RURAL INNOVATION AND ENTREPRENEURIAL MOTIVATION: THE CASE OF AGRITOURISM WITH NEW AND BEGINNING FARMERS IN A SOUTHERN US STATE

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ABSTRACT

Regional development and entrepreneurship literature examine the importance of innovative and creative activities for the growth and development of regions. Rural economic diversification continues to challenge many communities throughout the United States. An area of economic opportunity for some rural communities across the United States is entrepreneurial activity in the agriculture and tourism sectors to enhance existing resource advantage(s). The paper explores innovative practices of agritourism farmers in the Southern United States, using South Carolina as a case.

Using a theoretical lens of entrepreneurship motivation, this research analyzes the results of a small pilot study of agritourism farmers. The paper contributes to the entrepreneurship literature by testing an existing entrepreneurial motivation model in the context of agritourism. Results show that agritourism farmers have diverse motivations for engaging in these operations and some may be more prioritized than others. Model results highlight the entrepreneurial nature of agritourism and potentially important motivating differences between agritourism farmers and non-agritourism farmers. The study highlights the need to better understand innovation and entrepreneurship in the agritourism sector across communities, along with the value of exploring different methods of examining these processes in rural communities where there are fewer opportunities for non-agriculture sector development.

Keywords: Rural Innovation, Entrepreneurial Motivation, Beginning Farmers

INTRODUCTION

Entrepreneurship and innovation are potential drivers of rural economic development (Goetz et al., 2010). Agritourism can be characterized as entrepreneurial and innovative, as it crosses the boundaries of agriculture and tourism and involves the exploitation of new opportunity (Drucker, 2014). Agritourism is defined as any practice developed on a working farm with the purpose of attracting visitors to the farm (Barbieri & Mshenga, 2008), it includes any agriculture-based activities and attractions that bring people to farms, ranches or other agricultural settings (South Carolina Department of Agriculture, 2018). As a part of a growing trend in the United States and viewed as a subset of rural tourism, agritourism combines agricultural production with tourism and encourages short- and long-term visitors to farms for enjoyment, education, and active involvement in the activities of agricultural production and farming life (Nasa, 2010). However, a largely unexplored area of agritourism is how agritourism
fits within traditional entrepreneurial and innovation frameworks, yet there is evidence that agritourism operators approach these activities with an innovative and entrepreneurial lens.

As a niche market in the tourism industry, farmers in different regions of the world have developed innovative ideas to attract tourists to their farms, largely driven by the need to diversify farm incomes. Since agriculture is a main driver of economic growth in rural areas (Gardner, 2005), agritourism can be an important contributor to rural community development and local job and wealth creation. In fact, state and federal agencies recognize agritourism as a development tool for rural revitalization (Barbieri, 2009). It is therefore important to understand what factors make farmers engage in agritourism. This will help public and private stakeholders interested in spurring agritourism (as a mechanism for rural revitalization), to create appropriate policies, incentives and broader socio-economic conditions that will enable agritourism operations.

Entrepreneurship researchers have studied various factors that influence entrepreneurial development and innovation. While some concluded that individual characteristics such as personal traits and human motivation are the determinants of entrepreneurship (Gartner, 1992; Krueger & Carsrud, 1993), others have criticized such trait-based research and argue that environmental conditions rather than traits are the determinants of entrepreneurial activity (see Aldrich and Zimmer, 1986; Aldrich, 2000). From an entrepreneurship ecosystem lens, we maintain that both individual characteristics and environmental conditions influence agritourism entrepreneurship.

