in renting and touring the area with traditional horse wagons:

There is a really good sense of solidarity among us [entrepreneurs in the area]... there is no real feeling of competition [] because we recognize that we need to help each other. And we are good at sharing our customers and directing them to other actors [in the area] so that they stop off at many places and spend lots of DKK in the area. And if we all do that, then it benefits not only our company but all around. So it's actually really nice that it works in this way. (S05)

However, it should be noted that community-level value creation does not always stem from concern for survival of the community. Sometimes the explanation for creating community-level value is simply the innate desire to contribute positively to the well-being and development of their place of a meaningful life, as both founders of S10 affirm:

It is simply cool to be able to make a difference. And it is really very rewarding []. Because a healthy and commercially active community is a good place to be and do business. (S10)

4.2 Regional variations

Some of the entrepreneurs’ attitudes guiding their community value-creating behaviour appear to be influenced by the degree of rurality or remoteness. The cross-region comparison is supported by a matrix query (NVivo 10) that examines the coding intersections. The matrix in Table 7 shows the number of coding references for each attitude by region. These are not absolute numbers but point to the relative importance of certain attitudes that were observed among entrepreneurs across the three regions. Figure 3 presents results of the matrix query graphically.
Table 7: Matrix query - regional variations

Notes: This table shows the total coding instances and relative averages of coding intersections of the entrepreneurs’ attitudes towards community value creation across three rural contexts. The first number shows the instances of coding, the second number is the relative average coding occurrence corrected for sample size, i.e. Northdjursland = 7 cases, Wadden Sea = 7 cases, Samsø = 14 cases.

<table>
<thead>
<tr>
<th>Attitudes</th>
<th>Northdjursland (Outskirt)</th>
<th>Wadden Sea (Remote)</th>
<th>Island of Samsø (Island)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desire to contribute to local development</td>
<td>18</td>
<td>2.57</td>
<td>18</td>
</tr>
<tr>
<td>Mutual dependency (&quot;together better&quot;-attitude)</td>
<td>2</td>
<td>0.29</td>
<td>8</td>
</tr>
<tr>
<td>Shared concern for survival of community</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
</tbody>
</table>

Comparing the cases across the three rural contexts, the findings suggest that no regional differences regarding the desire to contribute to community well-being exist. This means that, overall, rural entrepreneurs appear to recognize the need to further progress and development of their local communities and their choice of place – a meaningful social life (Hudson, 2001). However, there are differences regarding the remaining two attitudes. Entrepreneurs located in the more isolated (island) and remote contexts are found to express the importance of a “together-better” attitude (mutual dependency) and a concern for community survival much more strongly than entrepreneurs in the Northdjursland region (a region relatively close to a large city).

The analysis suggests the existence of regional variation mostly with regard to the shared concern for survival of the region. This concern is highly pronounced for the secluded island community, and also to some extent in the remote Wadden Sea region. Northdjursland’s
entrepreneurs did not express a shared concern for the survival of the community/region at all. This may be explained by the geographical degree of rurality as the island of Samsø and the remote Wadden Sea region face a much larger threat of depopulation since the next big metropolitan areas – which offer the typical amenities of urban centres (i.e. jobs, education, infrastructure) – are much further away than they are from the Northdjursland region, which is close to the second largest city of Denmark. In addition, the sense of community, affinity with a place and the level of emotional attachment may be stronger in communities that are relatively secluded (cf. "local outlook" Johannisson & Dahlstrand, 2009), such as remote areas or those that have a natural boundary like an island. Although sense of community, tight-knittedness or a pronounced ‘local outlook’ (Johannisson & Dahlstrand, 2009) may be typical characteristics of – and thus prevail in – rural areas (Tönnies, 1957), these features could perhaps also be found in urban districts or ethnic enclaves in cities. Further investigation of the role of sense of community would be needed and could prove valuable to further contextualize such research.

The evidence presented above, suggests a reciprocal influence of entrepreneurial attitudes on the value-creating behaviour targeted to benefit the community, its progress and well-being as shown in Figure 4.

**Figure 4: Summative illustration of findings**

Social norms, such as the rural code of conduct influence entrepreneurs’ attitudes to create value beyond the mere interests of the individual or firm. The analysis suggested that entrepreneurs, who have strong attitudes towards community well-being and local development, are likely to create some form of value to the benefit of their local community. The value created may be directly connected to the venture activities (e.g. V01), or may be a side business (e.g. S12). Furthermore, the analysis suggested recursive relationships between rurality and the level of engagement in the rural communities. The more remote or isolated a rural community, the higher
the shared concern for survival of the community, which impacts on the entrepreneurs’ value-creating efforts related to local development.

5 Concluding discussion

An appreciation of contextual differences is important to understand how entrepreneurial behaviours manifest themselves in – and are influenced by – concrete contexts (Danermark, Ekström, Jakobsen, & Karlsson, 2002). The present study did not examine the rural entrepreneur in isolation but included an investigation of the context which the entrepreneurial process takes place in. Some of the spatially-related social norms and contextually influenced entrepreneurial attitudes were exposed, which furthers our understanding of contextualized entrepreneurial behaviour. Including an investigation of the socio-spatial context revealed the dynamic interaction between (rural) place, localized entrepreneurial activities and value-creating outcomes.

The findings showed that rural entrepreneurship involves interaction with the locality as a meaningful place (Cresswell, 2006), and that the degree of rurality impacts on entrepreneurial attitudes and consequently on value creation behaviour. Contrary to the common understanding in the literature, entrepreneurs do not solely pursue personal and economic value purely in the interest of the firm but are driven to aid local development as the rural place where the entrepreneur’s social life and venture is situated. Entrepreneurs that seek only economic profit have little reason to subject themselves to the limitations of rural places (cf. chapter 3). And even if a rural location offers some particular economic incitement, for instance, low land prices, most entrepreneurs seem to attach some meaning, experiences and emotions to such places (Hudson, 2001) and thus seem to have an almost innate desire to contribute to the well-being and development of their place. Thus, in line with Sarason, Dean, and Dillard (2006, p. 294) the findings of this study supported the proposition that “entrepreneurial ventures are created by purposeful actions through a unique co-evolutionary interaction between the entrepreneur and the socioeconomic context”. Rural context and rural code of conduct influence the type and perhaps extent of entrepreneurial value created for communities.

This study showed that socioeconomic and social value creation indeed is integral to rural entrepreneurship. In contrast to previous academic focus, this study shows that the entrepreneurs do not merely follow their own profit maximization rationale and create economic value (e.g. income, job creation, growth) but that they are highly motivated to create multiple socioeconomic and social benefits for their local communities. What is important is that community involvement and empowerment are vital mechanisms for entrepreneurial activities to become locally anchored. Rural entrepreneurs engage in a “give and take” relationship with the local community as they exhibit strong attitudes regarding “what goes around, comes around”. The majority of the entrepreneurs in this study deliberately tried to become spatially embedded or anchored in some way, for example they choose to draw on local resources or engage in
localized practices such as involving the community in their activities. These activities enable value to flow back into – hence enriching – the local context.

