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How Regions and Network Dynamics affect Knowledge Intensive Entrepreneurship: The case of textile entrepreneurs in Borås, Sweden

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Abstract

How Regions and Network Dynamics affect Knowledge Intensive Entrepreneurship: The case of textile entrepreneurs in Borås, Sweden?

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Existing state of the art

Knowledge Intensive Entrepreneurship (KIE) goes beyond traditional entrepreneurship studies. It can be found in all types of industries and the focus is particularly on creating a richer understanding of the interactions between the venture and the external environment for opportunities and knowledge (McKelvey & Lassen, 2013. p.1). Hence, the center of attention in this study is dedicated to the role of the dynamics in networks in KIE. McKelvey and Lassen (2013) explain that networks have a central role for the entrepreneur in obtaining and managing influential connections with the

intention to access external resources and ideas, and that this role also is path-dependent. Networks dynamics in KIE are further expected to embed new ventures to a varying degree, influencing the access to partners, complementary knowledge, resources and competences (Breschi et al, 2014).

Research gap

This paper studies KIE in the textile industry in Borås in Sweden, by drawing on two prior contrasting theoretical views of the region Borås as an environment for new ventures. Thereby this case study aim to contribute to the understanding of how to support small KIE ventures in expanding their network, building on the strengths emanating from the dynamics of the entrepreneurs capabilities and resources within a cluster (Helfat & Lieberman, 2002). First previous research argues that the region has developed a high level of embeddedness (Henning & Nedelkoska, 2014). With a strong level of embeddedness, the probability of knowledge exchange is more likely to occur. On the contrary, other researchers argue that Borås can be compared to an industrial district and that the companies within the textile region of Borås are characterized by having a particularly independent mindset as an entrepreneur from this region (Sölvell, 2008; Edström, 2010). Within the cluster there is a competition which may affect the level of collaboration, sharing and communication between ventures (Saxenian, 1994). This mindset may affect the characteristics of the networks between KIE textile ventures due to competition and lack of integration.

Main theoretical arguments

The theory in this paper argues that resources (including social capital) and capabilities from pre entry experiences are important in early success of a venture creation since they strongly influence the attainable networks of a venture (Breschi, et al. 2014). Within a cluster shared values and culture may create a stronger embeddedness and being part of the embedded structure through networking may facilitate the access to a broad set of resources to rely on in the formation of the venture, including social capital (McKelvey & Lassen, 2013; Jack & Andersson, 2002; Mai & Zheng, 2013). We argue that the embeddedness depends on the pre-history of the venture as well, as the transaction costs are expected to be lower when utilizing existing resources and competencies.

Research method:

Data is collected through a qualitative study using semi-structured interviews with founders of twelve small textile KIE ventures in Borås, Sweden. The interviews are analyzed through the theoretical framework in order to reach understanding how small textile KIE ventures are utilizing and developing their network. The framework specifically analyzes of the embedded structure of the region, pre-entry experiences of the entrepreneur, the outcome of the four types of functions of social capital and finally the governance of networks (see Helfat & Liebermann 2002; McKelvey & Lassen, 2013).

Results

This paper illustrates how KIE ventures utilize their prior resources and capabilities of their founders in order to develop their venture and network. The overall connection to the model of KIE is that the dynamics of structure of the network in the textile industry, namely the effect that the external environment has on the entrepreneur's outcome and performance, has an impact on the resource flow that entrepreneurs actually gain access to, for example choices of businesses as well how they are planning their professional networking approaches. This case study confirms that pre-existing experiences and contacts within the textile industry are advantageous when developing and utilizing a social network in the context of KIE with the purpose of establishing long-term relationships in a professional network as well as for development of a personal brand. In addition, the entrepreneurs represented in this study show no hesitation in interacting with likeminded actors, for example other textile entrepreneurs or organizations, but they are eager to maintain independency as well as reach a competitive niche.

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Embeddedness in Entrepreneurial Networks: The total population of male and female entrepreneurs in the textile industry in Borås, Sweden

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1. Introduction

Entrepreneurship is closely entwined with regional development.¹ Many studies have focused on specifying why and how knowledge, human capital and innovation tend to concentrate into regions, and how this concentration, in turn, drives regional specialization into certain technologies and industries (Feldman 2001). From the perspective of regional development, being located within a cluster should lead to shared values and culture, which in turn may create a stronger linkages into the social structure. In order to understand the linkages between entrepreneurship and regional development, recent studies have focused upon the details of how and why entrepreneurs are embedded into networks and environments in their region (Jack and Anderson 2002; Mai and Zheng 2013). An interesting area to study is textiles, because the boundaries between ‘traditional’ and ‘creative’ industries here depend upon the eye of the beholder. Even though textiles are seen as a traditional industry, fashion of course is often classified as a new creative industry, where entrepreneurship springs from a European heritage (Caves 2002)

The empirical context studied here is entrepreneurship within this traditional yet creative industries, as explained in the next section. The industry analyzed here is textiles, which in Europe at least, is an industry that has undergone several structural transformation in recent centuries – from piecework in cottages during pre-industrialization to industrialization, mechanization and expansion and finally a rapid reduction in employment due to globalization. In parallel, and more recently, parts of the textile industry focus upon fashion as well as new applications such as smart textiles for sporting gear. The entrepreneurs in the textile industry studied here are in the European city of Borås, Sweden. Borås is situated in a region (Sjuhäradsbygden) that has several centuries of tradition of working within textiles. Moreover, the city and surrounding region have experienced the structural transformations over the centuries, but the city especially still hosts some large (but transformed) businesses within this industry as well as stimulated entrepreneurs in recent years.

This paper is based on a qualitative study, of entrepreneurs fulfilling a set of criteria, defined as active entrepreneurs starting ventures, which are small and new, and these ventures are concentrated within a traditional industry, in an European city. This paper therefore explore the following questions: How do entrepreneurs in emerging

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industries undergoing this type of change secure resources? What patterns exist in the embedding of firms in such a regionally bound industry?”?

Section 2 provides the historical context of textiles in Borås. Section 3 provides a literature review, focused around the issues studied here. Section 4 describes the methodology and research design. Section 5 provides insights about the companies and the analysis. Section 6 presents conclusions and implications.

