

Marshall, Alison and Murphy, David F. (2017) Rural innovation ecosystems and leading wellbeing. *Journal of Corporate Citizenship*, 68 . pp. 7-14.

Downloaded from: <http://insight.cumbria.ac.uk/id/eprint/3774/>

*Usage of any items from the University of Cumbria's institutional repository 'Insight' must conform to the following fair usage guidelines.*

Any item and its associated metadata held in the University of Cumbria's institutional repository Insight (unless stated otherwise on the metadata record) may be copied, displayed or performed, and stored in line with the JISC fair dealing guidelines (available [here](#)) for educational and not-for-profit activities

**provided that**

- the authors, title and full bibliographic details of the item are cited clearly when any part of the work is referred to verbally or in the written form
- a hyperlink/URL to the original Insight record of that item is included in any citations of the work
- the content is not changed in any way
- all files required for usage of the item are kept together with the main item file.

**You may not**

- sell any part of an item
- refer to any part of an item without citation
- amend any item or contextualise it in a way that will impugn the creator's reputation
- remove or alter the copyright statement on an item.

The full policy can be found [here](#).

Alternatively contact the University of Cumbria Repository Editor by emailing [insight@cumbria.ac.uk](mailto:insight@cumbria.ac.uk).

## Rural Innovation Ecosystems and Leading Wellbeing

Alison Marshall and David F. Murphy  
*University of Cumbria, UK*

Innovation ecosystems are an emerging concept to describe place-based clusters of companies and other organisations, interacting for growth, development and sustainability, often focused around an 'anchor institution'. Most successful examples operate in urban contexts. Literature on rural innovation suggests that the nature and needs of rural businesses can be different. This article reviews some of the key themes, including skill needs, aspirations and motivations of rural professionals, suitability of anchor institutions and leadership. Rural areas are known to have different demographic structures from urban ones. In particular, the tendency to attract highly qualified, but growth-reluctant, professionals, as 'in-migrants' is discussed. We hypothesise that a successful rural innovation eco-system should focus more on sustainability, wellbeing and balance, rather than primarily on ambition and growth. The needs of individuals may also be more important than those of business units and a focus on skills development could be desirable.

- Rural
- Innovation
- Eco-systems
- Anchor institutions
- Leadership
- Sustainability

**Alison Marshall** is Professor of Innovation and Entrepreneurship, University of Cumbria. She has worked in business, academia and consultancy at the interface between innovators, users and organisations throughout her working life. She has interests in the development and adoption of technology, supporting innovation and user engagement, at an individual, organisational and regional level. Recent work has focussed on the distinctiveness of rural contexts, particularly how collaboration and partnerships develop to foster innovation and growth.

✉ University of Cumbria, Rydal Road,  
Ambleside, Cumbria, LA22 9BB, UK  
alison.marshall@cumbria.ac.uk

**David F. Murphy** is Deputy Director of the Institute for Leadership and Sustainability, University of Cumbria. He has worked in a variety of organisational settings, including academia, NGOs, business, the UN system, community networks and independent consultancy from global to local levels. He has extensive capacity development and applied research experience on sustainable development, corporate social responsibility (CSR), partnership working, multi-stakeholder collaboration, and related policy development and implementation in diverse organizational and sustainability contexts.

✉ University of Cumbria, Rydal Road,  
Ambleside, Cumbria, LA22 9BB, UK  
david.murphy@cumbria.ac.uk

THE CONCEPT OF PLACE-BASED “INNOVATION ECOSYSTEMS” is increasingly being debated by policymakers and other actors (UK Government, 2017; Rissola, 2017; Durst and Poutanen, 2013; Freshwater, 2012) with the aim to use research to underpin emerging industrial policy. There is no common definition of innovation ecosystems (see, for example: Adner, 2006; Mercan and Gökteş, 2011), but essentially the term is used to describe a group of various organizations (businesses, research organizations, business support intermediaries), their linkages and modes of collaborating or networking together, usually within an urban city-region. Relatively little attention has been given to understanding specific implications of this thinking to rural areas, where the economies, skill base and organizational structures have very different characteristics.