Some of the reasons for pursuing multiple forms of community value can be attributed to the rural ethos and rural entrepreneurs’ personal attitudes towards taking responsibility for their own local development and community well-being. Rural entrepreneurs’ desire to further local development is fuelled by concerns that are linked to the challenges that rural regions face in this day and age. In addition, entrepreneurs’ desire to contribute to local development is motivated by the local code of conduct and sense of responsibility towards contributing to the well-being of the place which they are an integrated part of. Hence, the socio-spatial context can partly explain why rural entrepreneurs create multiple types of community value. Entrepreneurial activities support the communal effort to save the area, their place of work and social life. They do so by considering how their entrepreneurial activities can benefit the entire community that go beyond the single interest of the entrepreneur and his/her venture. If the community is thriving then everybody is thriving.

5.1 Implications, and future research

Today, policies are often based on a “best-practice” approach inspired by what other regions or countries do rather than the region developing their own context-specific program. Other regions’ policies often lack understanding of the individuality of a local place, its resources, and its community needs (North & Smallbone, 2006). Therefore, regional policy makers need to acknowledge that rural regions and their communities are diverse, and consequently different and more localized measures need to be developed to promote and support local entrepreneurship. Understanding this contextualized value creation process may allow a more “effective design, delivery and implementation of competent entrepreneurial policies in rural and lagging areas” (Stathopoulou et al., 2004, p. 414). With the establishment of “Local action groups” – short LAG programme – of the European Union is taking an important step towards creating such a tailor-made support system that is based on bottom-up, participative and community approach of socioeconomic development in Europe’s rural regions (Ray, 2000).

To ensure the well-being of rural communities, regional policy may want to support a broad range of local entrepreneurial activities as these contribute to a multitude of value in relation to rural development. It is not always the typical formal businesses that grow a certain percentage or have a certain profit per year that policy makers should focus on to further regional development. Instead, unconventional entrepreneurial activities, whose outcomes do not always fit strictly with traditional ideas of growth, can have a positive and socioeconomic and social impact for rural communities.

5.1 Avenues for further research

An additional data analysis indicates that spatial embeddedness regarding resource use and resource practices may also have an influence on rural entrepreneurs’ value-creating efforts. It is
beyond the scope of the present article to go into detail. But an initial exploration of the four types of rural entrepreneurship developed in chapter 4 of this dissertation (i.e. Attractors, Valorisers, Artisans, Entrepreneurs *in* the rural) suggests some variation. There are some indications that the entrepreneurs in the “Valorisers” category stand out compared to the other types, as they demonstrate value creation on the entire spectrum (cf. Figure 2). The Valorisers are found to be a type of rural entrepreneurs that engage actively with the place in terms of local, place-specific resourcing and localized entrepreneurial activities (e.g. local collaboration or community involvement). Thus, these appear to be particularly strongly embedded in their spatial context, which results in ventures that become highly visible and cherished by the local community. The data suggests that the local community perceives these ventures as particularly valuable contributors to their community and place. This may have implications for the support – or lack of – entrepreneurs may receive from their local community.

In stark contrast, rural entrepreneurship that was categorized as Entrepreneurs *in* the rural in chapter 4, is a type that appears to be merely located in in a rural place but does not engage with it as intimately as the Valorisers. These ventures also tend to have a community-level impact that is more on the financial side of the value creation spectrum. They do include some socioeconomic outcome but have very limited social value-creating outcome. It appears that these entrepreneurs tend to use the rural place more as a geographical location than engaging with location as a social and meaningful place. Hence, it may be fruitful to further investigate the potential influence of spatial embeddedness – in terms of resourcing and entrepreneurial practices – on value-creating behaviour.

**Endnotes**

(1) Mention should be made of the fact that the extent of value created for the local community may vary from venture to venture. Two cases on each extreme regarding the creation of new localized knowledge are N03 and S01. The musical instrument maker N03 has educated and trained two persons to build wooden musical instruments for outdoor use. N03 has contributed to building new localized competences and expertise as there are two more persons in the community who now possess very specialized skills. This can be interpreted as localized knowledge creation on a small scale. On a much larger scale, the renewable energy academy S01 has created localized knowledge, competences and expertise that spans over the entire island. It has not only created a mind-set change but also taught individuals, associations, and local businesses how to think green and build and manage renewable energy solutions. Collectively, it appears that rural ventures create value on all dimension of the continuum.
Endnotes cont’d.

(2) Some value-creating efforts are partly explained by attitudes towards community well-being. The data indicates that some are also partly motivated by personal drivers that are not necessarily attitudes towards community well-being. These include personal fulfilment, i.e. (i) desire to educate others or disseminate knowledge, and (ii) personal pride about locality and its heritage resources; or attitudes towards venture performance, i.e. (iii) customers demand local and/or sustainable experience. Investigating these attitudes offers avenues for future research, but would go beyond the scope of the present study.
References


## Appendix I – Chapter 5

### Table A5.1: Excerpt of codebook for attribute and open coding

<table>
<thead>
<tr>
<th>Code</th>
<th>Abbrev.</th>
<th>Code type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Founder - Locational Relationship</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ventura – CORE Activity</td>
<td>LOC_REL</td>
<td>Attribute Code</td>
<td>Primary founder is Native, In-migrant, or Returning (born in the area, but spent time outside before moving back)</td>
</tr>
<tr>
<td>Ventura – SECTOR Main sector</td>
<td>CORE ACTIVITY</td>
<td>Attribute Code</td>
<td>specify core activity/activities of the venture</td>
</tr>
<tr>
<td>Venture – MARKET Primary market</td>
<td>SECTOR</td>
<td>Attribute Code</td>
<td>specify, e.g. agriculture, manufacturing, tourism/hospitality, service, construction, knowledge-based services, education, etc. indicate whether venture is pluriactive</td>
</tr>
<tr>
<td>Rural code of conduct</td>
<td>CONDUCT</td>
<td>Open Code</td>
<td>applies to behaviours and practices that are seen as informal code of conduct in the locality, incl. subjective/social norms</td>
</tr>
<tr>
<td>Community</td>
<td>COMMUNITY</td>
<td>Open Code</td>
<td>applies to topics around the concept of community (not around a specific region like Samso). A community can be any context where a self-defined group of people see their mutual belonging to the community as distinguishing them (but not excluding them) from all other members of society at large and where continued membership of the community is valued highly enough to provide some constraints on behaviour.</td>
</tr>
<tr>
<td>Growth</td>
<td>GROWTH</td>
<td>Open Code</td>
<td>applies to the general theme of venture growth. Relates to interview question 5 – &quot;What does the word growth mean to you? Do you have a growth strategy? How would you describe the company’s growth strategy?&quot;</td>
</tr>
<tr>
<td>Context/Place</td>
<td>CONTEXT</td>
<td>Open Code</td>
<td>applies to text that refers to place as a meaningful geographical or locational area, e.g. &quot;Locality itself in its entirety is enabling and used as resource&quot;</td>
</tr>
<tr>
<td>Rurality</td>
<td>RURAL</td>
<td>Open Code</td>
<td>applies to expressions of rurality, the rural, remoteness, etc. If someone refers how things are done, how they are affected, positive and negative attitudes to living, working, being an entrepreneur in the rural</td>
</tr>
</tbody>
</table>
Appendix II – Chapter 5

The following pages describe each of the 14 types of community value created by the entrepreneurs in this study in more detail than would be possible to unfold in the main body of the manuscript.

