

Rural social entrepreneurship:

The role of social capital within and across institutional levels

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Abstract

The aim of the paper is to develop a more nuanced and multilevel understanding of the social network arena in which the rural social entrepreneur operates. We introduce and empirically assess a conceptual framework for systematic investigation of rural social entrepreneurship that is informed by both social capital theory and place-based entrepreneurship literature and also suggest a methodology. We argue that this perspective can offer valuable insights into the still under-researched interplay between rural social entrepreneurs and their institutional environment. A key insight from our analysis refers to the dialectic of horizontal and vertical networking strategies typical of rural social entrepreneurs and their business model. The paper informs researchers active at the intersection of social entrepreneurship and rural development and equips them for their future studies with a consistent and empirically supported theoretical and methodological approach.

Keywords: Rural social enterprise, social capital, linking capital, social legitimacy, multiple case study

1. Introduction

Motivated by the intensive discourse on the role of social entrepreneurs as change agents in structurally weak rural regions, we set out to develop a multilevel network model and assess that framework based on data collected from an innovative cooperative of 82 stevia growers in rural Central Greece and a local development company with 40 employees located in rural western Ireland. Both rural regions are highly dependent on agri-production and were badly hit by the economic downturn following the 2008 economic crises. Generally, the continued marginalisation of structurally weak rural regions threatens the social and territorial cohesion in the European Union. Disadvantaged rural areas offer fewer opportunities for higher education and highly-skilled jobs, and are economically less productive than urban or

intermediate regions. They are faced with intense outmigration and a brain drain of young, well skilled residents. Not least, rural communities are particularly affected by the demographic change which burdens the social security systems and local health infrastructure given the higher concentration of older residents (Bosworth and Glasgow, 2012; Steiner and Atterton, 2015; EC, 2013; Christmann, 2014; Lang et al., 2014).

Recent entrepreneurship literature has highlighted the innovative and problem-solving capacity of social entrepreneurs as promising new actors who tackle the socioeconomic problems of structurally weak rural regions and induce sustainable change (e.g. Defourny and Nyssens, 2010; McCarthy, 2012; Munoz et al., 2015). The individual and organisational levels as well as the action and process perspectives are strongly interlinked as social entrepreneurship is the process through which social entrepreneurs develop social enterprises (Defourny and Nyssens, 2008). Thus, all three terms reflect the same phenomenon. However, we focus mainly on the social entrepreneur because our analysis takes a network perspective with individual-level network relationships as its core aspect (Ferlander, 2007; Brunie, 2009). Social enterprise is thus understood as a hybrid organisation which pursues both social and economic objectives and provides goods and services for the benefit of a particular community. This type of business is designed to mobilise a variety of resources, ranging from donations and voluntary work to government subsidies, and income from market operations. Furthermore, social enterprise is ideal typically characterised by a participatory nature and multi-stakeholder governance as well as an emphasis on autonomy and economic risk-taking (Lundström et al., 2014; Defourny, 2001; Teasdale, 2012; Defourny and Nyssens, 2013).

Previous studies suggest that rural communities are places with supposedly high levels of social capital and traditions of collective problem solving which make them the ideal context for social enterprise (Jack and Anderson, 2002; Zografos, 2007; Farmer et al., 2008; Munoz et al., 2015). However, the actual level of social capital might differ between specific rural

places (Breitenecker et al., 2017; Breitenecker and Harms, 2010). Generally, the measurement of social capital is not without problems, which relate to the challenge of conceptualising components and outcomes of social capital and assigning them to either the collective or individual level (Portes, 1998; Brunie, 2009). As an organisational resource, social capital plays an important role in developing social enterprise models (Evers, 2001; Laville and Nyssens, 2001; Hatak et al., 2016). However, certain aspects of the rural institutional context – both in its regulative and social meaning – can put considerable constraints on the ability of social entrepreneurs to foster innovations in structurally weak regions (e.g. Fink et al., 2013; Kibler et al., 2014). Concerns are related to the sustainability of a social enterprise model, which must address small target markets for products and services in rural areas (Steinerowski et al., 2008 a), but also to the real capacity of social enterprises to enact transformational change (Cieslik, 2016). Such change capacity might not only be related to high levels of bonding social capital in rural places compared to urban settings, but also to the requirement for rural social entrepreneurs to activate bridging and linking networks to offer access to critical complementary resources (e.g. political legitimacy, consultancy, public funding, venture capital) and thus help leverage place-based collective resources (Farmer and Kilpatrick, 2009; Lang and Roessl, 2011; Kilpatrick et al., 2015). Nevertheless, little research explores how rural social entrepreneurs deal with the complex interplay of different forms of social capital when developing their business model. So far, social networks and related resource exchanges of rural social entrepreneurs have mostly been discussed on the horizontal level. We propose that in order to fully understand the role of the rural social entrepreneur, it is necessary to also consider the resource exchanges in vertical networks because doing so helps understand the interplay between structure and agency (Giddens, 1984; Steinerowski and Steinerowska-Streb, 2012).

Against this problem background, the aim of the paper is to conceptualise the role of social entrepreneurs in the multilevel network arena of rural contexts. Therefore, we integrate

different literature streams and condense their key insights into a conceptual framework to inform future context-sensitive research on rural social entrepreneurship. The framework highlights the specific role of social entrepreneurs in rural development. Policy makers involved in rural development can identify critical aspects for social entrepreneurship that can be addressed with tailored support measures. Understanding how social entrepreneurs can leverage resources provided through policy measures to drive development in rural communities enhances regime-level resource allocation. It also helps social entrepreneurs to develop a clearer picture of their role in rural settings and to communicate their contribution to rural community development.

2. Networks, social capital, and rural social entrepreneurs

A social capital approach (Putnam et al., 1994) provides an interesting analytical perspective from which to study the embeddedness of social entrepreneurs in the rural context (Granovetter, 1985).

Despite the lack of an established definition, there is consensus among scholars that on a generic level, the notion of social capital broadly refers to resources embedded in networks which can be mobilised through social interactions that lead to potential benefits for both individual and collective actors (Brunie, 2009). A classification of social capital relevant to our research aim is between bonding, bridging, and linking capital.

Bonding capital is considered an attribute of homogenous social networks (e.g. those where network members share the same interest) and is also associated with trusting but inward-looking relationships that may constrain behaviour and the flow of information. In contrast, bridging capital is described as encompassing outward-looking relationships which connect people with different socio-demographic backgrounds and social identities, and so provide the rural social entrepreneur with crucial access to new information and resources (Granovetter, 1973; Poortinga, 2012). Linking capital can be regarded as a specific form of bridging capital.

Like horizontal bridging capital, it also “cuts across different groups” (Ferlander, 2007, p. 119) but connects people vertically across different power levels (Szreter and Woolcock, 2004, p. 655). These vertical ties can help rural social entrepreneurs to leverage resources and information from rural communities. However, it is important to be aware that linking capital also has a dark side and, like every form of social capital, can have negative effects. Privileged access to resources can for instance lead to “nepotism, corruption, and suppression.” (Szreter and Woolcock, 2004, p. 655).

This paper specifically introduces the concept of linking capital to assist the analysis of rural social entrepreneurship. In contrast to other disciplines, we would argue that this vertical form of social capital has not yet received significant attention in the entrepreneurship literature. Building on recent multilevel conceptualisations in geography and planning (Lang and Novy, 2014; Agger and Jensen, 2015; Brauholtz-Speight, 2015), we theorise that rural social entrepreneurs represent intermediate actors in the spatial hierarchy who can establish a link between local rural communities and key resource holders in the wider institutional environment.

Despite this analytical focus, we would argue in line with Osborne et al. (2016), that only a combined analytical approach of the bonding, bridging, and linking dimensions of social capital can deliver a comprehensive picture of the multilevel network configurations involved in rural social entrepreneurship.

Figure 1 displays our multilevel analytical model showing the interplay of different forms of social capital relevant for rural social entrepreneurship.

Insert Figure 1 about here

Vertical linkages exist between social entrepreneurs (Level 2 in Figure 1) and members of local rural communities (Level 1 in Figure 1). Empirical evidence shows that local needs that are addressed by rural social entrepreneurship are often initially presented by a group of community members (Fink et al., 2017). In this paper, we refer to them as a Local Community Group (LCG).

In our model, an LCG is associated with bonding social capital among its members. Social entrepreneurs link downwards to such LCGs and develop a business model for a community-based project that addresses the needs of the LCG members. An example would be a rural cooperative of local farmers that uses public funding schemes for the development of new agricultural products like the sugar substitute stevia (see LCG A in Figure 1). In the case of this cooperative, for instance, social entrepreneurs professionalised the existing initiative by establishing a cooperative business model (see Figure 1, vertical linkage between Social Entrepreneur A and LCG A).

