

An Infatuation with Building Things

Business Strategies and Development in a Small-City Context

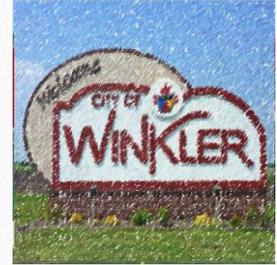
Murray D. Rice

University of North Texas

Ronald V. Kalafsky

University of Tennessee - Knoxville

American Association of Geographers
2020 Annual Meeting: Denver, CO



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This presentation is an abbreviated version of an article just published in *Growth and Change* (currently available as an online article).

Received: 20 March 2019 | Revised: 19 November 2019 | Accepted: 26 November 2019
DOI: 10.1111/grow.12325

ORIGINAL ARTICLE growth and change WILEY

An infatuation with building things: Business strategies, linkages, and small city economic development in Manitoba

Murray D. Rice¹ | Ronald V. Kalafsky²

¹Department of Geography and the Environment, University of North Texas, Denton, TX, USA
²Department of Geography, University of Tennessee, Knoxville, TN, USA

Correspondence
Murray D. Rice, Geography and the Environment, University of North Texas, 1155 Union Circle # 302279, Denton, TX 76203-3027, USA.
Email: murray.rice@unt.edu

Funding Information
University of North Texas, Grant/award Number: Scholarship and Creative Activity Award

Abstract
The establishment of a solid understanding of regional economic development has proved to be highly elusive. Research efforts within this area have focused largely on major urban areas, yet this somewhat narrow focus means that economic development activities in smaller urban centers have not received the attention that they deserve. This article investigates regional economic development within a small city context through a survey-based study of the entrepreneurial ecosystems operating in two small cities in the province of Manitoba. The results indicate that many currently accepted bases of regional business community expansion, such as government support and development of local suppliers, have limited utility within these cities. Concurrently, business leader survey responses from the two cities reveal a unique set of factors that drive economic development success in this nonmetropolitan case study, keyed by the pivotal role of a unique mix of nonlocal linkages, local cultural resources, and social connections in catalyzing local business expansion. These findings indicate that business community growth in the study cities proceeds from a distinctive template relative to larger centers, and suggest that increased research attention is necessary to elucidate the bases of business success in a more diverse selection of successful small cities.

Growth and Change, 2019, 50(1), 21. | wileyonlinelibrary.com/journal/grow | © 2019 Wiley Periodicals, Inc. | 1

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Context for Research

- There continues to be strong interest in understanding the developmental dynamics of regional economies
- One weakness in this research are is its bias toward the upper ranks of the urban hierarchy
 - Much on large, well-known, and dynamic business communities: Boulder, Phoenix, Vancouver, and Calgary (Feld 2012; Rice et al. 2015; Mack & Mayer 2016)
- **We've heard much about these big & successful urban areas: but what about business development success in small cities? Can they succeed as well?**

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Context for Research

- This project focuses on a case study of the small cities of Steinbach and Winkler, located in the Canadian province of Manitoba
 - Common features of the two cities:
 - (1) **small populations** (less than 20,000 people in each)
 - (2) slow-growth local economic base historically driven by **agriculture**
 - (3) **shared culture and history** (established by Mennonite immigrants from present-day Ukraine in the late 1800s)
 - (4) remarkable, **recent expansion**

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Location of Steinbach and Winkler in the Northern Plains



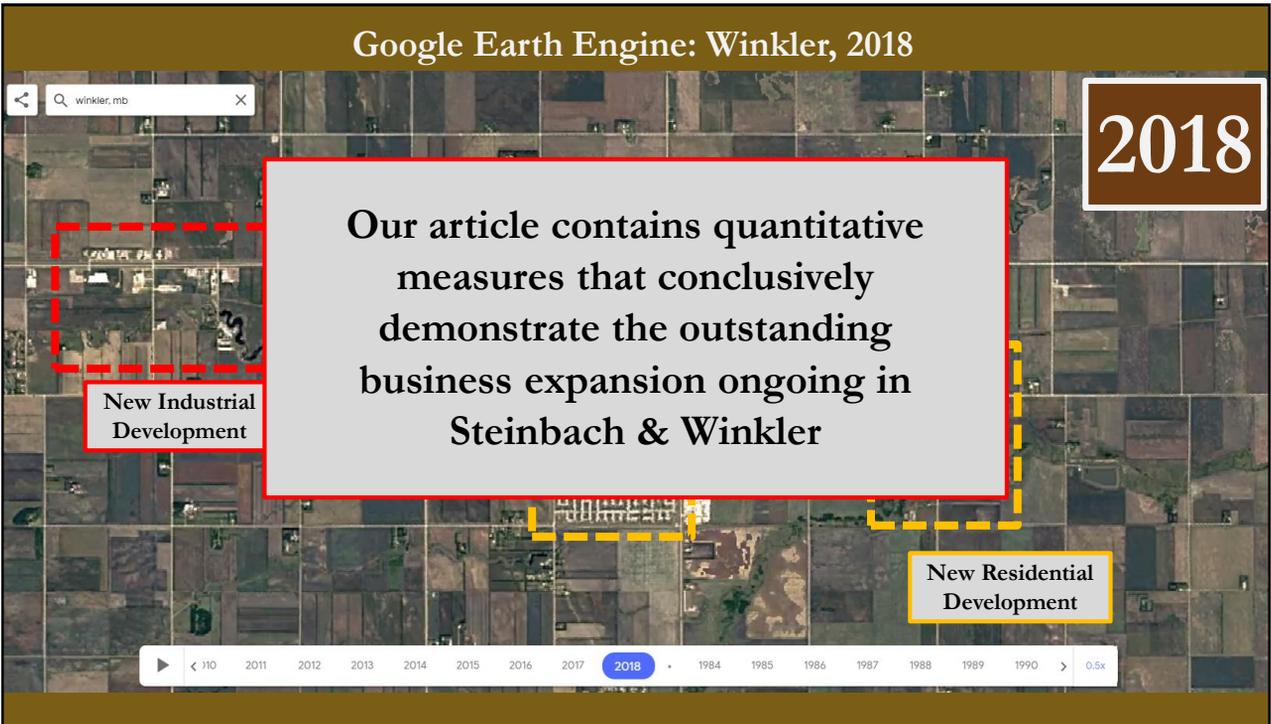
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*Example of the visibility of local
business growth in the city of
Winkler*

