



Transnationalising entrepreneurship in a peripheral region – The translocal embeddedness paradigm



Alexandre Dubois*

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

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ABSTRACT

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

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1. Introduction

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

Most studies that address small firm development in peripheral regions draw attention to the limitations these actors face when engaging in globalisation processes (Anderson, 2000; Anderson et al., 2010; Young, 2010; Galloway et al., 2011; Varis and Littunen, 2012), which are mainly due to their locational disadvantages Copus (2001). Other studies have nonetheless claimed that even peripheral and remote regions can host firms that are highly innovative and competitive, although less numerous and common (Legendijk and Lorentzen, 2007; Virkkala, 2007; Huggins

and Johnston, 2009). It is thus important to better understand the conditions that have made it possible for these small businesses to become competitive in the global economy *despite* their assumed locational disadvantage.

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

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

* Formerly, Nordregio, Box 1658, SE-111 86, Stockholm, Sweden.

E-mail address: alexandre.dubois@slu.se.

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

2. Entrepreneurship beyond the local

2.1. Transnationalising entrepreneurship

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

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

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

2.2. Small firm internationalisation

Finding a product and market niche, i.e. a relatively stable constellation of economic partners located within a more or less bounded geographical space (called generically the ‘domestic’ market in this paper), has traditionally been an important development strategy for small firms. Because the capacity of small firms

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

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

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

things might be different and the development of new international networks of contacts that facilitates access to market information” (Fletcher, 2004: p. 294). What she means by this is that the relational route to small firm internationalisation cannot be mapped in advance. It does not mean that, however unpredictable, international entrepreneurship as a relational and evolutionary process emerges ‘out of the blue’, i.e. by chance. Hence, Fletcher argues that international entrepreneurship “is a heavily contextualized and socially constructed activity that occurs through joint cross-border co-ordinations” (2004: p. 302).

Fletcher’s work provides a basis for understanding small firm internationalisation from a combined evolutionary and relational perspective. It stresses the need to investigate the evolution of the relational context of small firms, not least the social context, in order to understand how these firms initiate, manage and sustain their international ventures. Nonetheless, a shortcoming of Fletcher’s work is the absence of clear references to geography as a central element for conceptualising small firm internationalisation from a social constructivist perspective. Hence, it appears necessary to add further theoretical enlightenment on (1) the specificity of the ‘rural’ as a context for small firm development; and (2) the role of the ‘local’ as a catalyst for internationalisation.

3. The rural as a specific context for transnationalising entrepreneurship

3.1. The relational spaces of rural globalisation

This renewed understanding of entrepreneurship as a relational process is closely aligned with the notion of relational space popularised by Massey (2005) in human geography. Relational space draws attention to the importance of external relations, based on new spatialities of social processes, in the constitution of place (Amin, 2007). In rural globalisation studies, the idea of relational space has provided new conceptual grounds to “examine the capacity of rural localities to engage with and shape globalization processes” (Woods, 2007:492). Woods (2007) posited that the relational space of the countryside has become more heterogeneous, i.e. that rural actors establish and maintain relationships with a wider range of other economic agents, are more outward-looking, i.e. they form relationships not only in their close geographical vicinity but also over longer distances, and are more paced, i.e. with more frequent and faster interactions. Based on empirical work in Western Canada, Young (2010) argued that “despite efforts among SMEs [small and medium enterprises] to cooperate and coordinate distance-bridging activities, the constant negotiation and unpredictability of rural ‘routes’ to extra-local spaces limits the kind of markets that peripheral actors can enter”. Moreover, the businesses that do manage to engage in such extra-local ventures seem to rely on a small number of extra-local connections, which makes them strongly dependent on these few actors to maintain non-local market presence and limits their ability to act within these economic spaces (Young, 2010). Young (2010) conjectured that small firms indeed use multiple routes to ‘reach out’ to the global market. However, he also argued that connections to distant markets are deemed tenuous, asymmetrical and too demanding in terms of internal managerial resources to be sustained over a longer period of time, even by those small peripheral firms that actually manage to penetrate such markets (Young, 2010:851). What makes globalisation especially difficult to handle for peripheral actors is not the fact that it is imposed on them by external agents, but that it necessitates a constant process of negotiation in which actors still hold a significant “share of agency” (Woods, 2013:115). As a result, Woods (2013) propounds that globalisation has promoted the emergence of ties and

interdependencies between diverse rural locations, thus emphasising rural development as taking place through a multi-local process of social and economic interactions.

3.2. Characterising rural businesses and entrepreneurship

Surprisingly, there appears to have been little focus in rural studies to date on conceptualising what the adjective ‘rural’ actually entails when investigating *rural businesses*, especially with respect to how such firms relate to their surrounding context. The seminal contribution of Bosworth (2012) provides a simple but potent solution to this shortcoming by identifying three main characteristics of *rural* businesses: serving the rural population, selling a ‘rural’ product and being located in a rural area. Bosworth (2012) also classified rural businesses into four main types, resulting from them matching at least two of these characteristics. A central argument in that characterisation is that being rural requires that businesses are actively engaged in promoting community development. Hence rural businesses are strongly embedded in processes of local agency.