There are a number of well-described innovation ecosystems, often clustered around major urban universities (e.g. Cambridge in the UK, Silicon Valley in the USA, Waterloo, Ontario in Canada), which provide leadership and act as “anchor institutions” or “large locally-embedded institutions, typically non-governmental public sector, cultural or other civic organizations, that are of significant importance to the economy and wider community life of the cities in which they are based” (Goddard *et al.*, 2014, p. 307). In addition to generating broader benefits that “can support or ‘anchor’ wider economic activity within the locality” (*ibid.*),

[such] non-market, place-based institutions are also key “anchors” of place, for by their practices, they “root” or otherwise “moor” the people of the urban in place. Good examples of such place-based anchor institutions are universities, hospitals, community foundations, local governments, and key infrastructure services (Birch *et al.*, 2013, p. 8).

These anchor institutions tend to focus particularly on fast growing, technology-led businesses that are locally based with global reach (Bramwell *et al.*, 2008). In some cases, innovation ecosystems are sectorally, as well as geographically, focused and some consider “smart specialization” to be advantageous to developing innovation ecosystems. In particular, the European Union actively promotes sectoral specialization as part of its regional economic development policy (Da Rosa Pires *et al.*, 2014). In the Canadian province of Ontario, a network of Regional Innovation Centres (RICs) offer start-ups and entrepreneurs specialized assistance in 18 regions across the province, including access to loans and investment, market information and peer networking programmes (Knight, 2016).

The innovation ecosystem can represent a vehicle through which business support, skills improvement or other government interventions can be implemented (hence its conceptual value to policymakers). There is an expectation that innovation ecosystems grow and develop organically, driven by the strategic priorities of the member organizations. The hope is that initial government investment in supporting businesses will yield sufficient commercial benefits to the local partners to ensure its sustainability. The “eco” in the name is not accidental, but borrows ecological concepts to describe a process of creating the

correct environment, nurturing and support actions for more sustainable forms of development. In some contexts, coordination between anchor institutions and grassroots interests has only led to incremental improvements at the local level, such as in Buffalo, New York, with limited resident empowerment and a “planning process [that] continues to be dominated by institutional interests with limited community input” (Silverman *et al.*, 2014, pp. 158-159). Other concerns are raised in the English higher education context, in particular the recent experience of “vulnerable institutions in the most vulnerable places with the greatest dependence on higher education” (Goddard *et al.*, 2014). However, other authors (Hodges and Dubb, 2012; Marshall *et al.*, 2013) observe that successful innovation ecosystems generally benefit from the leadership or convening power of an anchor institution, typically a university that is able to attract strategic corporate partners. Mahroum *et al.* (2007) note that the limited access to a strong knowledge base is one of the challenges facing rural economies. There are few, if any, rural-based universities with an international research profile, which can in itself present a challenge.

There are other examples in which the lack of an “anchor institution” is addressed through government or external intervention. At the international level, the United Nations Public-Private Alliance for Rural Development (UNPPA) promotes collaboration on sustainable rural development between UN entities, businesses, NGOs and other relevant stakeholders committed to sustainable rural development for the benefit of both the rural poor and business investors (UN Office of the Special Adviser on Africa, 2004). In Madagascar, UNPPA facilitated the establishment of the pilot ICT Village in Sambaina with the support of the Government of Madagascar and various partners from the UN system, business, academia and civil society (OCCM, 2006). A related national initiative, the Madagascar Action Plan 2007–2012, included commitments to connected infrastructure, educational transformation, rural development and a green revolution, among others.

Underlying the discussion of innovation ecosystems is an assumption that innovation is critical to growth and in turn that growth will lead to wellbeing. Both of these assumptions require some unpicking and considering specifically from a rural context. In this Turning Point, we will start to explore the relevance of the innovation ecosystems concept to rural wellbeing and then consider how they might be led successfully.

Rural contexts are characterized primarily by dispersed populations and tend to be formally defined in these terms (United Nations, 2017). The most obvious implications are therefore that business and communities are physically isolated and remote, with longer travel times needed to access (public) services and for business activities with customers or collaborators. However, rural areas tend also to have demographic differences from urban areas. There tend to be fewer opportunities for young people, particularly those with higher level skills and qualifications, so that they leave and move to urban areas. Some rural areas also attract older people in retirement or as commuters to urban areas (a process described as “counter-migration”, Shucksmith, 2013 or “counter-urbanization”, Mahroum *et al.*, 2007). As a result, both communities and the workforce are

older than in urban areas (Bayliss and Sly, 2010; Atterton and Thompson, 2015; Davies, 2011). Both public and private sector organizations tend to be smaller and more likely to be a subsidiary or satellite than a head office or specialist hub. Recruitment and retention of skilled professionals is a major issue for rural areas, as it becomes harder to provide a package that supports career development, skills updating and networking.