Shane et al. (2012) assert that it is erroneous to study entrepreneurial behavior without studying the entrepreneur. The investment of agritourism farmers in tourism ventures to diversify their farm incomes and meet potential market demand is a unique entrepreneurial activity that distinguishes them from other types of farmers. Since agritourism farmers are exposed to similar socio-economic and policy environments as other farmers, we hypothesize that individual motivations and goals are potentially significant factors that differentiate them from non-agritourism farmers and could help explain why they engage in agritourism. Thus, this paper examines the motivations for agritourism entrepreneurship, the innovative practices of agritourism farmers, and the differences between agritourism and non-agritourism farmers. Additionally, this paper proposes ideas for future research and policy considerations if agritourism is to be used as a tool for rural revitalization. The rest of the paper is structured as follows; we discuss the nature of agritourism as an entrepreneurial activity. This is followed by a review of the relationship between agritourism, rural innovation, and rural development. We then explain the theoretical lens of entrepreneurial motivation using Shane, Locke, & Collins’ model. This is followed by a discussion of the methods and results of our analysis. We conclude with a summary of findings and provide recommendations for future research and agritourism policy development.

**LITERATURE REVIEW**

**Agritourism As A Unique Entrepreneurial Activity**

According to Barbieri (2009), agritourism has been studied from both tourism and sociology disciplines. While the tourism discipline views agritourism as a unique entrepreneurial venture, the sociology perspective views it as a component of the entire farm structure. Like the tourism discipline, we view agritourism as a unique entrepreneurial activity; however, it is also one that has the potential to contribute to overall farm structure. Entrepreneurship is a process by
which opportunities are discovered, evaluated, and exploited (Shane & Venkataraman, 2000). While entrepreneurship research has not necessarily viewed farming and agritourism as entrepreneurial, many participants in these sectors exhibit characteristics that can be viewed as entrepreneurial. Such characteristics include creativity in production and marketing strategies, proficiency in science and ecology, and business-related skills (Lientz, 2015).

Agritourism farmers can also be viewed as innovative, as they have effectively created a new domain— one that mixes tourism and agriculture domains. In explaining the creative class concept of Florida et al. (2008); Gretzel & Jamal (2009) held that rather than being categorical, the creative class often cross the boundaries of domains, creating new meanings and new experiences. This is in fact what agritourism operators do; they cross the boundaries of domains, creating new experiences for tourists. Many would argue that as agriculture has consolidated over the past decades, small and medium sized farmers have needed to be more entrepreneurial to survive. As an example, there is evidence that small-scale dairy farmers struggle to compete across a range of metrics in the face of large conventional and consolidated farms (Hendrickson et al., 2001; Nehring et al., 2009). In general, small-scale farmers face low commodity prices, mounting input prices, and overall anemic profit potentials. They, therefore, may need alternative enterprises to be more competitive.

Agritourism is an alternative enterprise that helps small-scale farmers utilize farm-based assets and be more competitive. Khanal & Mishra (2014) found a correlation between agritourism and farm household income, concluding that small-scale farmers who simultaneously take on agritourism and off-farm work have higher household incomes. Shilling et al. (2014) found similar results in their analysis of the effects of agritourism on the net cash income of New Jersey farms. Agritourism can therefore be a valuable survival strategy for small farms and contribute to broader rural community and economic development objectives.

Agritourism, Rural Innovation, and Rural Development

Innovation and entrepreneurship are two terms that scholars often use interchangeably with little understanding and clarity (Johnson, 2001). While entrepreneurship is a process involving opportunity recognition, idea development, and execution of the developed idea, we understand innovation as newness, be it newness of ideas, processes, products, markets, or domains of study and practice (Johannessen et al., 2001). Innovation is related to entrepreneurship in that the development and execution of an idea to exploit a recognized opportunity will certainly involve some newness. As Drucker (2014) puts it, “the entrepreneur always searches for change, responds to it and exploits it as an opportunity. To exploit such change, is to innovate”. Agritourism is therefore entrepreneurial and may have a range of innovative qualities. Although innovation and entrepreneurship have positive impacts on economic development in both rural and urban regions (Birch, 1987; Shaffer, 2002, 2006; Acs & Armington, 2003), Lichtenstein & Lyons (2010) acknowledge that entrepreneurial talent is unevenly distributed across regions. Agritourism could therefore be a way to improve rural entrepreneurship and development.

