Farming beyond food: Effect of embeddedness and governance structures on farmers’ role in rural development

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Abstract

This article contributes to the debate on entrepreneurs’ role in societies as well as the consequences of rural embeddedness and engagement, or the role of farmers in rural development and entrepreneurship. A contextualized view of farmers embedded—both spatially and positionally—in the entrepreneurial ecosystems is applied. The study, based on interviews with 24 farmers, 6 observations, and 8 interviews with actors within the agricultural support system, uses the Gioia methodology for analysis, thus enabling inductive theorizing. We find that farmers’ multifunctional role and their impact on societal development are central to understanding farmers’ entrepreneurial endeavours as well as their engagement in the entrepreneurial ecosystem. Hence, this article discusses farmers’ embeddedness in rural society and development processes. It highlights the multifunctional role of farmers in society, which we argue make them enablers for rural development, an important role that has been overlooked in both entrepreneurship research and policy work.

Keywords: farmers, entrepreneurship, rural development, embeddedness, agriculture

Introduction

‘Farming is not just about food. It is about rural communities and the people who live in them. It is about our countryside and its precious natural resources.’ (The EU’s Common Agricultural Policy; see EU, 2017, p. 4)

Agricultural entrepreneurship is a rapidly emerging domain both in entrepreneurship research and practice. The farming sector provides 20 million jobs in the EU, making it of vital importance to society. However, recent trends exhibit a steady decrease in the numbers of farms, agricultural entrepreneurs, and people employed in
the industry (McManus et al., 2012; OECD, 2018). Both the production value and the net entrepreneurial income decreased between 2017 and 2018 by around 3.5% and 65%, respectively. These numbers clearly reinstate the centrality of farmers to the economy, but also a worrying trend—for society in general and rural society in particular. Notably, despite the importance of rural economy, mainstream entrepreneurship research has largely overlooked the agricultural sector (Carter, 1998; Fitz-Koch et al., 2018; Dias, Rodrigues, and Ferreira, 2019). Though the agricultural sector has fully welcomed entrepreneurship, scholars working primarily in business schools have yet to fully address this sector’s challenges and opportunities. Thus, agricultural entrepreneurship and rural development fall outside their conventional scope of work (Mehlhorn et al., 2015).

Nevertheless, there exists a long, rich history of research on agriculture and agricultural business (Schultz, 1956, 1961) that is primarily linked to agricultural economics and rural sociology (Fitz-Koch et al., 2018; Flora and Flora, 1990, 1993; Emery and Flora, 2006). Indeed, early studies were dominantly focussed on production and efficiency (Niska, Vesala, and Vesala, 2012) as well as entrepreneurship that was a foundation for the development and survival of rural and regional communities (Fortunato, 2014; Mehlhorn et al., 2015).

The extant literature has already established that agriculture is crucial to the countryside (Alsos, Carter, and Ljunggren, 2014) for obvious geographical and topographical reasons. Further, the use of the country has been important in shaping many rural areas (Mitchell, 1998). Despite this, only a limited number of studies have covered agricultural entrepreneurship—Even when they do focus on this subject, farmers are often seen to be engaged in ‘the practice of cultivating the soil, growing crops and raising livestock as the main source of income’ (Vesala, Peura, and McElwee, 2007, p. 51). Agricultural production has been considered relatively homogeneous and isolated from the environment wherein entrepreneurship activities occur (Goodman, 2003). Farmers are typically excluded from the analyses of rural entrepreneurship and development of rural societies despite their deep embeddedness in such societies (Carter, 1998; Dias, Rodrigues, and Ferreira, 2019; Seuneke, Lans, and Wiskerke, 2013). There is increasing interest in the rural context of entrepreneurial activities as well as the processes and outcomes thereof (McKeever, Anderson, and Jack, 2014; Müller and Korsgaard, 2018; Welter, 2011; Zahra, 2007), with special focus on entrepreneurship skills (Phelan and Sharpley, 2011; Vesala and Jarkko, 2008). However, our work answers the scholarly call for more research in agricultural entrepreneurship beyond entrepreneurial skills (Alsos, Carter, and Ljunggren, 2014) and towards building knowledge on farmers’ embeddedness in society—that is, rural entrepreneurship rooted in the context of a larger socioeconomic process (Jack and Anderson, 2002) than an isolated phenomenon.

To our knowledge, there are no rigorous studies on the embeddedness of farmers in rural society. The rural entrepreneurial ecosystem still needs to be demystified to fully grasp how the local rural context effects and is affected by entrepreneurship (McKeever, Anderson, and Jack, 2014). Studies do suggest the implications of rural development by farmers, but, yet again, contextual embeddedness is neglected (McManus et al., 2012). Thus, there exists a challenge in understanding how embeddedness integrates with entrepreneurship and place as well as in unravelling the social value of entrepreneurs to society (Korsgaard, Ferguson, and Gaddefors, 2015). We argue for a deeper understanding of entrepreneurship as an engine of socioeconomic rural development. In line, we seek to clarify the factors that enable and constrain this development (Labrianidis, 2006; Korsgaard, Ferguson, and Gaddefors, 2015) within
different contexts and entrepreneurial activities (Korsgaard, Ferguson, and Gadde, 2015). We wish to explore how myriad ‘actors’ and ‘forces’ affect the entrepreneurial ecosystem through cultural and social interactions (Acs et al., 2017), and, thus, how cultures affect the relationship between entrepreneurship and regional, or local, development (Huggins and Thompson, 2014).