Building upon Bosworth’s work, Moyes et al. (2015) used the concept of social capital to further characterise the firm–community relationship in rural settings. Since local social capital has been widely described in the literature as a key resource for the development of rural businesses, Moyes et al. (2015) suggest that network adjustments need to be implemented in order for firms to follow a specific development path. These adjustments often consist of establishing external networks, i.e. relations with actors outside the local community, and their role is to augment the firm’s core network and create new bridging social capital, hence the introduction of the notion of *augmented social capital*. This extended network does not replace the ‘core’ localised network, but rather supplements it. It does so by improving the ability of entrepreneurs to mobilise resources through multiple sets of relations.

3.3. Introducing translocal embeddedness

The characterisation of rural businesses by Moyes et al. (2015) suggests that business development in rural settings needs to be investigated from an evolutionary relational perspective. Thus, as mentioned earlier in this paper, it should be addressed through the lens of rural entrepreneurship. In a recent publication, Korsgaard et al. (2015) posited that entrepreneurial behaviours in rural settings can be fitted within a spectrum bounded by two ideal types of behaviours, *Rural Entrepreneurship* and *Entrepreneurship in the Rural*. Unlike Bosworth (2012) and Moyes et al. (2015), who characterised rural businesses using discrete categorisations, Korsgaard et al. (2015) suggest that the entrepreneurial behaviours of rural firms correspond to the manifestation of different gradients of a single phenomenon (Table 1).

Korsgaard et al. (2015)’s ideal types of entrepreneurship in a rural context represent an important theoretical advance in understanding the ways in which small firm development in the rural is contextualised. However, the oversimplified opposition between two ideal types of entrepreneurship it proposes is problematic, as it presupposes that certain development objectives are diametrically opposed to each other and that they cannot be fully achieved simultaneously, for example seeking to make a profit and being socially responsible are described as opposing values. What is even more interesting, given the specific focus of this paper, is the conflict between the two ideal types from a relational perspective: the *Rural Entrepreneurship* model promotes new combinations of place-based relations, whereas the *Entrepreneurship in the Rural* model is grounded in a low level of local embeddedness and a search for

Table 1
Ideal types of entrepreneurial behaviours found in a rural context.

Rural entrepreneurship	Entrepreneurship in the rural
<ul style="list-style-type: none"> - location of meaningfulness and social life - engages with its spatial context - embedded through resource use - new combinations of place-based or localised rural resources - create value for the rural place - strong feelings of responsibility for the community - alternative forms of organising that serve local development purposes - place of experiences and aesthetics - resilience paradigm 	<ul style="list-style-type: none"> - maximisation of economic assets such as land prices, labour costs, specialist labour skills or infrastructure-based transaction costs - a space for profit - low level of local embeddedness - seeking penetration in non-local markets - spaces of production - ICT enables the pleasures of the rural lifestyle to be enjoyed - integrated in external flows of capital - creation of enclave economies and two-tier communities - may reinforce existing processes of social exclusion - more likely to relocate with changing external conditions (especially political, social or economic) - competitiveness paradigm

Source: Korsgaard et al., (2015).

non-local market penetration and integration within external flows of capital. So whereas *Rural Entrepreneurship* appears to be strongly integrated in localised material and immaterial flows, *Entrepreneurship in the Rural* is very much disconnected from such exchanges or simply take advantage of them. Of course, these two ideal models are not observable in empirical form. However, by seemingly opposing local and extra-local engagement, Korsgaard et al. (2015) suggest that transnationalisation and local embeddedness are entrepreneurial processes that are not fully compatible with one another, and that firms attempting to engage at both 'ends' may only be able to achieve an incomplete version of each.

However, some recent work in rural geography takes a different stand on this local/extra-local dilemma by arguing that local embeddedness and extra-local engagement can, in fact, be co-occurring processes in small firm development. The concept of *translocal embeddedness* (Copus et al., 2011; Dubois et al., 2012; Dubois, 2015) argues that in fact local and non-local spaces are not competing with each other, but rather act as complementary elements to a firm's economic space. It stresses that embedded relations may be developed across multiple geographies, and not solely within the local space (Hess, 2004). Hence, it posits that local agency enhances to the ability of an actor to act (Le Velly and Dufeu, 2016) using a more effective positioning into wider socio-spatial network configurations. The concept seeks an understanding of "how processes of internationalization come about and how owner-managers enact images or opportunities of international business as they construct locally responsive cross-border activities" (Fletcher, 2004: pp. 290–291). Translocal embeddedness is thus based on three central hypotheses. First, it entails that extra-local integration is often based on transaction and cooperation linkages between firms that have broadly equivalent positions in the production chain in different markets or value chains, rather than through mere vertical integration (Murdoch, 2000), i.e. based on relations with extra-local actors having a higher position in the value chain (e.g. large transnational corporations). Second, it assumes that these internationalisation ventures are a continuation of how rural small firms 'do business' and interact with their economic partners (Skuras and Dubois, 2014). What distinguishes this rural way of networking is how social capital is mobilised for developing and sustaining economic interactions: in small rural communities, pre-existing social connections tend to generate business connections, whereas in urban areas it is frequently the other way around (Atterton, 2007; Young, 2010). Chetty and Blankenburg Holm (2000) highlight the role played by social relations in trade internationalisation by small firms, especially with regard to the creation of *translocal* forms of partnerships. Third, local and non-local forms of socio-economic

relations are not interchangeable, as different types of knowledge bases may be sourced from these different arenas. Hence, internationalised small firms need as well to be integrated into localised forms of interactions, especially in order to solve concrete issues relating to logistics, regulatory framework and ongoing regional development trends.