Significant numbers of farmers have reported investing in agritourism for farm income diversification purposes (Nickerson et al., 2001). As farmers diversify their enterprises and income sources, they contribute to community economic diversification. For example, rural communities with a strong concentration of farming and agriculture as their major economic base can be diversified with the addition of different agritourism operations. In this way, communities add tourism to the mix of local industries but may also expand or open new markets
related to farming or access to new agriculture or related supply chains. Agritourism as an economic diversification strategy could therefore reduce economic fluctuations that are characteristic of regions with a strong concentration in primary product production (Hackbart & Anderson, 1975). The benefits of economic diversification to communities include greater economic stability, more job opportunities, and stronger supply chains (Tallichet, 2014; Feser et al., 2014). Agritourism as an economic diversification strategy potentially places rural communities at a competitive advantage given the depth and breadth of the agricultural sector in many rural regions.

**South Carolina As A Case Study**

This research uses the state of South Carolina as a proxy for a heavily rural state with ongoing challenges around rural inequities, including, education, employment, infrastructure, economic diversification, and other challenges. South Carolina differs demographically from many states in terms of its rurality. South Carolina has a larger proportion of African American residents (27.9% versus 12.6%, p<0.01) and rural residents (33.7% versus 19.3%, p<0.01) than national averages. Furthermore, South Carolina has fewer residents with a bachelor’s degree or higher (25.8% versus 29.8%, p<0.01) than national averages (US Census Bureau, 2015). This demography is common among Southern states, making South Carolina an informative case study in beginning to generalize around agritourism.

Illustrative of South Carolina’s rurality and innovation barriers is the fact that a number of South Carolina counties were chosen to be a part of President Barack Obama Administration’s National Promise Zone program. A critical goal of the Promise Zone program is to develop rural vitality through improved employment and economic growth and development (Promise Zones, 2015). Research reveals a substantive labor force skill gap along the rural-urban continuum, with rural communities possessing a higher proportion of low skilled individuals and jobs (Abel, Gabe, & Stolarick, 2012). With tourism, being an important source of lower-skilled jobs for rural workers (Feser, et al., 2014), this research is one tool to help South Carolina and other states better understand how agritourism may be one component of a broader program to revitalize rural communities.

**THEORETICAL LENS**

**Agritourism and Entrepreneurial Motivation**

Agritourism motivations have been studied by a few researchers, but with limited theoretical underpinnings. Using Weber’s theory of formal and substantive rationality, McGehee and Kim (2004) classified agritourism motivations into (i) formally-rational and (ii) substantive-rational motivations. Formally-rational motivations relate to the provision or attainment of economic needs (e.g., offsetting falling farm income; supplementing a season of poor yield and little profit; or providing additional farm revenue). On the other hand, substantive-rational motivations relate to philosophical views, a sense of morality, or simply a vision for societal change. For example, farm tours and educational experiences that focus on organic and/or sustainable farming methods may fall into this substantive-rational category. Based on McGehee and Kim’s theory, agritourism farmers are motivated either because of economic reasons (formally-rational) or philosophical ideologies (substantive-rational).
In contrast to agritourism literature, the broader entrepreneurship literature has employed various theories in studying entrepreneurial motivation. The focus on motivation originates in organizational behavior theory: From Maslow’s hierarchy of needs (1943) to Herzberg’s two-factor theory (1993) which assumes that both job context and job content are the determinants of motivation. We study agritourism motivation from a broader entrepreneurship ecosystem lens following the entrepreneurship motivation model of Shane et al. (2012). According to their model, entrepreneurial activity is a function of three major components: entrepreneurial motivation; entrepreneurial opportunities/environmental conditions; and entrepreneurial cognitive factors. Entrepreneurial motivation refers to factors (such as economic needs) that drive an individual to engage in an entrepreneurial activity. Entrepreneurial opportunities/environmental conditions involve the external environment (economic, policy, and social conditions) that create opportunities or challenges for entrepreneurship. Entrepreneurial cognitive factors include the knowledge, skills, and abilities of an individual which influence whether the individual will engage in an entrepreneurial activity. According to Shane et al. (2012), these three components interact in complex ways to determine entrepreneurial activity.

