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To cite this article: Lynne Siemens (2010) Challenges, Responses and Available Resources: Success in Rural Small Businesses, Journal of Small Business & Entrepreneurship, 23:1, 65-80, DOI: [10.1080/08276331.2010.10593474](https://doi.org/10.1080/08276331.2010.10593474)

To link to this article: <https://doi.org/10.1080/08276331.2010.10593474>



Published online: 19 Dec 2012.



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Challenges, Responses and Available Resources: Success in Rural Small Businesses

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ABSTRACT. Rural communities and their residents are exploring the potential of small business and entrepreneurship to address the economic changes they are facing. While these rural areas present many opportunities, business people in these areas face challenges which they must navigate to operate successfully. However, little is known about these specific challenges and the manner in which business owners respond to them. This paper reports on a qualitative study of small rural businesses in a rural region of Canada that begins to answer this question. The research found that these owners face particular challenges in the area of market size, labour availability, access to urban centres, infrastructure gaps, and large time demands. As they work to mitigate these, the owners draw upon locally available resources, such as themselves, their family, business, and community. The paper concludes with recommendations for government policies and programs to support economic development in these rural regions.

RÉSUMÉ. Les collectivités rurales et leurs résidents évaluent le rôle que peuvent jouer les petites entreprises et l'entrepreneuriat afin de répondre aux changements économiques auxquels ils font face. Malgré que ces régions rurales offrent beaucoup d'opportunités d'affaires, les gens d'affaires de ces régions doivent surmonter certains défis afin d'assurer le bon fonctionnement de leur entreprise. Il existe cependant peu d'information dans la littérature au sujet des défis spécifiques auxquels ces gens d'affaires doivent faire face et sur les façons dont ils s'y prennent pour les surmonter. Le travail suivant rapporte les résultats d'une étude qualitative portant sur de petites entreprises rurales situées dans une région rurale du Canada qui révèle des réponses préliminaires à ces questions. L'étude a révélé que ces propriétaires font face à des défis particuliers en ce qui a trait à : la taille du marché, la disponibilité de la main-d'œuvre, l'accès aux centres urbains, les lacunes en matière d'infrastructure, et le grand nombre d'heures requises. Afin d'atténuer les problèmes engendrés par ces conditions particulières, les propriétaires d'entreprises se tournent vers les ressources disponibles localement, telles qu'eux-mêmes, leur famille, leur entreprise et leur collectivité. En conclusion, ce travail apporte des recommandations concernant des politiques et des programmes gouvernementaux destinés à soutenir le développement économique dans ces régions rurales.

Introduction

Rural areas in many developed countries are undergoing structural change, particularly within the natural resource-based industries that tend to underpin these economies. These fundamental changes are contributing to a decline in jobs within rural communities and out-migration, as many residents leave for opportunities elsewhere. Consequently, communities, residents, governments, and other interested organizations are examining the potential of small businesses and entrepreneurship to create jobs and sustain these communities (Skuras et al., 2005).

In response to these objectives, many people are capitalizing on the opportunities that exist in these rural areas. These business possibilities include tourism operations and products that draw upon local food, crafts, and other traditional items (Lane and Yoshinaga, 1994; Lordkipanidze, Brezet, and Backman, 2005). However, these efforts are not without their challenges. These communities are often far from larger urban centres with their concentration of markets, suppliers, and support organizations. In addition, these businesses

may sometimes operate without standard business infrastructure such as banks, broadband Internet and a fully developed transportation network, resulting in higher costs and time commitments than may be faced by urban enterprises (Botterill et al., 2000; Stathopoulou, Psaltopoulos, and Skuras, 2004). Further, the lower population densities in these areas impact the local market potential. Given this range of challenges and the resulting limits on business viability, profits and growth, the rural environment is often not perceived to be conducive to small business development (Polese and Shearmur, 2002).

As they respond to these constraints, rural business owners are often more motivated by lifestyle priorities, rather than by growth and profits (Getz and Carlsen, 2000; McKenzie, 1998). They are creating successful businesses, albeit on their own terms, and responding with creativity and self-reliance to their challenges. However, little is known about the specific challenges faced by these owners and the manner in which they respond to them (Shields, 2005). Exploring these challenges and the methods used by these owners to mitigate them is a central question explored within this paper. With this knowledge, governments and other interested organizations can develop programs and policies that effectively support the economic development efforts by these rural small business owners (Shields, 2005; Stathopoulou, Psaltopoulos, and Skuras, 2004).

