From ‘Varieties of’ to ‘Variegated’ entrepreneurship: Understanding heterogeneous and interrelated contexts through a Polanyian lens

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Abstract

This article is concerned with how we theorize heterogeneous and multilevel contexts as they intersect in place, whilst prioritizing the role of entrepreneurial action in shaping context and driving change. We analyze an emerging stream of context research based upon varieties of capitalism institutional theory, drawing on theoretical developments from political economy and geography fields. This sheds light on how ‘varieties of entrepreneurship’ risks reproducing static and mechanistic studies, which instead of meeting the promise of diversifying contexts, sets nations on path dependent trajectories that sideline possibilities for entrepreneurial agency. We suggest Polanyian inspired variegated capitalism as providing potential for understanding the interrelated, multilayered, heterogeneous contexts of entrepreneurship.
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This article is concerned with how we theorize heterogeneous and multilevel contexts as they intersect in place, whilst prioritizing the role of entrepreneurial action in shaping context and driving change. We analyze an emerging stream of context research based upon varieties of capitalism institutional theory, drawing on theoretical developments from political economy and geography fields. This sheds light on how ‘varieties of entrepreneurship’ risks reproducing static and mechanistic studies, which instead of meeting the promise of diversifying contexts, sets nations on path dependent trajectories that sideline possibilities for entrepreneurial agency. We suggest Polanyian inspired variegated capitalism as providing potential for understanding the interrelated, multilayered, heterogeneous contexts of entrepreneurship.

Key words
Entrepreneurship, context, theorizing contexts, institutions, agency, varieties of capitalism

Introduction

Contextual studies comprise a well-developed strand of research, shedding light upon how social, cultural, political, and economic environments of entrepreneurship influence the type, nature and success of ventures, highlighting the diversity of entrepreneurship. Contextual perspectives take account of the social, structural, spatial, temporal, and historical situatedness of entrepreneurship, with increasing recognition of the importance of place as the point at which different dimensions of context intersect (Welter & Baker, 2021; Korsgaard, et al 2015). This accounts for how each facet of context is not isolated or static, as multiple contexts interact, both influencing and influenced by entrepreneurial processes (Welter et al., 2017; Wigren-Kristofersen et al., 2019). However, there are concerns that we may be getting lost in context (Baker & Welter, 2018) or that over-contextualization has led to fragmentation of the field (McMullen et al., 2021). These concerns are addressed by a growing strand of research adopting a varieties of capitalism (VoC) approach that considers how interactions between a parsimonious array of formal institutions influence types of entrepreneurship favoured at a national level (Audretsch et al., 2021; Economidou et al., 2018; Dilli et al., 2018; Herrmann 2019). Although this parsimony can be welcomed as sensible contextualisation (Welter et al.,
2019), VoCs economic institutional approach side-lines important sociological aspects of understanding entrepreneurship in context (Su et al., 2017), missing differences within countries and failing to account for entrepreneurial agency.

This research is concerned with bringing economic and sociological contexts together to understand entrepreneurial diversity between and within nations, and to allow for entrepreneurial action. Entrepreneurs drive change—whether this be minor transformations to their personal living and working situations through micro-business or self-employment, or the game-changing innovation of unicorns (McMullen et al., 2020). Moreover, entrepreneurs do not act alone but are embedded in a social context which is simultaneously shaping and shaped by their activity (Korsgaard et al., 2015). Entrepreneurial interactions are also influenced by the context of place (Spigel, 2017; Welter & Baker, 2021), and the way national institutional structures are felt will vary between cities and regions due to historical, cultural, social, economic and political differences (Massey, 1991). To understand interrelations across different levels of context, this paper proposes a multi-layered variegated capitalism approach inspired by the work of Karl Polanyi, drawing on comparative capitalsms literatures in sociology, political economy and international business, particularly variegated capitalism literatures developed by geography scholars (Peck & Theodore, 2007).

The VoC approach to understanding entrepreneurship is taken as a critical departure point to problematise national abstraction of economic institutional theory approaches in fully understanding heterogeneous entrepreneurial contexts. As the convergence of the VoC and entrepreneurship literatures is in its early stages, the paper begins by providing an overview of the original VoC approach currently informing emerging work in the entrepreneurship field, before focusing on the Varieties of Entrepreneurship (VoE) approach that represents the most well-developed VoC theorisation in the entrepreneurship literatures (Herrmann, 2019; Dilli et al., 2018; Elert et al., 2019; Sanders et al., 2020). It reviews these contributions to the entrepreneurship literature in light of VoC’s theoretical developments from political economy, sociology and geography literatures to untangle critique and pave the way for the Variegated approach that follows. This reveals how national abstraction and economic rationality underpinning VoC misses sociological considerations that attend to socio-cultural influences and entrepreneurial agency, as actors interrelate with and shape context, suggesting that VoE replicates those static and mechanistic studies that treat context as given (Welter & Baker, 2021). Reference to extant entrepreneurship research demonstrates how consideration of society and agency are fundamental to understanding entrepreneurship at different levels of context.

The shortcomings of VoC and VoE approaches makes space for Polanyian inspired variegated capitalism developed in economic geography that provides potential for apprehending the interconnected multi-level contexts of entrepreneurship. It proposes interconnecting and co-existing institutional processes of market exchange, redistribution and reciprocity that correspond to institutional structures of market systems, government and community/households. Combining considerations of agency and structure, and formal and informal institutional contexts, a variegated approach opens entrepreneurial activity to diverse motivations; shining a light on how entrepreneurs create social transformation and shift institutional structures. Variegated entrepreneurship offers potential to capture dynamic processes surrounding business creation, growth and resilience by emphasising interrelations between actors and institutions that shift over time and between places. This recognises the multiplicity of entrepreneurial contexts whereby structural, spatial, temporal and historical considerations interact to influence entrepreneurial processes.
The Varieties of Capitalism (VoC) approach was developed to defend the European 'social model' of capitalism against orthodox economic arguments of global convergence towards US-style liberal market economies by drawing attention to the mediating impact of national institutional structures (Hall & Soskice, 2001). VoC emphasizes how national culture and politics influence economic structures and attitudes towards economic action through their roles in shaping and developing formal national institutions. Qualitative differences between the types of institutions found in different nations creates differences in national forms of capitalism. Hall and Soskice’s seminal work ‘Varieties of Capitalism’ (2001) introduced the key concepts, identifying pivotal institutional influences on the national type of capitalism, which they placed on a continuum between two ideal-types: coordinated market economies (CMEs) as found in Germany and Japan and liberal market economies (LMEs) exemplified by the United States, United Kingdom and Ireland.

The varieties approach is concerned with how country-specific institutional arrangements confer different transaction costs and benefits that are conducive towards certain types of firms and innovation. Variations in market regulations, market incentives, taxation systems, legislation to protect wage levels, employment rights access to healthcare and welfare support create the conditions that firms operate within (Bohle & Greskovits, 2009; Hall & Soskice, 2001). Rather than considering the influence of each institution in isolation, VoC examines how configurations of institutional influences create an environment that will favour certain types of business. Complementarities between the array of institutions are mutually reinforcing, whereby efficiencies created by one institution are supported by the efficiencies generated by another. The combination of institutions creates a national environment that requires certain firm-level strategies to successfully navigate and thrive (Jackson & Deeg, 2008). These institutional differences between countries help to secure different types of competitive advantages for firms starting up and operating within them (Hall & Soskice, 2001). As the nature of institutions influences the types of firms supported it creates diversity in the type of capitalism between nations, in a form of national comparative advantage (Bruff & Horn, 2012; Hall & Soskice, 2001).