To address research gaps, we expand our understanding of contextual peculiarities in entrepreneurship—that is, peculiarities that aim to meet rural challenges. We thus answer the research questions ‘How is agricultural entrepreneurship embedded in development of sustainable rural societies?’ We accordingly examine the role of farmers in this development process, allowing us to focus on factors and forces that affect farmers’ cognitions and decision-making thereof.

Our findings show that farmers’ endeavours are socially situated in rural collective practice. Their activities are deeply embedded in local rural culture, which affects the sustainability of their society. Farmers hold different roles in rural society; create and re-create embeddedness within that context; serve as enablers for rural entrepreneurship by providing resources and services; create value for society; and ensure long-term sustainability. Further, farmers support traditional entrepreneurs and, thus, support public interest. More specifically, in the context of the regions examined herein, they keep their landscapes open, maintain a soccer field, maintain the streets with snowploughs, bestow graduated students with tractors and trolleys for traditional celebration, and provide resources during societal crises, such as wildfires. The locus of embeddedness is directed towards multiple layers—for example, embedded rural businesses, embedded members of the rural community, and associations in the rural community. On the other hand, we may also find a state of ‘dis-embeddedness’ of rural business, wherein agricultural entrepreneurs may become gatekeepers. Our findings highlight the multiple roles and values of farmers. We show the multiplicity of agricultural entrepreneurship, which enables and constrains agricultural and rural entrepreneurship activities.

This article makes at least three important contributions. First, we examine how agricultural entrepreneurship is embedded in rural society and its forms of expression, especially in the pursuit of rural entrepreneurship. Our work adds to the system of knowledge on heterogeneity in entrepreneurship and how structural factors affect micro-level processes (Welter, 2011).

Second, we contribute to entrepreneurship theorizing: We specifically outline social and institutional influences by identifying mechanisms and consequences of farming entrepreneurs’ means to engage with the spatial context at both the business and regional level (Zahra, 2007; Müller and Korsgaard, 2018; Welter, 2011; Welter, Baker, and Wirsching, 2019).

Third, we contribute to policymaking by providing knowledge on the multifunctional role of farmers as enablers in rural society and, thus, actors who assure sustainability. We also enlighten the role of embeddedness for farmers as well as their activities and endeavours for becoming sustainable entrepreneurs. Through this study, we enrich the knowledge on values that arise from embeddedness and on social obligations that might turn into costs and burdens. This is an area often ignored in policy work, possibly due to the lack of sufficient research and competencies of policymakers (McKeever, Anderson, and Jack, 2014; OECD, 2018; Tunberg, 2014).

The remaining paper is organized as follows. First, we provide a brief overview of agricultural entrepreneurship. Second, we outline the perspective of embeddedness of agricultural entrepreneurship in rural societies. Third, we theorize about the structural embeddedness of agricultural entrepreneurship, values provided through the
embeddedness, and how such embeddedness may affect the entrepreneurship activities and endeavours. Finally, we discuss the implications of the study and suggest future research in the area of embeddedness, agricultural entrepreneurship, and rural development.

**Framework of Rural Embeddedness in Agricultural Entrepreneurship**

**Agricultural Entrepreneurship and Embeddedness**

Research on farmers has typically focussed on policy, individual farmers, or farmers’ role in the value chain of the food industry (Dias, Rodrigues, and Ferreira, 2019; Fitz-Koch et al., 2018). There is a preoccupation with multiple businesses and activities carried out by farmers as well as farmers as multi-entrepreneurs who combine farming with other types of businesses such as tourism (Carter, 1998; Vesala, Peura, and McElwee, 2007; Vesala and Jarkko, 2008). We go beyond this view to examine the farmer as a multifaceted actor embedded in the rural entrepreneurial ecosystem and, thus, playing a central role in this society.

Rural development can be understood from the perspective of geographical and social/cultural situations—that is, entrepreneurship in the rural and rural entrepreneurship (Korsgaard, Müller, and Tanvig, 2015).

The literature typically outlines two core groups of rural-operated entrepreneurial ventures: 1) those with financial motives who find rural entrepreneurship economical advantageous, but largely without any emotional or cultural connection to the countryside and, thus, possess limited embeddedness. These entrepreneurs may also move from the rural area, for example, due to financial incentives. 2) The second venture is operated by those dominated by social motives. They are embedded in a heritage of cultural and emotional bonds to the region and its inhabitants. The first group establishes ventures for particularly economic motives, whereas the second remain in the region due to social motives. In the second type of venture, entrepreneurs do not easily move from the rural area, because of their cultural and emotional embeddedness. We assume that farmers are included in rural entrepreneurship, where the rural context and agricultural entrepreneurship have a mutually effect. Furthermore, the farmer’s incentives go beyond mere economic incentives (Cederholm Björklund, 2018; Hansson et al., 2013; Vik and McElwee, 2011; Goodman, 2003). We argue in line with Welter (2011, p. 176) that ‘a contextualized view on entrepreneurship can add to our knowledge of when, how, and why entrepreneurship happens’. As such, the context is outlined as ‘a multiplex phenomenon, which cuts across levels of analysis and influences entrepreneurship directly or indirectly, but which also is influenced by entrepreneurial activities’.