This paper will explore the challenges faced by a sample of small businesses in a rural region in Canada. It will proceed as follows: first, the rural context for small business will be outlined, followed by discussion of research methodology and geographical context for the study, and an examination of the challenges facing the case study businesses and their responses. The paper will conclude with recommendations for policy makers and support organizations.

Discussion of rural context

The rural context is complex and presents many challenges to business owners. Firms in these areas tend to be small—as defined by both revenues and numbers of employees—and are service-oriented (Cromie et al., 2001; Mochrie and Galloway, 2004; Smallbone et al., 2002). These owners often start their businesses to create employment (Tervo, 2004), to be one's own boss (Walker and Brown, 2004) and/or to capitalize on an opportunity (Mankelov and Merrilees, 2001). Whatever the reason, these owners often acknowledge that their desire to stay within a rural community and create a particular lifestyle may be more important than business profits and growth (Dabson, 2003; Hinrichs, 1998). Within this context, success may be defined at a basic level, i.e., by business survival (Brush, Greene, and Hart, 2001). In other words, these owners are looking to make do, rather than make it big (Smith, 2006), often with limited access to resources required to compete successfully against larger and more endowed enterprises.

Rural businesses face a particular environment that is generally not experienced by urban enterprises and which may limit effective and efficient business operations (Dabson, 2003; Mishra, 2005). It is important to consider the context in which a small business owner operates. This context shapes both opportunities and constraints and suggests the range of possible responses and available resources to each (Aldrich and Martinez, 2001; Meccheri and Pelloni, 2006). In this regard, Smith (2006: 42) argues for the idea of "interconnectedness," meaning that entrepreneurship cannot be considered separately from its context.

First, these businesses are often located in communities which are some distance, as measured by mileage and travel time, from urban centres. This situation can increase transportation costs and the time required to move goods and supplies in and out of these

communities. An owner's ability to meet with customers, suppliers, advisors, banks, and other related organizations is also impacted (Stathopoulou, Psaltopoulos, and Skuras, 2004). Second, these communities tend to be small which constrains local market size. Third, rural communities may face gaps in the availability and condition of infrastructure required for business operations (Diochon, 2003). Gaps may be found in telecommunications and transportation networks, banking services, and other areas, all of which are fast becoming basic requirements for modern business operations. In some cases, businesses may even have to provide their own infrastructure, which generally requires additional time, money and effort (Rightmyre, 2003). Communities may also lack important social infrastructure, such as schools and health care, which may influence an owner's decision to remain in a community long-term (Halseth, Bruce, and Sullivan, 2004). In this regard, rural environments within developed economies can be considered similar to subsistence economies in developing countries (West, Bamford, and Marsden, 2008). Given the small local population, the community's labour pool may be constrained and lacking in key skills and qualifications (Kalantaridis and Bika, 2006; Raley and Moxey, 2000). Furthermore, these communities often struggle with economic instability, given an over-reliance on global industries, particularly in agriculture and natural resources. A boom-bust cycle is often created to the detriment of the community and its residents (Diochon, 2003). The existence of a single employer may also limit economic diversity and small business numbers in the community. When the major employer closes, so do these small businesses (Dabson, 2003). Finally, given the limited economic diversity, successful business people who can provide support and encouragement may not be present to mentor potential entrepreneurs (Skuras et al., 2005). As a result of these various factors, the rural environment may not be conducive to small business start up and long term survival.

Despite these challenges, opportunities for small business exist in the rural areas. Many individuals are capitalizing on an area's unique geography and culture to develop tourism operations, such as tours, accommodation, restaurants, and other similar enterprises (Page and Getz, 1997). Tourism presents particularly attractive possibilities for these areas given the worldwide demand for tourism activities (Lordkipanidze, Brezet and Backman, 2005). The ventures are also appealing since they can often be started with resources already in place within the community and have relatively few barriers to entry (Wilson et al., 2001). Some of these tourism ventures may also be able to capitalize on the romantic perception of rural locations (Oliver and Jenkins, 2005; Williams and MacLeod, 2005). In addition, increased tourism infrastructure benefits tourists and local residents with increased recreational opportunities as well as access to products and services that they might not have otherwise had (Schroeder, 2003). Other individuals are drawing upon local products, such as food, crafts and other traditional ideas, to create niche markets for urban customers (Anderson, Jack, and McAuley, 2001; Lane and Yoshinaga, 1994). In other cases, some businesses have been able to move from urban settings to rural ones with the advances made in information technology, which can facilitate the communication and access to clients, suppliers and other groups based elsewhere in the region or country, and even internationally (Dabson, 2003).