Although the rural social entrepreneur can purposefully mobilise such strong-tie network resources for his business idea, additional bridges to other LCGs in the local community need to be established to gain access to complementary resources, for example, volunteer support and donations for the social enterprise (Hatak et al., 2016). Thus, in our analytical model, see Figure 1, Social Entrepreneur A establishes another vertical linkage to members of an additional LCG that could be concerned with development of tourism in the rural community (see Figure 1, LCG D). Over time, such efforts can enlarge the cooperative network and establish bridging relations between members of different LCGs within the local community (see Figure 1, bridging capital between LCG A and LCG D). Because building up bridging social capital implies bringing together groups that have not had relationships with each other before, in this activity, the social entrepreneur is especially dependent on the community members being open to new approaches (Brennan et al., 2008).

Other holders of critical resources for a rural social enterprise can be found on the regime level (Geels, 2002; 2004), such as regional and central government bodies, development agencies, funding sources, and public research institutions (see Level 3 in Figure 1). Access to and mobilisation of critical regime-level resources through vertical networks can help leverage the effects of place-based bridging and bonding capital. Institutions on the regime level shape daily practices and the use of technologies, and frame what is possible in the field of rural social entrepreneurship. Regime-level actors can support social entrepreneurs through providing funding, land and infrastructure access, information, accountability, consultancy, technical support, etcetera. The configuration of regime actors, of course, depends on the country context. The case studies investigated here illustrate a growing awareness of social entrepreneurship among Greek regime actors due to the state retreat following the 2008 financial crisis, and the unsteady support for social entrepreneurship due to frequent changes in the Irish government. Regimes are usually slow to change, which leads to path dependency and lock in, but can be dislodged and ultimately replaced through disruptive innovation practices from the cumulative impact of a number of rural social entrepreneurs and their ventures (Level 2 in Figure 1).

Vertical linkages to regime actors are crucial in the field of rural social enterprises, given their reliance on powerful institutional resources. Therefore, social entrepreneurs develop network contacts with local and regional politicians and external social investors or donors (Hulgard and Spear, 2006; Lehner, 2011) (see Figure 1, vertical linkages between Social Entrepreneur A and Government Body as well as Funding Body). This crucial role of linking capital can be exemplified with reference to the dependence of the case social enterprises on public funding. Given the crucial role of these social enterprises for local economic and social development, national government representatives supported the project with funding. However, the share of income that comes from public funding differs between the two cases analysed here –

while the Irish rural social enterprise relies heavily on public funding, only 20 per cent of the income in the Greek case comes from public support programmes.

We can also identify bridging capital on the intermediate Level 2 in our analytical model (see Figure 1, linkages between Social Entrepreneur A and Social Entrepreneur C). Rural social entrepreneurs exhibit weak ties to each other as they act as sounding boards for each other's business ideas and also form temporary alliances when linking up with regime-level actors. Bridging capital among social entrepreneurs can facilitate access to particular regime-level actors if a direct link does not exist (see Figure 1, Social Entrepreneur A accesses Development Agency through bridging linkage with Social Entrepreneur C).

Linking social capital triggers the simultaneous emergence of bridging and bonding social capital, but at the same time limits the autonomy of the community-level actors. Vertical linkages can be a way of facilitating the establishment of bonding and bridging capital through external power. On the one hand, linking capital helps to connect community members with similar social backgrounds to establish stable organisational structures for the social venture that would not have emerged without external guidance from higher-level actors. At same time, relationships between community members with disparate interests are not easily established without the facilitation of regime actors. On the other hand, accepting support from the more powerful regime actors implies a loss of autonomy for the LCGs, because the latter risk dependence. This situation implies that the regime actors can both empower and disempower LCGs at any time in the process, endangering a sustainable development of the initiative on the community level. The crucial role of the social entrepreneur is the promotion, encouragement, and stabilisation of such vertical links between the community level and the regime level.

The specific role of rural social entrepreneurs in our multilevel model means their activity can simultaneously be instrumental to the objectives of actors on both the regime and community

levels. Rural social entrepreneurs leverage community-level resources through their vertical access up to the regime level. At the same time, they leverage regime-level resources through their vertical access down to community-level actors.

3. A vertical place-based approach to rural social entrepreneurship

Place-based resources are critical to entrepreneurial venturing in rural contexts (Johnstone and Lionais, 2004; Lang and Roessl, 2011; Kibler et al., 2015). In this respect, *place* refers to a sociological understanding of location that highlights community, social networks, and the cultural identities of individuals and of collective actors (Harvey, 1996; Hudson, 2001).

We would argue that the concept of rural social enterprise is inherently linked to place (Kibler et al., 2015; Seghezze, 2009), because such a venture's activities are anchored in a particular locality. Furthermore, rural social entrepreneurs explicitly mobilise place-bound resources (e.g. collective identities, solidarity norms) for their operations so as to overcome institutional constraints (Marquis and Battilana, 2009; Scott, 2010; Welter and Smallbone, 2011; Lang et al., 2014). In this paper, we focus on social capital as a particular place-based resource and its role in the context of the rural social enterprise.

As embedded actors, rural social entrepreneurs encounter different place-based expectations of network actors and thus different degrees of social legitimacy (Giuliani, 2003; Kibler et al., 2014). In our analytical model (see Figure 1), social legitimacy refers to the perceived degree to which residents of a local community as well as regime actors socially approve and desire the development of the rural social business in the locality (Bitektine and Haack, 2015; Kibler et al., 2014; 2015). Previous research suggests that such place-based social legitimacy is related to the degree and nature of the entrepreneur's attachment to the place, that is, how much the entrepreneur cares about the local community within which the venturing activity is embedded (Lang et al., 2014). More generally, the effectiveness of the social entrepreneur's

activity also depends on the communities' readiness for such action (Thuesen and Rasmussen, 2015).

According to Kibler et al. (2015), there are two clear sub-categories of place attachment: emotional and instrumental place attachment. Emotional place attachment refers to the rural social entrepreneur's feelings about and affective bond with a place and its residents. Instrumental place attachment refers to the rural social entrepreneur's closeness to a place, based on an evaluation of how the place enables the venture to achieve its aims and desired activities. The rural social entrepreneur can highlight both emotional and instrumental attachment in a business model and thus provide a value proposition of the venture to different stakeholders on the local community and regime level.

Signalling place attachment in local network relations, i.e. to different LCGs within the local community, provides the rural social entrepreneur with access to embedded resources. This resource access is provided because LCG members perceive the rural social entrepreneur as a legitimate actor (Kibler and Kautonen, 2016). However, the articulation of place attachment alone is not sufficient, as his legitimacy among LCG members also requires the plausible articulation of his ability to access regime-level resource holders within vertical network relations (see Figure 1). Such mobilisation of linking social capital is important to leverage community-level network resources and enhances the value proposition of rural social entrepreneurship to different LCGs. However, the community members must also be open to the activities of social entrepreneurs in order to positively read the signals and to provide the necessary resources (Thuesen and Rasmussen, 2015).

The ability to mobilise horizontal bonding and bridging social capital on the local-community level helps the rural social entrepreneur to directly and plausibly articulate place attachment to regime-level actors. When they position themselves as advocates of the local rural community, rural social entrepreneurs acquire institutional legitimacy from the regime level

and encourage its actors to feed resources downwards to the horizontal networks of the local community. By focusing their business model on place-based benefits, rural social enterprises become attractive for stakeholders on the regime level who are driven by the idea to contribute their resources to have a positive impact on local-community development, for instance through job creation or strengthening social cohesion.

In summary, we suggest the rural social enterprise model needs to address the right mix of emotional and instrumental place attachment for each stakeholder group in order to mobilise different types of social capital. Furthermore, the actual innovativeness of rural social entrepreneurship depends on the entrepreneur's ability to strategically re-combine and leverage place-based resources in the business model. This combination consists of the bonding capital of an LCG, and the bridging capital – as a complimentary resource – that is based on the ties connecting members of different LCGs at the community level (see Figure 1, Level 1). Moreover, as an intermediate actor in the spatial hierarchy, the rural social entrepreneur can also build vertical linkages to powerful actors on the regime level and access their resource bases (see Figure 1, Level 3) which helps to leverage place-based social capital with linking social capital.

