Application of strategic typology to analyse female business operators in resource boomtowns

Introduction

Female entrepreneurship research is increasingly being contextualised to provide a more nuanced understanding of how the environment in which they operate influences the practices and performance of female business owners (Welter 2011; Welter and Smallbone 2006; Ahl 2006; Rindova et al. 2009). This extended abstract investigates the strategic approaches of female business operators, contextualising them to resource boomtowns (towns being impacted by a resource extraction industry, such as mining, oil or gas). As an example of resource industry, we consider coal seam gas (CSG) development in Australia. We use a constructivist lens to examine three case studies of female business operators residing and operating in towns being impacted by recent CSG development. The purpose of the study is to analyse the ways in which the extractive industry influences these businesses and examine the strategies the business owners undertake to address the changes in their environment. We classify the businesses' response strategies according to the three types in Miles et al.'s (1978) strategic typology.

With increased global demand for energy and a shift to greater use of energy sources such as unconventional natural gas, parts of Australia, rich in CSG, have experienced rapid economic development (Measham and Fleming 2013). The development tends to occur in rural areas on farming lands where extraction has more wells that are shallower, which spreads its impact geographically much more widely (Measham & Fleming,2014). The resulting increase in population and demand from the industry has opened new doors for businesses (Australian Mining 2013; Queensland Government 2014). The many positive economic impacts predicted for CSG development augur well for businesses: CSG developers have invested $60 billion in Queensland (second largest state in Australia), created about 10,000 jobs, and provided $10 million for training (Australian Mining, 2013; Queensland Government, 2014). Accordingly, businesses of all sizes across Queensland are successfully winning multi-million dollar contracts. Smaller companies in the supply chain are able to diversify, grow and employ more people. Everything from manufacturing, drilling, research, operational maintenance, and training and labour services to retail and hospitality services is in demand.

Along with the positive impacts, however, businesses in such towns are simultaneously challenged by escalating rent for business premises, the 'poaching' of labour for jobs in the resource sector, and upward pressure on wages (The Daily Examiner 2013; Measham and Fleming 2014). Concerns about possible negative impacts on water resources have prompted contention from local communities and have caused protests and rallies against the CSG industry (The Australian 2013).

Aside from concerns about possible environmental and health impacts, some are recognising negative social impacts. For example, women residing in boomtowns and other resource towns may face additional challenges, such as safety risks because of high prevalence of substance use, alcohol consumption and violence (Carrington, McIntosh, and Scott 2010). There is also a loss of social capital as some older residents take advantage of

inflated housing prices, selling their house, moving to the coast, and reducing the availability of volunteers and family childcare (Rifkin, Everingham, Uhlmann, and Witt 2015).

We incorporate the gender and context lenses to analyse the strategies of female operators in boomtowns through the Strategic Typology developed by Miles, Snow, Meyer and Coleman (1978). By adapting Miles et al.'s (1978) typology to incorporate considerations of gender and context we address criticisms of the typology as context blind and gender insensitive in assuming the same goal (growth) for all businesses (Reichborn-Kjennerud and Svare 2014).

Theoretical background

In the face of rapid economic development, businesses have to respond to and interact with the external environment. Miles et al. (1978) propose a framework that classifies a business based on how it addresses three kinds of problems - entrepreneurial, engineering and administrative - which can be regarded as steps in an adaptive cycle since firm's usually deal with them sequentially. The framework generates four types of firms in a spectrum - defender, reactor, analyser and prospector. For example, a defender is a type of firm that acts to maintain a stable market share in a narrow product domain and carves out a niche market where entry of a competitor is restricted. A prospector is the opposite of a defender, and looks, in a dynamic environment, for innovations that help it to explore and exploit market opportunities.

Defenders and prospectors lie at the opposite ends of the continuum of adjustment strategies, whereas the reactor and analyser lay between these two and minimises risks while maximizing profit. While analysers and prospectors are proactive in nature, reactor and defenders lack a response mechanism to interact with a changing environment.

