

The Importance of Spatial Factors for Entrepreneurial Orientation of Rural Entrepreneurs: A Critical Review

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Abstract: This article stresses the importance of spatial factors for entrepreneurial orientation of rural entrepreneurs, rendering a critical review of existing literature. Even though the social system and institutional context have been regarded as highly important in the entrepreneurial orientation of rural entrepreneurs, the spatial context is also equally important. Thus, the hope is that the paper would show avenues for the exploration of spatial factors affecting entrepreneurial orientation to the potential researchers.

Keywords: Spatial Factors, Entrepreneurial Orientation, Rural Entrepreneurs

1. Introduction

Spatial tradition is among one of the four traditions in Geography (Pattison, 1990). Spatial factors falling under the categorization of spatial tradition are those which Geographers are most concerned with. The term "Spatial" refers to space differing from place to place with various attributes. Spatial factors have become very significant in identifying different activities in the world. Among them, micro and macroeconomic activities are some of the prominent areas with a considerable impact on a country's economic growth (Nina, 1997).

Entrepreneurship is a vivacious mechanism of expanding economic activities in rural settings (Korsgaard et al., 2015). The rural entrepreneur is an independent-natured, risk-taking, achievement-oriented, self-confident, optimistic, hardworking, and innovative person (Wortman, 1990). Also, he engages in the creation of a new organisation that introduces a new product, serves or creates a new market, or utilises modern technology in a rural environment (Wortman, 1990).

Rural areas naturally consist of minor flows of financial and human capital. Additionally, they are faced with infrastructural challenges of being sited away from urban centres of economic activity (OECD, 2006). Furthermore, rural areas offer various benefits in terms of lower land prices, loyal and stable workforce, and natural amenities (Korsgaard et al., 2015). It is, therefore, essential to understanding the circumstances that enable and constrain entrepreneurial activity in these areas (Korsgaard et al., 2015). Entrepreneurial orientation of rural entrepreneurs can be identified as a possible means for energising firms to reach success through risk-taking, proactive behaviours and innovative actions (Guth and Ginsberg, 1990). Also, entrepreneurial orientation is defined as a motivational factor associated with innovations, risky decisions, and dynamic behaviours (Lumpkin and Dess, 1996).

The purpose of this paper is to provide a critical review of the importance of spatial factors for entrepreneurial orientation of rural entrepreneurs. In specific terms, the paper tries to address the following research question.

- What is the importance of spatial factors for entrepreneurial orientation of rural entrepreneurs?

Spatial context is essential for identifying rural entrepreneurs and their orientation today. Many studies have focused on the role of context rooted in social systems and institutional perspectives of rural entrepreneurship, but little attention has been paid to spatial context. Though the social networks and institutional context are significant, a better understanding of the role of context in rural entrepreneurship can be achieved with regards to the spatial context. Spatial context can be defined as the topographical, geographical, and infrastructural features as well as the meanings, involvements, and heritages of the places of the entrepreneurial creation process (Korsgaard et al., 2015).

In some studies, scholars, therefore, discuss the kind of impact the spatial context has on entrepreneurial opportunity growth and how to bridge the spatial context. The dearth of research in this regard has been mainly precarious in rural entrepreneurship and entrepreneurial orientation on both conceptual and practical level. Spatial context refers to the intersection of geographical, topographical, environmental, and infrastructural materiality and socialized experiences attached to it. Accordingly, spatial factors that fall under spatial context can be identified as the most empirical or real-world factors affecting entrepreneurship and entrepreneurial orientation of rural entrepreneurs. Since spatial factors are leading economic factors in today world, they provide a considerable contribution to spatial industrial planning, as an essential driver in spatial economics.

2. Literature Review

Different scholars have reported diverse findings concerning the importance of spatial factors in the entrepreneurial orientation of rural entrepreneurs. Some of those spatial factors indicate higher importance towards the entrepreneurial orientation of rural entrepreneurs while the other factors show lower validity. The paper comments on five selected spatial elements as follows.