As Schumpeterian entrepreneurs whose key function is the innovative re-configuration of existing resources in a business model, rural social entrepreneurs address both the needs of the local rural community and the interests of regime-level actors. Interestingly, such a role is often taken by members of an LCG with an entrepreneurial mindset that consists of risk cleverness, innovativeness, and pro-activeness (Wiklund and Shepherd, 2005; Steinerwoski et al., 2008b; Munoz et al., 2015).

4. Empirical study design

4.1. Methods

In the next step, we contrast the analytical framework suggested in this paper (see Figure 1) with empirical approaches. The framework is most suitable for empirical research that follows the paradigm of qualitative empirical research. Social enterprise in rural areas remains an under-researched phenomenon and therefore exploratory methods are needed to break new ground. Qualitative multiple case studies appear particularly suitable to reconstruct the historical trajectory and meaning of this phenomenon in a concrete institutional and territorial context (Sayer, 1992; Yin, 2009).

We employed diverse methods of data collection to harvest rich and comprehensive data. Those methods comprised (1) narrative interviews with founders and/or executives of the case social enterprises to help to reconstruct their social network activities and interdependencies with LCG members, other rural social entrepreneurs and regime actors (Schuetze, 1977; Lieblich et al., 1998). The question used to prompt the narration was “How come this social enterprise has emerged here?” The narrative interviews provide important information on the causal structures of the developments in the cases to populate the analytical framework. (2) Additionally, semi-structured interviews with key representatives of the local community – such as the initiators and members of the LCGs, mayors, or business owners – were employed to gather complementary information on the formation of bonding and bridging capital which underlies the rural social venture. In these interviews, after a phase covering the general role of the social enterprise in the region, we specifically addressed the actors, activities, and resources identified on each of the three levels of the theoretical framework, as well as the linkages within and between communities and levels. Wherever possible, we encouraged the interviewees to give concrete examples supporting the information they provided. The semi-structured interviews with community-level informants were crucial to reconstruct the entrepreneurs’ linking strategies downwards to the community level, including their place-based value propositions. Further, we conducted semi-structured interviews with regime-level stakeholders – such as representatives of the national and regional government and business

agencies – who contributed crucial resources downwards to the community-level. Again, these interviews aimed to reveal how particular rural social entrepreneurs managed to build social legitimacy on the regime level and how doing so is linked to the formation of linking capital. (3) Expert interviews – with researchers from local universities, think-tanks and the church – provided contextual information on the respective rural context and the organisational field in which the rural social entrepreneurs operate. Interview partners were selected if they were mentioned in earlier interviews or appeared to be relevant according to secondary data. The contact with potential partners for the narrative, semi-structured, and expert interviews was established directly by the researchers. All interviewees invited to take part in the research agreed to do so.

To triangulate types of data and overcome the limitations connected with face-to-face interviews as a method of data collection, (4) we also conducted intensive longitudinal field observations of the rural social entrepreneurs and their interactions with LCG members and regime actors. A team of researchers spent a total of eight weeks (a two-week visit in 2016 to conduct the first set of interviews and to select the first groups of relevant actors, and a second visit of six weeks in 2017 for the main data collection) in both regions where the case social enterprises operated. This extra effort substantially increased our understanding of the cases and thus enhanced the contextual- and content-related plausibility of the data. (5) In order to avoid being trapped in the case and overcome the myopia of contextualisation, the primary data were complemented by secondary data such as reports, newspaper articles, and media broadcasts, for which we employed archival analysis. The empirical database is summarised in Table 1.

Insert Table 1 about here

In view of the mixed data emerging from the proposed research activities, and the richness those data imply, the first choice was to employ interpretative methods of data analysis. Qualitative content analysis of the material gathered in the narratives, and the semi-structured and expert interviews enabled us to identify the formation and configuration of the different types of social capital displayed in the proposed framework (Strauss and Corbin, 2007). The potential intensity of interpretative analysis rises with the level of openness of the interviews. We therefore started the analysis by transcribing the narrative interviews and then the semi-structured and the expert interviews. Owing to the specific focus of the research – the search for a common pattern in the role social entrepreneurs take in the use of social capital in diverse rural settings – we employ a cross-case analysis approach (Eisenhardt, 1989).

4.2. Case selection and description

To tap the full potential of case based research and to ensure that the findings and insights can be consistently linked to the common body of knowledge, a purposeful selection of cases is crucial. Accordingly, we use a taxonomy that covers the key dimensions and spans the three actor levels of the suggested analytical framework to select the cases within the field of rural social entrepreneurship. These key dimensions are (1) rural social entrepreneurs, (2) LCGs, and (3) regime-level actors. However, the case selection not only draws on the specific features of the cases, but also on (4) quantitative context data on the respective sectors and organisational fields, as well as on (5) the regional social and economic context (Agger and Jensen, 2014; Lang et al., 2014). Regarding the last two criteria we searched for two cases that share key similarities: located at the periphery of the European Union, weak economic structures, challenging economic conditions due to high dependency on the agricultural and food processing industry, as well as weak public institutions on the regional level and a tradition of strong communities. For an overview on the socioeconomic statistics see Table 2.

Insert Table 2 about here

Case 1: Ballyhoura Development CLG (Ireland). Established in 1989, *Ballyhoura Development CLG* (ballyhouradevelopment.com) is a local development company with 40 employees and an annual turnover of approximately EUR 1 million that works with communities to develop local solutions to local issues, with a focus on promoting local economic development and addressing inequality and social exclusion. It operates across the Ballyhoura area that spans the south-eastern of Limerick county and the north-east of Cork county in Ireland; an area with a population of over 86 000 in three districts with 54 municipalities. The organisation's headquarters is in the small village of Kilfinane, and it has four outreach offices in Cappamore, Kilmallock, Mitchelstown, and Charleville. *Ballyhoura Development CLG* is incorporated as a Company Limited by Guarantee (CLG), which is typical for private non-profit companies in Ireland. The firm is governed by a multi-sectoral partnership structure comprising representatives from the community and voluntary sector, social partners, and public and elected representatives from government bodies.

Ballyhoura Development CLG was formed as a reaction to a decade of extremely high unemployment and high levels of emigration in the 1980s and the devastating impact those factors had on the viability of rural communities in Ireland. Those communities were challenged by a shortage of human capacity, infrastructure, and economic opportunities. Traditionally, local public authorities have little input into delivering core services to communities in rural Ireland. Political representation and administration have traditionally been concentrated in cities like Limerick, Cork, and Galway. Rural communities are remotely governed by authorities located in these urban centres. Rural development companies like

Ballyhoura Development CLG or West Limerick Resources emerged to fill the gap that public authorities left in the rural hinterland. Their business models focus on meeting core public responsibilities such as delivering regional, national, and EU funding programmes aimed at social, economic, and environmental development, enhancing employability among the population, supporting micro-sized and small businesses to establish and promote the Ballyhoura region as a tourist destination.

Ballyhoura Development CLG takes a participative approach. It strengthens the capacity for self-help and enhances social cohesion across communities by facilitating community-led local development activities. *Ballyhoura Development CLG* successfully supports participative bottom-up community initiatives proposed by LCGs, such as the Friends of Croom or the initiatives that led to the establishment of the Croom civic centre (a complex hosting a function room, tea room, library and community office) and *CareBright* (providing services such as home care support services for elderly), without forcing its own ideas on the communities. Once LCGs recognise a common need and suggest ways in which it can be addressed, *Ballyhoura Development CLG* offers its expertise in mediating community activation and mentoring application processes for suitable funding schemes. However, the approach is that the impetus has to remain with the LCGs in order to keep community members engaged, encourage them to take ownership of the process, and make rural communities more inclusive. To advance regional development in the Ballyhoura region, *Ballyhoura Development CLG* manages a range of EU and National programmes and projects including the Rural Development Programme (LEADER), Local Community Development Programme (LCDP), The Rural Social Scheme (RSS), the Tús Scheme, Local Training Initiatives (LTIs), a Job Club, and the Equality For Women Measure and the Towards Occupation Programme.

The focal rural social entrepreneur in Case 1 is the Chief Executive Officer of *Ballyhoura Development CLG* from 1989 until 2016 (hereinafter referred to as “SE A_C1”). SE A_C1 was executive director of Ballyhoura Fáilte Society, Ireland’s first rural tourism cooperative. Before that SE A_C1 worked in the Irish Government Farm Advisory and Training Authority as a specialist in rural enterprise development and socioeconomics and spent 13 years as a farm home management advisor with the County Committee of Agriculture, Cork. SE A_C1 is internationally renowned for expertise in rural and local development.

