

Research Article

# “The Problem of Embeddedness” in Entrepreneurship Studies: A Theoretical Proposition



O “Problema da Imersão” nos Estudos do Empreendedorismo: Uma Proposição Teórica

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## ABSTRACT

**Objective:** the paper seeks to investigate the concept of embeddedness and its influence on entrepreneurship studies. **Method:** the paper is a theoretical essay. It appropriates Granovetter's embeddedness literature and associates it with classical propositions of Karl Polanyi's economic sociology. Reflections related to the structures of reciprocity and redistribution are emphasized. **Results:** evidence suggests that Granovetter's embeddedness concept ends up not breaking with the utilitarian logic that characterizes the sub-socialized studies in which it criticizes itself. The same is true when the concept is employed by entrepreneurship researchers. Although implicit in the origin of the association between “embeddedness and entrepreneurship” is the notion of the entrepreneur as a network creator, that is, as an agent influenced by the resources derived from the structures in which they are embedded, scholars of the area endorse the interested actor's assumption. **Conclusion:** the article draws the attention of entrepreneurship scholars to the still unexplored repercussions of other types of social embeddedness (Reciprocity and Redistribution). At the same time, it suggests through “total embeddedness” the creation of a new analytical model, eventually capable of broadening the reflections of scholars about the influences of embeddedness in different structures. The paper concludes with new propositions, highlighting approaches and suggestions for investigations that are still unexplored.

**Keywords:** embeddedness; entrepreneurship; reciprocity; redistribution; market.

**JEL Code:** L26, A2, L21.

## RESUMO

**Objetivo:** o artigo procura investigar o conceito de imersão e sua influência aos estudos do empreendedorismo. **Metodologia:** o trabalho, um ensaio teórico, apropria-se da literatura sobre *embeddedness* de Granovetter, e associa-a a proposições clássicas da sociologia econômica de Karl Polanyi. Reflexões relacionadas às estruturas de reciprocidade e redistribuição são, aí, enfatizadas. **Resultados:** evidências sugerem que o conceito de imersão de Granovetter acaba por não romper com a lógica utilitarista que caracteriza os estudos subsocializados dos quais critica. O mesmo ocorre quando o conceito é empregado por pesquisadores do empreendedorismo. Embora implícita à origem da associação entre “imersão e empreendedorismo” se encontre a noção do empreendedor enquanto criador de redes, isto é, como agente influenciado pelos recursos derivados das estruturas nas quais se encontram imersos, estudiosos da área acabam por endossar o pressuposto do ator interessado. **Conclusões:** o artigo chama a atenção dos pesquisadores do empreendedorismo para a repercussão, ainda pouco explorada, de outros tipos de imersão social (Reciprocidade e Redistribuição). Ao mesmo tempo, sugere por meio da “imersão total” a criação de novo modelo analítico, eventualmente capaz de ampliar as reflexões sobre as influências da imersão em diferentes estruturas à trajetória empreendedora. Finaliza com novas proposições, com destaque para abordagens e sugestões de investigações ainda hoje inexploradas.

**Palavras-chave:** imersão; empreendedorismo; reciprocidade; redistribuição; mercado.

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**Cite as:** Corrêa, V. S., Vale, G. M. V., Melo, P. L. de R., & Cruz, M. de A. (2020). “The problem of embeddedness” in entrepreneurship studies: A theoretical proposition. *Revista de Administração Contemporânea*, 24(3), 232-244. <https://doi.org/10.1590/1982-7849rac2020190096>

**Editor-in-chief:** Wesley Mendes-Da-Silva (Fundação Getúlio Vargas, EAESP, Brazil)  
**Reviewers:** Lilliane Guimarães (PUC Minas, Programa de Pós-graduação em Administração, Brazil)  
*One of the reviewers chose not to disclose his identity.*

Received: March 02, 2019

Last version received: June 18, 2019

Accepted: August 02, 2019

# of invited reviewers until the decision

	1	2	3	4	5	6	7	8	9
1 <sup>st</sup> round	(X)		(X)	(X)					
2 <sup>nd</sup> round		(X)							

## INTRODUCTION

One of these conceptions, of particular interest here, concerns the utilitarian maximization of action, a concept originally built by Adam Smith. In the literature on the subject prevails the notion that the decisions of economic actors would be "based on rational calculations of the ... possible choices" (Beckert, 2013, p. 119). In this line of reasoning, actors would be interpreted as essentially selfish, independent, self-reliant, and autonomous. That is, they would make decisions "in isolation from other agents" (Krippner, 2002, p. 776). This feature even impacted studies on entrepreneurship. The literature in the area provided the economic idea that entrepreneurs would be autonomous and self-sufficient (Hmieleski, Carr, & Baron, 2015; Tok & Kaminski, 2018). They would even be able to alter "the existing technological or productive paradigm itself" (Vale, Wilkinson, & Amâncio, 2008, p. 8).