2. Entrepreneurship in the historical context of Borås

The historical context of Borås can be characterized as having long tradition of the textile industry, and of internationalization, which is the setting for the modern entrepreneurs studied here. Traditionally, the region of Sjuhäradsbygden (where Borås is located), Göteborg and Norrköping were the three major textile centers in Sweden. According to the official website of Borås², the city was started in 1621, because the contemporary monarchy demanded that the trading merchants had a city at which they could tax their goods for the state, rather than continually being on the move. Palm (2005) claims this aspect of Sjuhäradsbygden having special rights of trade later enabled it to become a pre-industrial center of industrialization.

Textile products became a major industry in the 19th century, first when wool was transformed into yarn and clothing, and later linen and cotton into thread and clothes. Investment into mechanical weaving mills was reasonably early, and the first Swedish mechanical weaving machine was installed in Borås in 1834, even if many more workers were employed in nearby towns through piece-work system (Larsson et al 2013: 111). In the 20th century, Sjuhäradsbygden became increasingly dominant within textiles in Sweden, and the city of Borås expanded rapidly.

Consolidation from the region to the city happened in more recent decades. The Swedish textile industry crashed in the 1970s due to globalization and rapid imports. The decrease in employment in the region was dramatic from 113 000 employees in 1950, to 50 000 by 1975 and less than 30 000 by the mid-1980s (Larsson et al 2013:512). Many fast-growing Swedish distribution companies for clothing were instead established in the city during the textile crisis.

In 2014, there were 64 textile companies working within the manufacturing of textiles in Borås (SCB, 2014). Borås is currently the Scandinavian center for mail order companies in textiles, and many millions of postal parcels are send from Borås every year from established companies such as Cellbes, Red Cats-Ellos and H&M Rowells. While manufacturing may be abroad, distribution and often headquarters are in Borås. Examples of fashion brands that have been successful nationally and internationally, with a base in Borås, are 8848 Altitude, Eton, Oscar Jacobsson, SVEA and Hope (Af Kleen, 2014, Mars; Västsverige, 2014).

Given the historical and contemporary importance of this region in textiles in Sweden, previous research exists on related topics, albeit with opposing views. Some previous quantitative research on this region argues that this region has developed a high level of embeddedness (Henning & Nedelkoska, 2014), which they are argue means that knowledge exchange has a higher probability of occurring. Theoretically, then, one

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<http://www.boras.se/forvaltningar/stadskansliet/kommunledningskansliet/inenglish/inenglish/historyofboras.4.82f0a312665003f0d800024399.html>

would expect a cluster dominated by collaboration. Henning (2014:32) argues that the clothing industry in Borås has developed a very strong “regional resources- based competences structure”, where the probability of knowledge exchange is more likely to occur.

On the contrary, other researchers argue that Borås can be compared to an industrial district and that the companies within the textile region of Borås are characterized by having a particularly independent mindset, leading to competition rather than collaboration (Sölvell, 2008; Edström, 2010). Theoretically then in this second case, one would expect a cluster where competition would negatively affect knowledge, because of a lower level of collaboration, sharing and communication between ventures (Saxenian, 1994:4). Existing research thus provide support for both of the two opposing interpretations of the dominant models of regional development for textiles in this region.

Hence, the phenomena of modern entrepreneurs is interesting to study in this industry and region, given its long history. Some even claim that the values and business culture from these several hundreds of years are still deep rooted in the region of Borås (Löfgren, 2011). The argument is that the region was a poor district, which had to fight for its survival through trade. The textile industry in Borås is historically characterized by independency and competition (Ljungkvist, 2010). This means that the companies did not share information about potential customers nor business ideas. It is claimed that the leaders of the larger companies today show no eagerness to participate in different project or organizations. A potential reason is that there is uncertainty regarding what they will get in return (Ljungkvist & Brorström, 2010).

A number of new small companies have been started. Moreover, in general, textiles and fashion are dominated by women, and this Swedish industry structure is also predominately characterized by female workers (Nielsen & Sternö, 2014). Even historically, the textile industry has been dominated by women workforce as tailors and as sewers in the factories (Dahlin-Ros, 2002; Du Rietz, 2013), whereas entrepreneurship has been characterized as predominately male (Dahlin-Ros, 2002; Nielsen & Sternö, 2014). Similarly, while women make up 73% of the labour force in this industry in Sweden, there few women at the top positions in Swedish textile and fashion ventures (Portnoff et al, 2013).

3. Literature overview

Given this historical context of Borås, the issue of how entrepreneurs access resources, and what patterns can be identified are related to theoretical concepts like networks and embeddedness. The more general topic of networks has been a vibrant field of research, especially in relation to knowledge networks (Uzzi 1998). Networks have different characteristics and structures. A network with many weak ties may be advantageous, as it should lead to a more diversified network with possibilities to access different kinds of resources and capabilities (Granovetter 1983). Embeddedness is in this paper considered a particular attribute of business networks, which help the company to access resources (Halinen et al 1998). For the special case of small entrepreneurial ventures which are highly dependent upon knowledge to compete, being embedded as individuals in a regional social structure should be especially crucial in order to access important resources and capabilities (McKelvey & Lassen, 2013a).

This paper examines in detail how and why the entrepreneurs in textiles uses access resources and further develop their entrepreneurial venture. This literature review therefore defines the concepts of embeddedness and how certain characteristics of the entrepreneur are thought to influence the venture. In particular, the empirical analysis analyzes aspects related to the region and industry, as well as observed differences between male and female entrepreneurs.

This paper starts with a definition of embeddedness, found in the literature in a qualitative study of entrepreneurs, which Jack and Andersson (2002:468) define as follows:

Embeddedness, identified as the nature, depth, and extent of an individual's ties into the environment, has recently been commented upon as a configuring element of general business process (Whittington, 1992; Uzzi, 1997; Dacin et al., 1999). On the premise that entrepreneurship is the creation and extraction of value from an environment, being or becoming embedded must impact upon the entrepreneurial process.

This definition thus suggests that the level of analysis should be the individual entrepreneur, and of their ties to the environment.