Case 2: Stevia Hellas Coop (Lamia/Greece), a social enterprise with four employees and 82 farmer members was established in 2012 in the city of Lamia (population ca. 75 000) in Greece. The cooperative produces 70 tons of dried stevia leaves in the predominantly rural prefecture of Phthiotis, Central Greece. The region also has a strong tourism tradition linked to the hot springs of Thermopiles. *Stevia Hellas* produces stevia sugar for the European consumer markets in collaboration with external partners abroad. The expertise in growing stevia under the specific conditions in Greece is developed in close collaboration with the Agricultural University of Athens, the University of Thessaly, and the *agroenergy.coop* initiative. In addition, the cooperative works with technology-intensive small- and medium-sized firms to optimise cultivation and improve Stevia products. In its production process *Stevia Hellas* uses the services of *Mermix*, a start-up that promotes the mutual exchange of modern machinery among farmers. The cooperative educates the farmers in cultivation methods, supports harvesting, collects and processes the leaves, and markets the extracted stevia sugar. Instead of only producing the raw product, *Stevia Hellas* aims to cover the whole value chain from the plant to the final product.

Traditionally, the cultivation of tobacco provided a considerable share of the income of small family farms in the region. The recent limitations on the tobacco industry imposed by the Greek government and supported by the European Union threaten the survival of those family

farms and, coincidentally, opened the door to innovation. Former tobacco farmers became aware that the stevia plant – a low calorie, diabetic-friendly, sugar substitute – thrives in conditions similar to those supporting the tobacco plant. Traditionally, farmers in the Phtiothis region tend to be risk averse and conservative regarding innovation. However, the successful move into stevia production and the foundation of the social cooperative have changed the mindset and practices of the members of the cooperative. While in the past farmers used to favour only producing and selling the raw product, the new cooperative initiated an upward integration of the value chain that empowers farmers to play an important role in the new market for stevia. The business model of *Stevia Hellas* Coop aims to direct the value added from the whole value chain to the small farmers. At the same time, the Greek recession has intensified the demand for social enterprise services such as the support of disadvantaged people and especially fostering self-employment. However, due to its austerity policy, the Greek state has limited leeway to support social enterprises in their delivery of social services. As a cooperative, *Stevia Hellas* is less affected by the austerity policy, because it is financed by cooperative shares and members' contributions. This independence helps to preserve jobs in a region with a youth unemployment rate of 60 per cent, and, thus, to improve the economic resilience of the Phtiothis region. Today, *Stevia Hellas* is among the few stevia producers in Europe.

The focal rural social entrepreneur in Case 2 is the initiator of the cooperative and Head of Business Development and of Sustainability of *Stevia Hellas* Coop (hereinafter referred to as “SE A_C2”). SE A_C2 has a strong professional background in strategy development and finance in the energy sector. SE A_C2 focuses on helping the 21 000 farmers in the Phtiothis region to gain higher yields using fixed land and natural resources as well as on energy production from rural agro-waste. SE A_C2 strongly believes that agricultural production growth can be achieved by collaboration between farmers and modernisation of production methods and that enhanced efficiency in agro-production is the key to overall economic

growth for Central Greece. SE A_C2 joins forces with another social entrepreneur in the region, the former national president of the tobacco growers' association (hereinafter referred to as "SE B_C2"). SE B_C2 contributes his strong connections in Central Greece and is well respected in the region for his knowledge of farming.

The two focal rural social entrepreneurs, SE A_C1 from *Ballyhoura Development CLG* and SE A_C2 from *Stevia Hellas Coop*, meet the criteria set out above. In both cases we can identify a key figure who interacts with several LCGs and regime-level actors. For both cases, we could access quantitative context data on the respective sectors, organisational fields, and the social and economic setting in the location. The cases are sufficiently different from each other in terms of the characteristics of the rural social entrepreneurs, LCGs, regime-level actors, business models, industry, location, and size to make generalizability of the patterns identified beyond the cases surveyed feasible. Thus, the selected cases seem to be ideal for empirically scrutinising the proposed analytical framework.

5. Empirical results

In line with our conceptual model (see Figure 1), our empirical analysis is structured according to three forms of social capital and three network levels that are relevant to social enterprise practice in rural contexts. Table 3 contrasts the key empirical insights of our two case studies. The horizontal lines in Table 3 refer to the different network *levels*: *regime level*, *intermediary level*, and *community level*. The left-hand column *network actors* in Table 3 distinguishes different *actors* on each of these three network levels who play a major role in our case studies. Three more columns for each case refer to the forms of social capital which we can observe. In our case analysis, we take the individual network perspective of the rural social entrepreneur as we are interested in the role of social capital in developing the social business model in rural contexts.

Insert Table 3 about here

As stated earlier in the text, *bonding capital* is a characteristic of homogenous social groups. In our analysis, we identify *LCGs* on the *community level* (on the bottom lines of Table 3) where members have a joint interest that provides a business opportunity for the rural social entrepreneur. The next column on the right in Table 3 highlights the *bridging capital* which we observe in our case studies, both on the *community* and the *intermediary levels*. Bridging relationships between different *LCGs* in the community as well as between different rural social entrepreneurs offer complementary resources to the case social entrepreneurs that facilitate their business models. The column on the very right of each case analysis in Table 3 indicates the configuration of *linking capital* which we can identify. Analysis of this vertical form of social capital refers to practices of the rural social entrepreneur to tap resources embedded in the community-level bonding and bridging networks by offering something to community members in return (see the bottom right corner of each case table). We identify similar reciprocal network practices by the rural social entrepreneur when linking upwards to the regime level to access powerful resources for the business model (top right corner of each case table). Practices indicated on the intermediary level of linking capital relate to cross-level linking, that is, where the social entrepreneur manages to put community and regime-level actors directly in touch with each other.

In the following sections, we provide an overview on the main social entrepreneurship practices that emerge from the two cases which lead to access and mobilisation of forms of social capital within the rural network arena (see Table 3).

5.1. *Bonding social capital*

In each of our case studies we identify three LCGs that represent bonding capital and thus social groups with uniform member interests that address a particular need in the local community. “*So, in looking at that and in having heard them talking about the need [...] you bring people together,*” says SE A_C1, who spotted the potential of LCGs and of their business ideas. The factor that energises LCGs is a shared interest or the needs of the members. Rural social entrepreneurs tap this energy in their business models.

In the Irish case of *Ballyhoura Development CLG*, a group of inhabitants in Croom, a village near Limerick, formed an LCG (A) and started tackling the need to find a location for the local community to socialise in. The Croom civic centre CEO remembers that “*there was nothing in here to meet. Village life simply did not take place.*” In another Local Action Group (LCG B) community members shared the goal of reducing the social isolation of the elderly in Croom. This initiative was subsequently developed into a social business called *CareBright*, a home care and dial-a-ride service for people in the locality. For SE A_C1, who worked with this group, this social business still represents “*a piece of social innovation.*” She also recalls the lack of some basic leisure infrastructure in town: “*There have not been any playgrounds and parks in communities.*” Members of LCG C had a joint interest in reactivating the town centre as an attractive place to spend time. According to a senior officer of the Local Enterprise Office in Limerick, LCG C had “*a strong leader [...] who can activate the community.*” This leader in question was a senior manager at a major Irish dairy producer, and the leader’s crucial role was also recognised by the Croom civic centre CEO, “*We have people that have been powerhouses in business that have got involved heavily in their own communities.*”

In the case study *Stevia Hellas Coop*, a group of local farmers (LCG A) shared the need for generating new income from agriculture after the end of the traditional tobacco production in the community of Lamia in the Phthiotis region in Greece. The farmers later founded a

cooperative and one of its board members describes the bonding capital underlying this social enterprise as follows: *“We are a family and should help each other. In the cooperative we have common interests and should act as one. We all want to make our living with farming.”* LCG B is called *Mermix* and is a start-up that represents local farmers who identified the need for modern machinery for agricultural production. An external investor summarises the joint member interest and social business opportunity as follows *“more and more farmers understand that not everyone needs to own the whole machinery, but they can share the machines. That way they all can use modern agricultural machinery and be more productive. What they need is someone who organises the exchange.”* Finally, LCG C (*Thermal Spas Thermopiles*) emerged when a group of local-community members identified the need for landscape work as a basis for tourism. A representative of the chamber of commerce in Lamia stresses this point: *“Demand for high quality tourist products is growing in the Lamia region. Now we need to ensure that the landscape is preserved and attractive products are developed.”*

5.2. Bridging social capital

The following section examines configurations of complementary resources offered by different actors (LCGs and regime actors) that facilitate the business model of the rural social entrepreneur in our case studies.