- New or boosted tourism

This element of value creation is conspicuous in the data; that is new or increased regional tourism and the income derived from it. For example, case S01 (Samsø) was inaugurated in 2007 and functions as a non-profit centre and exhibition hall for renewable energy solutions and energy saving schemes. S01 has about 8,000 visitors at its premises per year, of which 6,000 account for a new type of global tourism on the island, namely energy tourism. These visitors include international news agencies, such as CBS, Reuters, or the New Yorker, scientists, organizations and politicians.

Tourism on the island is highly seasonal, thus the island is well visited in the holiday seasons around Easter, summer and Christmas. As energy tourists often are organizations, they tend to visit all year around and typically outside the holiday seasons. This means that local hotels, restaurants, and other businesses on the island are able to reap the benefits from the increased year-round tourism. The director explains:

*Our 6,000 visitors are those that we call ‘trade professionals’, and they only come to the island because we are located here. Also approximately 2,000 pupils and students visit us every year,... and some of those will come to the island anyway because of Samsø’s various historical and nature sites that they can visit. So, some of our visitors will probably come whether we are here or not. But the ‘trade professional’ tourists would not have visited the island if our company didn’t exist. And what is really good for the island,... well the great thing about these [particular] tourists is that in the busy months when we have enough tourists on the island – around June, July and August – is not when they [trade pros] visit because they are on vacation themselves. No, they come here, for example, now [in November] and need a hotel, et cetera. Thus, that provides us [community] with a little extra income,... in fact it may enable one or two more businesses to pull through and make ends meet through the otherwise quiet winter on the island. (S01)*

This case exemplifies that the creation of new or increased tourism is interlinked with other value-creating activities, hence cannot easily be separated from some of the socioeconomic impact that is discussed in the following. In particular, creating attention to a region and creating income for others or “distributing wealth” (see next section) are dynamically linked with the creation of new tourism.

Admittedly case S01 is a particularly strong case of how rural entrepreneurs create new tourism, and how it spills over to other businesses and attracts increased global attention to the region as a whole. Similarly, strong impacts have been observed in three other cases – V01, V02, V04. However, many of the other cases, even those in the tourism sector, do not necessarily create new types of tourism; they are more likely to contribute to increasing tourism in the area. Nonetheless, the data suggests that many do contribute to increasing mutually supporting local offers, and consequently together they are able to contribute to increase or create new types of tourism.
• **Local job creation**

Previous studies have shown that there is indeed a positive link between entrepreneurship and job creation and consequently growth in regions, even when firm deaths are taken into account (see e.g. Acs & Armington, 2004a; Audretsch & Fritsch, 2002; Thurik, 2003; Mueller et al., 2008; Baptista et al., 2008). Consistent with the literature, this study finds that 19 of the case ventures create a total of 210 jobs, out of which 50 account for the self-employed founders, and 165 account for local jobs created. In line with Kalantaridis and Bika (2006a), who state that rural entrepreneurs tend to recruit locally, the entrepreneurs in the present study almost exclusively hire local employees, workers and volunteers, which is imperative for regional development and well-being, i.e. one person employed for the venture also means one person employed in the community/region.

• **Activate hard-to-employ persons or “problem youths”**

Nine of the 28 cases intentionally employ persons with physical or mental disabilities (V01, S10), pensioners (N03, N04, S06) or “problem” youths and children (S12, S13, S14, V02). It should be noted that employing such individuals is not only for the benefit of the community but also to the advantage of the venture as companies often are financially subsidised for employing such individuals. Nonetheless, it is a positive outcome that these individuals occupy jobs as opposed to being unemployed. Furthermore, the data suggest that activating hard-to-employ individuals can have the added benefit of creating identity or sense of belonging (see section on social value creation). According to the founder of V01, giving hard-to-employ persons the opportunity to work helps build their self-worth and sense of purpose:

_Take one of our employees, he is doing all sorts of tasks around here. He has been mentally ill for 5 or 10 years, and when we give him a hands-on task, you can see that suddenly memories pop up ... for example “I haven’t done this since my childhood when I helped my mother, ... oh how nice to tie flower bouquets, or iron or wash or herd the calves or help to fell a tree.” There, they suddenly regain their skills and dreams. And when you support them in that way, you can really help people up again when they are down. And this is one of the social aspects of what we do here. (V01)_

Four of the ventures also help local youths get back on track or give high school drop-outs another chance to get an education (cases S12, S13, V02). For example, the falconer centre (S12) invites children with special needs to become apprentices and participate in the daily activities of the venture. According to the founders, working with the animals is therapeutic and helps the children learn about responsibility and find their inner peace. The falconer centre started including troubled children by coincidence. And although it is not part of their key value proposition, it has become – what the founders call – “a little side or niche activity” of their venture:

_We ‘have’ children with ADHD and autism helping us. It was kind of a coincidence. We didn’t think that we had or could do anything special for them when we were approached by one of the locals: “We have this boy and he cannot go to school, and he is troublesome and antisocial. He is aggressive and very angry, and introverted and things like that. What can we do? Can you take him one day a week?” Of course, we said yes. And then all of a sudden we got several inquiries of that sort. One boy actually comes from Haderslev [city on the mainland] every_
Tuesday and Wednesday, he is also autistic. He is 14 years old and has just been to his confirmation [religious tradition]; the positive development he has gotten from the activities here [at the falconer centre] is just crazy. Another of our apprentices, a girl aged 14, she could not read when she started here two years ago, … and now she is able to stand in front of an audience and present her knowledge about our birds. So all of a sudden we found a small, unorthodox niche activity. [1] It’s great to be able to make a difference. It is so rewarding, you wouldn’t believe it. (S12)

- Inspire new entrepreneurial activity

New entrepreneurial activity through “local imitators” was observed in all three regions. In the Wadden Sea region, for example, small tourist businesses have started to offer similar experiences as case V04. The founder states that “yes, we have inspired others to copy us, some firms have started up and offer similar or mini-copies of our events.” Also in the Northdjursland region, the DIY cosmetics maker N06 is found to have inspired others to start up small-scale cosmetics firms such as N01, who buy many of their ingredients from N06. Likewise, some of the local food producers on the island of Samsø (e.g. S08, S09, S10) have been inspired by similar food producing businesses on Bornholm, another Danish island, which have been leading the movement of local food niche production for some years. The Samsø producers went to Bornholm and attended workshops and seminars on how to source, produce and market speciality products. After becoming increasingly successful with their food start-ups back home, other speciality food producers have started up on the island. These entrepreneurs thus inspired new entrepreneurial activity in the region. The founders of S10 explain:

When we started our business, jam was practically the only speciality food product you could get that was produced on the island. Today, our company alone has a range of over 50 speciality products, which you can buy in nearly 60 specialty stores across the country. (S10)

When these first artisan food producers became successful and more visible, they inspired others to produce speciality “Samsø” food products. Recently many of such “local imitators” appeared, for example producing specialty jams, hard candy or liquors, all using local ingredients. Some of those have become quite big and have employees, others remained small and produce small quantities and only for sale on the island, but are nonetheless self-employed and contribute to increased commercial activity. The local grocery store “Taste of the island” (DK transl. Smagen af Øen) has specialized in selling these local specialities. The grocer confirmed that when entrepreneurs such as case S08 or case S10 became successful, more and more locals got inspired and started producing speciality foods featuring local ingredients. Although, the offer of speciality foods has increased, it appears that these Samsø firms co-exist rather than competing for customers. Hardly any products are exactly the same as others. S01 explains:

We try to do something different from the others. And in fact we are in contact with the others [speciality food producers], like we regularly talk to Aage [founder of S08] … and ask “what are you making?”, “where are you buying your labels?”, or things like that. There is not at all a sense of competition here [among speciality food producers]. (S10)
More firms mean more commercial activity in the region and potentially more jobs, income and growth, which ultimately generates value for the community in terms of regional development.

- **New or improved infrastructure**

Three of the 28 cases have created new or better (hard or soft) infrastructures for their communities: S01 influenced a renewable energy infrastructure, S07 restored an abandoned airfield and created an air travel infrastructure for the island, and N04 created high-speed wireless Internet for the entire Northdjursland region. At the time the non-commercial local association N04 was founded, the major network providers hesitated to invest in the infrastructure needed to provide the region of approximately 24,000 inhabitants, mostly consisting of small dispersed villages and farmers, with high-speed Internet. N04 has started to provide this small customer base with high-speed wireless Internet, building a wireless infrastructure with discarded materials such as tin cans and hand-made antennas out of discarded polystyrene. Today N04 is the largest Internet provider in Northdjursland with 3,700 subscribers, 5 employees and 25 volunteers. Although some of the large providers recently started to offer Internet in this region, the customers are tremendously loyal to N04, as they have invested in advancing the community when nobody else would. According to the local businesses, the availability of the new Internet infrastructure has transformed an area that certain businesses found unattractive, into an area enabling these businesses to operate and thus they need not relocate. The local importer of terracotta products N07 confirms:

> This guy [founder of N04] thought that "gee, also in the countryside everyone should have equal access to the Internet!" Then he started something that was based on wireless technology. Back then, we called it "Internet from a can" (chuckles)... because it [Internet infrastructure] was made of tin cans that sat on people's roofs and could send signals to each other. [...] And let me tell you, if that guy had not gotten the idea to create "Internet from a can", our business would certainly not be here in this peripheral area. (N07)

- **New (physical) market place**

Three of the case entrepreneurs create new physical outlets for other local producers to showcase and sell their products (cases V01, V02, V07). A good example is the case V01, a former abandoned castle. The founders restored the derelict stable buildings adjoining the castle to create a permanent exhibition centre as well as biannual trade fairs and festivals for local farmers, entrepreneurs, artisans and craftsmen to showcase and sell their locally made products. Thus, V01 created a new physical outlet or market place for others on the castle’s premises, which has boosted the commercial activity in the area. For example, at the annual garden festival in 2012, 150 exhibitors from the Wadden Sea region displayed their products to 12,000 visitors and customers; “the idea is that the castle can accommodate all of us [locals]”, declares the founder of V01.

When ventures as the one described involve local producers or suppliers of food, services or attractions, the economic benefits for the local community and perhaps the wider region are noticeable. Local vendors, artisans, craftspersons, restaurant and hotel keepers thus also get a “slice of the cake” and generate income in the region. This is closely linked to the “distributed wealth” theme described below.
Attention/Awareness for region and place branding

This type of value created is closely linked with the theme “new/boosted tourism” described above. The data suggests that 14 case entrepreneurs contribute – to varying degrees – to brand their regions. Rural entrepreneurs, in particular those that have a global market or customer base, contribute to attracting interest and attention to the community or region they operate in as a result of being able to commoditise local, place-specific resources and make those attractive and valuable on the global market space. The renewable energy consultancy S01 puts much effort into communicating and promoting the success story of the founder, the venture, and ultimately the story of the entire island community, without whose enthusiasm the “renewable energy island” project would have been impossible. S01 influenced the establishment of what today is a 100% self-sufficient island as regards renewable energy sources, thus influences the creation of “a miniature model of what our world ideally could look like” according to the director. The director goes on:

What we do is apparently tremendously interesting for others than ourselves. It makes perfect sense for a small island like Samso to do this [like becoming energy self-sufficient], and it also makes sense to others out in the world; it’s an interesting story! We regularly have visits from ordinary tourists as well as different kinds of media. Tomorrow, for example, a Korean TV crew will be filming our story. And that is something we do quite often,... that is we welcome TV crews who want to tell our story to the world. They come from Germany or from Asia, China and the United States, England, Belgium, Russia,..., [...] It is obviously interesting to see what we’ve achieved here,... in such a simplified and easily understandable [island] context. (S01)

Through the efforts of S01, the island continuously receives global attention in the form of energy tourism, TV appearances and news articles. In 2008, the founder was named one of the "Heroes of the Environment" by Time Magazine, and in 2009 he was awarded the Gothenburg Award – the Nobel Prize for environment. Although for the Danish population as such the place brand of the island is mostly related to quality food and beautiful scenery, the efforts of S01 have led to a different kind of place branding, that of the “renewable energy island”. Thus some rural ventures create a positive community image which can lead to economic vitality in terms of new or increased tourism. Thus, this value-creating effort is dynamically interlinked with other types of value creation, i.e. new/boosted tourism, but also with the social dimension, as creating pride and identity in the local community (see following section).

