

# **Toward a Model for Developing and Sustaining Successful Rural Entrepreneurial Communities.**

## **Student**

Name: David Power

Email: [dzpower@wit.ie](mailto:dzpower@wit.ie)

## **Supervisors**

Name: Mary T. Holden

Telephone: 353 (0)51-845600

Fax: 353 (0)51-302688

E-mail: [mtholden@wit.ie](mailto:mtholden@wit.ie)

Name: Patrick Lynch

Telephone: 353 (0)51-845642

Email: [plynch@wit.ie](mailto:plynch@wit.ie)

Department of Management and Organisation,  
School of Business,  
Waterford Institute of Technology.

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# **Toward a Model for Developing and Sustaining Successful Rural Entrepreneurial Communities.**

**David Power, Patrick Lynch and Mary T. Holden  
Waterford Institute of Technology**

## **ABSTRACT**

While the relationship between entrepreneurship and economic development has a long lineage, the idea of developing rural entrepreneurial communities to mobilize local resources in order to support a competitive advantage has only received very scant attention in the literature. This paper explores the opportunity for rural communities to become more innovative by uncovering the constituent variables that enable them to develop their entrepreneurial capacity and capability. This should facilitate the basis for the development of a model for rural entrepreneurial communities and thus make a significant contribution to both theory and practice.

## INTRODUCTION

A major objective of recent supranational and national policies is the socio-economic equity and cohesion of all regions within the European Union (EU) and the Irish state, as such the central focus of these policies is the diversification and development of the non-farm rural economy in order to arrest the socio-economic decay of many rural communities. One of the major characteristics of the Irish economic performance has been that national prosperity has been at the expense of certain regions within the national economy (Irish Rural Development Programme 2007-2013). Traditionally, economies of scale and scope and the resulting reduction in transaction costs are identified as the main reasons why multinationals and other organisations will tend to locate in centres of large populations. This creates a cycle in which areas of large population will continue to grow, while areas of lower population will continue to decline and become more dependent on lower skilled jobs and lower levels of industrial activity (National Spatial Strategy 2002-2020). Indeed, as the Irish Rural Development Programme 2007-2013 notes, the socio-economic characteristics of rural areas has changed rapidly in the last ten years: (1) depopulation and an increasingly aging rural population, (2) the majority of rural dwellers are neither farming or directly dependent on agriculture, and (3) although agriculture still continues to be the major generator of economic activity in rural areas, the long-term trend is for the relative significance of conventional farming to decline, especially as a provider of employment and incomes.

Although rural entrepreneurship has been acknowledged in academic and government circles as a key driver in rural socio-economic development (Irish Rural Development Programme 2007-2013; Cap Rural Development Plan 2007-2013) and there has been a number of research calls to explore how rural under-development can be addressed through rural entrepreneurship (Wortman, Jr. 1990; Jack and Anderson 2002; Stathopoulou et al. 2004), few research agendas have addressed this issue. Consequently, the knowledge-base concerning rural entrepreneurship is insubstantial, representing a 'green-field' for interested academics and researches.

A review of the extant literature indicates that most entrepreneurship research tends to centralize the individual entrepreneur, such as his/her traits and characteristics, as opposed to entrepreneurship at a group level (Haugh and Pardy, 1999), which is considered in this proposed work to be the community level. Further, even when rural entrepreneurship is the primary research aim, the tendency is to focus more on the larger picture of rural sustainable development or regional development rather than at the local, community level (cf. Efstratoglou and Psaltopoulos, 1999). The foregoing highlights that there is a gap in the research literature concerning the role and functions of an entrepreneur's socio-economic network and the affect of the rural context on the development and sustainability of rural entrepreneurship. Recently, the factors and variables influencing entrepreneurship in local rural communities have been analyzed (Hugh and Pardy, 1999; Jack and Anderson, 2002), thereby providing this proposed piece of work a knowledge-base on which to build. The motivation for this proposed study is two-fold: first, to remedy what is seen as a paucity of research on the evolution of rural entrepreneurial communities (Stathopoulou et al. 2004) and,

second, to inform policy makers/implementers on how rural development can be successfully achieved.

