I Introduction: researching entrepreneurship in agriculture and rural development

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INTRODUCTION

The agriculture sector has experienced profound changes in recent years. Policy reforms have reduced the scale of support in agriculture, while demand side changes, in the form of increasing retailer concentration and complex patterns of consumer preferences, have required the development of sophisticated market-driven strategies. Farmers have demonstrated uneven abilities to adapt and adjust to these ongoing changes. The ability and propensity of farmers to engage in entrepreneurial behaviours is a key explanation of the different patterns of responses within the sector.

The ongoing changes that have occurred within the agriculture sector have attracted research attention from a variety of different disciplines. Agricultural economists and rural sociologists have documented the impact of these changes on the farming sector and their surrounding communities, while entrepreneurship scholars have focused on the abilities of some farmers to recognize and evaluate new opportunities and to use farm-based resources in the exploitation of new, often non-agricultural markets. The result has been the development of two separate disciplinary approaches, with distinctive origins, paradigms and methodologies, both of which are concerned with the role of new venture creation in rural economic restructuring, but with little evidence of any linkage between the two approaches. The aim of this edited collection is to draw together the new work of scholars – drawn from both the entrepreneurship and the agriculture research domains – that focuses on entrepreneurship in agriculture, food production and rural development.

We start by exploring perhaps the most obvious question that will occur to most readers: why should we research entrepreneurship in agriculture and rural development? It is not, after all, the most typical of sectors for entrepreneurship researchers to study; their focus is conventionally trained on emerging technology-based industries that can demonstrate
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high levels of innovation and the promise of future wealth creation and employment growth. Neither is agriculture as a sector known for high levels of entrepreneurship; for most analysts the defining characteristic of farming is the high level of support given to the sector in the form of subsidies, price support and other market regulatory mechanisms, where the ‘crucial factor for their success is not business acumen so much as their effectiveness as a political lobby’ (OECD, 1994: 62). Yet, strong links exist between the agriculture and the entrepreneurship research domains. The agriculture sector is primarily composed of small-scale, family-owned or tenanted farms that have largely survived the transition through generations. Despite predictions to the contrary, restructuring and the growth of vertical integration within the food and agri-business industries have not led to the demise of the small farm. That the sector has survived and thrived, despite the vicissitudes of the past decades, is largely attributable to the entrepreneurial capacities of farmers and agriculturalists. This book explores entrepreneurship in agriculture, a sector that has been largely overlooked by the entrepreneurship research domain, considering different facets of entrepreneurship within diverse agricultural and food-based industries and in distinctive socio-economic and cultural contexts.

THE EXCLUSION OF AGRICULTURE FROM ENTREPRENEURSHIP RESEARCH (AND VICE VERSA)

While some readers may question why entrepreneurship scholars should study agriculture, a more interesting and pertinent question to pose is ‘why has the entrepreneurship research domain ignored the agriculture sector for so long?’ The evidence demonstrating the exclusion of agriculture from entrepreneurship research is overwhelming. The sectoral focus of entrepreneurship research has generally been manufacturing, high technology and the service industries. This focus is easily justified; to varying degrees these sectors demonstrate high rates of new firm formation and employment growth potential. By contrast, agriculture is characterized by decline in employment and establishment numbers, high barriers to business start-up and complex market regulatory mechanisms. Not only is the agriculture sector noticeable by its absence from the entrepreneurship research domain, it is often overtly excluded in many governmental and privately held small business datasets. In the UK, for example, many governmental data sources, such as the Census of Production, specifically exclude agriculture, while others such as the Census of Employment do not collect data from agricultural or horticultural businesses. In the USA,
the annual State of Small Business Report to the President reports on a business population that comprises ‘non-farm sole proprietorships’. The separation of agriculture from other forms of enterprise within commonly used data sets poses practical difficulties for researchers who may, as a consequence, unquestioningly assume the existence of a level of agricultural specificity that invalidates comparisons with other (non-agricultural) types of enterprise.