3.4. The works of proximity 'at a distance'

The review of the literature provided above revealed that social relations are instrumental in mobilisation of the knowledge and resources necessary to the process of internationalisation of peripheral small firms. Peripheral small firms actively engaged in extra-local ventures rely on "personal forms of contact (networking and travel) as [their] primary means of accessing outside markets" (Young, 2010: p. 847). This reference to 'personal forms of contact' should not be misinterpreted, however: it is not a case of being friends with a lot of different people, but rather about developing 'close' relationships with them in order to interact with them in a direct, open and informal manner. In that respect, *trust* is a main resource and *trust-building* a necessary strategy for enabling these personal interactions to work across long distances.

This idea of a possible decoupling between the benefits of *proximity* and *propinquity* has been the subject of a lively debate in economic geography. Geographical proximity ought not to be considered either a necessary or a sufficient condition for inter-organisational learning and innovation (Boschma, 2005; Torre, 2008; Broekel and Boschma, 2012; Mattes, 2012). Boschma (2005) distinguishes four main types of *organised proximity*: (i) *cognitive*, related to similar views promoting exchanges of tacit knowledge; (ii) *organisational*, related to joint participation in formal networks or platforms; (iii) *social*, based on kinship; and (iv) *institutional*, related to belonging to similar regulatory milieus. Knowledge exchanges, inter-organisational learning and innovation diffusion, it is believed, may thus be activated *at a distance* (Lagendijk and Oinas, 2005; Lorentzen, 2008; Mattes, 2012). At the same time, the role of institutions mainly occurs by inducing "an institution-based trust that allows and reinforces personal trust" (Kingsley and Malecki, 2004: p. 74). The influence of institutions on entrepreneurial behaviour is essentially by providing a coherent set of rules that constitute a favourable setting for the establishment of trustful inter-organisational relations. It is thus considered highly place-specific (Rodriguez-Pose, 2013). In that framework, *temporally geographical proximity* processes, corresponding to occasional face-to-face events, such as trade fairs, conferences or on-site visits (Lagendijk and Lorentzen, 2007) that are "dense in interactions"

(Torre, 2008: p. 880), seem to play a particularly important role as a substitute for more permanent forms of co-localisation.

4. Research design

4.1. Methodology

The empirical work presented in this study was undertaken in the Work Package (WP1) “Global Engagement and Local Embeddedness of Rural Businesses” within the DERREG project (2009–11), which was funded through the EU’s 7th Framework Programme. It was undertaken in five European case study rural regions: Upper Norrland (Sweden), Jihomoravský kraj (Czech Republic), Goriška (Slovenia), Westerkwartier (the Netherlands), and Alytus (Lithuania). The present study focuses exclusively on the results and findings obtained from the Swedish case study.

The objective of the WP was to map the business network of a sample of rural businesses and investigate the role of different types of business partners in contributing to firm development. The study targeted small firms, i.e. with between 5 and 49 employees, with a product offering for which the demand is not limited to the local surroundings. Investigation of the firms’ business networks was undertaken in three subsequent stages:

1. *Electronic survey.* The firm managers were contacted by phone and were asked if they were willing to take part in the study. If they agreed, a questionnaire was sent to them by email. The managers were asked to evaluate their level of interaction with a set of predefined economic actors, categorised by type (customers, suppliers, trade associations, public authorities ...) and geographical location (regional, national, EU, worldwide), using a 5-point Likert-scale. For each case study region, the target was to collect 50 survey responses. In the Swedish case, 47 usable responses were collected. At the end of the questionnaire, the

managers were asked if they would be willing to participate in the next stage of the study, i.e. face-to-face interviews.

2. *Actor map template.* From the responses to the survey, the research team was able to identify, for each firm, a set of actors that appeared to be ‘central’ to the firm’s business network. Investigating how these actors contribute to firm development necessitated relating them to specific roles and functions. The research team designed an ‘actor map’ template that distinguishes different types of network functions, based on the work of Oerlemans and Meeus (2005), combined with an ‘importance’ scoring scale (see Fig. 1).
3. *Face-to-face interviews.* In concrete terms, this actor map template was used as a basis for discussion during the interviews, as the firm manager was then asked to position each of the firm’s main categories of business partners according to their more or less prominent role in contributing to certain facets of firm development (i.e. the network functions). A total of 15 firm managers were interviewed during spring-summer 2010 for the Swedish case study.

