RURAL ENTREPRENEURSHIP AND INNOVATION: SOME SUCCESSFUL WOMEN’S INITIATIVES

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Abstract
Although rural entrepreneurship is an emergent field of study and has emerged as one of the most noticeable ways to promote rural development, the few studies concerning the theme are still incipient. Moreover, a lot of studies focus on rural entrepreneurs as a whole and little research emphasises women’s entrepreneurship, particularly in Portugal. This study explores entrepreneurial initiatives conducted by women in one of the most peripheral areas of Portugal - Montemuro (municipality of Castro Daire), where subsistence agriculture continues to be the main economic activity. These women have been stimulated to develop entrepreneurial activities in their communities, taking advantage of endogenous materials, local culture and traditional knowledge. They try to not only create their own work, but also keep the culture and local traditions alive, therefore contributing to rural development.

Keywords | Rural entrepreneurship, Innovation, Woman, Rural development
1. INTRODUCTION
Entrepreneurship has emerged as one of the most important ways to promote the development of rural areas (Wortman Jr., 1990; Petrin and Gannon, 1997; Baumgartner, Schulz et al., 2013) and for that reason it is a way of ‘rural revitalization’ (Gladwin et al., 1989). Indeed, it has been observed that entrepreneurship and innovation, combined, not only help create new jobs, but also contribute to improving the economic competitiveness; create economic growth and new wealth for the rural space; and ultimately improve the quality of life for local residents (NCOE, 2001 in Vaillant et al., 2012).

This is a reflection of the problems in rural areas, mainly in lagging and peripheral ones. Indeed the growing attention of entrepreneurship in rural areas is influenced by the evolution of these areas expressed by demographic, economic and cultural changes, as reflected for example through a continual decline in population and traditional activities such as agriculture (EC, 2012).

It is not surprising therefore that nowadays an increasing number of rural areas in Europe are seeking for extra sources of income by diversifying their traditional activities and emphasising a number of entrepreneurial activities such as tourism, gastronomy and handicraft. Entrepreneurship, the ‘art’ of doing creative things for the purpose of achieving some type of competitive advantage, lies at the heart of innovation (Nijkamp, 2009). This is consistent with the New Rural Paradigm of Organization for Economic Co-operation and Development - OECD (2006) which emphasizes entrepreneurship and innovation as essential for a process of rural development. On the other hand, this is also consistent with the new strategies for smart specialization (RIS3). Here, innovation and entrepreneurship are at the heart of Europe 2020 (Foray et al., 2012).

Women in rural areas often prove to be pioneers in the mentioned entrepreneurial initiatives, which are often observed as gendered because the nature of such activities has traditionally been performed by them (McGehee et al., 2007). These local-scale entrepreneurial actions aim at empowerment of their position from an invisible subordinate labour force (Brandth, 2002) to entrepreneurs and active members of local rural communities (Iakovidou et al., 2012).

Unfortunately little research seems to emphasise women’s entrepreneurship, particularly in rural areas of Portugal. In all entrepreneurial initiatives of Montemuro region presented here – ‘Capuchinhas do Montemuro’, ‘Lançadeiras do Picão’ and ‘Combate ao Frio’, women take advantage of local culture and endogenous materials – often flax, wool and other natural material – and create innovative and fashionable pieces, mainly to urban markets. Moreover,
in the first case, the work of women was recognised by an international award for women in rural areas.

The aim of this study, therefore, is to explore women’s entrepreneurship in rural communities of Montemuro region, raise awareness of the role that these women play in rural development and identify some strategic considerations towards the development of their work.

The paper consists of five parts. After the introduction (section 1), section 2 contains the literature review of rural entrepreneurship, entrepreneurship and innovation, and women in rural entrepreneurship. The procedures, the Portuguese rural context and the study site is presented in section 3, while some cases of women’s entrepreneurship in the peripheral rural region are presented in section 4. Finally in a final section, some strategic considerations are made.