2.1 Social Relations

Concerning social relations, some researchers have accepted two main approaches to measuring social relationships. The first approach operationalises relationships in structural terms, that is, in terms of the number or frequency of social ties to family, neighbours, friends, and voluntary and religious organisations. Measures stemming from this approach assess what is called social integration. The second approach operationalises relationships in functional terms, that is, in terms of the amount of instrumental and emotional support that it provides. Functional measures usually focus on the perceived quality of one's relationships (e.g., how much love or caring others display) and assess what Gottlieb (1983) has called the "psychological sense of support" (Bolger and Eckenrode, 1991).

Strong social linkages, social networks, proper contacts, connections with others, relationships with others help entrepreneurs obtain more knowledge and provide them with access to resources which ultimately lead to success. One thousand seven hundred firms were studied in Germany, and the analysis provided the best evidence that there is a positive relationship between organisational success and social capital (Tanveer et al., 2013). Cooke and Wills (1999) highlighted that social relations are associated with innovations and business success in remote firms in Denmark, Wales and Ireland. According to Hodgson (1998), social interaction enables firms' learning and formation of collective knowledge. Collective learning also helps improving social relations in different networks and make a better platform for innovations (Murphy, 2002). Trust can be identified as the main factor affecting networks and behaviors (Murphy, 2002). Trust is a very significant factor for embedding social relations. It also facilitates future transactions (Granovetter, 1985). Trust always acts as a critical aspect of network relations and an incentive for sociability (Murphy, 2002). It has a considerable influence on risky investments and enterprise's decision making. Social capital is the most

visible in the information-sharing network, mutual exchange and collective action (Flora and Flora, 1993). According to Storper (1995), collective capacities and conventions of the business network can be highlighted as indicators of social capital. Woolcock (1998) characterized social capital as a norm and networks enabling collaborative action among entrepreneurs. Li, Li and Liu (2011) researched manufacturing clusters of steel measuring tape in Nanzhuang village, China and revealed that networks involved in traditional manufacturing clusters are more associated with emotive linkages than those of high-tech clusters in developed regions. Interaction between social networks can be identified in four stages of its evolution. These stages are dominated by family networks, the local innovation networks, global supply networks, and the internal division production networks. As mentioned by Nordqvist, Habbershon and Melin (2008), the external autonomy can be increased through social relations, as it empowers suppliers, customers, and other relevant institutes with better entrepreneurial orientation.

2.2 Traditional Caste System

The word "Caste" refers to a cluster of families or groups of families having a common name, deriving a common ancestry from legendary forefathers, human or divine (Chaudhry, 2013). According to Chaudhry (2013), caste can be defined as an inherited, endogamous cluster which is usually localized and has an old connection with a profession as well as a specific position in local order of castes. As mentioned by Chaudhry (2013), Ghurye (1993) delineated several attributes of the caste system. Such are the sequential division of society, Hierarchy, Restriction on food, dress, speech and customs, Pollution, Lack of unrestricted choices of occupation and Endogamy.

According to Iakovidou et al. (2012), more than half (53 per cent) of the women entrepreneurs come from rural families in Greece, and their father is a farmer. As for the rest, their father is a free-lancer, a worker (13.9 per cent), a clerk (6.7 per cent) or a civil servant (9.2 per cent). Generally, the industrial sectors' entrepreneurship in India always aligns with the caste system (Asif Khan, 2020). Hence, any discussion on entrepreneurship is always regarded with reference to social communities which have traditionally been the suppliers of entrepreneurs. The prominent traditional communities engaged in mercantile activities can be recognized from Gujrat, Marwaris from Rajasthan, Bania and Jain castes of Gujrat and Chettiar of Tamil Nadu. Caste systems have a higher impact on occupational mobility (Asif Khan, 2020).

