**The** **pronounced embeddedness of commercial and social entrepreneurship in rural communities**

Abstract

This study examines the characteristics of entrepreneurship in rural villages. The study was conducted in Israel after the Covid-19 pandemic and is based on forty-two interviews with entrepreneurs in small rural communities. The research focuses on the dynamics between rural entrepreneurs and village communities. Four themes emerged from our content analysis. Our findings show the reciprocity that characterizes the relationship between entrepreneurs and the place in which they operate and their effect on the quality of life and the future security of the community's residents and the village itself. Officials in rural communities promote the establishment of entrepreneurial activities that will advance local services for the population, indicating that there are formal and informal relationships facilitate both the entrepreneurs and o the locale where they operate. The phenomenon of entrepreneur embeddedness in the place is more pronounced in rural localities than in large cities.

Keywords:

Rural entrepreneurship; Commercial enterprise; Social enterprise; Embeddedness; Village community

Introduction

In many rural communities, small and medium businesses (SMEs) are being established to meet the livelihood challenges of farming families and the changing agricultural economy. The introduction of mechanization and computerization, market access for merchandise with international wage agreements, and industrial corporations that have replaced the individual farmer are factors that have changed the rural space beyond recognition, affecting levels of employment and granting a degree of economic security to those who previously earned a living only from agriculture. The sense of economic security encourages the development of commercial enterprises and types of employment beyond the scope of agriculture. In rural communities close to large cities, there is a recognized trend of daily commuting into the cities (Giménez-Nadal et al., 2020), but in more remote rural communities, the livelihood challenge is greater (Alañón-Pardo & Arauzo-Carod, 2013; Cannarella & Piccioni, 2006). Factors related to policy changes toward support for farmers generated a long-term and multi-dimensional economic, demographic and social crisis (Wilson et al., 2022).

In response to the economic crisis, small enterprises began to develop in rural agricultural spaces as a constraint to the economic crisis and the desire to maintain the income level of the family economy. Soon, additional processes, such as mechanization, the entry of economic corporations into the field of agriculture, and climatic changes contributed to a sense of insecurity and the realization that small farms could not depend solely on agriculture as a source of revenue (Bandh et al. et al., 2021; Greenberg et al., 2018; Hoggart et al., 2014; Wilson et al., 2022). SMEs have made the rural space multidimensional and created a situation where those hoping to exit the big city can build their lives in a quiet and intimate countryside community and enjoy the proximity to nature (Crandall & Weber, 2004). In this way, the establishment of SMEs has contributed to demographic changes and revitalized rural villages whose populations had both dwindled and aged (Shamai et al., 2015). The arrival of a young population can energize an individual village as well as the entire rural area (Greenberg, 2013; Kulawiak et al., 2022; Schnell et al., 2017).

Past research has explored the challenges faced by entrepreneurs in rural areas, such as limited access to both capital and markets, lack of infrastructure, and lack of skilled labor (Kulawiak et al., 2022). All of these can adversely affect the growth ability of a commercial enterprise (e.g., Li et al., 2019; Mitchell, 1998; Richter, 2019; Wilson et al., 2022). In the current study, we examined the character of the relationships forged between entrepreneurs who establish their businesses in a rural community and the local population. Is the relationship purely economic, or does it contain additional elements that influence the sense of security of both the entrepreneur and the local population? In particular, we were interested in how the Covid-19 crisis exposed the significance of having businesses in rural areas during a time of limited movement and access to goods.

**Theoretical Background**

***Changes in the Rural Space in Israel***

Since the 1980s, rural farms in Israel have experienced economic crises and a sense of future economic insecurity. The increase in the price of water and other essential components of agriculture damaged farmers’ prevailing security (Greenberg et al., 2018; Teff-Seker et al, 2022), as did the opening of the markets to the international economy via import and export that placed local agricultural produce in competition with imported produce (Tal, 2019). Economic corporations took over large agricultural areas (Goldsmith, 1985; Park & ​​Kim, 2020) and the lack of sufficient government support began to pose difficulties for the small farmer; relying on agriculture to support a family was risky and ill-advised. Moreover, these changes had far-reaching effects on the entire rural area. Many farmers reduced their agricultural activity and became salaried employees. Some farms ventured into extensive farming or extensive crops to reduce the number of employees. Others added sources of revenue as salaried employees or entrepreneurs (Razin & Lindsey, 2017). The next generation of sons and daughters who had grown up on the farms left for the big cities, and many family farms were sold to cover debts to the banks (Ben-Dror & Sofer, 2010). The aging population in remote and peripheral areas began to see a reverse movement: *counter urbanization*. This trend was comprised of people, especially young families, who viewed the countryside as a welcome opportunity to live in small communities and enjoy a higher-quality life close to nature (Phillips, 2010). Changes in the labor market and the opportunity to work from home made rural spaces attractive to those seeking to escape the cities and enjoy the quality of life found in smaller, more intimate communities. All of these factors contributed to the growth of small commercial enterprises in rural areas. Our goal to examine the relationship between SMEs and the community and region in which they are located.