While the exclusion of agriculture from entrepreneurship may be empirically convenient, it is theoretically perplexing. Several of the founding figures of entrepreneurship theory, such as Richard Cantillon, Jean-Baptiste Say and John Stuart Mill, were writing at a time when agriculture was the predominant industry and the examples they used to illustrate their ideas concerning entrepreneurial rents were typically derived from the practices apparent within contemporary agricultural production and distribution. Cantillon’s (1755) description of an entrepreneur as ‘An agent who contracts with suppliers at known prices in order to produce goods that could be sold later at uncertain prices’, describes perfectly the uncertainty-bearing activities of eighteenth century farmers who bought seeds at a known price in order to grow produce which was later sold for an unknown return. Hence, the origins of contemporary entrepreneurship theorizing are based to a considerable extent upon eighteenth century agricultural practices.

If it is notable that the entrepreneurship research domain has conventionally excluded agriculture, it is equally notable that the domains of agricultural economics and rural sociology have been slow in appreciating the dramatic developments in scholarship that have taken place within the entrepreneurship research domain. In part this can be explained by traditionally held views of agricultural specificity; seen as a ‘special case’, traditional farming was rarely seen as a business let alone an entrepreneurial activity. The publication of Gasson et al.’s (1988) seminal review of farms as family businesses was a turning point in the way that agricultural enterprises were viewed by some scholars. Gasson and her colleagues argued that the tripartite structure of agricultural relations had been eradicated with the decline of landlords and labourers, leaving a residual mass of farms, as much as 90 per cent of which were family owned or tenanted and worked, mostly, by family labour. Although Hill (1993) argued that there were dangers in assuming that ‘small’ farms and ‘family’ farms were synonymous, it was immediately apparent that the small family farm enterprise had much in common with non-farming enterprises. Family farms were characterized by a lack of separation between management and control; profit maximization objectives tempered by the need for independence and succession; decision processes involving a number of family
members; the use of the family as a source of labour and risk capital; and the presence of a powerful ideology of independence, self-sufficiency and tradition (Gasson et al., 1988). Throughout the 1990s, the impact of agro-policy reforms focused attention both on the variety of farm-based activities that could substitute declining incomes from agriculture and on the farm household as a supplier of labour, resources and ideas for new enterprises and activities (Fuller, 1990; Shucksmith and Herrmann, 2002). While much research has considered the motivations, activities and performance of new farm-based non-agricultural enterprises, the shift towards ‘postproductivism’ and the rise of multi-functional agriculture (Evans et al., 2002; Potter and Tilzey, 2005), the analysis of farm-based business venturing has been conducted largely without reference to the entrepreneurship research domain.

THE SEPARATION OF AGRICULTURE AND INDUSTRY

The schism between agriculture and industry is much wider than is apparent within the entrepreneurship domain. Within the fields of sociology, economics, history and geography, agricultural production and the rural environment in which it takes place are largely considered separate subjects for research and teaching. While the entrepreneurship literature has concentrated on the industrial enterprise to the exclusion of agriculture, other disciplines have considered the agricultural sector in great depth, but as a separate and distinct field of enquiry from industrial production.

The separation of agriculture from industry is not simply a consequence of the subject specialization of scholars; the separation exists within the economic, political and social institutions that surround the sector. Collectively, these institutions reflect a schism between agriculture and other economic activities that reinforces a view of agricultural distinctiveness and ‘specificity’. The overriding need for food security as an issue of national and global importance, coupled with the ability of powerful interest groups to mobilize political support, ensure that agriculture has often been seen as a ‘special case’. At the economic level, this is manifested in the support that has been given to the sector in the form of production and price support and other market regulatory mechanisms. The post-war orientation towards agricultural production, originally introduced as a means of ensuring security of food supply, is deeply entrenched within the sector. Agriculture is also characterized by the existence of specialized political institutions. A common feature of both developed and developing economies is the existence of dedicated governmental
Institutions responsible for administering aid to, and overseeing the efficient functioning of all agriculture and agriculture-related enterprises. At the social level, agriculture is also made distinctive by issues surrounding land tenure. Land is distinguished from other forms of capital in as much as it is in fixed supply, is subject to topographical and climatic constraints and, most importantly, is intricately connected to a kinship structure of ownership and stewardship.