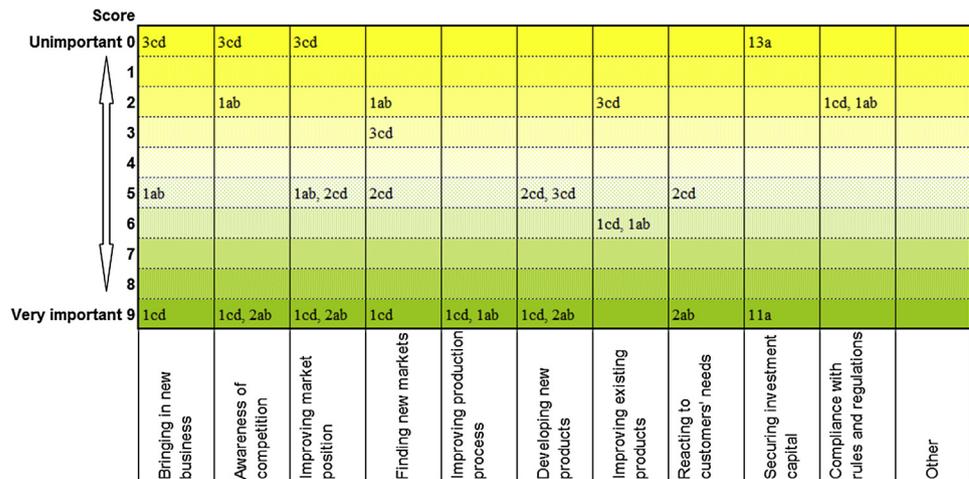
4.2. Presentation of the cases

The case study region consisted of the geographical area covering the two northernmost counties in Sweden, Västerbotten and Norrbotten. The region can be characterised as a remote rural location due to its loose and scattered settlement structure, the long distance to main national and international markets and the strong importance of natural resource exploitation (e.g. forestry, mining) as a basis for regional development. However, it distinguishes itself from other European rural regions by the relatively small importance of agriculture, which is limited due to the harsh climate in the region.

As shown in Table 2, the five selected firms had different

Interview Number: SE35

The role and importance of different actors in your network



1ab customers, regional, national	5	2	5	2	9		6			
1cd customers, European, world	9	9	9	9	9	9	6			2
2ab suppliers, regional, national		9				9				
2cd suppliers, European, world			5	5		5		5		
3cd cooperation with other businesses	0	0	0	3		5	2			
13a public support programmes									0	
11a owners									9	
Not used										
Not used										

Fig. 1. Example of a completed actor map after an interview with a firm manager (Firm D).

Table 2
Main characteristics of the five cases (Firms A–E) selected for the Swedish case study.

	Branch (SNI, 2007)	Location (municipality)	Employees (2010)	Turnover (tSEK, 2010)	Exportation ^a (% total sales)	Global integration ^a (1–4)
Firm A	Manufacture of electrical equipment	Övertorneå	11	12,027	5	2
Firm B	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	Arvidsjaur	25	71,894	80	3
Firm C	Manufacture of machinery and equipment n.e.c.	Robertsfors	3	3979	25	4
Firm D	Manufacture of basic pharmaceutical products and pharmaceutical preparations	Vännäs	12	12,382	40	4
Firm E	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	Vindeln	12	88,693	20	1

^a Own assessment made by the firms' managers in the initial electronic survey.

characteristics in terms of location, size, branch and level of exports. Regarding the latter, it is important to note that levels of exportation is only an incomplete proxy for small firm internationalisation (Fletcher, 2004). The differences in self-assessment of the level of global integration and exportation show that exportation alone cannot be used as a proxy for internationalisation.

4.3. Using a multi-case approach

Direct interviews with the managers of small firms can provide direct access to information on the decision-making, strategic and operational capabilities of those firms (Chetty and Blankenburg Holm, 2000). The analytical work in the present study used a multiple-case approach, which is reported to encourage the researcher to study patterns common to cases and theory, and to avoid chance associations (Eisenhardt, 1991). Furthermore, using a multi-case approach enables the researcher to explore differences within and between cases (Sterns et al., 1998). Stake (1994) refers to this approach as *collective case study*, for which a number of cases are studied collectively in order to understand a joint phenomenon. This joint phenomenon is often identified beforehand in relation to theory. Hence, the particular use of the multi-case approach is to test the validity of hypotheses advanced by theory with respect to a particular phenomenon. Yin (2009) calls such an analytical approach *analytic generalisation*, for which case study implementation enhances analytical understanding through the development and refinement of theory. In doing so, the cases do not correspond to representative samples of a 'real life' phenomenon, but rather to experimental testing of a certain theory (Sterns et al., 1998). Although there is no ideal number of cases necessary, the recommendation is between four and 10 cases (Chetty and Blankenburg Holm, 2000: p. 81). In this study, the number of cases was limited in order to leave space for providing a detailed account of each case.

4.4. Research questions

The aim of the present study is to investigate the extent to which hypotheses propounded by the translocal embeddedness paradigm can be confirmed by empirical observations. In order to do so, it is necessary to explore the transnational relational route (Young, 2010) of a number of cases, i.e. the multiple types of relations and networks mobilised by peripheral small firms at different stages of their internationalisation process. Although each relational route can be expected to be firm-specific, the ability of firms to mobilise

multiple relations 'at a distance' was the subject of special attention. In order to achieve this research objective, the empirical analysis sought to answer the following questions:

- What actors contributed to different stages of the internationalisation process?
- How did different types of actors from different locations contribute to firm development and internationalisation?

5. Empirical results

5.1. Firm A

Firm A, started in 1985, is located in a small town on the Finnish border. At the time of investigation, the firm had 12 employees. It produces custom-made IT and video cables for a number of both small and large customers operating in a number of sectors, from public transport to taxi cars and cruise ships. The firm originally produced network cables but, due to the high production costs and the strict environmental regulations in Sweden, this part of the business became uncompetitive and the firm stopped production.

While attending a trade fair, Firm A was approached by a Polish firm that wanted to do business with it and subsequently started cooperating with the Polish firm. After some years of cooperation, Firm A became part-owner of the Polish firm. This move increased the ability of Firm A to control the quality of the products produced in Poland. This was important, as the firm's main competitors are located in countries with much lower production costs, such as Estonia, Latvia and even China. High quality production is thus a key element to maintaining the firm's positioning in international markets. Firm A enjoyed steady growth until the 2009–10 crisis. A resulting strategic reorientation was to reduce the dependency of the firm on a few big customers and to avoid doing business within certain industries that are especially vulnerable to structural crises, such as the car industry "since the price comes before quality there", according to the manager of Firm A.

