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**THE RURAL INTER-ENTERPRISE COLLABORATION PROBLEMS:  
THE CASE OF LÄÄNEMAA**

MA thesis

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**The author`s declaration**

I have written this Master`s thesis independently. All viewpoints of other authors, literary sources and data from elsewhere used for writing this paper have been referenced.

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## **Abstract**

Läänemaa as well as Europe are facing the marginalization of rural areas, including socio-economic and cultural decline. It has been argued that cooperation between rural enterprises can have a positive impact not only for the individual business development, but also for socio-economic problems. The aim of this thesis is to understand how rural entrepreneurs make decisions about cooperation as the research problem is lack of cooperation in rural Läänemaa, despite possibilities for EU funding. This leads to the first research question: *what are the primary factors, which encourage or discourage rural entrepreneurs to cooperate with other rural businesses?* In order to complement the purpose of this research, a policy dimension has been added on how does the EU rural development policy impact rural business cooperation, which leads to the second research question: *what is the role of the EU in fostering inter-enterprise collaboration?*

Qualitative content analysis of responses was conducted manually through a coding process identifying, categories, themes and the concept. Quantitative Likert scale method was to complement the qualitative method for measuring entrepreneurs' attitudes, beliefs, or opinions on given statements, and was analysed with Microsoft Excel. Based on the analysis, the proposed theory was social capital to explain rural inter-enterprise collaboration problems. As a result of analysis, the primary factors, which encourage rural entrepreneurs to cooperate were identified as business development, competitiveness, social networks and new market access. The primary factors, which discourage were identified as social relations and investment risk such as no labour force/variable business environment or market price. The role of the EU in fostering inter-enterprise collaboration with providing opportunities and connecting stakeholders through supply chain action, clusters, incentives, platforms, information days and joint marketing possibilities. Based on the analysis, the reason for the lack of cooperation in rural Läänemaa is because of the negative impact of social capital and little awareness of the benefits through social capital.

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## **Introduction**

Research about the rural inter-enterprise collaboration problems is topical and important, because Läänemaa as well as Europe are facing the marginalization of rural areas, including socio-economic and cultural decline, such as unemployment, social exclusion, rural poverty, aging, farm closures, brain drain, emigration, loss of local identities and cultural traditions, loss of services and infrastructure, abandonment of lands, landscape degradation. Thus, cooperation between rural enterprises can have a positive impact not only for the individual business development, but also for socio-economic problems such as rural development, employment, innovation. Rural marginalization has long been the focus of regional planning, rural sociology, rural policy studies and rural development initiatives. (Wiesinger 2007: 1)

This thesis is a case study of Läänemaa, therefore to understand the rural inter-enterprise collaboration problems, it is essential to describe the major problems and potentials of rural Läänemaa. The population of rural Läänemaa is declining, the age structure is unfavourable and the pressure on the working age population is increasing, thus the challenge was to maintain the existing population. The fewer taxpayers there are, the smaller the capacity of local authorities to develop and provide a liveable environment and public services. The number of economically active companies have grown steadily in the region, but are still below the Estonian average. Compared to the rest of Estonia, the main reason for leaving Läänemaa is a lack of suitable jobs. At the same time, there is not much skilled and available workforce in the region, which challenges both the creation of added value for businesses as well as creation of new jobs. The region has the potential to develop micro-enterprises, such as leisure and resource management, but this is largely untapped today. (MTÜ Kodukant Läänemaa 2015: 9)

Already existing companies are most likely to create jobs in the region. That was the reason to conduct the survey among already operating entrepreneurs, who have experience with cooperation with other rural enterprises as belonging to the collective network Läänemaa

„O.T.T“. The creation of a business area in the periphery of Läänemaa need to be supported on the basis of the initiatives and needs of existing entrepreneurs. In order to increase the market power of farmers, cooperation and joint action between producers, it is essential to enable larger volumes of products to be offered to the market at the same time, thus to strengthen their bargaining power vis-à-vis other market players. (Maaeluministeerium 2020: 32)

Rural entrepreneurs cannot rely only on external support such as EU funds, but they should have other alternatives to improve the business. Therefore, it is relevant to study how entrepreneurs living in disadvantaged areas can overcome the lack of formal business support and guidance by creating social capital to access resources (Lee, Tuselmann, Jajawarna & Rouse 2018). Given that disadvantaged rural areas may be less equipped with social capital to deal with productive and creative forms of local development, such an analysis is essential to address, especially in times of health, economic and social crises such as the Covid-19 pandemic, as it might be difficult for small businesses to survive, so the cooperation can play an important role in getting through these difficult times. (Pisani, Franceschetti, Secco & Christoforou 2017; EAS 2015)

The focus of this thesis is not to push entrepreneurs to work together, but rather to understand what influences the decision of rural entrepreneurs to cooperate, and how the cooperation can affect individual businesses, groups/communities or regions. A prosperous rural region needs businesses to provide jobs that prevent rural poverty, urban migration, as well as to improve regional socio-economic situation. There are many entrepreneurs who need or want to cooperate with other companies, but for some reason they still decide not to do so not only because of competition, but due to various factors explored in this research.

The research problem is lack of cooperation in rural Läänemaa, despite possibilities for EU funding. It is important to study given problem, because operating as a small business in rural Europe, such as Läänemaa, can be challenging and cooperation among companies in the same rural region would help both, the development of individual businesses as well as

local community. As mentioned above, social capital concept explains the benefit from the cooperation that allows rural entrepreneurs access to resources through social relations (Table 1.2). Therefore, social capital was selected as a concept to explain the factors that influence rural inter-enterprise cooperation, and the EU role in it. EU funding might not provide a company with what is needed to develop the business or achieve goals, therefore social capital is suitable concept to examine complex reasons behind social relations as well as the potential benefits from the cooperation (Chapter 1.3).

The aim of this research is to understand how rural entrepreneurs make decisions about cooperation, which leads to the first research question: *what are the primary factors, which encourage or discourage rural entrepreneurs to cooperate with other rural businesses?* In order to complement the purpose of this research, a policy dimension has been added on how does the EU rural development policy impact rural business cooperation, which leads to the second research question: *what is the role of the EU in fostering inter-enterprise collaboration?* Although much research has been done on general motivations that encourage rural entrepreneurs or discourage to cooperate, but regions have different problems and opportunities, which makes the factors that promote or hinder cooperation region-specific. But, in the aspect of social capital, the factors that encourage or discourage rural enterprise to cooperate with each other in case of rural Estonia has not been done yet. As the author mentioned above, regions and cultures are different and the socio-economic issues are varying as well. The author researched about similar problem, which can be found in chapter 1.3. Therefore, the study about factors that encourage or discourage rural entrepreneurs in certain rural areas to work together would be useful for policy-makers or decision-makers for regional planning, rural policy and rural development initiatives. This study differs from previous studies done on the similar subject, as this research involved stakeholders at different levels in order to gain a comprehensive overview of the topic and a broader understanding of the research problem based on cultural/regional specific approach.

Both qualitative and quantitative mixed methods are applied to collect the data. Online EU survey was used to collect data from 19 rural entrepreneurs in Läänemaa. The Likert scale was used as a quantitative method to complement the qualitative method for measuring a person's attitudes, beliefs, or opinions on given statements. Interviews via Skype and phone were used as a qualitative method to gather data from three experts at EU level, three experts at regional level, and one representative of the collective network Eesti "O.T.T."

This thesis takes an interpretive sense-making approach, where the literature in the analysis chapter was used to interpret the findings. The disadvantage of interpretive research is that not all data sources or participants may be equally reliable, impartial, or aware of a phenomenon of interest, or there may be undisclosed political agendas that can lead to misleading or false impression. On the other hand, this thesis takes into account data collected from the participants representing different institutions or a businesses to have comprehensive overview about the research problem. All the respondents were related to the topic of rural development in Estonia, covering a variety of experiences, perceptions and interests in the field. Interviews, including open-ended survey questions, were transcribed and analysed following Saldana's guideline (2013) as a method of inductive reasoning, specifically moving from specific observations collected through interviews and survey to broader generalizations and theory such as social capital. The first, second and third cycle of coding was performed. The analysis was based on the responses of study participants, highlighting identification of influential aspects regarding the respondent's work in public or private sector, direct answers, perspectives and other elements that had an impact on the decision to cooperate or not as well as the role of the EU in this matter.

The research tasks to achieve the goal are the following: develop the social capital theory and its network approach; explore the relations between the concept of social capital and rural development; examine the social capital in EU policies; conduct interviews with EU level experts, regional level experts, and a representative of a collective network Eesti "O.T.T."; carry out a survey among entrepreneurs involved in the collective network

Läänemaa “*O.T.T*”; perform a content analysis of the data collected to answer the research questions.

This thesis is divided into three chapters and a conclusion, summary in Estonian, the references and the appendices at the end of the study. The first chapter explains the theoretical part of this research. The theory of social capital and its networking approach was presented. The empirical findings on the role of social capital in rural development and in rural business cooperation as well as in EU policies were brought out. The second chapter focuses on the methodology. The choice of the survey and interviewing method is described as well as how the data is collected. The third chapter focuses on the analysis of the findings of the coding process as well as the results of the Likert-scale method. The results of the analysis are explained in the wider context of EU policies and societal processes. The conclusion provides an overview of the entire research: its purpose, importance, objectives, the research process with the analysis, lists the findings and suggestions.

# 1. Social capital and rural business cooperation

## 1.1. Definitions and nature of social capital

Economists, sociologists, political scientists and researchers have defined the concept of social capital in several ways, nevertheless, yet there is no uniform definition of this concept. Social relations that generate productive benefits has been highlighted as a similarity of most definitions. Handling social capital as either social or personal resources has been seen as a main difference (Bhandari & Yasunobu 2009).

A French sociologist, philosopher and anthropologist Pierre Bourdieu and an American sociologist, empirical researcher and theorist James Coleman, are considered the founding theorists of social capital, because they were the first to introduce this concept systematically. Both of them focused on small groups or individuals as a unit of analysis. (Häuberer 2011: 35)

Coleman argued that social capital is an aspect of the social structure, which allows certain goals to be achieved that would not be possible without it (Coleman 1990: 302). The idea, which originated in the work of Bourdieu and Coleman, highlighted the importance of shared norms and social ties for economic efficiency and the well-being of society, a concept used in the study of hierarchical social structures and social inequalities (Bourdieu 1986). The Organisation for Economic Cooperation and Development (OECD 2001) has defined the concept of social capital as “*networks together with shared norms, values and understandings that facilitate cooperation within or among groups*”. The author gathered information from individual entrepreneurs involved in the collective network Läänemaa „O.T.T“ to explore networks as real world links between groups or individuals. In other words, the author wanted to understand what the members of this network have in common that influences the decision of cooperation.

According to Bourdieu`s concept of habitus, there are different forms of capital. *Economic capital* is instantly and straight convertible into money and can be regularized in the form

of property rights. *Cultural capital*, which under certain conditions can be turned into economic capital and can be institutionalized in the form of education (Bourdieu 1986: 243). *Symbolic capital* commonly referred to as authority, prestige, but also a position in distributions that have been symbolically translated as lifestyle (Bourdieu & Wacquant 2013). *Social capital*, which consists of social obligations (“associations”), that are, under certain conditions, adaptable into economic capital and that can be institutionalized in the form of a title of nobility. Social capital relations can exist on the basis of material and/or symbolic relations of exchange, in other words, the resources arising from belonging to a group. (Bourdieu 1986: 243) All forms of capital are interlinked and affect each other.

Developing the idea further, social capital can be defined as the sum of potential or actual resources related with having about institutionalized, well-established, and familiar network of relationships. Membership in a group provides all its associates collectively owned capital. According to Bourdieu, the amount of social capital held by an individual depends on his or her ability to mobilize the social network and the capital, including the economic, cultural or symbolic capital of its members. Like other types of capital, social capital is unequally mobilized, utilised, distributed, modified and exchanged in society (Bourdieu 1986).

The concept of social capital was popularized through the study of civic engagement in Italy by Robert Putnam. In his essay “Bowling Alone: America’s Declining Social Capital”, this concept was defined through links between individuals and highlighted the importance of the norms of reciprocity and trustworthiness arising from social networks. One of the main assumptions of Putnam’s theory of social capital was that social networks are valuable because collective action depends on social networks and the trustworthiness of fellow citizens (Putnam 1995). Therefore, social capital is both a collective and individual asset not just for those who personally benefit from it (Table 1.2).

Putnam also argued that “*a strong society means a strong economy*” and “*the economy does not predict civic society but civic society does predict economy, better indeed than the*

*economy itself,*” while “*a strong society means a strong state*” (Putnam, Leonardi & Nanetti 1993: 176). Michel Foucault, a French historian and philosopher argued that both social capital and civil society are referring to the increasing distance between the individual and the state or government, which later entails a reorganization of governance or governmentality (Burchell, Gordon & Miller 1991).