Distributed wealth/ Income or business for others

One of the strongest themes emerging from the data is the generating of income or business for other local actors. This type of value creation is termed ‘distributed wealth’. Thirteen case entrepreneurs – most of them located on the island of Samso, and some from the Wadden Sea region – express that they frequently “share the cake” with other local actors, thus distributing wealth in the community. According to the data, creating income or business for others happens mostly through local (re-) sourcing, sharing and referring customers, offering complimentary products/services from other local entrepreneurs, and involving local associations or the community, for example, in the form of volunteers. The founder of V01 highlights that rather than being in competition with other rural businesses, they try to collaborate or at least co-exist with neighbouring ventures. The founder of V04, organizer of “safari” tours exploring the
wildlife of the marshland in the Wadden Sea region, which attract thousands of tourists from Northern Europe and Denmark every year, confirms:

*Our contribution is that we add to the tourism and hospitality sector in the area, in the sense that we attract visitors, which in turn rubs off on them [other local businesses]. So a guest visiting our company pays us say DKK 200 for a tour....But the guest spends perhaps DKK 2,000 in the area]. So the greatest effect of our existence is actually that the surroundings benefit from us being here. And this milieu has increasingly become an important and positive partner for our business. [...] We simply need to [consider other local actors], ... we cannot burn any bridges in an area like this [remote rural area] and we have no interest in doing so. We are so few [businesses] here,... we have to engage in such creative new networks and help each other. (V04)*

- **New localized knowledge, competences and expertise /regional learning**

About one third of the case entrepreneurs engage in the generation of new localized knowledge, competences and expertise, which ideally results in regional learning⁴. For example, when S01 set out to initiate the project of an energy self-sufficient island, they employed local builders to construct low energy buildings for their premises. In this way they helped create a learning experience for local craftsmen equipping them to build similar houses or energy projects in the area. The founder explains the importance of generating localized expertise:

> We have 100 square meters of integrated solar cells on our premises. And this building [S01 headquartes] is a low-energy house... You might say that it is a relatively simple structure but that luckily enabled the local carpenters and builders to offer to build it... so they also learned how to build such a low-energy house. And that was important for us, what should I call it... to ‘empower’ the local craftsmen and builders. It is important... and necessary in order to increase the competence level so that they [builders] are able to sell renewable energy solutions to future customers. And that is an important part of what we do here at our company. [...] and today the knowledge and knowhow that has accumulated on the island is a result of our actually setting up wind turbines and building district heating plants, adding insulation in houses and mounting solar panels on roofs and things like that. (S01)

S01 thus enabled localized or regional learning as local craftsmen learnt how to use and install renewable energy sources, or farmers learnt how to convert hay into biofuel. Across all three regions similar examples of entrepreneurship that create value in the form of new localized knowledge were observed (e.g. N03, N04, N06, S01, S04, S06, S14, V01, V02, V03, V07), although to varying extents.

- **New/restored/transformed natural or cultural amenities**

Amenities are desirable or useful (tangible or intangible) features of a property, landscape or place. It appears that contributing to new or restored amenities is a central element of the value-creating efforts of rural ventures. Sixteen out of 28 ventures are found to increase the attractiveness or value of existing amenities through, for example, restoring neglected or abandoned, run-down buildings (N02, N06, S02, S05, S06, S07, S09, S11, S13, V01, V03, V06), restoring natural and cultural amenities, landscapes or

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scenery (S01, S06, S07, S11, V01, V02, V07). The evidence suggests that such activities can contribute to rural place branding and an increased number of tourists (as it is the case, for example, with V01, the restored and reused former castle).

Case S11, for example, created the world’s largest tree labyrinth from a deserted Christmas tree plantation, which was growing uncontrollably wild and thus couldn’t accommodate much wildlife. The founder of S11 explains that it was important not only to make a fun tourist attraction, but that they could contribute to restoring the natural amenities and wildlife that used to be in the area:

Back then... this area was used to grow Christmas trees, and it used to be sprayed with an immense amount of pesticides and chemicals. Always! No grass or wild plants or basically anything were allowed to grow here. And I remember at that time, there were practically no birds here. Maybe a blackbird here and there. But that was all... So, when we took over, we thinned it out and made footpaths and a forest boarder around the plantation... and it is in that very border of the forest that the birds love to be. Today, you can hear all these birds sing. It's a great concert! In fact, there used to be maybe 3-4 bird species, today you can find 25-30 different bird species living in our tree labyrinth and many of them even nest here. And we also have rabbits and deer and other game that have found a place to live. And that is a fantastic return that has given us a lot of joy! Really, and that is why it is a privilege that we were able to make a tourist attraction that also helped regenerate as much of the nature and wildlife as possible around us. (S11)

There are ample occurrences in the data where the activities of rural entrepreneurs result in the restoration of neglected landscapes and natural amenities of the area. Some of these restorations even contribute to preserving heritage, a social element discussed in more detail in the section below. Informal talks with local inhabitants revealed that such efforts are positively received because the entrepreneurs do not only look out for themselves but for the nature and environment in the area.

- New/increased local activities

Entrepreneurs contribute to keeping a rural area attractive and buzzing to the local inhabitants by organizing new local activities or by boosting them. For instance, some of the entrepreneurs organize food festivals, events, fairs and markets that sometimes are in line with – and sometimes beyond – their core business activity (e.g. cases S05, S07, S12, S13, S14, V01, V02). Not only can the entrepreneurs benefit from the exposure, selling or marketing their products/services, but the local residents may also benefit from regular local activities. For instance, case venture S07 who operates a small local airfield and two aircraft on the island of Samso, organizes activities on the premises on Sundays, where not only tourists but also the locals participate. One of the most successful and most visited activities is the “European Rubber Boot Throwing Championship”. The founder explains that creating such events not only for his customers but also for the locals helped him – a non-native – to become accepted and a part of the local community:

I got this idea of creating a rubber boot throwing event. And today it is huge....people just hurl gumboots (chuckles). And there are A LOT OF people who come here the first weekend of June [when the event takes place]. One year we even had 60 small aircraft that flew in to attend the
event and throw their rubber boots. It's a completely silly thing, but we all [islanders] think it's fun. And after the event we barbecue sausages and enjoy ourselves. Activities like that also helped the airfield become accepted by the locals.... and me to become accepted by the locals. That is because I am always setting up something fun and silly to do here without stepping on anybody's toes. (S07)

Rural areas typically have a smaller offer of commercial, cultural and entertainment activities compared to cities. Initiatives like these increase the local offer of activities and events for residents, which may “introduce a degree of dynamism to local economies” (Bosworth & Willett, 2011, p. 204). Such initiatives also provide opportunities for community participation, volunteering and social network development (as found in cases N02, S06, S14).

- Preserved heritage/history

Across several cases (S05, S07, V1, V02, V04, V07) entrepreneurs are found to contribute to preserving a region’s history and/or heritage by including particular aspects of heritage in their ventures. According to the evidence, the entrepreneurs in the Wadden Sea region appear to engage in this type of value creation more frequently than the entrepreneurs of the other two regions. This may be due to a rich historic resource base in this particular region, which these entrepreneurs can access and incorporate in their ventures whereby they contribute to preserving traditions, history and heritage of a place, community or wider region. This manifests itself mainly in two ways: (i) by reusing, thus preserving historic buildings, and (ii) by including traditions of the area in the venture. With regard to the former, several entrepreneurs chose to locate their ventures in disused buildings of historic value (N02, N06, N07, S02, S06, V01, V03, V06). The history/heritage is preserved not only by restoring and reusing such buildings, but the entrepreneurs also use heritage in their venture storytelling. For instance, after 25 years of inactivity, V01 utilized old castle buildings full of history and tradition. Before V01 took over, the castle was at risk of being demolished, and its history and heritage would have vanished along with it. Today the building’s heritage plays a central role in the daily operations, storytelling, and marketing efforts. Thus, V01 contributes to preserving a shared heritage of the community and region.