By accounting for institutional context VoC goes some way in examining how the context for entrepreneurship is created. The sets of institutions within LMEs that support short-term returns to shareholders and deregulated financial markets, are thought to combine to create advantages for radical innovation; whereas the institutions in CME’s are more likely to encourage incremental innovation due to long-term patient financial arrangements, and stronger labour laws (Jackson & Deeg, 2008). VoC quickly became an established theory within international business where it can account for differences between countries that global organizations must navigate. However, our uptake in entrepreneurship scholarship has had a slower start, and apart from one early study adopting VoC to understand national differences in entrepreneurship by comparing different commercialization strategies (Haeussler, 2011), use of VoC in entrepreneurship research has been peripheral. More recently there has been an acceleration of interest in applying VoC to entrepreneurship, which can be linked to pioneering work developed by a Horizon 2020 project investigating Financial and Institutional Reforms for an Entrepreneurial Society in Europe (FIRES). There has been a spike in publications referring to VoC since 2018 much of which can be linked to the work of the FIRES team (Economidou et al., 2018; Dilli et al., 2018; Herrmann 2019). This has led to acknowledgement of a recognizable ‘literature strand’ relating to varieties of entrepreneurship (VoE) indicative
that it is gaining real traction in the field (Audretsch et al., 2021) although arguably concentrated within economic approaches at present.

FIRES’ adoption of VoC to studies of entrepreneurship moves the VoC emphasis from established firms to new ventures, bringing a parsimonious institutional approach that authors argue combats institutional eclecticism that has been a feature of the entrepreneurship field, and brings clarity to the understanding of core institutions that influence entrepreneurship (Dilli et al., 2018; Herrmann, 2019). This ‘sensible contextualization’ (Welter et al., 2019) avoids the extreme relativism that threatens many contextual approaches (Baker & Welter, 2018). FIRES examined institutional factors behind national variations in types of entrepreneurship across 21 countries across Europe and identify a range of policies to increase innovation (Herrmann, 2020). This combined national level statistics and survey data to identify 15 indicators encompassing education level, research and development, employment protection, government support for enterprise, financial regulations and level of investment, levels of protection and reliability of the legal systems to show how distinct national configurations of institutions could be associated with distinct forms of entrepreneurship (Dilli et al., 2018). By accounting for an array of institutions the FIRES research addresses debates in the international business literature that guard against decontextualization and reduction that minimises the number of institutions (Jackson & Deeg, 2019), as evidenced in Dilli’s (2021) study.

Adopting a broad definition of entrepreneurship that includes innovation within firms their analysis identified three ‘varieties’ clusters correlated to type of entrepreneurship found. Like Hall and Soskice’s original varieties formulation (2001) varieties of entrepreneurship (VoE) are defined on a continuum from Schumpeterian risk-taking or radical innovation alongside high corporate growth seen in LMEs, to incremental growth of well-regulated CMEs, and the risk-avoiding ‘imitative ventures’ that they associate with Mediterranean (MME) and EME falling somewhere in between (Herrmann, 2020). The FIRES examination of institutional frameworks compared radical Schumpeterian innovation in LMEs and longer-term incremental innovation in CMEs, confirming that more permissive financial institutions of LMEs were associated with radical innovation, the regulated CME environment saw more incremental innovation, whilst the MMEs were found to be constraining with the most low-tech start-ups (Dilli, 2021). This theme continued throughout the institutional indicators: flexible labour, education focused on scientific knowledge development, and legal frameworks that offer protections for R&D collaborations all found to support innovative entrepreneurship (Dilli et al., 2018). For example, corporate governance arrangements within LMEs confer decision-making power upon managers who prioritize maximization of shareholder returns thereby favouring the short-term, whereas in CMEs investor involvement in decision-making (e.g. supervisory board structures in Germany include shareholders and employees in strategic decision making) requires managers to agree investment decisions with board members which prevents rapid decision-making required for radical innovation, favouring long term stability over short term risk that bring potential of high returns (Herrmann, 2019, 2020). Similarly financial arrangements in CMEs support company pension schemes that adopt more risk-averse

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1 There is some contention surrounding the different economies as according to the role of institutional complementarity within the Varieties of Capitalism model, hybrid economies will not be as successful as those economies situated at either end of the spectrum. Their institutional structures will not achieve the competitive synergies of complementarity but their conflicting institutional combinations will pull against each other and fail to create efficiencies in firms and their types of innovation firms are less viable. Thus imititative firms in mixed market economy will be less viable.
strategies than private pension funds impacting upon the availability of venture capital, compared to the US where legislation freed pension funds to invest in riskier ventures.

Examining national constellations of institutions against national indicators of entrepreneurial activity, FIREs research demonstrated how longer-term incremental innovation creates sustainable and resilient economies. Herrmann (2019) contrasted Labour precariousness within LMEs with regulated labour markets in CMEs where employee and wage protection commits workers to firms over the long term, giving firms confidence to invest in knowledge and skills development thereby favouring incremental innovation. Emphasizing different varieties of entrepreneurship supported by USA in comparison to Germany’s institutional environments, this work draws attention from the myopic view of Silicon Valley entrepreneurship permeating academia and society that leads policy makers to focus on high growth without consideration for the underlying institutional structures (Herrmann 2019; Dilli et al., 2018). Highlighting how the focus on radical innovation belies the failure rates and scarcity of risky gazelles and mythical unicorns (Nightingale & Coad, 2014), their problematization of the obsession with high-growth points to the employment growth, sustainability, and resilience of incrementally innovative firms within CMEs, as evident in Germany’s Mittlestand area (Pahnke & Welter, 2018).

Repositioning incremental innovation as a beneficial alternative to the radical entrepreneurship of LMEs, both Herrmann and Dilli caution against CMEs pursuing policies towards radical innovation as it would create conflict within the institutional environment where complementarity supports incremental innovation (Herrmann, 2019, 2020; Dilli, 2018). Given qualitative differences between national institutional environments entrepreneurs in different countries need to adopt alternate strategies to navigate the institutional environment, and innovation policies should be tailored towards national institutional context. Following VoC reasoning policymakers trying to support certain types of innovation need to consider whether the institutional framework is conducive to it – Silicon Valley entrepreneurship cannot be used as a role model for CMEs or MMEs due to institutional differences. Where bundles of institutions are not complementary – as in EMEs and MMES – they act in tension, with one institutional impact negating the influence of another. Therefore, Herrmann and Dilli caution against deregulation in CMEs due to the social impact employment precarity and low wages which create inequality and jeopardize the institutional environment (Dilli et al., 2018; Herrmann, 2019, 2020). Likewise, a perfect institutional environment that both supports Schumpeterian innovation alongside facilitation of social inclusion – in LMEs – does not exist and cannot be created (Dilli et al., 2018: 316).

The second element of the FIRES project suggested policy prescriptions to increase innovation in the EU countries studied, to ‘promote a more open, contestable Entrepreneurial Society’ (Sanders et al., 2020:2). This conception of the entrepreneurial society relates to earlier work relating to the entrepreneurial economy ‘characterised by a convergence of institutions and policy approaches designed to facilitate the creation and commercialisation of knowledge through entrepreneurial activity’ (Thurik et al., 2013:303, see also Wennekers & Thurik, 1999; Audretsch & Thurik, 2000). These authors argue that global convergence towards a liberal model of capitalism based on the US economic model represents a shift to an entrepreneurial economy and recommend government policies supporting this convergence (Thurik et al., 2013). The recommendations of the FIRES project appear to mirror this view of the entrepreneurial economy by prioritising the radical innovation associated with LMEs from the start, suggested policies relate to increased moves towards liberalisation. This fundamentally contradicts the view that the varieties approach broadens entrepreneurship to
encompass incremental innovation and co-ordinated market arrangements, directly contradicting the aim of Hall and Soskice’s original VoC approach (Hall & Soskice, 2001) and their own VoE theorisation (Herrmann, 2020).