In order to develop the idea of trust in relation to social capital, Francis Fukuyama, American political scientist and economist, argued that trust between people is based on the emergence of various social relationships. He also argued that because transaction costs are lower in case of mutual interpersonal trust, thus trust is a key to a thriving economy. In other words, if the people working in the company trust each other, the cost of doing business would be lower. (Fukuyama 1995: 27) Fukuyama has warned that some activities are best left to civil society, as excessive state intervention can have serious negative effects on social capital (ibid. 18). The author believes that Fukuyama’s idea can be referred to EU’s bottom-up approach, so that to avoid excessive EU’s or state intervention, the initiative should come from local level.

Nan Lin (2001) explained that according to the concept of social capital, the importance of using social relationships and connections is important for communities, organizations, social groups, and individuals to achieve the goal (Lin 2001). Based on Lin’s explanation, the importance of rural entrepreneurs working together in Läänemaa must serve a specific goal that individuals want to achieve through social relations, more precisely through cooperation. Rene Dubos (2017), who is recognized for making famous the environmental maxim: “*think globally, act locally*” argued that social networks are the basis of social capital. Examining this argument further, social networks simultaneously capture individuals and structure, so there is an important conceptual link between actions and structural constraints, between relational and collective dynamic processes as well as between micro - and macro - level analysis. (Table 1)

Different forms of social capital are constantly being discussed. Woolcock (1998) analysed the interaction of different group relations and their effect on development, and introduced bonding, bridging and linking social capital. Depending on how groups or individuals interact through social connections or networks, variations of social capital are the following:

- **Bonds** - people based on a sense of common identity “people like us”, such as family, close friends and people who share our nation or culture;
- **Bridges** - the stretch beyond shared identities, such as distant friends, colleagues and associates;
- **Linkages** - links to people or groups up or down the social ladder. (OECD 2001)

Woolcock claimed that intra-community social relations can provide members with access to a pool of tangible and intangible resources. However, in terms of bridging social capital, high densities and closure can place significant constraints on individuals to access resources provided in more extensive, larger extra-community networks. Moreover, bonding ties with powerful institutional actors, such as government officials, referred to as linking social capital, can become clientelistic networks (political support for the exchange of goods and services) that serve particularistic interests and promote corruption and favouritism. (Woolcock 1998; Pisani et al. 2017)

Claridge (2018a) has explained that differences between bridging and bonding social capital depend on the relationships or connections of the social community or group, or the characteristics of the network. Bridging social capital is between race, religion, social class, social groups, or other socio-demographic or socio-economic characteristics, while bonding social capital is within a community or group. Linking social capital is different from bridging social capital because partners of the relationship are aware of the differences of power between stakeholders. While linking social capital involves a classic patron-client or mentor-mentee relationships, bridging social capital develops horizontal trust among unlike groups. Networks of trusting relationships as well as the norms of respect between people

interacting across explicit, institutionalized or formal power or authority in society are described with linking social capital. (Claridge 2018a) As “trust” has been mentioned several times, it is important to note that some authors have conceptualized the difference between bonding and bridging social capital with different types of trust. Bridging social capital can be conceptualised as generalized trust “*earned trust*” and bonding social capital as “*ascribed trust*” (Claridge 2018a). Another difference according to Putnam (1995) is that bonding social capital is important for “*getting by*” while bridging for “*getting ahead*”.

According to social bonds, the potential benefits of social capital are as follows: friends and families can be socially, emotionally, economically helpful, such as finding a job or overcoming stressful times. The negative aspect of bonds, for instance, closed communities, such as some rural villages that have strong social bonds, where individuals rely heavily on their relatives or people who have something in common, such as ethnicity. At the same time, the lack of social bridges can make them outsiders in the wider society, or even hinder their economic development. More specifically, social exclusion works in both directions: closely related groups may leave by themselves, but they may also be excluded from society at large. (OECD 2001)

Woolcock and Narayan found that the network approach takes into account both positive and negative aspects of social capital. This approach emphasizes, the importance of “vertical” and “horizontal” social capitals (Woolcock & Narayan 2000: 230). “Vertical” social capital has been defined as participation in groups that encourage hierarchical relations and “horizontal” as participating in groups of equals (Aida, Hanibuchi, Nakade, Hirai, Osaka & Kondo 2009).

As discussed above, the networking approach recognizes difference between bonding and bridging social capital. The internal relationships, networks and trust that are taking place within a community is the bonding social capital. Conversely, bridging social capital occurs when bonded groups within a community reach out to groups and institutions outside the

community seeking information, resources, or support. Rural entrepreneurs involved in this research represent the business relations in a particular community, thus it is relevant to refer to the use of network approach to the social capital of the economy. The literature on social capital and entrepreneurship has often explored the individual benefits of social capital, for example the role of personal networks in promoting self-employment (Kwon, Heflin & Ruef 2013).

For its variability and vagueness, social capital has mostly been criticised. Deliberating the critique of the concept is essential as it allows the researcher to focus on the possible weaknesses of the concept and its application, which would lead to an improvement in the overall quality of the work. With regard to social capital, the concept itself is the most criticized, and the question has therefore been raised as to whether it is “capital”. Furthermore, social capital is a metaphor that emphasizes the positive aspects of sociability. However, this is not in line with being a capital, and it is widely acknowledged that social capital can have both positive and negative consequences. (Claridge 2018c)

In conclusion, social capital was the most appropriate concept as this thesis examined the factors that encourage or discourage individual entrepreneurs associated with the collective network Läänemaa “*O.T.T.*” to cooperate with other rural businesses in Läänemaa. The social capital may affect the economy of Läänemaa as it can increase the value of services, products and assets of rural businesses. Social capital may allow groups to work together to be productive and to make joint decisions about the efficient allocation of resources. It is important to examine the concept of social capital, because in addition to the well-being of the individual person and the success of his or her business, it affects both the group and society as a whole (Table 1.1).

## **1.2. Levels, characteristics and perspectives of social capital**

As this research brought together respondents at different levels, such as regional level representatives of organizations and a collective network, EU officials, and local individual entrepreneurs, then it is important to emphasize the difference between different levels of

social capital. Specifically, the author wanted to understand whether the research problem of lack of cooperation, despite possibilities for EU funding was affected at the micro-, meso- or macro-level (Table 1). The following table provides an overview about the micro, meso- or macro-level.

Table 1.1 Levels of analysis of social capital

<b>LEVEL</b>	<b>DESCRIPTION</b>	<b>PROPERTY</b>
<b>MICRO</b>	Individual	Private
<b>MESO</b>	Group or organisation	Private and public
<b>MACRO</b>	Community or society	Public

(Stanzani 2014)

Micro-level analysis deals with the primary relationships between friends, family, and relatives, in this research analysed rural inter-enterprise relations. Meso-level analysis deals with local community relationships within neighbourhoods, associations, schools, and workplaces, in this study the interaction of entrepreneurs within the collective network Läänemaa “*O.T.T.*”. Macro-level analysis deals with relationships within public institutional spheres or occasional meetings during everyday life, in this research the relations within the EU institutions in terms of rural development. (Stanzani 2014)

The following table was created by Tristan Claridge, a social capital researcher, who has prepared a comprehensive overview of group or organization (meso) level social capital that allowed the author to focus on a targeted group of entrepreneurs in rural Läänemaa that were affiliated to the collective network Läänemaa “*O.T.T.*”. According to the following table, the analysis may focus on internal social capital, external social capital, or both internal and external.

Table 1.2 Levels and characteristics of social capital

<b>Internal Ties</b>	<b>Individual/Internal</b>	<b>Collective/Internal</b>
	Assets and resources made available through social relationships that a person can use for personal benefit.	Assets and resources that are made available through the relationships of the social structure of the collective (the group or organization) that the collective can use.
<b>External Ties</b>	<b>Individual/External</b>	<b>Collective/External</b>
	Assets and resources that are made available through cross-border social relationships, and through which both the individual and the collective can rely and benefit.	Assets and resources made available to the collective through network connections that extend beyond the boundaries of other collectives, and through which the collective benefits.
	<b>Individual Social Capital</b>	<b>Collective Social Capital</b>

(Claridge 2018b)

Claridge explained the levels and characteristics of social capital as follows. Internal social capital resides in relationships between the members of a group or organization, while external social capital exists in the form of relationships with external actors, which may be individuals or other social groups. He noted that the internal and external distinction could be a useful analytical tool for social capital at the group or organisational level. (Claridge 2018b) The author considered this table useful for this research to explain the main reasons why selected entrepreneurs belong to the collective network Läänemaa “O.T.T.” as well as to explain the relations between social capital and the reasons for cooperation with other businesses in rural region, noting that being involved in this community is a form of cooperation.

Woolcock and Narayan defined four dimensions of social capital: communitarian, network, institutional, synergy. This research followed *network view*, as the study examined the

factors that promoted and/or hindered rural inter-enterprise cooperation. As all entrepreneurs were involved in the same collective network, the research focus was narrow.

Table 1.3 Four approaches of social capital

<i>Perspective</i>	<i>Actors</i>
<b><i>Communitarian view</i></b>	
<i>Local associations</i>	<i>Voluntary organisations, Community groups</i>
<b><i>Network view</i></b>	
<i>Bonding and bridging community ties</i>	<i>Entrepreneurs, business groups, information brokers</i>
<b><i>Institutional view</i></b>	
<i>Political and legal institutions</i>	<i>Private and public sectors</i>
<b><i>Synergy view</i></b>	
<i>Community networks and state-society relations</i>	<i>Firms, civil society, states, community groups.</i>

(Woolcock & Narayan 2000: 239)

According to *the communitarian approach*, social capital is equated with local organizations such as clubs, associations and civic (citizens') groups. Communitarians, who look at the number and density of groups in a particular community, believe that more is better and that the existence of social capital has a positive effect on the welfare of the community. (Woolcock & Narayan 2000: 229) According to *the institutional view*, the endurance of community networks and civil society is largely a product of the political, legal, and institutional environment (ibid. 234). Douglas Cecil North, American economist, has noted that institutional approach states that the ability of social groups to act in their common interests depends on the quality of their official institutions (North 1990).

Concerning the view of *Synergy*, Peter Evans (1997), stated that the synergies between government and citizen action are based on complementarity<sup>1</sup> and embeddedness<sup>2</sup> (Woolcock & Narayan 2000: 236).

As the author mentioned above that *the network view* was selected approach for this research, it is important to explain the vertical and horizontal links between people and the relations within and among organizational entities as firms and community groups (ibid. 230). This approach takes into account actors such as entrepreneurs, business groups, information brokers, as well as the perspective of bonding and bridging community ties (Table 1.3). In other words, this approach was applied in the analysis, as this research focused on rural inter-enterprise cooperation, which can be considered as bridging social capital and bonding social capital as inter-enterprise relations within the collective network Läänemaa “*O.T.T.*”.

In order to explore more in detail the factors that promote or hinder the cooperation among entrepreneurs in Läänemaa, it is useful to briefly examine the typology of levels and dimensions of social capital. The three dimensions of social capital that promote managerial and entrepreneurial benefits are the following: *structural* such as network size and diversity; *relational* such as trust, identity, norms, obligations and expectations; *cognitive* such as language, codes and narratives. *The structural dimension* of social capital refers to the building of network ties “who you reach”. *Relational dimension* of social capital reflects “behavioural” attitudes and norms (Nahapiet & Ghoshal 1998: 244; Lee 2009: 253). Reliable interaction depends also on the “motivation” and “willingness” of the individual or group (Adler & Kwon 2002: 25). As such, it represents obligations and

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<sup>1</sup> Mutually supportive relations between private and public actors and is portrayed by legal frameworks that protect the right of association and measures such as chambers of commerce to facilitate exchanges between business groups and community associations. (Woolcock & Narayan 2000: 236).

<sup>2</sup> The essence and scope of the ties that connect government officials and citizens (ibid. 2000: 236).

expectations, trust and reciprocity. *The cognitive dimension* of social capital refers to the meaningful contexts of communication among and between actors (Nahapiet & Ghoshal 1998: 244). Social capital throughout business and management has diverse dimensions ranging from normative practices, structural networks, and communicative values and competence (Lee 2009; Nahapiet & Ghoshal 1998).

