



Non-amenity business growth and small town revival

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ABSTRACT

Despite their dominance within academic research, not all places are conducive to amenity-led revival. Through longitudinal case study analysis and a series of wider contextual interviews, this paper explores the potential of small town business growth to provide an alternative/complementary strategy within place-based revival. Despite transport accessibility remaining a key determinant attracting business investment, significant business growth has still occurred within peripheral towns and can provide a closer resonance to local economic/social/political realities than amenity-led approaches. Whilst there is potential for small town business growth, policy recognition requires an increased awareness of the importance of place-based revival.

1. Introduction

Historical reflections on the growth of small towns have illustrated that “serving the productive countryside” often provided their initial *raison d’être*, where rural areas were seen as places of resource extraction and agricultural production (Powe and Hart, 2017). Following economic, social and demographic change, often resulting from a decline in agricultural employment, exhaustion of natural resources and deindustrialisation, revival of these former growth towns has often been slow. Drawing from cases in Canada, US, Australia and the UK, amenity-based strategies linked to quality of life issues have selected potential for revival. In-migration has been a key driver for such change, encouraged by amenity factors of landscape/heritage/culture and supported by urban accessibility (Smith, 1998; Tonts and Greive, 2002; Gill, 2002; Jackson and Illsley, 2006). Such processes have often been supported through leisure-based efforts which build on the conservation of heritage buildings and/or are based on a leisure-oriented theme around perhaps counter-culture ideas, specialist independent retail, local food and/or creative art and culture (Barnes and Hayter, 1992; Smith, 1998; Paradis, 2000; Westerhausen and Macbeth, 2003; Macleod, 2009). Yet, “amenity” towns (rich in terms of local landscape/heritage/culture) are likely to represent only a small proportion of rural towns and not all places are conducive to amenity-led strategies (Powe and Hart, 2008). There is also the question of for whom the places are being revived. In-migration can lead to displacement of pre-existing residents, and, more generally, to a disruption to place character and attachment, where change ‘can result in people’s sense of continuity with the socio-physical environment being severely disrupted’ (Green, 2000: 76). Indeed, amenity-led revival can directly clash with residents’ ideas of place (Hester, 1993).

As not all towns are conducive to amenity-led revival, there is a need to extend understanding to other complementary or alternative

strategies. Indeed, academic research needs to provide inspiration by ‘enlarging the imagination which strategy makers bring to their struggle to grasp what is going on and what is at stake in a particular situation’ (Healey, 2009: 447). In attempting to enlarge our imagination of the opportunities emerging for strategy formation, this paper considers the potential for business growth in non-amenity sectors. Approaches to business growth focus on improving the demand for and supply of local products and services. Demand policies focus on enhancing the economic base through, for example, industrial attraction, business retention, growth and start-ups (Barkley, 2001). Supply side policies attempt to improve the efficiency of local business, perhaps through tackling remoteness and improving the labour supply (Barkley, 2001).

Whilst many studies have previously considered the potential for business growth in rural areas, there has been a lack of focus on place. Whilst insightful, previous studies have often considered “rural” or sub-sectors of “rural” such as “peripheral rural” as generic categories, with nuanced contextual issues consequently being neglected (Patterson and Anderson, 2003; Lee and Cowling, 2014). Other studies have looked at specific sectors, areas of potential or challenges, but the realities for place-based revival have remained unclear (Bosworth, 2010; Kalantaridis and Bika, 2006; Salemink et al., 2016). Micro studies, such as Yarwood (1996), are rare and do not make the necessary links to place-based strategies for change. Whilst detailed longitudinal studies have explored how amenity-led strategies can lead to place-based revival, there is an absence of such studies relating to business growth strategies. Wirth et al. (2016) provides a notable exception upon which this paper builds. In order to better understand the potential for business non-amenity growth strategies to support small town revival there is a need for further in-depth place-based studies.

Situating these findings within the relevant international literature, this paper helps to widen imagination on what is possible in considering the potential for business growth to support small town revival. In

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exploring if business growth has potential to support small town revival three questions emerge:

- Is there potential for non-amenity business growth within small towns?
- How well do non-amenity business growth strategies fit with other related strategies and residents' imaginations of place?
- How can non-amenity business growth be supported?

These issues are investigated through longitudinal analysis of two former resource town case studies in Northern England that have both attempted business-led revival. In order to broaden the relevance of the findings, a series of contextual interviews were also undertaken within other areas of Northern England.

2. Exploring the likelihood of small town business growth

When exploring the potential for small town business growth it is important to understand the reasons businesses might locate within rural areas and small towns in particular. As suggested by Leigh and Blakely (2013: 84) 'different firms require different mixes of ... factors to be competitive'. Once in-situ, firms adopt strategies to counter-balance any deficiencies in their chosen location (Vaessen and Keeble, 1995). Building on this, Lee and Cowling (2014: 27) suggest that firms are affected by sorting and adaptive effects. The sorting process ensures that firms that survive will 'locate in areas which suit their business models'. Some firms will need to locate within large urban areas and/or in close proximity to a large agglomeration or related/complementary firms (Boschma, 2015). For other firms, rural areas may represent feasible locations which would not restrict their ability to remain competitive. Once a business location has been chosen, firms then need to adapt to ensure they 'adopt strategies which compensate for the relative disadvantages of their locations' (Lee and Cowling, 2014: 27). Firms that do not sort or adapt are unlikely to survive. Given that firms usually operate in a situation of imperfect information and inflexibility, there is a possibility that some firms will simply not move to small towns, or set up there, because doing so would be too risky.