To date, relatively little research on the actual challenges encountered and business owners' responses to these has been conducted. Often, these challenges have been viewed from the perspective of urban-based businesses, government and support organizations. These groups frequently make assumptions about the challenges and their potential impact (Shields, 2005). By way of example, Beer (2004) found that policy makers did not always realize the cost of travel from the Scottish islands to larger urban centres until the tickets

were shown to them. In addition, given their small size and location, rural ventures may not be considered in business research (Mankelow and Merrilees, 2001). As a result, research results from larger enterprises and small businesses in urban locations may not be generalizable to these businesses (Curran and Blackburn, 2001; Torrès and Julien, 2005). Given that the rural context is different from the urban experience, researchers argue that there is a need to explore and understand the rural context as well as the types of owners and businesses which survive in this environment. The starting assumption for research should then be that the rural context is different from the urban one (Byrom, Medway, and Warnaby, 2003), and that the individuals best placed to articulate their challenges are the rural small business owners themselves (Shields, 2005). From this knowledge, more effective policies and programs can be developed.

Methodology

This research examines the challenges faced by rural small business owners and the manner in which they overcome these. As outlined above, much is assumed, but little is known about these challenges, the owners' responses and the resources upon which they draw. Consequently, a case study methodology with exploratory in-depth interviews is an appropriate research design (Stake, 1995; Yin, 2003). Through these interviews, the owners can discuss their perspective on their challenges and responses. The interviewer can also further explore the participants' responses through probing and follow-up questions (Marshall and Rossman, 1999; Rubin and Rubin, 1995). Instead of responding to preset questionnaire categories, the owners lead the interviews and establish their own contexts, which means that quantitative survey data is not best suited for this research (West, Bamford and Marsden, 2008).

This study's geographical context is the rural areas of Vancouver Island and surrounding smaller islands in British Columbia, Canada. This region, particularly outside the few urban centres, has been traditionally dependent on natural resources such as forestry, fishing and mining. These industries have been undergoing structural change of which one result has been a decline in local employment. Consequently, many young people and families are leaving for opportunities elsewhere (Halseth, 1999; Hayter, 2000). In order to sustain these communities, residents, governments and other interested organizations have been exploring alternative economic development possibilities, including entrepreneurship and small business. Many existing small businesses are already capitalizing on the region's unique features with tourism, services and manufacturing operations.

Within this region, the rural communities themselves are generally small with fewer than 10,000 residents, and with most having fewer than 1,000 full-time members. Within this study's context, rural communities are defined to be those located at least one and a half hours travel from those urban centres with at least 10,000 residents. This time frame is typically defined as easy commuting distance (Polese and Shearmur, 2002). In many cases, these communities in question are accessible only by ferry, and/or secondary or unpaved roads.

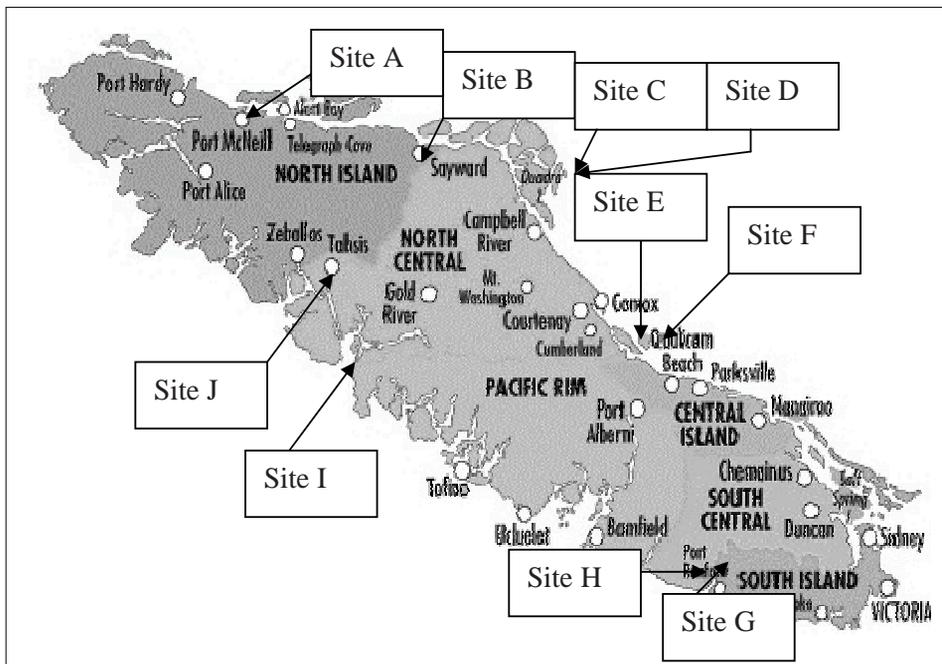
A sample of 10 businesses within eight rural communities was purposively selected. Rather than being examples of "typical" businesses, the participating owners are examples of ones who have successfully negotiated the various challenges facing them (Eisenhardt, 2002; Strauss and Corbin, 1998). They were chosen because they have certain experiences and knowledge related to the research question (Anderson and McAuley, 1999; Cope, 2005). The criteria for selection included the following:

- operation in a rural location of the region;

- operation for at least one year, thus demonstrating that the owners have had some experience developing a market and resolving many of the startup challenges as well as those related to the rural location;
- fewer than 20 employees, reflecting that small businesses tend to have access to fewer resources than larger companies; and
- successful by their own definition, rather than a pure threshold of revenue and profits.

The case study owners and their businesses were identified through personal contacts and recommendations from others (Frazier and Niehm, 2004; Lauer, 2005). There was an attempt to ensure diversity by sampling from different industries and communities with differing degrees of ruralness and remoteness in order to explore similarities and differences between the participants (Eisenhardt, 2002; Rubin and Rubin, 1995). As a result of the research approach, the sample size was limited to 10 cases, matching the recommendations of Eisenhardt (2002) and Audet and d'Amboise (2001). The sample businesses represented services (tourism, consulting and retail), niche manufacturing (culinary and agriculture) and aquaculture (shellfish farming). The case study sites are marked on Map 1.

Map 1. Vancouver Island with Case Study Sites.



(Quokka Systems Consulting, 2004)

Data collection included both interviews and personal observation. The interviews were conducted on site in most cases. To ensure that the interviews stayed related to the research question, an interview guide was used. It outlined open-ended questions related to the topics under exploration (Audet and d'Amboise, 2001). The topics were focused on reasons for start-up, the challenges faced and methods of response, and discussion of the owners' understanding of success. Through visits to these communities, the researcher was

able to experience some of the challenges facing these business owners (Yin, 2003). These data points were supplemented by secondary documents and further personal observation while in the community. This knowledge facilitated data analysis.

The interviews were recorded by hand for two reasons. First, it was important to ensure that the participant felt at ease and open to answer questions (Healey and Rawlinson, 1993; McAuley, 1999). The second reason was more practical in nature. The interviews could not always be conducted in an office due to the nature of the business. As a result, a convenient location to place the recorder to ensure that it could record all comments clearly may not have been available. The handwritten notes were later transcribed to facilitate data analysis.

Data analysis involved a grounded theory approach to focus on the themes that emerged from the data. This analysis was broken into several steps. First, the data was organized, read and coded to determine categories, themes and patterns. These were tested for emergent and alternative understandings, both within a single case and across all the cases. This was an iterative process, involving movement between data, codes and concepts, constantly comparing the data to itself and the developing theory. Data analysis and interpretation was further supported through a review of theoretical literature (Glaser and Strauss, 1967; Marshall and Rossman, 1999).

Results

In many ways, these owners and their small businesses reflect the experience of others in similar situations (see Siemens, 2008 for further discussion of the case studies). For the most part, these owners are in-migrants who moved there to live in a rural area. They generally started their business to create employment, take advantage of an opportunity, or both. The owners tend to define business success primarily in lifestyle terms, rather than financial ones. The business was often seen as a way to allow the owner and their family to remain in the rural location. As a group, the owners had limited prior experience in the industry in which their business currently operates, with moderate experience operating a business generally. Instead, they developed these required skills and knowledge through operations. As discussed in greater detail below, family members, particularly spouses, are actively involved in the business.

