

Place attachment and social legitimacy

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PLACE ATTACHMENT AND SOCIAL LEGITIMACY: REVISITING THE SUSTAINABLE ENTREPRENEURSHIP JOURNEY

Abstract: This paper revisits the sustainable entrepreneurship journey by introducing a 'place-based' sustainable venture path model. We suggest that distinguishing between emotional ('caring about the place') and instrumental ('using the place') place attachment of sustainable entrepreneurs deepens our understanding of how place-based challenges of sustainable venture legitimacy are managed over time. We conclude with avenues for future sustainable entrepreneurship research.

Keywords: Sustainable entrepreneurship, place attachment, social legitimacy, venture journey

Introduction

Recent research on sustainable entrepreneurship highlights the role of social norms in prompting alternative paths for the development of sustainable ventures (Muñoz and Dimov, 2014). The authors demonstrate that early-stage sustainable venturing emerges either under a supporting social environment, characterized by the presence of social legitimacy, or against a social environment that is not conducive to sustainability ideals, characterized by the absence of social legitimacy. Both paths rely on the social legitimacy as a stimulus to develop sustainability ideas, actions and exchange relationships, either reacting to it (*insurgent*) or simply using it as an enabler (*conformist*). Although the authors have opened up the black box of sustainable venturing by emphasizing the effect of social legitimacy, we argue that further examination is needed regarding the role of territorial embeddedness in shaping the sustainable entrepreneurship journey.

In this paper, we explore the distinct journeys of two high-growth sustainable ventures. They belong to the same industry and were located in the same rural community at the time of venture foundation. The journey, however, was different. In order to understand such divergence, we set to examine both high-growth venturing paths in light of the critique of the ‘placeless’ character of sustainable enterprising research (McKeever et. al., 2015; Shrivastava and Kennelly, 2013). Our study tackles the latter by examining how place attachment matters in explaining alternative development paths of sustainable ventures?

We draw from the notions that sustainable social practice is by definition linked to place (Seghezzo, 2009) and that place-based enterprises are more likely to engage in sustainable value creation, as they explicitly mobilize place-bound norms (e.g. solidarity, autonomy, traditions) for their entrepreneurial operations (Lang et al., 2014). In addition, as their core resource bases and production activities are anchored in a particular locality, such enterprises

are more likely to pursue environmental protection and social justice, i.e. sustainability (Shrivastava and Kennelly, 2013).

Our findings suggest that, alongside the challenges related to place-based social legitimacy, the *emotional* and *instrumental place attachment* of sustainable entrepreneurs is decisive in explaining the sustainable venture journey. Conformists and insurgents do exist as dominant sustainable venturing paths, yet these paths change depending on the entrepreneur's place attachment and received social support in the operating place. By doing so, we extend our understanding of the sustainable entrepreneurship journey by introducing a 'place-based' path model focusing on the interplay between emotional and instrumental place attachment and place-based norms of legitimacy. We conclude the paper with avenues for future sustainable entrepreneurship research.

Background literature

Sustainable ventures are commercially viable businesses that advance the causes of environmental protection and social justice (Hall et al., 2010; Shepherd and Patzelt, 2011). In sustainable enterprising, the social context matters because social norms act as an enabling environment for the creation of sustainable value beyond profit (O'Neill et al., 2009). It has been demonstrated that social norms of legitimacy affect sustainable decision-making and behavior of entrepreneurs, and moreover mediate the effect of centralized incentives (Meek et al., 2010). In this sense, authors argue that only relevant social conditions may lead to producing sustainable outcomes (Pacheco et al., 2010).

Despite its relevance, we know little about how the sustainable entrepreneurship journey unfolds, particularly in a local context, where entrepreneurs face different *placed-based* expectations and thus different degrees of social legitimacy in their operating place

(Kibler et al., 2014). While scholars have recognized that entrepreneurs operate as embedded actors within social systems, they have only begun to incorporate the potential for entrepreneurs to be strongly embedded in place (McKeever et. al., 2015). It is argued that place-based enterprises, in contrast to conventional *placeless* businesses, are more likely to engage in sustainable practices (Seghezze, 2009). On the one hand, place-based entrepreneurs directly rely on place-bound norms and social identities of places, for instance to overcome market and institutional constraints which are imposed at local, regional or national levels (Marquis and Battilana, 2009). On the other hand, the operating locality often reflects the main resource and knowledge base for place-based entrepreneurship. This increases the likelihood of sustainable value creation, through the protection of local ecological resources and the enhancement of social local conditions (Shrivastava and Kennelly, 2013).