A first important issue is why embeddedness may matter for the entrepreneurial firm. The concept of embedness is related to the extensive research on networks. According to Halinen et al. (1998), embeddeness is a useful concept in order to describe and explain the dynamics of a network, through, for example understanding how the company is dependent upon, and relates to, different kinds of networks. More generally, the network should help the entrepreneur by facilitating their access to information and resources of the environment as well as by stimulating the development of the venture (Uzzi, 1999;Casson, 2010; Jack & Anderson, 2002; McKelvey & Lassen, 2013a ;Sullivan et al 2014). Previous literature in entrepreneurship suggests that access through networks to resources and firm capabilities – including social capital as well as experiences of the founder before starting the venture – are important in explaining the early success of a venture creation (Breschi, et al. 2014; Sullivan et al 2014; Laage-Hellman and McKelvey 2015). This access is particularly important in the early phases of a venture, providing us a rationale to examine ventures that are less than ten years old.

Note that in this paper, we are examining embeddedness at the level of the individual entrepreneur. Characteristics of the entrepreneur may therefore be important to understand, in order to examine both how this influences the access to resources, in the region and industry, as well as how it takes its expression in a particular case of a firm.

Attributes and characteristics of the individual entrepreneur – especially education and work experience– are known as pre-entry characteristics, e.g. before the venture was started. There is a large and expanding literature, which suggests that the previous education and work experience of the entrepreneur will affect the development of the entrepreneurial venture. Klepper (2001:659) showed that specific industry experience is particularly important in explaining performance. For Baptista et al. (2014:845), “Pre-entry knowledge associated with general and specific human capital helps discover and evaluate opportunities, set up the business, and endure the critical first years after founding, possibly by facilitating more cumulative learning

about the market.” Helfat and Liebermann. (2002:725) argue that “before ways of doing can persist, they must be born” and therefore, pre-entry experience of the entrepreneur has a great impact on the relationship between market entry, capabilities and organizational resources of the company later developed. These pre-entry characteristics will likely thus, in turn, affect the social structure and access to resources in a region. Mai and Zheng (2013:519) argue that employees are more likely to start new ventures in the industry in which they worked before due, to their high level of embeddedness, which enable them to access key resources and also have a positive impact on the venture growth. Thus, these pre-entry characteristics need to be analyzed is at the level of the individual entrepreneur, specifically to understand the characteristics of education, work experience (within the specific industry). Ardichvili et al (2003:113) point out that what is known as ‘entrepreneurial alertness’ helps explain the recognition of opportunities, and this type may provide a useful network of resources, which the entrepreneur can use, and rely upon, in the formation of the venture.

This paper draws upon previous literature that discusses the nature of ties in terms of the importance of trust as an aspect of networks and collaboration. Uzzi (1997:61) argues that “in an embedded logic of exchange, trust acts as the primary governance structure”. Furthermore Uzzi (1997:49) proposes that embeddedness can speed up decision making because it may “solve allocation problems by enabling firms to match product designs and production levels”. These types of decision of allocation matter a lot in the industry studied. Jones et al (1997:919) state that network governance – based upon trust – can be found in the fashion industry because it is characterized by “high levels of demand uncertainty but a relatively stable supply of labor”. Hence, we can state that one reason why trust may matter in this industry specifically is that allocation of resources is done under conditions of uncertainty, given the long lead times between production and design. Trust helps solves coordination problems.

Analyzing the depth and extent of ties can be analyzed through concepts such as how frequently they occur, and the number of partners. Given the qualitative nature of this study, the answers given rely upon the perceptions of the entrepreneurs studied, both the existence of such ties and their importance for venture creation and development. Relevant concepts are related to the pre-entry characteristics defined above, as well as concepts such as regional ties as well as homogeneous/heterogeneous networks

Indeed, in the existing literature, the depth and extent of relationships as a characteristics of embeddedness appear to be conditioned by two issues, also studied here. A first issue is that of the region and industry specialization and the second is the gender of the entrepreneur.

Regions matter in relation to entrepreneurship, and relevant studies often analyze regions as specialized in certain technologies and industries. The existence of type of regional structure present will likely affect embeddedness as well. There are two types. One is a competitive structure at the regional level. In this case, the regional structure is one where increased competition can hamper knowledge exchange (Reagan & McEvily, 2003). One would expect a low level of embeddedness. The other type is what Saxenian (1994:29) calls “a regional network-based industrial system”. This social network promotes entrepreneurship within an open labor market, and is associated with open dialogue and communication.

More specifically, Saxenian (1994:4) argues that “network systems flourish in regional agglomerations where repeated interaction builds shared identities and mutual trust while at the same time intensifying competitive rivalries“. This means that even if companies are competing, they may share ideas, communicate, and be engaged in an open dialogue in such a way as to benefit all actors in the region. Powell (2009:63) argues that an intense competition may lead to a situation where partners rely more upon social relations, as opposed to just market competition, and as such, this situation will lead to a concentration of the level of embeddedness in this situation.

Hence, at the regional level, the entrepreneurs and how they act is related to notions of information flows in knowledge networks and of trust. Sorensen (2003:524) claims that entrepreneurial adventures located within a cluster have an advantage because similar access to information and resources may be difficult to reach for those companies that are located too far away from a specific cluster or region. Jones et al (1997:924) argue that with a high level of structural embeddedness, it is more likely that actors will share information with each other because reputation “provides information so that parties know with whom to exchange and whom to avoid“. Similarly, Fussler et al (2006:157) claim that “knowing who to contact may benefit the control and efficient decision making“.

In other words, for an entrepreneur to be embedded in a social structure can be understood as being conditioned by aspects of trust and experience, which in turn is specific to industries in regions. McCann (2006) argues that social networks form a new model of industrial cluster, which is driven and built upon trust. This kind of trust is characterized by “shared history and experiences” (McCann, 2006:664). The key idea is that it is related to being within a “social network“, where a local business environment can emerge through the characteristics of collaboration, risk-taking and confidence between firms and actors. This is a development of the first type of regional structure discussed above, in relation to Saxenian. Some literature calls it “reputational bonding” (Siegel & Licht, 2006:525), which refers to a strategy where the entrepreneur aligns a social network where “future access to suppliers and customers is determined by an ongoing record of trustworthy business dealings“. There is an advantage to the entrepreneur, of being trustworthy. Therefore, aspects of knowledge flows and trust should be studied in relation to the entrepreneur having pre-entry characteristics from this industry and this region.