Rural areas do, however, attract a particular type of skilled professional and a particular type of business. Many mid-career professionals relocate to rural areas, sometimes to accompany a spouse taking up a senior role in one of the few larger organizations, or because they proactively choose the rural lifestyle. The assumption here is that “wellbeing”, associated with a better work-life balance, is available within a more relaxed rural landscape. Some of these individuals are also motivated by a desire to be self-employed and many are highly innovative (Mahroum *et al.*, 2007).

There is limited literature on the nature of rural businesses, but some evidence that more creative service and business models are practised, with practical initiatives being introduced to meet the needs of particular social groups in rural business contexts (e.g. Women in Rural Enterprise). A related example of this is the community broadband social enterprise, Broadband for the Rural North Ltd. (B4RN), established in the English county of Lancashire in 2011 to address the limited connectivity offered by mainstream providers. B4RN supports teams of volunteers to physically install fibre broadband to their communities, providing specialist technical and procurement advice in Lancashire and the adjacent county of Cumbria.

As in urban areas, formal and informal volunteering is prevalent for the provision of social care and some health care. However, it is plausible that there is a greater rural reliance on volunteers, for example, in providing community transport services for hospital appointments due to lack of public transport. Professionals and organizations often have less defined roles, or multiple roles. It is not unusual for professional people to hold more than one part-time post, one of which may be a self-employed or small business owner role. Public services collaborate differently and perhaps more. For example, in North West England the Cumbria Constabulary is piloting a response service in partnership with health and social care services, to support vulnerable people, who might in some unfortunate cases be taken into police custody for their own protection, if there is no access to more appropriate help for them.

Rural businesses may be less likely than urban businesses to be fast growing, due to the limits on access to human capital, as well as other factors (such as distance from markets, shortage of finance, difficulties in sourcing raw materials and suppliers). They may also be less innovative than urban businesses, but some authors argue that this view stems from a narrow, technology-led definition of innovation. European Union support for regional development has historically been linked to sectors and “smart specialization”, supporting technological development primarily. In a more recent report to the EU Joint Research Council, evidence is noted of rural economic dependence occurring as a result of “social and cultural innovation”. Innovation tends to be more

about new ways of using technology, often in creative combination with natural resources, historical legacy or social context (Da Rosa Pires *et al.*, 2014). Formal, science-based innovation, generally needs large investment and a concentration of skilled personnel. However, there are many examples of individual entrepreneur-driven rural innovations. These tend to have a limited benefit, reflecting the entrepreneur's sphere of influence. However, some of the constraints of rural working actually drive innovation, particularly in process and productivity (Freshwater, 2012).

We suggest that another limiting factor is business owners' motivation and desire for growth. The UK Government Department of Business, Innovation & Skills commissioned a study entitled "Sociology of Enterprise", to explore mindsets and behaviours of business owners (Theodorakopoulos *et al.*, 2015). While this study does not differentiate between urban and rural businesses, findings indicate that growth-resistant and growth-ambivalent business owners tend to have particular demographic characteristics. Growth-ambivalent owners, who may respond to external support and interventions, are those who do not actively seek to grow their businesses, but may pursue growth if opportunities occur. These individuals tend to be older (typically over 50 in the sample surveyed) and are also more likely to be female. Reasons for choosing not to grow their business include satisfaction with current income levels and a desire to keep the business small enough that they can stay in control. These factors may well be more prevalent among rural business owners. We must note that this study looks at business growth and not innovation. However, the authors observe that the most growth-inclined business owners are also the most receptive of technological innovation.

A collection of articles on rural innovation, commissioned by NESTA, UK (Mahroum *et al.*, 2007), describe trends within rural economies. Three types of innovation are described: those related to "quality of life", such as healthier food or ecological products and services; those related to diversification away from traditional agriculture and fisheries industries, often tourism related; and those driven by the entrepreneurial "in-migrants" as a consequence of "counter-urbanization". Other considerable research on the rural economic contributions of in-migrants, particularly in relation to the creation of new businesses and jobs, is reported more recently (Atterton and Thompson, 2015).

The lure of remote locations, specifically Scottish islands, for entrepreneurs is highlighted also in a study of island entrepreneurship and enterprise by Burnett and Danson (Burnett and Danson, 2017). Such in-migrants are generally found to be less motivated by growth ambitions, although they often have entrepreneurial skills. They are also more likely to work in cultural industries, such as language, the arts, food and heritage. This review article confirms that similar developments are seen elsewhere in the world, in developing as well as developed islands.