Bridging capital can be found on the community level between different LCGs. From the perspective of SE A_C1 of *Ballyhoura Development CLG*, there is a general interplay between the LCGs A, B and C. *“It’s about innovating the redevelopment of small towns. For housing and for business. ...That would make it really attractive for people.”* The intensive use of the new civic centre reinvigorated the town centre and the Friends of Croom helped to develop the restaurant and coffee shop at the civic centre. While the Croom civic centre offers the space for dancing events of the senior club initiated by *CareBright*, the club members

have tea at the cafe. Comparing the situation in Croom with other local communities in the region, SE A_C1 reflects, *“What’s missing is the cross-connectedness. ... In one community you get all the organisations lined up doing what they are doing but no connection. In the other one there is a connection. That works well. The other one remains broken.”*

Bridging capital on the local-community level is also visible in the case of *Stevia Hellas* Coop. For instance, a stevia farmer underlines the importance of complementary resource access from LCG B *Mermix* for their social business: *“With modern machines I can double my production, but I can’t afford them. Now I can simply borrow them from others.”* The stevia farmers’ cooperative developed stevia plantations in Lamia which pre-empted the deterioration of the landscape following the end of tobacco production. As a representative of the chamber of commerce in Lamia put it, *“After the end of tobacco production there was the danger that farms would close and farmers leave the region, and everything is abandoned.”* However, *Mermix* (LCG B) enhances the productivity of local farming activities and the continued farming helps to ensure the landscape remains cultivated. SE A_C2 adds another complementary aspect which shows the importance of bridging capital between LCG A and B with the LCG C *Thermal Spas Thermopiles*, *“Stevia is expensive. Many locals cannot afford it. Thus, we need to bring in tourists and enter foreign markets.”* Therefore, high quality tourism in turn enlarges the customer base for stevia.

However, bridging capital is not only an important resource for the rural social entrepreneur on the local-community level. Bridging network relations on the intermediary level, that is, between different social entrepreneurs, can also provide crucial complementary resource access to facilitate social business models. In the Greek case of *Stevia Hellas Coop*, there are two social entrepreneurs of different generations that have a kind of father and son relationship with productive knowledge exchange between tradition and innovation. Both SE A_C2 and SE B_C2 understand that rural social entrepreneurship in the Lamia region requires

a good balance between those two poles. A board member of *Stevia Hellas Coop* states, “[SE B_C2] is very important in the region. [SE B_C2] is very well respected. [SE B_C2] stands for the great tradition of Lamia, but lacks modern management practices. [SE A_C2] is a management and entrepreneurship expert, but lacks seniority. Together they are very strong. They can make change happen.”

In the Irish case study, we find two social entrepreneurs who represent two community development agencies (*Ballyhoura Development CLG* and *West Limerick Resources Ltd*). They deliver their services in different parts of the region but compete for the same EU, national, and regional funding grants. However, they join forces to protect their interests against the regional and national government and exchange information on their activities. A representative of the local enterprise office in Limerick summarizes the relationship as one of co-competition.

5.3 Linking social capital

This paper considers the innovative character of rural social entrepreneurs as centred on their ability to reconfigure existing resources on different network levels for their social business model. This ability comes down to positioning themselves as intermediary actors who can promote, encourage the establishment, or even establish downward linkages to the local community themselves to tap bonding and bridging social capital. At the same time, rural social entrepreneurs need to link upwards to regime-level actors to leverage those community resources. Such cross-level linking requires the rural social entrepreneur to offer clear value propositions to both LCGs and regime-level actors. For the value propositions to be credible, rural social entrepreneurs need to be perceived by the regime-level actors as legitimate advocates of the interests and needs of the actors on the community level and vice versa. This legitimacy can stem from the rural social entrepreneurs’ emotional and instrumental attachment to the local community.

Legitimacy through emotional place attachment. In the case of *Ballyhoura Development CLG*, we find that the legitimacy of SE A_C1 among LCG members is based on the social entrepreneur's local embeddedness as well as on the fact that SE A_C1 has been a successful manager and business developer in other rural localities, as SE A_C1 says, *"I live about five miles from here...originally I came from a different region, but I've been married and living in this region since 1979."* In the case of *Stevia Hellas Coop*, SE A_C2 has also acquired legitimacy among the LCGs through his local embeddedness and the fact that SE A_C2 was a successful investment banker and business developer. As SE A_C2 puts it, *"They have known me since I was a little boy, saw me growing up and they followed my international career. This familiarity opens the doors."* This is confirmed by a member of the *Stevia Hellas Coop*, *"He is one of us, but he is an expert who can deal with the big players. We need his expertise, but cannot work with somebody who does not understand us"* (Cooperative member of *Stevia Hellas*).

Legitimacy through instrumental place attachment. In contrast to gaining legitimacy through emotional place attachment, we also identify that the rural social entrepreneur addresses LCGs with concrete instrumental value propositions. For instance, this comes down to offering training to LCG members in return for accessing their ideas and network resources, as described by SE A_C1: *"When you saw a need and an opportunity, and you put a strategy together, the next thing was to do things that created a bit more awareness, bring people together about it. [...] We as an organisation built up the whole training side and demonstrate the kind of training and qualifications that there should be."* Of course, conducting mentoring is in the interest of the social entrepreneur because it helps to effectively mobilise the bonding social capital that is instrumental to the business model, as the following statement by SE A_C1 shows: *"People are talking about the resources they have but they don't know what to do with them [...] A couple of people have a very strong social consciousness and maybe not as much of a business focus. There is that challenge in identifying the people for boards so*

that you get the mix right. [...] One of the things that helps is mentoring. [...] And the other thing is training programmes.”

Value proposition for access to resources. The Irish case data reveals how the rural social entrepreneur offers a clear value proposition in order to mobilise bridging capital in the local community. SE A_C1 states: *“Ballyhoura Development works fairly hard in supporting all the groups in the community to come together, to talk to one another, to become part of one umbrella group [...]”*

SE A_C1 also gives an example of recruiting volunteers across the community for the *CareBright* home care and dial-a-ride service that shows how the social entrepreneur addresses the bridging challenge, *“[...] if we’re to grow the services, we’re either going to have to get more volunteers or we’re going to have to charge. (...) You put a on public event to create wider awareness because it might not only be the ones that talked to you; there could be others. [...] If people are being asked as volunteers to do things where they’re driving a lot, should there be a small compensation? As we tried to tease it out, we certainly can do it without some income coming in.”*

Our case data suggests that the social entrepreneurs also have to make value propositions to the LCG members in terms of facilitating their links to regime-level resources, as demonstrated in this statement: *“There are times when you just follow supporting a single innovation and usually our role would be mentoring and then linking them to the right research centres and universities”* (SE A_C1 in *Ballyhoura Development CLG*).

Value propositions in terms of upward linking also refer to guiding LCG members through the bureaucratic jungle created through recent government reforms, as described here: *“In the most recent changes the municipalities were created. There is not yet a mindset of people connecting to their municipality. You know, if you’re talking to people on the street here and*

you ask them what the municipality they live in does, that's gonna be: Ha? What's that?" (SE A_C1 in *Ballyhoura Development CLG*). Or simply to acquire administrative support: *"He [SE A_C2] knows many important people. People we do not know. This can help us"* (Cooperative member of *Stevia Hellas Coop*). Finally, linking activities can also include promising LCG members access to considerable funding that can ultimately address their needs: *"All our support work and the feasibility studies and all the plans have all been supported by LEADER. But the big capital money would come from another programme nationally. It's all about the right timing and space to support that group to get the money"* (SE A_C1 in *Ballyhoura Development CLG*).

Simultaneous leveraging of upward and downward links. However, moving upwards to the regime level, rural social entrepreneurs actually have to convince regime actors of their legitimacy in order to get access to those resources they already promised to the LCGs. Similar to the downward linking discussed earlier, the case of *Stevia Hellas Coop* shows that it helps when the rural social entrepreneur is legitimised by his local embeddedness and the fact that he has been a successful entrepreneur in other localities, such as in the case of SE A_C2. The Deputy Governor of Phthiotis remarks, *"[SE A_C2] is a born entrepreneur. He is energetic and committed. He has been successful abroad, so he will also succeed here."*

At the same time, SE A_C2 promises to the national government and the regional authorities that the administrative support provided will be used to enhance economic activity and an entrepreneurial mindset in the region to foster structural change. *"[SE A_C2] is a role model and a change maker. People need to be activated. They need to understand that entrepreneurship is good for us. [SE A_C2] will show them!"* says the Deputy Governor of Phthiotis.