### **1.3. Social capital in rural development**

In the study of rural issues, it is important to mention globalization, which threatens small businesses and neoliberalism<sup>3</sup> as the dominant economic models disrupting public services and infrastructures affecting rural areas negatively and addressing rural economy and society as a whole. Underprivileged and socially weak people suffer the most from a reduction of public welfare. Social exclusion and rural poverty are widespread issues across Europe. On the other hand, this situation can be considered as an endogenous<sup>4</sup> potential of the rural regions. Self-empowerment and reciprocal assistance are seen as a remedy against negative impacts and should promote democratic participation at local and rural level. EU-led initiatives, such as the LEADER<sup>5</sup> and the INTERREG<sup>6</sup> programmes, are an example of addressing rural issues, which should lead to increased participation, civic engagement and independence. (Wiesinger 2007: 2; Pisani et al. 2017)

Social capital is often associated as a key component of bottom-up and neo-endogenous approaches that has become favoured strategies to support the development of

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<sup>3</sup> Policy model that encompasses both economy and politics, and pursue to transfer the control of economic factors from the public sector to the private sector (Kenton 2020).

<sup>4</sup> Neo-endogenous development has been advocated as a mechanism to facilitate bottom-up development, which simultaneously shifts power upwards to the EU and downwards to the local level (Bosworth, Price, Hakulinen, Marango 2020).

<sup>5</sup> An acronym in French "*Liaison entre actions de développement de l'économie rurale*", a local development method to engage local actors in the design and delivery of strategies, decision-making and resource allocation for the development of their rural areas (European Commission 2020).

<sup>6</sup> Helps local and regional governments in Europe developing and delivering better policy (Interreg Europe 2019).

disadvantaged rural areas. The EU's LEADER approach is perhaps the strongest expression in rural policy of its conviction that the action of the local partnerships, neo-endogenous developments and civil societies are to promote positive developments that have been rebuilt around territorial capital. (Pisani et al. 2017).

If the EU wants businesses in a particular rural areas to work together in purpose to develop rural regions, this cannot be demanded directly. The impact should come, for example, indirectly through strategies, policies, programmes. Therefore, it is important to examine the problems of rural areas in order to understand the reasons that influence the decision of entrepreneurs in terms of cooperation. Supporting entrepreneurs can lead to the development of rural regions, but in that case, it is necessary that people are willing to come together to work for a common goal. Here is the right place to refer to the research problem as lack of cooperation in rural Läänemaa, despite possibilities for EU funding.

Another example of problems in rural areas that can be detrimental to both, rural development and opportunities for business cooperation, can be taken from the negative aspect of social capital. Namely, Dax and Machold argued that the negative side of territorial imperative should be taken into account with regard to social capital. More specifically, local communities tend to surround their citizens. Their close ties also cause a dynamic of social exclusion for all those who are unable or unwilling to cope with the social norms of the local community. For example, people with different lifestyles or opinions from the majority may experience the negative side of locality. (Dax & Machold 2003) In addition, local communities can be hostile to newcomers and thus hinder innovation. Thus, rural Läänemaa can be seen as a closed community as the entrepreneurs involved in this study operate on a daily basis in villages, where they tend to interact with the same people from year to year.

Putnam examined the conditions for creating responsive and effective democratic institutions that would lead to economic growth. He pointed out that features such as trust, norms and civic participation networks can improve the effectiveness of society in

overcoming dilemmas of collective action. He used social capital as an attribute of the social structure in which a person is hidden, and emphasized that social capital is not privately owned by any person who benefits from it. (Putnam 1993: 170) This can be explained as a role of the EU to work for economic growth in rural regions through supporting individual businesses and collective actions, so that the region such as rural Läänemaa and the people living and working there can benefit.

Putnam (1993) noted that networks of civic engagement, such as cooperatives and neighbourhood associations, represent intensive horizontal interactions that essentially promotes trust, reciprocity and cooperation in society. In contrast, according to Putnam, vertical networks such as patron-client relationships cannot maintain social trust and cooperation and rather tend to undermine solidarity, especially among clients. (Wiesinger 2007: 6) The range of trust is the circle of persons among whom the norms of collaboration are operating (Fukuyama 1999). Social capital facilitates access to resources and is expected to be produced by networks defined as social actors, or nodes and flows of information and resources (Rifkin 2001). As collective network “*O.T.T.*” is based on voluntary actions and oral promises, then trust is required to keep this network functioning well. For example, if there is organized weekly farm market, customers and other involved entrepreneurs expect other entrepreneurs to come to agreed place and time.

Tillberg and Stenbacka (2004) discussed that networks can also be formal, explicit and public in structure or informal, without an explicit name and yet identifiable in the nodes and flows. The role of the EU in introducing innovative local governance and cooperation, such as local action groups supported by LEADER-programmes, must also be recognized. Läänemaa “*O.T.T.*” is a formal nonprofit organization (NGO). As an NGO, it has not received financial support from the EU, but the enterprises involved have received EU grants. Therefore, the EU support for individual businesses might accelerate rural development through supporting individual businesses.

Social capital can affect competitiveness, social cohesion and community performance. Networks can be seen as a breakdown of information flows and resources that produce rural development and society at large. Policies can affect the intangible assets of social capital both positively and negatively. In creating social capital, measures to promote the creation of networks and enhance the mode of operation of cooperation are important elements. On the other hand, policies that encourage competition to divide rural populations into “winners” and “losers” can undermine development dynamics. (Árnason, Shucksmith, Nightingale & Lee 2005)

Torsvik mentioned that increased popularity of claiming the regional differences in certain “social variables” may explain regional differences in income and productivity. More specifically, seemingly non-economic variables, which cover different aspects of the social structure of society are often referred as social capital. It has been argued that social capital is essential for progress and economic development. As the previous statement expressed the importance of social capital for development, the positive aspect of social capital would be introduced as follows. It plays an important role in providing access to more information, enhancing social cohesion, better civic engagement, reducing opportunistic behaviour, increasing political participation, government responsiveness and efficiency, reducing transaction costs, providing risk diversification and uncertainty, and addressing common challenges. (Torsvik 2000)

As a conclusion, social capital has become popular among social scientists and including economists, who have been using this concept as an explanatory variable to explain economic behaviour. Communities where social capital is strong, are generally more likely to be able to take advantage of economic, community-building, and capacity building opportunities. On the other hand, weak communities are less likely to take advantage of the same opportunities. Social capital can generally provide access to start-up capital, market access, advice on business opportunities, and a skilled workforce. (Bhandari & Yasunobu 2009)

## **2. Methodology**

This was an interpretive research, which has been based on the assumption that social reality is neither singular nor objective, but shaped by human experiences and social contexts (ontology). Therefore, the most effective way to explore this is within its socio-historic context through the coordination of the subjective interpretations of its various actors (epistemology). For interpretive researchers, social reality is embedded within and cannot be abstracted from their social settings. The reality is being interpreted through a “sense-making” process. The advantage of interpretive research is that it supports exploring hidden reasons behind complex, multifaceted, or interrelated social processes such as inter-enterprise relationships. The disadvantage of it is that not all data sources or participants may be equally reliable, impartial, or aware of a phenomenon of interest, or there may be undisclosed political agendas that can lead to misleading or false impressions. (Bhattacharjee 2012)

As interpretivist approach involves the researcher’s interpretation, then the human interest plays a role. Therefore, with regard to epistemology, it is important to mention the role of researcher’s self-awareness and reflexivity. Namely, the author comes from rural Läänemaa and was familiar with the problems related to local business environment and rural entrepreneurship. The positive aspect of this may be the author’s understanding of the socio-economic context, while the negative aspect may be the awareness of a phenomenon of interest that can lead to misleading impressions. Therefore, the author paid special attention during a sense-making process to interpret the “reality” impartially and to present findings from the perspective of the participants not the researcher.

The broad method of this research was an inductive reasoning that works moving from specific observations to broader generalizations and theories. In the empirical study, both qualitative and quantitative mixed methods were applied. Due to the Covid-19 global pandemic, all data was collected through interviews and online survey to avoid physical meetings. To conduct interviews, the researcher followed the guidelines structured in a

book “A Practical Introduction to In-Depth Interviewing” by Alan Morris to find instructions how to choose relevant interviewees and conduct proper interviews (Morris 2015).

Data was collected from 19 rural entrepreneurs in Läänemaa, three experts at regional and three EU level, and one representative of collective network Eesti “*O.T.T.*” The broader selection criteria for the participants was that each of them should be involved or have knowledge and experience in rural development of Estonia, and the EU role in it. Therefore, the specific purpose of the selection of participants is as follows: the rural entrepreneurs in Läänemaa to gather information from an individual perspective; experts at the regional level to collect data from the organization’s perspective, the representative of the collective network Eesti “*O.T.T.*” to collect data from the functioning network perspective; experts at EU level to gather knowledge on both policy-making and financing as well as at EU level of understanding local issues.

During the oral interviews, the author prepared a written transcript then compiled the manual coding of collected data, which is the process of labelling and organizing qualitative data into themes. This process is explained as follows. The researcher followed Saldana’s (2013) instruction for codes and coding in qualitative data analytic process. The coding process of interview data and open-ended survey questions was performed in three cycles. In the first cycle, the author identified important paragraphs/phrases/words and gave them a code. In the second cycle, codes were classified into categories, combining analytical units with similar codes. Certain themes that appeared from codes repeatedly or showed importance in understanding the research problem were organized under one category. The third cycle was to identify a concept/theory on a basis of the coding process. In subchapters “3.2.1”, “3.2.2” and “3.2.3”, the results of the coded qualitative data were quantified in the figures as code frequencies to draw conclusions from qualitative data analysis. Quantification involved converting data from words into numbers, depended on the number of times the specific theme or code appeared. This was done using Microsoft

Excel. In “subchapter 3.2.4”, the results of the coding process were listed in the figure as themes identified that had importance of understanding the research problem.

All interviewees remain anonymous due to the confidentiality agreement promised orally by the author. Therefore, in the analysis section the respondents were numbered as follows: entrepreneurs as E1-E19, experts at regional level as R1-R3, representative of the collective network as N, experts at EU level as EU1-EU3, so that the reader could better follow the answers.

## **2.1. EUSurvey as a method**

EUSurvey was used to collect data from rural entrepreneurs in Läänemaa to provide anonymous participation to add objectivity to feedback by eliminating any impact on responses that may occur during a face-to-face meeting. Survey was conducted in Estonian language and translated into English by the author (Appendix 2). The number of participants in the survey was low, because the author deliberately chose a list of entrepreneurs in Läänemaa, who are affiliated to a collective network called Läänemaa “O.T.T.”<sup>7</sup>. This collective network is a form of cooperation between small local producers based on a voluntary approach, which together promotes the marketing opportunities of its members. The aim of this network is to jointly provide food from local raw materials, develop small enterprises and processing, as well as the living environments, all in an environmentally friendly and customer-friendly way. This particular network is not under consideration, but affiliation of the entrepreneurs in it gives the author confidence that the selected participants have experience of cooperation and therefore can share valid information about their experiences and thoughts on the research problem and topic. The

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<sup>7</sup> O.T.T. an abbreviation of the words „directly“ from the „producer“ to the „consumer“ (Otse Tootjalt Tarbijale). This is a network of civic initiative that brings together local food producers and consumers. The official website of Eesti „O.T.T.“, <http://www.eestiott.ee/>  
The official website of Läänemaa „O.T.T.“, <http://otsetootjalt.weebly.com/>

researcher targeted 25 entrepreneurs to participate in the online survey, but 19 of them agreed. Eesti “O.T.T.” network has a total of nine sub-networks (Appendix 1): Harju, Kiili, Kohila, Kääpa, Läänemaa, Pärnumaa, Rakvere, Saare, Viljandimaa. The purpose of selecting entrepreneurs operating specifically in Läänemaa was to keep the selection of respondents and interviewees at different levels structured in one specific region to learn about the problems and knowledge of one particular area.

For the survey, an open-ended questionnaire (Appendix 3) was chosen as one of the methods for collecting data from an individual entrepreneur, as it is a more appropriate method than an in-depth interview for capturing what the target audience is thinking about a research problem. The Likert scale<sup>8</sup> was used as another method for measuring a person’s attitudes, beliefs, or opinions on five statements regarding “*obstacles to business-to-business cooperation in rural areas...*” and five statements “*in order to increase cooperation between businesses in rural areas, it would be necessary to...*” (Gracyalny 2018: 1556). Participants were asked to indicate the extent to which they agreed or disagreed with the each statement: 1 = strongly disagree, 2 = rather disagree, 3 = partly agree, 4 =rather agree, 5 = strongly agree.