Firm A has been active on markets outside the region, especially the national market, but also in Europe. The firm has no local customers. A first internationalisation attempt was made to penetrate the neighbouring Finnish market. The Board consists of entrepreneurs from other parts of Sweden formerly involved in large and successful firms. The diversity of the Board members' localization and expertise helps market Firm A through multiple markets and networks. Firm A has also started a more strategic orientation towards the Nordic market and has taken part in trade fairs in Norway to increase its visibility. The manager stressed the

importance of the firm's Executive Board in penetrating new markets:

“Their networks have been crucial for us; they have given us many customers and contacts with new markets. The fact that they are well known has also made us appear a trustworthy actor, even though we are small and located in a peripheral place.”

The firm has found most of its customers through trade fairs, and has also been active using communication tools such as mails and the Internet to market its activities. The manager emphasised the benefits of spending time with different customers on the phone in order to develop the relationships. The manager also highlighted the importance of onsite visits to the firm's largest customers as part of its post-recession strategy. This has led to deepening of its customer relations. The manager stressed the importance of such direct interactions in building trustful, long-term relations with customers:

“... important to take some time to call the customers instead of always sending an e-mail. Even though it might take you an extra half an hour, this is how you build the relationships, through talking about everything but work for a while. With some customers our relationship is so good that they actually called us during the crisis to see how we were doing. After talking to us they were able to trust us again, even though they knew we were letting people go, and remained our customers.”

International and national customers seem to play different roles in firm development: while international customers tend to be valuable for finding new markets and developing new products, national customers contribute to improving production processes, enhancing the firm's awareness of competition, strengthening its market position and keeping it updated on new regulatory developments. If the participation in formal networks, such regional trade and sector organisations, mobilises important market intelligence (e.g. bringing in new business, finding new markets, awareness of the competition, compliance with rules and regulations), it does so mainly through informal exchanges with fellow network members:

“Sometimes the most giving meetings among us in the network are the lunches or the times we meet to watch an ice hockey game. Then we can really talk and give each other good advice. These meetings can also end with new orders and hence new jobs for us.”

Finally, the manager has initiated the creation of an informal group of women in leading positions in the region. This network is maintained through the participation in different occasional events and meetings.

5.2. Firm B

Firm B is a sawmill that started in 1939 and is located in a 7000-inhabitant municipality in the region's inland. The surrounding area is mainly covered by forests and the sawmill's wood suppliers are located in the close vicinity. The slow growth of the forest due to the harsh climate of the region produces wood of extremely high quality. Hence having only regional suppliers has been an important strategy to secure high quality product offerings.

Due to the usually large volume of the firm's product shipment and the firm's remote location, handling logistics is a vital issue for

firm development. Hence, the firm, together with other regional firms, cooperates with a large mining company located in the area to address this issue. The mining company ships material from a regional harbour and, to optimise the logistics, also transports wood in the same ships. This cooperation has been going on for many years. This relationship enables Firm B to send products to Great Britain weekly at a relatively competitive cost, which has enabled it to be competitive on the British market.

According to the manager, Firm B wants to stay “small and profitable”. The firm has not grown since 2002, but it used to be part of a larger corporation. After they parted ways, the strategic orientation was set on finding a niche market and not seeking growth. The economic crisis of 2009–10 pushed the firm to act proactively and try to find ways to penetrate new markets. For instance, it targeted the neighbouring Norwegian market. The relationships with the customers are not initiated through old personal relationships, but rather professional demands. The firm's customers are mainly small, since the firm specifically looks for customers of the same size as itself, in order to make the relationship more reciprocal:

“Large customers will never be as dependent on us as the small ones. They can end the contacts at any time and do not feel trustworthy.”

International customers seem to be strongly influential with respect to product and market development. Involvement with regional trade and sector networks is more specifically beneficial with regard to compliance with rules and regulation and improvement of the current product offering. Finally, regional suppliers are deemed highly important in helping the firm react to customers' needs.

The manager confirmed the engagement of Firm B in informal networking with other small and large regional firms involved in the same sector. This informal network provides an important source of strategic and operational information, and is based on open discussions about Firm B's upcoming production orientations, so that other regional partners can adapt their own production to step in. Exchanges in the network also provide information about the reliability of new customers, thus reducing the risk of the firm engaging in transactions with non-trustworthy partners.

5.3. Firm C

Firm C was founded in 1998 and the manager is the founder and owner of the company. The village where the firm is located is less than one hour from Umeå, the main regional centre. The distance to the second largest city is about the same and there are two airports located within a 10-km radius of the firm. At the time of investigation, the firm had five employees. It produces air filters that are used in several sectors and for multiple purposes: the mining industry, buses and trucks, chemical technical systems, medicine systems and the armed forces. The firm's products and techniques are protected by patent and there is no other firm world-wide that produces similar products.

Before founding the firm, the manager worked in the same business field, which resulted in a large international contact network. These relations were used as a starting point for developing a customer base on creation of the firm. Many of the current customers still date back from this original professional network. The firm reports getting new customers regularly. When contact is initiated, a face-to-face meeting with the client is usually set up; in subsequent stages, contact is maintained by phone and the Internet. Firm C maintains close contact with its customers in order to develop products that are customised for their needs. In the

initial years firm development was slow, but around the time of the economic crisis the market changed, as demand increased in Europe and development started to accelerate. Since then, the firm has grown steadily, both in terms of turnover and labour force, but is still considered small. The crisis slightly affected its growth rate, but only temporarily. The firm continually invests in product development and it plans for future expansion in terms of volume and range of product. The firm is a highly respected actor in its branch worldwide:

“Even though we are still small we are well thought of today and have a good reputation around the world. Some of the really large players have even recommended us to their customers when they were not able to fulfil the demands of their customers.”