In the Irish case study, in contrast, SE A_C1 promises the national government and the Local Community Development Council (LCDC) that the funds provided will be used to coordinate

the activities of the LCGs to fit the local development plan to meet the EU policy goals of job creation and economic development: “*We give Ballyhoura Development and West Limerick 2.9 million euro to put it into community development*” (Representative of the Local Community Development Council).

Successful upward linking and access to such regime-level resources require an in-depth understanding of strategic spatial planning in the country and particularly of how to satisfy the goals laid out on different administrative levels. “*That’s a top-down spatial plan. When you move down, there are regional plans that look at all kinds of infrastructural development that should happen. And then down you have county development plans. Each of them has to take cognizance of the one above and there are consultation processes in them all. What Ballyhoura would try to do is feed into the other ones and influence what was going on in the others*” (SE A_C1, Ballyhoura Development CLG).

Direct cross-level linking. In both cases, the rural social entrepreneurs also manage to directly and personally link actors from the community and regime level as the following statement by SE A_C1 highlights: “*There’s an EU project by the local authority in Limerick where we were able to link the farmers to the chamber of commerce to see where there could be a synergy between the two.*” In the case of *Stevia Hellas Coop*, SE A_C2 takes members of the farmers’ cooperative to international events, research project reviews, and meetings with national and EU decision makers as demonstrated in this statement: “*One of us often joins [SE A_C2] on his business trips. It is important that they get to know us and that we get to know them. Decisions are easier if you know the faces behind the projects*” (Board member of *Stevia Hellas Coop*).

Again, in both cases, the social entrepreneurs have established intensive cross-linking between intermediary and regime actors. “*In the very early days, Ballyhoura Development was involved in setting up a trans-European rural network. (...) This was pre-LEADER. (...)*

We tried to set up rural organisations across Europe (...) that was enormous learning because I was seeing and hearing what was going on in other places. (...) We linked with local authorities in Austria and Germany to come in and to work with us and develop multiannual development planning” (SE A_C1, Ballyhoura Development CLG). SE A_C2 makes a connected point, “Last week we had people from the European Investment Bank here and we talked about the project of building a factory for stevia processing here in Lamia.”

Limited transferability of social capital. Finally, the Irish case reminds us that all forms of social capital are highly context-specific and cannot be easily institutionalised in organisations or transferred through time and space (Leana and Van Buren, 1999; Andrews, 2010). In *Ballyhoura Development CLG*, a new CEO has recently taken over from SE A_C1. When the interviewer asked, “*You are basically leaving Ballyhoura, P. is the new CEO, how will you manage the transfer of your network contacts?*”, she answered: “*Hmm...(smiling) The strategy is one thing, the network contacts is another thing. I left all of my contact list and telephone numbers. But it’s the social relationship that makes the acceptor network*”.

The analysis of the two cases demonstrates the empirical relevance and the explanatory power of the proposed analytical framework. In line with the proposed framework, in the two cases, we could identify the actors rooted on the three levels of the institutional hierarchy and the three forms of social capital. We were specifically able to show how rural social entrepreneurs acquire legitimacy on the regime and community levels by demonstrating emotional and instrumental place attachment, and how doing so provides them access to resources emerging from bonding social capital, which they combine across LCGs through bridging social capital and reconfigure across different levels through linking social capital. That method means social entrepreneurs can leverage the resources provided by community and regime-level actors as an advance performance, with their linking social capital to make their social entrepreneurship business model work. The success of the business model of rural

social entrepreneurship in turn retrospectively justifies the value propositions made vis-à-vis the community and regime-level actors.

5. Discussion and conclusions

The aim of the paper is to conceptualise the still under-researched role of social entrepreneurs in the multilevel network arena of rural contexts. While social entrepreneurship is sometimes used as a euphemism for the cost-driven outsourcing of public services to private contractors, the paper conceptualises rural social entrepreneurship as complementing an entrepreneurial mission with a social mission (Steinerwoski et al., 2008b). The business activity of rural social entrepreneurs contributes innovative ways to meet the needs of local rural communities. Over and above the positive externalities of entrepreneurship, such as innovation and structural change, the business models of rural social entrepreneurs address societal challenges such as unemployment, poverty, social exclusion and marginalisation. This extra contribution justifies more tax-financed support schemes for rural social entrepreneurship, because it is based on a pro-active and risk-taking mindset of actors who develop innovative answers to challenges in rural societal contexts. The innovation can be reflected in new forms of service delivery or in the delivery of new services that meet challenges in rural societies that have not traditionally been addressed in the location. This is clearly different from an understanding of social entrepreneurship where firms deliver standardised public services based on contracts that grant them the value of the services that have been outsourced to them.

We introduce a conceptual framework in this paper that is informed by social capital theory and draws on literature dealing with place-based entrepreneurship. This framework facilitates understanding and further systematic empirical investigation of how rural social entrepreneurs strategically mobilise and reconfigure different types of social capital for their business model by leveraging community-level resources through vertical linkages to regime-level actors,

such as government bodies, development agencies, fund raising agencies and public research institutions (Geels, 2004). The presented framework provides a critical refinement of previous network approaches to social entrepreneurship and delivers a more nuanced and multilevel understanding of the interplay between horizontal and vertical linkages of a rural social entrepreneur (e.g. Shaw and Carter, 2007; McKeever et al., 2014).

We believe our framework and the empirical support provided particularly help to understand the complex role of social entrepreneurs as intermediaries between local communities and powerful regime-level actors in the context of rural development. However, future studies should test the framework empirically on a broader empirical basis and clarify whether it holds true in other rural or even in urban settings. One indication that might question the transferability of our framework across rural settings is the empirical evidence that rural contexts are very disparate (Breitenecker and Harms, 2010). Moreover, the transferability to urban settings must be tested in view of the identified differences in legitimacy of entrepreneurship between rural and urban contexts (Kibler et al., 2014). Moreover, our framework suggests that establishing downward and upward linkages depends on the rural social entrepreneur's ability to connect with clearly identifiable place-based communities and their respective socioeconomic challenges.

Researchers might use follow-up single case studies to push further and dig especially deep into the precise meaning of specific networking practices of rural social entrepreneurs. Comparing institutional context factors and corresponding entrepreneurial practices in different case studies should make it possible to identify generalities and differences, and to contextually verify individual elements. Follow-up studies might also develop a more dynamic perspective of our suggested network model which currently represents a rather static actor configuration of rural social entrepreneurship.

In later phases in the development of this stream of research, the new ground broken through exploratory research activities should be secured by testing the insights in confirmatory studies. However, researchers must ensure appropriate contextualisation when employing quantitative methods. Interdependencies uncovered in the qualitative studies can be modelled as moderators or mediators. Confirmatory studies can also identify the boundary conditions of the framework. We assume that the effectiveness of rural social entrepreneurs in filling their intermediary position in the presented network model is somewhat over-estimated based on our case evidence. While the empirical picture supports the intermediary position of the rural social entrepreneurs proposed in the theoretical framework, the entrepreneurs in both cases turned out to be pronounced change agents who facilitated significant effects in their regions. Thus, they might differ from other types of rural social entrepreneurs in their capacity to mobilise resources from regime-level actors and their impact on the community. Another boundary condition might be different levels of absorptive capability in local communities and their different levels of need for such activities. We studied structurally weak regions and thus our findings apply to rural contexts with a weak public sector that leaves voids in the institutional setting that offer viable business opportunities for social entrepreneurship. Future studies should verify the existence of such business opportunities in institutional settings with a stronger public sector.

A key insight from our analysis refers to the dialectic of horizontal and vertical networking which characterises the role of the rural social entrepreneur. Relationship building and social capital mobilisation requires actors to obtain legitimacy within the rural community (and its different LCGs) (see also Munoz et al., 2014) which also involves authentic resource access to the regime level and vice versa. This is a fundamental challenge for the rural social entrepreneur when implementing a business model. To put it bluntly, the entrepreneur has to make a value proposition to both rural community members and regime actors which in reality is often based on potential rather than actual resource access in his or her networks.

Our model further reflects insights from structuration theory and its conceptualisation of the interplay between agency and structure (Giddens, 1984; Jack and Anderson, 2002), as it has previously been applied in studies on rural social entrepreneurship (Steinerwoski et al., 2008b; Steinerowski and Steinerowska-Streb, 2012). The social challenges which rural social entrepreneurs initially address are often related to particular configurations on the regime level, such as failures of public policies or market actors in the efficient delivery of services to rural communities. Moreover, regime actors are responsible for promoting or hindering rural social enterprise activity. In our model, we highlight that the agency aspect of rural social entrepreneurs lies in their intermediary position between rural communities and the (structural) regime level. Given local knowledge and their expertise on the regime level, rural social entrepreneurs can adapt their business models to the circumstances of the place, as well as to structural enablers and limitations. According to structuration theory and insights from the multilevel perspective, innovative niche strategies of rural social entrepreneurs can offer palatable solutions to problems on the regime level itself and thus might lead to a transition towards more sustainable social and economic systems (Nicholls and Cho, 2008; Smith et al., 2010).

