



Interrogating the meaning of a rural business through a rural capitals framework

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ABSTRACT

This paper explores the ways in which businesses use and create diverse forms of rural capital, as an attempt to better understand the distinctive characteristics of “rural businesses”. We present three cases to explore the features that might lead us to describe them as being distinctively “rural businesses”. This adds to the debate about whether location alone is a sufficient parameter for defining rural-ness.

The business cases were each established in rural areas of northern/central England. The cases were selected to fit an existing categorisation of rural businesses based on personal knowledge about the companies. Data were gathered through a combination of interviews and secondary materials. Findings indicate that the employment of rural capitals is a key dimension, alongside firm and market location, in distinguishing “rural businesses” from others.

A clearer understanding of specifically “rural” characteristics of businesses can guide policy towards approaches that deal with rural challenges and support for businesses to harness characteristics and opportunities connected to rural places. We assert that such approaches would be better tailored to local conditions than broad-brush spatial policies. They also aid understanding of the dynamics of change in rural communities driven by local business development.

1. Introduction

Understanding the characteristics of a rural business is increasingly important, in light of the growing diversity and reach of economic activities in rural areas (Korsgaard et al., 2015; Dubois, 2016). Combined forces of consumerism, rapid developments in communications technology and the relative decline in the economic importance of agriculture in rural areas all reinforce Korsgaard et al.'s (2015) recognition of the need to better understand the extent to which businesses are integrated into rural networks, support rural jobs and provide rural services. The outmigration of younger people (Haartsen and Van Wissen, 2012; Haartsen and Venhorst, 2010; Stockdale, 2004) and the ageing of rural communities, itself partly driven by pre-retirement migration patterns (Stockdale and McCleod, 2013), add pressure to identify new approaches to vitalising rural economies and communities. In this context, we analyse the meaning and roles of rural businesses by applying the conceptual tool of rural capital, seen here as a nuanced version of territorial capital that includes particular rural identities and rural assets (see section 3).

Recent publications, such as the CLA report “Standing up for Rural

Businesses” (CLA, 2016), highlight the need for a clearer interpretation of what makes a rural business distinctive, in terms of their opportunities, challenges and business models. In any location, start-ups may simply serve to support lifestyle ambitions among their owners with little prospect of contributing to regional employment, innovation or productivity (Huggins et al., 2015). To promote rural development, though, we need to understand businesses and business models that contribute to the economic and social sustainability of rural places.

The academic debate has also shifted towards an acceptance that a “rural business” is not simply any business in a rural location (Bosworth, 2012; Korsgaard et al., 2015; Moyes et al., 2015), particularly given the increasing interconnections and interdependencies between urban and rural economies (Lichter and Brown, 2011). For example, some businesses located in urban areas play pivotal roles in rural supply chains and rural service provision while other businesses located in rural areas are embedded in urban networks and have minimal local economic impact. Korsgaard et al. (2015) make the helpful distinction between “rural entrepreneurship” and “entrepreneurship in the rural”, where the latter may be less embedded in the rural locality. To interrogate this complexity further, three case studies are used in this paper

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as a basis for developing and applying a “rural capitals” framework to identify how businesses draw value from their rural locations and make contributions to their local economies.

To frame the analysis, we pose the central research question, “How and to what extent do businesses both use and create diverse forms of rural capital?” This allows the discussion to consider the connection between rural businesses, rural capitals and the vitality of rural places and to more clearly define types of rural businesses. This approach also allows the categorisation of rural businesses presented in earlier work (Bosworth, 2012) to be tightened in response to subsequent critique (Moyes et al., 2015). The paper continues with an overview of the debate about what constitutes a “rural business” before offering a theoretical approach to applying a rural capitals framework to better understanding the character of rural businesses. The three cases then illustrate and extend key aspects of the debate before policy recommendations and conclusions are presented that seek to challenge the hegemony of thinking about the rural as innately disadvantaged in economic terms.

2. Defining a rural business

As the rural economy is no longer just synonymous with agricultural and primary production, research into broader rural business characteristics and dynamics has flourished. As far back as 1990, Wortman (1990) noted that while it is easy to assume that everyone knows what rural entrepreneurship means, the community, economic and cultural development objectives and the relationship between urban and rural entrepreneurship each demand systematic investigation. Internationally, a number of academic authors have charted the growth of farm diversification (Seuneke and Bock, 2015; McElwee and Bosworth, 2010), tourism (Dana et al., 2014; Di Domenico and Miller, 2012; Phelan and Sharpley, 2012), home-based businesses (Newbery and Bosworth, 2010) and creative industries in rural areas (Roberts and Townsend, 2016). Such research builds on, and adds to, substantially improved profiling of the characteristics, challenges and contributions of businesses located in rural areas of the UK (Turner, 2014; Atterton, 2016; Scottish Government, 2016; Phillipson et al., 2017; REUK, 2017; CRC, 2007–11; Defra, 2014–17). In particular, the evolving social construction of rural areas alongside increased mobility has created distinctive opportunities for consumer-focused businesses to prosper in rural areas (Slee, 2005). In England, these areas of growth have emerged alongside declining numbers of traditional retail and health services as well as declining rates of employment in agriculture (Rural England, 2017).