This framework provides a convenient way to classify firms based on how they respond to the external environment. However, it considers the environment as given. Also, the sequence of problems in the adaptive cycle defined by this framework suggests that businesses are driven to respond on the basis of entrepreneurial, production process, and administrative challenges. This focus does not encompass societal contexts including gender roles as another factor that may influence business responses.

To assess the impact of environment on the strategies that businesses undertake, research has analysed firms belonging to certain kinds of environments, for example - dynamic, hostile, and heterogeneous environments (Eisenhardt 1988; Khandwalla 1972, 1973). The relationship between the environment and firm performance, as well as between the environment and strategy has been explored. In such studies, the main focus is to assess a firm's performance given the strategy that it undertakes in relation a particular environment (e.g., firms responding to a dynamic environment are likely to be high performers) (Miller and Friesen 1983; Verreynne, Meyer, Liesch 2014).

This abstract argues that responses that businesses – especially those with female operators – undertake might not be adequately explained through the adaptive cycle of addressing entrepreneurial, engineering, and administrative problems or through a rational strategic framework. There are other factors, such as family responsibility or gender roles, that may drive these businesses toward a particular type of strategy. These socio-political

factors can cause businesses owned by women to fit a certain strategic type – defender, prospector, analyser, reactor (Miles et al. 1978).

Research method

Field work that consisted of in-depth qualitative interviews was undertaken for a month from August to September 2014 in the small towns of Miles (population 1235) and Chinchilla (population 5150), where CSG development in Australia is concentrated. In these towns, 245 people (20 percent) and 1,165 (22 percent) respectively, are non-resident workers (Queensland Government Statistician Office, 2015). The number of non-resident workers in both the towns has grown to four times the number estimated in 2011 (Queensland Government Statistician Office, 2015).

A snowball approach was taken to identify additional participants. In total, 31 women agreed to participate, and one-hour, face-to-face interviews were conducted with each participant. All of the participants were involved in a business entity as an owner or an active partner. In this abstract, experience of three respondents is analysed as it is not possible to cover all given the scope the scope of the paper. The discussed respondents are diverse in terms of their business nature and their experience with the industry. A semi-structured interview method was followed to explore with the respondents changes to their social and organisational domain and to business structure and process as a result of the changes generated by the CSG industry.

Brief description of the cases

The hairdresser (Sally)

"Sally" has been running one of the very few hairdressing salons in the town for more than 20 years. She started her business well before the CSG development started. Sally saw a niche market for her skills when she started. Her business was doing well up until CSG development started. Before the development started, Sally's business particularly served local residents (male and female). As some locals started moving from the town (for example older residents selling their houses at an inflated price), Sally's customer base contracted. Most importantly, fly-in, fly-out (FIFO) and drive-in, drive out (DIDO) workers are reluctant to take her service, she explained, as most of the workers have a preferred hairdresser in their home town. Additionally, a mobile van hairdresser, who services the FIFO or DIDO workers directly at the camps where they live while on site, has increased market competition and captured market share.

The co-owner of a real estate company (Tilly)

"Tilly" is a co-owner of a real estate agency. She has been in the business for more than 10 years. In the past five to seven years, the CSG development has increased her possible customer base by many folds as a result of people moving to the town. The new arrivals increased demand for places to live in. The increased number of people willing to buy, sell, or rent properties created an opportunity for the business to grow.

The motel owner (Molly)

“Molly” came to the town in early 2000 – just a few years before CSG development started – with two young children and her husband. They moved to the town to be away from the city and enjoy the country life. She bought a motel business near the main street of the town, risking all of the family savings. Initially, she was having difficulty earning enough to run the motel. With the CSG development, her business changed dramatically. The demand for hotel accommodation skyrocketed as gas companies needed accommodation for their FIFO and DIDO workers while the construction of the camps to house the workers was still underway.

In the above discussion, we have briefly introduced the three cases by emphasising how the industry has influenced their business. In the next section, we will analyse the business strategies (detailed in Table 1) of the cases, and relate it to Miles et al.’s (1978) strategic typology.