Characteristics of Commercial Enterprises in the Countryside

In the current study, *rural entrepreneurship* is defined as a process of creating and managing a business in a rural area that is characterized by a specific set of environmental, social, and economic conditions (Kulawiak et al., 2022). This definition emphasizes the unique reciprocity that the environment and social conditions in the village share with the entrepreneur and his/her business. Regarding the term *entrepreneurial activity*, we prefer the definition of Patel and Marcus (2023), which describes it as the creation of new enterprises or the expansion of existing businesses by individuals or teams. The importance of this definition lies in its reference to change in veteran businesses as well as the creation of new ones.

The characteristics of small businesses in rural villages vary according to the distance of the village from the big city that serves as a commercial and economic center. Commercial and storage opportunities are now perceived as attractive in rural villages close to large cities for several reasons. The first benefit is economic. The cost of renting storage space or office space in a rural village is lower, so the cost-benefit ratio favors moving this type of business out of the city and into a nearby village. The second consideration is the proximity to main traffic routes without the gridlock found in cities. Warehouses and freight-forwarding centers in villages can take advantage of the proximity and quick access to highways to move goods quickly. Lastly, rural spaces have open areas that can be used to develop recreational venues, hospitality complexes, and facilities for events that allow people to enjoy the rural landscape as well as a quiet and pleasant atmosphere within a short distance and without the unwanted noise of city neighborhoods. Thus, rural spaces are attractive to businesspeople who relocate to set up businesses and to veteran residents who develop enterprises after leaving work in agriculture (Wilson et al., 2022). Both types of enterprises enable continued economic growth and contribute to a sense of security for the future of the family economy and to the economic security of the young people returning to the rural villages (Greenberg et al., 2018).

Entrepreneurship has also developed in rural villages farther away from large cities. The changes in agriculture and the dearth of job opportunities pushed many farmers into establishing commercial enterprises. Initially, most of these businesses focused on hospitality, rural lodging, and catering. Rural spaces far from large cities were perceived as ideal for weekends and extended vacations for the urban population (Cunha et al., 2020; Jonathan & Ioannides, 2020; Yang et al., 2021;). In recent years, there has been a major uptick in enterprises based on new and liberal professions, as well as therapeutic professions. These have historically characterized the rural area, but they make it possible for local residents to combine living in a village with a rural and communal lifestyle and making a living from the professional field they acquired in their studies (Christensen, 2019; Greenberg et al., 2018).

These developments in the rural space have been changing the area’s economic reality on three levels: (a) at *the macro level*, where changes are major, especially the positive migration to the rural area, particularly those villages adjacent to main traffic routes (Phillips, 2010); (b) at *the meso level*, which includes the regional level (Pankaj & Marcus, 2023); and *the micro level*, which is represented by the individual entrepreneur.

~~Alongside a variety of development options and the commercial and economic lure of business entrepreneurs, the individual entrepreneur must still deal with the issues of distance from population concentrations, whose result is a relatively small number of consumers and customers, old and decrepit traffic infrastructure that make transport difficult, high transportation costs for supplies and products, a dearth of professional workers and a great shortage of specialist professionals (Berg & Ihlström, 2019). This situation prompts the need to examine the relations and collaborations between the small business and the locale in which it operates and the effect of these relations on the profitability and sense of security of both the entrepreneur and the place in which the business is located.~~

