

articles

An Overview of Rural Entrepreneurship and Future Directions

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Prior research shows that rural entrepreneurship has its own distinct elements and deserves additional attention within the research community. The frameworks and methodologies from studies focused on high-growth and technology-based entrepreneurship are often used to explore rural entrepreneurial activities. This incongruence limits our understanding of the true impact entrepreneurship can have on rural communities. The articles in this special issue help advance our knowledge of rural entrepreneurship as a distinct field of study, and add to our understanding of its impact in the rural context. Additional research avenues are suggested.

This Rural Entrepreneurship Special Issue comes on the heels of multiple movements in the entrepreneurship research field around similar topics. The United States Association for Small Business and Entrepreneurship has hosted a special interest group for rural entrepreneurship for two years and is piloting a Rural Research Fellows program. The Academy of Management in 2021 had a professional development workshop around the topic of small-town ecosystems. The research interest in this field is expanding. Contextualizing rural as its own unique framework, instead of romanticizing the rural or urbanizing it, will take researchers employing new theoretical approaches and questioning the underlying assumptions of other types of entrepreneurship research before they are blanketly applied to the rural context. The special issue begins to demonstrate the nuances of this field.

Rural Research Themes and Contributions

This special issue includes nine papers with authors from five countries employing a variety of empirical and descriptive approaches. The first three papers rely on empirical analysis of datasets from entrepreneurs or small businesses. The first paper, “Rural Entrepreneurship Success Factors: An Empirical Investigation in An Emerging Market” by Prince Gyimah & Robert N. Lussier examines the factors of business success using the Lussier prediction model of firm success in Ghana. The findings suggest that entrepreneurs in emerging markets have several important success factors including managerial experience, record keeping, financial controls, adequate capital and having parents with business ownership experience. Record keeping and financial controls exert importance in Nigerian business critical success

factors (Adeola et al., 2021). Implications are discussed for advocacy organizations in Ghana working with rural communities where the model can help NGOs and governmental organizations in support of rural enterprises. The second paper in the special issue, “An Examination of Rural and Female-Led Firms: A Resource Approach” by Marcos Segantini and Lori A. Dickes leverages the Panel Study of Entrepreneurial Dynamics to look at rural vs non-rural and female-led firms. In this study, monitored external funds is negatively related with the likelihood of firm termination in rural communities supporting that external funding for a rural entrepreneur could operate as a strategic resource. Female firms in rural areas tend to be smaller and less productive, in general (Rijkers & Costa, 2012). The next paper, “Lifestyle Entrepreneurship and Innovation in Rural Areas: The Case of Tourism Entrepreneurs” by Álvaro Dias and Graça Miranda Silva investigates the relationship of innovation to place. By looking at a sample of lifestyle entrepreneurs from rural areas in Portugal, findings suggest relational capital contributes positively to firms’ knowledge absorption. The study has practical implications for the development of mechanisms which provide more contacts and networking opportunities to enhance the social capital of entrepreneurs. Policymakers often neglect innovation policy evaluation at the regional level and finding the right policy mix presents a challenge (Magro & Wilson, 2019).

The next two papers investigate the impact of and access to educational and service programs for rural small businesses. The first in this section, “Developing a Small Business Educational Program for Growing Rural Businesses” by Timothy Pett, John Francis, and Wendy Veatch describes the design of a small business certificate program offered in rural Kansas. The paper discusses the program structure,

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feedback on the program, and impacts on the businesses which participated. Presently, 378 firms have participated with an 80% survival rate. In addition, these businesses have strategically enhanced their regional networks. This is a timely program as there exists a recent call in the entrepreneurship literature for the development of training, education, and curricula geared towards rural entrepreneurs (Crawford & Barber, 2020). The second paper, “Small Business Development Centers and Rural Entrepreneurial Development Strategies: Are We Doing Enough for Rural America?” by Timothy Dunne, Katie Toyoshima, and Michael Byrd analyzed data from Small Business Development Centers (SBDC) in Idaho, largely rural, to uncover the differences between outcomes for businesses in rural versus urban areas. The findings suggest that most firms utilizing SBDC services are in urban areas. The implications of the study are that better access to training through technology can overcome some of the issues and that training should be better tailored to the needs of rural businesses. For example, there is a gap in education opportunities around succession and exit planning strategies for rural entrepreneurs (Crawford & Barber, 2020). The outcomes of these two papers suggest a gap in services offered, though the impact of these services on rural businesses depends on the entrepreneur’s capacity to implement recommendations and strategies (Barber et al., 2021).