However, applying the analytical framework in a multiple case study has also reinforced the notion of the limited transferability of all forms of social capital, because they are highly context-specific and cannot be easily institutionalised in organisations or transferred through time and space (Leana and Van Buren, 1999; Andrews, 2010). For example, in our northern European case, the frequent changes in government threatened the social entrepreneurship model, while in the southern European case the financial crisis caused the funding schemes to dry up, thus tying the hands of the regime actors. This specific characteristic poses a major challenge to the scalability of business models in rural social entrepreneurship. Owing to its far-reaching practical implications, the issue of limited scalability must be addressed in future research on rural social entrepreneurship.

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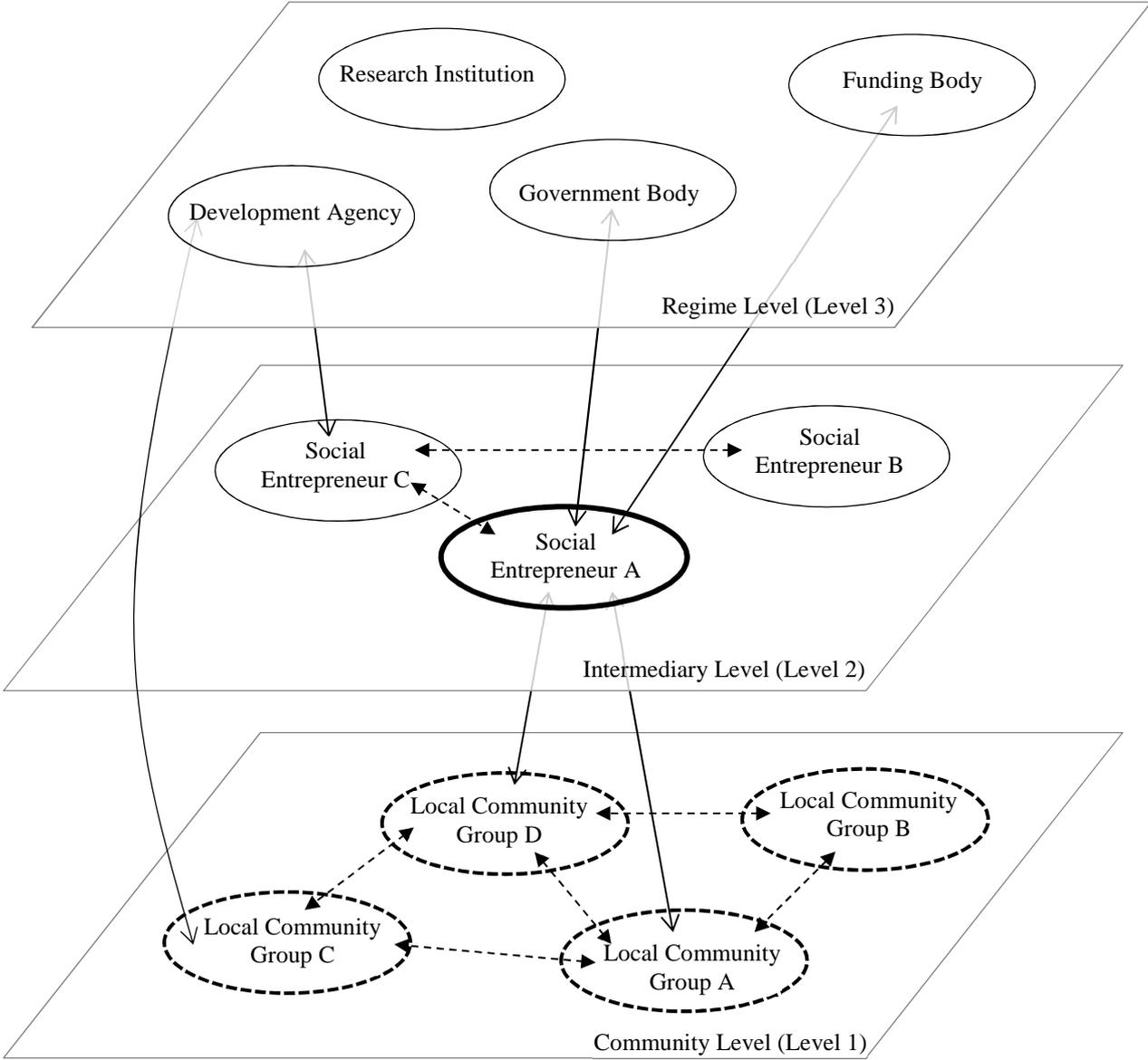
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Figure 1: Interplay of different forms of social capital in rural social entrepreneurship



Note:

Network actor	○
Bonding social capital	⊖
Bridging social capital	↔
Linking social capital	↔

Table 1. Overview of the collected empirical data

Case study	Rural region	No. of conducted interviews			Extent of participatory observation (pages of field notes collected during 8 weeks of sight visits over 26 months)	No. of analysed documents (Statistical reports, evaluation reports, newspaper articles etc.)
		<i>Narrative interviews</i>	<i>Semi-structured interviews</i>	<i>Expert interviews</i>		
Case 1	Mid-west Ireland	4	5	3	33	8
Case 2	Central Greece	4	4	3	16	4
Total		8	9	6	49	12

Table 2. Overview of key socioeconomic indicators for the case regions

<i>Last available year 2009</i>	Mid-West Ireland (Case 1)	Central Greece (Case 2)	EU-27
Gross domestic product	11 803 (<i>million €</i>)	12 583 (<i>million €</i>)	11 791.000 (<i>million €</i>)
GDP per capita	31 605 (€)	22 696 (€)	23 600 (€)
Total Population	373 473	554 426	497 780 439
Population 0–14 years	21.03%	13.37%	15.6%
Population 15–64 years	67.42%	65.23%	67.1%
Population 65+ years	11.55%	21.40%	17.2%
Population Density	47.5 per km ²	35.9 per km ²	116.4 per km ²
Unemployment Rate	12.76%	10.49%	8.9%
Employment Rate	61.63%	58.98%	64.6%
Female Employment Rate	56.19%	42.46%	58.6%
Participation Rate (male and female)	70.65%	65.89%	65.3%

Table 3. Network levels and social capital from the perspective of social entrepreneurs