Based on the foregoing, the purpose of this paper is to present insights into rural entrepreneurship by utilising a network, community-based view in order to examine how the rural context and an entrepreneur's social embeddedness within the local community both inhibits and enhances entrepreneurial success. The rest of the paper is organised as follows. The next section of this article outlines the theoretical background of the study, which is based on social embeddedness. Next, a synthesised discussion on the most salient aspects of rural entrepreneurship that led to this investigation is presented. Subsequently, a discussion on the individual and community dimensions influencing entrepreneurship in local rural communities are presented. In the concluding section, academic implications for our argument are explored and future directions for research are also discussed.

## THEORETICAL FOUNDATION: SOCIAL EMBEDDEDNESS

The embeddedness literature is primarily concerned with the notion that economic actions are influenced by the social context in which they are embedded in (Granovetter, 1985; Gulati, 1998). In essence, economic action does not take place in a social vacuum, but rather, economic actors, to varying degrees, are imbedded in social networks of relationships that affect and shape the actions taken by the actors in the network (Uzzi, 1996; Marsden, 1981). For Granovetter (1992), there are three broad analytical approaches for examining the influence of social networks, explicitly relational, structural and positional embeddedness. The former suggests that within a relationship, actors who are linked together by strong ties are likely to have higher levels of closeness, reciprocity and indebtedness than weak ties (Granovetter, 1973). Gulati (1998) suggests that relational embeddedness should facilitate a shared understanding of expected and accepted behaviour due to the increased likelihood that social actors will socialise, share sensitive information with each other, and discuss opinions, which in turn will influence their actions. The actors are embedded in social attachments and affiliations, “a process that injects into the business exchange expectations of trust and shared norms of compliance...that become internalized through socialization, generating powerful principles of self-enforcement that go beyond ‘good faith conformity’ norms; they furnish shared expectations that govern conduct (Uzzi and Lancaster, 2004: 321). Indeed, for the authors, the stronger the social tie, the more probable it is that social actors will emulate each others behaviour.

Structural embeddedness, on the other hand, refers to the overall architecture of the network; it is a congregation of how many parties interact with one another and how likely they are to discuss these interactions (Granovetter, 1985; 1992). For Jones et al. (1997: 924) structural embeddedness is critical to understanding how social mechanisms coordinate and safeguard exchanges in networks because “it diffuses values and norms that enhance coordination among autonomous units, and it diffuses information about parties' behaviors and strategies that enhances safeguarding customized exchanges” (Jones et al. 1997: 924). In essence, it provides the foundation for social instruments to function effectively because it facilitates the fostering of a social order among the network actors. This social structure is the rules, often, unconscious assumptions about how network agents act in their exchanges with others

(Senge, 1990). These social rules govern network actions and shape dispositions towards the future, while at the same time, these rules are reaffirmed through being enforced by the actors in the network (Gulati, 1998).

Furthermore, according to Gulati and Gargiulo (1999) positional embeddedness focuses on the actor's purpose and overall situation in the network and the consequent information advantages. For example, the more central an actor's network position, the more likely they are to have better information about a larger assembly of potential actors in the network (Sorenson and Stuart, 2000). Stuart (1998) explains that high positional embeddedness leads to a greater absorption of capacity and an increased likelihood to search beyond the existing information centre. Positional embeddedness aims to bridge the gap to other networks, influence existing networks and create new networks (Arya and Lin, 2007). Central actors have a larger intelligence dimension through which they have access to superiority information about other actors (Gulati and Gargiulo, 1999). In addition, central actors have greater access to external assets as they are considered to be more prestigious (Brass and Burkhardt, 1992). Perceptible central actors in a network enhance their attractiveness to potential actors through information gathering, for example, under conditions of high uncertainty, the prestige of network positions introduces reputation differences which suggest that central actors have greater experience and networking capabilities (Arya and Lin, 2007). Prior empirical studies investigating positional embeddedness state that actors with high centrality are pursued by other actors to enter alliances over potentially new actors (Stuart, 1998). However, high positional embeddedness of central actors makes it possible to form alliances beyond the area of high network concentration (Stuart, 1998). It is also widely acknowledged that actors with alternating positions within a network structure have an important role in the flow of resource, and ultimately in the entrepreneurial outcomes that follow (Hoang and Antoncic, 2003). In essence, this sense of shared social order is a congruent understanding among network actors of expected and accepted behaviour and so structural, relational and positional embeddedness allows the use of collective sanctions (Uzzi and Lancaster, 2004). This implies that the more structural, relational and positional embeddedness within a network, the more constraints there are on each actor's behavior (Burt, 1992; Gulati, 1998).