With regard to the latter, some entrepreneurs include traditions of a place in their ventures, such as traditional methods of production or craftsmanship (S06, V01, V02) or traditional natural resources as in the case of the V07 which is a venture that combines its commercial vegetable garden with an outdoor kitchen for local events in the Wadden Sea marshland. Besides some standard crops, the entrepreneur focusses on reintroducing heirloom varieties of the marshland area. The founder highlights that in this way she can contribute to the preservation of some of the marshland heritage which she feels it is important not to lose. The founder explains:

_We have chosen a whole lot of old, heirloom varieties of the marshland. I think the demand for those will go up.... with the new Nordic cuisine and all. Anyway, what is important is that these varieties can grow HERE [in this particular area], so we retrieve and revive a lot of these good old crops. [I] I think re-discovering these traditional crops has been an inspiration to others in different ways, for example, I show some of the young people [who participate in our events] some of the old cooking traditions of our area, thus I show them how it used to be done. [I] I_
think that it is important and valuable to keep growing those traditional vegetables that belong here and that you cannot buy in a supermarket. Our customers also think that’s cool. (V07)

- Pride, self-respect in community

Many rural ventures are found to build awareness of their community and its heritage, thus acting as a source of community pride (N04, N05, S01, V01, V06). A good example illustrating this form of community value creation is the renewable energy organization S01. Because S01 has given the community either real or perceived ownership in the “renewable energy island” project, it managed to instate pride and self-respect in the community. In the data material nearly every interviewee mentioned the founder or the venture of S01 with pride. “To us [islanders], going for lower energy use has become like a sport,” says one of the local residents about S01. The local business council states that it is not just financially beneficial to have companies like S01 located on the island but that such ventures create “some sort of pride…. as they put the island on the world map.” Another resident highlights:

> Having someone so passionate like him [founder of S01] and a place like his [venture of S01] is a great advantage to such a small community like ours. I think it is a great inspiration. And what they [S01] have done to make our little community known in the world ... we are almost more famous out in the world than we in our own country [Denmark]. People know about us all around the globe, they know that we are an island that is self-sufficient in renewable energy. That is just fantastic. (field notes, local about S01)

Pride in the local community is also signified in a number of other ways: one example is the local beer brewery that has printed the story and logo of S01 on the label of one of its beers. Not only do the locals talk about the founder enthusiastically and fondly, but local artists have made drawings presenting the founder as their local hero (with a hero’s cape) and the caption “Green Superhero”. Furthermore, the local authorities have even set up an official road sign pointing to S01, which is a rare honour. Community pride can have an important influence on community cohesion which encourages a sense of responsibility for local concerns and improvements, as S01 expresses:

> There is a certain cohesive energy [on the island] – there’s... some of the same mechanisms are at play, that you rely on each other, that you have more faith in each other, you just have to come to terms with each other. You support each other locally, I mean you get together in various social contexts – like, well, play handball together or (...) join a knitting circle or what have you – and then it’s easier to set up other things like 'let’s get a district heating station going', right ... (chuckles) (S01)

- Generating sense of belonging and togetherness, Strengthen local identity

Seven case entrepreneurs are found to contribute to this type of value creation (to varying degrees), which refers to the creation or strengthening of local identity, sense of place and sense of belonging. Entrepreneurs who feel that they belong to their local community seemingly get involved in local initiatives and are likely to help out their neighbours and other entrepreneurs (e.g. cases N03, S02, S03,
S05, S10, S12, V03, V05). This is somewhat more pronounced on the island than in the other two rural areas. Sense of community and belonging brings people closer together (McMillan & Chavis, 1986) thus playing an important role in building a cohesive, empowered and active rural community. A case example of how entrepreneurship can create local identity and sense of belonging is case S06. The founder of S06 transformed and reinvented a traditional historic museum, which was bound to be closed down, into an “eco museum”. Part of the venture operates various historic “living” visiting sites that are run by a total of 80 local volunteers. Such living sites include, for instance, a blacksmith’s shop dating from 1928, where a group of volunteer blacksmiths forge applying the traditional methods. Such volunteer groups are part of preserving the heritage and disseminating knowledge to the visitors. S06 encourages the locals to be responsible for or “own” their sites that are part of the heritage of the rural area. By creating participation and ownership in their local history and traditions, S06 helps build a strong cultural affinity, togetherness and a sense of belonging. This becomes apparent as the local community frequently is involved in the initiatives of S06 and helps out when need arises as the following anecdote illustrates: S06 bought a disused 100-year old dairy building which thanks to local involvement was restored and now serves as a welcome centre for tourists and in-migrants:

Well, I believe we contribute to strengthening the local identity... let me recount a recent occurrence. [...] We thought it was embarrassing that the old dairy building growing ever more dilapidated. [...] So we bought it... and when we bought this old building, we did not have the money to restore it. So we got together and asked the locals if they wanted to help us make something of these buildings. And yes, they did. And so we [S06 and local community] spent every Saturday morning here until the building was restored [...] with the help of volunteers workers. (S06)

Building a sense of belonging is especially important for in-migrants who seek to put down their roots in a place. The founder of S06 says:

Those that migrate here have a very strong need to put down roots. [...] And that is where we come in.... It is important to have knowledge about the place where one lives, especially if you want to feel at ‘home’. Certainly, our activities contribute to strengthening the local identity, and sense of togetherness in the community. (S06)

According to the data, the majority of the entrepreneurs in all three regions perceive that their local community is cohesive and well-functioning as well as supportive of their entrepreneurial activities.
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CONCLUSIONS –
CONTRIBUTIONS, CRITICAL REFLECTIONS, AND IMPLICATIONS

1 Summary

The questions “How do regions grow?” and “Why do some regions grow faster than others?” have concerned a diverse group of scholars and policy makers for some decades. A key assumption underpinning this thesis was that some of the answers to these questions may be found in entrepreneurial agency. Previously, research has demonstrated that entrepreneurship has a major influence on regional economic growth and development as entrepreneurs introduce new technologies, develop new resources and commercialize innovations (Birch, 1979).

The aim of this dissertation was to investigate entrepreneurial agency and its interplay with spatial context in relation to regional and local development. The overall research questions concerned how rural entrepreneurs interact with their local, socio-spatial context; and how they are influenced by such interaction. By addressing these questions, this thesis focused on why entrepreneurs act (the sources of entrepreneurship anchored in the context), how they act (the entrepreneurial practices, activities, and actions), and what happens when they act (the outcome and impact of entrepreneurship in relation to regional development).