**Characteristics of Social Enterprises in Rural Areas**

The growth of social enterprises (SEs) that has occurred in recent years represents both a desire for change and for contribution to the community (Zahra & Wright, 2016). Social entrepreneurs, who have become an expanding phenomenon in Israel’s rural spaces, combine business thinking with the realization of a social idea. SEs are first and foremost for financial profit, but entrepreneurs of this type seek to provide a response to social and environmental issues and needs in the community where they are based (Austin et al., 2006; Shumate et al., 2014). Austin et al. (2006) claimed that the People, Context, Deal, Opportunity (PCDO) framework can be applied to social entrepreneurship. They differentiate social enterprise from commercial enterprise, for example in the opportunities for establishing entrepreneurship: "The non-distributive restriction on surpluses generated by nonprofit organizations and the embedded social purpose of for-profit or hybrid forms of social enterprise limits social entrepreneurs from tapping into the same capital markets as commercial entrepreneurs” (insert page#). As a result, social entrepreneurs often rely on funding sources including individual contributions, foundation grants, members’ dues, user fees, and government payments. Also, unlike commercial enterprise forces, social entrepreneurs focus on serving basic, long-standing needs more effectively through community support (Anderson & Gaddefors, 2016).

SEs give local residents a renewed sense of belonging that has strengthened their connection to the place and revive the concept of community that had been depleted in previous decades (Anderson & Gaddefors, 2016; Ganany-Dagan, 2022). For the entrepreneurs themselves, engaging in social entrepreneurship orsffe an emotional return of satisfaction and personal fulfillment (Anderson & Gaddefors, 2016). Thus, social entrepreneurship can be measured economically (i.e., through concepts such as profit, physical and technological capital, resources, input, and output) and socially (e.g., level of contribution and social impact). Zahra and Wright (2016) characterized the types impact at the community level and defined the index of wealth in social entrepreneurship as “overall wealth.” This concept combines social and economic wealth and includes both the tangible economic dimensions such as products, number of customers, and profits, as well as the intangible social dimensions such as well-being, health, and happiness. Lumpkin et al. (2018) suggested social entrepreneurship is designed to create four types of capital: physical, financial, human, and social. capital - to measure the impact of social entrepreneurship on the community. According to them, this approach differentiates between the financial investment and the investment of time and effort, which reflect activities aimed at positive social change in the community. The monetary profit index or the physical and financial capital obtained from SE is often small in relation to the investment and does not explain the motivation of social entrepreneurs to establish SEs and continue to operate them when both investment and ongoing costs are high (Gimmon & Spiro, (2013).

Amado et al. (2013) showed that SEs have a greater chance of surviving and growing compared to business enterprises, although both are affected by market fluctuations. They maintained that the anchor of sharing and giving that characterizes businesses of this kind and the contribution to the sense of belonging and community cohesion around an idea unites community members, as Anderson and Gaddefors (2016) found in their research. Hence, when there is a community around the idea of ​​social entrepreneurship and there is a conceptual, physical, and human platform, social entrepreneurship can reward the entrepreneur and the community.

**The Research Question**

In this study, our goal was to examine the characteristics of the relationships forged between the village, community, and entrepreneurs who established their businesses there. We focus on the mutual contributions of the place and the people to the entrepreneur and vice versa, and whether, in addition to the business arrangement, the relationship contains additional elements and, if so, their effect on the entrepreneur, the community, and the village.

**Study Design**

We used the phenomenological approach to examine the connections between small businesses and the village and community in which they are located. Semi-structured interviews were conducted with 42 small-business owners (up to 50 employees) who live and operate in 15 villages (defined in Israel as *moshavim*, *kibbutzim,* and communal villages). Of these, we present 23 interviewees. Snowball sampling was used to recruit interviewees (Browne, 2005); the first participants were encouraged to introduce new participants to the study. Each interview was 60-90 minutes long. All interviews were audio recorded and professionally transcribed. This study was approved by the Israeli Ministry of Space, Science, and Technology and by the researchers' Institutional Ethics Committee. Upon recruitment as study participants, the interviewees were informed of the purpose of the research and the ethical guidelines that would be followed by the researchers. The participants appear in the study under pseudonyms.

The interview guideline included fifteen questions on (a) the business (location, year of establishment, reason for establishment, goals, challenges, organizational structure, number of employees, financial profit, dealing with crisis situations); (b) the interviewee’s career/position (current position, development aspirations for the enterprise, values, factors that influenced the establishment of the business, career progress, challenges) and (c) community and regional ties (identity as a professional and business owner, integration into the community, community support, expectations from the community).