2. LITERATURE REVIEW

2.1. Conceptualizing rural entrepreneurship

Although the literature on rural entrepreneurship is an emerging field of study within entrepreneurship literature, it continues to be a niche area of study and is often seen as a secondary research project by scholars interested in the field (McElwee and Smith, 2014). Moreover rural entrepreneurship has been losing some momentum in the last years, at least when accounting for the published articles indexed in Scopus database (Pato and Teixeira, 2014). On the other hand, the majority and evolution of studies on entrepreneurship focuses mainly on urban regions (Baumgartner, Pütz et al., 2013) where entrepreneurship is higher as a result of localisation and urban effects (Freire-Gibb and Nielsen, 2014).

One of the first studies that stresses rural entrepreneurship was that of Wortman Jr. (1990). Here rural entrepreneurship is defined as ‘the creation of a new organization that introduces a new product, serves or creates a new market, or utilizes a new technology in a rural environment’ (Wortman Jr., 1990, p. 330). More recently, other authors identify rural entrepreneurship with the creation of enterprises in rural areas and/or the development of these enterprises (cf. Dinis, 2006; Vaillant and Lafuente, 2007). However, it is worth to mentioning that even though ‘rural entrepreneurship’ and ‘entrepreneurship in rural areas’ are related with the creation of firms, the two notions have its ones particularities. ‘Rural entrepreneurship’ implies that the needs and organisational behaviour of rural entrepreneurs are different from those in urban areas (cf. Stathopoulou et al., 2004), because they are rooted in the local space, ‘entrepreneurship in rural areas’ do not deny such distinctiveness (Baumgartner, Schulz et al., 2013). That is, whereas rural entrepreneurship is embedded in its
spatial context through local resource use, entrepreneurship in rural areas is not (Korsgaard et al., 2015).

Rural businesses are defined as those engaged in activities that are mainly dependent on the natural and physical resources of the rural environment as the main source of income and/or utilise local labour (McElwee and Smith, 2014). This definition includes activities such as tourism, food production and processing, handicraft and so on. However it excludes those activities and firms which do not contribute to the local economy and/or do not utilize local labour (McElwee and Atherton, 2011). For this reason, it is important to note that whilst many firms in rural areas have more ‘rural characteristics’ as they are created for local people, others simply appear more or less incidentally in the rural space (EC, 2003; Labrianidis, 2006).

A rural entrepreneur is someone living in a rural location (Stathopoulou et al., 2004), possesses bucolic qualities, keeps with the slower pace of rural areas (Smith, 2009) and is influenced by social traits and culture of the local space (Akgün et al., 2010). Therefore, the difference between a rural and an urban entrepreneur may be found in the effects of the rural environment in the entrepreneurial process (McElwee and Smith, 2014). Without doubt, rural entrepreneurs play an important role in economic and social development of the rural space because its socio-economic context is often characterised by a limited access to human and financial resources (Esparcia, 2014).

2.2. Entrepreneurship and innovation: a relationship that (also) benefit rural areas

Joseph Shumpeter contributed significantly to the Theory of Entrepreneurship by the Theory of Economic Development (1934), where the concept is the primary engine of economic development with innovation as a central element. According to Schumpeter (1934), the entrepreneur is the innovator who carries out new combinations, which can be: 1) introduction of a new good; 2) introduction of a new method of production; 3) open a new market; 4) utilisation of a new source of supply; 5) creation of some new organisational forms in an industry. It is understood therefore that innovation encompasses internal processes of firms that depend on the nature of their products, their competitive strategies and their internal competencies (Virkkala, 2007). In fact some researchers see innovations as product and process innovations, whereas others include changes in other aspects of business as well, such as marketing and management methods (North and Smallbone, 2000). On the other hand, innovation is not only related to the one that is on the technological or organisational cutting edge (Petrin and Gannon, 1997). Even OECD and Eurostat (2005) uses a definition of
innovation that is not confined to technological innovation, including the implementation of a new or significantly improved product (good or service), or process, or organisational method in business practices (organisational innovation), or new marketing method (marketing innovation) (Figure 1).

