

Local Embedding Paths for Rural New Ventures - A Multi-Case Study Based on the Embeddedness Perspective

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ABSTRACT

The sound growth of rural enterprises is an important guarantee for the high-quality development of rural revitalisation, however, the rural geographical environment is complex and variable, and the local embedding mechanism of rural enterprises needs to be analysed in depth. In this study, three rural start-ups, Maple Valley, Xiaoshi Yizhuang and Hetuala, are selected as representative cases for inductive analysis. Local embeddedness is specified into three dimensions: relational embeddedness, structural embeddedness and cultural embeddedness, and a local embeddedness framework for rural start-ups is proposed from the embeddedness perspective. The study finds that in the process of local embeddedness, the three key elements of relational embeddedness, structural embeddedness and cultural embeddedness interact and support each other, and that the enterprises form a value co-creation through relational embeddedness, a value co-creation mechanism through structural embeddedness, and an endogenous empowerment through cultural embeddedness, which constitutes a complete picture of local embeddedness.

KEYWORDS

rural start-ups; local embeddedness; multiple case studies

The national strategy proposes that rural revitalisation is a key path to national rejuvenation, and as an important carrier of rural revitalisation, the degree of local embeddedness of rural start-ups has a direct impact on their development effectiveness. As "outsiders" in the rural context, start-ups face a significant "outsider disadvantage" and urgently need to achieve positive interaction through deep embedding in the local system of social, economic, cultural and other dimensions. Although current research has revealed the connotation and characteristics of local embeddedness, it mostly focuses on multinational enterprises, family enterprises and other subjects, and lacks a systematic exploration of the embeddedness path of rural start-ups. This paper builds a three-dimensional analysis framework based on the embeddedness theory, and reveals through typical case studies that: relational embeddedness forms a two-way benefit through the construction of local social networks and cooperation consensus, structural embeddedness achieves value co-creation through network centrality and industry chain integration, and cultural embeddedness relying on the revitalisation of intangible cultural heritage and cultural innovation to achieve endogenous empowerment. The study finds that the three present a non-linear synergistic mechanism, which breaks through the traditional static research paradigm and provides a theoretical framework and practical path for rural start-ups to break through the "outsider's disadvantage", which not only makes up for the theoretical gaps in the study of enterprise embeddedness in the context of rural revitalisation strategy, but also provides a decision-making reference to solve the problem of cultivating rural economic subjects.

1 Theoretical foundation and research framework

1.1 Evolutionary lineage of embeddedness theory

Embeddedness theory originates from Polanyi's classic explanation of the relationship between economic behaviour and social structure. The concept of "embeddedness" proposed by Polanyi reveals the symbiosis between the economic system and the social structure of pre-industrial societies^[1]. Granovetter breaks away from the traditional dichotomy thinking and proposes the theory of "social embeddedness", which stresses that the economic behaviours are not completely constrained by the social structure nor completely detached from the social relations, but rather the two form a dynamic balance in micro-interaction^[2]. Granovetter breaks through the traditional dichotomy and proposes the theory of "social embeddedness", which stresses that economic behaviour is neither completely subject to social structure nor completely detached from social relations, but rather that the two form a dynamic equilibrium in micro interactions^[2]. This theoretical reconstruction realises the shift of embeddedness analysis from the macro-institutional to the meso-network level, and significantly improves the applicability of the theory. New economic geography further expands the boundaries of embeddedness, Zukin and DiMaggio constructed a four-dimensional embeddedness model, encompassing cognitive, cultural, structural, and political, placing economic behaviour in the composite framework of institutional culture^[3]. Subsequent research has deepened in the fields of industrial clusters, transnational investment,

innovation and entrepreneurship, forming a multidisciplinary cross-cutting theoretical spectrum. Notably, the dynamic view of embedding proposed by Hess emphasises that the degree of embeddedness exhibits non-linear evolutionary characteristics over time, providing an important perspective for understanding the embedding process of rural start-ups.