**Characteristics of the Participants**

The sample consisted of entrepreneurs from different types of rural villages defined in Israel as *moshav, moshava, kibbutz*, village, and communal villages. Half of the interviewees were men, and half were women. Of the total sample, 75% were between the ages of 30 and 50, 20% were over 50, and 5% were under 30. Most had families. About 75% of the interviewees lived in villages in the Galilee region, while 25% lived in Golan Heights villages. All villages were at least an hour and a half away from major cities.

**Table 1:** Number of interviewees/enterprise activity owners by type of locale and gender:

|  |  |  |
| --- | --- | --- |
|  | Gender | Total |
| Type of Village  | Female entrepreneur | Male entrepreneur |  |
| *Moshav* | 7 | 7 | 14 |
| *Kibbutz* | 7 | 9 | 16 |
| Communal village  | 3 | 3 | 6 |
| Other (*moshava*, village) | 2 | 2 | 4 |
| Total | 18 | 22 | 40 |

**Data Analysis**

Data analysis was performed in three stages. First, each of the researchers read the interview transcripts to identify significant concepts and extract codes (Charmaz, 2000, 2006). Second, researchers agreed upon the categories that appeared repeatedly in all the interviews. Third, these defined categories underwent comparison (peer review). Codes that were developed were then compared and assigned to key themes identified in the conceptual framework (Locke et al., 2015). Because our study involved a diversity of entrepreneurs throughout the Galilee and Golan Heights villages, we selected a team of researchers who belonged to diverse communities, including members of rural communities, to ensure accuracy in interpreting the context of the interviews and construing the content analysis.

## **Results**

We found four recurring issues that arose in the interviews, each involving the relationships among the the village, the community, and the entrepreneur's entrepreneurial activity. Each will be described along with representative transcripts.

### **Theme 1:** The village relies on an entrepreneur to provide products or services that it had provided to the residents in the past through outsourcing

Some of the enterprises were created as the result of a joint dialogue between village administrators and the entrepreneur and are a new configuration of services previously provided by the village. For example, a village may not be able to handle certain demands after commercial or economic restructuring. Encouraging the establishment of private entrepreneurial activity is the village's way of continuing to offer a particular service to residents.

Anna described the connection between a service required in the village and her private enterprise:

"The business relationship with the community includes renting the place [*ed: an equipped, industrial-sized kitchen which probably once served as a kitchen for an entire kibbutz population*] ...I have a steady relationship with a number of families: children who come, and I prepare lunch for them... and in addition, I cook for the older adults, and in addition to that I also use the kitchen for private matters, preparing meals for hospitality and supplying catering services."

Ronit presented another partnership with the village that occurred when the kibbutz [ed: before privatization] suggested she manage a branch of a nationwide computer company:

"...then... the business manager said to me: "Come on, there is something suitable...we want a partnership with a kibbutz"…I got into it...we were the branch in the north...since then, I took it upon myself. I bought the rights...somehow we [me and the kibbutz] reached a financial agreement, and it became my business after privatization."

Drora describes her consulting service that began when she provided consultation to the local council and subsequently developed into a private enterprise of business consultation:

"...I do it in the fields of education, agriculture, tourism...I specialize in marketing via online content on social networks and the Internet...".

Her explanation emphasized the professional importance of a deep familiarity with the issues that concern the rural area. Her words teach us how digital media can bridge the physical distance between an entrepreneur and his/her customers.

Yoram recounted that after the organizational change in the cooperative village where he was employed (i.e., as part of privatization and subsequent downsizing), he began entrepreneurship in the profession he acquired as an employee in the kibbutz factory:

"... In [my village] I provide planning services for water and sewer lines...for a fee.... and apart from that, I am on the planning committee [in a volunteer role] ... It's based on my professionalism ... it's always good to have someone who knows how to assess the situation ... because of the whole infrastructure issue, I have a deep involvement in accompanying the people [who are building houses in the village]. “

Shosh, the owner of a cheese factory, describes the success of an enterprise built with the agreement of the village involving the sale of products to the residents of the village and nearby areas: "... we have a ‘trust refrigerator’ here, people come, take, pay. So first of all, it is a concept that is almost non-existent in the country [and if so, only in small rural villages in the periphery]. Shosh builds on the relationship of trust that prevails between her and her customers, who will pay for the products they take, and relies on her acquaintance with the people of her village, who will spread the word and bring more people to buy her products. The quality of this relationship allows her to sell 24/7 while she continues to produce cheese in the small factory next to her house. Her situation echoes research by Pankaj and Marcus (2023), who showed that in rural U.S. districts where an enterprise has flourished, trust based on social connectedness and entrepreneurial activity increases economic capital.

