BUILDING COMMUNITY CONNECTIONS: SUPPORTING ENTERPRISE DEVELOPMENT IN REGIONAL AUSTRALIA POST-COVID-19

Janine Williamson*
UniSA Business, University of South Australia, PO Box 2471, Adelaide SA 5001, Australia. Email: Janine.williamson@unisa.edu.au

Najmeh Hassanli
Business School, University of Technology Sydney, PO Box 123, Broadway, NSW 2007, Australia. Email: najmeh.hassanli@uts.edu.au

Cristina Rodrigues
Le Cordon Bleu, Brisbane QLD 4101, Australia. Email: crodrigues@cordonbleu.edu

Skye Akbar
UniSA Business, University of South Australia, PO Box 2471 Adelaide SA 5001, Australia. Email: skye.akbar@unisa.edu.au

Haritha Wedathanthirige
UniSA Business, University of South Australia, PO Box 2471 Adelaide SA 5001, Australia. Email: haritha.wedathanthirigedon@unisa.edu.au

*Corresponding author

ABSTRACT: To examine the realities of COVID-19 on enterprise development in regional Australia, this paper discusses the findings of a study which examined the capacity of a remote community to exploit changes occurring in the marketplace. The study identified that barriers to entrepreneurship which existed pre-COVID-19 remain, with COVID-19 acting as a driver and barrier. To exploit changes in the marketplace, experienced entrepreneurs have higher levels of entrepreneurial self-efficacy (ESE) connected to innovating and adapting. However, nascent and experienced entrepreneurs require support to develop other areas of ESE. A conceptual framework is developed to support enterprise development.

KEYWORDS: Entrepreneurial self-efficacy, COVID-19, barriers, social capital, nascent, experienced entrepreneurs.
ACKNOWLEDGEMENTS: The authors would like to thank the local councils and RDAEWP for providing support and assistance with the distribution of the survey. The authors are grateful to the anonymous reviewers for their valuable constructive comments to improve the quality of this paper.

1. INTRODUCTION

Globally, governments have implemented political and economic measures to manage the immediate and long-term effects of coronavirus disease-19 (COVID-19) (Organisation for Economic Co-operation and Development, 2020). The consequence of such measures on small businesses, including social distancing and lockdowns, have been documented. Across most sectors, there has been extensive closure of businesses (Fairlie, 2020), and many of those still operating are considered financially fragile (Bartik et al., 2020). Within Australia, the context of the study reported in the paper, small businesses have been impacted by ongoing changes to rules and lockdowns as state governments seek to contain COVID-19 outbreaks. In addition, border closures and travel restrictions have impeded the movement of transient workers (Williamson et al., 2021), resulting in a significant shortfall of workers in sectors such as tourism, hospitality and agriculture, especially in regional Australia (KPMG Australia, 2021).

Despite these impacts, it has been suggested that entrepreneurship has the potential to revitalise the Australian regional economy post-pandemic (Maritz et al., 2021). Changes in the marketplace have occurred during the pandemic, with some entrepreneurs diversifying their business to exploit these changes (Maritz et al., 2021), including adapting products for new markets or developing new products to meet new market needs. Being innovative and agile allows organisations to take advantage of such opportunities (Seetharaman, 2020; Tronvoll et al., 2020), further enabling them to redesign existing products, rethink delivery channels, and develop partnerships in new ecosystems (Seetharaman, 2020). Despite research pre-COVID-19 highlighting a number of barriers to enterprise development (Keniry et al., 2003; Summers et al., 2019), there is limited empirical evidence to determine if nuanced entrepreneurs in regional areas have the skills and knowledge required to profit from new opportunities.

Thus, whilst opportunities may exist at this time for small business growth in regional Australia, it is imperative to understand what action is required to support regional communities to exploit these possibilities in a post-COVID-19 world. This research note discusses a study which examines the capacity of multiple communities within one remote region.
to develop new and existing business enterprises. The findings highlight that whilst COVID-19 is seen by many as a driver in the marketplace, some barriers to enterprise development persist. The discussion highlights gaps in Entrepreneurial Self-Efficacy and draws on the social capital literature to consider how barriers may be overcome, enabling remote communities to exploit changes in the marketplace during and post-COVID-19.