1.2 Theoretical constructs of local embeddedness

Local embeddedness, as a spatial extension of embeddedness theory, focuses on the in-depth inter-construction between economic agents and specific territories. Andersson firstly proposed a binary framework for analysing the local embeddedness of multinational corporations, which breaks down the embeddedness into the integration of internal network relations and the construction of external territorial networks^[4]. Based on this, Ye Qingxiang added the dimension of geographical embeddedness to form a three-dimensional analysis model of "relationship-structure-geography". Most of the existing studies focus on mature subjects such as foreign-funded enterprises and family-owned enterprises, forming two types of typical analysis paths: the "business-technology" dual embeddedness paradigm of multinational corporations, and the "time-community" dual embeddedness model of family-owned enterprises. Although these results are enlightening, they are difficult to adapt to the specificities of rural start-ups: firstly, the poorly ordered pattern of rural social networks leads to the co-existence of "strong relations and weak institutions"; secondly, the informal system dominates in resource allocation; and thirdly, cultural traditions constitute implicit constraints.

1.3 Analytical framework in the rural context

Based on the theoretical evolution and rural characteristics, this paper constructs a three-dimensional embedding framework of "relationship-structure-culture". Relational embedding focuses on the construction of interpersonal trust between the enterprise and the local subject, and breaks through the "outsider" identity dilemma through the localisation of entrepreneurs and the benefit sharing mechanism; structural embedding emphasises the enterprise's centrality in the local network, and achieves value co-creating through the integration of resources and the innovation of business forms; and cultural embedding focuses on the value adjustment between the tradition and the modernity, and achieves endogenous empowerment through the re-creating of cultural symbols and the revitalisation of the intangible cultural heritage. The three elements show dynamic synergy: relational embedding lays the foundation of trust, structural embedding expands the boundaries of resources, and cultural embedding enhances the legitimacy of identity, which together constitute the embedding path of rural start-ups. Compared with existing studies, the innovations of this framework are: breaking through the static analysis paradigm and revealing the dynamic evolution mechanism of the embedded elements; integrating the perspectives of institutional economics and cultural anthropology to construct a multi-dimensional analysis model; and emphasising the two-way interaction between "outsiders and locals" and highlighting the cultural adaptation.

2 Research design

This study adopts the case study method to explore the local embeddedness mechanism of rural start-ups for three reasons: first, case studies are suitable for explaining the "how" and "why" questions, and can deeply analyse the dynamic process of enterprise embeddedness; second, the study of local embeddedness of rural start-ups is still at the stage of theoretical exploration, and the case study method can effectively fill the theoretical gap; third, the policy changes and structural transformation of the rural socio-economic environment have complexity and spatial and temporal specificity, and the case study can refine the localisation mechanism through inductive method. Third, the policy changes and structural transformation of the rural socio-economic environment are complex and spatio-temporal specific, and the case study can refine the localisation mechanism through the inductive method.

2.1 Case Selection

Three rural tourism enterprises, Maple Valley, Xiaoshi Yizhuang and Hetuala, are selected as research objects (hereinafter referred to as Maple Valley, Xiaoshi Yizhuang and Hetuala), focusing on their embedded practices in the early stage of their founding. The selection is based on the following: the multi-case study design enhances the validity of the conclusion through multi-context verification; the case enterprises are typical and benchmarking: Maple Valley (transformation of state-owned forest farms), Xiaoshi Yizhuang (integration of culture and tourism), and Hetuala (development of the Manchu culture) represent the three typical modes of resource revitalisation, industrial integration, and cultural inheritance respectively, and all of them have achieved a high degree of market acceptance and embeddedness in the community relationship; the case regions are differentiated (resource endowment), and the case

areas are differentiated (resource endowment). The differentiated characteristics of the case territories (resource endowment, industrial positioning) provide multiple contexts for testing the theoretical robustness, which can avoid the path-dependence risk of single-case studies.

2.2 Data collection

This study constructs a triangulation validation system through semi-structured interviews and secondary data collection. For the three case enterprises of Xiaoshi Yizhuang, Maple Valley, and Hetualla City, a total of six in-depth interviews were completed, with a cumulative length of 575 minutes, resulting in two types of data: Primary data (F1-F24) were collected in the form of semi-structured interviews, covering the development history of the enterprise, the co-operation mechanism, and the cultural embedding practice. Among them, Xiao Shi Yi Zhuang interviewed the chairman of the board of directors and two village secretaries (F1-F2), focusing on the social connection between the enterprise and its location and the industrial and economic linkage, with a duration of 160 minutes; Maple Valley interviewed the general manager, marketing manager, and three village secretaries (F3-F5), focusing on the path of industrial linkage and the market positioning strategy, with a duration of 185 minutes; Hetuala interviewed the head of the scenic area, the deputy director of the Culture and Tourism Bureau, and three village secretaries (F6-F8). 3 people (F6-F8), digging into the cultural and customary links and historical inheritance practices, duration 130 minutes. secondary information (C1-C24) integrating official documents, media reports and new media public information.