Rural areas host numerous forms of entrepreneurial activities involving various stakeholders and merging innovation and tradition, like other spatial contexts (Müller and Korsgaard, 2017). Relevant processes occur in innovative approaches to the otherwise traditional farming-based activities and manufacturing as well as non-traditional activities related to tourism and experience economies (Müller and Korsgaard, 2017). According to Garg (n.d.), weaving is a very significant role in Bhutanese life, and it is one of the sources of income among rural women entrepreneurs. Usually, every house has its own loom in a dedicated room for their woven activities. Weaving activity is a part of their daily routine and carried out intermittently, in-between looking after children, cooking, washing, and working in the fields. (Garg, n.d.)

According to Martin and Lumpkin (2003), many arguments were raised regarding the decline of the autonomy of successive generations in the family firms' context. As mentioned by Nordqvist, Habbershon and Melin (2008), this can be increased by the internal autonomy of employees in family firms. Zellweger and Sieger (2012) have defined empowering an individual or group inside the organization as internal autonomy. Both family and non-family interviews in their research have revealed the importance of internal autonomy as a driver of

entrepreneurial work. Manufacturing clusters of steel measuring tape in Nanzhuang village, China revealed that networks involved in traditional manufacturing clusters are highly connected with emotional linkages (Li, Li and Liu, 2011). Cluster networks exhibit a polycentric hierarchical structure. Family relationships perform as dominate spin-off channels of the firm and supply-demand association, and the mobility of skilful employees can be recognized as a significant way of innovative network learning (Li, Li and Liu, 2011). Also, aspects like sharing, caring, integrating, cooperating are the most prominent entrepreneurial strategies identified in different traditional manufacturing groups.

2.3 Sense of Place with Environment Addiction

Sense of Place usually is defined as an overarching impression encompassing the general ways in which people feel about places, how they sense them and assign concepts and values to it (Najafi and Shariff, 2011). The main criteria under Sense of Place can be identified as; knowledge of being located in a place, belonging to a site, attachment to a place, identifying with the place goals, involvement in a place, scarifies for a place. It has a significant impact on engaging with economic activities in rural areas (Najafi and Shariff, 2011).

The concept of 'sense of place' was developed within humanistic or cultural geography (Nina, 1997). It focuses on persons' subjective perception and attachment to places. 'Locale' is most commonly used in social geography and indicates that places are considered as contexts or settings in which social interaction takes place, and social relations are constituted (Nina, 1997). Location, sense of place and locale are relevant perspectives of place in entrepreneur research, for instance, when trying to account for the location of economic activities. First, in terms of central place theory (threshold population and range) in which place is understood as location, second, in terms of entrepreneurs' place attachment, for example, the place is understood as a sense of place. Third, in terms of entrepreneurs' social networks, for example, place is understood as locale. The conception of place as a social and cultural category as well as an economic one contributes to our understanding of the relationship between place and entrepreneurship (Nina, 1997).

Altman and Low (2012) showed a culturally-based place attachment in six different processes. Economic bonding attachment refers to a more utilitarian connection between people and land: for example, kind of attachment emerging from the ownership or working in a certain place. This is especially evident in remote areas where unemployment levels are higher. According to Michelacci and Silva (2007), entrepreneurs' decision making on location is determined by the family background and social factors. The experience in a particular community with an entrepreneurial climate or culture could impact the decision to become an entrepreneur or influence the selection of an appropriate business location (Michelacci and Silva, 2007). These factors show the connection between a sense of place and enumeration of business in a particular place. Drake (2003) argues about the relationship between place, and creativity in micro and small enterprises within the creative industries. The group studied in his research was involved in the craft metalwork and it was completely based on qualitative interviews. According to the research findings, place and traditional-based reputation are a source of inspiration for creative workers.