Across Europe, the dominant rhetoric has emphasised that rural businesses suffer from their under-developed economic locations (Stathopoulou et al., 2004), where the exodus of younger age groups is detrimental to entrepreneurship (North and Smallbone, 2006). Lagging infrastructure and technology compound this rural disadvantage (Malecki, 2003; North and Smallbone, 2006; Saleminck et al., 2015). To view rural businesses and opportunities for rural entrepreneurship in a more positive light, it is essential to determine “*what is a rural business?*” and here this question is addressed according to their creation and use of rural capitals. While an area-level perspective is helpful for broader policy-making, a more nuanced understanding of rural businesses can capture the increasing diversity of entrepreneurial activities in rural areas which harness ‘rurality’ in a variety of ways (Korsgaard et al., 2015). The “intimate link between the spatial context and the entrepreneurial activities” (Korsgaard et al., 2015 p6) helps to sustain many rural enterprises which in turn support local areas through the creation of economic, social and cultural value. However, this depends on the extent to which actors are locally embedded (Hess, 2004; Dubois, 2016).

Therefore, this paper specifically builds upon a previous proposition whereby a “rural business” should satisfy at least two of the three criteria in Fig. 1, which results in areas A, B, C and D representing four

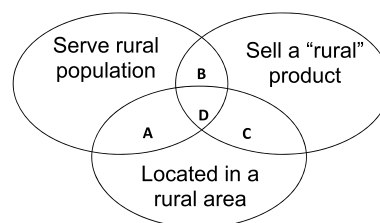


Fig. 1. Categorising rural businesses.

groups of rural businesses (Bosworth, 2012). The publication of a detailed case study of a crematorium business established in rural Scotland (Moyes et al., 2015), demonstrated the need to rethink the criterion “Sell a rural product” in order to capture rural businesses’ interactions with diverse rural capitals.

In critiquing Bosworth’s earlier paper, Moyes et al. presented their case as a 5th type of rural business: “rural service and rural location” (2015, p. 20). However, unless we can identify what makes the service itself “rural” in character, this appears rather similar to the previously suggested category A, “serving a rural population and based in a rural location” (Bosworth, 2012). Moyes et al.’s new category also claims to include services such as buses and taxis but these are not uniquely rural services, rather the rural location changes the nature of their provision. It is the fact that they are serving a rural population that is a defining factor, thus placing them firmly in category A.

Instead, the case of the rural crematorium provides a clear example that the “rural product” dimension in Bosworth’s original Fig. 1 is inadequately defined. The crematorium business offers a rural service because clients are drawn to a natural setting and see it as being embedded within the local rural milieu. This is the same as customers being drawn to a rural product for reasons of provenance, authenticity or environmental attachment. Therefore, we assert that the crematorium in Moyes et al.’s study should be placed in category C, although given its largely rural customer base one might argue that it could fit into category D. To support this assertion, the remainder of this paper is devoted to tightening the meaning of what it is to “sell a rural product” which we do through the application of a rural capitals framework.

3. The rural capitals framework as a model for understanding rural business activities

The concept of “rural capital” was proposed in the US by Castle (1998) who indicated that its “development and conservation ... is of fundamental importance to rural people as they exercise their autonomy in addressing common concerns and pursuing their aspirations” (1998; p.622). In this quotation we can see parallels with neo-endogenous development thinking which emerged in Europe at a similar time (Lowe et al., 1998; Ray, 2001, 2006; Ward et al., 2005; Terluin, 2003) to advocate the deployment of local assets combined with extra-local networks in the pursuit of development objectives. These might include combinations of tangible (economic, natural and physical) and intangible (social, organisational and cultural) capitals as well as human capital which arguably falls somewhere in between (Svendsen and Sorensen, 2007). Castle suggests that the agglomeration of capitals within the rural economy creates additional value, just as the Community Capital Framework suggests that accrual of different forms of capital within a community can be mutually self-reinforcing (Emery and Flora, 2006; Flora and Flora, 2008).

Rural capital, as an aggregation of forms of capital attached to a given rural territory, could be aligned to the concept of territorial capital, defined as, “the system of territorial assets of economic, cultural, social and environmental nature that ensures the development potential of places” (Perucca, 2014, p. 537). It has been observed that in regions where territorial capital assets play an important role, regional growth performance tends to be stronger (Camagni and Capello, 2009). Capello

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