These businesses are relatively small in terms of revenues, profits and employee numbers. They generally possess limited growth and profit potential, relying almost exclusively on customers within their community, including residents and visitors. A few export their services and products across the province or country, and even into the United States and beyond. The sample businesses are fairly evenly split between manufacturing and service industries. The manufacturing enterprises, however, focus on gardening and culinary production, rather than products of an industrial nature. The range of services includes consulting, hospitality, transportation, and retail. The largest business has 10 full-time employees, including the owner and three family members with an additional six workers hired on a seasonal basis. The smallest businesses comprise just the owner. Most businesses require some additional employees, at the very least on a casual basis.

Besides the “normal” business challenges, these rural businesses face additional ones in five primary categories, as outlined in Table 1 on page 72. First, given the low population numbers in rural areas, the small community size places an upper limit on the local market which, in turn, caps the potential revenue and profit levels. The end result is relatively small businesses which are often financially marginal, meaning that the owners are unable to extract a “full-time” income from the business.

Second, the small community size also impacts on labour availability. While small, these businesses generally have a need for some additional employees, either on a part-time, full-time, or casual basis, beyond the owner and their family. However, staff recruitment and retention is an issue. For some owners, the required staff is not available locally and must be recruited from elsewhere. These transplanted employees do not necessarily feel a strong commitment to the rural community and often leave for opportunities in other locations when they arise. For other businesses, just finding casual staff is a challenge. Community residents are not perceived to be interested in working casually or demand wages that the owners view as too high given the type of work required.

The third challenge surrounds the rural location as measured by distance, time and access to urban centres. This challenge primarily impacts the transportation of supplies as well as final products and services. For many sample businesses, because distributors do not deliver to their communities, the simple act of getting supplies in and products and services out creates challenges in regard to time and effort. Many rural communities in this region are only accessible by ferries and unpaved roads, which adds additional time and cost as owners travel to reach suppliers and markets beyond their home community. In many cases, the owners must make the required trips to the urban centres themselves.

Infrastructure gaps present the fourth challenge to these owners. These gaps focus on a lack of local banking services, broadband Internet access, and community services and support. Given that banking services tend to be limited to automatic cash machines which do not accept deposits, the owners must travel to urban centres to deposit cash and arrange banking services. Due to the expense associated with servicing such small communities with high-speed, broadband Internet, residents are often limited to slower dial-up services. As a result, these business owners face constraints on their ability to participate in the full potential of electronic commerce. Health care and education may also not be present, which means that residents and owners alike must access these services from outside their community. Finally, several businesses also perceive a lack of support from the local community. This lack of support might take several forms, ranging from suspicion to active resistance, and may deter others from starting businesses in these areas.

Lastly, these owners face acute time demands, perhaps more so than urban-based businesses, given the above challenges. Basic operating tasks, such as banking, meeting with suppliers and customers, getting supplies in and moving products and services out, take more time because owners must often travel outside their community to accomplish these. Given the rural location, these trips require money, effort, and time away from primary business activities. At the same time, these owners may be balancing multiple responsibilities, including other businesses or paid employment, needed to ensure business viability.

As outlined in Table 1, the business owners interviewed respond in a variety of ways to these challenges. To address the limited local market potential, the owners diversify and extend their product and service lines in an attempt to capture more revenue from the local customer base. In other cases, they pursue alternative income sources in the form of other businesses or employment opportunities. Those owners with niche product potential beyond the local market actively develop these outside markets to reduce local reliance.

At one level, the response to the limited labour pool is blunt. The owners structure their operations to reduce the need for outside employees. They create active roles within the business for their spouses and other family members. In addition, they and their families work the necessary long hours. Finally, they also hire local people when possible with the assumption that these employees are more invested in the local community and, therefore, more likely to stay longer term.

The responses to the challenges associated with the location itself are also blunt. Since they have little choice, the owners make the trips necessary as part of business operations. When possible, they develop cooperative relationships which can facilitate the movement of supplies and final products, often in the form of back-haul transportation arrangements.

In response to the gaps in required infrastructure, the owners tend to fill these themselves. Given the lack of local banking services, they often rely on self-financing by drawing on their mortgage-free property and savings. These steps create a financial cushion which lessens a need for regular interaction with banks. The owners also tend not to utilize the full potential of the Internet and e-commerce given the difficulties accessing high-speed, broadband Internet. In many cases, the types of goods and services they offer also do not lend themselves easily to an on-line presence. Finally, the owners are investing in their community's capacity to support their own businesses and the community alike. They train and hire local people and serve as role models for other business owners, which ultimately creates community support for all businesses.