Conversely, some workers do not rely on traditional designs and patterns associated with the locality, and they try to engage in various types of new experiments. According to Drake (2003), personal and emotional response to place given by creative workers will affect the way they use attributes of the place for creative inspiration. Scott (1999) has mentioned how creative industries could benefit from place related characteristics and associations. According to Munkejord (2017), some decision makings related to business occur due to place attachment or place belongingness. Entrepreneurs prefer delegating authority to workers in

problem-solving and decision making when they are highly embedded in place-based social relations and structures. Trustworthiness between entrepreneurs and workers will increase under right place embedded relationships (Munkejord, 2017). It helps to provide better solutions in a problematic or risky business situation. Competitive aggressiveness through proper business tactics also could increase under proper place attachment (Munkejord, 2017).

2.4 Proximity to Home with Family Relations

Recent research has shown that the number of home-based businesses is increasing. Based on the outcome of the recent large-scale survey in Australia, a considerable number of females are looking for such self-employment (Walker, Wang and Redmond, 2008). In Bangladesh, rural women are working in weaving, mini garments, handicrafts, dairy farming, plant nursery, paddy husking, poultry farming to generate income. Thus, rural women are involved in home-based economic activities, creating numerous opportunities for them to be independent and self-sufficient (Afrin et al., 2010). Involvements of rural women in home-based economic activities make a positive social and economic impact on their lives and families (Afrin et al., 2010).

Perhaps most important for this analysis, proximity to jobs can affect residents' employment outcomes. People who live closer to jobs are more likely to attain employment. They are also subject to fewer job searches and unemployment-related difficulties (Kneebone and Holmes, 2015). According to Mason (2010), the importance of home-based businesses is extremely intertwined with the revival of the small business sector that characterized advanced economies over the past years.

Tanveer et al. (2013) mentioned that the number of people who became entrepreneurs as their parents are also self-employers. Therefore, the family background makes a positive impact on entrepreneurs' success. Family background supports entrepreneurs in two ways. Firstly, children with a business background have an entrepreneurial predisposition. Secondly, family background helps them to obtain relevant experience, gradually leading to business success. The family background will be a source of entrepreneurial success if there are encouragement and help from family members.

Proximity to home and family relations concerning entrepreneurial orientation has previously shown a strong positive relationship in many research. Research on Steel tape manufacturing clusters in rural china has revealed the importance of proximity to home with family relations on entrepreneurial orientation by highlighting emotional linkages (Li, Li and Liu, 2011). Family relationship was the main factor affecting the mobility of skilful employees. According to Li, Li and Liu (2011), these skilful employees are significant icons of innovative learning. Blood-affinity linkages and geographical proximity are acting as the most important factors for entrepreneurial cluster formation. Through a good family relationship, entrepreneurs build many team spirit for delegating the authority concerning decision making and problem-solving to their family members, and this was found to be a significant trend in entrepreneurial orientation (Li, Li and Liu, 2011). As mentioned by Zellweger, Sieger and Muhlebach (2010), influential family-related business culture has a considerable impact on maintaining entrepreneurial orientation. Innovativeness is one of the most influential dimensions of entrepreneurial orientation in the family firm context as it creates the platform for long term performance with proper autonomy and proactiveness. Also, investing in innovations is very easy with family firms due to trustworthiness. Recent studies have also proved controversial findings for the relationship between entrepreneurial orientation and family relations. According to Martin and Lumpkin (2003), the declining of entrepreneurial orientation in terms of risk-taking, competitive aggressiveness and autonomy are prominent in later generations of family businesses. While in earlier times co-founders of family firms have engaged in risk-

taking, innovative experiments, aggressive promotion campaigns, the new generations who automatically own the business do not proceed with these activities due to well establishment of the business. According to Miller, Steier and Le Breton (2016), knowledge capital is crucial for starting up and continuation of the business. It is challenging to acquire from outsiders while it is effortless to hire within the family.