Gender is the second issue where the literature suggests links to the region may also be influenced. Therefore, this paper includes an analysis of observed differences between male and female entrepreneurs, given that there are six male and seven female entrepreneurs in the population studied.

Several studies have shown that there are differences between how men and women utilize their network, although the results are somewhat contradictory. Brush (2006:612) argues that “female entrepreneurs are vastly understudied“, whereas in contrast, Foss (2010) argues that existing research shows no differences between male and female entrepreneurship. Based upon a literature review, Brush (2006) makes a similar claim, in that there are similarities between men and women as entrepreneurs such as motivations in their choice of business as well as their background history. However, Brush (2006:619) goes on to argue that there are differences due to gender, which affect the choice of business sector, their entrepreneurial process and finally, their contacts and ability to access resources.

More specifically, Dawson et al (2011) argue that women are more focused on family and friends and incline to have a more restricted network whereas men tend to have a broader network. This would imply that female entrepreneurs can have a disadvantage in their ability to gather information, with a lower diversity within the network (Dawson et al, 2011). Similarly, Renzulli et al (2000) shows that women have a tendency to have a more homogenous network than men. Homogenous means in this context that the network is “identical” or “unvaried” (Waite, 2012a). Burt (1998) states that women tend to rely on mentors, and their contacts whereas men are more likely to be “accepted” into networks and therefore receive a broader range of information from weak ties. In contrast, Bogren et al (2013) argue that women with heterogeneity in their network tend to be more eager to establish new contacts. Heterogeneity means that the network is “mixed” or “diverse” (Waite, 2012b).

4. Methodology and Research Design

This paper is based on a qualitative research strategy. A qualitative approach was chosen as the most suitable, due to the aim to create a deeper understanding, based upon the actors’ perspective about their actions and reflections (Bryman and Bell 2011:386 and 715). A qualitative study is characterized by an interaction between people at a single point of time and place, according to Christensen et al (2010). They argue that because reality is continuous changing, it is impossible to fully replicate a qualitative study. Following these authors, we strive to increase external validity by focusing on hidden factors, structures and processes that influence the phenomena. In addition, trustworthiness between the interview and the interviewee is crucial, which was facilitated by one of authors having grown up in this region.

The research design allows us to investigate the total population of textile and fashion entrepreneurs in Borås, for the first part of the 21st century. Hence, internal validity can be said to be high. Due to our research questions, the focus is on entrepreneurs who have started young, small companies in this industry and in this region.

An initial search of industry statistics identified all companies in the textile industry in this region. Statistics of Sweden (SCB 2014a) confirmed that there were 64 companies within the textile industry in Borås at the time of the study. Of these 64 companies, twelve of these had less than ten employees.

The population thus consists of thirteen entrepreneurs at twelve companies, associated with their respective companies. The population studied here consists of all entrepreneurs who fulfilled the following criteria:

- Started a company (as private company, that is, incorporated, limited, or partnership)
- Established the company between 2003-2013
- Have 1-10 employees at the time of the study
- Operate in the industry codes for the textile industry in Borås
- Focus on manufacturers and/or designers within textiles
- Can be defined as de novo entrants

These criteria were chosen for the following reasons. The focus here is on entrepreneurs who have started young and small companies. Therefore, the first three

criteria address having started a company, age of company (max 10 years), and size (<10 employees). The next two criteria specify the industry – specifically manufacturing and design in textile – in the region of Borås (Sjuhäradsbygden). Portnoff et al (2013:16) provide a rationale for this segment of the textile industry. Finally, the aim was to focus upon what Helfat & Liebermann (2002:729-731) define as a de novo entrant. In their classification of entrepreneurial firms, they separate between “diversifying, parent company and de novo entrants”. De novo entrants are “classic entrepreneurial companies whose founders have no previous employment ties to other firm in the industry” (Helfat and Liebermann, 2002: 730). Thus, no spin-offs from the textile company are included, although entrepreneurs could have experience from the industry.

This study is based upon interviews conducted in Spring 2013 with the thirteen entrepreneurs, representing twelve companies (see next section for overview of their companies). Of these, one was a telephone interview while the remaining twelve interviews were face-to-face interviews. The interviews were on average 45 minutes each.

Because networks are dynamic over time (Siegel & Licht, 2006), this study has (will) use two sets of interviews in the next version of the study and this paper. This paper only has interviews taken at one time.

The interviews were conducted, following a semi-structured interview guide, see appendix. The semi-structured interview guide was derived from the two main sources of (Helfat & Liebermann 2002; McKelvey & Lassen, 2013). Christensen, et al (2011) state that the purpose of a qualitative study is to identify underlying patterns. The patterns that occur can be categorized as variables that summarize, describe and explain the data that has been collected (Christensen et al, 2011: 299). In this research, this part of the process entails coding and creation of patterns, which have been done by the authors.

Hence, during the interviews, the questions focused upon ways of addressing questions that would represent more theoretical concepts, specifically the embedded structure of the region, pre-entry experiences of the entrepreneur, different types of social capital and the governance of networks. The current study focuses upon how the entrepreneur perceived aspects related to embeddedness. By perceived, we mean that the intention of the interviewer was to gather information about the interviewees “normal social world” (Bryman & Bell, 2011. p. 621). The semi-structured interview guide allowed the interviewees to focus the discussion upon aspects such as their unique network creation and how they had utilized and developed their network from their pre-history experiences, such as education and previous employment. Follow-on questions were asked, for clarification and more in-depth understanding of what the interviewees said.

The interviewees were allowed to speak freely, but the semi-structure guide was used to ensure the main topics were covered. Notes were taken during the interview, and the interviews were recorded and later transcribed. Moreover, the population of entrepreneurs consisted of seven females and six males.