As an example, if an individual does not have the requisite skills (cognitive factors) to operate an agritourism farm, they may not engage in the venture even when income diversification (motivation factors) are major drivers. The motivation to engage in agritourism is therefore not only a function of needs, but also of cognitive skills. Also, if the socio-economic environment of a community does not encourage the influx of visitors, a farmer in such community may not be motivated to engage in agritourism even when economic needs inspire him/her to. The potential barriers and opportunities related to the degree of rurality, access to interstates and other geography may also impact motivation to engage in innovation around agritourism. We therefore explore agritourism motivations with these interactions in mind—considering environmental and cognitive factors.

To explain the entrepreneurship motivation model of Shane et al. (2012), in relation to this study ((Error! Reference source not found.) (Source: Shane et al. (2012)), agritourism is the entrepreneurial activity which is influenced by motivation, environmental factors (entrepreneurial opportunities and challenges), and cognitive factors. In other words, our model is that agritourism entrepreneurship is a function of motivation; environmental factors, and cognitive factors (FIGURE 1). We hypothesize this model as follows: Agritourism Entrepreneurship = f (Motivation, Environmental factors, Cognitive factors)

Where “Agritourism Entrepreneurship” is measured by whether a farmer engages in agritourism. The model is explained further in the next section.
Here, we assume that any farmer who engages in any form of agritourism has gone through the process of opportunity recognition, idea development, and execution. We therefore group the process into one variable-agritourism entrepreneurship.
METHODOLOGY

An online survey was used to collect data from farm operators in South Carolina. The survey invitation was emailed to the alumni list of the South Carolina New and Beginning Farmer Program (SCNBFP) for participants to self-select into the survey. Although, the sampling method targeting only the alumni of the SCNBFP can limit the generalizability of results as it is not a random selection of farmers across the state, it was necessary to use such a sampling method to control for environmental conditions that are likely to influence the decision to engage in agritourism. Shane, et al. (2012) recommends using a sample of entrepreneurs within the same industry to control for environmental conditions that might interact with motivations. Thus, by sampling the alumni list of the SCNBFP, we can assume that these farmers are exposed to the same or similar agritourism networks and opportunities (environmental conditions). Additionally, this research was not focused on broad population generalizability but on understanding motivations and characteristics within a specific segment of the farming sector. Observations and conversations with the director of the SCNBF program reveal that, anecdotally, many participants choose this program to diversify their farm practices, implement innovations on an existing or potential small or medium sized farm, and/or are exploring agritourism ideas specifically. Given this, alumni of the SCNBF program are a population that may provide important insights into the relationship between entrepreneurial motivations and agritourism.

The SCNBFP alumni are all farmers or potential farmers within the same state, the same industry, and graduated from the same farmer program. They are therefore assumed to generally fall within similar environmental conditions as it relates to agritourism. They are also assumed to be exposed to similar types of education about farming and agritourism. Unique differences between agritourism and non-agritourism farmers in this sample will therefore help explain individual motivations and cognitive factors that contribute to agritourism entrepreneurship. The survey instrument asked farmers whether they provide any agritourism activities and/or services on their farms, as well as whether they perceived themselves as an entrepreneur. Farmers who identified as having agritourism activities on their farms were directed to questions about agritourism activities. Farmers who do not engage in any agritourism activity were directed to other questions relating to potential future interest in agritourism and farm income diversification efforts. Both groups of farmers were asked questions on farm and skill (cognitive) characteristics.

To test the factors influencing agritourism entrepreneurship, we utilize a t-test of differences between agritourism and non-agritourism farmers. Eight motivational factors, five environmental factors, and five cognitive factors were measured (see FIGURE 1). Age was included as a cognitive variable since age can impact an individual’s ability or cognition.