<i>Case 1: Ballyhoura Development CLG</i>				
Main Themes				
Network levels	Network actors	Bonding social capital	Bridging social capital	Linking social capital
Empirical guiding questions				
<i>On which level of the network hierarchy are the actors anchored?</i>	<i>Who are the network actors?</i>	<i>What are the joint interests of the members of the action group that provides a business opportunity for the social entrepreneur?</i>	<i>What are the configurations of complementary resource offered by different actors that enable the business model of the social entrepreneur?</i>	<i>What are the resources a SE can offer to and access from actors from different network level?</i>
Regime Level	EU National government Local Community Development Council (LCDC)	n/a	n/a	SE promises to the national government and the LCDC to use the funds provided to coordinate the activities of the LCG to fit the local development plan for EU policy goals job creation and economic development (“ <i>We give Ballyhoura Development and West Limerick 2.9 Mio to put it into community development.</i> ”, representative of LCDC) SE is legitimized by her local embeddedness and the fact that she has been a successful entrepreneur in other localities (“ <i>I live about five miles from here [...] originally I came from a different region.</i> ”, SE_A_C1) SE tries to feed in and match with spatial development plans on different administrative levels. (“ <i>That’s a top-down spatial plan. [...] Each of them has to take cognizance of the one above and there are consultation processes in them all. What Ballyhoura would try to do is feed into the other ones and influence what was going on in the others.</i> ”, SE_A_C1)
Intermediary level	Social entrepreneur (SE_A_C1) Social entrepreneur (SE_B_C1)	n/a	The two community development agencies deliver their serves in locally separated parts of the region and compete for EU, national and regional funding. However, they join forces to protect their interests towards the regional and national government and exchange information regarding their activities (“ <i>You have Ballyhoura Development covering the east and south of the county and West Limerick Resources in the West. They operate a lot in the same programs, for example the LEADER Program.</i> ”, representative of the regional business development agency)	SE sometimes manages to bring regime and LCG actors in personal contact. (“ <i>There’s a separate EU project by the local authority in Limerick where we were able to link the farmers to the chamber of commerce to see where could there be a synergy between the two.</i> ”, SE_A_C1) The SE is involved in national and international rural SE and regime actor networks. (“ <i>Ballyhoura Development was involved in setting up a trans-European rural network. [...] We tried to set up rural organizations across Europe [...] EADER came on and I participated a good bit from Ballyhoura Development. [...] We linked with local authorities in Austria and Germany to come in and to work with us and develop a multiannual development planning.</i> ”, SE_A_C1) Existing SE bridging networks cannot be transferred between people or places. (“ <i>This learning was with two people that participated, both of them directors of services in their two counties. When they left, and moved to another place then that knowledge was gone with them. Because it was not embedded in the institution.</i> ”, SE_A_C1) SE can be part of LCG and often have a successful business background (“ <i>We have people that have been powerhouses in business that have got involved heavily in their own communities.</i> ”, SE_A_C1)
Community level	LCG A_C1 (Civic Center Croom) LCG B_C1 (CareBright – provider of home care support services) LCG C_C1 (Friends of Croom)	Shared need for a location to socialize in the local community (“ <i>There was nothing in here to meet. Village life simply did not take place.</i> ”, Community center manager) Shared need to reduce social isolation among elderly locals (“ <i>For example that project, that’s a piece of social innovation (...) CareBright for riding services to people to care for them at their own homes.</i> ”, Representative of CareBright)	While the Groom Community Center offers the space for the dancing events of the senior club, the club members had tee at the coffee shop. The intensive use of the community center activated the town center and the friends of Groom helped to develop the restaurant and coffee shop at the community center. (“ <i>I think there is an interplay between them. It’s about innovating the redevelopment of streets in small towns. For housing and for business. (...) That would make it really attractive for people.</i> ”, SE_A_C1) (“ <i>What’s missing is the cross-connectedness. (...) In one community you get all the organizations lined up doing what they are doing but no connection. In the other one there is a connection. That works well. The other one remains broken.</i> ”, SE_A_C1)	SE promises to the LCG to connect them among each other and to the regime level to acquire necessary resources (“ <i>In the most recent changes the municipalities were created. There is not yet a mind-set of people connecting to their municipality. You know, if you’re talking to people on the street here and you ask them to know what municipality do they live in that’s gonna be: Ha? What’s that? [...] Ballyhoura Development works fairly hard in supporting all the groups in the community to come together, to talk to one another, to become part of one umbrella group and to put a socioeconomic plan in place for the community. [...] There are times when you just follow supporting a single innovation and usually our role would be mentoring and then linking. [...] All the support work and the feasibilities and all the plans had all been supported by LEADER. But the big capital money would come from another program nationally. It’s all about the right timing and space to support that group to get the money.</i> ”, SE_A_C1) SE is legitimized by SE’s local embeddedness and the fact that he/she has been a successful entrepreneur in other localities (“ <i>I live about five miles from here (...) originally I came from a different region but I’ve been married and living in this region since 1979.</i> ”, SE_A_C1) SE offers trainings to LCG members in return for accessing their ideas and network resources (“ <i>We as an organization built up the whole training side and demonstrate the kind of training and qualifications that there should be. That was our kind of innovation, we have brought this to a different level.</i> ”, SE_A_C1) SE identifies (cohesive) LCG and develops the group structure further to enhance their governance (“ <i>A couple of people have a very strong focus social consciousness and maybe not as much of a business focus. There is that challenge in identifying the people for board so that you get the mix right. [...] One of the things that helps is mentoring. [...] And the other thing is training programs. [...] When you saw a need and an opportunity and you put a strategy together, the next thing was to do things that created a bit more awareness, bring people together about it. [...]</i> ”, SE_A_C1) SE bridges LCG to tap additional volunteering potential for the respective social business models and offer small monetary compensations to volunteers (“ <i>It also has a number of volunteers the services. So [...] if we’re to grow the services, we’re either going to have to get more volunteers or we’re going to have to charge. [...] As we tried to tease it out, we certainly can do it without some income coming in.</i> ”, SE_A_C1)

Case 2: Stevia Hellas Coop

Main Themes

Network Levels	Network actors	Bonding social capital	Bridging social capital	Linking social capital
Empirical guiding questions				
<i>On which level of the network hierarchy are the actors anchored?</i>	<i>Who are the network actors?</i>	<i>What are the joint interests of the members of the action group that provides a business opportunity for the social entrepreneur?</i>	<i>What are the configurations of complementary resource offered by different actors that enable the business model of the social entrepreneur?</i>	<i>What are the resources a SE can offer to and access from actors from different network level?</i>
<i>Regime level</i>	European Union National government Regional government of Phthiotis Local government of Lamia	n/a	n/a	SE promises to the national government and the regional authorities to use the administrative support provided to enhance economic activity and an entrepreneurial mindset in the region to foster structural change (“[SE B_C2] is a role model and a change maker. People need to be activated. They need to understand that entrepreneurship is good for us. [SE B_C2] will show them!”, Deputy Governor Lamia) SE is legitimized by his local embeddedness and the fact that she has been a successful investment banker and business developer in other localities (“[SE B_C2] is a born entrepreneur. He is energetic and committed. He has been successful abroad, so he will also succeed here.”, Deputy Governor Lamia; “I am an exception. That makes me an attractive partner for change.”, SE A_C2) SE brings international investors and EU decision makers to the region. (“Last week we had people from the European Investment Bank here and talked about the project of building a factory for Stevia processing here in Lamia.”, SE A_C2) SE takes members of the co-operative to international events, research projects and meetings with national and EU decision makers. (“One of us often joins [SE B_C2] on his business trips. It is important that they get to know us and that we get to know them. Decisions are easier if you know the faces behind the projects.”, Member of the board of the cooperative)
<i>Intermediary level</i>	Social entrepreneur (SE A_C2) Social entrepreneur (SE B_C2)	n/a	The two generations of social entrepreneurs have a father and son relationship with productive knowledge exchange between tradition and innovation. Both understand that social entrepreneurship in the Lamia region requires a good balance between those two poles (“[SE B_C2] is very important in the region. He is very well respected. He stands for the great tradition of Lamia, but lacks modern management practices. [SE A_C2] is a management and entrepreneurship expert, but lacks seniority. Together they are very strong. They can make change happen.”, Member of the board of the cooperative; “[SE A_C2] is following the market. [SE B_C2] follows tradition.”, Researcher at university in the region)	
<i>Community level</i>	LCG A_C2 (Stevia Farmers) LCG B_C2 (Mermix) LCG C_C2 (Thermal Spas Thermopiles)	Shared need for generating new income from agriculture after the end of tabaco production (“We are a family and should help each other. In the cooperative, we have common interests and should act as one. We all want to make our living with farming.”, Board member of the Stevia Hellas cooperative) Shared need for modern machinery for agricultural production (“More and more farmers understand that not everyone needs to own the whole machinery, but they can share the machines. That way they all can use modern agricultural machinery and be more productive. What they need is someone who organizes the exchange.”, Investor in Mermix) Shared need for landscape work as a basis for tourism (“Demand for high quality touristic products is growing in the Lamia region. Now we need to ensure that the landscape is preserved and attractive products are developed.”, Chamber of commerce)	The farmer cooperative developed Stevia plantations in Lamia which avoided decay of the landscape after the end of Tabaco production (“After the end of tabaco production there was the danger that farms are closed and farmers leave the region and everything is abandoned.”, Member of the Stevia Hellas cooperative) Mermix enhances productivity of this farming activities (“With modern machines I can double my production, but I can’t afford them. Now I can simply borrow them from others.”, Farmer of Stevia Hellas cooperative) The continued farming helps to keep the landscape cultivated (“Without our [farmers] work there would be no beautiful fields and tracks. The valley would be woods only.”, Stevia farmer and member of the cooperative) High quality tourism in turn enlarges the customer based for Stevia. (“Stevia is expensive. Many locals cannot afford. Thus we need to bring in tourists and enter foreign markets.”, SE-A)	SE promises to the LCG to acquire administrative support from the regional and national government (“I know [SE B_C2]. He has good ideas and is reliable. Thus, I will always support his ideas. There is no need for intensive checks.”, Deputy governor of Lamia) SE is legitimized among the LCGs by his local embeddedness and the fact that he has been a successful investment banker and business developer in other localities (“They have known me since I was a little boy, saw me growing up and they followed my international career. This familiarity opens the doors.”, SE B_C2; (“He is one of us but he is an expert who can deal with the big players. We need his expertise, but cannot work with somebody who does not understand us.”, Member of Stevia Hellas cooperative)