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***Theme 3***

***EVOLUTION OF ENTREPRENEURIAL ECOSYSTEM IN RURAL CZECHIA – EVIDENCE OF CHANGING CONSUMPTION PATTERNS AND EVOLUTION OF NEW RURALITY***

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**Main theoretical framework**

The entrepreneurship as a gainful activity of rural dwellers is highly place- and time-dependent. In different locations and over time, there are observable different conditions for making business. Additionally, in different locations the outcomes and benefits of rural entrepreneurship differ. As an example, Stockdale (2005) used former industrial districts. These seem to fail in attracting entrepreneurial movers because they do not match the quality of life criteria. Not surprisingly, Siemens (2012) stressed out that “the geographical location of a community and availability of resources and opportunities to be exploited influence types of businesses that can operate there and the ease with which they operate” (p. 166). The time specific changes illustrate the changing environment under which the climate for entrepreneurship was developed.

As another example of studies on existence of differentiated bases for creation of enterprises, Fuduric (2008) focuses on the question of periphery and its different meanings with respect to entrepreneurial activities there. She calls entrepreneurs by the use of words „natural scanners of the environment“ (p. 19) what may be explained by the fact how they can effectively work with resources of their local environment (not only natural, but also cultural, historic, etc.).

Very important note posted by Fuduric (2008) highlights the robustness of entrepreneurship that is strongly correlated to the robustness of the environment (limits of growth). In this sense, we may also refer to present notion of rural commodification (Woods, 2005) or niche market formation (Deakins and Freel, 2009) that are tied not only to rural category of space but even more to time-related development.

In the scientific articles dealing with the rural entrepreneurship, we may find its connection to the processes called *rural economic regeneration* (Bosworth, 2006, Agarwal et al., 2009), *rural restructuring* (Woods, 2005) and the term *rural sustainability* (Bosworth, 2012). We need to understand that there are some on-going processes that:

- i) *Economically regenerate rural areas* (regenerate after the period of agricultural hegemony and the current global and technical changes);
- ii) *Restructure rural areas* (both the human and economic endowments, connected with the population turn-around, commodification of rural, change in the structure of the sector and the labour creation potential).

Economic regeneration may be initiated both by external and internal factors. In general terms, rural economic regeneration is presented by the strong positive correlation between economic growth and increase in population size (in Bosworth, 2006, Terluin and Post, 2000). Agarwal et al. (2009) conclude that the overall improvement of rural economic performance by the establishment of new enterprises is not satisfactory on its own, it also expects the stimulation of rural employment too (preferably with high growth businesses).

### **Contextualization of the research problem**

The study questions "rural business" in specific historical settings of Czechia. It maps the time period from 1970s to 2014 by looking at the changing entrepreneurial ecosystem in rural regions. The most fundamental concern is on the distinction made between **rural** businesses and businesses in **rural areas**. The former re-calls traditionalism connected with conditions provided in rural areas for specific industries. The latter is related to recent processes of globalization, technological development and cultural turn that all cause the distinction of traditionally rural – urban to vanish. They also underpin new concepts related to rural restructuring, such as commodification, niche market formation, etc. In other words, urbanizing of rural businesses is taking place.

New demand is being created on rural markets and for rural products both from the site of rural (great influence of middle-class in-migrants) as well as urban residents (visiting/using the countryside occasionally). It inevitably leads to the (better) utilization of rural resources and more importantly, to the re-invention of new economic potential of rural areas presented by new entrepreneurial activities.

### **Research problem and main aims of the paper**

We question the traditionalism related to rural entrepreneurship as the time-dependent category. We investigate whether different sectors belongs to the category of traditional rural businesses in different points of time. In other words and from different point of view, we aim to map the changing consumption patterns over time by analyzing structure of enterprises operating in rural regions. Both interpretations of our research problem refer to traditionalism that is preserved in rural areas as well as the novelty that evolved over time as the political, social and economic changes occurred. In this respect, the new rurality concept may be observed.

### **Methodology and techniques used to address the research problem**

As the main analytical units we use LAU1 regions that represent the size of regional labour market areas (OECD, 1996). The rurality is operationalized by the use of demographic approach (Murray, 2008). In the empirical part of the study we proceed from the identification of time intervals for the description of entrepreneurial ecosystem. We are specifically interested to create such distinctive time intervals that are of self-explanatory nature. They reflect all important changes as related to political, economic or integration processes of Czechia. Only businesses of Czech ownership are analyzed. We operate with the descriptive statistics by imposing the special attention on time-dependent aspects – calculation indexes, visualizing evolution of rural commodification, etc.

### **Main findings**

The results are discussed on the basis of changing traditionalism related to rural business structure. The traditionalism is understood to be place- and time –dependent. In the specific conditions of Central Europe – the periods of centrally planned economy hindered the overall

process of rural restructuring aiming at the tertiarization of economy. Moreover, the internal heterogeneity of sectoral structure in rural regions needs to be emphasized. In this respect, we may find the examples of regions where entrepreneurship is considered to be the necessity in order to avoid unemployment that is regionally high. On the other hand, more innovative approach is connected with so-called opportunity entrepreneurship that is place-specific (e.g. tourism related activities) or based on existing business environment (e.g. concept of clusters, knowledge-intensive hubs, etc.). These are the characteristics that map the changing consumption patterns as well as describe the evolution of new rurality.

The importance of the study is in the recognition of changing rurality – especially in relation to the dynamism of entrepreneurial ecosystem. Moreover, it gives an emphasis on the recognition of what are considered to be rural businesses and adversely, what are businesses in rural areas. The second important outcome is the knowledge on the change of rural businesses structures in relation to different time-periods and underlying development factors, such as recent shift from production into consumption.

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