The concept of embeddedness explains the connection between social, economic, and local institutional contexts (McKeever, Jack, and Anderson, 2015), namely, the relationship between the individual entrepreneur and society (Granovetter, 1985; Jack and Anderson, 2002). It considers the entrepreneur’s participation in the social context through ongoing social relations, networks, and deeper bonds (Anderson and Gaddefor, 2016; Granovetter, 1985; Jack and Anderson, 2002; Korsgaard, Müller, and Tanvig, 2015; McKeever, Jack, and Anderson, 2015; McManus et al., 2012). Rural communities are characterized as tightly knit groups of people who have a common culture characterized by trust and helpfulness (Steinerowski and Steinerowska-Streb, 2012). Culture can be described as the way people behave, often as a result of previous experiences, as well as a sense of belonging. It relates to shared systems of meaning
Embeddedness includes individuals, organizations, culture, and social contexts. Culture may thus connect economic performance with societal sustainability and well-being (Huggins and Thompson, 2014; Johnstone and Lionais, 2004).

The degree of the relationship, or its embeddedness, governs the social ties among entrepreneurs in a society. Embeddedness varies from a ‘deeply embedded relationship’ to arm’s length and general relationships. It could also be understood as ‘embedded’ to ‘dis-embedded’. The internal structures within which the community and actors function, and how this affects motives, expectations, and activities, form the context of embedded entrepreneurship (Dacin, Ventresca, and Beal 1999; Uzzi and Gillespie 1999; Uzzi and Lancaster 2003).

‘Place’ and ‘space’ represent two aspects of spatial context. Space constitutes only the economic attributes of a location, such as capital, labour, and resources, whereas a place is created through meaning and experiences (Johnstone and Lionais, 2004; Korsgaard, Ferguson, and Gaddefors, 2015). When creating opportunities, rural entrepreneurs use both ‘placial’ embeddedness and non-local networks; they primarily use localized resources before seeking non-local ones (Korsgaard, Ferguson, and Gaddefors, 2015).

Any degree of embeddedness requires a two-way relationship. Only a large network is not enough, but both acceptance and inclusion in the place are necessary (Jack and Anderson, 2002). Emotional attachment to a place can entail non-rational economic decisions; attributes such as inheritance and trademarks of the place can also be seen as resources (Anderson, 2000; Korsgaard, Ferguson, and Gaddefors, 2015).

Agricultural Entrepreneurship and Value Creation

Relationships and social interactions that arise from rural embeddedness may provide access to otherwise inaccessible resources in the community (Adler and Kwon, 2002; Gedajlovic et al., 2013). Social values involve resources embedded in the networks where social interactions are organized, leading to benefits for both individuals and groups (Brunie, 2009). Embeddedness in a community and place may imply embedded resources and creation of values through networks and social relationships that are advantageous for entrepreneurs (Putnam, 2000). There is a general acceptance of the importance of social values, alongside economic values, for entrepreneurship, but it is not clear how such social values and cultural contexts work in practice and how they relate to entrepreneurship.

Social embeddedness is a means to engage with others, but also to structure interactions. Thus, it serves as an enabler for developing communities. Both economic and social development are part of entrepreneurs’ embeddedness in the local community, where culture poses a major challenge (Huggins and Thompson, 2014). In fact, social embeddedness is a critical part of the entrepreneurial process (McKeever, Anderson, and Jack, 2014). Social, spatial, and economic processes are dynamic and interwoven in entrepreneurship, which becomes a flow of activities (Anderson and Gaddefors, 2016). Culture affects entrepreneurial activities and cultural embeddedness enables and constrains entrepreneurial action (Greenman, 2013). To achieve regional development, the culture must encourage entrepreneurial behaviour through attitude and action (Müller, 2016). However, culture is considered difficult to change, making it challenging for governments to influence spatial culture.

Depending on the context, social capital can facilitate and limit rural entrepreneurs. Though rural embeddedness and networks of relationships may provide opportunities for entrepreneurs to create, use, and maintain social capital, they also
affect how entrepreneurs perceive opportunities (Welter, 2011; McKeever, Jack, and Anderson, 2013) and barriers (Johnstone and Lionais, 2004; Müller and Korsgaard, 2017; Welter, 2011). Entrepreneurs use their place embeddedness to create opportunities (Korsgaard, Ferguson, and Gaddefors, 2015), whereby entrepreneurial action may be purposive but not necessarily intentional. To achieve purposefulness, people sometimes create situations by drawing on meanings, rituals, and practices that are taken for granted in the collective culture (Greenman, 2013). Although there is general consensus about the importance of social values for entrepreneurship, there is a debate on how social values work and how they should be understood (Gedajlovic et al., 2013; McKeever et al., 2014). This is particularly true for the case of rural entrepreneurship and embedded farmers.

Method

Context and Theoretical Sample

We seek to build a theory on farmers’ embeddedness in development of rural societies. We thus draw on our access to and field experience in agricultural entrepreneurship. The target of our research is Swedish farmers as well as key actors of rural development and agricultural entrepreneurship. We explore entrepreneurship as socially constructed (Anderson and Gaddefors, 2016) and taking place in everyday life. Hence, it is situated within a social context where both entrepreneurs and organizations are embedded (Welter, 2011; Zahra, 2007) and where, for example, social interactions, culture, trust, shared past experiences, history, and mutual understanding affect behaviour (McKeever, Anderson, and Jack, 2014). We selected the sample based on individual engagement—that is, experiences of the phenomenon of theoretical interest, until reaching saturation (Gioia et al., 2012). We noted the farmers’ embeddedness when studying their thinking processes and actions during business development as well as how the actors in the support system thought, communicated, and acted when working with rural development.

