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The resilience of rural SMEs in Aotearoa New Zealand and Wales: A comparative study

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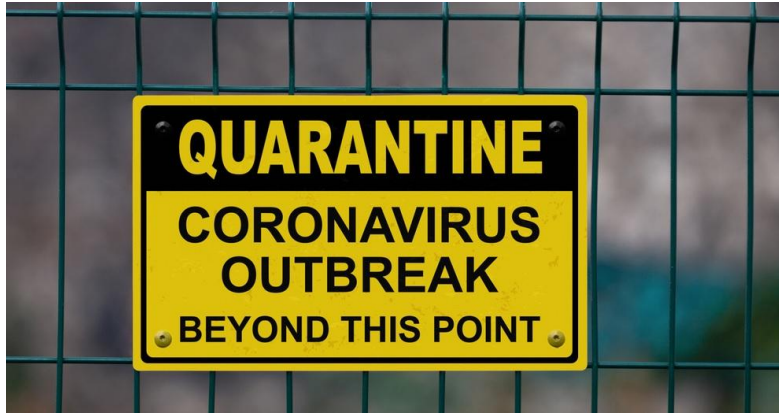
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Research Background



Covid-19



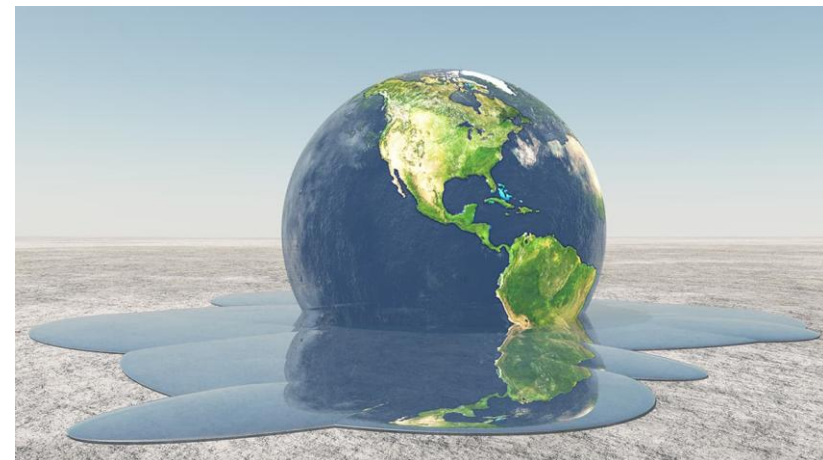
War in Ukraine



Cost of Living Crisis



Global supply issues



Climate change

Research Background



Labour market issues



Brexit



Aims



- Develop a holistic understanding of the issues that rural SMEs experience during these multifaceted crises
 - Challenges
 - Opportunities
- Develop a robust framework that can support rural SMEs through multifaceted crises
 - identifying examples of ‘good practice’ and innovative business models
 - recommending relevant policy interventions to support rural SMEs

Literature Review



SMEs represent 97% of all businesses in Aotearoa New Zealand, and 99.3% of businesses in Wales.



Growing body of research on business resilience (e.g. Herbane, 2019; Shepherd & Williams, 2023).



Vast body of crisis management literature, e.g. 2008 GFC (Cowling et al., 2012); 2011 London Riots (Doern, 2016), 2011 Christchurch Earthquake (De Vries & Hamilton, (2021).



Unique rural issues: limited resources (Korsgaard *et al.*, 2021), limited technology adoption (Morris *et al.*, 2017). Rural SMEs less active in seeking growth (Bowen & Morris, 2019).

Theoretical Framework

- Resource bricolage (Levi-Strauss, 1967).
- Making do with ‘whatever is at hand’.
- Supports businesses in overcoming a shortage of optimal resources through localised activities, including local sourcing and community involvement (Korsgaard *et al.*, 2021).
- Collaborative action through resource bricolage of sharing resources with external partners for mutual benefit (Kwong *et al.*, 2017).
- Paper using bricolage investigated entrepreneurial business resilience during the Covid-19 pandemic (Kuckertz *et al.*, 2020) - businesses engaged in bricolage activities, such as relying on relational capabilities, building up financial capabilities, and support to develop resilience.