The FIRES menu of 50 policies to be selected according to a nation’s particular institutional environment, tends to favour policies supporting radical innovations. Progressive recommendations for ICT, industrial strategy and innovation policy are coupled with supply-side suggestions, for example that both Germany and the UK relax private taxation on the wealthy to free up funds for investment (Sanders et al., 2020). Suggested relaxation of employment protection for employees on fulltime contracts in Germany erodes CME characteristics indicating internal inconsistency with VoC arguments about complementarity. They assert that protected permanent contracts present a barrier to nascent entrepreneurs avoiding the risk to income in transitioning from part- to full-time entrepreneurship, compared to LME employees with less to lose; whilst CME Germany’s perceived ‘onerous’ employer responsibilities to permanent staff are held to slow growth as new ventures become more cautious in staff recruitment. Although support for these recommendations were supported by reference to Held (2018), just five out of 313 respondents in the FIRES survey mentioned this issue (Sanders et al., 2020) raising questions over links between data and outcomes in the theorization.

There is a clear disconnect between and Dilli and Herrmann’s (Dilli et al., 2018; Herrmann, 2019, 2020) VoE analysis that broadens the view of entrepreneurial research to incorporate incremental innovation, and the policy recommendations prioritizing radical innovation and the institutional structures supporting it as set out in The Entrepreneurial Society (Sanders et al., 2020). The internal inconsistency between the VoE theory and practical policy recommendations which ignore considerations of complementarity and equifinality, can be linked to the rationale underpinning the research intertwined with underlying assumptions of the VoC approach. The starting point for the FIRES project was to suggest policy reforms that would match European entrepreneurship to the level of Schumpeterian/high-impact innovation in the USA (Elert et al., 2019). Whilst this may be driven by the preferences of research funders, measuring successes against this standard reflects one of the key criticisms of VoC—that it prioritises the LME arrangement of capitalism (Peck & Theodore, 2007)—and conflicts with the claims from core VoE researchers that it broadens the scope of entrepreneurship research by bringing incremental, long-term innovation to the fore. By taking the liberal market economy as the starting point it measures all other types of capitalism against it in a way that essentializes the liberal form of markets (Peck & Theodore, 2007). Paralleling VoC prioritization of LME’s VoE inherently essentializes radical forms of innovation and repeats the tendency of entrepreneurship research to create dichotomies that privilege one form while marginalizing others (Welter & Baker, 2021; Welter et al., 2017)

VoC and the entrepreneurial economy are underpinned by rational choice theory and competitive advantage, firmly grounding the analysis in economics (Thurik et al., 2013; Wennekers & Thurik, 1999; Audretsch & Thurik, 2000). Although VoC attempts to consider social aspects, the theoretical foundations in rational choice institutionalism whereby business will make choices to maximise profits within the defined ‘rules of the game’, and concerns of comparative national advantage point to the functionalist roots that privilege market considerations. This reflects the economistic paradigm dominating entrepreneurship theory, and embedded economistic epistemological assumptions evident in consistency of positivism in published research (Baker & Welter, 2015; Grant & Perren, 2002; Hlady-Ripsal & Jouison-Laffitte, 2014; Pittaway & Tunstall, 2016). Despite arguments that VoE broadens consideration
of context and apprehends the heterogeneity of entrepreneurship (Audretsch et al., 2021) it does so in a straitjacket of positivist thought.

Scientific bias can be seen in the parsimony of VoE. Whilst VoC compares favourably to ‘thin’ institutional analysis associated with traditional economic approaches that tend to use few indicators or group them into single constructs (Jackson & Deeg 2019), the level of VoC abstraction still risks oversimplifying the complexity of political-economic institutions (Hay, 2020). To apprehend a simplified version of context, VoE only takes account of those national institutions formalised in written and verbal ‘rules of the game’ that influence business success (Herrmann, 2020). This economic institutionalist approach is rationalised as providing clarity when compared to sociological institutionalism that takes on board norms, values and culture and argues that these shared understandings underpin the development of institutions but require affirmation in formalised rules to remain viable (Herrmann, 2020; Hall & Soskice 2001). However, taking a top-down approach we miss the social and cultural institutional contexts that vary according to regional social and cultural histories that shape the environment for new businesses at the regional and local level. Researchers of the UK’s FIRES recognised this limitation, identifying a ‘diverse institutional make-up’ across the country (Sanders et al., 2020). Recognition of diversity came to prominence during consultation with UK policymakers and practitioners who articulated their reservations surrounding the nationally focused policies proposed by FIRES precisely due to the lack of regional relevance (Sanders et al. 2020). The national focus does not have relevance to the ‘levelling up’ agenda that dominates UK policy concerned with addressing regional disparities.

Parsimony and national focus based upon how transaction costs and benefits confer different types of national competitive advantage are indicative of inherent economism within VoC and VoE. Like much entrepreneurship research, VoE falls within the functionalist paradigm that seeks abstract objective scientific knowledge, and is concerned with understanding society within the status quo, keeping within the terms of existing social orders (Burrell & Morgan, 1979; Grant & Perren, 2002). Indeed, one of the criticisms of the VoC approach is that it assumes economic equilibrium and stability within each national capitalism (Hay, 2020), and hence has been unable to account for economic shocks such as the global financial crisis. This functionalism contrasts with accounts that seek to examine the nuanced contexts of entrepreneurship, and identify potential for societal transformations through entrepreneurial actions, through for example social innovation (Moulaert & McCallum, 2019). Indeed, when concerned with addressing ‘Grand Challenges’, it is well recognised that new modes of thinking are required (Grimes & Vogus, 2021; Markman et al., 2019), and the rational economic lens that the world is viewed through can present a stumbling block.

VoE authors do identify some limitations to the approach, referring specifically to how institutional change can take place, and acknowledging that variation exists within countries (Dilli et al., 2018; Sanders et al., 2020). This parallels some critiques of VoC and relates to the ongoing abstraction-contextualization debate in studies of entrepreneurship and considerations of entrepreneurial agency (McMullen et al., 2021). The implications of VoC’s inherent functionalism are evident in critique and development emerging from researchers in diverse fields and can be applied to the VoE approach. They surround the limited number of national varieties, a lack of attention to regional difference, and a failure to account to the agency of firms – which is of central importance given that entrepreneurs are agents of transformative change (Chandra, 2017; Rindova et al., 2009). If entrepreneurial action is determined by institutions with agency restricted to rational choices to secure competitive advantage, opportunities for creativity and innovation are restricted. These issues are explored in more
detail below, before considering a more socially based approach to understanding entrepreneurship that counters the functionalism of VoC by offering an approach rooted in the substantivism of Karl Polanyi’s theory.