Many researchers have argued that it is important to have neutral or ambivalent in the middle, because the midpoint is supposed to accurately reflect the participants’ true beliefs or attitudes. However, the author preferred to use a forced choice design, namely to remove the neutral option to avoid neutral attitude towards a particular statement and to understand whether the participant has positive or negative opinion regarding it. There are several advantages to using a Likert scale in survey research such as simple to construct, easy to modify, design, and interpret. Using multiple items to evaluate a concept provides a reliable and accurate measurement. On the contrary, there are many disadvantages, namely that

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<sup>8</sup> The Likert scale was developed by psychologist Rensis Likert in 1932 as a method for measuring attitudes (Gracyalny 2018).

people tend to agree with declarative statements, instead of expressing disagreement - a problem called acquiescence bias. Also, the Likert scale has an effect such as central tendency bias, which reflects participants' desire to avoid extreme positions in their responses to a particular topic. Finally, social desirability bias may result from participants' efforts to present themselves favourably, especially in response to items. (Gracyalny 2018:4)

## **2.2. Interview as a method**

An in-depth semi-structured interview was an appropriate method to gather data from experts, as the study involved examining how individuals perceive their situation and what their experiences are around the research topic. The interview allows the interviewer to enter the interviewee's "lived everyday world" (Kvale & Brinkmann 2009: 29). A semi-structured in-depth interview allows a researcher to ask questions and follow-up the respondent's answers in order to obtain as much information as possible from the interviewee who has expertise in the topic of interest to the interviewer (Morris 2015: 4). The limitation of an in-depth interview is that the interviewee has the ability to construct a world of reality that is usually difficult to verify. The data obtained from interviews cannot be generalised to the population, although the interview data can suggest a definite pattern. (Morris 2015: 7)

The selection process of the interviewees was based on the following criteria that the expert has knowledge and experience of rural development and the role of the EU in it, as well as expertise about Estonia. Due to the limitations of Covid-19, the interviews were conducted by telephone call or Skype, in Estonian or English, and each interview lasted 30-45 minutes. There were three different interview questionnaires for the experts at regional level (Appendix 4), for the representative of the collective network (Appendix 5) and for the experts at EU level (Appendix 6).

### **3. Empirical findings from coding**

The responses for the survey were shared by rural entrepreneurs in Läänemaa, and for the interviews by experts at regional and EU level, and the representative of collective network Eesti “*O.T.T.*”. Interviews, including open-ended survey questions, were transcribed and analysed according to the Saldana’s guideline (2013) as a method of inductive reasoning, specifically moving from specific observations to broader generalizations and theory such as social capital. In other words, the content analysis was performed by the author according to a specific process, such as coding, categorization and identification of general theory.

The analysis included the personal experience and observations of interviewees and survey participants about their daily activities as an entrepreneur, coordinating a group of individual entrepreneurs at regional level, or working on coordination of the regional issues or policy-making at EU level. The analysis took into account direct answers. Attitudes were taken into account through the Likert scale method. During the coding process of the open-ended responses of the survey and the responses to the interviews, certain topics emerged under categories, which were discussed more in detail. The theoretical framework and empirical conclusions were considered in the analysis.

The survey consisted of three parts, which were analysed by qualitative or quantitative methods, respectively. The first part was to describe the profile of rural entrepreneurs (each survey participant) in Läänemaa with the aim of supplementing the survey answers with knowledge that would help the researcher to interpret collected data in a reliable and appropriate way. The second part was the Likert-scale, a quantitative method, for assessing the entrepreneur’s attitude and/or opinion on a given statement to understand the local business environment. The Likert scale data analysis and interpretation was completed in Microsoft Excel. The third part contained open-ended questions that were analysed in conjunction with other interviews based on content analysis. The respondents were numbered as follows: entrepreneurs as E1- E19, experts at regional level as R1-R3,

representative of the collective network as N, experts at EU level as EU1-EU3, so that the reader could better follow the answers.

The first subchapter described the profile of entrepreneurs and the quantitative survey results. The second subchapter focused on findings of the qualitative analysis: motivators that encourage cooperation, the role of local authority in rural business cooperation, barriers to cooperation, and the role of the EU in fostering inter-enterprise collaboration. Third subchapters focused on analysis of main findings and the relation with social capital. Fourth subchapter focused on discussion and suggestions.

### **3.1. Quantitative survey results of entrepreneurs**

#### **THE PROFILE OF THE ENTREPRENEURS**

Fourteen females and five males participated in the survey. The age range showed that, 10 respondents were between 41-60 years old, eight were between 24 and 40, and one was over 65. One participant had a doctor's degree, four had a master's degree, five had a tertiary non-university degree, five bachelor's degree, two had a vocational level and two had a secondary education. Two participants had five to ten employees, 16 had one to five employees, and one participant had no employee.

There were six different business areas in which participants were involved: agriculture, food manufacturing, tourism, accommodation and food service activities, land improvement service and manufacturing. Participants have received four types of EU grants for area and animal payments, investment subsidies, business development and LEADER – project support, four participants did not answer this question. However, there was a form for comments, three out of 19 did not receive EU funding; one of them received grants for study visits abroad, trainings and events; one of them received non company-specific subsidies, and also support for market development.

## BUSINESS ENVIRONMENT IN LÄÄNEMAA

Quantitative data was analysed using the Microsoft Excel. The results of the analysis described that in order to increase cooperation between businesses in rural areas, in other words the primary factor that encourage rural entrepreneurs to cooperate was identified as a new market access. The main obstacle to business-to-business cooperation in rural areas, in other words the primary factor that discourage rural entrepreneurs to cooperate was an investment risk such as no labour no force/variable business environment or market price.

Likert scale, a quantitative method, was used for assessing the attitude and opinion of the entrepreneur on a given statement. Regarding the statement “*Obstacles to business-to-business cooperation in rural areas*” the main problem for cooperation with other companies was “*investment risk such as no labour force/variable business environment or market price*” (4 strongly agreed, 8 rather agreed, 6 partly agreed, 1 rather disagreed); the second was “*need or wish to remain self-sufficient*” (3 strongly agreed, 2 rather agreed, 9 partly agreed, 5 rather disagreed); the third was “*lack of suitable partners*” (1 strongly agreed, 5 rather agreed, 7 partly agreed, 3 rather disagreed and 3 strongly disagreed); the fourth was “*statutory limitations*” (1 strongly agreed, 2 rather agreed, 7 partly agreed, 8 rather disagreed, 1 strongly disagreed); the least problem was that “*cooperation does not generate additional revenue*” (1 strongly agreed, 1 rather agreed, 4 partly agreed, 11 rather agreed, 2 strongly disagreed).

Regarding what would be necessary to do “*in order to increase cooperation between businesses in rural areas*”, the most important was *access to new markets* (6 strongly agreed, 6 rather agreed, 7 partly agreed); the second was *the access to new or specialised skills/technologies* (5 strongly agreed, 6 rather agreed, 7 partly agreed, 1 rather disagreed); the third was “*better information support/case-by-case approach*” (5 strongly agreed, 7 rather agreed, 5 partly agreed, 2 rather disagreed); the fourth was “*cost reduction/sustainability, grants*” (4 strongly agreed, 8 rather agreed, 5 partly agreed, 2 rather disagreed). The least important was “*developing new products/services*” (2 strongly agreed, 8 rather agreed, 8 partly agreed, 1 rather disagreed).

## 3.2. Qualitative interview and survey results

### 3.2.1 Motivators that encourage cooperation

The aim of this part was to find out the factors that motivate/encourage rural entrepreneurs to cooperate with other entrepreneurs. Certain themes that appeared from codes repeatedly or showed importance in understanding the research problem were organized under one category and is discussed below. Therefore, this subchapter includes description of the results of the coding process and the interpretation of the findings. As a result of the second cycle of coding, ten factors that encourage rural businesses to cooperate are the following:

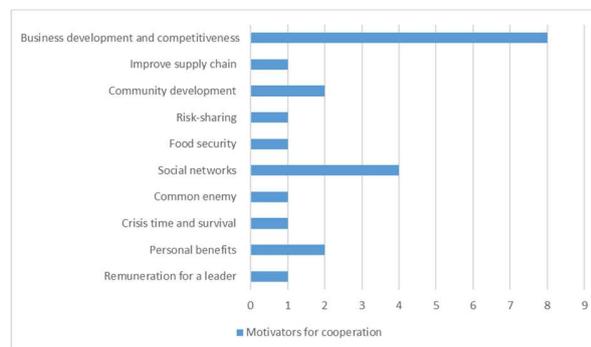


Figure 3.1 Motivators for cooperation

The findings based on the second cycle of coding are described below to understand diverse reasons of the factors that encourage cooperation, as the interpretive approach supported exploring hidden reasons behind complex, interrelated and multifaceted social processes such as inter-enterprise relationships. In particular, less appeared factors are complementing the main ones to understand the reasons behind complex problem of rural inter-enterprise cooperation.

**Business development and competitiveness:** participant E2, E5, E8, E15, E18, R3, E13 stated that entrepreneurs would be interested in cooperating if their business would develop or improve competitiveness as a result of cooperation. Participant E5 stated a problem that not all enterprises are able to produce everything, and production efficiency increases in

specialization. Participant E5 mentioned that cooperation is particularly needed for smaller companies, such as one producing, the other processing. Participant E7 saw the need for cooperation in joint marketing, because it would be easier to do it together. From a personal point of view, participant E18 saw cooperation being important for new ideas and personal fulfilment. From a business point of view, cooperation would be beneficial for better marketing and reduce logistics costs. R3 noted that every new thing is difficult at the beginning, but fulfils a goal such as development and new opportunities, so the cooperation is positive.

**Social networks:** participant R3 noted two examples from Läänemaa that show actions to promote cooperation at local and EU level. First was the collective network “*O.T.T.*” based on civic society as a structured form of cooperation that connects primarily food producers, but also businesses from other sectors. Another example was the role of the EU in promoting cooperation like local action groups supported by LEADER-programmes. Participant N noted that entrepreneurs should be aware of the need for cooperation. Cooperation requires the will to do it and a trust that it is worthwhile. Two types of loyalty need to be respected: loyalty by leaving money in your region and loyalty to your people. In terms of cooperation, it is necessary to make long-term planning and firm agreements in order for both parties to agree. In terms of social relations, it is necessary to equip people in your network. As a member of a network or a cooperative partner, it is important to have the ability to feel the system as a whole. The benefit of social networks is access to other people’s resources, such as labour or land resources. Participant E9 noted that having a large social network would benefit from having more access to information and knowledge. R3 noted that the results of the cooperation would be felt not only at the level of individual business, but also the region itself would benefit.

**Community development:** another motivating factor for rural cooperation is a community development, as above was mentioned that individual benefits through cooperation and social networks would benefit the region and its community. Participant E3 noted that the cooperation is essential for a community development. Participant E17 confirmed with

stating that cooperation between entrepreneurs is important for the development of local life.

**Personal benefits:** participant R2 noted that personal benefits is important motivator for cooperation. Participant E19 argued that the importance of cooperation is to make profit as well as to be able to communicate with others.

**Improve supply chain:** participant E6 stated that the benefits of cooperation for the entrepreneur means to make it easier to obtain raw materials, seeds and technology.

**Remuneration for a leader:** participant R1 noted that remunerating the leader would cause better results of coordinating the work or network. On the one hand, it would empower the leader and increase work efficiency, as payment comes with responsibilities. On the other hand, if the leader is paid, then the members of the network would have the right to demand quality work and this would lead to greater participation in network activities.

**Crisis time and survival:** participant R2 noted that crisis time and survival are motivators. Namely, the interviews were conducted in April, when the Covid-19 pandemic was in its early stages and the world was facing both a health and an economic crisis. In times of crisis, it might be difficult for certain companies in rural areas to survive. As we have learnt from the Covid-19 pandemic, working together would help businesses to survive. The importance of business survival in times of crisis is not crucial only for entrepreneurs, but also employees who need to earn salary to pay the bills and feed their families.

**Common enemy:** participant R2 noted that if there is a common enemy, such as the Covid-19 crisis, then stakeholders tend to be motivated to work together.

**Food security:** participant N also referred to Covid-19 health and economic crisis as an example of the importance of rural business cooperation. It was also noted that the importance of food security plays an important role in surviving the crisis. It was stated that all undertakings are linked, not only businesses, but also schools, kindergartens, hospitals,

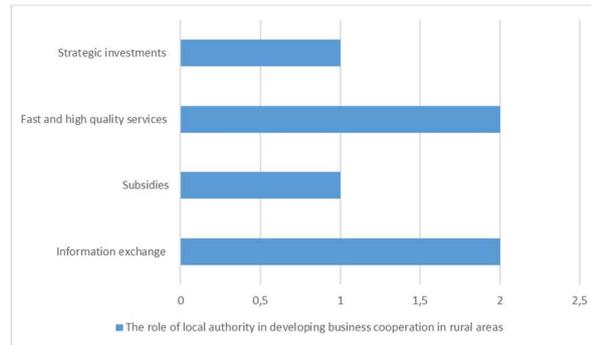
spas that need to provide food service. It was also mentioned that the local government should tax food to increase local capacity.

