

# Economies of Regard and Equine Entrepreneurialism

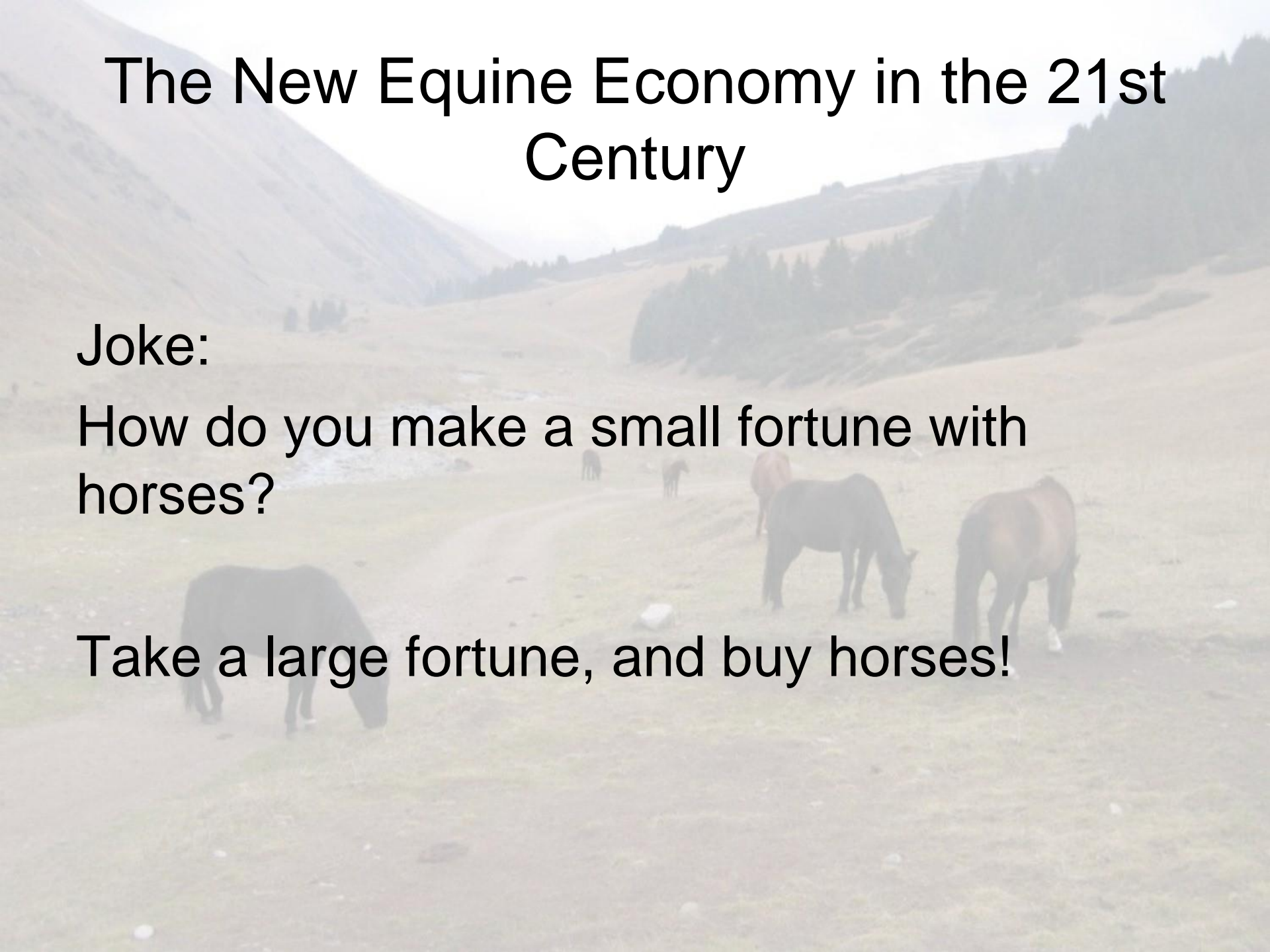
Dr Rhys Evans  
Assoc Prof Rural Development  
Høgskulen for landbruk og bygdeutvikling  
Særheim, Jæren, Norway

# The New Equine Economy in the 21st Century

Joke:

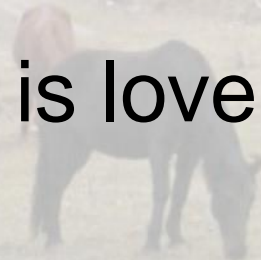
How do you make a small fortune with horses?