**Developments to the Varieties of Capitalism approach**

Given the evident tensions in the VoE approach it is useful at this juncture to examine theoretical developments that have taken place in disciplines further ahead in their application of the VoC framework. Since its inception VoC has been scrutinised by political economists, sociologists and economic geographers who have added more detail and nuance to the original LME:CME binary (Hay, 2020; Jessop, 2012; Peck & Theodore, 2007; Wood & Allen, 2020). Their different versions that develop and complement VoC’s original formulation, may be applied to further our understanding of entrepreneurship. Whilst the VoE adoption of VoC has contributed greatly to the field, learning from developments stemming from other disciplines further on in their application of the framework can accelerate our understanding. This section applies some critiques and development in VoC to entrepreneurship, discussing issues related to parsimony, national focus, economic rationality, failure to account for agency and path dependency within VoC.

**Balancing parsimony with depth: national focus and state-market logics**

The artificially uncluttered institutional environment is exacerbated by taking account of solely national influences (Peck & Theodore, 2007). Although VoC reveals how different types of entrepreneurship may be supported by national configurations of institutional structures; it does not shed light on how they interrelate at different scales. The focus on national comparisons fails to take account of international connectivity, the role of industry level institutions, and regional or local variegation. This section draws attention to the multi-scalar contexts that have a bearing upon firms and entrepreneurship, looking firstly at global interconnections before considering internal differences between firms and regions.

The typology is necessarily limited as it must avoid having a separate ‘model’ of capitalism for each and every nation (Bohle & Greskovits, 2009). Analytical inaccuracies are created by the broad characteristics necessary to enable grouping of nations under each variety, and the fewer the varieties the more inaccuracies there are (Hay 2020). The original VoC LME:CME bifurcation was criticized for oversimplifying national difference and nuance has been added through incorporating additional varieties, initially to include mixed market economies, and gradually expanded upon to include nine types of system (Witt et al 2018). However, whilst combining typically northern hemisphere ontological and epistemological foundations of USA, UK, Irish and Japanese economies into one LME is one thing; shoehorning the economies of China, Latin America, South Asia and Africa into the original VoC continuum creates a raft of problems (Peck, 2019; Zhang & Peck, 2016). The difficulties in incorporating China into VoC terms has been well documented given hybridity between western and non-western forms (Yeung, 2004) and diverse regional capitalisms with their own institutional structures, histories between core and region, and relationships between state and market (Zhang & Peck, 2016) that do not fit conventional VoC categories, with the existence of an eastern European post-Soviet variety also questioned (Rapacki et al., 2020). This raises questions over VoE groupings that follow traditional VoC lines.

Focusing on national levels and assuming the state-market binary, misses alternative logics (Su et al., 2017). There is a need to go beyond rules inscribed in law as institutional
logics determining business legitimacy are bound up in belief systems, practices, norms, values and assumptions. These extend beyond state and market logics accounted for in VoC, to include family, religion, profession, corporation and community influences (Friedland, 2012). Incorporating broader logics is necessary to understand the contribution of social enterprise, family business and intrapreneurship. Moreover, industry norms may over-ride state and market considerations, as organisations can be governed by industry bodies or common practices (Crouch et al., 2009), that are not restricted to the national level (Friedland, 2012). This points to how the sociological institutional approach is important to capture macro and micro levels, and the interplay between different levels (Jennings et al., 2013, 2015).

The endogeneity of varieties of capitalism does not account for the international activity of firms – few of which will be contained in national boundaries when customers, suppliers and employees are accounted for. As entrepreneurship does not languish in national silos theorising must consider the connections between national capitalisms, and broader macro changes (Dannreuther & Perren, 2013; Zhang & Peck, 2016). The Global Financial Crisis and more recently the Covid-19 pandemic has highlighted the transnational interconnections between national economic systems. Globally dominant economies of export-driven China and highly financialized systems of the USA and UK are dependent on other economies, and indeed other models of capitalism (Su et al., 2017). Therefore, theorising needs to take account of wider connections shaping firms within their national contexts; global supply chains, and the interplay between transnational institutional actors – including businesses, trade-unions and charities – sharing information, training and business models. Jones and Strom (2018) illustrate how Japanese and Chinese firm decisions to internalise business services rather than use external contractors were a result of local institutional, corporate and socio-cultural contexts interacting with the wider global economy. Moreover, the legal and financial structures of powerful global companies take them beyond the remit of national institutional influences, whereby organisations such as Google, Facebook, Amazon and Apple organise themselves to avoid government taxation systems to weaken the influence of national institutional structures, or avoid them altogether (Wood & Allen, 2020).

Although VoE scholars do highlight that a range of innovation will take place within a nation, and the designated variety refers only to that most supported by the national institutional framework; associating countries with a particular type of innovation creates an over simplified impression of distinctive firm types. Firstly, a coherent LME institutional framework is not a condition of successful radical innovation as institutional complementarities supporting innovation can occur from specific national arrangements of market and non-market elements (Witt and Jackson 2016). Secondly, whilst there may be distinguishing characteristics of a countries national form of capitalism, reality sees great variation in corporate forms within this national context. Witt and Redding (2013) point to diversity in corporate forms throughout Asia that range from specialist manufacturers contributing to global supply chains, large government backed enterprises, and technology-intensive firms. It is well established that even in LMEs the radical type of innovation is scarce and often concentrated in specific geographic areas. Silicon Valley entrepreneurship has been discredited as the dominant entrepreneurial form with wide acceptance that most new businesses – even in the USA - are small, everyday enterprises (Audretsch, 2019; Welter et al., 2017). Yet academics and policymakers have been slow to change their focus and VoE thinking is not helpful here.

Whilst the VoC emphasis on national comparison through quantitative studies reflects trends within entrepreneurship literatures (Su et al 2016), focussing on the national risks taking attention away from uneven development within regions and nations. It fails to recognise intra-
national differences that account for regional inequalities within a country. Regional economies are informed (rather than determined) by relations with the centre, as national institutions interact with regional histories, culture and institutions; and also, with how the regions connect with transnational forces. Uneven development within countries is frequently a higher priority for governments than uneven development between countries. Regional institutional quality has found to impact on productivity of new firms (Agostino et al., 2020) and firm resilience with implications for entrepreneurship. Consideration of institutional heterogeneity within countries is important to understanding entrepreneurial ecosystems which operate at sub-national levels (Spigel et al., 2020). Entrepreneurial ecosystems research goes beyond national institutions to consider city and regional characteristics that combine to create a local infrastructure for entrepreneurship – through interconnected local network actors interacting with the specific local environment (Isenberg, 2010; Spigel, 2015; Stam, 2015).

However, to understand regional entrepreneurship requires consideration of broader societal factors. Attitudes towards entrepreneurship in different regions affect norms and behaviour which can influence entrepreneurial intentions (Liñán et al., 2011) and self-efficacy (Parkinson et al., 2020). Potential entrepreneurs may be motivated by proximity to other start-ups or demotivated by a perception that their local area is unsupportive of business (Parkinson et al., 2017). The strength of an entrepreneur’s attachment to place can influence how they navigate institutional frameworks. For example, a strong attachment to the local can create a higher likelihood that the entrepreneur would resist conformity to the regulative environment in order to effect beneficial change (Kibler et al., 2015; Lang et al., 2014).

Accepting regional differences leads to questions over whether there is a national variety of capitalism, or variegated national capitalisms (Peck & Theodore, 2007). Research has identified a blend of different models existing within the same country whereby the national ‘form’ of capitalism is made up of a blend of regional models (Peck & Zhang, 2013; Rapacki et al., 2020; Zhang & Peck, 2016). Developments of VoC have moved away from methodological nationalism to examine local, regional and global forces and processes (Jackson & Deeg, 2008). Crouch et al. (2009) argue that both small and large firms in different sectors and geographies, are surrounded by layers of institutional influences (national, local, industry sector, global) whereby the national system comprises a mix of nationally established institutions and those operating at the multiple scales that interrelate with firms—both old and new—in one way another. Therefore, a more complete understanding of the type of entrepreneurship requires consideration of this panoply of influences (Crouch et al., 2009). This is not to replace the national focus with global universalising one, or to breakdown into the local microscopic detail, but to consider the relational questions of how the local, regional, national and global scales interact to co-constitute the institutional environment of firms (Zhang & Peck, 2016), with implications for entrepreneurial start-ups.