Conversely, actors that find themselves deeply embedded can face major obstacles and this in turn can prevent the exploitation of further opportunities. Uzzi (1997) puts forward an argument that excess embeddedness (e.g. many strong ties and few weak ties) may very well obstruct the flow of information through a network due to the omission of necessary ties connected to the same actors. Depending solely on strong ties can create a tight network circle resulting in entry barriers. This eliminates a new actor from the public domain entering the cohesive network (as a result of over embeddedness) that could greatly contribute to the network's overall performance. According to Granovetter (1985) embeddedness can lead to fraudulent behaviour due to actors becoming more embedded; trust becomes the corner stone of the network and can generate circumstances where misconduct is favoured over ethical behaviour. This finding is consistent with Heimer's (2001) analysis of corporate misconduct. Uzzi's (1997) research on circumstances in which embeddedness can directly or indirectly obstruct economic performance. If actors within a network only associated with strong social ties generating entry barriers through narrow-mindedness rather than value it is only then, as Portes and Sensenbrenner (1993) point out that networks

become a source of inefficiency and discrimination. Jones, et al., (1997) describes the most advantageous point of embeddedness as a point in time where actors are neither connected to tightly nor to loosely within the social network. It is only at this point that actors will only act on mutual exchange and the consequence of exchanging private information is limited due to trust issues within the social structure. Violation of trust can create powerful negative judgment and reverse the benefit of embeddedness (Uzzi, 1997).

## RURAL ENTREPRENEURSHIP: THE RELATIONSHIP BETWEEN EMBEDDEDNESS, INDIVIDUAL AND COMMUNITY

Wortman (1990) describes rural entrepreneurship as the creation of a new organisation that introduces a new product, serves or creates a new market, or utilises a new technology in a rural environment. A key driver in rural socio-economic development is rural entrepreneurship (Wortman, Jr., 1990; Irish Rural Development Programme 2007-2013). Opportunities are arising in rural areas for rural entrepreneurs to generate economic activity by starting their own businesses; this in turn will create job opportunities for people living in rural areas (Gladwin et al, 1989). Economic activity in these rural communities provides local employment, encourages re-spending in the local area and can provide sufficient incomes for business owners (Gladwin, 1989).

Fostering rural entrepreneurship is critical in order to preserve livelihood in communities of low population, making use of limited resources and anticipating current and future trends (Henley et al., 2006; Petrin and Gannon, 1997. According to Van Der Ploeg and Renting (2000), the economic successes of some rural communities rely on further diversification, development of clusters and adoption of new technologies. For Kulawczuk (1998) this is because rural entrepreneurship occurs in economically and socially depressed areas with inadequate infrastructure, economic stagnation, low levels of education, low skilled workers, low income, and a culture not supportive of entrepreneurship. Previous research by Smallbone et al (2002) has found that small firms in rural areas suffer from a number of disadvantages, such as distance from key markets, access to finance and embedding difficulties into an appropriate support structure. Indeed there is a general consensus in the literature about the obstacles to entrepreneurship: low population, remoteness, access to markets, capital, labour, peers and infrastructure as well as cultural attitudes towards entrepreneurship (Dabson, 2001). Low population density limits local demand and makes it difficult for rural businesses to achieve economies of scale or critical mass (Low et al, 2005). Without such economies, their products and services must be sold at higher prices, often beyond the reach of local customers, thus limiting their market. Rural entrepreneurs have no choice but to sell outside their regions. The difficulties in achieving economies of scale are all apparent for those who provide services to small businesses. Entrepreneurs in rural communities are less likely to find the resources and services that are taken for granted in more urban locations (Dabson, 2001). Finding innovative ways of supporting entrepreneurs and encouraging indigenous business is now seen as critical for economic success in rural regions (Henley et al., 2006).