Although there is debate about the origins of the separation of agriculture and industry, clearly it is not a recent phenomenon. Kautsky’s (1988) analysis of The Agrarian Question, first published in 1899, described the separation between agriculture and industry as emerging in the early medieval period. These societies were self-sufficient, stable and composed almost entirely of peasant craftsmen. The appearance of small industries started a process of commoditization of agricultural products and spiralling specialization, which ultimately resulted in the separation of the two forms of production. While a detailed analysis of the origins of separation is beyond the scope of this introduction, The Agrarian Question is particularly noteworthy for other reasons. Kautsky’s historical analysis of the peasant craftsman provides surprising insights into many of the contemporary issues discussed within the chapters of this book. Kautsky’s description of the range of activities carried out by medieval peasants presents us with an early example of what is now known as farm diversification, and his analysis of the process of peasant proletarianization, the combination of small-scale agricultural production with off-farm employment, provides a theoretical framework for the analysis of what is now known as farm-based pluriactivity (Bryden et al., 1992).

Although it is tempting to view agriculture and industry as separate socio-economic spheres, this belies the complexity of the relationship between the two forms of production and the historical links between rural and urban societies. While contemporary analysts often perceive agriculture as having only a marginal status in relation to industry, historically agriculture was seen as central, not only in terms of employment and productivity but also in its role in the development of industry and urbanisation. As Adam Smith (1776) described in The Wealth of Nations, ‘The great commerce of every civilised society is that carried on between the inhabitants of the town and those of the country. . . . The country supplies the town with the means of subsistence, and the materials for manufacture. The town repays this by sending back a part of the manufactured produce to the inhabitants of the country.’ If surplus agricultural productivity brought about the industrialization of the eighteenth and nineteenth centuries, it was also responsible for bringing about the increase in urban residency. As urban dwelling became the norm, popular concepts of
rural life became increasingly romanticized, a view apparent in the use of Tönnies’ ([1887] 1955) terms Gemeinschaft (community) and Gesellschaft (society) as polarized descriptors of ‘rural’ and ‘urban’ (Harper, 1989).

While the historical perspective regards agriculture and industry as separate and distinctive spheres, what of the contemporary view? The rise of large-scale agri-business, vertical integration within the food chain and the adoption of industrial style management in agriculture have not only modernized traditional practices, they have diffused formerly rigid class positions and changed rural communities. The effects of these changes have not, however, been evenly spread throughout the sector and modern agriculture is as much characterized by its diversity as it is by its complexity. To a very large degree, the basis of agricultural ‘specificity’ has long since eroded. Indeed, twenty-five years ago rural sociologists argued that, ‘The answer to the question, what is specific to agriculture under capitalism, is nothing. It is not that agriculture has developed parallel to industry, but that links in complex chains connect production of specific plants and animals to equally specific manufacturing processes’ (Friedmann, 1986: 44). Given the profound changes that have taken place within the agriculture sector in the intervening period, it is questionable as to whether the separation of agriculture and industry still exists anywhere beyond the realm of academic subject domains.

DEVELOPING SYNERGIES BETWEEN ENTREPRENEURSHIP AND AGRICULTURE

Clearly, entrepreneurship has always been an integral aspect of the agricultural sector, a fact often obscured both by the presence of complex market regulatory mechanisms and the extraordinary persistence of the view that agriculture is a special case to be considered separately from other forms of economic activity. Though the development of scholarly specialization has meant that there has been little cross-fertilization to date between the domains of entrepreneurship and those of agricultural economics and rural sociology, there are strong arguments that this should change. The profound changes experienced by the agriculture sector as a consequence of policy liberalization and changes in the demand side and, in particular, the recognition of farmers’ ‘uneven propensity to adjust and adapt’ (Shucksmith and Herrmann, 2002: 37) has drawn attention to the need to better understand variations in individual attitudes and farm strategies. Despite critiques of the shift towards a ‘post-productivism’ research orientation (Evans et al., 2002), the need to understand the underlying processes that drive farm household strategies is paramount. In this
regard, the domain of entrepreneurship provides considerable research experience and depth of understanding that can be profitably applied to the analysis of the farming sector.

