Economic Resilience in Rural Regions: Literature Review on Strategies for Developing Economic Resilience

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Abstract

The purpose of this contribution is to review emerging literature on economic resilience strategies used in rural regions. This contribution starts by defining economic resilience and its measure, and then discusses elements specific to rural issues. Efforts centered around the role of small business and entrepreneur development as part of rural recovery and long-term resilience building are introduced as part of a larger study being conducted by the Tennessee Center for Rural Innovation (TCRI). This contribution focuses on depicting region and response ready initiatives governed by local entities to bolster economic resilience capacity building which is largely reflective of current federal strategies (U.S. Department of Commerce, n.d.).

Keywords: Economic resilience, rural economic development, small business development
Understanding Economic Resilience

Defining Resilience

Economic prosperity is closely linked to a region’s ability to prevent, withstand, and quickly recover from major shocks to the area’s economic base (U.S. Department of Commerce, n.d.). Shocks are characterized as any major disruption to a region’s economy and can manifest in events such as major employers leaving an area, natural disasters, recessions, pandemic-related events, etc. Though many definitions of economic resilience focus on an area’s ability to recover, within the context of economic development, the term becomes inclusive of three major abilities:

- the ability to recover quickly
- the ability to withstand a shock
- the ability to avoid the shock (U.S. Department of Commerce, n.d.).

Measuring Resilience

Measuring economic resilience will vary from region to region. Collecting and analyzing data can provide a picture of a region’s assets and vulnerabilities; this is a common degree of measure. Other measures include assessing regional income equality and economic diversity (U.S. Department of Commerce, n.d.). Regardless of the degree of measure, it is helpful to collect benchmark data to better understand the existing capacity of economic resilience within an area (U.S. Department of Commerce, n.d.).
Rural Resilience

Changes in the Rural Labor Industry

During times of shock, many of the unique issues facing rural regions are uncovered. These issues include the decline of rural hospitals, lack of access to federal resources, income inequality, and low social mobility (Ajilore & Willingham, 2020). Historically, economic development policies focus on investing in traditional rural industries such as farming, mining, and manufacturing (Brown & Schafft, 2019, p. 208-209). However, the rural workforce is changing, as three-quarters of today’s rural jobs are in the service industry and small businesses (Brown & Schafft, 2019, p. 2010). This shift can be seen in the health, education, and social service sector (Brown & Schafft, 2019, p. 2008). As the rural labor force changes, so will economic development practices in rural regions.

The Role of Small Businesses and Entrepreneurial Development

As part of recovery efforts from the COVID-19 crisis, recent research from the Brooklyn Policy Institute argues that local initiatives should focus on small businesses and entrepreneurial development as key components in building a resilient path forward for rural communities (Love & Powe, 2020). These strategies focus on identifying and investing in community assets using baseline data and place a strong governance on local and regional economic development organizations to facilitate these actions (Love & Powe, 2020). In the Upper Cumberland, organizations like the Tennessee Center for Rural Innovation, the Biz Foundry, WCTE, and the Small Business Development Center have begun to lay the framework by providing resources, education, and access to capital for small businesses and entrepreneurs. The viability of these strategies is being evaluated with the work of the Tennessee Center for Rural Innovation CARES
research initiative, which focuses on identifying key strategies in the Upper Cumberland that promote rural recovery and long-term resilience.

**Planning for Resilience**

*Region Ready Initiative*

At the regional level, planning for resilience should focus on long-term impacts (U.S. Department of Commerce, n.d.). It is essential for a region to recognize an area’s vulnerabilities and assets when planning and implementing regional economic resilience. By collecting and analyzing a region’s data, stakeholders can develop goals, strategies, and actions that support long-term recovery efforts and build their resilience capacity. While no framework exists to guide regional resilience, many efforts include identifying economic challenges, anticipating disruptions, building mechanisms of flexibility, and promoting a positive regional vision (U.S. Department of Commerce, n.d.). A better understanding of an area’s vulnerabilities can guide strategies of implementation. These economic vulnerabilities can be understood as a poorly educated workforce, an area’s dependency on one industry (i.e. factories, service), or a lack of broadband access, transportation access, childcare access, or soft infrastructure. Planning for these economic vulnerabilities can increase an area’s capacity to withstand a shock by centering long-term efforts on addressing and strengthening these areas of concern. Adopting an “anticipatory focus” for disruptions is instrumental in helping an area react quickly when confronted with shocks (U.S. Department of Commerce, n.d.). Coordinated efforts using information networks provide a collective, wide-spread response to address and mitigate economic harm to a region. Building flexibility within an economic development includes having access to capital/credit resources and a fundamental understanding of regional assets.
This identifies economic sectors that may lead to a diversified economic base, building a region’s resilience capacity. Lastly, positive storytelling is essential in promoting and encouraging investments with a region. Stakeholders must craft messages about a region’s assets and opportunities that promote prosperity during times of tranquility and disruption (U.S. Department of Commerce, n.d.). Understanding shocks as an opportunity to “re-vision” can promote this positive regional mindset. At the minimum, economic resilience initiatives should include identifying a region’s vulnerability, resilience building goals, measurable objectives, and projects within the action plan (U.S. Department of Commerce, n.d.). For pre-disaster planning, a comprehensive strategy for regional coordination and disaster mitigation efforts will better shape an area’s resilient capacity and should be included in the area’s CEDs (U.S. Department of Commerce, n.d.).

**Role of Regional Development Organizations**

*Responsive Initiative*

At the community level, economic development practitioners are instructional in building an area’s capacity for economic resilience (U.S. Department of Commerce, n.d.). Within the role of regional development organizations, these entities become focus points for post-disaster coordination, information networking, and lead grant administrations to give the area federally funded recovery aid. Thus, it is paramount for a region to have an established, well-connected and coordinated information network to successfully disseminate post-disaster relief information and further collaborate to build the area’s resilience capacity response. Information networks establish and facilitate mechanisms for regular communication to collectively address common challenges to the region’s economic activities. By collaboratively working with appropriate
stakeholders in the public, private, education, and nonprofit sectors, this can help accelerate a region's response to a shock. Once established, this committee of members can be called upon during times of crisis to provide services from their sector to address a disruption. In addition, finding opportunities to enhance and expand small business retention can be seen via networking examples, such as creating a Business Recovery One-Stop Shop as embodied in the work of the Business Resource Collective in the Upper Cumberland region. Such networks are information hubs for small business collaboration and coordination and connect small businesses to BRC members to ensure assistance and resources are being directed as needed. At the minimum, a region should consider and identify responsive approaches of how to deal with economic challenges in the short, intermediate, and long-term, and encourage post-distribution collaboration to better build their capacity to withstand a shock.

Conclusions

This literature review draws attention to the function of economic resilience within rural contexts by exploring connections between federal strategies and small businesses/entrepreneurship development as a mechanism to promote rural recovery and long-term resilience. With the weight of the COVID-19 crisis at bay, it is paramount to provide small businesses and entrepreneurs access to resources that provide the necessary skills to navigate shocks. By tending to small businesses and entrepreneurs, these entities become vital economic assets to their local community to generate economic vitality. Thus, local strategies must be evaluated to understand the practices that support small businesses and entrepreneurs to inform region and response ready initiatives in rural areas, with further research needed.
References