This PhD thesis has dealt with the role of spatial context for entrepreneurship in several ways; these were tackled in four independent yet interrelated research papers: a literature review, a conceptual paper exploring the phenomenon of rural entrepreneurship, and two empirical papers. The two empirical papers focus on how context influences entrepreneurship (chapter 4) and how context is influenced by entrepreneurship (chapter 5) respectively. These four papers collectively contribute to an in-depth understanding of how entrepreneurs utilize spatial resource endowments (e.g. natural, historical and cultural resources), and how they enrich their local communities through value-creating activities that go beyond mere job creation and growth. In summary, this PhD research showed that rural entrepreneurship is about appreciating the local, exploiting resource endowments, engendering community support, and aiding local well-being and development; through a “what goes around, comes around” attitude. Entrepreneurs actively create and pursue opportunities in dynamic exchanges across the spatial context; that is across people, culture, history, and natural resources (cf. Sarasvathy, 2001). The insights of this thesis are believed to be vital for understanding why certain types of local entrepreneurship prevail in certain regions, which can further our knowledge of how to foster and enable entrepreneurship in lagging regions.
2 Overall contribution

Scholars have called for more contextualized entrepreneurship research and theory building (Zahra, 2007; Welter, 2011). This thesis addressed these calls by illuminating some of the context-specific aspects that generated entrepreneurial opportunities. My research showed how spatial context – especially the degree of rurality – influences entrepreneurial resource practices as well as entrepreneurial value creation behaviours. The three rural regions selected for this study were heterogeneous in terms of resources, possibilities for localized action as well as rural ethos, code of conduct and sense of community. Thus this study showed that the place-specific rural endowments provided fertile grounds for a variety of entrepreneurial agency to flourish: from artisan lifestyle businesses, to highly embedded and spatially-bound ventures, or high-tech and high-growth firms. It was moreover shown that this variety of entrepreneurs produced various types of value that contributes to advancing community well-being and local development.

Furthermore, Welter (2011, p. 176) has argued that a way forward for entrepreneurship theorizing is to take a “wider context perspective” and to explore the recursive links between entrepreneurship and its social, societal and spatial contexts. In line with this reasoning, this thesis revealed some of the recursive links through the identification of localized processes in which entrepreneurs interact with other agents and across other contexts, transforming and shaping the local context that enables new entrepreneurial agency (Trettin & Welter, 2011; cf. Julien, 2007). In this way the present research addressed some of the shortcomings of the existing entrepreneurship literature by providing rich empirical evidence of the interplay between entrepreneurial agency and (rural) context (Trettin & Welter, 2011).

In conclusion, this dissertation highlighted that spatial context is important for the entrepreneurial resource practices and value creating efforts. Overall, it was valuable and useful to investigate the role of spatial context for entrepreneurship, because this focus offered an in-depth understanding of how entrepreneurial processes in rural areas unfold and how entrepreneurs and their ventures are uniquely embedded in their local context. This research showed that entrepreneurial individuals are imperative to regional development, as these are individuals who – not only create jobs – but also care about bettering the quality of life of small communities and are thus willing to invest in the well-being, progress and development of a rural place, even if it may not always be in the sole financial interest of the entrepreneur and his/her firm

2.1 Specific article contributions

First article (chapter 2): The systematic literature review identified the dominant perspectives of ‘entrepreneurship and regional development’ in the leading journals as well as revealed a number of theoretical and empirical research gaps. The study showed that the extant literature has largely investigated two questions: one, how regional conditions influence entrepreneurship, and two, how entrepreneurship impacts regional development. However, these two questions have mostly been investigated separately by scholars from diverse scientific disciplines, which is why the potential interrelation between those questions is insufficiently considered in the extant body of knowledge. The literature review uncovered
a theoretical gap that addresses the interplay between enterprising agency and regional structuring as well as the possible reciprocal or recursive links in this process. Moreover, this study discussed the implications of the rural-urban divide in this stream of research. It concludes that more research is needed with regard to the prevalence of various types of entrepreneurship in different spatial environments, and how local entrepreneurship contributes to (sustainable) regional development beyond the economic measures of growth.

Second article (chapter 3): This paper conceptually explored rural entrepreneurship as a distinct phenomenon with important differences from other types, including what was referred to as ‘entrepreneurship in the rural’. The specific nature of rural entrepreneurship stems from how it engages with place and space in a dual process that can revalorise spatial resources and ultimately ‘place’ itself (Hudson, 2001, 2005). The contribution of this study is the conceptual distinction between two ideal types of rural entrepreneurship, which sharpens our analytical gaze about the micro-level, localized entrepreneurial processes and the way in which these processes are intertwined with the spatial context (Hindle, 2010). In doing so, the study contributes to our understanding of two central issues which have received inadequate attention in the literature, namely the role of the immediate spatial context in entrepreneurial processes (Welter, 2011), and the impact of entrepreneurial activities on local development and resilience (Hudson, 2010).

Third article (chapter 4): The third paper focused on how spatially afforded means and ends are combined and how this process is influenced by the local context. This empirical study focused on the types of (local) resources that rural entrepreneurs extract from their spatial context; how they combine these resources to create opportunities, and how they connect these opportunities with different markets. Rurality was clearly manifested in the ventures’ dependence on resources such as abandoned buildings or the social and historical imagery of a place. Understanding how entrepreneurs utilize the local resources available in order to create viable ventures is argued to be important in fostering a sustainable local development. A typology was developed that focused on the characteristics of rural entrepreneurship according to spatial resource embeddedness and their bridging activities to other spatial contexts. Although a typology is often used to create taxonomy, it is argued that it should not be used strictly as such. Rather, the aim of the typology was to reflect upon the diversity of rural entrepreneurs and to surface the distinguishing characteristics of what some rural ventures have in common as this offers the ability to identify manifestations of the empirical phenomenon. This study showed that spatial context is of considerable significance to the resource affordances that enable entrepreneurial opportunity creation. This study contributes to a micro-level understanding of the local, place-bound entrepreneurial resource practices and the non-local circulation of value that can enrich the local resource base, which adds to our knowledge as to why entrepreneurship does not flourish evenly and similarly across rural regions.

Fourth article (chapter 5): The findings of this empirical study showed that rural entrepreneurs do indeed create multiple forms of value in relation to local development (i.e. community-level, social value) beyond job creation and growth. Fourteen reoccurring types
of community value were identified, ranging from purely economic to socioeconomic and to social value. However, not all rural entrepreneurs in all regions were found to contribute equally and similarly to local development. The variation can be attributed to (i) the social norms embedded in the rural code of conduct, and (ii) the entrepreneurs’ attitudes towards community well-being. The contribution of this study is twofold: One, it contributes to the regional development literature by providing rich evidence of the social and socioeconomic impact of entrepreneurship in lagging regions. Many of the studies in this discipline apply large dataset methods and do not usually capture effects like ethos, culture, or sense of community and how these are intertwined with each other and with the entrepreneurial value creation process. Two, this study sheds light on the reasons why not all entrepreneurs contribute or at least intend to contribute equally to local and regional development. The analysis indicated that the degree of rurality highly influenced the entrepreneurs’ attitudes towards contributing to local development and whether entrepreneurs perceived other businesses as competitors. The spatial context influences whether entrepreneurs engage in a give-and-take relationship with the community since they acknowledge that “what goes around, comes around” in small rural communities. Accordingly, this study adds contextualized explanations of entrepreneurial behaviour to the entrepreneurship literature called for by Zahra (2007) and Welter (2011).

