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Challenges and Opportunities for Rural Entrepreneurship in Times of Crisis

Introduction

The aim of this special issue is to celebrate the advancement of knowledge in Rural Entrepreneurship and fix a lens on ways rural resilience is being sustained. Rural Entrepreneurship is situated, driven by socio-cultural, political and economic forces that differ throughout society and the geographical world, and explained by Gaddefors and Anderson (2017) as ‘the relationship between the rural and entrepreneurial action’. Our global and local rural is heterogenic, the richness of geography, culture, laws, land use and social structures shape many different experiences of rural, therefore assembling resources in any rural context can be an exciting, creative and highly innovative process that differs from place to place (Bosworth et al., 2020; Tenza-Peral et al., 2022; Willett, 2023). Nonetheless, despite being geographically distanced, rural spaces do not escape challenges brought about by global events, fiscal shocks or homogenised policy. This Special Issue features entrepreneurial action in rural spaces, where the motivation to be resilient leads to new adaptation strategies, and adoption of new ways of thinking.

For some time, rural resilience has been framed as a phenomenon, a flex reaction to the challenging characteristics of being rurally situated. However, rural entrepreneurship is enabling, it creates opportunities for individuals and communities to enact entrepreneurship in uncertain times, and it generates creativity and drives forward problem-solving behaviours. Sustaining resilience does mean change and adaption and, potentially, some of those most challenging rural scenarios might be overcome through technological change. Smart rural entrepreneurship will include shifts towards technologies and the adoption and application of multiple technologies (Cowie et al., 2023). As we travel towards the fifth industry revolution, defined by humans and artificial intelligence working together (European Commission, 2021), a human-centric approach to sustainability is appealing and compliments Industry 4.0 and the value technology can bring to the planet (European Commission, 2021). Rural development, including agriculture, is now about a smart transition to another way of doing things involving technology, innovation and entrepreneurial orientation, potentially addressing rural challenges such as capacity, poor infrastructure, environmental conservation and the spatial penalty (Cowie et al., 2023; European Commission, 2021; Smith et al., 2021; Tiwasing et al., 2022). We have five papers featured in this Special Issue, each article contains elements of challenges faced by rural entrepreneurs as well as adaption and adoption, either from a policy perspective shaping the way forward or from the bottom-up approach where communities and businesses move and shift, where they harness technologies and innovate through circular economies with a respect of and for the natural environment. We believe that this Special Issue captures important current matters faced by rural entrepreneurs and shows new directions for rural entrepreneurship research and practice.

Contributions: Policy to Progress and back to Policy

A paper by Mitze and Makkonen investigates the impact of the COVID-19 pandemic and government business support on firm survival in rural and urban areas of Finland. Results of the presented study demonstrate an overall negative impact of the pandemic on businesses, with closure rates increasing by about 20–30%, particularly in urban areas. Moreover, it is revealed that government funding mitigated the effects of the pandemic on closures across rural and urban areas despite the majority of funding going to urban businesses. Counterfactual simulations suggested closure rates would have

been about 10–12% higher without government support. This article highlights the need for policy to be effective and capable of delivering at grassroots. Another paper in the Special Issue questions policy design and specifically argues that there is a gap between aspiration and implementation. Mesek et al. explain their concerns about top-down, homogenised approaches to rural policy, particularly in relation to the rural third sector and support for them to innovate and create sustainable social businesses. A content analysis of Scottish Government policy and consultation documents presented in this paper suggests that the balance of power needs to reset, with the government preparing aspirational policy without consideration of viable implementation strategies at the grassroots. These articles emphasise the critical role and power that policy holds in the response to crisis and support for sustainability in rural spaces. Innovation is at the heart of entrepreneurship and our next set of papers provide evidence of how rural businesses are shaping sustainable ventures.