Discussion and Analysis

The strategic framework literature can help us to characterise how each business responded to the new environment generated by CSG development (Table 1). The changes generated by the industry are divided into two main themes - organisational domain and structure and process. The changes in organisational domain are directly related to the business niche: its specific good/s or service/s and target market or market segment. Whereas, the structure and process changes affect the way businesses function including arrangement of inputs including labour, capital, equipment, raw materials and premises as well as processes such as marketing or business hours. This table illustrates that businesses in the face of a changing environment respond in different ways. Our assessment is that the response mechanisms of each business are a function of a combination of factors – personal, business and social – including their risk preference, inclination toward product modification and differentiation, business sector, and societal and gender roles of the owners.

In all three cases in our sample, the impact of CSG development brought changes in the businesses’ organisational, structural, and process domains. In rural Australia, agricultural communities are close-knit, and business owners have informal interaction with their customers. The small population base and distance to other centres provides a captive market with little competition. As a result, before CSG development started, the business environment was less dynamic. The CSG development diversified and increased the market attracting franchises and big national businesses. As a result, competition increased. Additionally, the customer base changed as new residents entered and long-timer residents left. All three of our businesses faced the same changes in environment; however, their responses to the changes have been different.

Strategies undertaken by these business owners suggest that none are risk takers. For example, the hairdresser continued to serve the client base with whom she was comfortable, even though the numbers contracted. No major investment or actions were undertaken to reach the FIFO or DIDO workforce as possible clientele. The hairdresser aligns with Miller and Chen’s (1994) ‘simplistic’ firms as she kept on focusing on a narrow service range with a narrowly defined skill set to compete with her rival – the mobile van hairdresser. Her strategies toward risk were meant to cope with the downturn rather than proactively confront it. We presume that if Sally was a prospector (opportunity seeker) she would have created a

demand for her service among the FIFO and DIDO workers by upgrading her salon with a new interior décor or promoting masculine service or products. As she followed a reactor strategy, she continued to carry on having the country town hairdresser outlook, and kept depending on her contracting clientele. Moreover, her unwillingness to exit the market was possibly stronger because she owned the business premises and did not want to disrupt her husband who was nearing retirement age.

In contrast, the real estate company owner had the market opportunities to grow. Her service could have flourished with the market changes. However, her spouse strongly opposed the gas companies, and her fear of growing rapidly made her adopt strategies to maintain the *status quo*. Tilly's real estate company strategies were formulated to maintain the existing risk. However, given the influence of other societal factors like her husband's stance against CSG development, one could infer that she might fear endangering her relationships with other longstanding members of the community by exploiting CSG development too vigorously. This instance indicates that societal factors working in the background can influence strategies that businesses adopt.

The motelier, Molly, did reap the benefits of the skyrocketing demand for accommodation, by diversifying her service range. However, she incurred minimal risks as she offered services such as cleaning that were allied to her existing, thriving business.

All of the businesses fit well into Miller and Friesen's (1982) conservative business model. None of the operators ventured far from their core business or core strategies to reap the benefits from the changes brought by CSG development. Nor did they take high risks to opt for a higher reward. Rather their strategies were designed to cope with the changes. Furthermore, even though the environmental changes are the same for all of the businesses, how each one perceived these changes appears to be different. For example, the hairdresser perceived the changes as hostile (unfavourable demographic trends, drying up of markets). The motelier saw the changes as having multiple facets ('heterogeneous'), including providing opportunities for catering. The real estate owner regarded the changed context as a mixture of hostile-heterogeneous, with a larger market but also a greater risk. We are arguing that same contextual change will be interpreted by businesses in different ways. Along with business indicators such as resource endowment, access to finance we believe gender roles and responsibility, as well as family issues play a role in the way operators perceive the environment.

Conclusion

In the discussion we noted that by incorporating other dimensions such as social structure and relationships along with the three problem dimensions can capture more nuances. The nuances helps us understand the '*why*' aspect of strategy content analysis. Moreover, studies on extractive industry usually assume that the impact of the industry affects male and female businesses in the same way. This paper argues that the impact of the industry can have different outcomes for male and female business operators, and incorporating gender roles and responsibility, and societal structure can help to contextualise the differences. The three case studies flag the need to contextualise the strategic typology and adaptive cycle conceptualised by Miles et al., (1978).