In regards to the large time demands, easy answers are lacking. The owners work hard as required and realize their efforts are the cost associated with business operations and their life in a rural community. Again, this points to the fact that these owners are motivated by factors other than profit and growth goals. This may not be surprising given that there are few financial rewards relative to the amount of work required for business operations in rural areas. When possible, the owners take extended holidays for respites. However, this option can be difficult given the human resources challenges outlined above.

Challenges	Implications	Responses
Small permanent population base and its Impact on Market Size	<ul style="list-style-type: none"> • Limited local customer base • Limited revenue potential locally • Limited potential for "full-time" income • Commitment of time 	<ul style="list-style-type: none"> • Diversify and extend local product and service lines • Develop alternative incomes • Develop niche market with a reach outside the community
Small permanent population base and its Impact on Human Resources	<ul style="list-style-type: none"> • Limited labour pool for skilled and casual employees • Difficulty attracting and retaining • Commitment of time 	<ul style="list-style-type: none"> • Create active roles in business for spouses • Employ and train family members • Structure operations so limited need for employees • Hire locally when possible • Work long hours
Rural Location and Access to Urban Centres	<ul style="list-style-type: none"> • Trouble getting supplies in and product out • Distributors may not deliver • Increased time, money, and effort to supply • Possible burnout due to over commitment 	<ul style="list-style-type: none"> • Make the trips themselves • Develop cooperative relationships
Infrastructure Gaps	<ul style="list-style-type: none"> • Limited access to banking services in community • Lack of broadband Internet access • Lack of some community services • Apparent lack of community support 	<ul style="list-style-type: none"> • Rely on self-financing and debt management • Use home property for business • Create a financial cushion to lessen need for regular deposits • Base the business in the home (creates its own problems) • Invest in efforts to develop community support
Large Time Demands	<ul style="list-style-type: none"> • More time required for basic business tasks • Possible burnout 	<ul style="list-style-type: none"> • No easy answers • Extended holidays

Despite these challenges, these owners and their businesses have managed to survive. Most have been in operation for at least five years, with some over twenty years. Given these survival rates, these businesses can be seen as successful (Marchington, Carroll, and Boxall, 2003). More importantly, these owners define themselves as successful, albeit on their own terms. They have negotiated their challenges by drawing upon four key resources

in their quest for business survival and success: themselves, their family, business and community. Each of these will be examined in turn and are summarized in Table 2.

Table 2. The Use of Resources According to Challenge

Challenges	Resources			
	<i>Owner</i>	<i>Family</i>	<i>Business</i>	<i>Community</i>
Small permanent population base and its Impact on Market Size	Draw upon individual skills and attitudes for creative solutions and alternative income sources	Draw upon family skills and attitudes for creative solutions and alternative income sources Draw upon the family as part of strategic marketing	Draw upon the business as a resource of product and service diversification and niche product development	Draw upon the community for a geographical marketing advantage Draw upon residents as customers
Small permanent population base and its Impact on Human Resources	Draw upon individual attitudes towards self-reliance, independence, creativity and hard work	Draw upon family as employees		Draw upon residents as employees
Rural Location and Access to Urban Centres	Draw upon individual attitudes towards self-reliance, independence, creativity and hard work	Family members make the necessary trips		Draw upon community resources for networks and partnerships
Infrastructure Gaps	Draw upon individual attitudes towards self-reliance, independence, creativity and hard work	Draw upon family resources for property and financing		Community investments to limit impact of gaps
Large Time Demands	Draw upon individual skills and attitudes	Draw upon family members to share the workload	Draw upon seasonal nature of many businesses to have extended respites Develop business potential to limit the need for alternative incomes	

At a primary level, these owners draw upon their human capital to devise responses to this challenging environment. Specifically, the owners use their experiences and skills to develop their businesses as well as the often necessary alternative incomes. They are creative and resourceful in their search for solutions; they work long hours and are prepared for the required amount of effort needed for business success. The owners’ mindsets and approaches to their challenges are other important considerations as they relate to individual and business objectives. The owners do not expect to generate high revenues and profits. Instead, the business is seen as a means to meet other non-monetary goals, such as the ability to stay within the rural community and to create employment for themselves, family members, and others in the community. For some owners, these challenges are merely another business cost associated with achieving their objectives.