2. LITERATURE REVIEW

Barriers to Enterprise Development Pre-COVID-19

Previous studies have considered barriers to engage in the development of new enterprises both in the Australian context (Kotey and Sorenson, 2014) and globally (Demirbas et al., 2011). Barriers identified as key, specific to regional Australia, include risks and costs, lack of support and information, lack of skills and confidence, lack of finance and family support, and the hard reality of actually getting the business started (Kotey and Sorenson, 2014).

Entrepreneurial Self-Efficacy

Entrepreneurial self-efficacy (ESE) refers to one’s conscious belief in their ability to perform tasks aimed at entrepreneurial outcomes (Newman et al., 2019). It includes an assessment of the individual’s confidence about personality (internal) and environmental (external) constraints and possibilities (Drnovsek et al., 2010; McGee et al., 2009). While earlier ESE studies have predominantly focused on university students or experienced entrepreneurs, fewer studies have considered a sample of nascent entrepreneurs, individuals who have never owned, but intend, expect or want to start a business venture (McGee et al., 2009).

Various measures of ESE have been developed and employed to date. One such measure, also used in this study, is the 22-item multi-dimensional measure by DeNoble et al. (1999). Comprised of 6 dimensions, it captures an entrepreneur’s self-efficacy in relation to 1) developing new product and market opportunities, 2) building an innovative environment, 3) initiating investor relationships, 4) defining core purpose, 5) coping with unexpected challenges, and 6) developing critical human resources (DeNoble et al., 1999).

ESE outcomes, at the individual and firm level, have been the focus of previous studies. At the individual level, entrepreneurial intentions, both
for business start-up (Drnovsek et al., 2010) and growth (Kolvereid and Isaksen, 2017), are recognised as the most widely studied outcome of ESE (Newman et al., 2019). As self-efficacy is shaped by one’s skills, experiences and assets, studies have considered the role of human and social capital on one’s ESE (Kasouf et al., 2015). Specific to human capital, prior business ownership experience, even in cases of past failure, provides individuals with some knowledge of what to anticipate and avoid, thus developing their confidence in entrepreneurial abilities (Lee et al., 2016; Zhao et al., 2005).

Social Capital

Social capital is defined as “the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit. Social capital thus comprises both the network and the assets that may be mobilized through that network” (Nahapiet and Ghoshal, 1998, p.243). Three categories of social capital are identified (Stone, 2003). While bonding social capital describes connections in a community and acts as a support mechanism, in bridging social capital resources and knowledge are shared between networks thus leading to increased opportunities. Finally, linking is a more formal type of social capital which forms relationships between individuals or groups and authorities such as government agencies. Although this form of social capital is often beneficial for attaining resources, the levels of trust are generally lower than in bonding or bridging networks due to vertical relationships.

Social capital assists those in regional and remote areas to transform from traditional resource-based livelihoods and is found to significantly influence the extent and outcome of community participation in new industries such as tourism (Zhao et al., 2005). Indeed, social capital is considered the most influential factor for entrepreneurship (Woodhouse, 2006; Zhao et al., 2011), and is a crucial factor for maintaining a successful business (Jackson, 2020). According to Jackson (2020), social capital is necessary for business owners to access start-up funds, acquire customers, attract employees, and build a reputation. Furthermore, it assists individuals to foster relationships with like-minded people, and gain access to valuable information related to their industry (McDonald and Day, 2010 as cited in Jackson, 2020).

2. METHODS
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Study Location

The study was undertaken on the Eyre Peninsula, South Australia. The Australian Statistical Geography Standard (ASGS) classifies the region as remote or very remote (Australian Bureau of Statistics, 2016). The remoteness structure applied by ASGC is based on ARIA+, which is frequently used in Australian research (University of Adelaide, 2021). ARIA+ applies a geographical approach to define remoteness calculating the distance of populated areas to service centres. This approach does not consider additional factors such as population size, socio-demographics or economic status.