In fact, Colbari (2007) points out how entrepreneurs are "bearers of exceptional qualities and skills" (p. 9); how they have attributes that can differentiate them from others (see, for example: Hmieleski et al., 2015; Tok & Kaminski, 2018). In this line of thought, "venture success ... seems to involve the entrepreneur's behavioral characteristics" (Ostgaard & Birley, 1996, p. 37); their "firm performance [would] be a reflection of [their] characteristics [and] behaviors" (Hmieleski et al., 2015, p. 292). The association between the entrepreneur and an independent agent is not necessarily a recent phenomenon. It dates back to Schumpeter (1982/1911), which considered the "entrepreneurial theorist for excellence" (Martinelli, 2009, p. 210). For the author, the entrepreneur is "a special type, ... the motive power of a great number of significant phenomena" (Schumpeter, 1982/1911, p. 58). In his vision, "entrepreneurship have been understood as resulting from the action of a single agent: the entrepreneur" (Ferrary & Granovetter, 2009, p. 327).

The notion of economic action, which is defined as action that is undertaken by entrepreneurs (Granovetter, 1992a), as essentially derived from autonomous and self-sufficient agents, was strongly criticized by Granovetter (1985), considered the founder of the "New Economic Sociology", in today's classic article (Eisenberg, 2011; Graça, 2012). According to the author, "any description of human interaction that limits explanation of individual interests ends up abstracting fundamental aspects of

the relationship" (Granovetter, 2002, p. 36). In other words, Granovetter (1985) implies that individuals would not behave as abstract atoms of a given social context, whose action would always be rationally motivated, instrumental, and calculated. Instead, the author points out that "his attempts at intentional action" (Granovetter, 1992b, p. 32) would be "embedded in concrete, ongoing systems of social relations" (Granovetter, 1985, p. 486). By supporting this, Granovetter ended up creating through embeddedness, one of "most influential concepts in social science over the past two decades" (Lewis & Chamlee-Wright, 2008, p. 107).

In fact, "in many ways the timeliness of Granovetter's work created a paradigmatic shift and bridged the structural hole which previously existed between economic sociology and the emerging field of modern entrepreneurship research" (McKeever, Anderson, & Jack, 2014, p. 224). Since him, different "scholars began to question the widely held view that entrepreneurs, as economic actors, were isolated and that the entrepreneurial process was distinct from other social phenomena" (Hoang & Antoncic, 2003, p. 167); they began to draw attention to the need to incorporate into the entrepreneurial figure the relational notion that such individuals would be embedded in socioeconomic structures capable of influencing them (Lajqi & Krasniqi, 2017; Shan, Smith, Smith, & Shaw, 2017; Song & Ju, 2016; Song, Min, Lee, & Seo, 2017; Stam, Arzlanian, & Elfring, 2014; Williams, Huggins, & Thompson, 2017, among others). Lajqi and Krasniqi (2017), for example, emphasize how entrepreneurs "can be understood and interpreted only if we position them within ... social networks, and not just as atomized decision-makers maximizing their own utilities" (p. 387). Ferrary and Granovetter (2009), in turn, emphasize how the "success of a start-up does not result only from the quality of the entrepreneur ..., but also from its embeddedness in complex social networks" (p. 337). Finally, Williams, Huggins and Thompson (2017) argue how entrepreneurship is "inherently a socialized process based on informal social networks that provide valuable resources" (p. 719).

Notice how such an argument contrasts "the notion that there is some pure, invariant motive driving human behavior" (Krippner & Alvarez, 2007, p. 227); it runs counter to the "stance adopted by neoclassics who understand economic action as a [result of] a decision atomized out of social context" (Costa & Souza, 2009, p. 9). In other words, "implicitly or explicitly, purveyors of the Granovetterian view of embeddedness reject

the existence of *Homo Economicus*" (Krippner & Alvarez, 2007, p. 227). According to authors of this line of thought "the self-interested, maximizing agent who makes decisions in isolation from other agents is little more than a fiction" (Krippner & Alvarez, 2007, p. 227). In this sense, McKeever, Anderson, and Jack (2014) stress that the "growing recognition of entrepreneurs (both individually and collectively) as socialized actors is seen by many as a corrective adjustment based on mounting dissatisfaction with the ... parsimony of neoclassical economic models" (p. 222).

But did Granovetter's concept of embeddedness, understood as the "the extent to which economic action is linked to or depends on action or institutions that are non-economic in content, goals or processes" (Granovetter, 2005, p. 35), in general, and in entrepreneurship studies based on a relational perspective derived there from, and of particular interest here, break with the utilitarian logic that characterizes the sub-socialized studies of which they criticize? In other words, do entrepreneurship researchers understand entrepreneurs as agents embedded in social structures from a dimension that goes beyond their atomized nature based on the principles of self-interest? This essay, essentially theoretical in nature, fits into the essence of these reflections (Regarding characteristics and attributes of theoretical development work, it is recommended: Fulmer, 2012; Gilson & Goldberg, 2015; Hillman, 2011; Meneghetti, 2011; Van de Ven, 1989; Whetten, 1989). It does this through the appropriation of literature on embeddedness by Granovetter (1985), associated with classical propositions of Karl Polanyi's economic sociology (Polanyi, 2000, 2018). Reflections related to the reciprocity and redistribution structures, which are still untouched by management researchers in Brazil, are emphasized. In doing so, this article makes important contributions. The first draws the attention of scholars in the area to the still unexplored repercussion of other types of social embeddedness (Reciprocity and Redistribution). The second contribution suggests the creation of a new analytical model, presumably capable of broadening the reflections of scholars about the influences of embeddedness to the entrepreneurial trajectory in different structures. In addition, we elaborate propositions to entrepreneurship scholars, highlighting new approaches, and research suggestions that are still unexplored today.