Extant research clearly indicates that entrepreneurs are vital to the establishment of vibrant economic rural communities. However, rural communities in general often find it difficult to attract high growth entrepreneurs as infrastructure and remoteness of rural places often restrict the entrepreneur's ability to get the resources they need to build high-growth businesses (Henderson, 2002; Henderson, 2002; Dabson, 2001). Indeed, the success of entrepreneurs tends to vary within rural communities (Acs and Armington, 2003). For Dadson (2001) it is the the social and economic composition of rural communities which have a dampening effect on entrepreneurship (Dadson, 2001:36). Entrepreneurs rely on internal linkages that encourage the flow of goods and services, information and ideas. The intensity of family and personal relationships in rural communities can sometimes be helpful, but they may also present obstacles to effective business, relationship-business deals may receive less than rigorous objectivity and inter-community rivalries may reduce the scope for regional cooperation (Dabson, 2001:37). More often than not, rural entrepreneurs are unable to gain convenient access to considerable markets, and this often leads to inequality between rural and urban markets (Henderson, 2002). Simiarly, Acs and Armington, (2003) states that entrepreneurs tend to find it difficult to build social networks in rural communities which in turn limit creation.

For Osgen and Minsky (2007) overcoming these obstacles requires a focus on creating self-sustaining rural communities that will increase sources of income, support development of infrastructure, build capacity, revitalise the rural community and make a significant impact in alleviating poverty (Ozgen and Minsky, 2007). For both Statopoulou et al. (2004) and Jack and Anderson (2002) it is this embeddedness of the entrepreneur within the local rural community which is a key factor in the development and maintenance of self sustaining communities and business. This perspective arises from Giddens' (1984) Structuration Theory, whereby entrepreneurship is seen "as an embedded socio-economic process, i.e. a process drawing from the social context which shapes and forms entrepreneurial outcomes..." (Stathopoulou et al. 2004, p. 415) and implies that entrepreneurial activities are enhanced and constrained by the rural community in which he/she is embedded in. Indeed, in the entrepreneurial literature, there is firm evidence that entrepreneurial networks are critical to the creation and development of an entrepreneur's new enterprise (cf. Jack et al. 2004).

Based on the foregoing, in order to understand the concept of entrepreneurial embeddedness in a rural community we must first analyse the entrepreneur at an individual level. This analysis will give an insight into the different behaviours of the entrepreneur and how these behaviours will effect the entrepreneur's individual embedding into a community setting.

## THE INDIVIDUAL

Zimmer and Scarborough (1998:7) define the entrepreneur as: "One who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying opportunities and assembling the necessary resources to capitalise on them". Entrepreneurs develop from many sources: the ranks of the unemployed, private workers and corporate managers. Many begin as part-time entrepreneurs. Entrepreneurs are defined as self-employed, which is the 'simplest type of entrepreneur' (Blanchflower and Oswald, 1998). These people satisfy the basic characteristics of entrepreneurs. They own their own business, exert management

control in the business, and have the right to contract business profit. They also assume the risk of losing their business (Low et al, 2005). Not all entrepreneurs are alike in their impact on local economies (Henderson, 2002). Some entrepreneurs start their own business to fulfil a dream or follow a chosen lifestyle (Low et al, 2005). The most important psychological factors identified are the need to achieve, locus of control, risk-taking propensity and tolerance of ambiguity. These traits, combined with demographic factors are indicators of entrepreneurship. However, in the literature there is considerable debate as to whether entrepreneurs are born with these natural entrepreneurial qualities or whether these can be taught to an individual (Shapero, 1975).

#### Psychological factors

*Need for achievement:* according to McClelland (1961) entrepreneurs have a high need for achievement, and that characteristics make them more suited to creating new ventures. McClelland (1961) stressed the significance of family socialisation and parental influence in developing the need for achievement and he argued that people with a high need for achievement would be found to have desire to take personal responsibility for decisions involving degrees of risk. McClelland (1961), in his various studies has shown the importance of the achievement motive for economic development. Founders of business have a higher level of need for achievement.