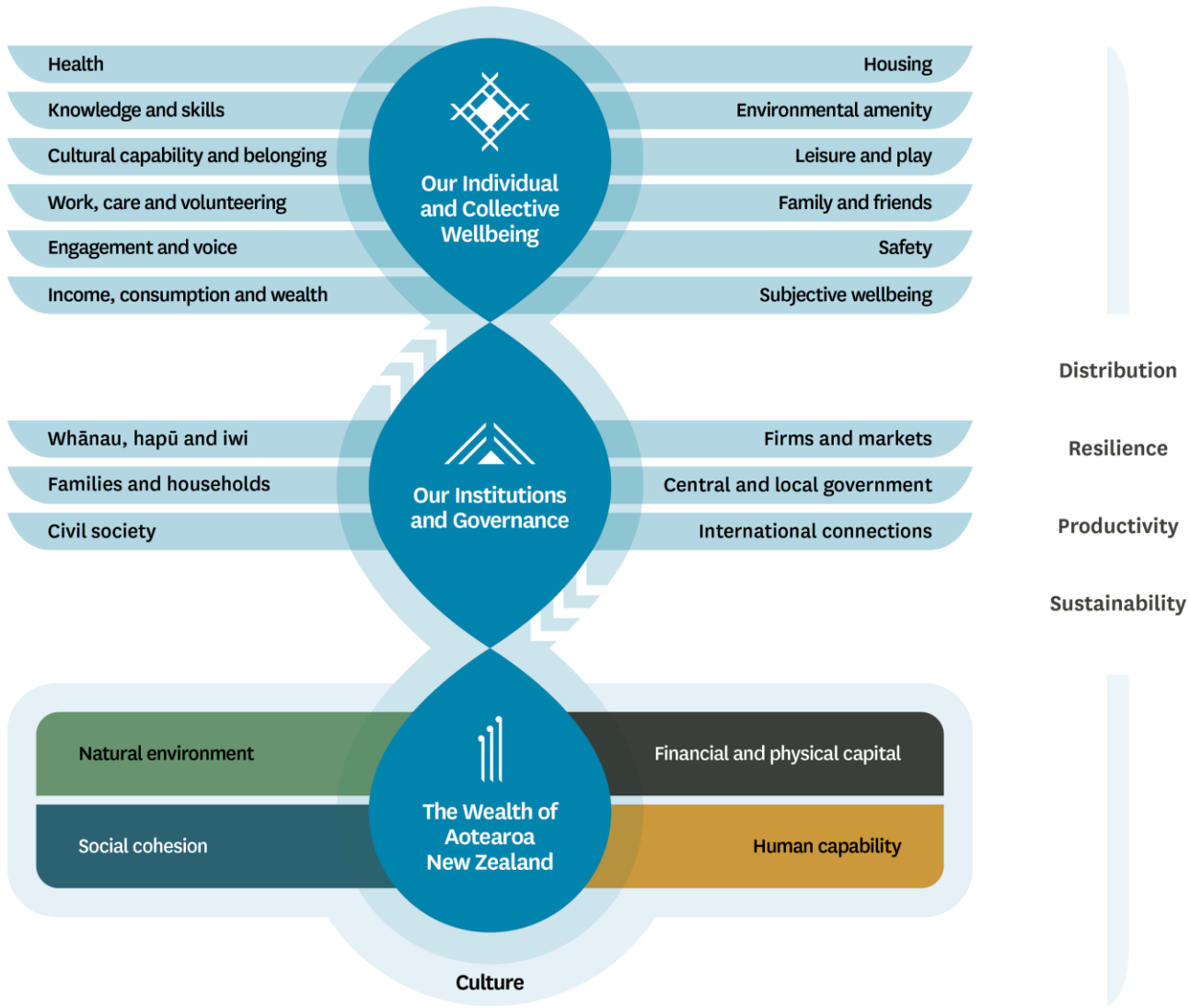
Comparing Wales and Aotearoa



Well-being



Well-being of Future Generations Act (Wales) 2015



Living Standards Framework 2021

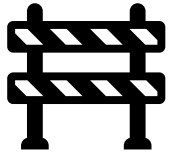
Research Design

Qualitative Research

- Literature review:
 - SME resilience
 - well-being
- Semi-structured interviews:
 - Owner/managers
 - Rural location
 - SME
 - Aotearoa New Zealand (15)
 - Wales (11)
- Thematic Analysis
- Develop SME resilience framework