The necessity to develop a high quality product led Firm C to seek international suppliers that could provide it with the right materials for production. The firm has also exported its products from the start. Today, the firm has few customers in the region.

“Even though we are a small company, we have large customers, the oil industry and Arabic countries are for example very interesting for us. Some of our customers are Komatsu, John Deere, Caterpillar, Volvo, Sandvik mining.”

The actor mapping exercise highlighted the strong transversal importance of cooperation with research institutions, as it appeared to contribute to most network functions. Firm C also works very closely with its customers and shares its contact network with them. The customers are only slightly involved in the technical development process, due to its complexity, but they provide relevant feedback for consolidating the product offering. Customers also inform Firm C about upcoming regulatory changes in their respective sectors, which enables the firm to continuously adapt its product offering in order to maintain its competitive position:

“There are so many new rules and regulations constantly, we cannot keep updated without the help of other actors. Since we are in the frontline we need to be aware of them all and cannot wait for our competitors to react to them first”

Interactions with the Swedish Trade Council (*Exportrådet*) are valuable for bringing in new business, improving the firm's market position and finding new markets. The Council provides a lot of information about different actors, rules and regulations in markets worldwide. The regional trade organisations also support the firm in brokering contacts and networks.

Finally, in an attempt to stay ahead of future regulatory changes, Firm C has established a network of actors with good knowledge about rules and regulations in different fields relevant to their market, including major public actors such as healthcare institutions and the Swedish Armed Forces and national and international voluntary organisations such as Greenpeace.

5.4. Firm D

Firm D is located one hour away from the largest regional centre (Umeå). The manager started the firm in 1976 as a farming business. A few years into its operations, the manager was contacted by a friend working at the regional university, who convinced him to start producing virus implantation in eggs for research purposes. Since then, the firm has developed into an antibody producer. The

firm heavily relies on online marketing for finding new customers.

The initial business strategy was to produce eggs to meet the demand of the regional research community. After a few years Firm D came into contact with some larger companies, also located in the region, and started to do business with them. After this initial ‘regional phase’, the firm started to work with customers internationally. This was seen as a natural step since the research community is highly internationalised; cooperation among international research teams and the mobility of researchers helped extend the reputation and customer base of the firm internationally. The fact that the demand for the products is global, combined with the easy-to-ship nature of the product, which can be dried and sent by mail, bolstered exports.

The firm has grown at a slow pace in the aftermath of the financial crisis, but has stable finances and is not dependent on public support programmes. In 2009, the firm lost one of its large customers, which caused some short-term financial troubles. To avoid such future negative impacts, the firm has changed its way of dealing with customers. In reaction to the loss of several large customers during previous years, although not specifically in relation to the crisis, the firm now aims at securing a larger number of smaller customers instead of a few large customers. In addition, the firm aims at being directly connected to its customers, i.e. not through distributors, which is made possible by online marketing.

The business network of Firm D consists of both international and regional relations. However, according to the manager, these networks seem to function in a complementary manner. International partners have a broad impact on the firm's network functions, but especially for maintaining the firm's position in international markets. International customers are also central with regard to process and product development, even if the manager suggested that domestic customers have a higher impact on that aspect. Interactions with customers, mainly researchers, enable Firm D to keep in touch with the latest theoretical and technical knowledge.

“Getting information from the customers is both reliable and cost-effective. (...) The customers make up an incredible knowledge bank, and good contact with them makes them answer your questions and bring new input when we need it.”

The firm has found its customers to a large extent through existing customers, but also at conferences and through Internet marketing. Relations with customers are considered personal and maintained through both modern communication tools (e-mail, phone) and on-site visits. Firm D uses online connectivity for updating its knowledge about recent technical advancements and market changes and for interacting directly and regularly with its customers and other business partners. For instance, one of the employees regularly chats live with actors in China to inform them about the firm's products. The Internet has been crucial for the company since it decided to sell its products without relying on distributors. This move has also helped the firm to get direct and regular feedback from its customers.

5.5. Firm E

Firm E was created in 1907. It first produced wooden skis, which are still part of the firm's product offering, but to a much lower extent than previously. The main product offering nowadays consist of wooden articles for packaging and transporting products. The skis, which were sold to the Swedish Army, have become Firm E's trademark and the grounds for making its reputation. The production requires a lot of storage space and the large volumes for shipment represent the firm's largest monthly expenditure. The

firm's main domestic competitors are located in southern Sweden, which means that the firm has no competitor in the region.

The financial crisis had a negative impact on the firm's recent development curve. In response to this, the firm allocated more resources internally for seeking new business opportunities and reaching out to customers. This strategy paid off and the firm now attracts new customers regularly.