**Risk-sharing:** participant E1 noted that working together with other entrepreneurs would be necessary and beneficial for small businesses to be able to share risks, and through cooperation, help them work more extensively, and do something more, not only about them, such as adding value not only to their own businesses, but to their community and region as well.

As a result of coding process, business development/competitiveness and social networks were mentioned the most. Therefore, based on qualitative data, these are the primary factors that encourage rural entrepreneurs to cooperate. The author analyses these factors further in the “subchapter 3.3.” with the identified concept of social capital that was confirmed as a result of the third cycle of coding process.

### **3.2.2. The role of local authority in rural business cooperation**

Even though this thesis did not examine the role of local authority in rural business cooperation, nevertheless, the author saw the importance of exploring it, as it may not be clear to civic society what are its actual responsibilities in terms of rural entrepreneurship and inter-enterprise cooperation or the EU related matters. The role of local authority was not intended to answer the research questions, but to provide additional information about the rural business environment in which the selected entrepreneurs operate. The role of local authority in the development of business cooperation are the following: information exchange, strategic investments, fast and high quality service, subsidies.



*Figure 3.2 The role of local authority in developing business cooperation in rural areas*

**Information exchange:** participant R1 noted that the role of local authority in developing business cooperation in rural areas could be greater. It was stated that local authorities tend to have an opinion if rural entrepreneurs receive grants, then it is enough and no additional support is not needed. It was also clarified that the municipality has information about the land, which could bring the landowner and the young entrepreneur together. Another idea was that Estonia is a small country, so there is no need for so many duplicative actions. Participant R3 noted that it is up to local authorities to decide whether they want to play an active role in promoting rural business-to-business cooperation. It was stated that the municipality depends on jobs. Furthermore, the development of entrepreneurship is not the main task of local authorities. However, cooperation can be improved as follows: information flow and pooling, creating the image of the regions, establishment of county development centres, through cooperation projects.

**Fast and high quality services:** participant R3 noted that the attitude of the local authority is very important. More specifically, the local authority should not hinder the development of new ideas. On the contrary, a quick response, a supportive and open attitude is essential. Participant R2 have stated that the local authority has no separate role to promote rural business-to-business cooperation. However, it was mentioned that the local authority should be entrepreneurship-friendly and provide fast application and processing of permits.

**Subsidies:** participant R3 noted that municipality of Lääne-Nigula distributes subsidies directly such as training grants for Agricultural Registers and Information Board (ARIB)

programmes. For comparison, Saaremaa Ehe label has received support from the ARIB for joint activities and in Hiiumaa as well. Still, not yet done in the Läänemaa.

**Strategic investments:** Participant R3 noted that the role of local authority in promoting cooperation between rural businesses can be manifested in development plans, the identification and implementation of strategic areas and investments. The following example was given: investments should be made in the regions where many small businesses would have the opportunity to develop.

The results of the coding process identified the role of local authority mainly as information exchange. This result can be referred to the network approach of social capital. This approach takes into account actors such as information brokers in the perspective of bonding and bridging community ties (Table 1.3).

**3.2.3. Barriers to cooperation**

The aim of this part was to find out the factors that discourage rural entrepreneurs from cooperating with other entrepreneurs. Certain themes that appeared from codes repeatedly or showed importance in understanding the research problem were organized under one category and is discussed below. As a result of the second cycle of coding, 16 factors that discourage rural businesses from cooperating are the following:

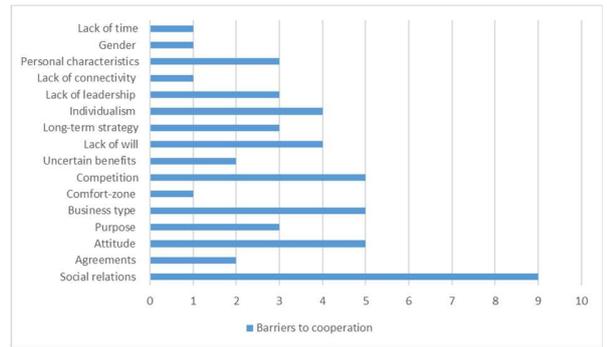


Figure 3.3 Barriers to cooperation

Findings based on the second cycle of coding are described briefly below to understand diverse reasons of the factors that discourage cooperation, as the interpretive approach supported to explore hidden reasons behind complex, interrelated, or multifaceted social processes such as inter-enterprise relationships. In particular, less appeared factors are complementing the reasons behind complex problem of rural inter-enterprise cooperation.

**Social relations:** as mentioned the most frequent barrier to cooperation was social relations. Participant N noted that one obstacle to cooperation is the fact that people do not know how to compare each other's contribution. More specifically, people do not agree on exact boundaries or responsibilities, however, they want their products or services to be a priority. People want to behave like the big society - it's harder to get what they want. Participant E7 noted that the cooperation between rural entrepreneurs may be hampered due to the closed direct relations between producer and consumer. There was a mentioned trend that customers can buy the necessary products directly from the producer, such as the collective network "O.T.T.". In addition, entrepreneurs of rural areas tend not to accept new players in the same field. Participant E8 noted that one of the barriers to cooperate is people-to-people relations. Participant E19 noted that burdens such as lack of time or unequally shared responsibilities are the factors that hinder cooperation. Participant EU1 referred to a changed culture as an obstacle to cooperation. Furthermore, it was noted that Estonians have lost the excellent experience of cooperative activities as in the pre-war period. Participant R1 noted an obstacle to cooperation is that people of all age groups, more precisely from different historical backgrounds have been forced to work together. The meaning of different historical backgrounds refers to the fact that we may have three different generations in the same business, leading to misunderstandings, conflicts of interests and different visions of working together. Participant N claimed that a negative aspect of cooperation could be that stakeholders do not express their concern if something is not as it should be. More specifically, stakeholders tend not to be able to withstand criticism. Participant EU3 noted that one of the factors that would lead to non-cooperation may be the fact that many customers were dissatisfied with the product or service.

**Agreements:** participant N noted that there must be certainty in agreements between stakeholders. Certainly, partners should not aim to change each other's plans or business. Participant E6 stated that one of the barriers hindering cooperation is uncertain agreements with a supplier, who may not perform the contract and declare at the last minute that the product is not available.

**Attitude:** participant N argued that indifference could hinder cooperation. Specifically, if a stakeholder does not get what he or she wanted, then do not be afraid to give up cooperation. Participant N also claimed egoism to be one of the barriers, because partners tend to consider only about their needs and not taking into account of the partner's needs and interests. Participant E3 noted that attitude is one of the barriers, especially the fear that business partners would benefit more from cooperation. Participant E9 noted the attitude problem from another angle. Namely, the desire of the entrepreneur to show off, thus refusing to cooperate. Participant R1 agreed that it is necessary to unite for development of businesses and regions, but the lack of know-how discourages cooperation.

**Purpose:** participant N argued that entrepreneurs face a problem such as lack of goals and vision, which can lead to a problem that companies do not know whether they want to go alone or with partners. Another remark was the increase in customer's purchasing power, leading to a situation where small businesses are doing well and do not need to cooperate with other enterprises. Participant N noted that the problem of cooperation was due to an overestimated objective, which could lead to instability and uncertainty. Participant E15 noted that the obstacle of cooperation is to find a common denominator between different companies.

**Business type:** participant R1 noted that a form such as a family business was an obstacle to cooperation, as this type of business usually serves the purposes of the family members involved and not the people outside. Another factor mentioned by participant R3 was the fact that small and medium-sized enterprises usually have a multifunctional staff, which means that one person is able to work on several tasks, making the enterprise independent

of the need to ask for external support. Participant EU2 noted that entrepreneurs face challenges such as the declining importance of the primary sector. Therefore, through the LEADER initiative, the EU provides support to rural areas and strengthens cooperation, which may not be possible without an external motivator. The concern is that even if the EU offers support through policy and funding, one requirement would be joint action as to whether entrepreneurs would be interested in applying for the fund at all. Participant R2 noted that the size of the company might be the problem for cooperation. There are enterprises that are intentionally small, and are satisfied with income and work results, so they do not need to cooperate. Specifically, if there has not been much customer demand, a small enterprise would not see the need to increase production, so there would be no need for external partnerships.

**Lack of time:** participant R1 argued that lack of time could be an obstacle to cooperation, as entrepreneurs may not have time to attend information days, trainings aimed at bringing companies together to promote cooperation and to provide relevant business information.

**Comfort-zone:** participant R3 noted that an obstacle was the convenience of entrepreneurs to do things as usual. Specifically, if the company did not have partners before and was doing well, then why are the changes needed.

**Competition:** participant R1 noted the problem as competition between agricultural land and workers. Namely, the size of the land is limited and is very difficult to buy or rent it due to competition. In rural areas, there is a difficulty to find specialized and skilled workforce, therefore businesses are competing for the labour as well. In addition, the competition is also associated with essential inputs. Participant R3 also noted the competition between enterprises for resources such as labour and industry know-how. The marketing budget was also mentioned as a problem. Entrepreneurs are reluctant to share information that could benefit others, and they do not want to keep partners informed about their work. Participant EU1 noted that most companies see others as competitors and are unwilling to see the common ground and the benefits of cooperation. Participant EU3 noted

that in Estonia, it has been a problem that neighbours compete with each other and see other businesses in the neighbourhood as competitors. Similar to the previous example, participant E1 noted that in Estonia, it is not acceptable in rural areas that one neighbour would become more successful than others.

**Uncertain benefits:** participant R1 noted that one obstacle would be ignorance of the potential benefits and outcomes of cooperation. Participant R3 also mentioned the problem such as lack of awareness of the benefits of cooperation.

**Lack of will:** participant R2 noted that the will is the most important barrier in terms of cooperation, which means that if entrepreneurs are not willing to cooperate, they just not do it. Participant R2 noted that cooperation is seen as something that should have been done by someone else and is not relevant for himself or herself. Participant EU3 noted that it is difficult to find people who would take the initiative to start any activity, because it would take a lot of time, so the motivation to start something new is low. Also, there was mentioned the unwillingness to cooperate as a barrier.

**Long-term strategy:** participant R2 argued that enterprises had financial issues because they did not have long-term strategy in place. Participant E2 noted barriers to cooperation, such as lack of financial resources and information, the shortage of skilled workers and specialists. Participant N referred to the need for a mid-term review to see if the target would be achieved or not.

**Individualism:** participant EU1 noted that Estonians have become individualists over time and tend not to trust others. Participant E3 noted that one of the barriers was a self-centered relationship, which means that one partner does not take into account other partners interests or plans. Participant R1 noted that the sense of ownership is stronger than in the past. Specifically, entrepreneurs tend to do all the work alone as well as take all their responsibility for it.

**Lack of leadership:** participant EU3 noted that even there are people who would like to participate in collective activities but do not, because there is no leader who would take the organizational work in his or her hands. Participant E3 stated that there is a lack of an expert, who knows the region and who organizes and manages the work. In other words, there is a lack of leadership. Participant R2 stated that there is no central organization in Läänemaa that would bring entrepreneurs together, which means a central management board is needed for cooperative actions.

**Lack of connectivity:** participant EU2 noted that the problems differ according to the region. Some rural regions do not have connectivity such as basic network connection that would help to connect with other entrepreneurs or stakeholders in rural region.

**Personal characteristics:** participant E1 noted that barriers to cooperation may be due to the personal characteristics of the stakeholders. Specifically, if people do not want to cooperate because of personal characteristics, then cooperation will not easily happen. Participant E13 noted the problem of cooperation is because of closed people. Participant E17 claimed that cooperation fails because people are rigid.

**Gender:** participant EU2 referred to the gender dimension. Namely, many rural areas have difficulties to put up their assets, because women has not have enough money. The enterprise is on behalf of the husband. Women do not start their own business, because not getting credit, lack of money.

As a result of coding process, social relations was mentioned the most. Therefore, based on qualitative data, that is the primary factor that discourage rural entrepreneurs from cooperating. The author analyses these factors further in the “subchapter 3.3.” with the identified concept of social capital that was confirmed as a result of the third cycle of coding process.

### 3.2.4. EU role in rural inter-enterprise cooperation through rural development

In order to examine the EU role in rural inter-enterprise cooperation through rural development, the method of the interview aimed to gain an overview of how this issue was perceived by stakeholders at different levels. The EU could play a major role, but it does not guarantee that people in rural areas would have knowledge or awareness of EU actions at local level. Therefore, each entrepreneur was asked through a survey if they have received an EU grant to identify whether or not the EU has had an impact at the level of individual business.

#### *EU's contribution to rural cooperation*

The purpose of this question was to gather information on how stakeholders at different levels perceived the role of the EU in rural areas. The author was concerned about the difference what the EU actually does for rural development and how the contribution has been seen.