The study includes interviews with 24 farmers, 6 observations of meetings in the farming community, and 8 interviews with actors within the agricultural support system. The group of farmers interviewed included 24 farmers comprising 3 women and 21 men, all born into the farming occupation from many generations ago. Observations were conducted on six meetings with key actors within agricultural entrepreneurship. These meetings included 450 people: a mix of farmers and other people from agricultural support organizations. Furthermore, eight actors in the agricultural support system comprising two women and six men, with long experiences of working in agricultural entrepreneurship were included.

Data Collection

We collected data from multiple sources to capture multiple perspectives of farming. However, we primarily used five sources: 1) individual interviews with farmers; 2) individual interviews with representatives from agricultural organizations, namely advisory organizations and so-called Rural Economies and Agricultural Societies; 3) group interviews with farmers and representatives; 4) observations on meetings with organizations in the agricultural society; and 5) field notes.

We further developed a semi-structured interview protocol. This approach allows us to collect a considerable amount of data as the interview often flows in the
direction of the interview participant’s responses. Initial interviews were used for further refinement of the interview protocol. The protocol for farmers involved questions on the farmer’s role and interaction with the rural community as well as opportunities and challenges of their own business development and their rural community of residence, which also included their farms. The protocol on representatives from agricultural organizations involved questions on challenges within agricultural development and collaboration thereof.

Interviews were audio recorded and transcribed. The semi-structured in-depth interviews with farmers and individuals within the farming organizations lasted on average 80 minutes and the group interviews were short interviews of 15 minutes on average. Data collection was performed between 2016 and 2018.

Observations and fields notes were also important sources of data in the current study. Observations were made on meetings where farmers and agricultural organizations met to discuss the support of and challenges in agricultural development. This included discussions among critical actors in the agricultural environment, namely, farmers and agricultural organizations. We thus demonstrated the contextual embeddedness and surrounding environment. In addition, non-verbal communication about agricultural entrepreneurship was captured through field notes.

**Analyses**

We structure the overall analyses in line with established procedures for inductively developing theories (Gioia et al., 2013; Miles and Huberman, 1994; Strauss and Corbin, 1998). Accordingly, we use established guidelines for comparing techniques (Glaser and Strauss, 1967) by recursively working between theory and empirical data.

To analyse the empirical data, we systematically coded interviews and observations throughout the data collection process using a coding scheme developed for this purpose. This method follows a naturalistic inquiry approach (Lincoln, Lynham, and Guba, 2011). We use an inductive research design approach for theory building about complex processes (Edmondson and McManus, 2007; Gioia, Corley, and Hamilton, 2013). Notes were taken for each meeting, and consequently discussed in the team for potential interpretations. Transcriptions and notes were inductively analysed using the Gioia methodology (Gioia, Corley, and Hamilton, 2012).

During the meetings, we closely examined how the farmers and key actors in the agricultural entrepreneurship community described and motivated farmers’ roles. The discussions touched on how farmers developed their companies, background and history, connection to the countryside, collaboration and contacts with the surrounding areas, strategic thinking, barriers to development, motivation, culture, attitudes, identity, decision-making, and actions. Thus, we closely examined farmers’ work and their interrelations and interactions with rural society during decision meetings. Our goal was to discover roles played by farmers in rural society. Observations were made on meetings and workshops, where the topic of agricultural entrepreneurship and rural development added new aspects to agricultural entrepreneurs and rural development. Data gathered through interviews with key actors in the agricultural support system enabled crystallization of the phenomena and supplemented the observations and in-depth interviews.

To guide our work in the correct direction and towards the topic presented, we used an established three-step coding procedure. In Figures 1 and 2, we present the coding, coding structure, and resulting categories.
Figure 1. Creation of concepts, themes, and aggregated dimensions (Gioia et al., 2013).
Our initial coding of the empirical data was rather broad—In this step, we first collapsed all codes into first-order categories. We identified discussions where the participating actors expressed similar ideas. We began by manually scanning phrases; to balance the richness and direction of the data, we then searched for guiding questions and expressions that enabled us to make sense of the empirical data (Glaser and Strauss, 1967; Strauss and Corbin, 1990; Eisenhardt, 1989). This enabled us to identify the actors’ view of farmers’ roles in broad terms.

The next step was to identify overarching themes among the first-order categories—that is, the second-order conceptualization. At this step, the research team identified concepts at an abstract level, or theoretically distinct groupings. We also noticed that some of the previous literature on agricultural entrepreneurship indicated suitable categories for coding (REF).