At the same time, the entrepreneurship research domain has much that it can learn from the agriculture sector and from the agricultural research domain. The small family farm enterprise has much in common with the non-farm enterprise and these similarities are likely to continue over time as pressures grow on farm incomes. As such the sector offers entrepreneurship researchers a unique opportunity to analyse issues that are central research themes within the domain, such as the family–business nexus, the identification and exploitation of opportunities, the management of portfolio entrepreneurship, the role of the family in business performance and growth, and business ownership over multiple generations.

The motivation for this edited collection of research on entrepreneurship in agriculture and rural development is to better understand the synergies that may exist between the two subject domains, and to explore the fruitfulness of further studies. In this regard, this book should be considered as a means of testing the water for future collaborations. The purpose is to both explore the contribution that the entrepreneurship research domain may offer to the debates surrounding agricultural and rural development, and to consider whether and in what ways a consideration of the issues surrounding the agriculture sector can illuminate some of the less well understood aspects of entrepreneurship theory and practice.

We now set the context for the subsequent book chapters by providing some initial thoughts on the potential connections that we see between the two subject domains, in particular the focus on entrepreneurial opportunities and resources that may provide an alternative theoretical lens through which to view some of the key debates within contemporary agriculture and rural studies.

THE FOCUS ON ENTREPRENEURIAL OPPORTUNITIES AND RESOURCES

The entrepreneurship field has been described by some as comprising three distinctive but overlapping views (Alsos, 2007). The innovation-based perspective derives from the work of Schumpeter, who viewed entrepreneurship as the creation of an imbalance in the market based on a new combination of resources, in the form of new products, new processes, new markets and/or new organizational solutions (Johannisson and Landström, 1999). The business formation perspective views entrepreneurship as the process of creating new business organizations, from
entrepreneurial intention to the development and establishment of new organizations. This process of organizational creation is defined as organizational emergence (Gartner, 1993) or the entrepreneurial process (Bygrave and Hofer, 1991). The opportunity-based perspective places the pursuit of an opportunity at the core of entrepreneurship (Shane and Venkataraman, 2000). Studies typically take as a starting point Kirzner’s (1973; 1997) view of the ‘alert entrepreneur’, who identifies business opportunities as imperfections in the market and coordinates resources to exploit these opportunities, thereby restoring market equilibrium (Landström, 1999). In this perspective, entrepreneurship is defined as the discovery and exploitation of business opportunities (Shane and Venkataraman, 2000).

The opportunity-based view of entrepreneurship appears particularly relevant within the context of the agriculture sector, implying a view of entrepreneurship as being concerned with the creation of new business activities through the identification and exploitation of opportunities of which the organizing of resources constitutes a vital part (Alsos, 2007). The focus on new business activities implies that the results of the entrepreneurial process may be a new firm or a new business activity within an existing firm. While farms are, of course, businesses in their own right, the focus of research and policy attention has been on the ability of farmers to generate additional opportunities, organized either as new business ventures or as part of the existing business entity (Bryden et al., 1992). The concept of agricultural pluriactivity, describing farmers’ engagement in income-generating activities in addition to ‘traditional’ agricultural production, is mirrored by the parallel concept of portfolio entrepreneurship, the ownership of multiple businesses, studied within the entrepreneurship domain (Carter, 1998; Alsos and Carter, 2006). Portfolio entrepreneurs have been identified as an important ‘type’ of entrepreneur, more alert to business opportunities and more capable of effective opportunity searching (Ucbasaran et al., 2001; Westhead et al., 2003). They are thought to place more emphasis on innovativeness, possess more individualistic and goal-oriented personal attitudes and are considered to be more ‘entrepreneurial’ than other types of business owner (Westhead and Wright, 1998).