In their discussion of technology transfer between universities and rural businesses in developing countries, Theodorakopoulos *et al.* (2012) describe the importance of nurturing a network, through a community of practice viewed within a learning theory framework. Their case study focuses on a group process

to work through barriers to technology transfer. In a more competitive urban environment, companies would need to overcome the barriers on their own, or at least to proactively seek and find the necessary support. Other studies (Da Rosa Pires *et al.*, 2014; Mahroum *et al.*, 2007) suggest that social and cultural drivers need to be more fully understood and exploited in rural innovation policy. Sectoral clustering can still be relevant, particularly around “rural” sectors such as tourism, food and agriculture, but these may need a broader interpretation. Rural innovation policy can potentially capitalize on the association with better quality of life and the counter-migration trend.

Rural areas are populated primarily by individuals, often working in more than one part-time role, possibly a mix of self-employment, employment, unpaid work, educational, caring and other activities). Whereas in urban areas, policy and business support is targeted at businesses, it becomes less appropriate to do so in a rural area. Not only is it likely that such businesses are smaller and less stable, business owners and employees often “wear more than one hat” and may represent more than one organization. Hence it follows that to develop the organizations and businesses in a rural area, there needs to be a focus on skills development, supporting leaders and empowering people to see beyond organizational boundaries in how they work.

The implication from those that have specifically studied rurality is that rural areas are not only structurally and economically different from urban ones, but there are also cultural, social and aspirational differences. The vision of an innovation ecosystem offering a thriving, buzzing environment, where small companies can rub shoulders with corporate innovators and leading edge research from universities is highly desirable to an ambitious growth economy. Rural areas do not have sufficient numbers and types of organizations to provide the buzz, yet they have the potential to be more focused on sustainability, balance and wellbeing, than growth and ambition. This can be seen as both a problem and an opportunity. Understanding how rural innovation ecosystems need to be structured and “anchored” differently, and how they might provide effective leadership for wellbeing, may be of wider relevance.

---

## References

---

- Adner, R. (2006). Match your innovation strategy to your innovation ecosystem. *Harvard Business Review*, 84(4), 98-107.
- Atterton, J. & Thompson, N. (2015, January). *Demographic Ageing and Rural Business: Issues for Research, Policy and Practice*. Discussion Paper Series No. 33. Newcastle upon Tyne, UK: Centre for Rural Economy, Newcastle University.
- Bayliss J. & Sly, F. (2010). *Ageing Across the UK*. London: Office for National Statistics.
- Birch, E., Perry, D.C. & Taylor, Jr., H.L. (2013). Universities as anchor institutions. *Journal of Higher Education Outreach and Engagement*, 17(3), 7. Retrieved from <http://openjournals.libs.uga.edu/index.php/jheoe/article/viewFile/1035/680>