We argue that in order to capture the influence of place-based norms of legitimacy for sustainable entrepreneurial behavior, we need to look at the degree and nature of the entrepreneur's attachment to the place, i.e. how much she or he cares about the local community within which the venturing activity is embedded (Lang et al., 2014; Wheeler, 2014). Our main rationale is that the absence or presence of place-based *social legitimacy* (Kibler et al., 2014) shapes the emergence of sustainable entrepreneurship, but that a sustainable entrepreneur's *place attachment* (Giuliani, 2003; McKeever et. al., 2015) influences their ambitions and ways of managing legitimacy challenges in a local community. Therefore, we observe the phenomenon through a particular, more appropriate lens to examine forms of place attachment, which we argue enables us to revisit current models and subsequently to extend our understanding of the development of sustainable ventures in the reacting to or conforming with (Muñoz and Dimov, 2014) the social norms and support prevalent in a particular place.

Methods

Our study uses a comparative case-study design (Yin, 2009) to analyze the development paths of two, purposively selected, high-growth sustainable ventures. With the support of the local chamber of commerce and the University of Lüneburg, we initially identified five sustainable, high-growth ventures from Lunenburg Heath, which we contacted for a phone interview. Based on the information collected from these screening interviews and our selection criteria, we selected two firms: ‘Deerberg’ and ‘Werkhaus’.

Both firms offer ecologically-friendly, fair-trade consumer products and initially starting their business in the same small, rural community in the region Lunenburg Heath, part of Lower Saxony, West Germany. Overall, the regional district suffers from weak technological and social infrastructure, and rural depopulation resulting in one of the lowest population densities in Western Germany. The local economy relies primarily on agriculture with a GDP per capita slightly over 75% of the EU-average. In the last 8 years, it has received almost €0.8 billion from the ESF European Social Fund due to its critical economic underdevelopment. In this setting, our sustainable venture cases represent exceptions to the rule. At Deerberg, founded in 1986 by a couple from the rural community, nearly 400 employees produce timeless shoes and fashion for the European market. Deerberg applies a holistic approach to fashion, which is not just about comfort, they seek to set a benchmark for taking a responsible and versatile approach to people and to nature. Werkhaus was founded in 1992 by the Danneberg family, who were born and raised in the local community. Currently, 140 employees produce a vast range of wooden products including table games, living furniture and booth construction for fairs and shops, mainly for the European market. Their products are based on a sustainable connecting system that reduces packaging and transport to a minimum. Thus, Deerberg (*venture A*) and Werkhaus (*venture B*) have developed into a large employer and major source of local business tax.

Our specific case selection criteria derived from the research question and theoretical framework: (1) Both cases reflect a sustainable business throughout their entire journey (triple-bottom line logic (Shepherd and Patzelt, 2011)); (2) emerged in the same small, rural community and period of time (mid 180's); (3) grew to be medium sized enterprises; (4) focus on a similar production site, namely ecologically-friendly, fair-trade consumer products for private and/or commercial users; and (5) Deerberg can be identified as 'conformist' and Werkhaus as 'insurgent' in the initial venture emergence in their rural community. These distinct similarities and differences served as suitable base for our comparative examination of the sustainable ventures' attachment to the particular community and how such connection shaped their main *conforming* and *insurgent* actions over time.