In summary, enterprises were created that replaced the products and services that the village had supplied in the past. The ongoing economic struggles and subsequent recovery processes (mainly the privatization of previously communal villages and their businesses) necessitated a structural change that resulted in a transition from institutionalized businesses managed by the village to entrepreneurs’ activity as private individuals. The new entrepreneur’s activities respond to the residents’ needs and are a source of income that guarantees financial security to the entrepreneur. Some entrepreneurs operate only within the village, whereas some expanded their activities outside the village.

Theme 2: The community and the entrepreneur establish a pattern of combined entrepreneurship.

The second theme involved the community's needs being met by the enterprise’s manager, who provides a professional response for a salary but with a ‘pinch’ of interpersonal relations, along with voluntary help. The picture that emerges is of a structured combination of paid services and involvement and volunteering in the village. Following are several examples:

Zemer, a plumber, describes how, in addition to his work as a paid professional, he also offers informal help to community members:

"In the local community, I am mainly involved in business. People contact me at any time when there are problems... If it suits me in terms of time, I come and do it... I walk the dog in the morning and there is always someone who needs me for some consultation, to ask, to find out, sometimes they need other professionals so I give them names and phone numbers of professional people I recommend... It seems to me that in the city, they wouldn't feel so open and safe to ask these questions as they do here."

Haim's story begins with volunteering to help with activities in the village when he lived elsewhere, which evolved into his becoming a resident.

"...I had a big plus over everyone [people who applied to join the village’s expansion neighborhood, giving them the right to build a home there] ...I've been working at this kibbutz for several years...I was the hotel's entertainment staff for many years... [and when they did private kibbutz events like] every Independence Day, every Memorial Day, I would lend them the amplification system. Mine. Voluntarily!!! Why? I wasn't a local...but I saw that their microphone wasn't working...I told the kibbutz cultural director here...never mind, it’s on me! With love. I organized it for them, I arranged it for them to have everything work as it should.”

Amira, an internet site promotion consultant whose clients are mostly local, talks about specializing in the needs of entrepreneurs in the periphery and the adjustments she makes between the nature of businesses in the center and those in the periphery: expert and societal:

"...on a knowledge level, and on a support level, and a reinforcement level, with the aim of helping them succeed [in the periphery]. And precisely in a place that is not accessible to many people as compared to what the center [of the country] has to offer...".

Anat, an independent cosmetologist, describes the significance of interpersonal relationships that characterize the rural village and their effect on the growth of her enterprise:

"...one customer is always bringing another, and also...[I have] a very strong relationship with people who have been coming to me for ten years...I think that the very fact that I am part of this valley... and see everyone all the time, ... I go to the supermarket and then I see you and you say to me, "Oh, I need..." [laughs] ...you're a kind of a walking memo [reminder] for what people need."

Shira, a business consultant working in the Golan and Galilee region, dedicates part of her work to supporting women in the community:

"...about a third of my work is for them and for free - volunteer lectures, volunteer consulting, escorting them, etc. I give scholarships and they’re always for women...".

To summarize this theme, there is reciprocity in the informal relations that characterize the enterprise’s connection to the rural village. The entrepreneur contributes experience, professionalism, and resources. Villages benefit from high-level services for the community as a whole and for individual residents who require these services. Community members contribute to the promotion of the enterprise by spreading the word and recommending the business, thus creating a type of informal marketing at the local and regional levels. Expanding the circle of customers contributes to increasing the entrepreneur's profits. Adapting the service to the needs of unique groups in and around the locale, together with frequent interaction is advantageous to entrepreneurs and customers and contributes to a multidimensional relationship based on work relationships and social interaction.

### **Theme 3**: Replacement of traditional community services by the entrepreneur.

This theme shows that entrepreneurs join the community’s mobilization efforts via social entrepreneurship and the support of the village’s administration. Some enterprises support the entrepreneur and contribute to community strength through activities designed to empower sectors of the local population.

In one Moshav, interested parties from the area established a cafe for local youth as a place for social gatherings. The goal was explained by Sima, its founder:

 "...to be... a significant adult....and to strengthen the sense of belonging to the place [among the local youth] ...to encourage a group belonging...". She adds: "...I was really waiting impatiently for it to open... [so that] anyone can come.... we started going on a crowdfunding and fundraising campaign... [to this day]".