One of the main puzzles that research relating to entrepreneurial opportunities has dealt with is why, when and how some individuals generate opportunities while others do not (Shane and Venkataraman, 2000). There seems to be agreement that some people are more able to identify particular opportunities than others, and that opportunity discovery demands the possession of the necessary information as well the cognitive ability to evaluate this information (Gaglio and Katz, 2001; Corbett, 2007).

Opportunities vary largely in complexity and characteristics, and so do
the processes through which they are identified. There appears to be at least three dimensions of such variations. Firstly, opportunities may be seen as either a Schumpeterian or a Kirznerian type (Shane, 2003). For Schumpeter ([1934] 1962), entrepreneurs used new information, a result of research or the generation of new knowledge, to recombine resources into more valuable forms. In contrast, Kirzner (1997) argued that opportunities exist due to differences in access to existing information. Knowledge about markets, how to serve markets and awareness of customer problems are particularly influential factors determining an individual’s alertness to opportunities. Secondly, opportunities may arise serendipitously or through deliberate searching (Gaglio and Katz, 2001). The view that entrepreneurs identify opportunities as a result of superior information-processing ability, search techniques or scanning behaviour places investment in information at the centre of opportunity discovery (Fiet, 1996).

Thirdly, there is also debate regarding whether opportunities objectively exist and need to be discovered or whether opportunities are subjectively created and shaped by the entrepreneur (Gartner et al., 2003; Sarasvathy, 2008). The identification of opportunities has been more recently viewed as a process which involves elements of both ‘objective’ recognition and ‘subjective’ creation (McMullen and Shepherd, 2006).

While opportunity identification and creation is the starting point of the entrepreneurial process, exploitation of the opportunity is the next stage. Successful opportunity exploitation is usually dependent upon the individual’s ability to access or mobilize the necessary resources to bring the idea to fruition. Entrepreneurial resources are usually defined as the material and immaterial assets controlled by the firm (Penrose, 1959). Firm resources are generally seen as including all of the assets, capabilities, organizational processes, firm attributes, information and knowledge controlled by the firm which makes the firm able to generate and implement strategies that gives it competitive advantage (Alvarez and Barney, 2000). Barney (1991) classified resources in three categories: physical capital resources, including geographic location, premises, equipment, physical technology and access to raw materials; human capital resources, including training, experience, judgement, intelligence, relationships and insights of the individuals; and organizational capital resources, including the firm’s structures and systems, as well as informal relations among groups within the firm and between the firm and the environment. Alvarez and Barney (2000) added entrepreneurial capabilities to this list of resource categories. Entrepreneurial assets, including learning, knowledge and creativity are intangible, but can be seen as the ability to recognize which resources are or will be valuable, acquire and develop such resources, combine resources in productive bundles and deploy them to the tasks
where they will be most effectively used. As Penrose (1959) suggested, the existence of valuable resources alone is not sufficient to create competitive advantage – how these resources are used is also important.

In the case of portfolio entrepreneurs, or pluriactive farmers, their existing businesses may serve as a seedbed for the development of new business activities (Carter, 1998; Alsos, 2007). Portfolio entrepreneurs can start to develop new business activities on the resources controlled within their existing firms, which may reduce the challenges related to the construction of an initial resource base. An existing firm provides access to resources such as organizational routines, employees, suppliers and customers, as well as physical resources such as buildings and equipment (Alsos and Carter, 2006). This may give portfolio entrepreneurs a substantial advantage over novice entrepreneurs who have yet to acquire the necessary resources to start in business. Starting a new business from an existing business base may reduce both the riskiness of the new venture and also, by sharing resources between the business activities, the costs of a new start-up.

