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Rural SME Resilience and Well-being: A Comparative Study of New Zealand and Wales

Topic: Small and medium-sized enterprises (SMEs) are the backbone of most economies, representing 97% of all businesses in Aotearoa New Zealand, and 99.3% of businesses in Wales; and, therefore, support a large proportion of jobs, contribute to wealth creation, and play a significant role in local, regional, and national economies. Recent times have seen a series of multifaceted crises which have impacted the global economy, with widespread economic effects experienced. These crises include the Covid-19 pandemic, and the lasting effects of lockdown policies on businesses and consumer spending; the effects of climate change, Net Zero targets, and a move towards more sustainable practice; the impacts of the conflict between Ukraine and the Russian Federation on global supply chains, food security and resultant global geopolitical shifts (e.g. BRICS enlargement, ‘dedollarization’ etc.); and labour market issues, which are evident in both Aotearoa New Zealand and Wales. During times of crisis, SMEs are vulnerable to such economic shocks due to limited access to resources, with rural SMEs particularly vulnerable, since they are less likely to possess relevant resources that would be needed to overcome these challenges, and they do not benefit from the spillover effects that exist in urban areas, where more businesses are in close proximity and can share resources.

Applicability to the conference theme – ‘Entrepreneurship research, policy and practice for a more equitable world’: This paper aligns with the conference theme as it explores the resilience and well-being of rural SMEs. It considers how policy and practice on well-being can have an influence on rural SMEs in developing greater resilience in the face of challenging economic conditions. The focus on well-being is significant as it promotes more equitable practice, encouraging businesses to move away from a profit-driven focus, to one that considers purposeful development.

Aim: The paper investigates comparatively the resilience and well-being of rural small and medium-sized enterprises (SMEs) in Aotearoa New Zealand and Wales. The paper aims to develop: (1) a holistic understanding of the issues that rural SMEs experience during these multifaceted crises; and (2) a robust framework that can support rural SMEs through multifaceted crises. This framework includes identifying examples of ‘good practice’ and innovative business models, as well as recommending relevant policy interventions to support rural SMEs.

Methodology: Following a qualitative methodology, data has been obtained and analysed from interviews with owner-managers of rural-based SMEs in Aotearoa New Zealand and Wales. Specifically, the method involved: (i) an in-depth review of the literature on SME resilience and well-being; (ii) design of a research protocol; and (iii) interviews with SMEs to explore their experiences in depth. This approach has led to the co-creation of a framework for supporting rural SME resilience that would expand debates in international academic literature on the subjects of rural resilience and well-being. A total of 15 interviews were conducted in Aotearoa New Zealand and 14 in Wales.

Contribution: This paper contributes to knowledge on SME resilience, focussing particularly on rural SMEs and the specific challenges that they face in relation to challenging economic times. The originality of the paper is its focus on well-being, and how well-being policy

could influence the sustainable development of rural SMEs. The comparative nature of the research between Wales and New Zealand is significant, as these are two of three countries (as well as Iceland) worldwide that have passed well-being legislation, an emerging trend in national policies.

Implications for policy: Implications for policy include an overview of the importance of well-being to rural SMEs, as well as their awareness and application of well-being in their business activities. Findings point to the need for better communication on well-being policies and how they apply to businesses.

Implications for practice: Implications of this research would enable rural SMEs to better evaluate their ability to be resilient, and reconsider how they see the development of their business. Well-being principles offer businesses a way to reconsider how they operate in a more sustainable and responsible manner.