The family becomes another valuable resource for the owner and their business. First, the family home is an important support to the business because its often mortgage-free status reduces operating costs and the need for outside financing. Second, family members, particularly spouses, are very involved in the business as employees and partners, reflecting their long-term commitment to the family, business and community. Third, these spouses often provide a necessary additional income to maintain family and business financial viability. Finally, through business webpages and other marketing materials, many of these rural businesses use the family as a means to create market differentiation from their competitors.

The owners also draw upon the business itself as a resource. In some cases, the business provides access to a niche which the owner can exploit profitably. For other businesses, where owners are restricted to a more local market given the nature of the products and services, the business itself may suggest possibilities for product and service diversification to expand the customer and revenue base. The business may also be a platform for additional enterprises that build on aspects of the core business and operate alongside it.

The final resource is the community itself. It is a source of customers, local suppliers, mentors, and other business opportunities. The community also becomes part of the enterprise's marketing campaign, allowing it to capitalize on a romantic notion of place. Finally, these business owners develop partnerships with local residents to support their efforts and address certain challenges. This resource is one which the owners further support by assisting in efforts to build capacity within the community, thus creating a reciprocal relationship.

These owners are able to create success, albeit on their own terms, by drawing upon these four resources to mitigate their challenges within the rural environment. Through these businesses, they have found a way to remain in their rural communities.

Discussion

These findings contribute to the discussion of rural economic development and small business on two levels. First, it extends the understanding of the challenges faced by rural small businesses and the types of resources upon which the owners draw to meet these. Second, this knowledge can be applied to governments and support organizations as they develop policies and programs which are better suited for this complex rural environment.

This research extends the understanding of the challenges facing rural businesses by focusing directly on the rural business owner themselves. With this knowledge, previous assumptions are examined and clarified. In addition, while the rural environment may not be perceived to be conducive to small business operations due to the many challenges present, there is reason to be optimistic for these owners and their businesses. As these owners demonstrate, a variety of economic opportunities exist in these locations. In addition, strategic resources are available locally for the small business owner to employ to mitigate their challenges. However, these resources are not the traditional ones advocated by management researchers through theories such as the "Resource-Based View of the Firm". This model advocates the use of strategic resources such as patents, trademarks, trade contracts, and others in order to create competitive advantage, all of which are not easily available in the rural context. Instead, the entrepreneur creates success by deploying the available resources from their context (Aldrich and Martinez, 2001; Dinis, 2006; Haber and Reichel, 2006). This situation reinforces the importance of the context in which the entrepreneur operates for it influences and shapes the type and amount of resources that are available (Mankelov and Merrilees, 2001; Meccheri and Pelloni, 2006). As seen with these sample businesses, the key resources for rural small business owners are much closer to home, quite literally in many cases, and fit within the owners' internal focus and independent natures. These individuals prefer to resolve their challenges themselves with the resources at hand, rather than drawing upon supports, financial and otherwise, from outside the community.

This research also provides guidance for policy makers and support organizations by providing a framework for analyzing the owners' challenges, responses and resources. By understanding the challenges faced by rural businesses from their point of view, policy

makers can develop policies and programs that are better suited for the rural environment (Shields, 2005; Stathopoulou, Psaltopoulos, and Skuras, 2004). In this regard, policy makers at all levels can either lessen the challenges faced by rural small businesses or strengthen the resources that are available to the owners.

As a result, the role of government begins to shift. Rather than being a provider of loans, grants, advisors, and business support, which the case study owners do not appear to draw upon, government can instead focus on lessening the challenges in the rural environment. Consequently, government economic development policy, particularly at the local level, may become broader and include other departments and ministries beyond the traditional ones of small business and economic development. The advantage to this approach is that more businesses can be supported and encouraged than is possible through a funding program. For example, to address the challenge of a small permanent population base which may be in decline, government could support efforts to encourage residents to remain and others to move to a community. This might include ensuring that hospitals and schools stay open, even with declining enrollments, and extending broadband, high-speed Internet to these communities. This last step is similar to past efforts that provided basic telephone services to rural residents (Dillman, 1991; Field and Teslyk, 2004). Government could also undertake “buy-local” campaigns to encourage residents to support local businesses, rather than purchasing from outside the community (Kirby, 1982, 1987; Markey et al., 2005). Finally, given the difficulty that a single business has in drawing more tourists, government, particularly at the local level, could develop regional marketing campaigns to accomplish this goal.