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Research Goal

- The goal of this research is to briefly encapsulate the strategies and conditions that local business and public sector leaders connect with the remarkable business success of Steinbach and Winkler

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Research Approach

- Focus on the strategies and assessments of business owners, managers, and community leaders from Steinbach and Winkler
 - The only way to reveal such private and strategic business information is through surveys
 - This research gathered detailed business insights from **14 senior leaders** representing **11 for-profit businesses** and **2 public institutions** in both cities

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Steinbach and Winkler Study: Firms and Leaders

Institution	Sector	City	Business Leader Surveyed
Firm A	Agriculture	Steinbach	Senior Manager
Firm B	Consumer Services	Steinbach	Section Manager
Firm C	Real Estate	Steinbach	Manager
Firm D	Retail	Steinbach	Owner and Senior Manager [†]
Firm E	Business Services	Steinbach	Partner
Firm F	Retail	Steinbach	Owner
Firm G	Agriculture	Steinbach	Owner
Firm H	Manufacturing	Steinbach	Owner
Firm I	Manufacturing	Winkler	Owner
Firm J	Real Estate	Winkler	Owner
Firm K	Transportation	Winkler	Operations Manager
Public Institution A	Public Sector	Steinbach	Senior Official
Public Institution B	Public Sector	Winkler	Senior Official

These are
senior people
who know
what is going
on in their city

[†] Two business leaders surveyed jointly

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Research Approach

- The study employed a survey instrument with a mix of standardized and unstructured questions
 - Every business leader was administered the same survey instrument
 - Public sector leaders were given a separate but related survey
- Survey encounters averaged approximately **one hour in length**, allowing for extensive discussion on a wide range of business and local development issues

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Research Findings

- **Structured Questions**

- **Aim:** to determine which of a list of common business development strategies resonated the most, and the least, with local business leaders
- **Overall result:** almost all commonly sought-after competitive advantages and much-avoided competitive challenges had little local acceptance/recognition

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Research Findings

- **Structured Questions**

- **Aim:** to determine which of a list of common business development strategies resonated the most, and the least, with local business leaders

This lack of connection between the business development literature and local business strategies indicates the existence of a **potentially-distinctive local environment** for business growth and development.

What, if anything, is unique about the approach and conditions for business development followed in Steinbach and Winkler?

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Research Findings

- **Unstructured Discussion**

- **Aim:** allow time for local leaders to explain what they view as the most successful business development practices pursued by Steinbach and Winkler businesses
- **Overall result:** local leaders emphasized two distinctive economic development assets & strategies that the local business community uses to its broad advantage

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Research Findings

- **1. Development of nonlocal connections:** planned, stepwise process of engaging with national and continental business networks & resources
 - **Example:** local manufacturer who researched large potential distributors for their product, and targeted contact with those distributors at trade shows, gaining access to continental markets through planned effort
 - **Example:** local entrepreneur travelled the continent in search of retail concepts that could be brought back to the Manitoba marketplace as product offerings that can be found nowhere else in the province

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Research Findings

- **2. Leveraging local cultural resources:** broad recognition of a positive culture and traditional view of work that favored business creation and quality work
 - **Example:** local manufacturer viewed the local workforce as being driven by “an infatuation with the concept of building things”, leading to the flourishing of a singular “desire to create”
 - This manufacturer, like other major local players, hires local workers who develop skills, start their own businesses, and act as subcontractors for their original employer

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Research Findings

- **2. Leveraging local cultural resources:** broad recognition of a positive culture and traditional view of work that favored business creation and quality work

In surveys, 8 of 11 local businesses made similar comments about the local culture and its impacts on local business prospects. **Almost all connected this culture to the region’s Mennonite roots.**

Broad agreement on this local strength also connected to consensus on a growing local threat and an associated community response.

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Research Findings

- ***Threat – Breakdown in the Intergenerational Transfer of Values:***
recognition of a local issue with mentorship and education
 - ***Example:*** local public official who cited a lack of success in “passing down a work ethic from one generation to the next”
 - ***Broad, Community Response:*** targeting immigration from places with cultures where intergenerational work ethic transfers were perceived to be still functioning
 - Mennonite communities in **Mexico, South America, and Germany**

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Conclusion and Further Questions

- The business communities of Steinbach and Winkler are generating business success using a resource and strategy profile that is distinctive from the path followed by larger centers
 - Extensive use of non-local resources and contacts
 - Pervasive leveraging of local cultural assets
 - But: also concerned about its ability to maintain its distinctive culture

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Conclusion and Further Questions

- Key questions for continued research
 - **What about other smaller centers?** What do other successful small cities do to generate their business growth?
 - **What about the challenge of local culture as a foundation of local success?** Can small cities maintain their cultural distinctives when outside forces are working to erode a local competitive advantage?

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Thanks to the University of North Texas
College of Liberal Arts and Social Sciences
for funding the summer 2018 fieldwork
needed to complete this research

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