For a long time, Firm E has exported its skis, but in relatively small volumes. However, during the past decade, the share of exports has increased to about 20%. It started when the firm approached a potential customer in the Norwegian oil industry. Since then, it has been engaged with business partners in the oil industry worldwide. According to the owner-manager, internationalisation resulted from the process of finding customers that suited the firm's product offering, and they happened to be abroad. Firm E has a network of business partners, i.e. both suppliers and customers, which is geographically diverse. Domestic and Nordic (especially Norwegian) customers tend to be more involved in product and process development than international (but non-Nordic) customers, even though the latter represent a larger share of sales. A reason for this is the language barrier the firm encounters when interacting with the international customers:

"I have to say that the national and regional customers are more important for our development than the international ones. But having customers such as large oil companies in the Middle East is exciting and gives us some extra attention. It is also rewarding, we see that we can work with the large international actors. These contracts do require a lot of work though, a lot more than the national customers"

Interactions with the other domestic small firms from the same sector are considered to be especially valuable for identifying upcoming market developments and adapting to new rules and regulations. These exchanges tend to occur on an informal basis and often take place at trade fairs or in a more *ad hoc* manner, for example when an actor has new products to show the others. Co-ordination with other firms, and especially regional suppliers, is needed in order to solve practical matters such as developing a cost- and time-effective logistical solution. The manager acknowledged the importance of public support programmes, especially transport subsidies, in aiding the development of effective logistical solutions. Around the year 2010, Firm E turned to a new bank, leaving one that had a nearby office for one whose nearest office is located in larger urban centre (one hour away). As a result of this change, the bank has become more central in the firm's international development, as it has provided valuable information about new market developments and currency changes which helped the firm become more competitive and responsive to market changes.

6. Discussion

This case study revealed the relational routes that have been followed by five peripheral small firms during their internationalisation endeavours. These cases are not representative of the full population of peripheral small firms, either in the case study region or in the rest of Europe. However, cross-case analysis of their experiences provides new insights on the validity of the hypotheses propounded in the *translocal embeddedness* paradigm. After synthesising the main findings resulting from the analysis of the empirical material, this section of the paper discusses further how this paradigm provides new theoretical grounds for understanding "how economic globalisation is performed by small actors on the geographic margin" (Young, 2010:838).

6.1. Key findings from case observations

The triggering factor for internationalisation efforts by a particular firm can often be traced back to a specific occurrence, often in the form of a certain event or relationship that is activated. This relational factor can be a personal acquaintance, as in the case of the entrepreneur who switched from farming to virus production on the advice of an old friend (Firm D), or a newly found contact-person met during a specific event, such as a trade fair (Firm A). Internationalisation was initiated by the firm in question 'activating' the knowledge introduced by these relations and translating it into operational terms, i.e. by starting cross-border activities. These relations are only recognisable as transformative in hindsight; it is not possible to know which specific relationship will eventually lead to internationalisation. However, a certain degree of trust seems to have been necessary in order for the firm's manager to act on this arising opportunity. At that specific moment, the risk involved in engaging in new forms of international ventures was outweighed by the rather well-known context from which this relationship emerged, for instance the social context (friendship) or a specific organisational arena (trade fair). Although the nature of this triggering relational factor may vary between firms, a common characteristic is a high level of engagement of the firm in developing its relational capital prior to the start of the internationalisation process. This is evident in the case of Firm C, whose international development was the result of the mobilisation by the manager-owner of his previous professional relationships resulting from years of working in the branch. When starting his own company, he 'activated' these relations, which created new windows of opportunity for Firm C and initiated the internationalisation process. Knowing in advance which relationship will initiate internationalisation and when it will do so is not possible, but internationalisation does not occur 'by chance' as it seems to require a high level of relational engagement prior to internationalisation.

The case descriptions showed that firms mobilise different types of knowledge base from their various network partners, who thus contribute to different facets of the firm's network functions. International customers seem to be particularly valuable for finding new markets or getting ideas about new products. Hence, the relationship with international customers is strongly related to the process of geographical expansion of a firm's business network, i.e. by reinforcing the positioning of the firm in international markets. This function is shared, although to a lesser extent, with domestic network brokers, such as national organisations (Export Council) or regional trade and sector organisations. Domestic customers appear to be important resources in order to improve product and process development and scope and adapt to future regulatory changes. Domestic customers are instrumental in consolidating the firm's competitive advantage in international markets. Interactions with other regional firms are often brokered through formal networks, for instance through joint membership in trade and sector associations, but the actual benefits from these relations often come from the informal exchanges at occasional meetings. Finally, several entrepreneurs have taken the initiative to establish informal groupings of actors within the region, in order to create a platform for exchanging experiences.

6.2. Revisiting the cases from a translocal embeddedness perspective

In the present study, the concept of translocal embeddedness was used as a conceptual framework for understanding how peripheral small firms mobilise different types of relations and networks on their route to internationalisation. Translocal

embeddedness is an endeavour to develop an integrated conceptual framework that creates a more solid foundation for understanding how small actors engage in globalisation processes at the geographical margins. There is arguably no 'universal' way for actors to engage with globalisation. Depending on the geographical, socio-economic and institutional context of a location, but also the specific needs of the actor, a specific mode of transnationalising entrepreneurship is likely to emerge. In the case of peripheral areas of Sweden, analytic generalisation confirms that founding elements of the translocal embeddedness paradigm can be observed. The following paragraphs discuss how this constitutes a theoretical advance in relation to previous conceptualisations of globalisation.