Such efforts do not prove in vain. Barber (1995) stresses that "a better understanding of the relationship between market exchange, on

the one hand, and social exchange [expressed here in the role played by embeddedness], on the other, is essential for clarifying both concepts" (p. 395). This has been the case until now. In fact, even today, "existing research on ... networks has focused heavily on market ties and to a lesser degree on referential ties" (Ahuja, Soda, & Zaheer, 2012, p. 443). In search for titles (embedde\* and/or social structure) of articles available on "CAPES Scientific Journals Gateway" and published over the last 5 years, few studies (Jerolmack & Tavory, 2014; Julien, Favre, Chatellet, & Lazega, 2016; Ozdemir, Moran, Zhong, & Bliemel, 2014; Tok & Kaminski, 2018) have sought, as proposed here, to investigate the concept of embeddedness and its potential connections with economic studies. Still, they refer to contexts other than entrepreneurship, which is of particular interest in this study. McKeever et al. (2014) highlight how the study on the "importance of social context ... [to] entrepreneurs ... is just [at] the beginning" (p. 231).

At the same time, when scholars seek to associate embeddedness with entrepreneurship (see, for example: Jack & Anderson, 2002; Kenney & Goe, 2004, among others), they do so in a theoretical-empirical way, and in reflections that disregard the relevance and impact of the structures of reciprocity and redistribution (Polanyi, 2000, 2018), emphasized here. Indeed, while Jack and Anderson (2002) explore how "entrepreneurs use structure in the creation and operation of their businesses" (p. 467), Kenney and Goe (2004), in turn, seek to elucidate how the institutions in which university professors are embedded "influence their entrepreneurial activities" (p. 692). Moreover, studies that associate embeddedness with entrepreneurship often fail to think over the concept of embeddedness itself, taking it for granted, and, thus, adopting it from a possibly limited perspective, which is also an object of analysis here.

A second gap would be derived from this reflection. It would relate to the very notion of embeddedness as framed by Granovetter (1985). Krippner and Alvarez (2007) argue that "a full resolution of the ambiguities associated with the concept remains elusive" (p. 227); and that "the concept remains a source of enormous confusion" (McKeever et al., 2014, p. 222). Notice how there are still different "opportunity[ies] to further unpack the very notion of social embeddedness" (McKeever et al., 2014, p. 232) today. Finally, a third gap would be associated, altogether, with the very approach to economic sociology. Swedberg (2007) warns that the area "is not very innovative

and bold" (p. 1035); that it "need[s] more new ideas" (Swedberg, 2007, p. 1035). This article fits right therein. It seeks to fill in parts of these different gaps.

## THE PROBLEM OF EMBEDDEDNESS

Although reflections on economic sociology go back to classical authors such as Weber, Thurnwald, Ruggie, among others who tried to "state the assumptions ... of a social science" (Raud-Mattedi, 2005, p. 127), it was only from the works of Granovetter (1985) that criticisms of economists' inattention to "the role of social relations" (Swedberg, 2004, p. 26) and the end of the "reciprocal disdain that separated economists from sociologists" (Peixoto & Marques, 2003, p. 201) gained particular prominence (Krippner & Alvarez, 2007). In fact, in a classical article published in 1985 (Graça, 2012; Raud-Mattedi, 2005), and considered one of the founders of the New Economic Sociology (Beckert, 2009), one of "the most quoted ... sociological text in the last few decades" (Eisenberg, 2011, p. 61), the author appropriated the embeddedness argument originally created by Polanyi (Kaup, 2015). In defending the "social embeddedness of all economic action" (Beamish, 2007, p. 995), Granovetter ended up claiming the "use of network analysis in economic sociology, an agenda that has been sustained by him ever since" (Swedberg, 2004, p. 11).

Granovetter's embeddedness approach fits into the author's critique of two fundamental theoretical perspectives (Granovetter, 1985). The first is derived from the studies by Wrong (1961) and is called the super-socialized perspective. It is associated with the Analytical Vision Factor, one of Talcott Parsons' legacies. In this approach, institutions are understood as "normative structures" (Barber, 1998, p. 79); it "portrays actors as completely socialized" to the dictates of consensually developed norms (Simsek, Lubatkin, & Floyd, 2003, p. 440). From this perspective, individual behaviors would be fundamentally "oriented toward 'ultimate values'" (Krippner, 2002, p. 789), that is, "governed by the social context" (Simsek et al., 2003, p. 440). In other words, the super-socialized approach is based on the idea that "orders within a hierarchy [would] elicit easy obedience ..., suppressing any conflict with their own interests" (Granovetter, 1985, p. 505); and that "people [would be] overwhelmingly sensitive to the opinions of others and hence obedient to the dictates of consensually developed norms and values, internalized through socialization" (Granovetter, 1992b, p. 28).

