



Exploring the contribution of rural enterprises to local resilience

Artur Steiner ^{a, b}, Jane Atterton ^{a, *}

^a Rural Policy Centre, Scotland's Rural College, Edinburgh, Scotland, UK

^b Glasgow Caledonian University, Glasgow, Scotland, UK



ARTICLE INFO

Article history:

Received 21 April 2014

Received in revised form

24 April 2015

Accepted 28 May 2015

Available online 16 June 2015

Keywords:

Private sector businesses

Local (economic, social, environmental)

development

Embeddedness

Resilience

Rural

ABSTRACT

The economic importance of the private sector, such as the contribution of businesses to Gross Domestic Product or to employment creation, is well recognised in research and policy. In the context of significant economic, social and environmental changes such as the economic downturn, public spending cuts, an ageing population and climate change, the broader social and environmental contributions of the private sector to local resilience have begun to be recognised by researchers and policy-makers. However, we lack a detailed understanding of the nature of, and motivations for, these different contributions.

This paper discusses the findings of a case study in South Australia which aimed to enhance our understanding of the role of private sector enterprises in local development and resilience. In particular, this article explores *What, How and Why* questions: *What are the economic and social contributions of rural businesses to local resilience?*, *How are these contributions made?* and *Why do business owners make these contributions?*

The findings reveal that rural businesses contribute to local resilience in both *direct* and *indirect* ways. Direct contributions include, for example, the creation of local employment and local product and service delivery. Indirect contributions can be understood as the knock-on effect or added value of primary business activities. For example, the provision of employment opportunities helps to reduce the risk of out-migration and depopulation. With reference to the concept of embeddedness, the study demonstrates the importance of the rural context in shaping the behaviour of rural business owners and encouraging them to operate in economically, socially and environmentally responsible ways. However, this is not a passive relationship; rural business owners have the motivation and resources to respond to specific local challenges, opportunities and characteristics, and to proactively and skilfully turn them into entrepreneurial opportunities. As such, they become part of the adaptation process, acting as agents of change in supporting rural resilience. This adaptation process contributes to enhanced community resilience which enables the modification of existing structures and the seeking of solutions to economic, social and environmental challenges.

© 2015 Elsevier Ltd. All rights reserved.

1. Introduction

In many OECD countries, including Europe, the United States, Canada and Australia, policy-makers are increasingly seeking to support the resilience of communities and are indicating a need to increase self-reliance and sustainability at the community level (OECD, 2014). At the same time, however, rural communities are experiencing a period of rapid and ongoing economic, social and environmental transformation as a result of, for example, globalisation, economic downturn, public sector budgetary pressures,

demographic ageing, and climate and environmental change (McManus et al., 2012; Schouten et al., 2012; Steiner and Cleary, 2014). All these factors influence the resilience of local communities, and their capacity to adapt to changing circumstances is increasingly important.

Literature indicates an increasing awareness of the need to develop rural policies that support the adaptive strategies of stakeholders that could be helpful in the governance of rural changes (Schouten et al., 2012). For instance, there is a rich body of literature describing public sector interventions as well as community-led initiatives for community development (for example see Herbert-Cheshire, 2000; Herbert-Cheshire and Higgins, 2004; Murray and Dunn, 1995; Skerratt and Steiner, 2013). This focuses on how to create stronger, more vibrant and

* Corresponding author. Scotland's Rural College, Edinburgh, Scotland, UK.
E-mail address: jane.atterton@sruc.ac.uk (J. Atterton).

sustainable communities, and frequently relates to community development projects funded through the state or managed and led by a community. Interestingly, the role of the private sector in developing community resilience is often either omitted or is discussed separately from the theme of community resilience.

It is possible, however, to find research evidence indicating that private sector organisations influence the life of rural communities and vice versa (see for example, Halseth and Ryser, 2006; Jack and Anderson, 2002; Martz and Sanderson, 2006) and, therefore, they can have a positive role in shaping the resilience of these places. This may be through direct impacts, including employment creation and service/product delivery (Eachus, 2014). Research evidence also indicates that rural businesses can offer *in-kind* contributions supporting their communities (Bruce et al., 2006) bringing *indirect* outputs for local development through the consequences that might arise from *direct* activities (Steiner and Atterton, 2014). For example, growing and diversifying the private business base can help to maintain the working-age population in a local area, contributing to demographic balance and sustaining the existence of other (public, private and third sector) services (e.g. schools, health care, community centres, shops). The private sector can, therefore, effectively utilise and develop existing resources which can enhance local resilience (Garnaut et al., 2001; Morrison et al., 2012; PricewaterhouseCoopers, 2007). At the same time, however, reductions in the availability of a range of business services in a local area can have a negative effect on community resilience (Halseth and Ryser, 2006; Steiner and Markantoni, 2014). Summarising these activities, Bosworth (2012) refers to the inter-relatedness of rural businesses and their communities.