Investigating the data revealed the multiple roles played by farmers in rural society. We clearly recognized the potential contribution, to the literature, of insights into governance mechanisms affecting farmers’ behaviour. We thus linked the various phenomena that emerged from the data and outlined a theoretical framework. We used both a priori codes from the agricultural entrepreneurship literature and emergent codes to categorize patterns in the data on farmers’ roles in rural entrepreneurship.
The next step was to assemble the second-order themes into overarching dimensions by reviewing patterns in these themes. This led us to third-order conceptualization. To secure construct validity, we compared our emergent theoretical framework with the extant literature on agricultural entrepreneurship to refine our construct definitions, abstraction levels, and theoretical relationships (Eisenhardt, 1989). In doing so, we concluded that the more abstract and overarching dimension—governance structures—that emerged from the patterns and relationships identified in the third-order conceptualization explained the farmers’ behaviours in the embedded context of rural society. The final themes were developed based on the voices of farmers and key actors in rural society. The team of researchers structured and interpreted these in close association with farmers’ contextual factors and prior theorizing in agricultural entrepreneurship (Strauss and Corbin, 1990; Nag, Corley, and Gioia, 2007).

Findings

Herein, we outline the findings by presenting the governance structure and embedded farmers’ behaviours in rural society. We find four governance mechanisms and corresponding behaviours from the coding: 1) sustainability governance mechanism to assure survival; 2) social relational embeddedness mechanism to assure social bonding; 3) facilitating mechanism to assure fostering; and 4) value creating mechanism to assure resources. These themes capture the central elements in the data on farmers’ governance mechanisms and behaviour in a socially embedded environment of place and space—that is, themes that contribute to the farmer’s role in development of rural societies and entrepreneurship.

*Sustainability Governance Mechanism: Survival*

The first theme emerging from the data relates to farmers’ governance of sustainability—that is, assuring survival and making appropriate choices to certify sustainability.

Farmers’ attitudes towards time are a key factor in understanding their role in society. Their long-term approach towards decisions reflects the need to assure a future for successive generations. The resources and livelihoods of current farmers have been passed down from previous generations, and are maintained for the next ones. The data include ample evidence indicating that ‘time’ is a key aspect for understanding farmers’ engagement with the spatial context. Farmers have an inborn long-term perspective of environmental, social, and economic sustainability. First, they work with and live close to nature, making them a direct link in the natural ecosystem.

Second, agricultural businesses are inherited for generations; hence, farmers often reside in the same place for centuries even.

Third, this long-term approach also prioritizes assuring economic sustainability for farmers—that is, assuring survival, the ‘going concern’, and maintaining farming for future generations. This mechanism, which farmers often employ, outlines a precious resource when operating in the rural setting—a resource that assures future survival in both the rural place and space. Prior studies also allude to this point (see Anderson, 2000; Askegaard and Kjeldgaard, 2007; Korsgaard, Ferguson, and Gadefors 2015). Thus, sustainability governance mechanisms are closely related to farmers’ heritage.
The work to assure sustainability through a sustainability governance mechanism is reflected through the following statements regarding historical and future heritage:

‘We have done that before as well [payed attention to climate changes and research], because we live with it—That is nothing new. We live in, by, and with nature, so we are in it. That has not changed, and so we are very responsive and have always been’.

‘Sustainability works. In my eyes, [it] means that we borrow the earth from our children. It is a sustainability idea. These damn [sustainability] certifications—I do not know how much they actually give’.

The sustainability governance mechanisms encapsulate the long-term perspective of historical and future sustainability as well:

‘Economic sustainability means it is sustainable for generations; but everyone who talks about economic sustainability [nowadays] means two–three years ahead’.

On growing up with farming: ‘Now it is suddenly environmentally conscious to act in the way we have always done, so society has changed quite a lot’.

**Social Relationship Mechanism: Creating and Re-creating Embeddedness**

The societal relationship mechanism assures social bonding as well as the creation and re-creation of social embeddedness in rural society. Farmers act to ensure that social embeddedness that is inherent through generations prevails for future generations. Residing in the same place for generations allows farmers to create and re-create embeddedness by transmitting culture, traditions, and relationships for generations. It also contributes to assuring sustainability in the rural area.

Farmers consider environmental and social sustainability to be self-evident requirements when working with and within nature. It is critical to assuring that heritage prevails into the future, which, in turn, enables a family to reside in the same place for generations.

Economic sustainability also assures sustainability, but its effect is more limited. Striving towards long-term structural social sustainability contributes to farmers’ embeddedness and to the continuous re-creation of embeddedness in local rural society. Thus, a social relationship governance mechanism, or social bonding mechanism, affects farmers’ behaviour.

Faithful and well-established social relationships are the core of embeddedness, making them highly valuable assets that govern farmers’ behaviour. This mechanism assures an environment of trust, confidence, ethics, and moral values, which are central to any relationship based on social embeddedness.

Farmers seek to assure the generation of social values; they care deeply about social norms and values. They value their reputation as well as that of their family’s reputation, which together help create and maintain social relationships. By contributing to value creation for rural society, farmers contribute to the development of an embedded and safe place to reside. This also implies that the farmers’ emotional attachment to a place and space makes them somewhat disregard pure economic rationality. Such structures have also been identified in prior studies (e.g. Kibler et al., 2015). Strong norms guide the creation and re-creation of embeddedness in these
relatively informal, self-guiding, and interdependent relationships. The statements below reflect the governance mechanism of social relationships:

‘What is important to us for it to be sustainable is good relationships with neighbours and customers; and then, it is important that you take care and behave yourself.’

‘Social sustainability to me is—for example—a 30-year-old woman who wants to have children and who want to have a good and safe life, living in a place where she can trust the environment, where everyone helps out, where all are included, where everyone is seen, and everyone gets a place’.