The second approach, in turn, is referred to as the sub-socialized perspective. It relates to economic studies derived from the classical and neoclassical perspectives. In this line of reasoning, actors are understood as *Homo economicus* (Barber, 1995), whose behavior should be restricted to issues only related to price. The goal, therefore, is: "buying cheap and selling dear" (Barber, 1995, p. 398). That is, on the sub-socialized perspective is inserted the notion that the "rational or instrumental action", grounded in the root of a "methodological individualism" (Granovetter, 2002, p. 35), would explain all people's activities. In this context, personal relationships are cold and atomistic; if there are ties or contracts between the parties, these would be more a matter of self-interest, profit-seeking behavior, than voluntary commitment or selfless behavior (Krippner et al., 2004). Note how from the sub-socialized approach, individuals would be essentially impersonal, cold (Uzzi, 1997), selfish, hyper-rational, utilitarian (Biggart & Beamish, 2003), independent (Krippner et al., 2004), self-interested (Coleman, 1988), and isolated (Krippner, 2002). Indeed, "in the neoclassical model, efficiency and profit maximization depend on individual search behavior" (Uzzi, 1997, p. 50).

According to Granovetter (1985, 1992a), economic actors including entrepreneurs, do not "adhere slavishly to a script written for them by the particular intersection of socio-cultural categories," neither, do they behave "or decide as atoms outside a social context" (Granovetter, 1992b, p. 32). In fact, "a fruitful analysis of any human action", the author emphasizes, "requires us to avoid the atomization implicit in the theoretical extremes of under- and over-socialized views" (Granovetter, 1992b, p. 32). The author suggests a "third proposal" (Raud-Mattedi, 2005, p. 65), a kind of "a middle ground between under- and over-socialized views" of action (Granovetter, 1985, p. 509): "that the behaviors and institutions to be analyzed are so constrained by ongoing social relations that to construe them as independent is a grievous misunderstanding" (Granovetter, 1985, p. 482); the "behavior [of individuals] is closely embedded in networks of interpersonal relations" (Granovetter, 1985, p. 507).

In defending the idea that every action "is embedded in ongoing networks of personal relations rather than carried out by atomized actors" (Granovetter, 1992a, p. 4), Granovetter ended up building one of the "most influential concepts in social science" (Lewis & Chamlee-Wright, 2008, p. 107) based on the notion of embeddedness; he laid the "basis for the

institutionalization of the new approach to economic sociology" (Ballarino & Regini, 2008, p. 351). Eisenberg (2011) points out how, in recent decades, "the increase in knowledge thrown up by economic sociology is impressive" (p. 57); and how the "network approach has become the most influential advance within" this area (Beckert, 2009, p. 42). Currently, it is possible to see how "embeddedness is ... much used even beyond economic sociology" (Barber, 1995, p. 387). The field of administration is one of them. Indeed, Martes (2009) emphasizes how the concept of embeddedness can be "used to understand countless contemporary phenomena ... in the areas of Public and Private Administration" (p. 21).

Thus, in these areas, studies on start-ups (Shirokova, Tsukanova, & Morris, 2018), internationalization (Leppäaho, Chetty, & Dimitratos, 2018); sustainability (De Clercq, Thongpapanl, & Voronov, 2018), innovation (Hermanson, McKelvey, & Zaring, 2018), corporate social responsibility (Reimsbach, Braam, & Wang, 2018), and regional development (Terstriep & Lüthje, 2018), among others, would be inserted. One of these studies relates to the phenomenon of entrepreneurship (see for example: Greenberg, Farja, & Gimmon, 2018; Lajqi & Krasniqi, 2017; McKeever et al., 2014; Smith et al., 2017; Stam et al., 2014). In fact, "in many ways the timeliness of Granovetter's work created a paradigmatic shift and bridged the structural hole which previously existed between economic sociology and the emerging field of modern entrepreneurship research" (McKeever et al., 2014, p. 223). Nowadays, "social embeddedness is particularly useful ... to the [field] study" (McKeever et al., 2014, p. 223). McKeever et al. (2014) highlight how it is "a firmly established concept" (p. 231) in the study of entrepreneurship.

Despite the enormous contributions of the concept of embeddedness, Granovetter was not inert to the manifestation of different critiques. Among them are: (a) Lack of a unified theoretical body (Graça, 2012; Krippner & Alvarez, 2007; Swedberg, 2007); "theoretical vagueness is the common complaint that critics lob against the embeddedness concept" (Krippner & Alvarez, 2007, p. 220); (b) Disregard for state influence; "Granovetter's approach does not develop an analysis of the role of the state in the economy" (Raud, 2007, p. 214); (c) Conceptual inaccuracy; McKeever et al. (2014) argue how the "concept suffers from 'a theoretical indefiniteness'" (p. 226); how it "remains [still today,] a source of enormous confusion" (McKeever et al., 2014, p. 222). One of the criticisms of the embeddedness

argument, which is still emerging and is of particular interest here, relates to the association of the concept with the notion of the market.