5. Entrepreneurial ventures and analysis

This section answers the three research questions. Section 5.1 describe the ventures and the entrepreneurs, in terms of education, work experience, and linkages to the industry (textile) and the city (Borås). Section 5.2 then goes on to analyze the entrepreneurs' perceptions of how the nature, depth, and extent of an individual's ties into the environment relate to the industry and city. Section 5.3 analyzes the observed pattern of how the nature, depth, and extent of an individual's ties into the environment relate to gender.

5.1 The entrepreneurial companies studied

A brief overview of the twelve entrepreneurs and their companies follows.

A Cat Named Joe	Billy & I	Billy Nord Creative
<p>A Cat Named Joe (ACNJ) was founded by Niclas Carlsson and Daniel Lfv, who are two young entrepreneurs in 2011. ACNJ is a clothing brand that is focusing on producing and selling fashionable and cool clothes for men. The brand and venture want to be both creative and innovative due to printed and arty printed t-shirts together with their advertisement. Niclas has worked as a salesperson and his friend Daniel has worked as a graphic designer. Daniel is the one that stands for the creative part of the company whereas Niclas is more focused on the financial aspects, and they jointly started the company</p>	<p>Billy & I was founded by Adrian and Klara Zethraeus in 2009. They established Billy and I as a brand that stands for fine materials and inspiration. The aim is to produce and design sustainable fashion for men and women that combine romance and roughness (Spaltr, 2013). Klara has a background as a dancer, a purchaser in the textile business and has an education at the fashion academy (Tillskärarakademin) in Stockholm. Adrian has also worked as purchaser in the textile industry and have grown up within a family where textiles were in focus. Klara is in charge for the creative production whereas Adrian is more focused on establishes contacts and developing the network.</p> <p>In Swedish, tillskärarakademin- http://www.tillskararakademin.se/om-skolan/Hantverksskola_design_direktriser_modister_skraddare_osv. They exist in both Gothenburg and Stockholm.</p>	<p>Billy Nord Creative was founded in 2013 by Billy Nord, a young entrepreneur from Jämtland, Sweden. Billy grew up with his mother who was a shoe-maker and a father who was a farmer. This combination has inspired him to work with organic and a sustainable mindset. Craftsmanship has been a tradition in Billy's family, his grandfather started his own business creating shoes and is today a worldwide company. Billy Nord Creative aims to be a brand that produces high quality and carefully manufactured bow-ties for gentlemen of all ages, through high quality and sustainable fashion accessories.</p>
Björnram Millinery	Fresh Energy – in Your Garden	Leluma
<p>Björnram Millinery was established by Louise Björnram in 2013, who was a 23 year old milliner that always had the passion for creating hats. Ever since she was fourteen years old, she has known that hats are what she wants to work with. She has studied entrepreneurship at high school and after that she applied to study at Tillskärarakademin in Gothenburg where she graduated in May 2013. Louise has had internship at Philip Treacy in London and Ellen Christine Millinery in New York, two very successful and well-known millinery manufacturer. In 2012 Louise received a scholarship from Borås municipality for her work and knowledge within the profession as a milliner. Today she is designing and producing her own collections of hats in her studio in Borås.</p>	<p>Fresh Energy – in Your Garden was founded by Sylvia Danielsson, who has a long history in the creative world. She began as a student at the University of Textiles in Borås during the 1970s. The following years she has worked at different textiles companies but decided after a while to work with her husband with their own advertisement firm and photo studio. She has experience as an entrepreneur both in textiles and as an author of books of healthy food. Sylvia has always had a passion for the garden and with her experiences in working with textiles, healthy food and her garden; the concept Fresh energy was born. Fresh energy is a clothing brand that was founded 2012. The aim and the value are to design functional and good clothes for garden activities and to make them in Sweden.</p>	<p>Leluma was founded by Lene Madsen in 2009. Lene has a background in the textile and fashion industry. She was born in Denmark but moved to Sweden during the 1970s to study at the University of Textiles in Borås. Lene has worked as a garment technologist at large textile companies in Borås, and she has worked as a teacher in experimental knitting and cloth sewing and as a photo and stylist assistant at Ellos. She has a passion for sustainable fashion and in her studio she creates ecological products. Every product is unique due to different knitting techniques and choice of garments and texture. She works with several projects, for example fair-trade products from Peru. The venture is a producer of clothes, decoration and accessories.</p>

Local FashionMob	Mindmoves	MoD
<p>Local FashionMob was founded in October 2012 by Maria Wahlgren, a woman with a wide experience within the textile and fashion industry. Her parents moved from Stockholm to Borås in the 1960s to work with textiles. She began her career 23 years ago and has since then worked with both retail and e-retail at both MQ and Ellos. She was nominated to "The Emerging designer" at the Global Fashion Awards in New York for her success and transformation of Ellos' young woman collection. After that she decided to start her own business, the Local fashion Mob, a brand with focus on sustainability, quality and timeless fashion. "It's a growing brand that aim to produce and design female clothes for special occasions."</p>	<p>Mindmoves was founded by the brothers Anders and Hans Bourghardt in March 2011. Mindmoves wants to be a brand that produces clothes that want to tell the world who you are and what you stand for. The clothes have a message and are inspired by rhetoric symbols. Anders Bourghardt has a long diverse history within entrepreneurial adventures. He has had his own restaurant and also a consultant bureau. He has been studying art, journalism and architecture, just to mention a few activities in his diverse portfolio. Together with his brother Hans, who is a teacher within rhetoric theory, they decided to do something that they felt passion for and something that could spread a message and then Mindmoves was born.</p>	<p>MoD is a clothing brand that is founded by a mother and a daughter Gudrun Eriksson and Kajsa Blom. Together they work with design and manufacturing of clothes in Borås. Both have experiences within the textile industry. Kajsa has worked as a dressmaker at several large textile companies and Gudrun has entrepreneurial experiences as a decorator. Eventually they each started their own ventures and later decided to merged and then MOD was established 2011. Mod is working with design and production and the aim is to produce clothes with high quality. Everything is produced at their shop in Borås (Mod, 2014).</p>
Nikolaj d' Etolies	Svantex	Spirit of Maya
<p>Nikolaj d' Etolies was established by the cousins Anders and Tobias Björkstedt in 2005. Nikolaj d'Étoiles is a Swedish high end men's fashion label, and the decision to start it was made at a table in the Hôtel de Paris in Monaco on the Côte d'Azur. The original source of inspiration was the location, their state of mind, its blend of elegance and indolence, the idea of perfection was achieved, the good life and everything that goes with it. Their distinct philosophy results in clothes made for a man that demands quality and holds strong the value of his desires. Since 2011 the company is owned by Anders and his wife Anna Björkstedt. Anders has a background in business and economics and has worked in different parts in the textile industry and at H&M Anna, with a degree in marketing and economics, also has a history of working several years at H&M, at the global marketing department at the H&M headquarters. The inspiration and driving force of the brand and of the two ambitious owners are to "capture the feeling of extraordinary moments and remarkable styles".</p>	<p>Svantex was founded by Hans Svantesson in 2006. In 1987 he decided to work with food manufacturing industry and started his very own sales and restaurant company. After that, we worked in the textile industry, and his career continued with employment as a purchaser and seller at New wave and Gekås. Hans is a well-experienced entrepreneur and today he works with international producers in Bangladesh, Turkey and China. Svantex arranges "factory visits, trend trips and are continually available at the factories for fast and professional support". Svantex is a successful agency that works with domestic as well as international customers from their head office in Borås.</p>	<p>Spirit of Maya was founded by Suzanne Johansson in 2005. She mainly works with organic cotton and the production is located in Ulricehamn outside Borås. The brand Spirit of Maya is inspired by yoga and the name means Illusion on Sanskrit. She has a background as a designer. When she decided to design and produce clothes that were more environmentally friendly, the brand Spirit of Maya was born (Cristvall, 2014).</p>