The importance of creating safety for society and employees is reiterated during the interviews. One farmer exemplifies this social relationship while emphasizing the care of employees and their families. Thus, people take care of each other at the farm. Parents of young employees recently told the above farmer that they feel positive about leaving their children at the farm because the farmer takes care of these children.

Farmers face high environmental uncertainties and challenges. This also includes the farm animals under their care, weather patterns, and inevitable changes in societal attitudes and trends, all which affect farmers’ actions and behaviour. Farmers are accustomed to living and working under these conditions, and they often experience high stress as a result. Thus, the social relationship governance mechanisms are key because they contribute to the creation of humility and respect for nature and among people within agriculture. This mechanism and the strong ties thereof are represented in the statement below:

‘There is great humility and respect between us [farmers]’.

**Facilitating Mechanism: Enablers for Maintenance and Innovation**

In the facilitating mechanism of place and space, farmers act as enablers who act to assure maintenance and innovation in rural society. As per tradition, farmers are active in local communities, or associations, that work towards improving their society. Such association arrange activities to facilitate the work of other members. For example, farmers help other agricultural entrepreneurs in the local rural area in developing their businesses. These activities are a non-profit commitment that unites and involves inhabitants, such as farmers and their families, in the local rural area. This mechanism is inherited in the embedded rural society, where farmers are involved in the local rural society and accustomed to helping from childhood onwards.

Farmers spoke about how they conduct activities through local associations. These activities include heart and lung rescue, visiting companies for testing machines, and arranging barbecue evenings to socialize. The facilitating governance mechanisms assure lifelong engagements. Even farmers whose companies have expanded to become large-scale and industrial retain this tradition. This mechanism is a valuable resource for survival and embeddedness. It assures the maintenance of heritage and provides a basis for future innovation in the local rural society and community. The following statements emphasize the facilitating governance mechanism and how farmers function as enablers of local rural society.

‘We have a community where we arrange different activities for our members [for instance, to help them] to develop their companies’.
‘In the agricultural community, you help each other, and you are like a family in some way’.

‘I am a tenant on farms, where you do not want to enter into large partnerships, but want someone more family-friendly and local’.

Farmers are catching up and including new members in the association and in the countryside. One farmer spoke about how she responds to a new member:

‘Every time you get that little email that you have a new member, I send a postcard home to that member and say “Hi! Welcome!” for the next time we have course in this subject. That is how we do it’.

Land is both expensive to buy and difficult to access. Enabling surrounding businesses and farms for growth and development is challenging, and hence more large-scale farmers lease out land. For younger and relatively new generations of farmers, this support has been crucial to their company’s development:

‘It is an advantage not having to own all the land—it would have been completely impossible. Ninety per cent are leases’.

Through farmer cooperation, products and services are bought and sold mutually, thus leading to employment, higher turnover, and better opportunities for surrounding businesses. Collaborations also help avoid tying up capital for machines that would otherwise have been under-used, thus aiding financial sustainability.

‘They help us with sowing and threshing, and we also get to buy straw from them. We help them with the pressing of straw’.

‘We plough and harrow, but we have no drills or harvesters. We buy these services from machine stations. We have also started to buy floating manure driving, which saves time—you cannot tie up too much capital either’.

‘We sell an experience-based product called Österlensafari, together with some other producers here’.

**Value Creating Mechanism: Sustainable Resources and Resource Allocation**

The value creation mechanism is deeply based on the behaviours and outcomes that arise from the sustainability, social relationship, and facilitating mechanisms. Farmers find that environmental, social, and economic value creation are all expected for and required to assure sustainability. Farmers provide their own resources, such as time, competencies, and machinery; thus, they enable individual members as well as the entire community to gain access to resources. This also allows the production of additional resources that could contribute value. This way, rural society can survive and assure embeddedness. The facilitating mechanism provides resources to the community and enables development of new resources.

Farmers actively create value for both society and rural entrepreneurship by, for example, providing resources and services. Resources are often bootstrapped; the
farmers their own work and competencies, and thus decrease the need for proper financial resources, such as capital.

Farmers spoke about how they take care of the local environment and surroundings, and thus simultaneously create value for others. For example, some farmers have formed an association to manage watercourses in the countryside. The initiative is voluntary and relatively informal, but contributes to environmental, social, and economic values. Similarly, one of the farmers is engaged in mutual social and economic exchange with a neighbouring golf club. The farmer’s pigs and sheep graze around the golf course, and the animals are fed with leftover food from the restaurant. By summer’s end, a barbeque is arranged in the golf club’s restaurant. The golf club has also received the municipality’s environmental award this way.

The farmers in the study also provide competencies by working with education and information for the community’s residents. They offer educational activities for children who are invited to the farm for learning about agriculture and food production. They also arrange activities for families, local villagers, or tourists who want to educate themselves in, for example, food production and environmental care, from a farming perspective. This type of education aims to raise awareness of farming, and thus bring the consumers of farm products and services closer to the source:

‘We want to be a bridge between the producer and the consumer because we think that step is far too far’.

‘We inform that this is arable land, how it works, what we have done historically, and what it generates, what the forest binds, and the natural values. This way, you can include both economy, history, and nature considerations.’

The employment opportunity in agriculture also creates value for society and rural communities. The industry offers job for seasonal employees. Though it is a challenge to hire local seasonal staff in rural areas, there is great value in enabling access to such opportunities for young people, especially school students. It allows such groups to gain experience in and enter the job market. This has both social and economic value:

‘Last year at the Christmas party, we took a toast to reach the goal of paying wages of over SEK 1 million to local youth this year. We are proud that we made it! Last year, we had 28 young people working here, and this year it is 43.’