That is, in defending how "social relations shape economic outcomes" (Krippner & Alvarez, 2007, p. 222), Granovetter ended up leaving "intact the notion of an analytically autonomous economy" (Krippner & Alvarez, 2007, p. 231). In other words, by insisting "on the intrinsically relational nature of all social action" (Krippner & Alvarez, 2007, p. 231), the author, influenced by a Methodological Individualism (Raud-Mattedi, 2005), by an "utilitarian logic" also "present in economics studies" (Carvalho, 2002, p. 2), ended up "resurrecting a distinction between the anonymous market and the social economy, suggesting that the former is embedded in the latter" (Krippner & Alvarez, 2007, p. 231).

The "problem of embeddedness" is that, from its perspective, "social relations affect the economy from the outside" (Krippner & Alvarez, 2007, p. 232); that is, "networks [end up being] considered as an exogenously-determined means by which individuals ultimately serve private benefits based on the utility-maximization principle" (Christoforou, 2011, p. 686). Note how, from this point of view, the embeddedness approach would not be distinguished "radically from the instrumental logic present in classical economics studies" (Carvalho, 2002, p. 2); but "would not fundamentally break with the assumption of the interested actor of Economic Science" (Raud-Mattedi, 2005, p. 74). Indeed, in explaining "social phenomena ... from the aggregation of individual actions" (Raud-Mattedi, 2005, p. 74), the author ends up maintaining the "rationality hypothesis; ... he states that the explanations of social phenomena are based on the motivations and behaviors of individuals" (Raud-Mattedi, 2005, p. 62). So, it is not surprising that "institutional economists and rational choice sociologists eagerly took up this notion of embeddedness, since they could readily incorporate it into a rational choice framework" (Beckert, 2009, p. 43).

This is, also, evidenced in studies on entrepreneurship. Indeed, Stam, Arzlanian, and Elfring (2014) emphasize how "entrepreneurs might need to adapt their personal networks" (p. 153); how they alter the relational "structure ... for their own benefit" (Walker, Kogut, & Shan, 1997, p. 109). In "deliberately seek[ing] to create social structures that favor them in some way" (Ahuja et al., 2012, p. 438), note how entrepreneurs can be interpreted as actors "able to choose where, under

what conditions and to what extent they will be embedded" (Heidenreich, 2012, p. 573); how they end up creating "network structures ... as a result of self-seeking actions by focal nodes and their connections" (Ahuja et al., 2012, p. 438). Burt (2009), whose entrepreneurship theme is at the heart of his reflections, for example, highlights how entrepreneurs play an active role in forming their relationships. Burt further mentions that because entrepreneurs know how to structure a network to deliver high opportunities, they know who to include. Accordingly, it can be deduced from this point of view, that entrepreneurs "weigh costs versus benefits" (Jackson, 2007, p. 3) of taking root, the structural approach to networks would end up not breaking "with the assumption of the actor interested" (Raud-Mattedi, 2005, p. 74). In other words, since "individuals [are] self-interested parties who form and sever links in order to maximize their eventual benefits" (Jackson, 2007, p. 6), it is not surprising that the notion of embeddedness leads to an "analytical ... error of seeing the market and its close theoretical companion, rational choice, as the sole explanations of social behavior" (Barber, 1995, p. 401); how "the central cultural concept with which that of embeddedness is interrelated is the concept of 'the market'" (Barber, 1995, p. 388).

### **RECIPROCITY AND REDISTRIBUTION: A POSSIBLE SOLUTION?**

Although the embeddedness approach has gained particular prominence with the work of Granovetter (1985), different authors eventually associate Karl Polanyi on the origin of the argument (Heidenreich, 2012; Machado, 2010; Tok & Kaminski, 2018). Machado (2010) emphasizes, for example, "how Polanyi is almost consensually considered the 'father' of the concept of embeddedness" (p. 71). The author associated embeddedness with the idea that the "economy and society can only be analyzed through a holistic approach" (Gemici, 2008, p. 7); "through the examination of how ... [they are embedded on] social relations and institutions" (Gemici, 2008, p. 7). According to the author, even market exchanges are embedded in other types of economic structures, such as reciprocity and redistribution, not explored by Granovetter when later appropriated. In fact, the author "shows no understanding of the importance of the larger social systems in which all economies are located" (Barber, 1995, p. 406); he "does not deal with the redistributive and reciprocity behaviors that exist alongside market behaviors in modern society" (Barber, 1995, p. 406). That is, "the market would not be the only way to organize transactions

in today's societies" (Marques, 2003, p. 16). Other "two modes of regulation," reciprocity and redistribution, would continue to "coexist" (Marques, 2003, p. 16). In fact, today, we even "witness a revitalization and recovery of these modalities" (Marques, 2003, p. 16).