*Figure 3.4 EU's contribution to rural cooperation*

**Supply chain action:** participant R1 noted that EU's contribution to rural cooperation can be seen as a support for supply chain. There have been EU-funded projects and existing grants to bring businesses together to promote joint projects, as well as helping to organize fairs. Therefore, has helped to achieve individual and collective goals.

**Clusters, incentives, platforms:** participant EU1 stated that EU's contribution to rural cooperation has been by creating and supporting incentives and platforms; clusters and

cooperation between clusters; R&D centres; centres of competence. The majority of clusters are primarily aimed at joint marketing and export.

**Opportunities:** participant EU2 noted that the EU contributes to rural cooperation by providing opportunities to promote business-to-business cooperation, but it is up to the EU Member States to decide on priorities of investments. Participant EU3 stated that the role of the EU is to be a compass, to lead the way and to decide on priorities for investments.

**Connect stakeholders:** regarding EU's contribution to rural cooperation, participant EU2 mentioned measure 16 that aims to gather together people to start initiatives and article 35 to promote cooperation involving at least 20 stakeholder, agriculture, forestry and food chain, cluster and networks. Participant EU2 referred to the European Network for Rural Development<sup>9</sup>, which should connect stakeholders across Europe. Participant EU2, noted the LEADER programme that facilitates cooperation by gathering business owners together on particular topics, such as organic food. It supports innovation activities, and has an international dimension, putting together organic producers across Europe. Funding goes to Local Action Groups. There was an example from Spain, where the "coffee events" were organized for entrepreneurs in Basque region to let them exchange ideas and share experiences in order to encourage them to start joint initiatives, in other words to start cooperative activities.

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<sup>9</sup> The European Network for Rural Development (ENRD) connects rural development stakeholders throughout the European Union. The network serves as an exchange and communications hub for the sharing of information about how Rural Development policy works in practice and how it can be improved. (ENRD 2021)

### *Visibility of rural development policy among rural entrepreneurs*

The purpose of this question was to understand how stakeholders, at different levels, especially rural entrepreneurs, perceived the impact of rural development policy. The EU has a remarkable role to play in rural Europe, but the author wanted to gather information on how participants perceived the impact of the EU policies in their daily lives.



*Figure 3.5 Visibility of rural development policy among rural entrepreneurs*

**Cooperatives:** participant EU1 noted that the visibility of rural development policy among rural entrepreneurs was in the hands of the Ministry of Agriculture, which was involved in the promotion of cooperatives. It was argued that even if the EU or the Ministry of Agriculture supported cooperatives, it would still not be enough to make it work. Namely, in order to have well-functioning cooperatives, a strong leader and supporters of cooperation are needed.

**Perception of stakeholders:** participant EU2 noted the visibility of rural development policy among rural entrepreneurs is in the hands on stakeholders on how they see it. The EU intends to increase the visibility of rural development policy to raise awareness of the EU's contribution to rural development.

**Indications and markings:** participant EU3 noted that rural development funding must be accompanied by an information campaign by the Member State. If someone receives investment support from the Structural Funds, LEADER money, there is a requirement to have a corresponding indication that the support originated from the EU. There is a problem regarding raising awareness of the EU's support for individual rural businesses,

because rural entrepreneurs do not have time for advertising due to the busy work schedule. Maintaining existing networks is already a challenge due to lack of time.

### ***EU to improve visibility of measures in rural Europe***

Following the previous question, the author asked what the EU should do to improve visibility of measures in rural Europe.



*Figure 3.6 EU to improve visibility of measures in rural Europe*

**Country and culture specific approach:** participant EU1 noted that the EU cannot do much to improve the visibility of measures in rural Europe, and there would be no benefit for that. It was pointed out that every country and culture is different, therefore the situation in different regions are quite specific and need a special approach.

**Awareness campaigns:** participant EU2 noted that an awareness campaign such as “rural” is a way to increase the awareness among rural entrepreneurs, thus to improve visibility of measures in rural Europe.

**Labels and markings:** participant EU3 noted that the EU cannot do much, in particular the ARIB and the Minister for Rural Affairs need to address the issue in order to improve the visibility of measures in rural Europe. Specifically, labels and marking should be prominently used on purchased assets, buildings, machines.

**Rural development programme:** participant EU1 noted that the EU is improving visibility of measures in rural Europe through national and international clusters, also via LEADER.

**Impact assessment and public consultation:** participant EU2 noted that the EU is improving the visibility of measures in rural Europe through impact assessments to assess the impact of existing rural development measures, as well as through public consultation to gather stakeholders' views on challenges and opportunities. For example, the EU is working on simplifications of bureaucracy for the citizens. Brussels should also be less involved in national rural issues, and Member States should have a greater say in this matter. Participant EU3 noted that anyone who submits a budget for the next period will be consulted, for example, a non-profit organization, an individual at company level. Together, find a direction to move forward. The main interests and demands of stakeholders would be taken into account. Otherwise, clear orientations and sufficient flexibility will be put in place so that local conditions can be put into practice.

***Requirements of rural development policy in different regions***

The aim of this section was to understand what are the requirements for the different regions in Europe and how the EU is overcoming the challenges.



*Figure 3.7 Requirements of rural development policy in different regions*

**National rural development programmes<sup>10</sup>:** participant EU1 noted that this is a very complex, more precisely impossible topic such as requirements of rural development policy in different regions. It is up to the Member States to decide how to deal with rural issues. Namely, there are national rural development programmes. Participant EU2 stated that

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<sup>10</sup> EU countries prepare their own rural development programmes to meet national and regional needs within the framework of shared EU priorities (European Commission s.a.).

Rural Development Programmes are managed jointly with Member States. More specifically, the EU set up regulations, Member States and regions work with implementing them. Participant EU3 noted that the requirements of rural development policy in different regions should be flexible and simple, as it aims to provide support. One of the examples was the “Estonia’s National Open Farm Day<sup>11</sup>” organized to promote domestic food production, allowing visitors to see through their eyes how Estonian food is grown. This event was funded by the Estonian Rural Development Plan 2014–2020 and the European Agricultural Fund for Rural Development. It was also mentioned that one of the aims of this event was to connect rural and urban inhabitants.

**Consultation with national and regional authorities:** participant EU2 noted that representatives of an EU institution are in daily contact with national and regional authorities regarding the requirements of rural development policy in different regions. Furthermore, there is a monitoring committee<sup>12</sup>. National and local authorities to decide their own individual seven-year rural development programmes based on the European „menu<sup>13</sup> of measures“.

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<sup>11</sup> The national Open Farm Day, organised by the Ministry of Agriculture and the Rural Economy Research Centre in cooperation with the Central Union of Estonian Farmers, the Central Alliance of Estonian Farmers, Järva Development Partners, and South Järva County Partnership. The Open Farm Day, funded by the Estonian Rural Development Plan 2014–2020 and the European Agricultural Fund for Rural Development (Republic of Estonia 2015).

<sup>12</sup> In every Member State, the Managing Authority and the Monitoring Committee monitor each Rural Development Programme by means of financial, output and results indicators (ENRD 2014).

<sup>13</sup> As the second pillar of the common agricultural policy (CAP), the EU’s rural development policy is designed to support rural areas of the Union and meet the wide range of economic, environmental and societal challenges of the 21st century. It enables regional, national and local authorities to formulate their individual seven-year rural development programmes based on the European “menu of measures”. The second pillar programmes are co-financed by EU funds and regional or national funds. (European Parliament 2020)

### ***EU financial support to business development***

The aim of this section was to understand how research participants understand the impact of EU policies and measures on business development through financial support.



*Figure 3.8 EU financial support to business development*

**Competitiveness:** participant E1 claimed that EU financial support to business development has helped enterprises to increase production capacity, because the support made it possible to set up a storage facility in order to maintain production. Participant E15 stated that this is certainly necessary, just because production efficiency increases in specialization, not all can produce everything

**Employment:** participant E1 noted that financial support not only supported business development such as the creation of new products, but also helped to create jobs. Participant E7 also claimed that thanks to EU financial support, the company was able to create new jobs. Participant E19 mentioned another aspect of employment, namely thanks to EU financial support, the company was able to offer higher wages to employees. Participant E3 also noted that EU financial support has helped to create jobs, furthermore, it supported to pay half of the salary to two employees for 1 year. Participant E6 noted that there have been no major changes as a result of financial support.

**Start business:** participant E3 noted that the EU financial support has helped to start a business though an unemployment fund.

**Purchase of fixed assets:** Participant E4 stated that the EU financial support enabled the acquisition of technology that is essential for further development. Participant E18 noted that the EU financial support has contributed to the purchase of fixed assets. Participant E19 stated that the EU financial support contributed to the acquisition of fixed assets provision. **Subsidies:** participant E16 noted that the role of the EU is simply to provide subsidies, nothing else.

**Accelerate development:** participant E9 noted that without the EU financial support it would have been more difficult to develop as a business. Participant E17 noted that thanks to the EU financial support, the business developed faster.

### *EU financial support in cooperation development*



*Figure 3.9 EU financial support in cooperation development*

**Cooperatives:** participant E1 noted that the EU financial support for the development of cooperation has been identified as a factor in the formation and survival of a cooperative and the motivation of its members. Participant E15 noted that EU financial support for the development of cooperation has no impact, as current cooperation is still based on a pure internal desire and motivation.

**Platforms and joint marketing:** participant E8 noted that the EU financial support for the development of cooperation has been seen through the possible creation of platforms and joint marketing.

**Information days:** participant E19 noted that EU financial support for the development of cooperation can be seen through organized EU-funded information days, where rural

stakeholders are kept up-to-date with changes. It was also added that these types of events are a possible birth of cooperation, as people have the opportunity to communicate with each other.

The aim of this subchapter was to identify the role of the EU in fostering inter-enterprise collaboration. To get a broader picture of the EU's role in Europe's rural areas, specifically in rural Läänemaa, the author relied on an interpretive approach, the assumption that social reality is shaped by people's experiences and social contexts to explore EU's role in rural business cooperation through the coordination of subjective interpretations of data collected in the socio-historical context of the participants.

In the first cycle, the author identified from transcript important paragraphs/phrases/words and gave them codes that were described as factors that hinder entrepreneurs to cooperate. In the second cycle, the codes were classified into six categories. Certain themes that appeared from codes repeatedly or showed importance in understanding the research problem were organized under a category and is discussed above: EU's contribution to rural cooperation, visibility of rural development policy among rural entrepreneurs, EU to improve visibility of measures in rural Europe, Requirements of rural development policy in different regions, EU financial support to business development, EU financial support in cooperation development. The results of the coding process identified the role of the EU in fostering inter-enterprise collaboration as providing opportunities and connect stakeholders through supply chain action, clusters, incentives, platforms, information days and joint marketing possibilities.

### **3.3. Analysis of main findings and social capital**

As the aim of this thesis was to understand how rural entrepreneurs make decisions related to cooperation and the role of the EU in fostering cooperation, the main findings of the analysis and interpretation of qualitative and quantitative data were analysed in this subchapter according to a concept of social capital that was identified as a result of inductive reasoning and coding process. As this was a case study based on Läänemaa, the

findings can most effectively be discussed in the context of Läänemaa. However, these findings can also be used in a wider setting, such as improving the EU policies in rural development. The overall main findings of the study are presented below.

**The primary factors, which encourage rural entrepreneurs to cooperate** with other rural enterprises were business development and competitiveness as well as social networks. According to survey data (Subchapter 3.1), all respondents represented microenterprises, and according to the Likert scale, new market access was another important factor that encourage rural entrepreneurs to cooperate with other businesses. Working together as a collective network may increase the interest and loyalty of customers, which would not be easy as an individual company. In other words, the collective network Läänemaa “*O.T.T.*” can be an example of social networks that benefit its members with market access.

Based on the definition of social capital by OECD (2001) “*networks together with shared norms, values and understandings that facilitate cooperation within or among groups*” the cooperation between entrepreneurs involved in the collective network Läänemaa “*O.T.T.*”, is facilitated by shared norms, values and understandings. As Coleman (1990) argued that social capital is an aspect of the social structure that allows certain goals to be achieved that would not be possible without it, then it is worth to note that each of the entrepreneur involved in the network Läänemaa “*O.T.T.*” remain legally independent, but as a result of joint action, each member of the network can achieve the individual goal such as the increase of the interest and loyalty of customers as well as accessing new markets that would not be easy as an individual.

According to the idea of Bourdieu and Coleman, the importance of shared norms and social ties for the economic efficiency of enterprises and the well-being of local society in rural Läänemaa play the role in the decision-making of rural entrepreneurs regarding cooperation. Based on the idea of Bourdieu, the amount of social capital held by an individual rural entrepreneur depends on his or her ability to mobilize the social network

and the capital, including the economic, cultural or symbolic capital of the members of Läänemaa “*O.T.T.*” (Table 1.3).