The key assumption of transnationalising entrepreneurship theory is that contemporary processes of entrepreneurship are no longer bounded to the local (Yeung, 2009). The case descriptions in this study show that even peripheral small firms do have the ability to engage in multiple webs of distant relations. However, although international ventures were considered particularly rewarding in terms of increased reputation and credibility, it takes much effort to maintain them. In fact, the early stages of internationalisation in the firms studied were performed by developing a small clientele of large customers. This mode of global integration can be deemed narrow and asymmetric, as posited by Young (2010), but enabled the firms to achieve initial penetration of international markets. However, it is clearly apparent that the financial crisis of 2008–10 acted as a turning point which led to strategic reorientation of how the firms engage with internationalisation. Indeed, through the loss of one or few major clients, the firms realised that their early mode of global integration was not sustainable in the long run, as it left them in a rather weak position in the global value chain. Instead of scaling down their international operations, the firms instead identified a need to maintain their international position by developing a larger number of business relations in diversified sectors and on the basis of small volumes for each relationship. In doing so, they aimed at developing a more balanced set of relations that could provide a more stable foundation for their continued internationalisation.

This strategic reorientation was not only a matter of diversifying the business portfolio, but was accompanied by a shift in how the firms interacted with their business partners. The firms saw the need to deepen their relations, and thus increase trust, with these partners, i.e. by developing more personal, direct and informal exchanges with them. This took the form of occasional face-to-face visits, complemented by regular exchanges through chatting, emailing and telephone. Through doing so, the firms were able to directly access knowledge about future changes in the market, and thus reduce the unpredictability inherent to being engaged in distant relationships (Young, 2010). This strategic reorientation of peripheral small firms towards using social capital and networking more actively as a mode of global engagement represents a shift towards a more 'rural' form of transnational entrepreneurship, i.e. using more purposely informal networking as a way to generate future business opportunities. The long-term sustainability of this reorientation can be questioned, as it requires many efforts that may stretch the internal capabilities of the firms. However, by increasing the ability of the firms to access their business partners' knowledge, it strengthened their ability to anticipate future market changes and thus maintain their niche position in international markets.

The ideal types of entrepreneurship introduced by Korsgaard et al. (2015) represent a stereotypical distinction between being engaged globally and being embedded locally. From this vantage point, globalisation is viewed as a disruptive force, which means that actors engaging in globalisation processes will subsequently lose their local anchoring. On the contrary, Fletcher

(2004:290–291) argues that global engagement results from the development of "locally responsive cross-border activities". In that sense, internationalisation is not realised at the expense of localised forms of interactions, but rather thanks to the reinforcement of such relations. The case descriptions in this study showed that continued internationalisation often necessitates the establishment of more efficient forms of local collaboration, in order to collectively address issues that arise from increased international exposure. These issues are often very practical matters, such as the need to develop more efficient forms of logistical solutions for accessing international markets. In that sense, the locational disadvantages imposed by the actors' peripheral location (Copus, 2001) are partly overcome thanks to collectively developed local responses. Thus, translocal embeddedness introduces the idea that global engagement can act as a *cohesive* force for the local, as it pushes local actors to develop new avenues for collaborating, thus creating a new meaning of how the local matters in an era of globalisation.

7. Conclusions

This study used translocal embeddedness as a conceptual framing for investigating the relational process undertaken by peripheral small firms on their route to internationalisation. A fundamental assumption of translocal embeddedness is that global engagement and local integration can co-occur and can be mutually reinforcing in remote rural settings. Translocal embeddedness thus portrays globalisation as a cohesive process of reaching out to distant partners and consolidating closer forms of interactions and collaborations. It involves a high level of local agency that enables peripheral actors to position themselves more effectively into wider socio-spatial network configurations.

Empirical observations of five peripheral small firms in northern Sweden revealed that internationalisation is undertaken as an iterative process of network creation. In particular, the data showed a change of paradigm in how the firms are approaching internationalisation. Establishment of deeper and more numerous relations with distant business partners is now sought, which constitutes a clear break from the first stages of internationalisation in which the firms were highly dependent on a few large customers to maintain their international presence. This new mode of transnationalising entrepreneurship adopted by peripheral small firms appears to be more aligned with traditional ways of doing business in rural settings, i.e. using social networking and capital as a way to generate future business opportunities.

Restricting the empirical investigation to a small sample of firms in a single peripheral region (northern Sweden) imposed limits on the generalisability of the results to other settings. Beyond the region's geographical characteristics, the institutional context of northern Sweden plays an important role in inducing modes of transnationalising entrepreneurship from the translocally embedded type. Sweden is a small and highly internationalised economy, which means that Swedish entrepreneurs are traditionally more exposed to international flows and have a more open attitude to internationalisation. This is particularly true in the case of northern Sweden, in which the legacy of 'northern development', i.e. participation in global commodity flows, has long exposed the entire regional economy to globalisation forces. In the present case, the differing development trajectories of the firms studied illustrated the varying ability of local actors to negotiate reconfiguration of exogenous forces. More research needs to be done to understand the extent to which these contextual elements influence the actions of individual actors.

In an age where regional innovation strategies need to more place-based, e.g. with the implementation of Smart Specialisation

strategies in European regions, the present study is timely as it directly illustrates how peripheral small firms can successfully engage with global markets in spite of their assumed locational disadvantage. While increasing the exposure of regional firms to extra-regional actors needs to be promoted, this should not be realised at the expense of more regionalised forms of networks. Here, the role of regional public authorities in peripheral and rural regions in promoting the creation of informal arenas within which such relations may be facilitated appears essential. One way in which regional and national public authorities can contribute to small firm internationalisation is by improving knowledge within firms about new regulatory changes and about the specific institutional context in other countries, so that they are more able to swiftly anticipate future changes in their respective market.

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