We applied an inductive design based on qualitative techniques for the data collection and analysis. Two researchers conducted twelve in-depth interviews with the main actors at Deerberg and Werkhaus, including the founding teams, managers and employees, as well as experts from the chamber of commerce and the University of Lunenburg (totaling 10 hours 23 minutes of recordings and 134 pages of transcripts). Based on a stepwise interpretative analysis, the data was first analyzed individually by each of the researchers not involved in the data collection process (avoiding social bias) and second their interpretations were integrated into a discourse among all members of the research team (ensure inter-subjective validity). This process resulted in a rich narrative of the cases that made visible the sequence of key events encapsulating the entrepreneurial process and generated a chronological understanding of the venture's journey (Mair and Marti, 2009). Interview data was complemented with secondary data from feeds in the national and local media and facts and figures documented in the company register. The latter source reflects detailed real-time archival data, and allowed us triangulate the data, reducing the potential of retrospective bias (Santos & Eisenhardt, 2009).

In examining the main analytical themes and sub-categories (Table 1), we drew upon literatures on place attachment (Giuliani, 2003) and regional social legitimacy (Kibler et al., 2014) to observe two sub-categories of place attachment, i.e. emotional and instrumental place attachment. *Emotional place-attachment* refers to the sustainable entrepreneur's feelings about and affective bond with a place and/or its residents. Strong emotional attachment means that a sustainable entrepreneur cares much about and identifies her- /or himself strongly with the place and/or its residents. *Instrumental place attachment* is identified as the sustainable entrepreneur's closeness to a place, based on his/her evaluation of how the place enables his/her to achieve their aims and desired entrepreneurial activities. Strong instrumental attachment means that a sustainable entrepreneur's confidence is maintained because the place or its residents facilitate or at least do not set barriers for their entrepreneurial purpose and development of their business. Further, we observed *social legitimacy* as the perceived degree to which residents of a place socially approve and desire the development of their sustainable business in the region. A high degree of social legitimacy reflects the sustainable entrepreneur's awareness of a higher level of demand, supply and support in a place for their business venture.

Table 1: Analytical themes, sub-categories and representative evidence

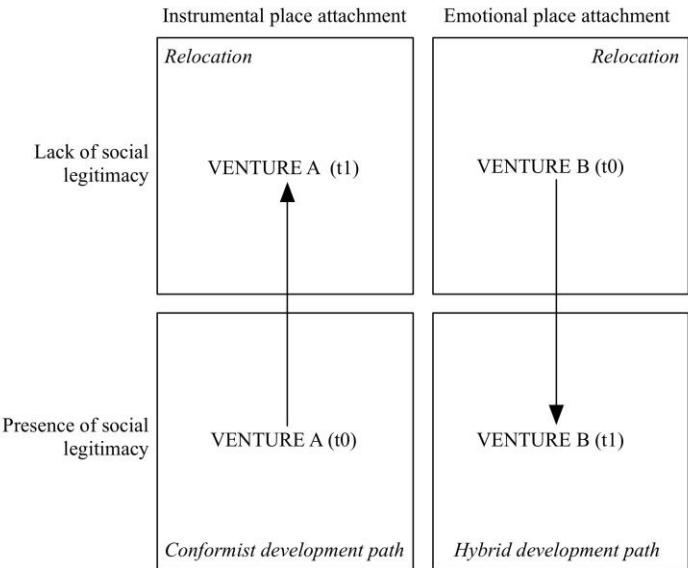
Themes	Sub-categories	Representative quotes
Place attachment	Instrumental place attachment	Our firm has a rational approach to selecting its location (senior employee, venture A) The idea to organize a local summer event is only connected to attracting new customers and to promote the firm (male entrepreneur, venture A) The salary level is crucial to stay competitive. In this respect, the economically underdeveloped region offers cost advantages for the firm (female entrepreneur, venture A)
	Emotional place attachment	I always feel at home here and responsible for the community (female entrepreneur, venture B) I see myself as an entrepreneur who needs to break rules in a positive sense. With my business activities I want to trigger social change in my community (male entrepreneur, venture B) I literally fell in love with this place. So I decided to move here. This was a