This is an example of an enterprise established with the support of the village for the benefit of the community, where the financial profit is paid to the youth for their part in the upkeep but the social return from the entrepreneur activity is difficult to quantify. This is reminiscent of Granovetter’s (2005) research on small businesses that showed the great impact of social networks on entrepreneurship.

Ronit, a local artist, describes the meetings of older adults at her home. She receives payment for the art class she teaches, but the meeting also includes an element of social service for the local elderly population:

 "...I have connections to the community, for example, I do classes here... a group of older women has been organized, it's been like this for three years already... they come regularly, one brings cake, another brings fruit, and they sit and work for 3-4 hours, so it’s a fun meeting for them.”

Mira, the manager of a local cafe, noted:

"...we got the old club, there was a lot to renovate, and the kibbutz...gave us the place, initially free of charge, it helped us a lot at the beginning. Today, the cafe is used by many people from outside, but it is definitely also a local social place. People from the village sit here ... sometimes for business meetings, sometimes friends meet. It has become a central and significant place in the kibbutz. It seems to me that for my village, this is a WIN-WIN."

The identification of a need by the village’s management or an entrepreneur became a type of social enterprise that provided a humane and social response to residents and, at the same time, employment and livelihood for the entrepreneur. These ventures exhibit the entrepreneur’s connection to and familiarity with the needs of the village which consequently contribute to the quality of life of different age groups and adopt some social services previously provided by the village. This theme is supported by Lumpkin et al.’s (2018) findings on the types of capital that social entrepreneurship provides. The economic crisis and Covid-19 changed organizational and economic structures such that some traditional services are now provided in a new format by private entrepreneurs. The pandemic accelerated the growth of enterprises with entrepreneurs adapting to the restrictions of Covid-19 by providing delivery service, Internet sales, and more. Many of these practices and adjustments remained as part of the service to the consumer post-Covid-19. Such enterprises represent a move toward positive social change in communities located far from large cities, in addition to providing access to a variety of products and services for the local population.

### **Theme 4**: Tensions between the entrepreneur and the village

The fourth theme involves the complex situations that arise when a new business--based on individual entrepreneurship--enters a village based on a culture of overall responsibility for its residents. The difficulty in having compatible business expectations, contractual relationships, and social interactions between the entrepreneur and the business locale sometimes creates conflicts between the village’s management, the community, and the entrepreneur.

Aran describes the separation between his relationship with the village as an organization and the people of the community:

"... our connection to the community is on a personal basis only, we help our friends... [and] boys and girls [from the village] work with us and we teach them to work."

Amir who owns a coffee shop in the kibbutz:

"There is no connection to the community. I didn't want to connect with them either. I didn't want to be a cafe inside a kibbutz, the kibbutz is not the target audience. The location is only for its beauty and interesting surroundings, we wanted to bring people from outside and that's what we did... today, after three years here, there are glitches with the regional authority and with the local council, but the kibbutz does not help us."

Similarly, for Shlomo, the difficulty in interacting with the village arises from a different business culture.

"... we try not to work, not to do things for the kibbutz. We had a bad experience with that... They ordered work from us and did not agree to pay the amount that was agreed upon in advance... It used to be that in the kibbutz, you actually worked for them for free....".

The connection and familiarity with the village can create tensions between the entrepreneur and the village. Such tensions affect the degree of cooperation and the nature of the business connections and other relationships that exist between the enterprise and the locale in which it operates. Some tensions are related to the traditional lifestyle in small collective communities and the centralized and voluntary form of management that has characterized these villages (Shamai et al., 2015). Other tensions originate from the entrepreneur's ambitions to escape the local mentality into a broader entrepreneurial vision. All study participants described a lack of cooperation between the entrepreneur and the village that make it difficult to manage the business because of challenges involving business licensing and regulations of various types. Such barriers hinder the business in its future development. At the same time, it is worth noting that these tensions are different from those in rural villages that are closer to large cities (Richter, 2019).