2.2 Implications for theory, practice, and policy

Implications for theory: Providing analyses of the interplay between rural structures and enterprising agency offers value to the field of research by recognizing the existence of multiple realities when researching the entrepreneurial process (Jayasinghe, 2003). Focusing on the interplay and recursive links between entrepreneurship and context offers an in-depth understanding of local, place-bound enterprising agency and how entrepreneurs are influenced by such interactions. Studying entrepreneurial activities within a spatial context brought forth new perspectives of the phenomenon (Steyaert & Katz, 2004; Hindle, 2010; Trettin & Welter, 2011). The importance of place, as a meaningful location to live (Hudson, 2001), suggests that entrepreneurship research may not simply be about quantitative agglomeration but also about qualitative intensification and re-enactment. Rural entrepreneurship leads to an enhancement of the quality of place and life, an enhancement of the value of the spatially-relevant resources. Understanding the environment and context within which entrepreneurs operate and function can improve our theory building about entrepreneurship (cf. Zahra, Gedajlovic, Neubaum, & Shulman, 2009).

Implications for practice and policy: Practitioners and policy makers engaged in rural development face a complex problem with no easy solutions. The findings of this PhD research are believed to be valuable for understanding the heterogeneity of entrepreneurship in rural areas. Additionally, the results can aid policy makers in designing their own context-specific programs to create favourable conditions for local entrepreneurs in the specific setting they operate in. The implications are that entrepreneurs, regional policy makers, and local business councils alike have a chance to consider what a particular place can offer and how its inherent endowments can best be exploited.
The conventional wisdom for economic regional development has focused on revitalizing regions through large public subsidies, and using financial incentives to attract and bolster, for example, manufacturing facilities or clusters (Florida, 2003). However, regions also need to invest in their own growth through mobilizing assets and resources rather than solely depending on national financial transfers to support development (OECD, 2009). Overall, the findings of this study indicate that rural development does not necessarily need to rely on the inflow of resources but can rely on endogenous resource bases. To become sustainable, it is therefore crucial that rural areas reach their growth potential from within (cf. Ray, 1999).

Policies often fail to consider the specificities of the local place and local ethos or culture (North & Smallbone, 2006). Rural regions and their communities are diverse, and consequently different and more localized measures must be developed to foster and support local entrepreneurship from within (Julien, 2007). This project may assist regional policy makers and community actors in understanding how to build bottom-up entrepreneurial capacity that takes the particular features of that local context into account.

The analyses suggest that entrepreneurs create value for communities and local development when experimenting and innovating with place-specific resources even if this may not always be the shortest route to fast growth. Local policy makers and business support agencies are encouraged to acknowledge the diversity of ventures in rural areas that can create a diversity of economic, socioeconomic and social value. By recognizing how rural entrepreneurship interacts with different spheres of context may allow for a more effective design, delivery and implementation of entrepreneurial policies in lagging regions (Stathopoulou, Psaltopoulos, & Skuras, 2004). With the instigation of the “Local Action Groups” program by the European Union, policy is taking an important initial step towards creating such context-specific support systems that are based on bottom-up, participative and community approach (Ray, 2000).

It is important to understand how rural entrepreneurs think, behave and act in order to put forward practical or policy recommendations. This study hopefully has contributed to enhancing such understanding.

2.3 Critical reflections and future work

This study is the result of certain choices regarding approach, design and method and as such, I encountered a number of shortcomings and limitations that I wish to address.

Concerning the number of cases: Although it is important and necessary for qualitative researchers to get close to their data, being able to distance oneself to it is just as critical to be able to draw conclusions (Richards, 1998). The large number of cases meant that the coding process lasted for several months. At some point in the process, I got lost in my data. Gilbert (2002, p. 218) calls this the “coding trap” and refers to the issue of too much closeness to the data, which is often observed among researchers who use a qualitative data analysis software like NVivo. The endless possibilities of creating new codes and nesting codes hierarchically resulted in an unmanageable amount of 400-something codes and sub-codes, numerous of them were duplicates. I had as many as five hierarchies of sub-codes, while the maximum
should be three in order to avoid being too nuanced and losing the ability to group data into meaningful categories (Bazeley, 2007). When I struggled to make sense of the data and coding, I followed Bazeley’s (2007) advice and started a new NVivo database from scratch as well as refining my initial codebooks, so that I could be as consistent in my coding as possible and avoid duplicates this time around. What I bring to my future as a qualitative researcher is that a large amount of qualitative cases is not impossible to manage, as long as one is (i) structured and tidy from the beginning when setting up the NVivo database, (ii) rigorous with regard to creating codebooks and (iii) makes time in the coding process to get some analytical distance from the data in order to be able to reflect, gain broader perspectives and ultimately draw meaningful conclusions.

Concerning the use of the morphogenetic approach: This thesis adopted a structure-agency perspective inspired by Archer’s (1995) morphogenetic approach. I resorted to this approach in order to investigate the interplay between context (as structure) and agency (as entrepreneurship). Archer’s (1995) approach allowed an analytic separation of these two dimensions through analytical dualism. This perspective permitted a comprehensive understanding of entrepreneurial processes in rural contexts, particularly because it tends neither to over-socialize nor under-socialize the entrepreneur or the context (Steinerowski & Steinerowska-Streb, 2012). In retrospect I used the morphogenetic approach primarily as a guiding framework when I analysed and interpreted my data. It may and avenue for future work to consider and discuss the advantages and shortcomings of applying this framework in more detail in an academic paper.

Concerning the data sources: After the initial analysis, it became clear that rural code of conduct was an important theme in the data. The data suggests that rural code of conduct varies across regions and both enables and constrains entrepreneurial activities. Ideally, I would have spent more time as an observer in the communities and setting up more formalized interviews with local stakeholders, for example, with informal community leaders and inhabitants as opposed to the rather informal talks that I carried out. This way, I could have obtained an even deeper understanding of the underlying mechanisms at play from the perspective of the local community. This remains an avenue for future work.

Concerning the choice of the level of context: This research could have included an investigation of all facets of the proximate context that includes the institutional, social, spatial and temporal. Since regional development is not only dependent on place but also on time (Pike, Rodríguez-Pose, & Tomaney, 2007), it may be worthwhile to capture and investigate the elusive temporal context through a few carefully selected case studies from my sample. In practice, this would have made the research questions for this particular PhD study too broad and the results perhaps too vague. This could be done through a longitudinal study of some of the most interesting cases in my sample where I investigate the complex and dynamic interaction with local context in order to examine how it evolves over time.
In academia, one research project often feeds into the next. Knowing what I know now, I would like to carry out a similar study focusing cities. I would like to study urban enclaves and districts and compare whether I find similarities or differences with regard to the findings of the current study. The social and emotional attachment to a place that was found to be important for rural entrepreneurs’ willingness and engagement to create value for their communities may be a fascinating topic to compare to entrepreneurs in urban districts.

Furthermore, and intervention study regarding regional policy could be fruitful. Specifically designed local policy and its effects on different spatial contexts could be studied, to investigate further, what works and what does not work for fostering entrepreneurship certain regions.

References