Data Collection

In line with COVID-19 restrictions, an online survey was considered an appropriate data collection method. A questionnaire was developed, with the first section collecting socio-demographic data including respondents’ experience in owning a small enterprise, intention to establish a new or diversify an existing one. The second section collected opinions concerning barriers to enterprise development identified in studies pre-COVID-19 (Kotey and Sorenson, 2014; Demirbas et al., 2011) which were sought and measured using a binary scale. Next, an open question was included to gather opinions relating to the impact of COVID-19 on new enterprise development. Finally, the ESE scale developed by DeNoble et al. (1999) and used in alternative studies examining entrepreneurial intention (Lee et al., 2016) was included.

Before the distribution of the survey, a pilot survey was administered to 3 local council officials as well as a member of the local Regional Development Australia Whyalla and Eyre Peninsula (RDAWEP), resulting in minor adjustments to wording and structure. The online survey was distributed in July 2020 to residents in the Eyre Peninsula. Details of the study, with a direct link to the survey, were included in local council newsletters which are normally distributed by email or post depending on residents’ preferences. Additionally, the study was promoted on council and RDAWEP social media sites.

Analysis

Quantitative data, n=66, was analysed using SPSS version 26.0. Cronbach’s alpha coefficients (α) for the ESE dimensions were well above...
0.7 (Nunnally and Bernstein, 1994). To examine differences between nascent and experienced entrepreneurs independent t-tests were conducted. To analyse the qualitative data, the written responses were manually coded. In the first stage, open coding was undertaken on the responses to identify themes related to the impact of COVID-19 on enterprise development. In the second stage, axial coding was conducted to identify underlying themes. P values at the 0.05 level were considered statistically significant.

3. RESULTS

Socio-Demographics

A summary of the respondents’ socio-demographics are found in Table 1. Two thirds of the respondents were female, with the highest number of respondents (37.9%) aged 45-59 years. A quarter of respondents held a vocational qualification, with a third (36.3%) holding a bachelor's degree or above, whilst a total of 62% had prior experience in business ownership.

<table>
<thead>
<tr>
<th>Gender</th>
<th>n (%)</th>
<th>Age (years)</th>
<th>n (%)</th>
<th>Education</th>
<th>n (%)</th>
<th>Business ownership</th>
<th>n (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>24 (36.0)</td>
<td>18 -24</td>
<td>2 (3.0)</td>
<td>Less than Year 12</td>
<td>7 (10.6)</td>
<td>Business owners</td>
<td>41 (62.0)</td>
</tr>
<tr>
<td>Female</td>
<td>41 (62.0)</td>
<td>25 – 29</td>
<td>4 (6.1)</td>
<td>Year 12</td>
<td>16 (24.2)</td>
<td>Non-business owners</td>
<td>25 (38.0)</td>
</tr>
<tr>
<td>Prefer not to say</td>
<td>1 (2.0)</td>
<td>30 – 34</td>
<td>2 (3.0)</td>
<td>Vocational qualification</td>
<td>17 (25.8)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>35 – 44</td>
<td>10 (15.5)</td>
<td>Bachelor's degree (honours)</td>
<td>3 (4.5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>45 - 59</td>
<td>25 (37.9)</td>
<td>Bachelor's degree</td>
<td>12 (18.2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>60 - 64</td>
<td>12 (18.2)</td>
<td>Master's degree</td>
<td>6 (9.1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>65 - 74</td>
<td>10 (15.2)</td>
<td>Doctorate</td>
<td>3 (4.5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>75 and above</td>
<td>1 (1.5)</td>
<td>Other</td>
<td>2 (3.0)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>66</td>
<td>66</td>
<td>66</td>
<td>66</td>
<td>66</td>
<td></td>
<td>66</td>
</tr>
</tbody>
</table>
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Barriers to Enterprise Development

Figure 1 shows the percentage of respondents across the different barriers to enterprise development. Lack of finance had the highest response rate (64.2%), with nearly half of the respondents considering establishing a new enterprise to be too risky (46.3%). Almost a third of respondents considered themselves lacking sufficient business knowledge, while availability of skilled labour was also a barrier to a third of respondents. About 25% of respondents considered COVID-19 acting as a barrier.