2.5 Availability of Raw Materials

The raw material is an unprocessed material that can be transformed by manufacture into a useful new product. Availability of raw materials is one of the essential components to perform innovative tasks in a firm. Workers should be provided with access to adequate raw materials to create a ground-breaking climate in the working environment (Nybakk and Jenssen, 2012). Also, sufficient resources lead to creative problem solving and innovative decision making within the organisation. Recent studies found that tasks requiring more resource pave the way towards productive output with a psychological sense of support (Nybakk and Jenssen, 2012). Available raw materials are the main reason for weaving various types of cloths by Bhutanese weavers (Garg, n.d.). Eastern Bhutanese are known to be the top weavers with their innovative designs and patterns. People cultivate cotton as an annual crop to make cotton clothes in many parts of Eastern Bhutan (Garg, n.d.). Some districts in Bhutan are famous for sophisticated women's clothing and other dresses. Silkworms were used to make raw silk in another area of Eastern Bhutan as well (Garg, n.d.). According to Andrefsky (1994), Aboriginal people knew about the validity and location where they could obtain high quality lithic raw materials, which were required for accurate tool production. Accordingly, the availability of these lithic raw materials must be the most significant aspect in the association of technology. The availability of lithic raw materials may be the most influential factor in the technological organization (Andrefsky, 1994).

3. Conceptual Framework of the Study

In accordance to the reviewed literature, the following model was developed as the conceptual framework of the study.

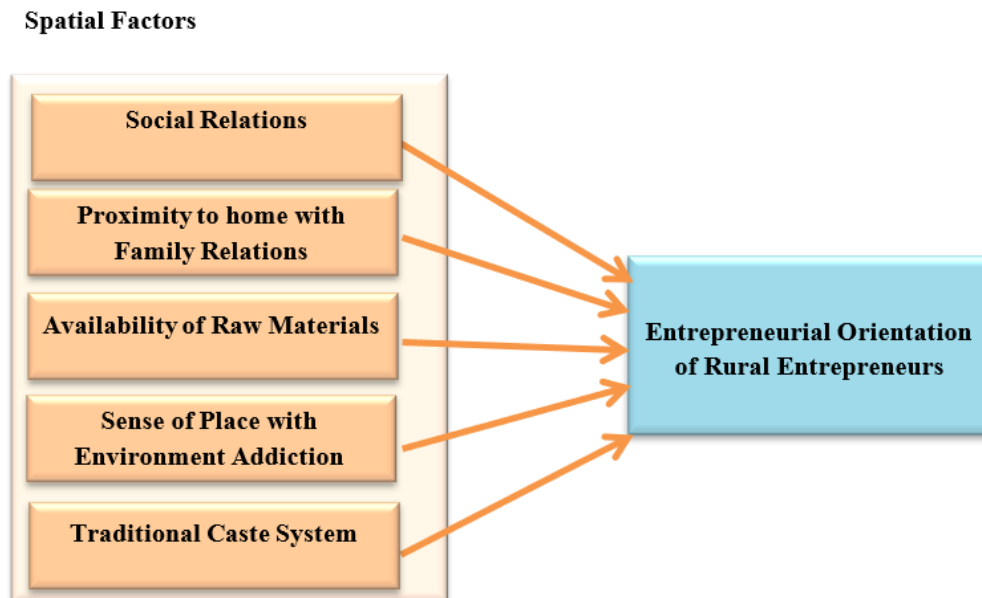


Figure 1: Conceptual Framework

4. Conclusion

The importance of spatial factors is essential in entrepreneurial researches because it has a considerable influence on rural entrepreneurs' entrepreneurial orientation. Under the revised literature, it is evident that there is a vast empirical gap concerning the spatial context of the entrepreneurial orientation of rural entrepreneurs. This article identified numerous spatial factors discussed under spatial economics, and we have attempted to reveal the importance of five main spatial factors for entrepreneurial orientation of rural entrepreneurs. The paper would show avenues for the exploration of the other spatial factors affecting entrepreneurial orientation to the potential researchers as it is imperative in spatial industrial planning of a country.

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