Relying on the argumentation by Putnam “a strong rural society means a strong economy of Läänemaa” and “the economy does not predict rural civic society but civic society does predict economy of rural Läänemaa, better indeed than the economy of Läänemaa itself,” while “a strong rural society means a strong Läänemaa as a county or Estonia as a country”. Based on the other idea of Putnam, the collective action of Läänemaa „*O.T.T.*“ depends on social networks, specifically the trustworthiness of the enterprises involved in this network that would be reliable for other involved businesses and customers.

**The primary factors, which discourage rural entrepreneurs to cooperate with other businesses** were social relations, and according to the Likert scale, investment risk such as no labour force/variable business environment or market price. As social relations were described the most as a factor to discourage cooperation, the negative aspect of bonds, such as closed communities in Läänemaa, where individuals rely heavily on the people who have something in common. At the same time, the lack of social bridges can make them outsiders in the wider society of Läänemaa or Estonia, or even hinder their economic development. For example, if a company has regular customers, and prefers to see competitors as enemies, then, for example, in the event of an economic and health crisis, such as Covid-19, a financial problem may arise, if the customer decide to prefer another producer or service provider. As the investment risk such as no labour force/variable business environment or market price was also identified as a factor that discourage the cooperation, the social relations can play a role in this problem as well.

Furthermore, strong social bonds can hinder the opportunity to cooperate with someone, who does not share anything in common even if the entrepreneur wants. The difficulty of the entrepreneurs producing the same product to enter into the collective network Läänemaa “*O.T.T.*” could be explained with the previous phenomena. In this case, the

question arises, whether the potential member of the network would be selected according to the product or service offered or whether social relations play the ultimate role.

As Dax and Machold (2003) argued that downside of communities is that they surround their citizens. Close ties cause a social exclusion for those who are unable or unwilling to cope with the social norms of the local community. For example, people with different lifestyles or opinions from the majority may experience the negative side of locality and would not be included in the collective network Läänemaa “*O.T.T*”. The author can see a relevant example, as if Läänemaa “*O.T.T*” would only be a network of organic farmers, then the non-organic farmer would not have the opportunity to get involved to sell the products through this association.

In addition, based on the negative aspect of social capital, local communities can be hostile to newcomers and thus hinder innovation. For example, if a company makes a great product, but other members of the network do not know this entrepreneur, then even if the product would attract more customers or complement the selection of products, the enterprise may get rejected because of the decision by the companies already involved, which may be hostile to the newcomers. Entrepreneurs who participated in this study operate on a daily basis in villages where they tend to interact with the same people from year to year, so it would be difficult to accept a new entrepreneur, especially in the same field of business to local community.

As participant N mentioned (Subchapter 3.2.3), entrepreneurs want their products and services to be a priority, while seeing partners and their needs less important. However, cooperation should benefit all involved stakeholders. Otherwise, it cannot be considered as cooperation. The negative aspect of cooperation is that stakeholders may not share their concerns about problems that may need a solution and do not tolerate criticism. The author believes that criticism would be important for improvements, but some entrepreneurs may take criticism personally, therefore can damage the social relations between the potential partners.

The purpose was not to explore the role of local authority in rural business cooperation, but as the selected entrepreneurs operated in rural Läänemaa, it was explored to understand the particular business environment. Mainly, the role of local authority in the promotion of rural business cooperation can be seen as information exchange between stakeholders. On the one hand, it would benefit the region itself with job creation, employment, innovation, regional development, tourism. On the other hand, it would be useful for enterprises to receive information about the land to be rented or purchased, contacts of potential cooperation partners.

**The role of the EU in fostering rural inter-enterprise collaboration** were providing opportunities and connect stakeholders through supply chain action, clusters, incentives, platforms, information days and joint marketing possibilities. Regions have different problems and opportunities, which makes the factors that promote or hinder cooperation region-specific. Therefore, in policy-making, it can be valuable to understand what motivates entrepreneurs in certain rural areas to work together and what prevents them deciding to cooperate. Based on the analysis of this research, the cooperation among entrepreneurs in Läänemaa as a certain social network would benefit the region itself. In other words, the well-being of the individual entrepreneurs affects the group such as collective network “O.T.T.” and rural Läänemaa as a society. Community development is important to improve the lives of its inhabitants, because it creates strong and diverse communities that are able to attract and retain talent, start and grow businesses, and solve problems that arise. Therefore, business development and increase of competitiveness would benefit the region as jobs creation, wages and taxes, attracting tourists.

LEADER was mentioned several times by respondents. Social capital has been identified as a key component of neo-endogenous and bottom-up approaches such as EU-led initiative LEADER that has become favoured strategies to support the development of disadvantaged rural areas. It addresses rural issues, which should lead to increased participation, civic engagement and independence.

Similar policies produce different results in different countries. Therefore, the policies must be designed according to local needs and circumstances. To express the importance of this, Alanen has argued that agricultural reforms in Estonia have failed to meet the expectations of the stakeholders. The failures and partial successes of de-collectivization in Estonia and in the other Baltic countries prove that efficient rural policies cannot be based upon dictation from above to below. Instead, those policies have to be adapted to the circumstances existing in each country or the region. More precisely, the rural population should be involved both in making the decisions on reforms addressing them and in their execution. (Alanen 2018: 4) This idea can be supported by Fukuyama's (2001) idea that some activities are the best left to civil society, as excessive state intervention can have serious negative effects on social capital. Therefore, as a role of the EU in fostering inter-enterprise collaboration, the LEADER approach have been relevant example of the EU's bottom-up approach to address rural issues, which should support the development of rural areas, lead to increased participation, civic engagement and independence.

To confirm the relevance of the concept of social capital in this thesis, this conclusions of the analysis are as socio-economic factors influencing the decision of cooperation between rural enterprises. The "socio" side of the term distinguishes social capital, governance and cultural heritage; the "economic" side of the term distinguishes investments in infrastructure, the existence and operation of business networks and the level of information and communication technologies operating in the region. In addition, social capital is directly related to the operation of business and networks.

As a negative aspect of bonds, close ties cause a social exclusion for those who are unable or unwilling to cope with the social norms of the local community. Rural Läänemaa was considered as a close community, where individuals rely a lot on the people they have something in common. At the same time, the lack of social bridges can affect negatively, making them outsiders in the wider society of Läänemaa or Estonia, or even hinder their economic development. Close ties cause a social exclusion for those who are unable or unwilling to cope with the social norms of the local community. The following conclusion

is the author's contribution as new knowledge of an empirical work. Based on the analysis, the reason for the lack of cooperation in rural Läänemaa is because of the negative impact of social capital and little awareness of the benefits through social capital, but if taking into account both the positive and negative aspects of social capital, there are possibilities to foster cooperation through EU policies, such as rural development policy.

### **3.4. Discussion and suggestions**

The EU policies should be designed according to local needs and circumstances. In order to design appropriate policies, a high level of citizen participation would be required as they are more aware of their challenges and needs. The EU should take into account both the negative and positive aspects of social capital and implement those in its policies in order to increase rural development, social inclusion, employment, well-being of citizens. To improve cooperation between rural entrepreneurs, special attention should be paid to how to work with social relations in order to overcome challenges such as the negative side social capital as closed communities.

Based on this research, the author believes that if the social relations are not good, then even financial benefits will not encourage entrepreneurs to cooperate. Thus, for example, if the EU provides financial support to increase rural cooperation, the author suggest that there should be a training to address the awareness of the negative and positive sides of social relations in terms of social capital to receive the grant. And then another question arises on how to motivate entrepreneurs to attend the trainings as the analysis has shown that rural entrepreneurs do not even have time to attend EU-funded information days to keep themselves updated with the latest changes in the business field. Thus, the EU should have more case-specific approach to increase the number of rural entrepreneurs attending the information days and trainings taking into account the nature of rural entrepreneurship.

## Conclusion

The research problem was lack of cooperation in rural Läänemaa, despite possibilities for EU funding. This is a serious issue as Läänemaa and Europe are facing the marginalization of rural areas, including socio-economic and cultural decline. It has been argued that cooperation between rural enterprises can have a positive impact not only for the individual business development, but also for socio-economic problems. To refer on the discussion in “Subchapter 3.3”, the “socio” side of the term distinguished social capital, governance and cultural heritage; the “economic” side of the term distinguished investments in infrastructure, the existence and operation of business networks and the level of information and communication technologies operating in the region. In other words, social capital is directly related to the operation of business and networks.

Regions have different problems and opportunities, which makes the factors that promote or hinder cooperation region-specific. Therefore, in policy-making, it can be valuable to understand what motivates entrepreneurs in certain rural areas to work together and what prevents them deciding to cooperate. Based on the analysis of this research, the cooperation among entrepreneurs in Läänemaa as a certain social network would benefit the region itself. In other words, the well-being of the individual entrepreneurs affects the group such as collective network “*O.T.T.*” and rural Läänemaa as a region and society. Community development is important to improve the lives of its inhabitants, because it creates strong and diverse communities that are able to attract and retain talent, start and grow businesses, and solve problems that arise. Therefore, business development and increase of competitiveness would benefit the region as jobs creation, wages and taxes, attracting tourists.

As the aim of this research was to understand how rural entrepreneurs make decisions related to cooperation, because the businesses cannot always rely on external support such as EU funds, but should find other alternatives to improve the business. Therefore, the study of inter-enterprise cooperation problems in rural Läänemaa may benefit the rural

businesses to overcome the lack of formal business support and guidance by creating social capital to access resources available through social relations.

As this thesis took an interpretive sense-making approach, the literature in the analysis chapter was used to interpret the findings. The advantage of interpretive approach was that it supported to explore hidden reasons of inter-enterprise relationships. The disadvantage of this approach was that not all data sources or participants were equally reliable, impartial, or aware of a phenomenon of interest, or there was undisclosed political agendas that might lead to misleading or false impressions. The author conducted manual coding for qualitative, which is the process of labelling and organizing qualitative data into themes. In the first cycle, the author identified important paragraphs/phrases/words and gave them a code. In the second cycle, codes were classified into categories, combining analytical units with similar codes. Certain themes that appeared from codes repeatedly or showed importance in understanding the research problem were organized under one category. The third cycle was to identify a concept/theory on a basis of the coding process. The quantitative data was analysed with Microsoft Excel.

As a result of analysis the primary factors, which encourage rural entrepreneurs to cooperate with other rural businesses were identified as business development, competitiveness, social networks and new market access. The primary factors, which discourage rural entrepreneurs to cooperate with other rural businesses were social relations and investment risk such as labour no force/variable business environment or market price. The role of the EU in fostering inter-enterprise collaboration was seen as providing opportunities and connect stakeholders though supply chain action, clusters, incentives, platforms, information days and joint marketing possibilities. The role of local authority in the development of business cooperation was mainly perceived as information exchange between stakeholders.

As a result of the inductive reasoning and coding process, social capital was identified as a concept to explain the research problem. Social capital has both positive and negative sides.

On the one hand, social capital has mostly been criticised for its variability and vagueness, but also because of the hesitation whether it is a “capital”. The social capital can have both positive and negative consequences. A disadvantage could include the issue of social exclusion as a particular group may become less involved within the community as others form associations. On the other hand, without social capital, people would not be able to work together, because social capital is the shared norms, values, and trust as well as belonging that make social exchange possible. Society, economy, political system, and institutions cannot exist without social capital.

The findings of this study would be useful in improving regional planning, rural policy and rural development initiatives. More precisely, the EU policies should be designed according to local needs and circumstances, because similar policies produce different results in different countries, therefore a better strategy is needed to increase citizen participation in policy-making. In compiling the literature review, the author understood the importance of social capital in EU policies. Specifically, social capital has been seen as a key component of neo-endogenous and bottom-up approaches such as EU-led initiative LEADER that has become favoured strategies to support the development of disadvantaged rural areas. LEADER was mentioned several times by the participant of this study as a role of the EU in fostering inter-enterprise collaboration. It addresses rural issues, which should lead to increased participation, civic engagement and independence.

The EU should take into account both the negative and positive aspects of social capital and implement those in policies not only to foster rural inter-enterprise cooperation but also to increase rural development, social inclusion, employment, and well-being of citizens. As social relations was one of the major factor, which discouraged rural entrepreneurs to cooperate, there should be paid special attention how to work on these challenges in order to overcome, such as the negative side of social capital. Thus, there should be organized a mandatory training that addresses the problems regarding social relations and how to overcome this issue in order to receive grants.