*Locus of control:* an internal locus of control is more strongly associated with entrepreneurship in terms of risk (Sexton & Bowman, 1985). People will attribute the reason why something happens, either to themselves or to the external environment (Hansemark, 1998:35). Those who appear to have control over occurrences have an internal locus of control and will be referred to as internal. People who seem to think the control over what happens is positioned with external forces have an external locus of control and will be referred to as external (Rotter, 1975). Locus of control has been of great interest in the field of entrepreneurial research and has been identified as one of the most dominating entrepreneurial characteristics (Venkatapathy, 1984). Many studies have pointed out that founders of new business have more internal locus of control than non founders (Begley and Boyd, 1987).

*Risk taking propensity:* according to Knight (1967) and Drucker (1985), entrepreneurship is all about taking risk. The individual's risk taking propensity to exploit a gap in the market along with time and capital investments into an uncertain venture contribute immensely to entrepreneurial activity. Therefore, the performance of the entrepreneur is reflected in the individual's willingness to put his or her career and financial security on the line (Cunningham and Lischeron, 1991). The propensity to take risk is closely associated with the individual's orientation to taking chances in uncertain decision making circumstances such as bearing and tolerance of ambiguity greater in entrepreneurs than managers. Entrepreneurs prefer to take moderate risks in situations where they have some degree of control/ skill in realising profit. Sexton & Bowman (1985) point out that risk taking can be dependent on the perception of the situation and the perception of decision makers of themselves as experts in the field (Prospect Theory); individuals take more risks in situations where they feel competent. Entrepreneurs, in general, have a high need for autonomy and a fear of external control (Sexton & Bowman, 1985). Entrepreneurs enjoy the freedom of being

their own boss and individual. The desire to manage ones owns business is a central feature of entrepreneurship, hence, the high desire self-fulfilment.

*Tolerance of ambiguity:* ambiguity is defined as ‘tendency to perceive ambiguous situations as desirable’ and tolerance of ambiguity as ‘the tendency to perceive ambiguous situations as sources of treat’ (Budner, 1962). Ambiguity occurs when there is ‘no clear interpretation of a phenomenon or set of events’ (Hunter, 2006: 45). Entrepreneurs know how to put the right people together to accomplish a task. Effectively combining people and jobs enables entrepreneurs to transform their vision into reality (Begley and Boyd, 1987).

#### Demographic Factors

*Gender:* gender is an important factor explaining the different prosperity levels of individuals towards entrepreneurial activity. Gender distribution of entrepreneurship also determines the character and societal impacts of the resulting entrepreneurship (OECD, 2004). Depending on the gender system of an economy, woman’s entrepreneurial activity levels are usually lower than men’s levels. At the same time, women’s entrepreneurship tends to have different industrial composition than men’s entrepreneurship (Carter et al, 2001). Women also start and manage firms in different ways and for different reasons than men (Brush, 1992). Women often have access to ‘fewer resources, less knowledge and have in many countries a lower societal position than men’ (OECD, 2004:30). Nevertheless, women’s entrepreneurship has been recognised during the last decade as an important untapped source of economic growth (OECD, 2004). Many of the studies carried out, to date, suggest that entrepreneurship is a male dominant field. However, that trend is changing. The last decade has been one of the most successful for female entrepreneurs. Some sociologists emphasize the importance of entrepreneurial opportunity in the entrepreneurial process (Bridge et al, 1998).

*Age:* according to Singh and Verma (2001) the decision to become an entrepreneur is affected by different factors along an individual’s life cycle. Labour economists, using income-leisure choice models, have usually attributed the choice of leisure to older workers (Singh and Denoble 2003). This would indicate gradual decline in the propensity of individuals towards entrepreneurial activity as they become older. This decline starts past a climax point around the late thirties, at which point most entrepreneurs enter into entrepreneurship following a period of labour activity (Katz, 1994). The link between age and entrepreneurial activity is double sided, whereas older individuals usually have greater tangible and intangible resources essential for successful business creation, younger individuals often have a greater drive and ambition needed to preserve through the entrepreneurial process.