Path creation and entrepreneurial agency: two sides of the same coin

One of the fundamental critiques of the VoC approach is its’ side-lining of agency (Bohle & Greskovits, 2009; Bruff & Horn, 2012; Jessop, 2012). VoC views institutions as a container for firms and hence entrepreneurs, that provides constraining or supportive influences for activities and interests (Hall & Soskice, 2001; Herrmann, 2019). This implies that institutions shape strategic preferences, rather than the firm—or entrepreneur—themselves (Allen, 2004). Hence, in VoE literatures it is the existence of institutions that shape entrepreneurial activity, whether that be Silicon Valley type innovation, imitative, or ‘niche’ entrepreneurship (Audretsch et al., 2021; Pahnke & Welter, 2018). Complementarity between
institutions within the system is self-reinforcing, implying that actors are ‘locked-in’ by the institutional context (Crouch et al., 2009; Garud et al., 2014). The result is institutional stasis. As institutions represent the status quo, varieties arguments are concerned with reinforcing existing structures – setting nations on path-dependency as conditions of institutional stability and resistance to change are concretized once complementarity is achieved.

The static nature of VoC that accompanies the marginalisation of entrepreneurial agency is fundamentally at odds with the broader entrepreneurship fields’ understanding of agency. Agency concerns the ability to create, reproduce and transform social structures whereby institutions are enacted by human agents (Battilana, 2004), whilst entrepreneurial agency is associated specifically with the entrepreneurial context (Jennings et al., 2015). Agency is central to Shane and Venkataram’s definition of entrepreneurship resting upon the role of entrepreneurial action in discovering, evaluating and exploiting opportunities (Shane & Venkataraman, 2000). The importance of agency has recently been reinforced by McMullen et al’s (2021:3) suggestion that the field could be unified through a focus on entrepreneurial agency, whereby entrepreneurs can be recognised by their transformative actions as “entrepreneurship requires action, and this action takes place in a social structure that must be transformed to some degree if the objective of the action is to be realised.”

Whilst VoC assumes that entrepreneurs passively adapt to institutional conditions pushed to comply to institutional pressure, entrepreneurship researchers are more concerned with how through their agency entrepreneurs create, disrupt and transform institutional structures—entrepreneurship is concerned with social transformation (Laine & Kibler, 2022; McMullen et al., 2021). The conceptualisation of entrepreneurship as social change has its roots in Schumpeter’s utopian vision of a world where entrepreneurs’ creative destruction can be associated with path creation – not the path dependency associated with VoC (Garud et al., 2014; Schumpeter, 2000). This view of emancipatory entrepreneurship can take place at the level of individual entrepreneurs, where engagement in entrepreneurial practices can improve the living conditions of those engaging in entrepreneurship (Chandra, 2017; Laine & Kibler, 2022; Rindova et al., 2009). Moreover, entrepreneurs are frequently heralded as providing the solution to societies Grand Challenges (Berrone et al., 2016; Markman et al., 2019); the definition of social innovation premised upon the ability of an enterprise to transform society (Moulaert, 2019; Newey, 2018) – therefore entrepreneurial agency is key.

Two strands of research that showcase how entrepreneurial agency alter societal structures are institutional and cultural entrepreneurship. Institutional entrepreneurship concerns how entrepreneurs transform institutions (Jennings et al., 2015), and institutional entrepreneurs those that are interested in modifying institutional structures and have enough resources to do it (DiMaggio, 1988). The theoretical paradox of embedded agency points to how institutional entrepreneurs transform structures despite institutional pressures to conform to them (Garud et al., 2007). Rather than viewing institutions as providing a container for entrepreneurship, scholars take a dialectical relational view of agency, recognising that patterns of action are not just conditioned by, but are also a product of human agency. Therefore, the focus for entrepreneurship scholars moves beyond how institutions constrain or encourage entrepreneurship, to consider how entrepreneurial agency takes place through institutional change. Entrepreneurs engaging in institutional work requires a reflexive understanding of institutions (Battilana, 2004), and whilst they may be conditioned by their environment, they are able to draw on a range of resources to learn and institutionalise new practices (Lounsbury & Glynn, 2001). Cultural entrepreneurship comprises a substantial research strand that explains how actors are creative change-makers through processes that include entrepreneurial
storytelling and identity construction to legitimise new ventures both shaped by and constituting the cultural context (Lounsbury et al., 2019).

Scholars taking the VoC approach to understanding entrepreneurship ‘assume the context as given’, and entrepreneurs must adapt to context rather than shape it (Audretsch et al., 2021:2). Whilst VoC captures how national institutions influence firms operating within that country, in reality the interplay between actors and institutions during institutional entrepreneurship takes place across countries and at different scales. MNCs are influenced by institutions across different nations, and whilst their practices may bend to the local national context, global companies influence both national and global governance systems (Dicken, 2003). Organisations apply pressure for institutional change through lobbying activity (Jackson & Deeg, 2019). MNCs have been compared to nations with powers to set the rules and influence institutional structures at a national and international levels (Dicken, 2003), or by structuring themselves to minimize national governments’ ability to tax them weakening or avoiding the influence of national institutions altogether (Wood & Allen, 2020).

Smaller scale entrepreneurs also shape institutions to their advantage, co-evolving with the development of the institutional landscape (Dieleman & Sachs, 2008). Diaspora entrepreneurs are found to bring systems, beliefs, norms and behaviours from their country of settlement to build and rebuild the institutions of their homeland in partnership with local officials to create favourable conditions for inward investment in developing economies (Riddle & Brinkerhoff, 2011), advising on institutional support for venture capital and financial incentives, or getting involved in networking and mentoring (Saxenian & Sabel, 2009). Smaller can also alter the institutional fabric through participating in lobby groups and business networks that collect and disseminate industry information and collaborate to foster cluster development (Berrone et al., 2016; Appio et al., 2017). These networks tend to be regional rather than national (Wang & Tan, 2019) underlining the importance of intra-national contexts.

A partial democratisation

Despite broadening the focus from Silicon Valley entrepreneurship, so far VoE only does so partially, and the approach still misses a large proportion of businesses. Both VoC and VoE focus on medium to large firms—whether Unicorns, Mittlestand or Niche the sizes of firm concerned are in the 50+ employees bracket (Urbano et al., 2018)—and national institutions. These can be thought of as business and institutional ‘elites’ (Dannreuther & Perren, 2013), rather than the everyday type of entrepreneurship that makes up the majority of businesses (Audretsch, 2019; Welter et al., 2017). Just 1% of businesses in the EU27 have 50+ employees, accounting for half of employment in the non-financial business sector, leaving the other half accounted for in micro-business and self-employment (Statista, 2021). The entrepreneurship portrayed in VoE maintains a distance from the individualised risk seen in self-employment and micro-business, that are more likely to be influenced by and reform institutional differences at the local level where informal networks and operating contexts are key (Gherhes et al., 2020). The national focus of VoE misses the everyday and micro-businesses that can transform livelihoods at an individual level, including those bottom of the pyramid enterprises that generate social transformation (Rindova et al., 2009; Villares-Varela et al., 2018). Similarly, in its current form, the varieties approach fails to account for grassroots innovation that can bypass national institutions to create social transformation at the local level (Lang et al., 2014; Muñoz & Kibler, 2016).
It is not just the size of enterprise that is left out by the VoE appreciation of context, but also the type of enterprise remains narrowly focused on market-orientated ventures. VoCs theoretical routing in competitive advantage and state:market binary belies a bias towards the market and assumes the underlying imperative of all business is to profit maximise, missing alternative logics (Su et al., 2017). Where agency is allowed, VoE assumes rational actions assuming an underlying imperative for entrepreneurs to profit maximise. Where entrepreneurial agency is accommodated, it is limited to their ability to adapt to the institutional context such as exploiting positive spillovers within eco-systems or taking advantage of policies such as tax breaks (Audretsch et al 2020). This represents a form of bounded rationality – whereby the motivation is limited to market motivations and excludes the social motivations often rooted in connections to people and place.