Entrepreneurial Self-Efficacy

Overall, respondents with business ownership experience had higher levels of ESE. The 41 experienced respondents \((M = 3.58, SD = .54)\) demonstrated higher levels of ESE \(t(64) = 2.08, p = .04\), compared to the 25 nascent respondents \((M = 3.23, SD = .86)\). However, comparing differences in the dimensions of ESE between the two groups reveal statistically significant differences only in three of the six dimensions (Table 2), developing new product and market opportunities \((t = 3.370, p < 0.001)\), building an innovative environment \((t = 2.022, p < 0.05)\), and defining core purposes \((t = 2.282, p < 0.05)\).
Table 2. Comparison Of Dimensions of Entrepreneurial Self-Efficacy Between Business and Non-Business Owners. Source: Authors’ calculations.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Business Owners</th>
<th>Non-Business Owners</th>
<th>t</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing new product and market opportunities ($\alpha=.918$)</td>
<td>41 3.6655 .57197</td>
<td>25 3.0571 .89690</td>
<td>3.370</td>
<td>64</td>
<td>.001</td>
</tr>
<tr>
<td>Building and innovative environment ($\alpha=.905$)</td>
<td>41 3.5183 .70132</td>
<td>25 3.1000 .97628</td>
<td>2.022</td>
<td>64</td>
<td>.047</td>
</tr>
<tr>
<td>Initiating investor relationships ($\alpha=.884$)</td>
<td>41 3.3171 .90355</td>
<td>25 3.0400 .97335</td>
<td>1.174</td>
<td>64</td>
<td>.245</td>
</tr>
<tr>
<td>Defining core purposes ($\alpha=.914$)</td>
<td>41 3.7561 .72274</td>
<td>25 3.2800 .96552</td>
<td>2.282</td>
<td>64</td>
<td>.026</td>
</tr>
<tr>
<td>Coping with unexpected challenges ($\alpha=.885$)</td>
<td>41 3.9106 .66259</td>
<td>25 3.5467 1.04030</td>
<td>1.566</td>
<td>64</td>
<td>.126</td>
</tr>
<tr>
<td>Developing critical human resources ($\alpha=.902$)</td>
<td>41 3.3577 .75421</td>
<td>25 3.3600 1.05813</td>
<td>.009</td>
<td>64</td>
<td>.993</td>
</tr>
</tbody>
</table>

Impacts Of COVID-19 on Enterprise Development

Responses to the open question on impacts of COVID-19 on enterprise development were manually coded, with 3 main categories identified: the first two relate to impacts on enterprise development and the third is local community impacts. During the second phase of coding, it became evident that the pandemic was seen both as a driver and a barrier to enterprise development (Table 3).

Table 3. Coding of Open-Ended Responses. Source: Author’s calculations.

<table>
<thead>
<tr>
<th>Coding phase 1</th>
<th>Coding phase 2 (Themes)</th>
<th>Coding phase 3 (Categories)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced sales, Reduced cash flow, Reduced demand</td>
<td>Financial insecurity</td>
<td>Negative business impacts</td>
</tr>
<tr>
<td>Diversification plans stopped,</td>
<td>Business retrenchment</td>
<td></td>
</tr>
<tr>
<td>Low levels confidence in business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social distancing, Boarder changes,</td>
<td>Policy impacts</td>
<td></td>
</tr>
<tr>
<td>Quarantining</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New product opportunities, New distribution</td>
<td>Diversification</td>
<td>Positive business impacts</td>
</tr>
<tr>
<td>opportunities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased sales, Grant funding</td>
<td>Financial growth</td>
<td></td>
</tr>
<tr>
<td>Job losses, Financial hardship, Community survival</td>
<td>Community survival</td>
<td>Community impacts</td>
</tr>
</tbody>
</table>
Category 1, labelled negative business impacts, included three themes: 1) financial insecurity caused by reduced sales and cashflow, 2) business retrenchment, which reflected the downsizing of a business, and 3) government policy. The third theme was specifically connected to the new regulations and rules introduced to control COVID-19, such as social distancing, border changes, and quarantining measures, which had potential negative impacts on enterprise development.