Studies that have focused on resource sharing between business activities within an entrepreneur’s portfolio have typically assumed that benefits would flow from this type of resource transfer. Implicit in this approach is the view that resources are perceived as assets capable of contributing to competitive advantage. More recently, it has been recognized that some entrepreneurial resources may be dysfunctional, costly and constitute a liability for the new enterprise (Mosakowski, 2002; Alsos, 2007). Dysfunctional and inappropriate resources are not only evident within the physical and organizational capital resources, they may also be present within human capital resources. Experienced entrepreneurs starting new business activities may also face liabilities resulting from their existing firms. Starr and Bygrave (1992), for example, highlighted the context dependency of entrepreneurial start-up knowledge. In addition, liabilities of experience may stem from stagnated networks, an unwillingness to learn, fixed capital and other resources and reduced time availability. Reuber and Fischer (1999: 31) argued that certain resources could be both asset and liability simultaneously, ‘For example, a long tenure in a particular industry may enable an individual to perform more efficiently or effectively when starting a new venture in that industry, but also may inhibit that individual from seeing new opportunities or alternatives.’

The analysis of entrepreneurial actions from a perspective that highlights opportunity identification and exploitation, and the resources available to the entrepreneur, has been a particularly fruitful line of research within the non-farming sectors. The separation of agriculture from other forms of industry has ensured that the analysis of farm businesses has taken place
in a separate academic sphere, and has failed to come to the attention of scholars familiar with theories, paradigms and approaches that have been established within the domain of entrepreneurship research. We believe that the entrepreneurship research domain has a very specific contribution to make to the understanding of the current changes that are taking place within agriculture and rural areas, and the chapters contained within this book illustrate some of the ways in which entrepreneurship paradigms and methodologies can be applied to the analysis of these profound changes.

ENTREPRENEURSHIP IN THE FARMING SECTOR

There are three main parts within this book. The first part presents new research that has emanated from the entrepreneurship domain. This part largely focuses on the firm and the individual entrepreneurs, exploring portfolio entrepreneurship within the farm sector (farm-based pluriactivity), the antecedents and consequences of multiple business ownership, its resource requirements, and the influence and effects of the farm household.

Several chapters provide evidence of the heterogeneity of entrepreneurial activities in the farm sector. Farm-based ventures differ in the extent to which they are tied to other farm activities, types of products or services delivered, as well as in their economic impact. The reasons for these differences may, on the one hand, be related to the entrepreneurs themselves, such as their motivation, their competence or abilities. On the other hand, the resource richness and the types of resources available at the farm also play an important role.

The literature discusses pull factors versus push factors as motivation for new business start-ups. While push factors are often seen to be related to necessity entrepreneurship, these are found in developed as well as developing countries, though the extent of necessity may vary. Studying two very different contexts, Chapters 3 and 4 both found a combination of push and pull factors in the motivations of farm-based entrepreneurs. Entrepreneurs may choose entrepreneurship to move away from a dissatisfying status quo. However, to be able to succeed in these efforts they must be able to identify opportunities and redirect resources to exploit these opportunities. The ability to do so is dependent on the current situations of the farmers in question. Chapter 4 shows how the family farm as a premise may place restrictions as well as provide opportunities to the development of farm-based ventures. When families are going through transition periods, the likelihood to spot new opportunities and to act upon them may be greater than in more stable periods.

Access to resources plays a central part in all new business venturing.
The farm offers significant key resources that can be used in the development of the new ventures. Farmers, who are able to redirect existing resources, can utilize the farm as a seedbed for the new venture in its early stages. Consequently, resource-rich farmers have an advantage. However, Chapter 5 demonstrates that profit is not achieved based on better resources alone, but rather through an ability to see the potential uniqueness and new uses of existing resources. For this, some degree of entrepreneurial attitudes and alertness is needed. Chapter 6 focuses on diversification within forestry, an industry consisting of many small and a few larger enterprises. It is argued that entrepreneurial potential is higher among the larger firms, as they have greater resources.

Entrepreneurship in the farming sector has been on the political agenda for some time now. Entrepreneurship is seen as means to transform the farm sector, as well as to bring new economic development to rural areas. Chapter 7 argues that the policy discourse is related to the need to increase the entrepreneurial skills of farmers, a group which traditionally has not been directed towards the market. While entrepreneurship has a broad appeal among farmers, they found that entrepreneurial skills are not always considered relevant to them, because many farmers operate in settings where they do not possess the potential to engage in activities that require such skills. Again, heterogeneity should be acknowledged. Differences in activities and business contexts may account for the considerable variation regarding the extent and ways in which entrepreneurship discourse are adopted, internalized and reconstructed.