2.3 Data Analysis and Conceptual Measurement

This study adopts an inductive case study approach to ensure analytical validity through collaborative coding and cross-validation by the three researchers. Based on Gioia et al.'s inductive data analysis framework, the research team first conducted open coding of multi-source data, such as interview texts and observation records, focusing on key events in the process of enterprise embedding (e.g., the construction of government-enterprise cooperation mechanisms, and the revitalisation of non-heritage culture, etc.), and then distilled the core categories through continuous comparisons and spindle coding. In order to enhance the objectivity of the analysis, two independent coders conducted back-to-back analyses of the key concepts extracted from , and reached a consensus on the discrepancies after group discussion and expert consultation, and finally formed a three-dimensional analytical model of "relationship-structure-culture".

2.3.1 Relationship embedding

It refers to the process of constructing a trust network between enterprises and local stakeholders through interpersonal interaction, which is manifested in the following ways: construction of local social relations (e.g., 65% of villagers' shareholding); reaching a consensus on development (establishment of a village-enterprise joint meeting system). The core of the process is to reduce transaction costs through high-frequency interactions and to form the advantage of information sharing and resource synergy.

2.3.2 Structural embedding

Reflects the centrality of the enterprise in the local network and its ability to integrate resources, including: network centrality (Maple Valley drives collective investment in 55 villages); and network scale expansion (Xiaoshi Yizhuang integrates 23 upstream and downstream enterprises). This dimension emphasises the enterprise's ability to influence the network structure through strategic positioning and thus access scarce resources.

2.3.3 Cultural embedding

It is a process of adaptive transformation of traditional culture, including: inheritance of cultural rules (restoration of Manchu shaman rituals); innovation of cultural activities (development of immersive folklore experience programmes). The mechanism is to enhance the community identity and reduce the disadvantage of outsiders through the reconstruction of cultural symbols.

3 Case studies

3.1 Relationship embedding

The relational embedding of rural start-ups is driven by constructing local social relationships and achieving developmental consensus through bidirectional interactions, mitigating "outsider disadvantages." Entrepreneurs embed

deeply via identity integration (e.g., Xiaoshiyizhuang's founder prioritizing "villager prosperity," hiring 90% locals [C1]) and collaborative governance (e.g., tripartite village-enterprise partnerships establishing tourism-focused villages). This process enhances legitimacy of local identity and improves resource integration efficiency. Concurrently, benefit-sharing (e.g., Maple Valley's joint venture with eight state-owned forest farms [H1]) and trust networks (e.g., Xiaoshiyizhuang's rural revitalization institute with Liaoning University [F1]) synergize developmental consensus. Such collaborations expand resource access and foster adaptability through knowledge spillovers. The dual pathways form a closed-loop system: localizing entrepreneurs strengthens cooperation foundations, while trust networks amplify adaptive capacity, enabling enterprises to integrate village resources with external support systems for sustainable empowerment.

3.2 Structural embedding

The structural embeddedness of rural start-ups is driven by building network centrality and expanding network scale. Enterprises enhance network centrality through resource integration (e.g., Maple Valley pooling idle funds from 55 townships, generating ¥3M annual dividends [F3]) and strategic positioning (e.g., Xiaoshiyizhuang leveraging its "idyllic complex" brand as a regional tourism hub [C2]). Network scale expansion is achieved via vertical integration (e.g., Xiaoshiyizhuang's "planting-processing-sales" agricultural chain [C2]) and horizontal diversification (e.g., "Tourism+" product matrices including hot spring resorts [C4]). These dual drivers form a synergistic mechanism: network centrality attracts resources for scale expansion, while new business models (e.g., Hetuala clustering merchants via scenic spots [F6]) reinforce centrality. Ultimately, a "core enterprise-industry alliance-regional network" system bridges structural gaps in rural economies, enabling value co-creation.