Munck (2015) stresses that reciprocity involves the "exchange of equivalences" (p. 426); "denotes movements between correlative points of symmetrical groupings" (Polanyi, 2018, p. 35). In other words, reciprocity occurs when "the relevant values and norms, either of a whole society or some part of it, prescribe that individuals who have reciprocal obligations to one another" (Barber, 1995, p. 396) - as observed in different groupings, such as family, clan, friendship, communities, associations, among others (Schneider & Escher, 2011) - , "give to and receive from one another material and immaterial goods ... just by virtue of these status relationships" (Barber, 1995, p. 396). Notice how in this type of structure, whose operation is "through the networks" (Vinha, 2001, p. 214), the "cooperative dimension and the value of trust [become to be] recognized as essential to [its] continuity, stability, and efficiency" (Vinha, 2001, p. 214). In it, the prevailing idea is that "today's giving will be recompensed by tomorrow's taking" (Polanyi, 2000, p. 70). Different authors have been pointing out how "social exchange based on the norm of reciprocity ... may facilitate economic exchange" (Yoon & Hyun, 2010, p. 1215). Examples of this could be found in different situations. As when a parent helps a child create a new venture, when "a friend assists in the development of a business, when a partner in need is assisted" (Polanyi, 2018, p. 37), among others. Polanyi (2018) emphasizes how "the closer the members of ... [a] community ..., the more general will be the tendency among them to develop reciprocity attitudes" (p. 37).

Redistribution, in turn, would "designate appropriational movements toward a center and out of it again" (Polanyi, 2018, p. 35). Based "upon the presence of some measure of centrality" (Krippner, 2002, p. 783), would be evidenced on occasions when the "norms or values prescribe that members of a collectivity" (Barber, 1995, p. 397) - whether local, regional, or national -, should "make contributions of taxes or goods or services to some central agency" (Barber, 1995, p. 397), such as a government or charities. These agencies, in turn, would have the "responsibility either of allocating these contributions to some common enterprise of the collectivity," in defense of their fundamental interests (Barber, 1995, p. 397). In this type of structure, the important

thing "is the existence of the center and its role in coordinating the movement of means to satisfy [collective] wants" (Gemici, 2008, p. 18). Notice how redistribution "tends to enmesh the economic system proper in social relationships" (Polanyi, 2000, p. 72); as to the structure of redistribution would lie a certain notion of "hierarchy and ... obedience to parameters or strategies defined by [given] centralizing institution" (Vinha, 2001, p. 214). Polanyi (2018) stresses how "redistribution ... is apt to integrate groups at all levels and all degrees of permanence" (p. 38). According to the author, just like what happens with reciprocity "the more closely knit the encompassing unit, the more varied will the subdivisions be in which redistribution can effectively operate" (Polanyi, 2018, p. 38). Examples of redistribution would be "the systems of taxation and taxes organized in different administrative instances of modern states" (Schneider & Escher, 2011, p. 192).

Although Granovetter attached his notion of embeddedness to the market structure, "the central cultural concept with which that of embeddedness is interrelated is the concept of 'the market'" (Barber, 1995, p. 388); the author seems to have projected lights, albeit indirectly (unexplored), for the possibility of incorporating the arguments of reciprocity and redistribution into the notion of embeddedness. In fact, while Granovetter "agrees with the economists ... that the transition to modernity" (Granovetter, 1992b, p. 28), that is, the outbreak of the market economy, "did not much change the level of embeddedness", the author stresses at the same time how the embeddedness "has always been and remains substantial": that is, "less all-encompassing in the earlier period than claimed in the 'strong embeddedness position'" (Granovetter, 1992b, p. 28) - among which are inserted Polanyi and others support the idea of the market as totally embedded in reciprocity and redistribution -, but more all-encompassing "in the later period than supposed by them or by economists" (Granovetter, 1992b, p. 28), who defend the economy as inert to the influence of other structures (reciprocity and redistribution) other than that of the market.

In other words, Granovetter divides the notion of embeddedness into either strong or weak. The first category, often associated with the substantivist school of anthropology (Granovetter, 1992b), would include authors who defend the idea of economics as totally embedded in structures of reciprocity and redistribution. The second, in which he puts himself, argue that the influence of reciprocity and redistribution would be less than represented in Polanyi's suggestion

to primitive societies, but greater to market structures than that suggested by economists. Thus, if this influence is broader than the one supposed by economists, a group of researchers that disregards the influence of networks and structures of reciprocity and redistribution, it can be said that Granovetter himself seems to suggest, albeit in a tangential way that is not explored by the author, the possibility of revealing to the market economy embeddedness in structures of reciprocity and redistribution. This becomes even more evident as the author argues out how we are currently going to find "a surprisingly large role for the supposedly archaic categories of ethnicity and kinship" (Granovetter, 2009, p. 269). Indeed, the author stresses that "the idea that these are superseded in the economy of the modern world by efficient and impersonal institutions is a wishful vestige of enlightenment idealism that careful analysis does not sustain" (Granovetter, 2009, p. 269).