*Education:* education influences people’s attitudes towards starting their own business (Donkels 1991, Krueger and Brazeal, 1994). Individuals with lower education levels may see in entrepreneurship an opportunity to advance, economically and socially, beyond the constraints imposed by their formal education (Donkels, 1991). However, individuals with lower formal education may have narrower scope of entrepreneurial opportunities available to them (Krueger, 1993). As for individuals with higher educational attainments, on the one hand, they tend to have greater technical and managerial skills that open up a larger array of possible entrepreneurial opportunities (Krueger, 1993) On the other hand, greater formal educational levels have also been

associated with greater employment opportunities leading to a higher opportunities cost of entrepreneurial activity (Johansson, 2000).

*Family:* the family has inevitable one of the biggest influences on major life decisions, such as determination of a career path. Individuals coming from families where there is entrepreneurial activity are much more likely to set up a business as well as the exposure to a business climate within the family, from an early age, seems to act as a strong influence of entrepreneurial behaviour (Grenholm et al 2004). Parents are the primary role models in the early socialisation of children. Parents affect both the personality development and career attitudes of their children. Factors such as parent's occupation, social status, birth-order, and the relationship with parents have been found to be determinates of entrepreneurship. According to Edward Miguel et al, having had a mother being a boss or a director has a negative effect on entrepreneurship, although the reasons are unclear. Having entrepreneurs in the family and among adolescent friends is highly significantly and robust. Although interpreting this as a causal effect is complicated by identification problems.

The conclusion follows that entrepreneurs have the ability to perceive profitable opportunities even when young and that early life experiences shape prominent patterns of behaviour among entrepreneurs. The theory that the majority of entrepreneurs are first-born children has been cited in several research studies as one of the primary demographic factors of entrepreneurs. The use of birth order as associated with entrepreneurship has centred on the assumption that individuals born first in their family inherit or develop a set of personality characteristics that predispose those individuals to entrepreneurial behaviours at some point during their lives. It is argued that first or only born children experience greater degrees of isolation than later born children. This is claimed to result in higher levels of motivation to achieve recognition through manipulation of material objects rather than social skills and sociability (Garavan, 1997).

## THE COMMUNITY

As previously discussed, embeddedness is the means whereby an entrepreneur becomes part of a local structure (Jack and Anderson, 2002). Being embedded allows the individual entrepreneur access to necessary resources and more often than not embeddedness within a community setting has created opportunities (Jack and Anderson, 2002). As a process embeddedness entails developing credibility and acquiring knowledge of how business is conducted. Therefore, entrepreneurial embeddedness in a rural community has a significant impact on the entrepreneurs' activities and influential in way their business is established and managed (Jack and Anderson, 2002). Uzzi (1997) explains that opportunities are unlikely to be available to those not embedded. Entrepreneurial embedding, consequently, creates a link between the economic and the social spheres. The social bond enables rural

entrepreneurs to more effectively exploit economic opportunity. Research into embeddedness can help to advance understanding of how social structure affects economic life (Jack and Anderson, 2002). Social embeddedness is relevant to entrepreneurship because it helps the rural entrepreneur identify social resources, as an essential step to founding organisations. Furthermore, being embedded within the social context means an increased likelihood of rural entrepreneurial activity.

Although rural businesses have been studied in many ways, few have considered the social aspects (Gulati, 1998). A benefit of using rurality as a context is that social process is easier to observe and social influence is likely to be more obvious (Jack and Anderson, 2002). Being embedded had specific benefits for the rural business operation, knowledge and trust: knowledge about the entrepreneur and trust in them, together with knowledge about the local circumstances that the entrepreneur draws upon in the environment in when establishing and developing a new venture. However, value is also produced by the establishment of the venture and grounded in its contribution to the local community. Hence, we see a circular process of embeddedness drawing from (the local environment) and giving to (the local environment) (Jack and Anderson, 2002).