“Our plans to expand/diversify have been put back due to current lack of cashflow, and monies for reinvesting.” (Theme 1- Cat 1)

Category 2, labelled positive business impacts, included the themes of 1) diversification, and 2) financial growth. It was evident from responses that existing business owners identified diversification to be necessary for business survival: “Need multiple income streams (diversify).” To achieve this, respondents noted that COVID-19 had presented them with opportunities to develop new products and target new markets through online sales:

“Covid has increased our need to diversify, it has opened new opportunities while slowing our existing business”. (Theme 1- Cat 2)

“...have to broaden my horizon and more online.”(Theme 1- Cat 2)

Finally, category 3 underlined the close connection between businesses and the local community. Respondents highlighted concerns regarding the impact of COVID-19 on the local community, specifically job losses and subsequent financial impacts on local residents: “Because of the financial hardship evident in the community.” Longer term impacts on the regional community and its overall survival also led to lower levels of confidence that a new business could succeed: “Makes things a bit shaky as to how the regional community will survive this.”

4. DISCUSSION

With current discussions highlighting the potential of entrepreneurship to re-invigorate local economies (Maritz et al., 2020), this study examined the capacity of a remote region in Australia to undertake entrepreneurial activity and exploit current changes in the marketplace. Despite the promotion of the survey by RDAWEP and local councils, the sample size remained small, impacting on the capacity of the findings to be generalizable. Nevertheless, the sample size is sufficient for an early study and findings show interesting trends. Applying a social capital lens, the discussion considers the findings and develops a conceptual framework to
support enterprise development in remote Australia during and post COVID-19.

Results highlight that barriers to enterprise development in remote Australia, which existed pre-COVID-19 (Kotey and Sorenson, 2014) are still evident in an emerging post-COVID-19 world, with finance and perception of risk remaining as key barriers. Stafford-Smith (2008) highlighted how remote areas are commonly impacted by a lack of resources, and within this study, a lack of local infrastructure and labour persists. Whilst these ongoing barriers may highlight long-term gaps in policy, the study further identified that the COVID-19 pandemic was also a barrier to entrepreneurial growth. Specifically, the results highlighted that the pandemic had further exacerbated the perception of risk, a significant barrier pre-COVID-19, through perceptions of increased financial insecurity resulting from reduced sales and decreasing cash-flows. In addition, the complexity of changing policy such as social distancing rules and “snap” border closures was also identified as
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indicating on enterprise development. Furthermore, respondents noted the negative impact of COVID-19 on the local community through job losses and financial hardship. Indeed, concerns regarding the survival of the community were noted. This emphasis on local community impacts highlights the close connection between small businesses and the local community (Stafford-Smith, 2008).

Consistent with emerging SME studies examining the impact of the COVID-19 pandemic (Maritz et al., 2021), opportunities to exploit new markets were noted. Although identifying business ideas was not identified as a barrier, consideration to the ability of entrepreneurs in the region to exploit these ideas was given. Extending earlier studies (McGee et al., 2009), comparisons of ESE between experienced and nascent entrepreneurs in a remote area of Australia were conducted. Although experienced entrepreneurs are expected to have higher levels of ESE due to past experience (Lee et al., 2016), the study identified that statistically significant differences between the two groups were only evident in three of the six dimensions. Propitiously, such dimensions related to confidence in the skills and knowledge required to innovate and adapt to marketplace changes, namely developing new product and market opportunities, building an innovative environment, and defining core purposes. However, findings highlight that in order to benefit from new market opportunities, nascent entrepreneurs require support in developing these dimensions of ESE.