### **INTEGRATION PROPOSAL: THE EMBEDDEDNESS OF EMBEDDEDNESS IN ENTREPRENEURSHIP STUDIES**

The reflection on the market, reciprocity and redistribution has, in recent years been gaining prominence in part of literature, with the exception of that associated with entrepreneurship (see, for example: McKeever et al., 2014; Schneider & Escher, 2011; Swedberg, 2009; Tok & Kaminski, 2018). Different authors have suggested the possibilities, originally raised by Polanyi (2000, 2018), to show the market economy embeddedness combined in the two other social structures. In fact, "since they occur side by side on different levels and in different sectors of the economy", Polanyi (2018) stresses that, "it may often be impossible to select one of them as dominant" (p. 35). In other words, the market system as an institutional structure, "has been present at no time except our own, and even then ... only partially present" (Gemici, 2008, p. 18). "Several ... forms may be present alongside" it (Polanyi, 2018, p. 39). According to the author, the forms of integration (market, reciprocity, and redistribution) would not represent "'Stages' of development. No sequence ... [would be, there,] implied" (Polanyi, 2018, p. 39). Such would be evidenced even today. Indeed, Tok and Kaminski (2018) defended, for example, how the "markets can operate only within certain socioeconomic constraints [and] in connection with the other two forms of integration: redistribution and reciprocity" (p. 701); how they "can manifest itself in various forms in contemporary times" (Tok & Kaminski, 2018, p. 701). It is possible to

suggest, from the reflections presented so far, the conception of some fundamental propositions:

**P1:** Social structures of reciprocity and redistribution may manifest in association with, and influence the market structure;

**P2:** Social structures of reciprocity and redistribution may have an influence on entrepreneurs/enterprises;

**P3:** Entrepreneurs/enterprises may be simultaneously embedded in the market, reciprocity, and redistribution structures;

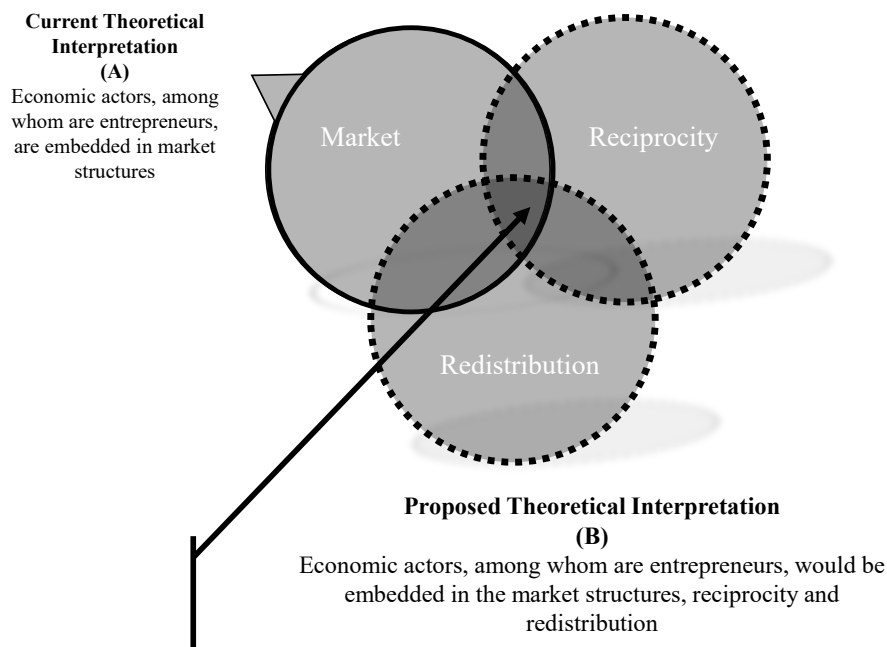
**P4:** Social embeddedness may eventually be derived from the simultaneous combination of market structures, reciprocity, and redistribution.

Moreover, different authors point out how market, reciprocity, and redistribution can be employed at the micro level, in combination with personal interactions (Polanyi, 2018). Although they are understood as forms of integration, reciprocity, redistribution and market can "often [be] employed to [also] denote personal interrelations" (Polanyi, 2018, p. 35), including that of entrepreneurs at the micro level. Reciprocity, for example, could be evidenced at times when "mutuality between individuals

[is] frequently" demonstrated (Polanyi, 2018, p. 35). Redistribution, in turn, could be present "where sharing among individuals were common" (Polanyi, 2018, p. 35). Polanyi (2018) argues that regardless of how the economy is integrated as a whole, "redistribution may also apply to a smaller group" (p. 38); for example, the family, groups of people, entrepreneurs, and others. Hence, a fifth research proposition would emerge:

**P5:** Social structures of Reciprocity and Redistribution may be appropriated for the study of entrepreneurs/enterprises at micro and/or meso levels.

Figure 1, below, condenses the highlighted reflections, and presents the proposed analysis model. It exposes two distinct theoretical conceptions. The first, currently in force, summarizes the way researchers conceptualize embeddedness. The second, which is based on a gap in the literature emphasized here, proposes a new theoretical interpretation. It suggests the possibility, still unexplored by entrepreneurship researchers, of understanding entrepreneurs as simultaneously embedded in different social structures.



**Figure 1.** Theoretical analysis model proposed.



## FINAL CONSIDERATIONS

This theoretical essay sought to investigate the concept of embeddedness and its influence on the work of entrepreneurship in an innovative way based on studies in the area. Furthermore, it sought to investigate the association of the embeddedness argument, and the entrepreneurship studies based on a relational perspective derived from it – and of particular interest here –, to the utilitarian logic representative of the sub-socialized approach. Among the questions that guided the proposed reflection, the following stand out: do entrepreneurship researchers understand entrepreneurs as agents embedded in relationship structures from a dimension that goes beyond their atomized nature, based on the principles of self-interest? Different research conclusions came from it. Two of them can be emphasized.