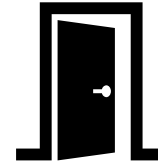
SME	Location	Activity	SME	Location	Activity
A1	Pukemoremore	Asparagus producer	W1	Carmarthenshire	Heritage railway
A2	Huntly	Retail	W2	Denbighshire	Caravan park, café and farm shop
A3	Te Awamutu	Business support	W3	Monmouthshire	Educational activities provider
A4	Gordonton	Strawberries producer	W4	Carmarthenshire	Outdoor recreation centre
A5	Matamata	Restaurant	W5	Gwynedd	Alcohol producer
A6	Paihia	Craft beer, restaurant	W6	Carmarthenshire	Industry training provider
A7	Hillcrest	Marketing	W7	Ceredigion	Restaurant and food producer
A8	Gisborne	Transport services	W8	Pembrokeshire	Woollen mill
A9	Hillcrest	Media	W9	Gwynedd	Dairy food producer
A10	Ngongotaha	Retail	W10	Carmarthenshire	Camp site and spa
A11	Morrinsville	Restaurant	W11	Ceredigion	Caravan park, farm shop, restaurant, soft play centre
A12	Te Awamutu	Gym			
A13	Gordonton	Dairy farm			

Findings



Challenges

- Multifaceted challenges
- Increased costs
- Declining sales
- Restrictions on activities
- Supply chain issues
- Limited support



Opportunities

- Ability to access support
- Develop new activities/services
- Digital/online expansion
- Invest in the business
- Apply resources in a new way
- Add value to the business



Resilience

- Survive and maintain business
- Entrepreneurial mindset
- Adapt the business model
- Make better use of resources
- Add value to the business
- Spread the risk across activities



Support

- Government support (grants/furlough)
- Family and friends
- Staff
- Close networks
- Local 'champions'
- Loyal customers

Examples: G Railway

- Heritage Railway, west Wales
- 6 employees (40 volunteers)
- Received around £150,000 (NZ\$300,000) in grants during Covid due to cultural sector.
- Invested in improving services and a new online booking system.
- Book a carriage of 6 people rather than individual seats.



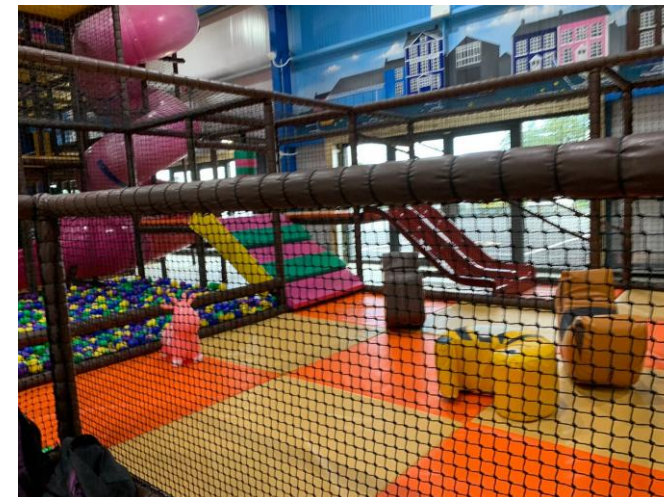
Examples: E Restaurant

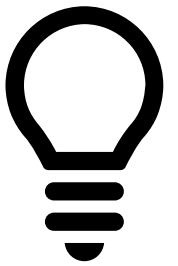
- Mexican eatery and take-away in west Wales. Also sell sauces.
- Closed during Covid – created meal kits to make at home.
- Reopened for take-aways and an online booking system.
- Faced increased costs in recent years.
- Closed the eatery due to higher costs and moral dilemma of putting up prices.



Examples: B Farm

- Campsite, holiday park, farm shop, restaurant and indoor play area in west Wales.
- Furloughed staff during Covid and set about expanding the business by opening the indoor play area.
- Investing in Ninja Warrior indoor centre and indoor aqua park.
- Issues with planning permission and trunk road access.





Conclusions

- Recent years have been challenging for SMEs, especially rural SMEs who have limited resources – first instinct is to survive.
- Good examples of SME resilience - rural location is not a barrier to innovation/growth.
- SMEs have the ability to apply their resources in different ways – this could be through small or more advanced innovation.
- Experiential learning from crises leads to a more resilient mindset – need to be prepared for more frequent challenges.
- Better to spread the risk across various activities.
- Well-being elements are becoming more prominent – SMEs becoming more values-driven – sustainability, community focus.

Kia ora/Diolch/Thanks



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