		huge step for me (procurement manager, venture A)
Place-based social legitimacy	Lack of place-based social legitimacy	<p>When we planned to expand the production site, we got into real troubles with the local authorities, because they would not sell us the neighboring property (female entrepreneur, venture B)</p> <p>The community thought our business idea would not work anyway and this was than really the case. They did not support and buy anything from our local shop (senior employee, venture B)</p> <p>When we opened the business, I was only seen as a greenie crackpot (male entrepreneur, venture B)</p>
	Presence of place-based social legitimacy	<p>The local job center turns now to us regarding the support for locals who are difficult to integrate in the job market (female entrepreneur, venture B)</p> <p>(...) green ideas that our venture shares have now spread more widely across the community compared to its early years (male entrepreneur, venture B)</p> <p>When the firm was founded, the municipality and the local community believed in our business idea an supported us with financing, logistics and production site (male entrepreneur, venture A)</p>
Venture behavior	Insurgent	<p>We developed the business to support the community, even if we were pretty much left alone. Still we didn't give up at the beginning and believed in making a change in the region (male entrepreneur, venture B)</p> <p>The foundation of our firm was strongly linked to a sense of resistance. For example, we protested against the transport of radioactive material in the region (male entrepreneur, venture B)</p> <p>At first, it was great fun to irritate the locals! They didn't understand us, and they didn't understand our products (female entrepreneur, venture B)</p>
	Conformist	<p>I think it is simple. We do our share. We follow most of the expectations in the community. So if we do not find the necessary institutional support in a community, why we should stay in the community (senior employee, venture A)</p> <p>The municipality has built up barriers for our firm to expand its local production site (...) so we simply decided to centralize operations in a new location where we find better support and more qualified personnel (female entrepreneur, venture A)</p> <p>Of course, we develop our business around the social resources provided by the community (male entrepreneur, venture A)</p>
	Hybrid	<p>I often think back when we were seen as outsiders and our green ideas where not appreciated. It sounds funny but it feels a bit like a delayed gratification that everyone welcomes or has to accept our importance now in the community. For instance, we also began to sponsor the local football club, as this was important to the locals (female entrepreneur, venture B)</p> <p>I am pleased that all became easier now. Local institutions even began to draw on the firm as supplier for example regarding office equipment or fund raising. After moving back, we also started to regularly invite representatives from the municipality to strengthen our good relations. (senior employee, venture B)</p> <p>To be honest, I would have been always happy to come back (...) So I was glad to see that more and more local actors begun to signal that they clearly support our ideas (...) and we thought it is time to go back and help making an impact in the environment where we really feel home. (male entrepreneur, venture B)</p>

Findings

We set out to explore the distinct journeys of two high-growth sustainable ventures, Deerberg (A) and Werkhaus (B). The main distinct feature in their early development phase (t0) is that venture A made use of a high degree of social legitimacy in the local community (conformist), whereas venture B faced a low degree of social legitimacy, showing reactive behavior to realize their initial venturing activities (insurgent). At a later stage, venture A substantially grew by staying in the same location; whereas venture B left the place, and finally found social support and success outside the initial local community and Lunenburg Heath. At the high-growth stage (t1), venture A gradually lost its social legitimacy and as a consequence the entrepreneurs decided to relocate their business to a more supportive location, an urban community in Lunenburg Heath. As Venture B developed into a high-growth business, they realized an increased social appreciation in the rural community where they originally started and intended to grow with their business. Venture B decided to relocate and move back to the original place and grew even bigger. Figure 1 illustrates the main underlying logic of the two ventures’ journeys.

Figure 1. The role of place attachment and social legitimacy in sustainable venturing



(t0) Time zero - start-up stage; (t1) Time one - consolidation stage

In particular, our study supports the use of conformist and insurgent venture behavior as dominant ways for the initial development of sustainable ventures. However, we demonstrate that conformist and insurgent venture paths are not stable, and change depending on the interplay between the entrepreneur's place attachment and received social support in the operating place.

Sustainable entrepreneurs that face lack of social legitimacy can reach a point that makes them move from the insurgent sidewalk to the conformist sidewalk by means of switching the place, to a more socially supportive environment – from “The local council and chamber of commerce did not take my entrepreneurial efforts serious and did not provide any support. Anyway, I still tried to make it work here!”, (male entrepreneur B), to “I really care about the region, but I couldn't see myself pushing further in the region as I got access to more support and key resources for my business in another place.” (male entrepreneur B).