5.2 Analysis of embeddedness in the industry and region

This sub-section addresses the second research question, namely to analyze the entrepreneurs' perceptions of how the nature, depth, and extent of an individual's ties into the environment relate to the industry and region (city).

This first relates the region and industry to their perceptions of the effect of what we call pre-entry characteristics on the embeddedness of their venture. The thirteen entrepreneurs can be categorized according to pre-entry characteristics, in terms of whether or not they grew up in the region, as well as whether or not they had work experience from the textile industry, as found in Table 1.

Table 1: Entrepreneurs pre-entry characteristics, by work experience in industry and by region

	From the region	Not from the region
Work experience in this industry	6	3
Not work experience in this industry	2	2

As seen in Table 1, 9 of 13 had experience in the textile industry, and 6 of those came from the region. Many of the entrepreneurs pointed out that previous contact with the market had been a valuable resource during the establishment phase of their company.

“A network that you create as a sales person in the fashion industry is definitely an advantage. If you don’t have previous experiences of the market, then you don’t have anyone to call and you may not have the “know how”, with the collection, you have to have an idea, working in stores is good, otherwise it may be difficult, meet different kinds of stores....there are so many variables....for example the region, the customer and the stores....if you don’t have contacts with retailers...then it may be complicated”

”Since I have a background within the fashion industry and since I have worked within the business with brands, I know where to look. I can call. I called a colleague and asked how do you do, there is a fabric fair, go to that one....that’s how I did. Meet people on fairs, exchange experiences, exchange contacts, old relationships, take advice from them, then it went well”

These quotes describe these two entrepreneurs’ perceptions of the importance and advantage of being known, which in turn provides access to information and knowledge that is valuable as it gives insights about which persons to call, about the competitors, and about the market.

Moreover, entrepreneurs who had worked at a larger company stated that newer and smaller company without such personal contacts would not receive the same, valuable inputs (information, advices, support) that a larger company could give through such contacts. Indeed, in contrast, those entrepreneurs who did not have this previous industry experience argued that they had difficulties in finding retailers, which in turn made it problematic for them to reach customers.

In the interviews, the nature of embeddedness related to pre-entry characteristics as defined above was said to be tightly connected to personal branding. The entrepreneurs within this study pointed out that the entire textile industry is built on mutual trust. When connecting to other actors within the industry, the entrepreneurs talked about what they called ‘personal branding’, or branding of the individual entrepreneurs. Branding was also stated to be a vital aspect when searching for new contacts.

These entrepreneurs argued that it was easier for them to establish contacts if those other actors already had knowledge about the entrepreneur from an earlier business contact.

“Branding, it is important with relationships. I brought contacts from my previous employment, friends ...for example you can get a better price for a photo shoot and other things, and it’s valuable to have fast and good contacts that make way for you to get into the business. Satisfied customers and important relationships. Every part of the company is important when you build relationships.”

They also said that it was important that the entrepreneur could trust the actor in the network. A reoccurring topic was entrepreneurs talked about the importance of mutual trust in order to help each other. They talked about the Textile Fashion Center, for example, as a place where they could meet other creative people in the industry, and get the possibility to discuss. They also talked about like-minded people, meaning other creative people with a passion for textiles. These types of contacts were then important in order to build long-term relationships.

Some argued that different organizations in the region work quite collaborative, seen through examples such as the interaction with the university and through regional associations to promote textiles, and they thought that this was particularly important for small ventures. For example, many of the entrepreneurs saw possibilities in the future to cooperate with students at the University of Borås in order to develop high quality fabrics. Moreover, many of the entrepreneurs argued that it was easier to communicate and negotiate orders with the actors within the region of Borås. In developing ties, the entrepreneurs reported that they used a variety of channels of communication – such as fairs, industry associations, and social media – as well as direct personal relationships.

“With local contacts...you can get help. From those people you can talk to and receive advice and information. In addition I also have many associates within the business that you can talk with. I have always worked within the fashion industry. And you can miss that when you are little. But as I have worked within the business before and that I know these people, I have access to a lot of information.”

More specifically in relation to the region, their discussion of the importance of the local context was often juxtaposed to the global environment. The advantages and disadvantages of working in the region, as compared to globally, returned in many different answers about their perceptions of embeddedness.

The perception of all thirteen entrepreneurs, as expressed in the interviews, was that being located within the textile culture in Borås has been an important and valuable input for their network and venture. Being embedded regionally seems to matter in how their pre-entry characteristics affected their company – as explained above in terms of personal branding – as well as how being from the region was positive in dealings with people from other places (in Sweden). Three illustrative quotes elaborate some perceptions:

“The region of Borås?In Borås things are more focused on the right things. Tradition and culture, culture things, there is a culture, you get caught up in it. I believe that everyone needs to take a turn to Borås.”