Entrepreneurs achieve success in a variety of ways; and the differences between internal aspects of firms – their motivation, structure and goals – may be more important than national institutions. Market rationality excludes consideration of the third sector and civil society – and the government as entrepreneurs, and we need to consider the wide range of motivations underpinning entrepreneurial businesses – community, environmental or social. Value creation in cultural and creative industries is influenced by the social sphere over market and government mechanisms, underpinned by a sense of solidarity and community which influences networking, collaboration and consequently the nature of (social) innovation, distinguishing these sectors from other types of entrepreneurship such as manufacturing (McKelvey and Lassen, 2018). Given the emphasis on SMEs the varieties of entrepreneurship literature fails to account for the role of social entrepreneurship, yet socially motivated ventures represent a significant and growing proportion of firms accounting for 10% of all businesses in the EU. Social enterprise is important not just for employment, but for social cohesion and addressing social problems. When we accept that not all entrepreneurship is motivated by profit it makes way for diverse economic forms and requires a different way of looking at the economy and entrepreneurship.

The discussion above draws attention to the internal inconsistencies within the VoE approach. The adoption of VoE may broaden the scope of entrepreneurship research slightly, but the founding on economic rationalism that creates a national focus on medium-large for-profit firms does not represent a significant shift. This results in the FIRES’ recommendations reinscribing ‘Silicon Valley’ and heroic types of entrepreneurship rather than meeting the promise of democratising the study of entrepreneurship. Moreover, in taking the institutional context as given, VoC and VoE fails to consider how institutional structures are constructed. This means that varieties approaches struggle to account for transformation and lock nations in to path dependent development. Also, and perhaps more importantly, assumptions surrounding dominant structures remain unquestioned. This helps to explain the re-inscription of the dominant market forms, whereby the policies in the reform strategy set out in ‘The entrepreneurial society’ equates to support for the market society.

There is potential for us to address some of these shortcomings by learning from developments of VoC emerging from other fields. Variegated capitalism approaches from the geography field are concerned with the specificity of place created through intersecting social relations, with local social, cultural, political, historical understanding interacting with regional, national and global forces (Peck & Theodore, 2007; Peck, 2013a; Peck 2013b). Inspired by this work, the variegated entrepreneurship approach proposed here is based on Karl Polanyi’s political economy that is rooted in substantivist economic theory. Polanyi’s substantivism views economic activity as the actions people take in providing what they need.
for living well, which involves interrelations between people and their social and natural environment (Polanyi, 1971, 2001). Here the formal economy concerned with maximising utility is just one way of meeting material needs, and the neoclassical thought upon which VoC is based tells only part of the story.

Towards a Polanyian variegated entrepreneurship

Polanyi conceived the economy as comprising social and economic processes that are ‘embedded and enmeshed’ in institutions (Polanyi, 1957:250). He identified four ideal typical instituted processes – market exchange, reciprocity, redistribution, and householding – that involve ‘flows of material means’ between participants (Schaniel & Neale, 2000). Market exchange represents the rational market transactions that involve a two-way flow of goods, services or money between willing parties within a price-making market, with relations governed by logics of competition and individual gain and formalised through contractual agreement (Evers & Laville, 2005; Halperin, 1994; Polanyi, 1957; Schaniel & Neale, 2000), mirroring contemporary capitalist markets.

Both reciprocity and redistribution involve sharing relationships. Reciprocal transactions do no not involve formal contractual relationships but are associated with empathetic social relations whereby personal gain in not a prominent motivation, as typified by gift exchanges. Polanyi explains the complex social relationships surrounding reciprocity by referring to the relationships between the coastal and inland Trobriand Islanders where gift exchanges called for a counter-gift that provisioned each tribe with the materials for living well (Dale, 2010; Polanyi, 1957, 2001). Block (2008) distinguishes between ‘thin reciprocity’ involving exchanges of near equivalence, and ‘thick reciprocity’ that carries no expectation of material equivalence, where people act primarily out of motivations other than self-interest.

Redistribution or ‘storage-cum-redistribution’ (Dale, 2010:116) is a form of reciprocity that involves collecting and storing goods in a central system before redistributing them to the group (Polanyi, 1957), and can be associated with ‘cash benefits’ or ‘benefits in kind’. Whilst redistribution can take place via private institutions, such as private foundations, it is strongly associated with the welfare state, particularly the institutional-redistributive model of the post-war era that is sustained by regulations surrounding taxation (Evers & Laville, 2005).

Finally, The Great Transformation identifies householding as ‘production for one’s own use’ within a closed group (Polanyi, 2001/1944:55). Although Polanyi did not develop the concept in his later explanation of economy (Polanyi, 1957), and contemporary Polanyian approaches considered below subsume householding into reciprocity, the concept offers scope to understand the contribution of households to supporting small business (Halperin, 1994; Wheelock & Oughton, 1996), including social-reproduction work (Gibson-Graham, 2006).

The characteristics of the processes of exchange, reciprocity, redistribution and householding are shaped by the corresponding institutional structures that they take place within. These structures must precede the processes - for market exchange to take place, society firstly needs a system of price-making markets, reciprocity requires a pattern of symmetrical social relations, and for redistribution a central redistributive structure must first be in place (Polanyi, 1957, 2001/1944). Each of these systems is constructed over time through a series of choices, decisions, laws, and organisation to create the overarching institutional framework, which draws attention to how these structures are created. This is a significant departure from VoC assumptions of pre-existing institutions that side-lines agency and locks economies into
a particular direction of development (Peck & Theodore, 2007). Polanyi’s institutional spheres can both draw attention to the social, political and economic decisions that underpin institutional development, and account for institutional shifts associated with crisis and change.

Polanyi’s ideal types – summarised on Figure 1 – provide a theoretical basis from which to understand actually-existing economies. Although one system may come to dominate and characterize the economy as in VoCs CME and LME poles, reality sees a combination of elements from each type. Each element co-exists in space and time whereby all four spheres are ever-present and interconnected. The respective strength and dominance of each mode varies over time and space according to local and temporal conditions – thus the economy is always hybrid and contested: “Since they occur side by side on different levels and in different sectors of the economy it may often be impossible to select one of them as dominant so they could be employed for a classification of empirical economies as a whole” (Polanyi 1957:250).