INNOVATIONS IN FOOD PRODUCTION AND DISTRIBUTION

The second part presents research that takes a sector and industry perspective, exploring new developments in food production and distribution systems. These include innovative initiatives in supply chain linkages, strategic alliances and vertical alignment, as well as novel responses to changing consumer preferences and growing awareness of the importance of regional branding. The agricultural sector is hallmarked by a high degree of internationalization in terms of global markets, an increasing number of agro-factories and large multinational firms as well as a large number of small producers, cooperative organizing, and national, regional and local markets. In short, there is a large diversity in food production and distribution.

This diversity may be providing the necessary dynamism for innovation within the sector. Innovation is often understood in Schumpeterian
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terms, as new combinations of production factors such as production of new goods, introduction of new processes, opening of new markets, access to new sources of raw materials and intermediates, and industry reorganization (Schumpeter, [1934] 1962). The chapters in Part II demonstrate a wide variety of innovations and, in many ways, how the agricultural sector renews itself.

For example, both Chapters 9 and 12 show how old practices, bio-dynamic farming and farmers markets, when ‘re-invented’ provide new market niches – bio-dynamic farming and direct access to customers. The last provides profit maximization as there are no intermediate parts and market information necessary for innovation. Chapter 8 indirectly indicates the challenges smaller firms face when aiming for growth, where contracts with large multiples are the key to growth, and access to distribution to larger markets is important. On the other hand, centralization and rationalization due to large-scale production can represent a threat for rural communities. Chapter 11 shows the possibilities and challenges farmers and communities have when reorganizing and cooperating for innovation, that is, exploiting opportunities. It shows how smaller firms are able to adapt to changes in demand and how this is also important for community development and locally-owned enterprises. Finding appropriate organizational structures is one type of innovation which could be encouraged by governmental business support systems. Chapter 13 gives an indication of how fruitful new ICT technology might be for the distribution of food. And lastly, Chapter 10 shows how agricultural production may be a part of the ‘modern’ experience industry, a trend which has been increasingly articulated in the policies of Nordic countries. This chapter also demonstrates how successful entrepreneurs are actively engaging in enacting the environment around them, for example, by searching their networks for ideas to improve their businesses and constantly working to develop their business models, that is, working with incremental innovations.

AGRICULTURAL ENTREPRENEURSHIP AND ITS SPATIAL CONTEXT

The third part explores the interrelationship between agricultural entrepreneurship and its spatial context. The chapters within this section highlight the diversity of spatial contexts, by analysing both different countries as well as different regional contexts. From an economic and policy perspective, an important sub-theme concerns the relationship between economic diversity within regions and economic development. Much
research has studied this within urban settings, but rural settings have been neglected. Chapter 14 investigates to what extent economic diversity is associated with income levels in rural municipalities, drawing on data for the Netherlands. The authors demonstrate that the more diverse a rural economy, the higher its income levels, thus drawing attention to the fact that rural municipalities need to foster rural sectoral diversification instead of specialization.

New farm-based ventures may make an important contribution to rural economic and social development, but this contribution may vary substantially, dependent on the facilitating or constraining capital within the locality. Spatial contexts can be bounded by cognitive and culture-based rules and shared meanings. In this regard, neo-endogenous theory posits that rural development needs both endogenous and extra-regional resources such as, for example, in-migrants. They bring new information and knowledge to a rural area, thus opening new avenues for entrepreneurship and revitalizing rural communities, provided they manage to become embedded in their new communities, while local owners maintain local cultural and social capital. Drawing on survey data from the North East UK, Chapter 15 explores the contribution of in-migrants and their interplay with locals in more detail, also highlighting the role rural business associations could play in this regard.