Whilst locating in rural areas may lead to higher transaction costs in input and output markets, particularly in post-industrial areas, there might be fewer constraints on land, cheaper land may be available and wages may be lower (Patterson and Anderson, 2003; Wirth et al., 2016). Whilst the urban to rural industrial shift occurring in the 1970s and 1980s was based on these business motivations (Healey and Ilbery, 1985; Hart, 1988), this trend has now largely shifted elsewhere, as there are 'many other places across the globe that provide cheap labor to produce goods that can be inexpensively shipped to markets due to logistics advances' (Leigh and Blakely, 2013: 93).

Whilst working in rural places may inspire some, Anderson et al. (2016: 15) found rural locations a poor place for creativity, where the use and 'application of creativity, is not performed alone but with others and is thus a socialised activity'. Such networking activity was found to be significantly constrained by rural location. Whilst there may be benefits of rural association as part of marketing strategies (Keeble and Tyler, 1995; North and Smallbone, 2006; Powe, 2006), this may only relate to very specific firms. Rather than any direct business advantages, motivations for rural location have become more about residential desirability for entrepreneurs. Indeed, there is a body of research that links rural population shifts to small business growth, where proximity to the founders' home is the most important reason for business location (Keeble and Tyler, 1995; Dahl and Sorenson, 2009; Bosworth, 2010; Mitchell and Madden, 2014).

The regional/sub-regional context may also affect small town business opportunity (Daniels, 1989; Scott, 2010). For example, Markusen (1996) refers to state-anchored clusters, such as defence contractors, where political location decisions can lead to significant growth within the region. Similarly, "hub-and-spoke" relationships can

develop from key anchor firms within an area. Less attractive are what Markusen (1996) called "satellite platforms", where, consistent with life cycle theory, branch plants perhaps attracted by subsidy are set up locally but with few local linkages, where the lack of local embeddedness means the plant can be easily shut down and moved elsewhere (Simmie and Martin, 2010).

3. Preparing for and creating "moments of opportunity"

Progress towards revival usually comes through creating and taking advantage of "moments of opportunity" (Healey, 2007). Opportunity may come from demand side policies of business retention and expansion, and through enhancing the entrepreneurial culture. Business growth in a small town context is unlikely to result from external business investment (Daniels, 1989; Markusen, 2007; Nel and Stevenson, 2014; Wirth et al., 2016). More generally, Barkley and Henry (1997: 322) suggest demand side policies are most effective when offered to 'existing, well-established agglomerations in dynamic, rapidly growing industries'. In terms of business growth, however, whilst there is much debate as to whether the age of a firm makes a significant difference to its growth potential, high growth firms can occur within all firm sizes, places, ages and sectors (Mason et al., 2015). This may include small towns.

In the context of limited opportunity, recognising potential requires detailed local knowledge of the business environment and the aspirations, preferences and needs of local entrepreneurs. Barkley and Henry (1997: 319) suggest this may require 'industry-specific information on production trends, labor requirements, locations of product markets and input and service suppliers, and historical location patterns'. For specific or proposed businesses, this is likely to require dialogue and understanding of their potential and the challenges faced (Mole et al., 2011). Small business growth is 'dependent on the alignment of multiple attributes, some of which are intractable to policy influence, such as family and employment history of business owners' (Perry, 2010: 78). There is also a generic problem that only a minority of small firms are likely to grow (OECD, 2014; Mason et al., 2015; Brown and Mawson, 2013). This is further hindered in the rural context, where many businesses are driven by more "lifestyle" than "growth" orientated concerns (Bosworth and Willett, 2011; Bennett et al., 2015). In terms of developing a positive enterprise culture in post-industrial towns, it is important to move away from a "dependency culture" of relying on large industrial employers, where there is unlikely to be a 'tradition of becoming self-employed or setting up businesses' (North and Smallbone, 2006: 54). There is a need to recognise the long-term nature of this challenge (Huggins et al., 2015).

In the context of austerity and urban-centric government support, where larger places are perhaps perceived to have greater importance and potential, revival activity is likely to fall increasingly on the rural communities themselves and be heavily dependent on self-help and self-dependence (Nel and Stevenson, 2014; Harrison and Heley, 2015). This raises the question of what small town governance can do to help business growth. There may be potential for the required dialogue and understanding to be supported by small town actors, particularly those involved in business themselves, where firms prefer peer support to that from public sector employees (Fishcher and Reuber, 2003; Van Cauwenberge et al., 2013; Nel and Stevenson, 2014). Encouragement for local networking, business breakfasts and mentoring from non-competitive firms may enable places to build on local business knowledge. This could help to ensure that opportunities for business growth are appreciated and acted upon. Moments of opportunity may also arise from national/regional support schemes and local governance needs to be ready to take advantage of such opportunities should they occur (Powe and Hart, 2017). Whilst there is a need for place-based efforts, on some issues small towns are simply too small to be considered in isolation. Indeed, this is particularly the case when considering supply side policies. Rural areas can be characterised in terms of poor transport

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