“It is a textile Centre. It’s true, I have worked at factories, and they were in Borås. Many companies have their head office, Rudholm and Hak; otherwise our company would have taken another orientation.”

“If I call a retailer in Norrköping and they ask where the brand is from and I say Borås, then it is something positive. Borås is on the map. Borås is a cool textile center.”

Several interviewees reported that being part of the regional business culture and being located in Borås are factors that have encouraged them as entrepreneurs, to start a venture within textiles. Many of the entrepreneurs even aimed to have all of the production in Borås, despite demands of globalization which lead other companies to out-source production to low cost countries.

Different types of partners would also lead to different degrees of embeddedness, both in depth and intensity. Finding suppliers, producers and other actors that the entrepreneur needed to produce and design fashion did not seem to be a problem. The problem for entrepreneurs was how to establish relationships with suppliers, where they could negotiate suitable orders to match their production volumes. As one said, “It is important with reputation since you have to introduce yourself; you have to build your very own little brand against suppliers to get them with you-” A reason for their low bargaining power is that many of the companies studied are very small companies, without standardized scale production over time.

Those who had international contacts talked about cultural boundaries and the importance of establishing a long-term relationship with suppliers and others. Searching for other actors abroad is done through organizations, fairs and other actors in the market. Even there, according to some of the entrepreneurs, it was important with culture, norms and mutual trust – especially in your personal branding.

In this final point, we would like to stress that regional collaboration does not mean they do not face (global) competition. Due to the complexities of the textile industry as well as intensive competition, some entrepreneurs stressed the importance of being unique. One interview stated it is “probably a question of competition. You rarely speak about your customers. It’s all about position, being different, a little bit better, finding new ways.” The idea is that their possibility to survive would increase if they were entrepreneurs who managed to create a niche in the (global) industry.

5.3 Analysis of embeddedness in relation to gender

This sub-section goes on to address the final research question, namely to analyze the observed pattern of how the nature, depth, and extent of an individual’s ties into the environment relate to gender.

An aspect is how the pre-entry characteristics studied for the total population look like, when divided into male and female entrepreneurs, as found in Table 2.

Table 2: Entrepreneurs pre-entry characteristics, by work experience in industry and by gender

	Male	Female
Work experience in this industry	2	7
Not work experience in this industry	4	0

As seen in Table 2, more of the male entrepreneurs did not have a background within textiles, whereas all the women have work experiences in textiles and generally also degrees related to textile and design. The male interviewees, as a group, had a more diverse background, such as advertising, sales and the restaurant business. Many of them had started their own company previously, but in these other industries. A similarity amongst the male and female entrepreneurs was that all states that their passion for fashion, clothes and textiles were why they started their own companies.

As Brush (1992) proposes, Table 2 suggests that there does appear to be differences between male and female entrepreneurs when it comes to background experiences and capabilities. Still, all the entrepreneurs claimed they utilized their (personal) passion for fashion and clothes in order to establish and develop their ventures.

Another aspect is whether male and female entrepreneurs developed the nature, depth and extent of their ties to the environment in ways that are different. In this case, the analysis depends upon what the interviewees suggest are observable differences.

Many attributes are similar. Both male and female entrepreneurs talked with their family, friends and business contacts, as sources of advice and further development of ideas. Many of them valued their partners as very important. Illustrative quotes are, "I talk with my wife, my accountant, my sons within the company, with my employees, but primary my wife, if it is about larger things" and "My husband is my advisor". Moreover, all the interviewees searched for resources among acquaintances in order to expand the network. Moreover, the entire interviewee group agreed that they searched for like-minded people to include in their network, as illustrated earlier. Another aspect was the importance of a good "gut feeling" when searching for actors, that the entrepreneur could trust and had the possibility to build a long term relationship. In addition search for new contacts took different paths, such as events, organizations, fairs and association like rotary or regional industry associations.

The main difference that one can derive from the interviews appear to be in how male and female entrepreneurs search in order to develop new ties to the environment. Male entrepreneurs tended to have a trial and error approach when searching for resources and actors. However, it was still important for them, that the relationships and actors were trustworthy and likeminded. "I'm pretty optimistic, I can say no, you learn, I have met people who talk a lot of crap but also good stuff – you have to have a little faith as well." They decided to try different strategies, however,

One female interviewee mentioned that she primary relied on old contacts: "There is access to bank contacts as well as producers...but I have better contacts myself." In contrast, a male entrepreneur stated in an interview:

"I talk to people who are here. I often sit and talk, I am not afraid of talking about what do. I am working on building a brand, the whole concept. If someone steals my idea and does something else, I would still be the first."

In contrast, among female entrepreneurs there was more of a tendency to proceed along the establishment of the networking slowly and also to search for the right contacts before they took a decision, as exemplified through the quotes: "I do research among friends" and "I rather, develop the business slowly instead of pushing things too hard and to be forced to shut down next year." What we can derive from

the different interviews, was that the female entrepreneurs tended to dedicate more research and time about different actors before making a decision.

The interpretation of the empirics is that both male and female interviewees search for new contacts with same purpose, namely, with the aim of establishing long-term relationships, but the approach differs between the genders.

Many of the interviewees had financed their venture with own capital, and hence these networks were not extensive. One interviewee mentioned that she had her husband with her when she applied for a bank loan. Another female entrepreneur said that it was hard to apply for funding due to the size of the company and the level of revenues. The reason was that the venture was too small. In addition a male interviewee argued that the difficulties of finding capital at banks were the lack of a concrete idea. None of the interviewees had a strategy for inviting business angels and venture capitalist; instead, they wanted independency and fast decision making.

A final analytical point is that the final customer seemed to be an indicator if there are more male or female within the network. For example, if the entrepreneur were producing clothes for females then the network was dominated by females and vice versa.