In *Enabling Circular Economy Practices in Regional Contexts, Insights from the UK Southwest*, Cherringwood and colleagues address the emerging interest in embedding circular economy practices in rural settings. The paper is focused on the roles of various stakeholders in driving the adoption and implementation of circular economy practices at a regional level. The study identifies 'influencers' as pivotal stakeholders driving regional circular economy goals and practices based on participant observation, workshop scripts, and interviews with representatives of business, governance, and community groups from a peripheral region in the UK. Using stakeholder theory and thematic analysis, it uncovers barriers and enabling factors influencing interactions among stakeholders, shedding light on implications for regional circular economy transition. The research emphasizes the importance of considering local knowledge and collective practices in fostering circular economy initiatives beyond urban areas. We also see the importance of innovation in the next paper from Steinerowska-Streb et al. and the case of a small rural enterprise from the Czech Republic. The latter article clearly highlights the elasticity of rural business with 'push factors' creating change and 'pull factors' adopting business innovations. This article considers policy and support service availability for rural businesses and, at the same time, captures insights of change through the industry 4.0 revolution and technology adoption. This is about how businesses adapt in turbulent environments, are resilient and sustainable; the 'smart rural' is without doubt building greater resilience through shifts towards technologies.

Our final paper provides evidence that digitization offers rural businesses ways of implementing growth strategies. A quantitative study from regional Finland finds that organisational ambidexterity positively influences growth strategies and that a digital orientation enables and supports diversification and development. This study emphasises that the pursuit of growth and innovation for rural SMEs is underpinned by digital orientation and concludes the clutch of Special Issue articles by reiterating the need for policy to support technology enhancements and the call for governments to pursue connectivity *with* and *in* rural spaces.

Rural entrepreneurship moving forward

Businesses can respond to crisis and thrive in the rural space because of technology, innovation, entrepreneurial orientation and community assets, we also understand that the rural space is neither constant nor homogenous; often, the prosaic is challenging, such as skills shortages, poor or even no digital connectivity, institutional regulation, asset depletion.

The rural space is where individuals and communities create value, where challenges are faced and overcome and where opportunities are identified and pursued through innovation, while a feature of rural third-sector organisations is alleviating poverty, improving wellbeing and supporting the local community (Steiner and Teasdale, 2019). Evidently, rural entrepreneurship is eclectic by nature yet continues to evolve despite economic and political shocks. Indeed, it is evident from contributions collated in this Special Issue that communities, businesses, and entrepreneurs in the rural space are

reshaping how they do business and how they sustain *resilience*. The rural phenomenon with support from effective government policy can adapt and adopt, and by embracing technology in the pursuit of opportunities, an elastic and sustainable rural future will be fit for new challenges.

What to take from this Special Issue?

The special issue on Rural Entrepreneurship celebrates the dynamic nature of rural resilience and highlights the diverse challenges and innovative solutions emerging in rural spaces worldwide. It underscores the intrinsic link between rural contexts and entrepreneurial action, shaped by various socio-cultural, economic, and political forces.

As presented in our paper collection, despite the geographical diversity of 'rurality', rural areas remain resilient in the face of turbulent global events, fiscal challenges, and policy complexities. Rural entrepreneurship not only enables communities to navigate uncertainty but also fosters creativity and problem-solving behaviours. Embracing technological advancements and adopting a human-centric approach to sustainability are pivotal in driving rural development and overcoming challenges such as capacity limitations, inadequate infrastructure, and environmental concerns. As presented, if appropriately nurtured, rural entrepreneurship can play a pivotal role in enabling things to happen, embracing and adapting to new circumstances, and contributing to a positive change that facilitates the development of sustainable rural locations.

The featured papers in the Special Issue shed light on the intersection of policy, innovation, and community engagement in rural entrepreneurship. They emphasize the crucial role of effective policy in supporting businesses, particularly during crises like the COVID-19 pandemic, and advocate for a bottom-up approach to policy design to ensure its feasibility and effectiveness at the grassroots level. Furthermore, the papers highlight the emergence of circular economy practices and technological innovations as key drivers of sustainable rural ventures. They showcase how rural businesses adapt to changing environments, leverage technological advancements, and foster resilience through innovation.

Ultimately, the Special Issue underscores the dynamic nature of rural entrepreneurship, where communities, businesses, and entrepreneurs continually evolve to meet new challenges and seize opportunities. With effective government support and a focus on technological integration, rural spaces can not only survive but thrive in an ever-changing economic landscape, paving the way for a resilient and sustainable rural future. Indeed, we hope that this small collection of papers will inform future policy and practice, and inspire researchers to continue unpacking both challenges and opportunities for rural entrepreneurship in years to come.

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