Abstract

Businesses in rural/remote regions face challenges associated with their location which are not faced by operations in urban areas. These challenges can include lack of paved roads, and limited access to banking, electricity, and other standard business infrastructure. Businesses must overcome these and other challenges in order to start up, survive, and thrive. This study explores the challenges faced by a group of businesses on Vancouver Island and the Gulf Islands and the ways in which they are addressed. The research will be of interest to other businesses, governments, regions, national and international, business support organizations, and other parties, which are facing similar issues.

Introduction and rationale for research

Vancouver Island, British Columbia, contains a mix of urban and rural settings, which creates challenges for economic development. A handful of cities/towns contain the majority of the population, and the remainder is located in small communities scattered across the island in places that are difficult to access. For many of these smaller, remote communities, the residents have relied on forestry, fishing, and other resource-based jobs as a means to provide for their families. Over the years, these jobs have been steadily reduced. The communities, faced with declining populations as a result, are looking for alternative ways to create employment and to keep themselves alive. Small business is one way to accomplish this goal. As a result, tourism operations, which capitalize on the island’s unique geography and culture, are growing in number.

The very nature of these unique locations which makes them attractive to tourists presents challenges to small business operators. Some communities are not accessible by paved road and others are not by road at all, relying on water and air transportation. The business people in these areas often operate without a local bank and other standard business infrastructure (telephone lines, running water, electricity, etc.) Understanding and addressing these issues and others is necessary in order to encourage and support economic growth in these communities.

There has been increasing attention placed on exploring entrepreneurship and small business development, particularly tourism enterprises, as a way to promote economic growth in these regions. (Curran and Storey 1993; Page and Getz 1997; Hindle and Rushworth 2002; Dabson 2003; Murray and Haraldsdottir 2004) Curran and Storey (1993) in their introduction to Small Firms in Urban and Rural Locations explain that it is important to examine the problems faced by small businesses to determine how they can best overcome these. This thought is also echoed by Townroe and Mallalieu (1993) in their article examining potential differences between urban and rural businesses.

Researchers have found that there are some differences between rural enterprises and urban ones. For example, rural businesses tend to be smaller, more labour intensive and use less new technology. (Curran and Storey 1993; Townroe and Mallalieu 1993; Lichtenstein and Lyons 1996; Loveridge 2000; Lowe and Talbot 2000) The businesses also tend to have challenges in the area of distance to market, accessibility to funding and
other resources, and managerial/technological skills deficiencies. (Henderson 2002; Lyons 2002) Finally, rural businesses have different support needs than urban enterprises. (Mankelow and Merrilees 2001; Larsson, Hedelin et al. 2003) These studies have been undertaken primarily in the UK and the United States.

Despite the range of the above-mentioned work, little has been done in Canada, a country with a significant portion of its population still residing in rural/remote areas, on small businesses in rural locations. The identification of issues surrounding rural businesses in Canada, and more specifically on Vancouver Island, is important to explore because the issues faced in the above-mentioned countries may not represent what is found in this country. As Curran and Storey (1993) point out, the problems faced by small businesses in other countries may not be the same as those in the UK due to the fact that the UK is an essentially urban country.

Research Question
The primary research questions are:
• What are the challenges facing businesses located outside the primary urban settings on Vancouver Island?
• How do they respond to these challenges?

This study explores these questions with a group of businesses located in rural/remote areas of Vancouver Island and the Gulf Islands. The research will contribute to a better understanding of the needs of businesses starting up, surviving, and thriving in these areas. The conclusions will be of interest to other businesses on Vancouver Island and other regions, government, other regions, national and international, and other parties, which are facing similar issues.

Methods
This study used qualitative methods and involved the interviewing of five businesses located in remote/rural areas of Vancouver Island and the Gulf Islands. These businesses were selected through personal contacts. They are not meant to be representative of the general business population on Vancouver Island. The participating businesses met two criteria. First, they had to be located outside the primary urban areas on the island. Second, they had to have some connection with the tourism industry.

The exploratory study involved a series of open-ended interviews with the business owners at their operations. The questions focused on the challenges that the businesses were facing and how they responded to these challenges. The analysis is primarily descriptive with a focus on themes.

Results
Expected results at this stage of the research include:
• Despite the range of product offerings and location, the five businesses have several similarities. The owners started the businesses to fulfill a lifestyle priority and have worked to integrate the business and home life. Growth and high profits are generally not a priority. They also had very little experience in their businesses when they started operations. Finally, self-reliance is important because outside resources and supports are not always available.
• There are several key challenges that face these businesses:
  o The businesses need to consider diversification of product/services and/or customers. The businesses are generally reliant on tourists as their primary, and in some cases only, customer. When the tourist traffic decreases, the businesses suffer. All are considering different ways to extend their product/service offerings.
  o The businesses also tend to be seasonal in nature which impacts on operations and relations with suppliers and distributors. The work also tends to involve long hours and hard work during the prime tourist seasons and could impact on business transfer issues.
  o The importance of word of mouth and cross-marketing opportunities with other businesses is also important because tourists are often not repeat customers.
  o The lack of some important infrastructure, including banking, grocery stores, water sources, ferries, etc., also impacts the businesses, which, in turn, limits operations in some manner. Many of these issues are difficult to resolve.
  o The businesses owners vary in their perception of these challenges. Ultimately, they accept these as a price of being where they were and doing business.

• This exploratory study points to several implications:
  o There needs to be a balance in improvements to the infrastructure challenges. The lack of accessibility is part of the charm of these areas. The question of ways to address the needs of the businesses while preserving the very things that attract the tourists will need to be explored.
  o There needs to be work with business, communities and support organizations to educate potential business operators of both the challenges of start up and the challenges associated with their rural/remote location. Potential areas of discussion include areas of cooperation between local businesses and creative solutions to address challenges and potential business ideas that could fit with a lifestyle priority while meeting a market need. These groups need to also consider the issue of diversification from idea generation stage to ensure that the business is not overly reliant on a particular customer or product/service and can withstand the ebbs and flows inherent in a tourism-based business.
  o Some awareness building among urban-based suppliers, customers, and support organizations about the challenges faced by businesses in these rural/remote locations could improve the support that these businesses need to operate more productively.
  o There needs to be more exploration of the challenges facing businesses in rural/remote locations. This study examined businesses located in the southern part of Vancouver Island, where there is a greater population density and a greater tourist draw. The experience of businesses in the northern part of the island should be explored to determine their challenges and responses.
Discussion

The possible implications from this exploratory study will highlight the challenges that businesses in remote/rural locations of Vancouver Island face and the ways in which they are responding to these challenges. The study will also begin to identify best practices of successful small businesses that can then be used by other enterprises to address their own challenges. There will also be recommendations for changes to the supports that are currently in place to further assist the businesses to meet their objectives. The conclusions will be of interest to other businesses on Vancouver Island and other regions, governments, other regions, national and international, and other parties, which are facing similar issues.

This research contributes to the ongoing work to understand the factors that contribute to small business start-up and success

Practical Applications

The practical applications of this research are two fold:

• First, all new businesses face risk in start up and operations. The businesses in rural and remote locations face the “normal” issues associated with start up (financing, product and market development, etc.) along with additional challenges associated with their location. By understanding the challenges these businesses face, government and other support organizations can better assist these business to start, survive, and thrive.

• Second, the research can also contribute to the creation of new tourism ventures that take advantage of the province’s unique geography and culture. Communities which are exploring tourism as a way to replace natural resource-based jobs will learn the changes that may need to be made to the community infrastructure and government policy to make the environment supportive of new business ventures.

References