Concerning innovation in rural areas, the European project ‘Rapido’\(^1\) emphasises different types of innovations: 1) product innovation (e.g. agro-tourism and other forms of rural tourism related to environmental protection); 2) technological innovations (e.g. irrigation technologies, pollution control technologies, waste treatment technologies, machinery technologies for the treatment of agricultural products, etc); 3) innovation in processes (e.g. cooperation of stakeholders); 4) organisational innovation (e.g. structures for cooperation between actors, as is the case of LEADER initiative) and 5) innovations in attitudes through a culture of cooperation (Esparcia, 2008). This is coherent with the IN-SIGHT project which emphasises that rural innovation involves much more than just technology: it regards more and more strategy, marketing, organisation, management and design (Brunori et al., 2007).

\[\text{Figure 1} \quad \text{– Kinds of innovation} \]
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\text{Source: Madureira et al., 2013}
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It is also worth noting that innovations in rural areas are not only carried out by firms on the farm, but they may involve a plurality of actors in the rural space (Brunori et al., 2007). Additionally they often require the right combination of local knowledge (tacit or implicit).

\(^1\) Rapido – Rural Areas, People & Innovative Development
with expert knowledge (more explicit and formalised), as well as the support of extensive networks (Esparcia, 2014).

One of the examples of innovation in rural areas involves the appreciation of local resources and the re-invention of local products. This is certainly the case of micro and small enterprises that follow an ‘endogenous approach’ and will create products that are seen as new or different in the market. ‘Endogenous approaches’ are based on the assumption that the specific resources of the area – natural and human capital hold the key to its sustainable development (Ecorys, 2010) and for long term socio-economic development (Ward et al., 2005).

2.3. Women’s entrepreneurship in rural areas

In the European Union (EU), many initiatives and programs have been aiming at providing support to rural development: technical, vocational and financial (Petridou and Glaveli, 2008) and, thus, to improve better conditions and employment in rural areas. Often in these areas the importance of women is increasing and it is gaining recognition at all levels (EC, 2012).

However, on the one hand, the social exclusion of women in rural areas continues and is not a current phenomenon (Alonso and Trillo, 2014). Moreover, with some exceptions no progress has been made in the last 15 years in reducing employment rates between man and women in rural regions of the EU, that are indeed higher in the first case (EC, 2012). One of these exceptions is Spain where with the aim of integrate women in the labor market, PRODER projects had a strong focus on their employment (EC, 2012).

On the other hand, the flexible working conditions in some entrepreneurial initiatives in rural areas, may serve as a way of self-employment and/or a small business ownership for women. These entrepreneurial initiatives may put women in a similar position than men and put them as dynamic members of local rural communities (Iakovidou et al., 2012). In fact women want decent job opportunities and to work outside their homes and/or farms (EC, 2012) and at the same time balance out family and work duties (Bock, 2004). It is true that they try to value their tacit knowledge and frequently see business above all as a way of complementing family income (Koutsou et al., 2003) and autonomy (O’Hara, 1998) rather than a vehicle for a professional career (Anthopoulou, 2010).

Research on rural women’s entrepreneurship emphasizes the pioneering role of women in rural business creation (Anthopoulou, 2010) and in local economic development (O’Toole and Macgarvey, 2003). As is emphasized in the European Commission’s report “Women active in the rural development” (EC, 2000, p. 13) “by entering into self employment and
setting up small business women can be at the forefront of innovation and diversification in rural areas... women often have the added advantage of an awareness and knowledge of local needs, and special interpersonal and communication skills”.

The literature reveals that they are in the food sector (see Lassithiotaki, 2011), agro-tourism and in the rural tourism sector (see Cánoves et al., 2004; McGehee et al., 2007) as well as in the home handicraft sector, producing home textile products (see Dinis, 2006). The literature also reveals that most of the rural women’s entrepreneurship initiatives are based on cooperatives which with the efforts of women try to preserve the countryside – not just economically but also socially and culturally (Petridou and Glaveli, 2008). In Greece, for instance, the promotion of collective entrepreneurial initiatives through the development of female co-operatives has its roots in the mid 1950s (Koutsou et al., 2003).