In terms of access challenges, government could consider extending and improving the transportation infrastructure through network upgrades. Within the specific British Columbian context, B.C. Ferries, which provides ferry transportation between the islands, could re-envision its role as mere transportation provider to the small islands to that of an instrument of economic development, and reinstate route subsidies to these islands. This action would facilitate the continued flow of tourists to these islands, while keeping costs associated with logistics relatively low for the businesses based there (Anon, 2007; Knox, 2007). There is also a role in extending support services to these communities. For example, instead of having the small business owner travel to urban centres to access these services, an argument could be made to provide mobile legal, accounting, banking, and other support services. Many communities already have access to mobile banking (Oborn, 2000). In addition, an Australian pilot project where business advisors travelled to the rural community to meet with owners has proven successful (Mazzarol, Reboud, and Tye, 2006).

Various policy makers and support providers can also strengthen the resources available to these rural small business owners. At a basic level, government can further develop human capital through education and training at all levels. Human capital development has been identified as one of the most critical elements in rural economic development (Labrianidis, 2006; Mishra, 2005). At the primary and secondary level, through the incorporation of entrepreneurship and small business into school curriculum, children would receive training in the skills necessary for business operations. Besides skill development, these programs might reinforce small business and entrepreneurship as viable career options. As a result, young people may be more encouraged to stay in the rural community because they can create their own opportunities through a small business (Drennan, Kennedy, and Renfrow, 2005; Malecki, 1994). These policy efforts could be reinforced through programs that promote, support and encourage entrepreneurship and small business skill development among adults. However, given access challenges, any educational opportunities should be delivered within the rural community, rather than requiring individuals to travel (Anderson,

Tyler, and McCallion, 2005; Mazzarol, Reboud and Tye, 2006). An important component of this training should be the incorporation of examples of successful rural business people to serve as role models and as evidence of the feasibility of business operations in rural communities, thus providing further encouragement to those considering this option (Lundstrom and Stevenson, 2005; Skuras et al., 2005).

Training and education programs for potential rural small business owners could also include an evaluation of the availability of these necessary resources for successful operation in the rural environment (Dyer Jr. and Mortensen, 2005). Questions to consider within the programs might include: Does the potential business owner have the human capital, support from the family, and capacity in the proposed business to be successful? Is the necessary infrastructure in place within the community? Is the community supportive of entrepreneurs? The answers to these and other questions would guide the individual as they start up their business. The framework also becomes valuable as owners consider product and service diversification and the development of additional businesses through the evaluation of resources which could be transferred to new operations (Alsos and Carter, 2006).

Finally, the community could play an important role in strengthening itself in order to support small business and entrepreneurship. First, community leaders can encourage ongoing efforts to create an entrepreneurial culture by recognizing the important role that small business plays within their communities, and by assisting with business opportunity identification as well as addressing local infrastructure gaps (Diochon, 2003; Lundstrom and Stevenson, 2005). This more active role would be in contrast to past efforts to limit entrepreneurial behaviour because it is seen as different (Bryden and Hart, 2004; Labrianidis, 2004). By shifting this perspective, more individuals may start businesses to the ultimate benefit of the community. Finally, efforts to address local infrastructure gaps are important steps to strengthening this resource to the benefit of small businesses and residents alike (Dunnett, 2005; West, Bamford and Marsden, 2008).

Conclusion

This research explores the challenges faced by rural businesses from the perspective of the owners themselves. However, additional exploration in this area must be undertaken. This research was limited in geographical scope and sample size. Within a larger study, a comparison between business owners who are located in locations which are more accessible to urban locations and have fewer infrastructure gaps should be undertaken to determine if there are any differences in challenges, responses and resources. In addition, a more comprehensive survey of rural businesses in this geographical location and beyond would generalize the challenges, responses and resources, further supporting potential changes to government policies and programs.

While the rural environment is not without its challenges, opportunities and resources also exist for small business development. As can be seen in these case study businesses, these owners are overcoming their challenges to create successful rural businesses, albeit on their own terms, with resources that are available within their context. While these businesses are without glamour, as characterized by Brush and Chaganti (1999), they are still the backbone of these rural communities, both in an economic and non-economic sense. The owners provide products, services and often employment, as well as invest in the local economy to assist with ongoing efforts to develop and sustain community capacity. Potentially more effective policies and programs can be developed to support efforts to create economic development at the community level.

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