3.3 Cultural embedding

The cultural embeddedness of rural start-ups is driven by cultural rule inheritance and cultural innovation practices. Enterprises inherit cultural rules by internalizing local traditions: Maple Valley institutionalized the "hard struggle" ethos of state-owned forest farms into its corporate culture (F4), fostering employee belonging through ecological conservation. Xiaoshiyizhuang transformed traditional hospitality into a "no-reason return policy" (F1), merging heritage with modern commerce. Cultural innovation activates heritage through living practices and immersive experiences: Xiaoshiyizhuang integrated the national intangible heritage "Benxi Shehuo" into night tourism IP (C5), while Hetuala's Manchu paper-cutting exhibitions (F6) converted cultural symbols into experiential assets. Immersive recreations like Hetuala's "Nurhachi Enthronement Ceremony" (F7) and Maple Valley's "Cheongsam Cultural Festival" (F3) transformed static culture into dynamic engagement. This dual mechanism forms a closed-loop system ("tradition activation → innovative expression → value regeneration"), reconstructing rural cultural ecologies and building unique competitive advantages.

3.4 Local embeddedness framework for rural start-ups

By analysing the case studies of three rural start-ups, this paper summarises the local embeddedness of rural start-ups, which presents a three-dimensional synergistic mechanism of "relationship-structure-culture". Relational embeddedness achieves efficient circulation of capital, information and other factors through building local social networks (e.g. collaborative governance between villagers and enterprises) and cooperation consensus (e.g. benefit-sharing mechanism); structural embeddedness forms a value co-creative system through network centre construction (e.g. integration of regional resources) and scale expansion (e.g. business innovation), which forms a reciprocal cycle of "centre radiation-network diffusion". Cultural embeddedness runs through the whole process: at the initial stage, cultural adaptation is achieved through localisation of entrepreneurs (e.g. practicing local values), and at the later stage, cultural network is constructed through activity innovation (e.g. revitalisation of non-heritage), forming endogenous empowerment. The three elements are dynamically intertwined to break through the "outsider's disadvantage" and ultimately achieve the symbiotic development of the enterprise and the countryside.

4 Conclusions and discussion

4.1 Conclusions

In this study, a three-dimensional synergistic framework of "relationship-structure-culture" is constructed to reveal the local embedding mechanism of rural start-ups. Through relational embedding, local social networks and cooperation consensus are constructed to form the trust foundation for factor flow; structural embedding is achieved through network centre construction and scale expansion to achieve value co-creation, and the two form a reciprocal cycle of "centre radiation-network diffusion"; and cultural embedding is achieved through the localisation of entrepreneurs to

achieve cultural adaptation, and through innovative practices such as the activation of non-heritage to build a cultural network and form endogenous empowerment. The study finds that the three elements show non-linear evolution: entrepreneur localisation triggers cultural adaptation and relationship construction, structural embedding achieves hierarchical leap on the basis of relationship network, and cultural network feeds back to the structural optimisation, and ultimately forms a spiral upward path of "institutional embedding-resource integration-cultural symbiosis", which breaks through the traditional ladder embedding logic and builds up a dynamic paradigm of rural integrated development.

4.2 Future Outlook

Existing studies have two limitations: first, the selection of cases focuses on a specific geographical area and a single level of enterprise maturity, and does not cover cross-regional and multi-stage groups of rural enterprises, which makes it difficult to reveal the differential impacts of differences in geographical characteristics and life-cycle evolution on the embedding paths; and second, it is difficult to capture the evolution of mechanisms in the dynamic environment in the cross-section data of the study, for example, policy iteration, technological disruption, or upgrading of consumption, and other factors may reconfigure the embedding logic. Future research needs to build a dynamic tracking system and conduct comparative studies across regions and time periods, focusing on: the embedding and breakthrough mechanisms of mature firms; the reconfiguration effects of emerging technologies on embedding paths; and the transformation of embedding paradigms triggered by policy fluctuations. Through longitudinal case iteration and multi-scenario simulation, the dynamic evolution mechanism of local embeddedness of rural enterprises will be revealed, and the universality and explanatory boundaries of the theoretical framework will be improved.

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