Thus, to support entrepreneurs who seek to develop market opportunities created by the COVID-19 pandemic, local government agencies can create connections between experienced and nascent entrepreneurs in remote regions, enabling the development of bridging capital. This is shown in Figure 2 as the first stage of the framework. As experienced entrepreneurs have higher levels of confidence in areas needed to innovate and adapt to current market changes, networking events that connect the local business community with nascent entrepreneurs, could be conducted. These events would provide opportunities for the showcasing of entrepreneurial ideas with opportunities to receive feedback and/or to create partnerships.

Whilst new business ideas (Stage 2 in the framework) may be developed through the connection of experienced and nascent entrepreneurs within a community, no statistically significant differences were identified between experienced and nascent entrepreneurs in the remaining ESE dimensions. Both groups scored highest in dealing with unexpected challenges; however, low scores were evident for initiating investor relationships and
developing critical human resources. These findings are of concern, with finance and human resources remaining as barriers to enterprise development. Although the increased availability of grants due to COVID-19 was identified as having a positive impact on enterprise development, it is evident that some entrepreneurs lack the skills and knowledge to pursue these funding opportunities.

Consequently, strategies are required to support those residing in remote areas to exploit emerging business opportunities resulting from the pandemic. Regarding overcoming financial barriers, government agencies can ensure information relating to funding opportunities is shared amongst the community, with information communicated in plain language using a variety of sources, such as social media, newsletters, and websites. In addition, practical support needs to be provided through the delivery of workshops and one-on-one assistance to complete applications. Furthermore, strategies may focus on developing linking social capital (stage 3 in the framework). This will connect local entrepreneurs to mentors outside of the region, including those located in other remote communities. Whilst technologies such as Zoom can support these connections, consideration to issues related to limited phone or internet access within remote areas is required.

A further opportunity to support enterprise development would be to connect with OzNomads, a mobile community of full-time travellers (Williamson et al., 2021). Members of the OzNomad community include digital nomads, grey nomads, and also younger members, including empty-nesters, families, couples and those travelling alone. As they travel with their own accommodation (Williamson et al., 2021), this community of travellers overcomes issues connected to limited accommodation supply in remote areas. The benefits of engaging with the community are two-fold. Firstly, international border closures due to COVID-19 have further increased labour shortages which were already evident in remote areas pre-pandemic. Through the development of schemes such as Harvest Trail, this transient community can be supported to travel to remote regions. Secondly, as OzNomads value becoming temporary members of the local communities they visit (Williamson et al., 2021), local agencies may utilise their skills and knowledge by connecting them with local entrepreneurs. Such an approach enables the “mentor” to fully appreciate the complexity of operating an enterprise in a remote area and assists in creating a partnership where “real world” solutions can be created for “wicked problems”.
5. CONCLUSION AND FUTURE RECOMMENDATIONS

Although the role of entrepreneurship in supporting economic recovery post-COVID-19 has been highlighted (Maritz et al., 2020), this research note serves as a reminder that issues impacting on enterprise development pre-pandemic cannot be ignored with COVID-19 identified as a further barrier to enterprise development. Whilst respondents noted that COVID-19 has provided opportunities for enterprise development, gaps in ESE have been identified in experienced and nascent entrepreneurs. Thus, the conceptual framework presented within this paper provides an opportunity to support entrepreneurs in remote areas to overcome these gaps and benefit from new opportunities.

Further empirical testing of the conceptual framework is recommended. Within these studies, researchers may seek to further understand why financial barriers persist, for example, lack of personal equity or health issues. Additionally, conducting interviews will provide opportunities to further develop opportunities to enable entrepreneurs in remote areas to benefit from new market opportunities. Within these future studies, researchers may examine how social capital assisted remote communities during and after the pandemic, enabling the extension of the conceptual framework.

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