We argue that once a sustainable venture emerges via the conformist path, a sustainable entrepreneur with a strong instrumental place attachment follows the conformist path – “The firm just uses the regional image for selling our product, that's it.” (procurement manager A) –, when losing the necessary legitimacy, by switching place, and thus continuing to stay in a socially supportive environment – “The municipality has built up barriers for our firm to expand its local production site ... so we decided to centralize operations in a new location where we find better support and more qualified personnel.” (female entrepreneur A).

Only sustainable entrepreneurs with a strong emotional place attachment (t0) – “I always feel at home here and I also feel responsible for the community.” (female entrepreneur B) – are not only moving from insurgents to conformists by switching place, but are also willing to come back and contribute to the local community (t1) where their venture evolved in the first place – “It's good to come back when seeing that green ideas that our venture shares have now spread more widely across the community compared to its early years.”

(male entrepreneur B). In this sense, sustainable entrepreneurs can develop a hybrid path (in t1), which both enables them to finally realize their initial reactive behavior (in t0) (insurgent) and to benefit from a higher degree of social legitimacy, supporting their high-growth sustainable business.

Discussion and conclusion

Based on the presented insights, we introduce the decisive role of a sustainable entrepreneur's attachment to the operating place. We argue that distinguishing between emotional ('caring about the place') and instrumental ('using the place') place attachment of sustainable entrepreneurs helps further developing a holistic, more dynamic understanding of conformist and insurgent paths in the sustainable entrepreneurship journey. Thus, in spite of the limitations of small-N case study research, we seek to stimulate further process- and spatially-orientated research on sustainable entrepreneurship (McKeever et. al., 2015; Muñoz and Dimov, 2014) by introducing a 'place-based' path model focusing on the temporal interplay between place attachment and place-based legitimacy.

Our findings contribute to literature by uncovering how founding conditions – resulting from combinations of place attachment and social conditions – influence subsequent entrepreneurial decision making (Shepherd et al. 2015) and ways to manage challenges of legitimacy during the course of a venture journey (Garud et al. 2014). We suggest that if an entrepreneur is strongly emotionally-driven in founding her/his venture, their disappointment to have lost social legitimacy, in time 0 and place A, can strengthen the entrepreneur's motivation to substantially grow with their business in time 1 and place B. Thus, an entrepreneur's social divergence in place A can enhance opportunity-cost considerations that trigger the decision to maneuver her/his lack of legitimacy by switching place. At the same time, if insurgent entrepreneurs show a strong emotional attachment to place A, they can

develop a strong intention to strike back in time 2 and regain the once lost legitimacy in place A. Accordingly, we encourage future research to more explicitly address the role of place-attached emotions – for instance, linked to emotional loyalty (Jasper, 2011) and emotional investment (Voronov and Vince, 2012) – in order to deepen our knowledge of where and how sustainable entrepreneurs manage legitimacy and engage in regional development during their venture’s journey.

Moreover, our path model implies that place-based norms serve as social boundary conditions for early sustainable venturing, but that they also impact the way future inter-organizational social relationships are managed by sustainable hybrid organizations. Subsequently, we call for a stronger blending of conceptualizations from research on the (sustainable) entrepreneurship journey (McMullen and Dimov, 2013; Muñoz and Dimov, 2014) and hybrid organizing, i.e. a venture’s management of – conflicting – economic and social/sustainability logics, by integrating or differentiating their logics across different organisational features (e.g. organizational work composition, design, inter-organizational relationships) (Battilana & Lee, 2014). We propose that addressing a sustainable entrepreneur’s emotional (or instrumental) integration of place in the hybrid venture’s value proposition is needed to develop a more comprehensive understanding of how differentiating or integrating practices of sustainable hybrid ventures unfold. The journey of sustainable entrepreneurs with a strong emotional place-attachment – i.e. emphasising *place-attached enterprising* instead of solely place-based entrepreneurship –, could be further explained through novel theorizations and empirical research of *hybrid-organizing-as-emotional-practice*.

The field of sustainable entrepreneurship, as outlined by Shepherd and Patzelt (2011) and further developed by Muñoz and Dimov (2014) is in its infancy. We strongly believe our

work will inspire new research efforts as it provides a conceptual basis for stimulating scholarly thought and improving the understanding of sustainable entrepreneurship.

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