The next paper, “The Value of Social Media Advertising Strategies on Tourist Behavior: A Game-Changer for Small Rural Businesses” by Nory B. Jones, Patti Miles, and Tanya Beaulieu, presents results from the Consumers’ Online Brand-Related Activities model to investigate social media strategy. The findings suggest that social media advertising by rural businesses can significantly increase engagement with consumers. This type of engagement generates tangible and intangible benefits. Social media interactions contribute to the development of social capital, a valuable intangible resource in rural markets (Son & Niehm, 2021). “Fostering Entrepreneurial Ecosystems and the Choice of Location for New Companies in Rural Areas – The Case of Germany” by Matthias Liedtke, Dr. Reza Asghari, and Dr. Thomas Spengler presents the case of Germany to investigate entrepreneurial ecosystems by contrasting rural and urban. The authors propose that the lack of collaboration opportunities, access to investment, and little focus of policy initiatives present stronger challenges to rural businesses. To overcome these obstacles, an entrepreneurial governance structure aimed at regional policymaking to foster entrepreneurial development could be implemented. Any attempt to build small town ecosystems benefit from an entrepreneurial approach to attracting, viewing, and utilizing resources (Roundy, 2017).

The final two papers in the special issue employ qualitative methodologies and investigate venture capital financing and entrepreneurial resilience respectively. Jeff Stambaugh and Andy Yu’s paper “Why Small Deals Don’t Get Done: Evidence from Rural Entrepreneurs” utilizes a mini-case approach providing qualitative insights from 20 companies that did not close potential investment deals. The authors found issues with the buyers and sellers that led to failures. The most common dealbreakers involved company valuation and the reduced likelihood that rural businesses

could be relocated. This paper stands as one of the few which investigates small deal acquisitions for rural businesses. Large deals, involving firm headquarters, in rural areas generate favorable market reactions but involve a longer time to completion (Bick et al., 2017). “Flexing the Leadership Muscle: An International Study of Entrepreneurial Resilience in Rural Communities During the COVID-19 Pandemic” by Karise Hutchinson, Rachael Fergie, Emma Fleck, Georgann Joufflas, and Zen Parry finishes out the special issue by employing a multi-stage analysis. The qualitative results highlight the existence of personal and business experience of crisis, positive mindset, personal faith, learning and leading, and relationships as being vital for entrepreneurial leadership and resiliency. Over a third of these rural business leaders’ business models suffered and created significant internal pressure due to a reduction in business during the initial stages of the pandemic lockdown. Psychological states of stakeholders in a region following a crisis or disaster influence recovery efforts and emerging opportunities (Gur et al., 2020).

Discussion and Future Research

The diverse topics covered in this special issue showcase the multitude of research opportunities available within the context of rural entrepreneurship. Early research by Wortman (1990) called for the study of rural entrepreneurship and highlighted its importance as a viable economic development tool. Similarly, Fortunato (2014) argued that rural entrepreneurship is its own “distinct area of entrepreneurship research and practice” with unique elements that differ from traditional research focused on high-growth or high-tech ventures (p. 387). In order to better understand the transformative potential of entrepreneurship within rural communities, researchers must develop methodologies that appropriately fit within this context.

While research has indicated that rural regions often have less access to financial and technological resources, there is also evidence that entrepreneurship and small business can become a key economic driver with these communities (Ribeiro-Soriano, 2017). Rural regions have unique economic and structural opportunities available for prospective entrepreneurs. The development of more connected entrepreneurial networks within these regions may be necessary for these opportunities to materialize. Rural ecosystems can provide the needed structure to allow entrepreneurship to become a catalyst for regional transformation. This can include access to creative capital sources, incubation and retail space, mentorship, and social opportunities that build a more interconnected entrepreneurial community. Additionally, it is critical that service providers in rural regions have an intimate knowledge of these resources and related systems in order to effectively meet the needs of these business clients.

The articles within this special issue provide important research and practical implications for rural entrepreneurship. These findings build upon our understanding of the uniqueness of entrepreneurship in the rural context and provide multiple avenues for future research. We encourage researchers to continually explore rural entrepreneurship and identify new frameworks, strategies, and methodolo-

gies that showcase the distinct elements of this field. These studies should examine both individual-level characteristics of rural entrepreneurs and entrepreneurial ventures, as well as macro-level elements needed to develop a robust community or regional ecosystem. In addition to advancing the literature, future studies should provide practical implications and best practices for rural service providers, prac-

tioners, and policymakers. Research-based solutions are necessary to develop programs that help level the playing field between urban and rural entrepreneurs. Business success should not be dependent on your geographical location. We expect the articles in this special issue to help drive future research in these directions.



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