Figure 1: Polanyi’s explanation of economic hybridity with variation according to contextual factors

Polanyi’s conceptualisation of economic systems as contingent and hybrid helps to understand how regions or localities may be at odds with seemingly nationally dominant modes, and has been put to use by economic geographers and political economists addressing the limitations of VoC literatures (Jessop, 2012; Peck & Theodore, 2007). Variegated capitalism highlights how the specificity of place created through intersecting social relations, with local social, cultural and political historic understanding, interact with regional, national and global forces to create ‘qualitative variegation’ within and across nations, rather than ‘quantitative variation’ between them (Peck & Theodore, 2007). Exchanges across the global economy are characterized by varying degrees of reciprocity, redistribution, market exchange and householding, their nature constantly changing and morphing shaped by historical actions (or inaction) (Peck, 2013b, 2013a, 2013c; Polanyi, 2001). Rather than a pre-determined path towards increasing levels of marketisation the characteristics, strength and dominance of each mode will vary over time and space (Peck, 2013b). Thus, a typically liberal market economy arrangement may include pockets of deprivation that are dependent on state welfare or the reciprocal community exchanges within local networks.
The idea of variegated economies does not deny systemic shifts that favour one mode over another - the global transformation towards free-market liberalism is indicative of an overarching emphasis on market exchange (Brenner et al., 2010; Peck & Zhang, 2013). However, a variegated theorization highlights how the form of market economy taken remains both contested and contextually specific. Scholars of variegated capitalism highlight hybridity, for example of Chinese capitalisms that combine Western and non-Western logics (Yeung, 2004), with differentiation between geographical regions (Zhang & Peck, 2016). Polanyian inspired variegated capitalism also enables theorization of transnational interconnections and co-dependencies as laid bare by global phenomena and grand challenges such as the global financial crisis of 2009, Covid 19 and climate change.

 Whilst Polanyi rooted this work in anthropological economics, contemporary researchers have adapted his theory to understand diverse economic practices including indigenous, municipal, hybrid and social entrepreneurship (Defourny & Nyssens, 2010; Peredo & McLean, 2010; Pestoff, 2014; Thompson et al., 2020). Polanyi’s influence can be seen in diverse economies perspectives that demonstrates how market structures are just one form of exchange amongst alternative approaches to production, appropriation and distribution (Gibson-Graham, 2008). Gibson-Graham (2008; 2013) examine the variety of economic activity within the economy, depicting it as an iceberg with market transactions representing the tip above water, whilst the vast majority of activity is hidden beneath the surface, drawing attention to contributions including social economy (e.g. co-operatives, community production, alternative exchange networks), black and informal economy (moonlighting, illegal transactions) and non-market transactions of housework and childcare in the home.

 The EMES social economy research network’s adoption of a Polanyian conceptualization of the social economy distinguishes between four different types of actor/organization within their institutional contexts adding three axes to Polanyi’s three core institutional spheres to identify informal-formal, for-profit-non-profit and public-private (Defourny & Nyssens, 2012). Here the state is characterized as public, not for profit and formal, the market is also formal but private and for profit, whilst the community sector is informal, non-profit and private (Avelino & Wittimayer, 2014). Therefore, the state is unique in its publicness, the market in its profit-making and community in its informal relations (Laville & Nyssens, 2003). The third sector is categorized at operating at the cross section of Polanyi’s logics and these characteristics, to include a range of organizations including social businesses, public sector enterprises, social co-operatives and entrepreneurial non-profits, operating at the intersection of state, market and community structures and logics (Defourny & Nyssens, 2012). EMES represent the social economy as a triangle (Figure 2) whereby pluralistic exchanges are characterized by market, redistributive and reciprocal logics between actors that correspond to for-profit companies, the state and ‘the community’ (including households). The social or third sector is viewed as operating at the cross-section, never fully separate from community, private for profit, or state sectors.

 Rather than a linear continuum from market economy to co-ordination a variegated approach involves triangular representation to account for community and society and enable theorizing for social transformation, as in the EMES triangle above. The welfare triangle integrates the VoC binary of co-ordinated:market institutional structures accounting for redistributive and market logics alongside state and for-profit business actors operating within formalized institutional structures. Adding reciprocal logics and community/household actors through a Polanyian inspired tripolar framework extends the view of economy beyond rational transactions for competitive advantage or individualistic gain, to take a broader more holistic
view of economy that includes the informal exchanges rooted in social ties, chiming with Polanyi’s substantivism (Defourny & Nyssens, 2012; Evers & Laville, 2005; Laville & Nyssens, 2003). This accounts for non-capitalist reciprocal transactions such as charitable acts and volunteering, and the social motivations underpinning social and hybrid organizations, addressing the varieties failure to account for the social economy. In other words, it also accounts for the social network ties, support from family and friends and CSR activity of for-profit businesses.

**Figure 2: Polanyian theorisation of SE - combination of actors, logics of action and resources**

The EMES approach uses the triangle representation to illustrate how social entrepreneurs are embedded in society, between but never completely separate from the poles of government provision, for-profit enterprise and community organizations (Evers & Laville, 2005). The framework on figure 2 depicts the different actors involved, and highlights the tensions between public:private, formal:informal, and profit:non-profit forms of organization, that undergird key challenges facing social organizations (Defourny and Nyssens, 2012). Following Polanyian reasoning, their location at the intersection is never static as they are pulled between the competing logics over time. EMES’s representation of the third sector draws attention to the absence of a clear demarcation between processes relating to market, state and community/household institutions. Therefore, although the EMES focus is on social organizations, the actors, logics and resources shown on the welfare triangle can also be applied to understanding for-profit entrepreneurship in the context of market, government and social institutional structures. Whilst for-profit companies are shown as operating at the pole, the triangle is an ideal typology (Defourny and Nyssens, 2012), and in reality all entrepreneurial actors navigate market, state and community or social influences.
The tensions between redistributive and reciprocal or market logics is most clearly evident when examining tensions between public and private concerns. Social enterprise researchers focus on the role of social-organizations as entities straddling private-public sectors to deliver public services, either through grants or by contracting out public service provision. However private for-profit companies are also involved in the direct contracting of public goods and services, from the provision of homecare to the delivery of large capital projects. No company is exempt from the influence of the state, and although the focus of entrepreneurship researchers has often been on the barriers to innovation – through legal and taxation frameworks (Su et al., 2017). This misses the fundamental state support for private firms through provision of infrastructure, training workers within state education systems, maintaining the physical health of workers through healthcare provision, and providing for the livelihood of future and past workers through social-security and state pensions (Gramsci, 1971). Government investment in innovation can also underpin profit-making activity of firms that exploit government-funded innovations on the market (Mazzucato, 2011). At the local and regional level firms can benefit from individual business support or through ecosystem development (Mason & Brown, 2013; Stam, 2015).

The profit:non-profit relationship separates for profit businesses operating in the market from reciprocal and redistributive logics of government redistributive and community reciprocal arrangements. For social enterprise researchers, tensions stem from market rationality concerned with maximizing efficiencies and profits coming into conflict with the social mission of creating social value and leading to mission drift in social organizations (Doherty et al., 2014; Ometto et al., 2019; Qu et al., 2017). But balancing social/community and financial logics is not limited to social enterprises. Corporate social responsibility in firms comes at a financial cost, whereby firms will weigh up the social value created from investment to address social inequality or environmental degradation. Here the concept of blended value seeks to bring together social economic and environmental value generated by businesses, and is central to sustainable entrepreneurship (Emerson, 2003; Muñoz & Cohen, 2018; Shepherd & Patzelt, 2011). Smaller for-profits are motivated by non-profitable social concerns as much – if not more than – larger organizations due to an affinity with their local community that motivates their action (Soundararajan et al., 2018). They are concerned with providing good quality well paid work and training for local people, addressing environmental concerns, or addressing inequality in times of crisis (Ap Gareth, 2021; North & Nurse, 2014; Tennant, 2015). This support be formal or informal, from charitable donations, participating in food deliveries or taking a role on a charitable or community organization board (Ap Gareth, 2021).