Hence, the findings show reciprocity between entrepreneurs and the village that promotes both the businesses and the community. Enterprises benefit from regular local customers who constitute an economic base that offers security to the entrepreneur, and the village profits from the convenience of products and services provided locally without the need to travel. There are formal contracts between enterprises and villages, but there are also informal agreements based on relationships and familiarity. Our results revealed that, in many cases, the village benefits from its relationship with a business more than the entrepreneur. For example, during the ongoing economic crisis in rural villages, businesses provided services to residents that were previously provided by the administrations of the village. Additionally, during the Covid-19 pandemic, these businesses contributed to the quality of life in villages by providing products and services that reduced residents’ sense of isolation.

## Discussion

Rural villages in Israel experienced an economic crisis that resulted in a change of direction in employment and sources of livelihood. One of the results of this crisis was the establishment of commercial enterprises. The findings of this study, whose data were collected during and after the Covid-19 pandemic crisis, revealed the multidimensional significance of these enterprises in rural communities.

Examining the **motivation for establishing** a commercial enterprise revealed that sometimes villages promoted commercial enterprises. The village's motivation was understood to come from two sources: one was purely business; promoting the village’s commercial relations with external companies via the help of entrepreneurs from the village who are linked with an external company. Such arrangements contribute to the economic infrastructure and profits of the village. The second motivator combines economic and social considerations such that entrepreneurial services are perceived as bolstering the well-being of village residents and their life satisfaction (Wilson et al., 2022). The economic and pandemic crises required organizational and economic changes that translated primarily into the privatization what previously had been part of the collective. Thus, transforming some services once supplied by the village into commercial enterprises ensured their continued existence and the continued quality of life of the residents; in addition, it allowed professionals to continue operating in their chosen field while developing their professional and commercial status.

Our findings highlight the meaning of belonging to the local community, based on the knowledge that the community will be attentive to the basic needs of residents. During the economic and social crises, personal security was compromised due to uncertainties regarding the future of the local communities. We found that local social enterprises are able to fill the needs of community members and contribute to the renewed growth of a sense of belonging and security. The research shows that these initiatives build security anchors in the new community fabric and a sense of the community's ability to deal with crises.

The novel information that emerges from our findings involves the relationships between entrepreneurs and remote villages, which differ from relationships experienced by entrepreneurs in villages closer to large cities or those experienced by entrepreneurs working in the city. The availability of enterprises with services and products allows village officials to utilize those easily accessible professional services thus contributing to their ability to meet the demands of local residents.
Therefore, in reference to the three levels of economic change in rural villages: micro, meso, and macro (Berg & Ihsrom, 2019), these enterprises mainly affect the micro level (i.e., individual villages and those adjacent), and less so the meso-level and macro-levels (i.e., region and council). The existence of commercial enterprises in the village encourages residents to utilize its services. This finding is consistent with previous studies (Anderson & Gaddefors, 2016; Ganany-Dagan, 2022) on the contribution of small businesses to deepening a renewed sense of belonging and meaning in the rural settlement. These findings emphasize the importance of the synergy between entrepreneurial stakeholders and the village regarding the promotion of these enterprises.

Following the recommendation of other researchers to examine gender (Pankaj & Marcus, 2023), we found that some female entrepreneurs were in traditionally ‘female’ professions but that there was an influx of female entrepreneurs into liberal professions whose main focus is consultation and commercial development.

Entrepreneurs in remote rural areas build on their locale and its residents as their target audience. Regular customers who live close by provide a constant income level and promote financial security. Regular local customers help the entrepreneur negate the problematic transportation infrastructure and the large distances between the enterprise and distant customers. Adapting the service to the unique local population guarantees the entrepreneur regular customers and income. In remote areas, this economic planning has great significance, as shown in the research of Li (2019) and Richter (2019).

In addition to modifying products and services, entrepreneurs had to adjust their marketing methods. Traditional marketing channels and strategies were no longer effective in reaching customers during the pandemic. Rather, entrepreneurs had to embrace digital platforms and online marketing techniques to connect with their target audience. This shift allowed them to maintain customer engagement and sustain their businesses in a challenging environment. These developments remain for many as part of the entrepreneurship arsenal even after the coronavirus restrictions ended. Zenker and Kock (2020) claimed that crises have the potential to improve entrepreneurial innovation, and indeed, we found entrepreneurial creativity had taken place in rural areas based on the direct and immediate feedback from residents and the management of the villages to the entrepreneurs.

This study corroborates previous studies that highlight the importance of personal relationships and local networks in rural communities (Granovetter, 2005; Pankaj & Marcus, 2023). Our findings elaborate on understanding the importance of social and business ties between the entrepreneurs in the villages and the communities’ management, but especially between entrepreneurs and residents. For the owner of a commercial enterprise, residents are an adjacent and natural clientele, and the investment to adapt to their needs is justified.