6. Conclusions and Implications

This paper is a qualitative study of thirteen entrepreneurs in an emerging creative industry. The entrepreneurs are embedded in the cultural and geographical context of the textile industry, where Borås Sweden, has a long history and dominating position. However, the textile industry in Borås has been in a state of transition for decades and is now on the verge of becoming a predominantly creative industry in this Swedish context. This also means that the industry is now increasingly being populated by new, creative entrepreneurial ventures. In this paper we investigate certain aspects of this transition and explore the following questions.

- How do entrepreneurs in emerging industries undergoing this type of change secure resources?
- What patterns exist in the embedding of firms in such a regionally bound industry?"

This interests us since we expect that the traditional manufacturing logic (and resource base) of the old textile industry cannot fully support the new type of ventures in the industry. We expect that new ventures are embedded in a new characteristic pattern, which is more aligned towards securing resources for the creative aspects of textiles industry in Sweden.

Changes at the industry level probably provide some of the requisite resources for the new type of textile entrepreneur. Different industry level organizations in the area around Borås seem to be an inspiration and motivation to exchange resources and capabilities for new entrepreneurs. Since it seems to have an advantage of being a geographically delimited as all the organizations and events are rather concentrated, a better industry cohesion is stimulated. In addition it seemed easier to find suitable organizations with like-minded people when the region is smaller. Some entrepreneurs argued that it was easy to find resources, especially human resources, but difficult to find the right actors to work with. Many of the entrepreneurs saw possibilities in the future to cooperate with students at the University of Borås in

order to develop high quality fabrics. Also the interaction with other companies seemed to be attractive for the entrepreneurs to stay in the region in order to be able to expand further on. For smaller entrepreneurial ventures like the ones investigated here, more collective action can be identified in recent years in this region, and it appears to be a regional strategy for survival on the international market. Regional actors work to stimulate the industry, through collaborations and public policy, with examples of the establishment of the Textile Fashion Center (2014) and the University of Textiles in Borås, which provides a textile-industrial environment with workshops and laboratories within design and manufacturing (Gråbacke & Jörnmark, 2008). Moreover, the industry has gradually moved and developed to a more focus on specialized productions such as design, management and technology (Textile Fashion Center, 2014).

At the level of the individual entrepreneurs interesting patterns are indicated. Of the thirteen entrepreneurs, eight entrepreneurs were from the region, and five were not; nine had work experience in textiles and fashion and four did not. This qualitative study showed that many entrepreneurs were affected by previous experiences, especially those entrepreneurs who had a tight connection to the textiles and fashion manufacturing. This helped them develop a network within the industry. Moreover, while the family background differed among the entrepreneurs, it was obvious that if they had grown up within a family, or had relatives, who worked within textiles had influenced them and encouraged them to start their own venture. In addition, if they had established contacts from previous work experiences or from education, these contacts were useful for the establishment of new links and resources, which in turn were used to develop their entrepreneurial venture.

However, to have a long and broad background in textiles was not the only a reason to start a venture within this industry. Complementary competences are sources in other industrial and professional background of the entrepreneurs. Many had different types of work experience. Work experience included, for example sales, consultancy, literary careers, PR and advertisement, marketing, logistics, law, decorating and teaching. In particular, the younger entrepreneurs lacked previous experience from work within the textile industry, and often had recently graduated from an education within fashion and design.

The educational system seem to specific valuable resources to the entrepreneurs investigated in the paper. Education in the field of textiles was important to most of the entrepreneurs, and helped stimulate entrepreneurship in the field. Textiles and design education had an evident effect on the entrepreneurs' choice of business. Other valuable inputs and knowledge was collected through courses within the fields of business administration, graphic design, law, sales and marketing. Moreover, they perceived that various types of experiences of entrepreneurship, both theoretical such as educations and short courses as well as practical experiences of entrepreneurship, were valuable inputs for the development of their own network. Entrepreneurs who had contacts who were self-employed utilized also these in order to share ideas, to reach and find new resources during the establishment phase of the venture.

Another set of interesting patterns relates to gender. More specifically, this paper has presented the entrepreneurs' perceptions of the observed pattern of how the nature, depth, and extent of an individual's ties into the environment relate to gender. All seven of the female entrepreneurs had experience of the industry, whereas 4 of 6 male

entrepreneurs did not. Thus, there are background differences observed between the two groups. Both male and female entrepreneurs were active in order to reach and find complementary like-minded people in order to develop their network.

The empirical material supports the prediction of Aldrich et al. (2001) that men and women use preexisting ties as first choice but shows no hesitation to share ideas with new people. This can be interpreted as Grossman et al. (2012) argument that “past ties form future ties” (p.1761). Furthermore the interviewees, both male and females, indicated that it was important that those new ties had to be trustworthy and likeminded. Both male and female entrepreneurs interviewed here argued for importance of trust in all relationships. Ridgeway et al. (1999) argue the importance of trust to be more women related, but we did not find differences.

Every interviewee of this paper searched for new contacts by joining different kinds of activates which led to a more heterogeneity network. However, Dawson et al. (2011) and Renzulli (2000) both argue that women tie to women both socially and in business, which some of the empirics can prove. Nonetheless the industry is dominated by a female workforce so that may be an influencing factor (Portnoff, Nielsén, Padoan, & Sternö, 2013). Renzulli et al. (2000) study also shows that women have a tendency to have a more homogenous network than men.

However, the results do indicate that men tend to have a more trial and error approach when developing their network, which supports the theory of Renzulli et al. (2000).

Whether gender affected their access to external capital is difficult to determine, since most of the interviewees had capital of their own to finance their business. Thus, the empirical data is not sufficient to support the theory made by Brush et al. (2002) who argue that women have difficulties finding external capital. Instead, the major difference lies within the background experiences, which in turn affect access to resources.

From the evidence presented in this paper we suggest that the transition from a manufacturing stance towards an emphasis on creativity in the textile industry is a complex multi-level phenomenon. The ties with the environment of new entrepreneurial ventures are determined by the pre-history, and gender of the individual entrepreneur, which determines the requisite industry knowledge, financial, and industry specific networks resources available to or acquired by the entrepreneur as they enter the industry. Gender seems to influence entrepreneurs in their search patterns for resources as well as in their perceptions of risk but further research is called for in this area.

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