Wortman (1990) illustrates that by examining the entrepreneur within the context of rurality illustrates the importance of embeddedness in the entrepreneurial process. However, it means more than simply developing social networks although it is through these that social backing and acceptance occurs. This evidence suggests that the level of embeddedness in the local environment is determined by the networks, ties and relationships of the entrepreneur (Granovetter, 1985). Thus social networks provide the means for becoming embedded. Jack and Anderson (2002) explain that embedding is a two-way process of gaining credibility, knowledge and experience. Hence, reciprocity provided the entrepreneur with knowledge contacts and resources, but this was only achieved when the local community knew the entrepreneurs. Being socially embedded essentially enables access to latent resources otherwise not available to the individual entrepreneur (Jack and Anderson, 2002).

Enhancing economic redevelopment of entrepreneurially depressed areas must begin at a local community level, then progress to a regional and then a national level (Crego, 1985). Enticing economic development in depressed areas often involves going beyond the 'community walls' and encouraging industry from more economically vibrant areas. This tactic assumes that entrepreneurs choose environments in which to operate over opportunity exploitation where as research categorically stresses the latter. Ventures are inhibited by entering communities by the local residence (Johannisson, 1987). Schumpeter (1934) has discovered that there are also a number of external forces that inhibit entrepreneurial activity at a community level. He also stresses that entrepreneurs face resistance from the social environment within the community. This is consistent with the research findings by Johannisson (1987). However, Welsch (1988) has devised a list of such inhibiting external factors:

- Conflicts between reformers and conservatives
- Neglecting research and development
- Poorly developed university system
- Uneven distribution of capital
- Volatility of stock markets

Exporting of jobs

Viewing entrepreneurship as a prerogative of the lower classes

Inadequate accounting infrastructures and regulatory framework

Lack of rewards for individual improved performance

Johannisson (1987) found in relation to more rural communities one-company towns are characterised by anti-entrepreneurship attitudes and enforcement. Shapero (1975) reached similar conclusions regarding communities in which all resources such as employees and networks etc cluster around a single industry. According to Friedman (1987c), other constraints on rural entrepreneurship include organisational deaths exceeding births. Lower educational levels, insufficient capital for investment, distance to markets, and networking problems associated with low population density all have a negative effect on enticing entrepreneurial activity into an entrepreneurially depressed community (Low et al, 2005). Negative attitudes towards entrepreneurial injections into rural communities and the perception that business ownership is associated with low social status have been cited as obstacles by Lessem (1980), Timmons, et al (1980).

Research on the obstacles to business formation, then, substantiates the variables that stimulate entrepreneurship. At the community level, entrepreneurs create new jobs, increase local incomes and wealth and connect the community to the larger, global economy (Henderson, 2002: 51). Communities that are both small and remote make it hard for rural entrepreneurs to build economies of scale (Henderson, 2002: 51).

## CONCLUSION

In part, the focus of this research was to move traditional rural entrepreneurial research away from the individual focus to the integration of entrepreneurship at a rural community and network level. Our central argument is based on the belief that entrepreneurs are embedded socially within the rural community and that this embeddedness is a major factor in the development and maintenance of rural enterprise (Jack and Anderson 2002; Morrisson 2006), that is, the entrepreneur's activities are enhanced and constrained by the rural community in which he/she is embedded in (Stathopoulou et al. 2004). Currently, there is a gap in the research literature concerning the role and functions of an entrepreneur's socio-economic network and the affect of the rural context on the development and sustainability of rural entrepreneurship. In this regard, this article may provide some assistance, through our theoretical discussion on the factors and variables influencing entrepreneurship in local rural communities, thereby providing future research with a significant knowledge-base on which to build. Indeed, modelling the sequence of events and interactions among local actors and other agents that have unfolded over time, to shape, modify, and develop a sustainable rural entrepreneurship community is a key part of our future research agenda. This ongoing research uses Actors Network Theory and Structuration Theory to understand rural entrepreneurial communities which appears, from this paper, to be the preserve of the view. In so doing, this ongoing research will contribute significantly to both the entrepreneurial research stream and to research on rural sustainable development.

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