In addition, our findings shows that rural areas, where the memory of the economic and demographic crises is still fresh, became attractive to entrepreneurs during the Covid-19 epidemic precisely because of their rural and remote qualities. The strict isolation guidelines allowed relative normalization for those living in sparsely populated areas compared to those living in cities. Remote villages also allowed more opportunities for movement and reduced possibility of infection than in dense urban areas. The findings of our research showed that local factories contributed an additional layer of security of daily existence during the quarantine periods. They adapted themselves to the needs of customers and local residents and found solutions for survival--and even growth--during the Covid-19 period.

We suggest a model that illustrates different embeddedness of entrepreneurship in villages vs. urban locations (Figure 1).

**Figure 1 about here**

The figure shows the mutual effects of commercial enterprises in the village, the benefits that the enterprise offer to the village, and the advantages that the community reaps from the presence of entrepreneurs’ activities, as well as the significance of the village and the community for the entrepreneur activity. According to Wilson et al. (2022), the scale for Embeddedness of rural micro-enterprises in villages ranges from dis-embedded to over-embedded. This model focuses enterprises in rural villages located far from cities. The model emphasizes the differences in embeddedness between entrepreneurship in villages far from cities, villages close to cities, and within cities.

## Conclusions

Commercial enterprises established in rural villages far from large cities have unique characteristics in their connection with the village where they are located. As in previous studies, in the current study, commercial entrepreneurs were found to be based primarily on the personal skills of the entrepreneur (Cunha, 2020; Christensen, 2019). One of our significant findings was entrepreneurs’ understanding of the motivation of the village and its officials to establish enterprises that meet the needs of the community. This relationship between a community and local entrepreneurs is highlighted by a reciprocity between the enterprise and the community: the enterprise benefits from the proximity and loyalty of local customers who guarantee a regular income. Village residents benefit from easy access to products and services that meet their needs despite their distance from the city. Village administrators see that new enterprises meet the needs of current residents, contributing to their quality of life and making their village more attractive to potential residents.

This research has several theoretical contributions: first, it reveals the renewed place of the village as a place of security and support during a crisis such as the Covid-19 pandemic. We found that positive migration to villages during and after the pandemic was due to a positive perception of the village as a place that can provide essential services, including relative health security due to the open spaces, a feature lacking in the city.

Second, we found that in times of crisis, the entrepreneurs' informal connections with the local residents were based on their belonging to the place. This ability was made possible during and after Covid-19 by conceptual flexibility and the provision of required solutions for both the community and the entrepreneurship. The present study enhances the theory of innovation as a crisis response from the perspective of MSE entrepreneurs, as Zenker and Kock (2020) encouraged. Firstly, despite limited resources in small enterprises (Wilson et al., 2022), MSEs hold the capacity to quickly initiate and manage several innovation projects of different types and in different stages simultaneously as crisis response.

Third, the findings of this study contribute to understanding the pronounced embeddedness of entrepreneurship in rural communities. Wilson et al. (2022) asserted that a strong relationship between the enterprise and the place in which it is located contributes to the economic vitality at the micro level of both the entrepreneur and residents of the village. This mutual contribution between residents and entrepreneurs characterizes the rural space far from large cities more than those rural villages closer to city centers. These differences underscore the difference between the two types of rural villages.

Our recommendation to the rural entrepreneur is to closely consider the needs of the local population when creating a business plan, even if this requires adjusting products or services. These adjustments will guarantee customers and a regular income. For those holding administrative positions in rural villages, we suggest building a support system for entrepeneurs who wish to establish commercial enterprises. Such an investment will improve the local population’s quality of life and contribute to their future security, create additional jobs, and perhaps even contribute to the economic and social development of the rural area by increasing its attraction to potential residents.

Research Limitations

We were unable to learn about the meso- and macro levels of commercial enterprises in the rural space. Another limitation is that the focus of the study is specifically on the Israeli rural area; further research in other countries can prompt a comparison and thus a more complete picture of relations between commercial enterprises and the villages in which they are located. A quantitative research study with a larger sample may provide a more complete picture of the meso-level and macro-level. Another proposal is for a study examining the opinions of the residents concerning the commercial enterprises in their rural villages.

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