The following conclusion is the author's contribution as new knowledge of an empirical work. Based on the analysis, the reason for the lack of cooperation in rural Läänemaa is because of the negative impact of social capital and little awareness of the benefits through social capital, but if taking into account both the positive and negative aspects of social capital, there are possibilities to foster cooperation through EU policies, such as rural development policy.

## Summary in Estonian

### Maapiirkondade ettevõtete vahelise koostöö probleemid: Läänemaa juhtum

Kairi Kuusemaa

#### Resüme

Nii Läänemaa kui ka Euroopa seisavad silmitsi maapiirkondade marginaliseerumisega, sealhulgas sotsiaal-majandusliku ja kultuurilise langusega. Maapiirkondade ettevõtete koostööl võib olla positiivne mõju mitte ainult individuaalsele ettevõtluse arengule, vaid ka sotsiaal-majanduslikele probleemidele (Wiesinger 2007: 1). Läänemaal on majanduslikult aktiivsete ettevõtete arv pidevalt kasvanud, kuid jääb siiski alla Eesti keskmise. Võrreldes ülejäänud Eestiga on Läänemaalt lahkumise peamine põhjus sobivate töökohtade puudumine. Samal ajal ei ole piirkonnas piisavalt kvalifitseeritud ja kättesaadavat tööjõudu. (MTÜ Kodukant Läänemaa 2015: 9) Juba olemasolevad ettevõtted loovad piirkonnas kõige tõenäolisemalt töökohti. Äripiirkonna loomist Läänemaa äärealadel tuleb toetada olemasolevate ettevõtjate algatuste ja vajaduste alusel. Selleks, et suurendada põllumajandustootjate turuvõimu, koostööd ja tootjate ühismeetmeid, on oluline võimaldada samal ajal pakkudes turule suuremaid tootekoguseid, et tugevdada nende läbirääkimispositsiooni võrreldes teiste turuosalistega (Maaeluministerium 2020: 32).

Uurimisprobleem on koostöö puudumine Läänemaa maapiirkondades, hoolimata Euroopa Liidu (EL) rahastamise võimalustest. Uuringu eesmärk oli mõista, kuidas maapiirkonna ettevõtjad teevad koostööalaseid otsuseid, mis viib esimese uurimisküsimuseni: *Millised on peamised tegurid, mis julgustavad või heidutavad maapiirkondade ettevõtjaid tegema koostööd teiste maapiirkondade ettevõtjatega?* Käesoleva uuringu eesmärgi täiendamiseks on lisatud poliitiline mõõde selle kohta, kuidas ELi maaelu arengu poliitika mõjutab maapiirkondade ettevõtete vahelist koostööd, mis viib teise uurimisküsimuseni: *Milline on ELi roll ettevõtetevahelise koostöö edendamisel?* Kuigi varasemalt on tehtud mitmeid teadustöid motivatsioonide kohta, mis julgustavad maapiirkondade ettevõtjaid või

heidutavad koostööd tegema, on piirkondadel siiski erinevad probleemid ja võimalused, mis muudavad koostööd soodustavad või takistavad tegurid piirkonnapõhiseks. Seetõttu oleks poliitikakujundajatele või otsustajatele kasulik uurida tegureid, mis julgustavad või pärsivad teatavate maapiirkondade ettevõtjate koostööd regionaalplaneerimise, maaelupoliitika ja maaelu arengu algatuste puhul.

Teoreetiline diskussioon käesolevas magistritöös toetub sotsiaalsele kapitalile. Selleks, et uurida millised on peamised tegurid, mis julgustavad või heidutavad maapiirkondade ettevõtjaid tegema koostööd teiste maapiirkonna ettevõtjatega viidi läbi uuring 19 Läänemaa maapiirkonna ettevõtjate seas, kes kuuluvad kollektiivsesse võrgustikku Läänemaa "O.T.T." ja on ettevõtte juhid. Lisaks viidi läbi intervjuud kolme piirkondliku eksperdi, kolme ELi tasandi eksperdi ning ühe Eesti ühisvõrgustiku "O.T.T" esindajaga. Osalejate valikukriteerium oli see, et igaüks neist peaks omama teadmisi ja kogemusi Eesti maaelu arengu valdkonnas ning ELi rolli selles. Intervjuud ja poolstruktureeritud küsimuste vastused transkribeeriti ning seejärel viidi läbi sisuanalüüs.

Analüüsi kohaselt on peamised tegurid, mis julgustavad maapiirkonna ettevõtjaid tegema koostööd teiste maapiirkonna ettevõtjatega järgmised: ettevõtluse arendamine, konkurentsivõime ja sotsiaalvõrgustikud. Kõik vastanud esindasid mikroettevõtjaid ning Likerti skaala järgi oli uus turulepääs oluline tegur, mis julgustas maapiirkondade ettevõtjaid teiste ettevõtjatega koostööd tegema. Analüüsi kohaselt on peamised tegurid, mis heidutavad maapiirkondade ettevõtjaid tegemast koostööd teiste maapiirkondade ettevõtjatega järgmised: sotsiaalsed suhted ja Likerti skaala kohaselt investeerimisrisk, nagu tööjõu puudumine/muutuv ärikeskkond või turuhind. Leiti, et ELi roll ettevõtetevahelise koostöö edendamisel pakub võimalusi ja ühendab sidusrühmi tarneahela meetmete, klastrite, stiimulite, platvormide, teabepäevade ja ühiste turustusvõimaluste kaudu. Kuna ettevõtted tegutsevad Läänemaal, siis uuriti põgusalt antud maakonna ettevõtluskeskkonda ja kohaliku omavalitsuse rolli ettevõtluskoostöö arendamisel ning uuring näitas, et peamiseks rolliks peeti teabevahetust sidusrühmade vahel.

Uuringu tulemused oleksid kasulikud regionaalplaneerimise, maaelupoliitika ja maaelu arengu algatuste parandamisel. Täpsemalt peaks ELi poliitika olema kujundatud vastavalt kohalikele vajadustele ja oludele, seega peaks olema olemas parem strateegia selle kohta, kuidas suurendada kodanike osalemist poliitika kujundamises. EL peaks võtma arvesse nii sotsiaalse kapitali negatiivseid kui ka positiivseid aspekte ning rakendama poliitikat mitte ainult selleks, et edendada ettevõtetevahelist koostööd maapiirkondades, vaid ka selleks, et suurendada maaelu arengut, sotsiaalset kaasatust, tööhõivet ja kodanike heaolu. Kuna sotsiaalsuhted on üks peamisi tegureid, mis heidutab maapiirkondade ettevõtjaid koostööd tegemast, tuleks erilist tähelepanu pöörata sellele, kuidas tegeleda nende probleemidega, näiteks sotsiaalse kapitali negatiivse küljega. Seega tuleks korraldada kohustuslik koolitus, milles käsitletakse sotsiaalsete suhetega seotud probleeme ja seda, kuidas seda probleemi lahendada, et saada toetusi.

Järgmine järeldus on autori panus uute teadmistena empiirilisest uurimusest. Analüüsi põhjal on koostöö puudumise põhjuseks Läänemaa maapiirkondades sotsiaalkapitali negatiivne mõju ja vähene teadlikkus sotsiaalkapitali kaudu saadavast kasust, kuid võttes arvesse nii sotsiaalkapitali positiivseid kui ka negatiivseid aspekte, on olemas võimalused koostöö edendamiseks ELi poliitika, näiteks maaelu arengu poliitika kaudu.

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## Appendix 1

### SUB-NETWORKS (MEMBERS) OF EESTI “O.T.T.”

This is a visual map of locations of each “O.T.T.” sub-network. Number 5 indicates Läänemaa “O.T.T.”



*Sub-networks (members) of EESTI “O.T.T.”*

# Appendix 2

## AN EXAMPLE OF A SURVEY FOR THE ENTREPRENEURS

Magistritöö uuring teemal "Maapirkonnas ettevõtete vahelised koostöö probleemid"

Edu:

- Mees
- Naine

Vanus:

- 18-20
- 21-40
- 41-60
- 61+

Hariõpetus:

- Põhikool
- Keskkool
- Kõrgkool
- Spetsialkool
- Põlvkonnakool
- Muu

Elukoht:

\_\_\_\_\_

Tööaasta arv:

- 0
- 1-5
- 6-10
- 10-20
- 20+

Peamine ettevõttevaldkond:

\_\_\_\_\_

1

Aasia riigid ja territooriumid  
 Hagi või rahvusvaheline  
 Kesk-Aasia  
 Mehhiko ja Kariibi  
 Põhja-Ameerika  
 Tšiili territooriumid  
 Lõuna-Ameerika  
 Euroopa  
 Teine

Muu valdkond:

\_\_\_\_\_

Talviseid maapirkonnas ettevõtete vahelisi koostööd:

	<input type="radio"/> Ei võimald oleks	<input type="radio"/> Pigm n võimald	<input type="radio"/> Mõnev võimald	<input type="radio"/> Pigm võimald	<input type="radio"/> Mõnev võimald
* Ettevõtte partnerite puudumine	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Ettevõtte olemasoleva personaliga	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* Vajadus või soov järele teostamiseks	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Ettevõttevahelise suhtluse puudumine	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Ettevõttevahelise suhtluse puudumine	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Koostöö ei ole vajalik	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Kommentaarid:

\_\_\_\_\_

Ettevõtte vahelise koostöö teostamiseks maapirkonnas ettevõtete vahel:

	<input type="radio"/> Ei võimald oleks	<input type="radio"/> Pigm n võimald	<input type="radio"/> Mõnev võimald	<input type="radio"/> Pigm võimald	<input type="radio"/> Mõnev võimald
* Kesk- ja lõuna- ja põhjapoolsete ettevõtete vahel	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Põhja- ja lõuna- ja põhjapoolsete ettevõtete vahel	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Lääne- ja lõuna- ja põhjapoolsete ettevõtete vahel	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Ameerika ja teiste riikide ettevõtete vahel	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

2

\* Ameerika ja teiste riikide ettevõtete vahel

\_\_\_\_\_

Kas ja miks on koostöö vajalik?

\_\_\_\_\_

Millega probleemid on seotud koostöö tegemisel?

\_\_\_\_\_

Millega Euroopa Liidu teadus teab teie vallas?

- Teadus teadus
- Teadus teadus
- Teadus teadus
- Teadus teadus

Muud teadus:

\_\_\_\_\_

Kuulus Euroopa Liidu teadus teadus teie vallas?

\_\_\_\_\_

Kuulus Euroopa Liidu teadus teadus teie vallas teie vallas?

\_\_\_\_\_

An example of a survey for the entrepreneurs

## **Appendix 3**

### ***OPEN-ENDED SURVEY QUESTIONNAIRE FOR THE ENTREPRENEURS***

#### ***1. QUESTIONS***

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- 2. Is cooperation necessary and why?*
- 3. What are the problems encountered in cooperating?*
- 4. How has the financial support from the European Union contributed to the development of your business?*
- 5. Cooperation: Has the financial support of the European Union contributed to the development of cooperation? To which one?*

## **Appendix 4**

### ***INTERVIEW QUESTIONNAIRE FOR THE REGIONAL LEVEL OF EXPERTS***

#### **QUESTIONS**

---

- 1. What are the obstacles? What could be improved and how?*
- 2. How do you see the role of local authorities in supporting the development of rural cooperation between businesses?*
- 3. What is your view on the link between EU funds and rural development and the development of business-to-business cooperation?*
- 4. What is your view on the barriers and motivations for business-to-business cooperation in your region?*

## Appendix 5

### INTERVIEW QUESTIONNAIRE FOR THE REPRESENTATIVE OF COLLECTIVE NETWORK “O.T.T.”

#### QUESTIONS

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1. *What are the most important factors in the management of the “Direct Producer-to-Consumer” (“O.T.T”) collective network between producers and consumers?*
2. *2. What problems have been encountered between undertakings involved in “O.T.T.” cooperation between undertakings?*
3. *3. Has O.T.T. received financial support from the European Union? If yes, please explain how it has helped (“O.T.T.”) to develop a joint network of producers and consumers to cooperate more effectively?*
4. *4. How do you see the importance of business-to-business cooperation in rural development?*

## Appendix 6

### INTERVIEW QUESTIONNAIRE FOR THE EU LEVEL OF EXPERTS

#### QUESTION

1. *How do you see the EU role in fostering inter-enterprise collaboration in rural Europe?*
2. *How do you see the visibility of the Rural Development Policy regarding to the rural entrepreneurs actual needs in terms of inter-enterprise collaboration?*
3. *How can the EU make measures more visible in rural areas?*
4. *What is your opinion regarding inter-enterprise collaboration problems in rural areas?*
5. *What might be the reasons for those problems?*
6. *What kind of efforts is the EU making in terms of designing more efficient policies and measures?*
7. *How does the EU manage to meet requirements of different regions in terms of Rural Development Policy?*