Community entrepreneurship is another development option for rural regions. It happens collectively and in local contexts, highlighting social commitment, non-profit goals and benefits for the wider community as (additional) drivers for entrepreneurship. Entrepreneurship then is the leverage for social change as has been illustrated for ‘depleted’ urban communities. Community entrepreneurship also can foster rural entrepreneurship and development. Here, Chapter 16 presents the example of community entrepreneurship in the forestry sector, initiated in the early 1990s by public authorities in a Canadian Aboriginal community. The authors show how ‘transient’ community entrepreneurship helped to facilitate entrepreneurial initiatives in the forestry sector, demonstrating the usefulness of considering community entrepreneurship as a trigger for socio-economic development in rural settings.

A recurring theme in all chapters refers to the role different forms of capital play for agricultural entrepreneurship and consequently rural development. Chapter 17 takes this further by applying Bourdieu’s theory of capital in order to explore changes within a farm business, a dairy farm in Staffordshire (UK) and across generations. The narrative illustrates in which ways the farmer drew on economic, social and cultural capital, which helped him to augment his symbolic capital in the form of his status within the rural community. Similar to the results of Chapter 15, but with
a focus on the role of ‘locals’ for entrepreneurship development, the findings of Chapter 17 highlight the interrelationship between the various sources of capital, local embeddedness and integration beyond the local context.

CONCLUSIONS

Drawing together the lessons that may be derived from 16 separate research studies is never an easy task; however, clear themes emerge throughout the various chapters in this volume. The most immediate observation concerns the heterogeneity that exists among farm-based ventures. Diversity can be seen among the entrepreneurs, who differ with regard to their motivations to start new ventures, the resources they control, the way they learn, their aspirations and goals, the types of products and services they develop and the context in which they operate. Irrespective of contextual variations and their geographic and market positioning, the development of farm businesses requires substantial entrepreneurial skills. These skills can be seen in the abilities of some farmers to stimulate their idea-generative capacity and to challenge themselves in exploring the potential uniqueness of their resource base. Although some individuals may appear to have strong innate skills, the majority acquire entrepreneurial skills through practice. Closer connections with markets and customers, either face-to-face at farmers’ markets and through cooperation with other actors in the value chain, or virtually through the utilization of ICT, provides opportunities for farmers to develop an entrepreneurial orientation as well as a marketing orientation. Despite the frequent exhortations for farmers to become more entrepreneurial, a full understanding of their realistic capacities in this regard also requires an appreciation of the constraints that farmers may face. As the following chapters highlight, the family farm places restrictions as well as provides opportunities in the development of farm-based ventures. It appears that new opportunities may be more often recognized and exploited during transitional periods in the family life cycle, rather than during periods of relative stability.

While it is recognized that farm-based entrepreneurship poses many challenges for practitioners, it also requires a sophisticated policy framework to ensure the appropriate support at local, regional and international levels. Policies to support farm-based entrepreneurship are particularly challenging given the heterogeneity both of the sector and of individual experiences. While governments have developed important experience in encouraging and supporting entrepreneurship within small and medium-sized enterprises (SMEs) in non-farm sectors, this experience
has not always been transferred into the farming sectors. One example of this lies in the role that policies may play in reducing the risk associated with entrepreneurial venturing. Within the non-farm sectors, the provision of start-up aid in the form of seed capital and business advice and support has been widely adopted, largely as a result of active engagement and dialogue between policy-makers and SME owner-managers and their representative organizations, but the support for farm-based ventures appears more piecemeal – largely as a consequence of the multiple and sometimes competing objectives apparent within agricultural and rural policy. A recurrent motif within the following chapters is the recognition that farm-based entrepreneurial ventures offer benefits to the wider rural community as well as the individual farm family. Entrepreneurial ventures within the agriculture and forestry sectors often arise as a result of community actions, suggesting that an important policy dimension lies in supporting local entrepreneurial capacity building.

The following chapters, which focus on different aspects of the entrepreneurial process within agriculture and rural areas, draw on data from a variety of different contexts and using a variety of different methods. While these studies provide many insights into farm-based business venturing, many questions remain unanswered. We view this collection as the first step in what we hope will be a long and fruitful collaboration between the domains of agriculture and entrepreneurship.

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