Take a large fortune, and buy horses!



# Two characteristics of equine economy

- 1) Low average profitability and many SMEs
- 2) Motivation for business is love of horses



# Equine economic profitability

- Many studies show that profitability is marginal in the equine economy, especially in SMEs.
- But there are many of us, and many enterprises, so this adds up to a lot of economic activity.

# New Equine Economy in the 21st Century

Leena Rantamäki-Lahtinen & Sanna Tiilikainen's study in 2008 found:

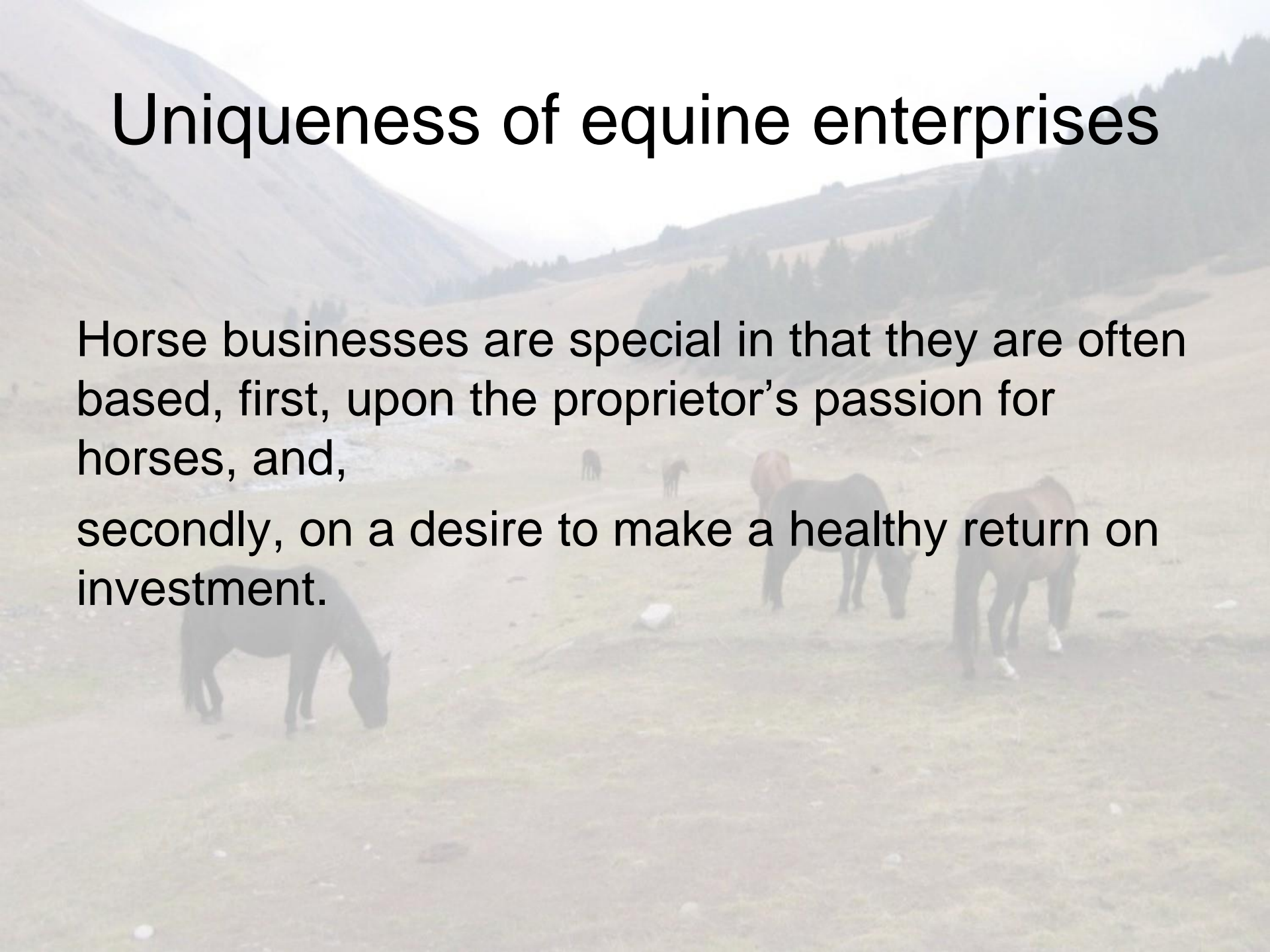
- enterprises were founded on average 15 years ago
- 75 % diversified (has more than 1 lines of business)
- average turnover 75 000 euros
- on average 38 % of respondent's family's income came from equine enterprise
- 70% of entrepreneurs were women

Current Status of the Equine Sector in the Central Baltic Region (Kolstup et al 2013) found:

- The sector is characterized by low profitability and competitiveness
- The current understanding of the equine sector has to be reconsidered.