Agriculture fulfils several functions in society, besides producing food and keeping the landscape open. An up-to-date and clear example of how farmers create value for society is seen through their efforts during disasters such as fires. A farmer tells us that municipalities and rescue services now contact local farmers’ organizations to map where manure barrels are located, in preparation for future fires. However, the farmer notes that this service from farmers to society is not entirely new.

Similarly, at student graduations, many schools and municipalities transport graduates by tractor and trolley as per tradition. In the countryside, both landscapes and roads are usually managed by farmers, who maintain gravel roads throughout the year, mow roads, or plough snow. The countryside has immense non-profit involvement—for example, when sports associations and other local associations need to prepare and maintain, say, soccer fields, the farmers provide both machines and materials together with other local entrepreneurs.
Thus, farmers are socially embedded and engage with the community. They create and maintain the social context. Hence, agricultural entrepreneurship can be seen as a socially situated, collective practice, with economic processes becoming outcomes of social values (McKeever, Anderson, and Jack, 2014). The value creation mechanism assures the provision of and access to sustainable resources, thus enabling sustainability.

Towards a Typology of Farmers’ Role in Rural Entrepreneurship: Governance Mechanisms and Behaviour

Our analysis helps us in providing a conceptual framework on farmers’ role in rural entrepreneurship. In this regard, we outline the governance mechanisms that guide farmers’ behaviours and actions. This conceptualization involves a typology based on four core governance mechanisms that affect farmers’ behaviours and engagement within the spatial context. Such mechanisms help in comprehending the embeddedness of agricultural entrepreneurship in rural society. They also clarify how this embeddedness is expressed in the pursuit of rural entrepreneurship.

Figure 2 (see p. 14) depicts the four interrelated mechanisms and corresponding behaviours. Governance of sustainability and assurance of survival are critical to farming entrepreneurship, livelihood, and actions thereof. 1) The governance mechanism of social relationships assures embeddedness and secure sustainability.

2) History, values, culture, and genuine care for social relationships in the local rural area increases farmers’ embeddedness. Because agriculture is a business inherited for generations, the farmers naturally create and re-create embeddedness. In the facilitating mechanism, embeddedness affects farmers in ways that makes them contribute to development, with the inclusion of neighbours as members in, for example, farmer associations. Hence, they function as enablers of rural entrepreneurship and rural development.

3) By providing resources and services through, for example, collaborations with neighbours and local companies, and engaging in management of nature in the countryside, or educating residents, farmers create value for both society and rural entrepreneurship.

4) The value creation mechanism and assurance of resources in a resource-constrained society are cornerstones of the financial bootstrapping model in rural society. This includes coordinating resources for sustainability (Winborg and Landström, 2001). Through a long-term perspective and genuine care for society and the natural ecosystem, farmers assure resource acquisition for securing sustainability. There appears to be a type of self-organization in rural entrepreneurship, where agricultural entrepreneurs participate in the input and output functions (Mason and Brown 2013; Stam, 2015). That is, the output includes resources and activities, whereas the input is embeddedness.

Discussion and Conclusions

Role of Farmers in Rural Entrepreneurship

As society has evolved, the number of farms and individuals working in agriculture has decreased drastically (OECD, 2018; Swedish Board of Agriculture, 2017). Tourism, food processing, and other diversified activities have become dominant for regional rural development (Carter, 1998; Swedish Board of Agriculture, 2017). Within this paradigm shift, the importance and roles of farmers have changed, which has led
policymakers and researchers ignore sustainability in rural entrepreneurship. Rural businesses, particularly in agricultural entrepreneurship, cannot be equated with urban companies, because ‘context’ is more crucial in rural environments as an influencing factor (Anderson and Gaddeffors, 2016; McKeever, Jack, and Anderson, 2015; Welter, 2011; Zahra, 2007). Rural entrepreneurship is unique, making it necessary to examine specific contexts and sub-cultures for a nuanced understanding (George and Zahra, 2002; Huggins and Thompson, 2014; Johannisson and Wigren, 2006).

The current study contributes to an understanding of agricultural entrepreneurship and rural development. Our discussion focussed on 1) the role of farmers in rural entrepreneurship and development. More specifically, we explore farmers as facilitators of sustainable rural development owing to their embeddedness in rural society. We finally examine the 2) implications for future research and practice based on our findings.

In farming, other types of entrepreneurship, and rural governance, any opportunity for growth is contingent on available resources (Katz and Gartner, 1988). By spotlighting sustainability in the growth mandate, farmers must reconsider how to govern and gain access to resources. Farmers and the rural society are resource-constrained, and hence are likelier to bootstrap available resources for survival. This also strengthens communal embeddedness, where all actors strive to adhere to environmental, social, and economic sustainability. The ultimate goal is to practice a meaningful life of safety and well-being.