RESULTS AND DISCUSSION

Of a total of 196 persons in the SCNBFP alumni list, 46 persons responded to the survey and only 45 persons completed the survey. That is, a 97.8% completion rate and approximately 30% response rate. The following results are based on the 45 completed online questionnaires. The respondent who did not complete most of the survey questions is neither a farmer nor an agritourism operator. Of the 45 respondents, 28 (62%) are agritourism farmers and 17 (38%) are non-agritourism farmers. The small number of agritourism farmers in the survey limits the possibility of a more robust statistical analysis. Over 90% of respondents self-identified as an
entrepreneur. This is an important finding given the importance of entrepreneurship for rural community development and economic growth.

**Motivations for Engaging in Agritourism**

FIGURE 2 presents the percent of agritourism farmers who report being driven by the motivational factors in our framework. The motivations can be further classified under the formal-rational and substantive-rational categories of McGehee & Kim (2004). Formal-rational motivations from this survey include income generation and diversification, while substantive-rational motivations include creating public awareness about farm operations, social interaction, environmental conservation, supporting local producers, and contributing to local economic development. There is significant agreement across many motivational factors. 60-68% of respondents agree that autonomy, environmental conservation, and contribution to the local economy are important motivational factors. The other 5 motivational factors received 80% or more agreement from respondents.

**FIGURE 2**
**PROPORTION OF AGRITOURISM FARMERS DRIVEN BY SPECIFIC MOTIVATIONAL FACTORS**

**Entrepreneurship Opportunities and Environmental Conditions**

FIGURE 3 provides the results of awareness, participation, and perceived benefits of state level agritourism networks and support groups. Chi-square tests for differences fail to support that there are significant differences between agritourism and non-agritourism farmers (p = 0.14, 0.32, and 0.86 for differences in awareness, participation, and benefit respectively). Still, it is worth noting that all non-agritourism farmers (100%) claim to be aware of the existence of various state level agritourism support groups, while only 88% of agritourism farmers are aware. Almost 90% of the non-agritourism farmers have participated in these groups, whereas, slightly fewer agritourism farmers (76%) have participated in these groups. Approximately 93% of non-agritourism farmers claim that participation in agritourism support groups has benefitted their business growth. The implication of this finding is that farmers who have not yet begun an
agrictourism operation on their farms can still benefit from the training, advice, and networking resources provided by various agritourism support programs. Some of the benefits described by the non-agritourism farmers include; ideas on how to diversify income and sustain their farms, connection with other farmers, knowledge of how to write business plans, and knowledge of other programs and opportunities available to farmers.

![Cognitive Factors that Influence Agritourism Entrepreneurship](image)

**FIGURE 3**
PERCENT OF FARMERS THAT ARE AWARE OF, PARTICIPATE IN, AND BENEFIT FROM AGRITOURISM SUPPORT GROUPS

Cognitive Factors that Influence Agritourism Entrepreneurship

Chi-square tests of differences between agritourism and non-agritourism farmers reveal there may be significant differences in farm sizes (p < 0.07) and in years since farm operations began (p < 0.06). The implication of this finding is that farmers with more skills, experience, and capacity (in terms of farm sizes) are more likely to engage in agritourism. Policies that focus on training farmers to increase their skills and policies and provide funding to increase farmers’ capacity could be effective in increasing agritourism entrepreneurship and in turn its impact on rural development.

Innovative Practices of Agritourism Operators in South Carolina

Farm Animals (45.45%), School Tours (45.45%), and Educational Seminars (40.91%) are the top three attractions provided by farmers. This is followed by Farmstand (31.82%), U-pick fruits and Vegetables (31.82%), and On-Farm Processing (22.73%). Top facilities provided are picnic areas (83.3%) and gift shops (41.7%). Meeting facilities, restaurant or snack shop, and commercial kitchen(s) are the least provided facilities. Popular recreational activities provided include bee keeping (43.75%), camping (31.25%), hiking (31.25%) and hayrides (31.25%). Onsite accommodations provided by agritourism operators include bread and breakfasts (50%),
cabin (50%), and lodges (25%). None of the agritourism operators provide small hotels or apartments on their farms. Fall festival (41.67%) is the most common seasonal activity offered by the agritourism operators, followed by Easter-egg hunts (33.33%) and family reunions (33.33%).