# Uniqueness of equine enterprises

Horse businesses are special in that they are often based, first, upon the proprietor's passion for horses, and, secondly, on a desire to make a healthy return on investment.



A misty mountain landscape with a river and grazing horses. The scene is hazy, with a river flowing through a valley. In the foreground, several horses are grazing on the grass. The background shows steep, forested mountains under a cloudy sky.

Roger Lee (2000)

“Shelter from the storm? Geographies of regard in the worlds of horticultural consumption and production”

*Geoforum* 31 (2000) 137 -157

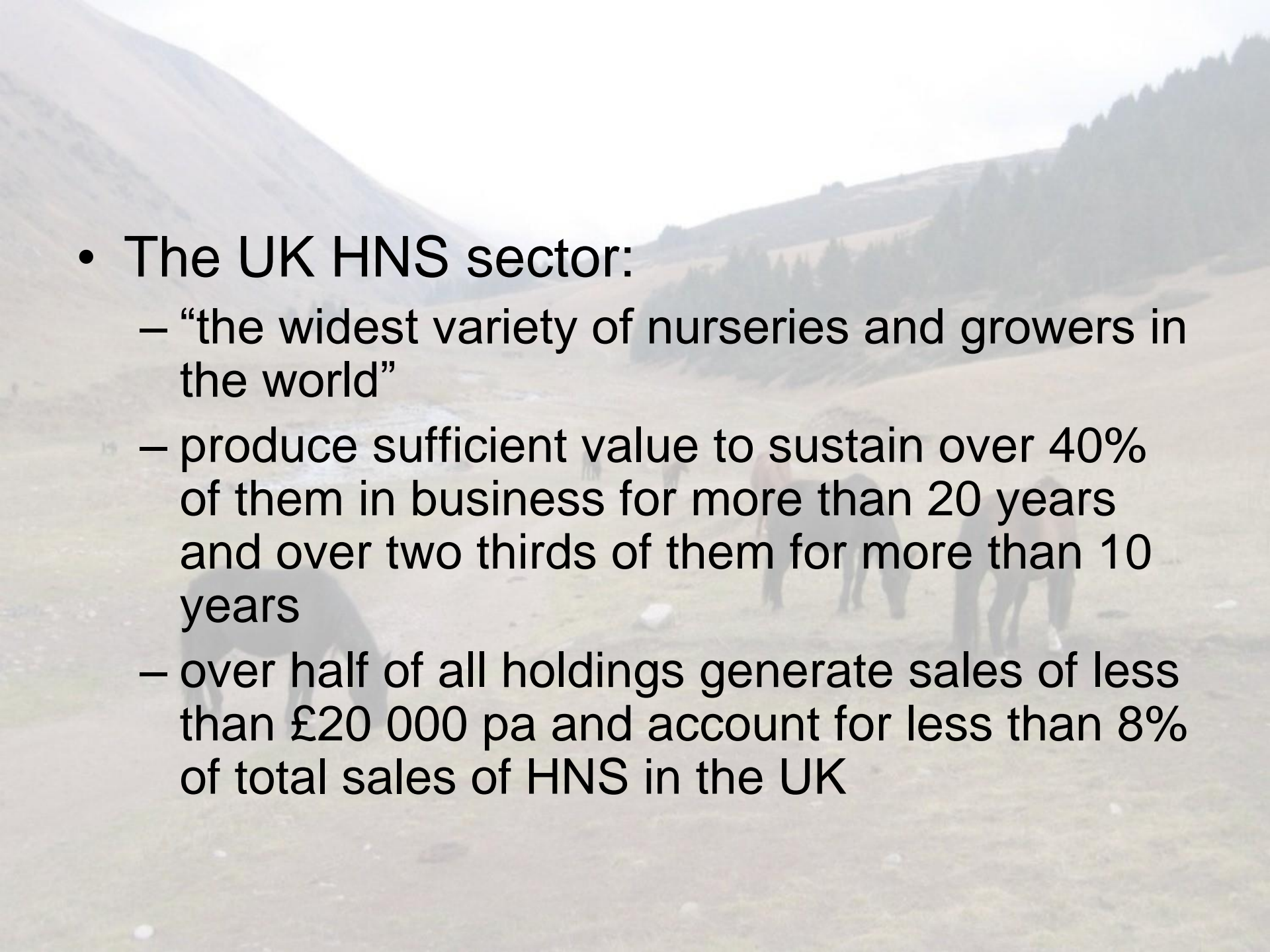
A misty mountain landscape with a herd of horses grazing in a valley. The scene is hazy, with mountains in the background and a herd of horses in the foreground. The text is overlaid on the image.