3. BRIEF DESCRIPTION OF PROCEDURES AND THE STUDY SITE

3.1. Brief description of procedures

In addition to the collection of data and news from newspapers and visits on internet pages about these women’s work, this paper is based on exploratory visits in the study communities of the region and in the technique of observation. The versatility of observation, makes it an indispensable primary source method and of course a supplement for other methods (Cooper and Schinder, 2013). Indeed, in these villages we had the opportunity to observe the spaces, things and people and talk informally with them to collect data.

3.2. The Portuguese rural context and the study site

Because the women’s entrepreneurship initiatives presented are located in rural communities of a peripheral region (Montemuro), we begin this point with a short presentation of the Portuguese rural context.

Portugal is 81% rural and 33% of its population live in rural areas (EC, 2015). The country has a dualist economy in which the relatively well developed large urban centres (e.g. Lisbon and Oporto) are located on the coast and the undeveloped rural regions are located inland (Dinis, 2006). Moreover interior and lagging rural regions of Portugal have a strong inner risk of depopulation as a result of a number of factors among which the lack of employment opportunities, the devaluation of agriculture and the deactivation of services at the local level. Despite the programs of rural development (e.g. Proder program), rural depopulation and increased ageing of the population is a problem and rural regions mainly the interior and lagging ones of the country are more and more facing the negative effects of its development
Therefore, maintaining the same path there is no perspective of development for many of them.

The study communities of women’s entrepreneurship are located in one of the most peripheral regions of Portugal - Montemuro, specifically in Castro Daire municipality (Figure 2). Castro Daire belongs to Dão-Lafões sub-region in the Centro region. The municipality holds 16 parishes and 15,339 residents (INE, 2012).

Three of them are precisely Gosende, Monteiras and Picão (Figure 2) – the villages where the initiatives of women’s entrepreneurship are described (with more detail) below. From an economic point of view the municipality is underdeveloped, with weak purchasing power, weak business environment and a low level of residents’ education. This context is explained by the increasing depopulation of the region, an aging population and a certain accommodation of local business conditions as a result of low education and difficult access to technical, human and financial resources. A large primary sector as a result of the prevalence of a subsistence agriculture practiced by the older population is also noted. Furthermore, the unemployment rate is high (near of 11%) and affects mostly the female population, that has an unemployment rate of 14% (INE, 2012).

Despite the interiority and its adversities, the municipality has many touristic, historic and cultural resources. Proof of this is the women’s entrepreneurial actions that try to preserve the culture and traditions of their ancestors.
4. RURAL ENTREPRENEURSHIP & INNOVATION: SOME SUCCESSFUL WOMEN INITIATIVES IN MONTEMURO REGION

One of the examples of women’s entrepreneurship in the Montemuro region, maybe the most noticeable one, is located in the village of Campo Benfeito (parish of Gosende). The initiative of women begins in 1985 thanks to the effort of the Institute for Cultural Affairs, which through a sequence of weaving courses subsidised by the European Social Fund was able to organize some women to work together in the production of fashion and home textile products, based on local materials – flax and wool – and local traditions. Indeed, these women who have continually been working this type of materials in their homes, putting into practise what they have learnt from their grandmothers and mothers, began to create garments in an old hand loom, which was lost in an empty house of the village. After the municipality of Castro Daire ceded the space (an elementary school) and then the women got the centre to work in. Next, in 1987 the firm appeared with the name ‘Capuchinhas do Montemuro’. Finally, due to some fiscal issues, these women decided to convert the firm into a cooperative in 1999. In the present the cooperative works with six women, responsible for creating original pieces of elegant and fashionable clothing, but above all, unique pieces with a strong identity of their environments: trousers, tunics, sweaters, skirts and shirts, blouses and dresses which are complemented with hats, purses, bags, slippers and small accessories.