This study adds to the existing literature in this field by drawing together currently separate bodies of literature on resilience and embeddedness. The paper presents findings from a South Australia study of the contribution of rural businesses to their local communities. It begins by describing the concept of community resilience, followed by a literature review of the potential of private sector enterprises to support rural citizens and community resilience, including a discussion of the concept of embeddedness. This section highlights the importance of the rural context in shaping entrepreneurial behaviour, and vice versa, and the nature and extent of links between local business owners and their communities. The paper continues with a description of the methodology adopted in the study which involved in-depth interviews with business owners. The findings are then described, demonstrating the economic and social contributions of rural businesses to local resilience, including an analysis of how and why business owners behave as they do. While the focus is on their economic and social contributions, the paper also refers to the environmental concerns of rural businesses, as all three components – economic, social and environmental – are seen as essential for sustainable rural development (Glover, 2012; McMorran et al., 2014; Schouten et al., 2012; Wilson, 2012). The final section of the paper discusses the findings with reference to existing literature and highlights the key implications for policy-makers and researchers.

2. Community resilience

2.1. Definition and components of community resilience

Defining community resilience is difficult as there is no agreement on what constitutes 'a resilient community' (Pendall et al., 2010; Skerratt, 2013; Wilson, 2012). While the term could be understood as the capacity of a system 'to absorb disturbance and reorganise while undergoing change so as to still retain essentially the same function, structure, identity, and feedbacks' (Folke, 2006, p.259), resilience is frequently seen as 'the existence, development, and

engagement of community resources by community members to thrive in an environment characterised by change, uncertainty, unpredictability, and surprise' (Magis, 2010, p.402). The inevitability of change has become constant in modern community life and communities should mitigate the negative impacts of the changes they can anticipate and prepare to rapidly recover from those that cannot be mitigated (Plodinec et al., 2014). Community resilience suggests adaptation and proactivity in relation to stresses, changes, risks and challenges, and it relates to processes which enable a community to thrive, despite ongoing changes in the dynamic socio-economic and natural environment (Milman and Short, 2008). Ideally communities have the capability to anticipate risk, limit impact, and bounce back rapidly through survival, adaptability, evolution, and growth in the face of turbulent change (Eachus, 2014). This suggests interaction between structural forces and community agents in which community members are influenced by, but are also capable of influencing, their surroundings.

Literature in the field indicates that the key components of resilient communities include social aspects (Aked et al., 2010; Skerratt and Steiner, 2013; Steiner and Markantoni, 2014), economic characteristics (Leach, 2013; Norris et al., 2008; Noya and Clarence, 2009; Steiner and Atterton, 2014) and environmental features (Adger, 2000, 2003; Milman and Short, 2008). In order to develop more sustainable and resilient communities, it is necessary to possess adaptive capacity in all three of these dimensions (McMorran et al., 2014; Norris et al., 2008); i.e. resilient rural communities embrace aspects of a viable local economy, a strong sense of belonging, social capital and engagement among residents and the quality of the local environment (McManus et al., 2012; Norris et al., 2008; Wilding, 2011). Wilson (2012) claims that economic, social and environmental capitals are considered to be the 'glue' that keeps the communities together and that each of these capitals is essential for communities to function well. McManus et al. (2012:28) highlight that '*resilience is not based on a single factor, nor is it related to economic issues or social issues separately*'. Instead, economic, social and environmental issues are inter-related and resilience is dependent on all three simultaneously.

Consequently, a need to understand 'the balance of economic, social and environmental processes which shape the contemporary countryside and the interrelationships between these in particular localities' has been noted (Marsden, 1999, p.504). This section of the paper briefly describes the economic, social and environmental aspects of community resilience, before Section 3 focuses on the characteristics of rural business owners.

2.2. Economic resilience

The role of the private sector, and especially the entrepreneurial behaviour of small and medium enterprises (SMEs), is recognised globally as being important in regional, rural and remote development and in the sustainability of economies (Rola-Rubzen, 2011). Indeed, SMEs are considered the 'engine-room' of economic growth (Mazzarol et al., 2010). Through providing local employment, private enterprises contribute to enhancing economic resilience which incorporates aspects of income and employment, household assets and savings (Eachus, 2014). Better jobs, increased levels of entrepreneurship, positive social capital indicators, business performance and sustainability are all potential indicators of economic resilience (Noya and Clarence, 2009).

Research evidence suggests that community resilience is supported through a resilient local economy – an economy with diverse businesses and employment opportunities (Steiner and Atterton, 2014). Over-reliance on a single form of employment may create an inflated sense of security and resilience during economic boom but at times of economic downturn the same

Download English Version:

<https://daneshyari.com/en/article/92447>

Download Persian Version:

<https://daneshyari.com/article/92447>

[Daneshyari.com](https://daneshyari.com)