The first is that the concept of embeddedness ends up not breaking with the utilitarian logic that characterizes the sub-socialized studies in which it criticizes itself. In fact, the Problem of Embeddedness is that, under it, “networks [end up being] considered as an exogenously determined means by which individuals ultimately serve private benefits based on the utility-maximization principle” (Christoforou, 2011, p. 686). The second concept, directly related to the previous one, is associated with the repercussions of the concept of embeddedness on the study of entrepreneurship. Implicit to the origin of studies that understand the entrepreneur as a network creator, that is, as an agent influenced by the resources derived from the structures in which they are embedded, the idea prevails that entrepreneurs would not be isolated, atomized, independent, and self-interested agents (Lajqi & Krasniqi, 2017; Shepherd, 2015). Despite this, evidence based on the literature suggests the observation that studies of the area also fail to align with the utilitarian logic that characterizes the very notion of embeddedness from which it was derived. In fact, by inserting argument the notion that entrepreneurs can “create social structures that favor them in some way” (Ahuja et al., 2012, p. 438) under the concept of embeddedness, weighing the “costs versus benefits” of taking root (Jackson, 2007, p. 3), the researchers in the field ended up endorsing the assumption of the interested actor; that is, they ended up strengthening the utilitarian logic that precisely characterizes the sub-socialized studies which it criticizes. In this sense, Beckert (2009) points out that “it is not strange that economists of the rational school eagerly took up this notion of embeddedness, since they could readily incorporate it into a rational choice framework” (p. 43).

Moreover, entrepreneurship researchers disregarded the analysis of the possible repercussions of embeddedness in the structures of reciprocity and redistribution, here suggested. Indeed, studies on entrepreneurship from a relational perspective could and should broaden the reflections about how embeddedness in reciprocity and redistribution structures impact the entrepreneurial trajectory, which are still unexplored by authors in the field, shedding light on the influence of its different repercussions. In doing so, researchers, through the study of entrepreneurship, would also end up helping to fill part of the research gap associated with the very notion of embeddedness as proposed by Granovetter (1985). In fact, the author himself acknowledges the possibility of manifesting evidences of embeddedness in structures of reciprocity and redistribution in market economies. In this context, different questions could be emphasized.

How does embeddedness occur in structures of reciprocity and redistribution? What is the repercussion of these social structures on the trajectory and development of different types of entrepreneurs and enterprises (for example, entrepreneurs/entrepreneurship: out of necessity vs. opportunity; from firm perspective; technology-based; female; religious; early-stage, among others)? Could entrepreneurs enjoy resources embedded in the structures of reciprocity and redistribution, combining benefits that would go beyond an essentially utilitarian dimension? What would be the influence of a kind of Total Embeddedness, here termed as the rooting of entrepreneurs to the three social structures? What is the importance of each type of structure to the longitudinal development of individual enterprises or those associated with the organizational context (meso)? Even more importantly, how do social structures influence different ventures in the meso scope of the firm, and how do they in turn respond to the influences of their different manifestations?

These and other questions still remain unanswered today. New studies could explore the nature of these reflections, seeking, through theoretical-empirical research, to consider entrepreneurship beyond its market dimension. Tok and Kaminski (2018) highlight, for example, how “the interrelation among the three forms of integration [(market, reciprocity, and redistribution)] remains a point of debate today” (p. 701). In the field of entrepreneurship, specifically, such interconnection is still totally unexplored. In this sense, it is crucial to observe how the field proves to be quite fertile. There are, certainly, opportunities for new and exciting

discoveries. McKeever et al. (2014) argue how the understanding of "the importance of social context ... [to] entrepreneurs ... is just [at] the beginning" (p. 226). This theoretical essay,

by rightly stressing the relational nature of entrepreneurs, emphasizing its dimension beyond that associated with the market, seeks to provide a small contribution in this direction.

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## Peer Review Method

This content was evaluated using the double-blind peer review process. The disclosure of the reviewers' information on the first page is made only after concluding the evaluation process, and with the voluntary consent of the respective reviewers.

## Authors' Contributions

**1<sup>st</sup> author:** Leading researcher and creator of the essay. He was mainly responsible for the survey of the basic literature, for the original writing and for the initial and final revisions of the article.

**2<sup>nd</sup> author:** Researcher responsible for supporting the theoretical concept, the original production and the initial and final revisions of the article. It also supported the inclusion of new references and the complementary production of the theoretical propositions built.

**3<sup>rd</sup> author:** Researcher responsible for supporting the theoretical design and production of the initial and final revisions of the article. It also supported the inclusion of new references.

**4<sup>th</sup> author:** Researcher responsible for supporting the initial and final revisions of the essay, the translation and the inclusion of new references.

## Funding

The authors report that there is no financial support for the research in this article.

## Conflict of Interest

The authors have stated that there is no conflict of interest.

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