Understanding the social, political, and economic impact of resource industries on women rather than more narrowly examining impacts on the business context, suggests alternative rationalities underpinning the conservative momentum of these three businesses. This tempers enthusiastic anticipation of a business bonanza in rural towns experiencing a resource boom. Future research can identify factors that enable women's businesses to prosper in uncertain business and social contexts. This along with an empirical study can add further contextualised understanding of organisational adaptation in women's businesses.

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Appendix 01

Table 1 Strategic framework for female operators in boomtowns

	Case study		
Change in organisational domain	• Increased demand for specific goods and services • Population increase with influx of workers • Population turnover with more transient workers and newcomers and some long-term residents and low-income residents leaving • Increased business competition from franchise and bigger businesses from other regional areas • New supplier standards imposed • Shortage of labour • A less stable business context	***Quotes*** **Sally** *"We rely on locals. You do get a few walk-ins. But we haven't got the families anymore. They have sold and gone as you know accommodation is too expensive for an everyday family person."* **Tilly** *"We bought the freehold. We are very, very lucky. We would never dream to own such a business. So, that's what CSG has allowed us to do. It has allowed us to work for the lifestyle we desire."* **Molly** *"I want to be here in 20 years' time. I would love to see it be so forever as opposed to here for a short term."*	
Response strategy	**Case 1: Sally (Hairdresser)**	**Case 2: Tilly (Real Estate Agent)**	**Case 3: Molly (Motel Owner)**
Changes to good/s or service/s	Maintains the same services in spite of being challenged by a competitor (mobile van hairdresser)	Continues with the existing service rather than diversifying into, for example, short – term rentals.	Diversifies services and products to cater to new demands
Changes to target market or market segment	Accepts the reduction in her customer base with limited ad hoc custom from newcomers	Avoids targeting the new clientele in spite of increased demand for the service offered	Targets the newly arrived customer base and accepts long-term contracts with CSG companies
Business risk-taking	Maintains a minimal risk operation	Maintains a risk level required to keep the business in status-quo	Minimizes risk by maximizing business opportunity

Change in business structure and process	• Masculine environment with associated safety concerns • Social tensions (between farmers and CSG industry and local residents for and against the new industry) • Community profile changes • Demography changes • Changes to domestic arrangements • Atypical work culture – long shifts, roster blocks for long distance commuters • Higher average wages - unequal wage structure within the community	***Quotes*** **Sally** *"We have lost what we loved here - walking up the street and saying hello to everyone. Whereas now, hardly, you may not know many at all. Yes, you do know some but there are lot of strangers now."* **Tilly** *"If I were a local person with two girls, I would be a bit concerned. Because there are all these strangers in town. Excess traffic on the road. Just families or old people trying to drive their car around and having to negotiate all these extra traffic. So that concerns me greatly."* **Molly** *"Consciously made a decision not to grow rapidly with the growth of the town."*

Response strategy	**Case 1: Sally (Hairdresser)**	**Case 2: Tilly (Real Estate Agent)**	**Case 3: Molly (Motel Owner)**
Changes to hours, marketing or business trajectory	No change - continuing in the market till her husband reaches retirement age. i.e. maintains a business convenient for family ties	Aiming for gradual increase of her original business	Uses social media to promote the business and diversified services
Changes to staffing	Changes from full-time to part time and casual workers	Offers staff members with higher wage, flexibility and job security to retain them	Hires juniors (after school students) to address the staff shortage
Changes to resources drawn upon	Still wanting personal interaction but taps the social media to promote special offers	Uses social media profiles to screen potential staff	Changes computer system to keep up the increased flow of customer. Collaborates with other businesses to meet her customer demand (e.g., charge back option)
Business risk-taking	Fewer risks undertaken to adapt to the changing environment	Aligns with spouse's opposition to gas companies. Avoids volatile boom-bust business	Reduced risk with higher occupancy rates and freehold purchase of the property
Parallel to Miles, et al. (1978) "types"	Conservative: Reactor	Conservative: Analyser-reactor	Conservative: Analyser