It is worth to note that the work of these women was distinguished in 2007 with the international award: ‘Creativity for women in rural areas’, established by the Women’s World Summit Foundation (WWSF).

Thanks to the energy created by the mentioned weaving courses, some time after, in a very nearby location, another similar and successful example of women’s entrepreneurship was set up. Indeed, in 1993 on the path to Regional Development the Society of Social Solidarity ‘Lançadeiras of Picão’ was founded in the village of Picão with the main goal to resurface the traditional manufacture of flax products. In this case, women agree that the weaving courses served to recall the old techniques through for generations mothers passed orally to daughters. Unfortunately, two years after the start of the society, of the 13 elements involved in its foundation, only seven women remained. Nonetheless in 2005 the women decided to convert the firm into the Craft Cooperative ‘Lançadeiras do Picão’. Twenty-two years after its foundation the cooperative still stands with some difficulties and only three women. Once again (based on local materials and local traditions) they try to keep the cultural heritage of the village alive, producing several pieces of wool and flax: clothing, accessories and household products.
A few kilometres nearby of the mentioned villages, in the village of Relva (parish of Monteiras), thanks to the energy created in the weaving courses, another example of women’s entrepreneurship was set up. Here, the union of the women resulted in the cooperative with the suggestive name ‘Combate ao frio’. Using flax and wool and traditional techniques, the 10 women that form the cooperative reactivated the production of covers, skirts, vests, hats and socks used in the region. Later the women also began to develop a line of other knitted garments and woven coats and waistcoats, skirts and curtain house decorations (cf. Dinis, 2006). Also here, the women repeat ancient acts, like they saw their mothers and grandmothers do over the years.

But the story of women’s entrepreneurship in the Montemuro region does not finish here. In fact, in the region another cooperative of women (‘Cooperativa de Artesãos de Montemuro’) with similar characteristics of the previous examples was created.

In any of the cases of entrepreneurship, the products made by women are for the urban market as their destination is mainly for speciality shops. It is evident that this urban market is attracted by innovation in terms of products. As stated by Dinis (2006) product innovation is the result of the association of local materials and traditional techniques with innovative designs (for clothing and accessories) and the result of the development of new applications for traditional products (e.g. handmade fabrics for house decoration).

5. CONCLUSION

The reasoning of this paper makes it clear that through entrepreneurship and innovation women of the Montemuro are key in the development of the rural communities. In a territory with clear symptoms of interiority and with scarce human, material and financial resources, these women became active members of the local rural communities. Moreover, their work is known (at least) in some urban markets that (supposedly) appreciate what is different and genuine because their products are associated with the local raw materials (e.g. flax and wool) According to this, rural and local resources should be seen as valuable and these entrepreneurial actions must be continually supported in order to contribute towards a process of rural development. This is even more important, as these women have lower education and lack of expertise in key areas for the development of their cooperatives. In fact, their entrepreneurial qualifications are not based on formal education and vocational training, but instead on empirical knowledge and expertise that has been transmitted from generations to generations, orally. Thus, on the one hand, governmental and other institutional support should be directed to these women entrepreneurs in areas which they have lack of knowledge
and expertise (e.g. management and marketing). On the other hand, governmental and other institutional support should conduct the creation of a culture of entrepreneurship in the local context which facilitates coordination between stakeholders, including other local actors and supply agents. In means that in a domain (entrepreneurship) which requires risk taking, innovation and new approaches further progress must be made in the rural communities.

Moreover, the success of entrepreneurship actions depends on the cooperation and creation of networks among the different actors (individuals, agents of supply and organisations) that live in the rural communities. For instance, although in the Village of Campo Benfeito there is cooperation between Capuchinhas do Montemuro and a local theatre company (Teatro Regional do Montemuro) some other interesting networks among local actors can be established.

In terms of limitations we emphasize the exploratory nature of the study. Thus in order to understand behaviours and attitudes of these women entrepreneurs, limitations and opportunities of their entrepreneurial actions in the communities, an in-depth study will be interesting, maybe in the form of a case study.

BIBLIOGRAPHY