- Bramwell, A., Nelles, J. & Wolfe, D.A. (2008). Knowledge, innovation and institutions: global and local dimensions of the ICT Cluster in Waterloo, Canada. *Journal Regional Studies*, 42(1), 101-116. Published online: 07 Oct 2010. <http://dx.doi.org/10.1080/00343400701543231>
- Burnett, K.A. & Danson, M. (2017). Enterprise and entrepreneurship on islands and remote rural environments. *The International Journal of Entrepreneurship and Innovation*, 18(1), 25-35.
- Davies, A. (2011). On constructing ageing rural populations: capturing the grey nomad. *Journal of Rural Studies*, April, 27(2), 191-199.
- Da Rosa Pires, A., Pertoldi, M., Edwards, J. & Hegyi, F.B. (2014). *Smart Specialisation and Innovation in Rural Areas* (No. JRC90000). Institute for Prospective and Technological Studies, Joint Research Centre.
- Dubb, S. & Howard, T. (2012). *Leveraging Anchor Institutions for Local Job Creation and Wealth Building*. Big Ideas for Job Creation, a project of Democracy Collaborative, Washington, DC & Cleveland, OH. Retrieved from [http://community-wealth.org/sites/clone.community-wealth.org/files/downloads/paper-dubb-howard\\_o.pdf](http://community-wealth.org/sites/clone.community-wealth.org/files/downloads/paper-dubb-howard_o.pdf)
- Durst, S. & Poutanen, P. (2013). Success factors of innovation ecosystems—initial insights from a literature review. *Proceedings of Co-Create 2013: The Boundary-Crossing Conference on Co-Design in Innovation* (pp. 16-19). Espoo, Finland: Aalto University.
- Freshwater, D. (2012). *Rural Innovation: Crucial, But Rarely Systemic* (No. 139829). Lexington: University of Kentucky, Department of Agricultural Economics. Retrieved from [http://ageconsearch.umn.edu/record/139829/files/Rural%20Innovation%20-%20Crucial\\_%20But%20Rarely%20Systemic.pdf](http://ageconsearch.umn.edu/record/139829/files/Rural%20Innovation%20-%20Crucial_%20But%20Rarely%20Systemic.pdf)
- Goddard, J., Coombes, M., Kempton, L. & Vallance, P. (2014). Universities as anchor institutions in cities in a turbulent funding environment: vulnerable institutions and vulnerable places in England. *Cambridge Journal of Regions, Economy and Society*, 7(2, 1 July), 307-325. <https://doi.org/10.1093/cjres/rsu004>
- Harris, M. & Holley, K. (2016). Universities as anchor institutions: economic and social potential for urban development. In M.B. Paulsen (Ed.), *Higher Education: Handbook of Theory and Research* (pp. 393-439). Springer.
- Hodges, R.A. & Dubb, S. (2012). *The Road Half Traveled: University Engagement at a Crossroads*. Project MUSE. East Lansing: Michigan State University Press.
- Knight, S. (2016, December 16). The Nature of the Ontario Innovation Ecosystem. Ontario Centres of Excellence. Retrieved from <https://blog.oce-ontario.org/the-nature-of-the-ontario-innovation-ecosystem-c9fffd38bac2>
- Mahroum, S., Atterton, J., Ward, N., Williams, A.M., Naylor, R., Hindle, R. & Rowe, F. (2007). *Rural Innovation*. London: National Endowment for Science, Technology and the Arts (NESTA).
- Marshall, A., Quinlan, P. and Berry, J. (2013). Supporting regional growth from the higher education community: The Energy Coast Campus Programme in West Cumbria. *Innovation through Knowledge Transfer 2013, 11-12 April 2013, Derry-Londonderry, Northern Ireland*.
- Mercan, B. & Goktas, D. (2011). Components of innovation ecosystems: A cross-country study. *International Research Journal of Finance and Economics*, 7(6), 102-112.
- Observatory for Cultural and Audiovisual Communication (2006, November 14). *ICT Village Project in Madagascar*. Milan: Observatory for Cultural and Audiovisual Communication in the Mediterranean and in the World (OCCAM). Retrieved from <http://www.un.org/esa/coordination/Alliance/ICT%20Village%20in%20Sambaina.pdf>
- Shucksmith, M. (2012, September). *Future Directions in Rural Development*. Carnegie UK Trust. Retrieved from <https://www.carnegieuktrust.org.uk/carnegieuktrust/wp-content/uploads/sites/64/2016/02/pub1455011631.pdf>
- Silverman, R.M., Lewis, J. & Patterson, K.L. (2014). William Worthy's concept of "institutional rape" revisited: anchor institutions and residential displacement in Buffalo, NY. *Humanity & Society*, 38(2), 158-181. <https://doi.org/10.1177/0160597614529114>



- Theodorakopoulos, N., Sánchez Preciado, D.J. & Bennett, D. (2012). Transferring technology from university to rural industry within a developing economy context: the case for nurturing communities of practice. *Technovation*, 32(9-10), 550-559. <https://doi.org/10.1016/j.technovation.2012.05.001>
- Theodorakopoulos, N., Hart, M., Burke, G., Stephan, U., Braidford, P., Allinson, G., Houston, M. & Jones, S. (2015). *Sociology of Enterprise*. BIS Research Paper Number 238. London: Department of Business, Innovation and Skills, Government of the United Kingdom. Retrieved from [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/453064/BIS-15-482-sociology-of-enterprise.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/453064/BIS-15-482-sociology-of-enterprise.pdf)
- UK Government (2017, January). *Building our Industrial Strategy*. Green Paper. Retrieved from [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/611705/building-our-industrial-strategy-green-paper.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/611705/building-our-industrial-strategy-green-paper.pdf)
- UN Office of the Special Adviser on Africa (2004) *Managing Corporate Social Responsibility for Rural Development in Least Developed Countries*. Conference room paper for the UN Public-Private Alliance for Rural Development, June 2004. Retrieved from <http://www.un.org/esa/coordination/Alliance/documents/>
- United Nations Statistics Division (2017). Population Density and Urbanization. Retrieved from <https://unstats.un.org/UNSD/demographic/sconcerns/densurb/densurbmethods.htm#B>