We firmly established the role of farmers as the engine for rural development and entrepreneurship, thus further understanding their multifunctional role in society. We identified four governance mechanisms and corresponding behaviours in agricultural entrepreneurship, all aimed at securing sustainable rural areas and entrepreneurship. These mechanisms are: 1) sustainability governance mechanisms for survival; 2) social relationship mechanism for bonding as well as creating and re-creating embeddedness; 3) facilitating mechanism for enabling rural entrepreneurship; and 4) value creating mechanism for creation and access to sustainable resources in rural society. Of particular interest is the neglected role of farmers in rural society, namely, their function as enablers of rural development and entrepreneurship. Our empirical findings contribute to a more nuanced conceptualization of farming entrepreneurship that is embedded in the rural community.

**Beyond Traditional Entrepreneurship: Farming Entrepreneurship and Value Creation**

Entrepreneurship is an output of economic systems (Acs et al., 2017), and it is highly affected by its context (Müller and Korsgaard, 2018; Welter, 2011). Social structures similarly affect the economy. We argue in line with Uzzi (1997, p. 22) that farmers’ embeddedness in rural society is ‘a puzzle that, once understood, can furnish tools for explicating not only organizational puzzles but market processes’. Being embedded in rural society means farmers both exploit society and are exploited by society (McKeever, Jack, and Anderson, 2015). Their activities uniquely involve nature and the surrounding environment, and thus reflect special challenges (Cederholm Björklund, 2018), such as low levels of human and financial capital, relatively small and limited markets, and poor local communications (Korsgaard, Müller, and Tanvig, 2015; OECD, 2018).

Traditional farmers do not fit into the stereotype of a typical entrepreneur, but they still have an important role in social development and rural entrepreneurship. As
Jack (1998) predicted over 20 years ago, farmers can contribute to rural development through activities that go beyond operating farm businesses and complementary non-farm businesses. They can be providers of premises and offer assistance to other entrepreneurs in rural areas. In this article, we show that farmers are enablers of rural entrepreneurship and development, as they create value thereof. This point is seldom characterized in entrepreneurship research, nor is it considered in policy work within any support system.

Farmers are highly embedded in the local context and motivated by factors uncommon to other entrepreneurs (Hansson et al., 2013; Vik and McElwee, 2011), primarily because they are custodians of local environment and development. The physical closeness and social relatedness inherent to farming communities affects entrepreneurial processes and farmers’ behaviours. Strict rules and norms exist as embedded features of a place and space in rural entrepreneurship. This dynamic creates a structure of informal trust-based control through interdependent social relationships. Social attachments and emotions towards a place may influence choices in actions—for example, disregarding economic values and rationality (Kibler et al. 2015) for social ones. Embeddedness eases the acquisition of social resources for businesses and the access to developmental support (Jack and Anderson, 2002). However, high dependency on specific network actors, or over-embeddedness, could be a barrier: The social aspects far exceed the economic aspects, causing business damage (Uzzi, 1997).

Our result fall in line with the results of an Australian study by McManus et al. (2012), who investigated farmers’ perceptions when engaging in local communities in rural areas. They highlight the importance of local economy and jobs, quality of local environment, and strong sense of belonging as potential for resilience of rural communities. The study also clarifies that rural resilience does not merely concern the social versus the economic, but it involves a system of ongoing processes within the local context. The values and close relationships within local rural society creates tensions as well as economic and social pressure, while also creating opportunities and safe habitation for all.

Despite the critical nature of social values to entrepreneurial activities and endeavours, there is weak recognition of social embeddedness and the resulting values that are created and reproduced in rural contexts. This is particularly prominent with farmers’ embeddedness and their role as rural entrepreneurs (McKeever, Anderson and Jack, 2014). Hence, researchers and policymakers must understand that agriculture is not limited to food production and supply, but that the multifunctional role of farmers makes them key to rural development.

**Implications and Future Research**

This study carries several implications for future research on rural development and entrepreneurship by agricultural entrepreneurs.

First, we clarified the farmer’s role as fundamental to rural entrepreneurship and development.

Second, we clarified our conceptualization by distinguishing between four core governance mechanisms and corresponding behaviours that influence farmers’ actions.

Third, we add to the conceptualization of sustainability in rural entrepreneurship. The emerging literature on agricultural entrepreneurship largely looks into economic and ecological sustainability, leaving out the social aspects (Suess-Reyes and Fuetsch, 2016). We contend that sustainable rural development is conditional on the interactions and interrelationships between the local economy, environment, and culture
whose dominant attributes include a perception and sense of belonging. We thus argue for the important role of agricultural entrepreneurs in rural development and also emphasize the importance for policymakers to consider social sustainability (McManus et al., 2012). Agricultural entrepreneurship that is embedded in rural areas creates opportunities for successful bootstrapping of resources. These resources facilitate competitive advantages that arise from broad value creation. Thus, entrepreneurship that is uniquely catered to local rural growth safeguards the economic and social well-being as well as survival of rural communities and areas.

Nevertheless, this study is not without its limitations. First, we believe that a more complete understanding of farmers’ embeddedness in rural society has much to offer in the field of agricultural entrepreneurship.

Second, we suggest further testing and development of our conceptual model—that is, the taxonomy of governance mechanisms and corresponding behaviours—on a larger number of farmers across countries. We also encourage further contextual research in different regional areas to gain a deeper understanding.

Third, we suggest further studies to better understand the prevalence of each basis of governance mechanisms and corresponding behaviours to further develop measures for variables in the model. These variables could then be rigorously tested.

Fourth, we support a broader and deeper examination of rural entrepreneurship. There may be additional actors in this ecosystem who function as facilitators with important roles, but who may have been neglected in research and policy work.

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