The formal:informal demarcation separates reciprocal community transactions from the redistributive and market poles as both state and for-profit business transactions tend to be formalized in institutional rules and regulations (as accommodated in the VoC institutional economics approach), whereas community exchanges are characterized by informal social relationships. Newly formed SEs often rely upon informal volunteer labour for support, and in developing economies informal collaborative organizations operate outside the formal economy to supplement income and improve living conditions (Defourny and Nyssens, 2014), this is particularly evident in the solidarity economy of Latin American countries (Farias, 2018; Hillenkamp, 2015). SE might fill gaps in social welfare traditionally associated with the state role by drawing on voluntary labour (Nowak & Raffaelli, 2022). Informal support is also evident in the business networks operating in the SME business sector, and that provided by family and friends during start up as explained by Granovetter’s Polanyian inspired entrepreneurial network theories (Anderson et al., 2005; Arregle et al., 2015).
Implications and value of variegated entrepreneurship

While abstract theory is useful in creating clarity and generalizability, we require a level of contextualisation to understand ‘culturally inflected, institutionally mediated, politically governed, socially embedded and heterogeneous’ economies (Peck 2013b:1546), or entrepreneurship. VoC (and hence VoE) over-simplifies real-world complexity (Hay 2020). This is evidenced above in VoEs parsimony that simplifies analysis and reduces sensitivity to real world dynamics whereby inbuilt stability of equilibrium and path-dependency cannot account for entrepreneurial agency in transformative path-creation; a national focus that occludes regional disparities and international interdependencies; and the primacy of for-profit market exchange side-lines diverse social redistributive and reciprocal motivations. Rather than making grand theoretical claims, the variegated approach is concerned with understanding the social reality of entrepreneurship (Mills, 2000). The framework offers an anchor point for a theoretical or empirical focus on specific institutional or social contexts, by putting them in the context of broader considerations – bringing clarity over what elements may be missing from abstract explanations.

The variegated conceptualization outlined here is a simplification of the complex processes involving the shifting actors and logics that require a combination of theoretical approaches to properly apprehend. Adding social context to the LME:CME dichotomy highlights how VoE explanations focus on the formal rules of the game, but miss the informal, social, non-profit aspects of entrepreneurial activity. The variegated framework proposed in this research seeks to provide a balanced consideration of how entrepreneurs interrelate with market, government, social and household structures in processes of entrepreneurship. It is expansive and flexible in offering consideration of both structures and processes that encompass markets, government, society and family spheres. This results in four key implications for entrepreneurship research: Firstly, it democratises entrepreneurship, opening it up to diverse motivations. Secondly, appreciation of agency and structure avoids path dependency and highlights how entrepreneurial activity creates social change, which thirdly brings attention to how context is created. Finally, the interaction between actors and institutions that varies over time and place enables consideration of multi-scalar and temporal diversity pointing to the geographical, temporal and multi-level dimensions of embeddedness in context.

By prioritising entrepreneurial agency, the variegated understanding opens entrepreneurship up to diverse motivations and encompasses different types of venture. Rather than assuming that all entrepreneurs are seeking to maximise growth and profit in a price-making market, Polanyi’s substantivist influence emphasises social motivations. Entrepreneurs are seen as embedded in their social environment, and their actions reflect a desire for social value and acceptance rather than solely accumulation, as reflected in the institutional influences of household and community. This helps understanding of different types of entrepreneurial motivations, whether social, everyday or family business, policy entrepreneurship as well as the innovative radical innovation associated with Silicon Valley types (Welter et al., 2017). This supports the increasing recognition that researchers and policymakers need to move away from an obsession with ‘Silicon Valley’ or ‘heroic’ entrepreneurship, as this is not representative of most entrepreneurial activity and its illusiveness and ephemerality does not present hope to many struggling regions (Audretsch, 2019; Blake & Hanson, 2005).

In enabling agency, the variegated understanding allows entrepreneurial action to alter institutional structures, a necessary pre-requisite for defining entrepreneurship as social
transformation (Moulaert & MacCallum, 2019; McMullen et al., 2021). In variegated approaches, entrepreneurial actors can escape the iron cage of institutions that remains firmly locked in VoE and engage in the creative destruction necessary for transforming social structures. The variegated approach does not view economic systems on path dependent trajectories, as the interconnected spheres of redistribution, markets, community and household wax and wane in strength over time and space as they are shaped by activity and decisions of people and organisations.

By considering entrepreneurial processes within interrelating institutional structures, the variegated approach accounts for how entrepreneurial context is created – acknowledging the role of entrepreneurs and other actors in constructing institutional structures. Whilst redistribution decisions are clearly an outcome of government policy, the policy decisions can be influenced by lobbying, donations and ideology. Moreover, government support for market transactions, and government investment in innovation is often hidden (Mazzucato, 2011). Awareness of the structures supporting the social enterprise sector combining market, community reciprocal and government redistributive spheres, enables understanding of how conditions are shifted by political decisions implemented over time (Nowak & Raffaelli, 2022). Moreover, attending to how institutional structures develop over time and in places offers scope to better understand inherent power relations and contestations surrounding entrepreneurship, enabling us to challenge myths of entrepreneurship, for example the assumption that promoting entrepreneurship will create high growth firms that address inequality, create jobs and regenerate regions (Blake & Hanson, 2005; Brown et al., 2017)

Given its development within the fields of geography and comparative political economy, the variegated approach offers great potential for examining entrepreneurship in the context of place. Like VoC the variegated approach focuses on connections between institutions, however going beyond the national boundary it is multi-scalar, accounting for regional and local specificity and cross-national relations. As noted above the framework does still enable national comparisons, and a study could focus on the state-market binary and national levels, thereby integrating the VoC arguments. However, placing these arguments in the context of Polanyi’s tripolar understanding of economy draws attention to how this excludes consideration of social and household institutions and levels. This emphasis on the specificity of place prompts variegated studies to adopt comparative methodologies that can help unravel the characteristics and factors influencing different developmental trajectories (Peck, 2013b).

The multi-scalar potential of a variegated approach points to the multiple institutional levels that entrepreneurs navigated whereby agents interact with institutions at local, regional national and global levels. It brings macro considerations of global economic shifts and national policy change into conversation with micro level processes taking place at the level of the entrepreneur, emphasising how processes shape and adapt to the changing context (Nowak & Raffaelli, 2022). This emphasises the dynamism of entrepreneurship, capturing it as a process contingent upon relations that is situated in and shaped by interrelations with local, regional, national and global institutions that incorporate market, redistributive, community and household logics. Thus, the variegated approach accounts for the multiplicity of embeddedness in contextual dimensions encompassing structural, spatial, temporal and historical considerations, with potential to explore how dynamic dimensions of context interact to influence entrepreneurial processes (Welter & Baker, 2021).
The main benefit of the variegated approach is its inclusivity, offering potential to bridge between studies of entrepreneurship across different contexts, shifting the emphasis on variegation within and between economies to variegation within and between ventures. Whilst there are many empirical examples of Polanyian theorising applied to understand social and hybrid ventures, the next step is to extend this with empirical examples, with variegated entrepreneurship particularly suited to sustainable and hybrid for-profit ventures. A natural theoretical progression would be extending application of Polanyi’s instituted processes to include family (householding) structures to better understand both the embeddedness of family business, and how women’s unpaid labour in the home supports entrepreneurial activity.

References


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