Differences in Profitability of Agritourism and Non-Agritourism Operators

A chi-square test of the difference in the percent of farmers making profit reveals that agritourism farmers are more profitable than non-agritourism farmers (p= .02). This result confirms the economic value of the agritourism enterprise and provides evidence of the need to engage in additional research related to the value of this type of entrepreneurship for individual farms and businesses, as well as rural communities.

CONCLUSION

This research has explored factors influencing agritourism entrepreneurship in a rural state, South Carolina, in the United States. This research utilizes this state as a preliminary case study for framing agritourism as a tool for entrepreneurship, innovation and economic diversification for rural farms, businesses, and communities. Factors considered include entrepreneurial motivations, environmental conditions, and cognitive factors. There are indications that all motivational factors examined influence agritourism entrepreneurship. Future research will benefit from a larger sample size that can employ a more robust statistical analysis to ascertain the impacts of the independent variables on agritourism entrepreneurship. A logit model of the survey data could not be completed due to missing data and sample size limitations. We do not assume generalizability from this analysis but instead argue that these results inform the fields of rural development and entrepreneurship as it relates to motivations of rural entrepreneurs. New and beginning farmers are a useful sample to understand this relationship as many of these individuals are embarking on an entrepreneurial path by participating in this program. Future research would benefit from a multi-state survey of New and Beginning Farmer Programs (NBFPs) as a useful comparison across states.

Even with these limitations, it does appear there are important differences in this sample of farmers. Statistically significant differences exist in farm size, age of business operation, and in the general profitability of agritourism and non-agritourism farmers. The difference in profitability underscores the economic value of these operations and the potential for utilizing agritourism as a more intentional tool of rural development in the United States. Future research exploring the variation in economic success by types of agritourism operators would be valuable to determining the individual and broader economic impacts.

Furthermore, future research must explore additional nuances of agritourism motivation. Many of the identified motivators in this study appear to have similar importance based on the percent of respondents. If policymakers are interested in facilitating agritourism in their communities, a more complete picture of the nature of entrepreneurial motivation is key. Identifying primary and secondary motivators as well as barriers to implementation and attributes of success is important. For example, a farmer whose primary motivation is to boost income will likely respond to different incentives than one that is interested in educating K-12 students on organic agriculture. The difference in motivation could be an important variable to understanding what programs and organizations can do to help support these efforts.
The motivation of operators may also be impacted by external organization and financial incentives. For example, if opportunities exist for robust training to develop and launch an agritourism operation at little or no cost to the farmer, this may alter the individual motivation to attempt this new venture. In states with a robust extension, education, and consulting network, these professionals and programs may influence the incentive structure for farmers to try something new. Also, small business development programs and funding may create incentives for farmers to innovate where otherwise they would not. Understanding the types of policies, programs and incentives that impact motivation is critical to understanding how to spur innovative behavior that will help grow rural communities. Future research of early to mid-stage agritourism operators could allow for a better understanding of the policy enabling environment around agritourism operations.

Finally, an important finding for future research and policymakers is the role of agritourism networks and support groups in enabling and enhancing this type of entrepreneur. There is a substantial literature on the value of networks for entrepreneurs and one could hypothesize that farmers and agritourism operators would be no different. The value of networking, mentorship, and leadership within these types of organizations could be evaluated more carefully. The majority of agritourism operators consider themselves entrepreneurs (about 92% in this research), but agriculture and/or agritourism is less prominent in the entrepreneurship literature. This may be because many of these individuals fall outside of traditional entrepreneurial research themes. However, there is no question that farmers and agritourism operators are and can be entrepreneurs and innovative business owners. While agritourism will not resolve all the challenges in rural communities, exploring entrepreneurship and agritourism is one piece of the larger rural development puzzle to help struggling rural communities across the United States.

REFERENCES