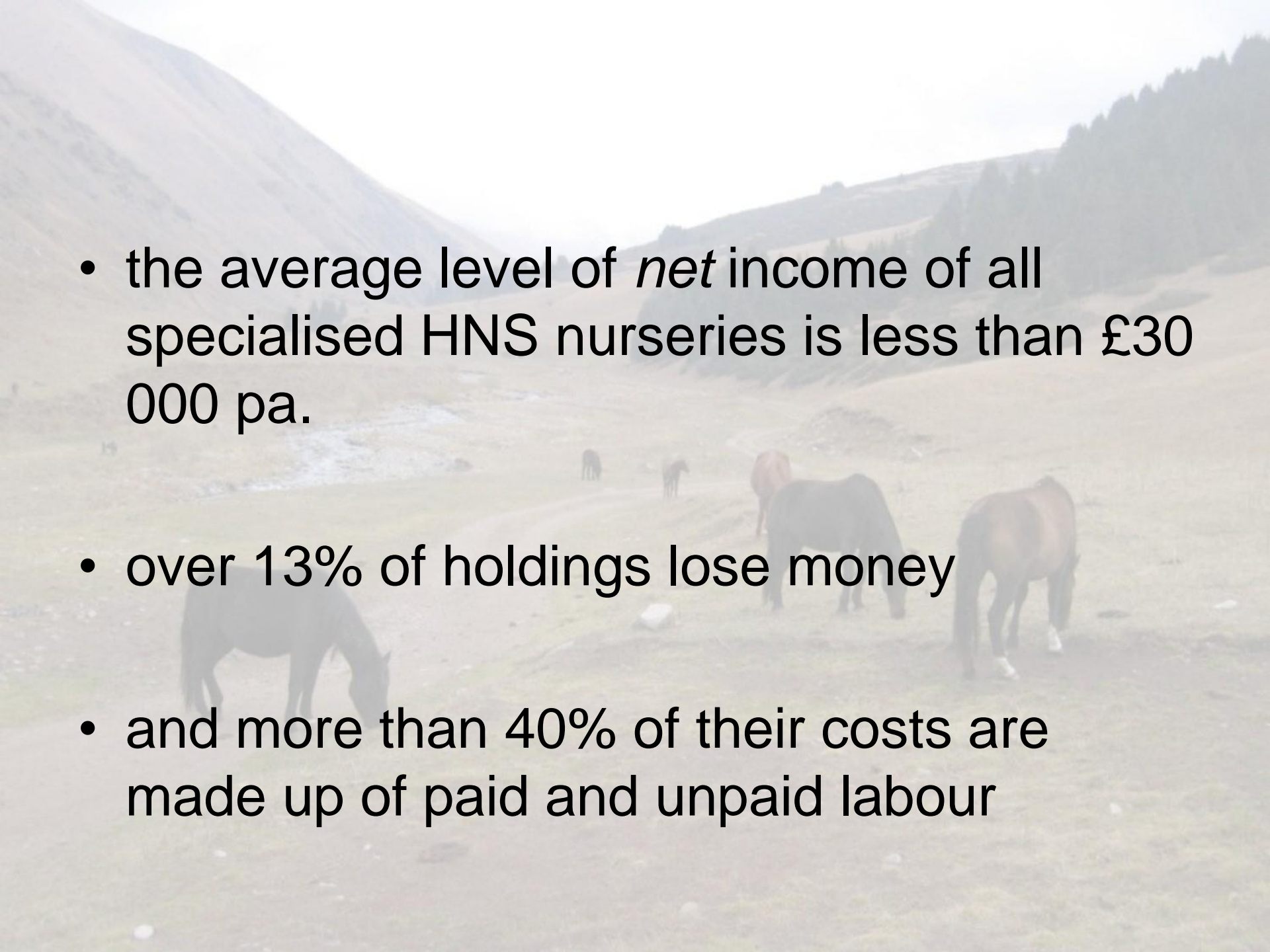
Roger Lee asks the question:

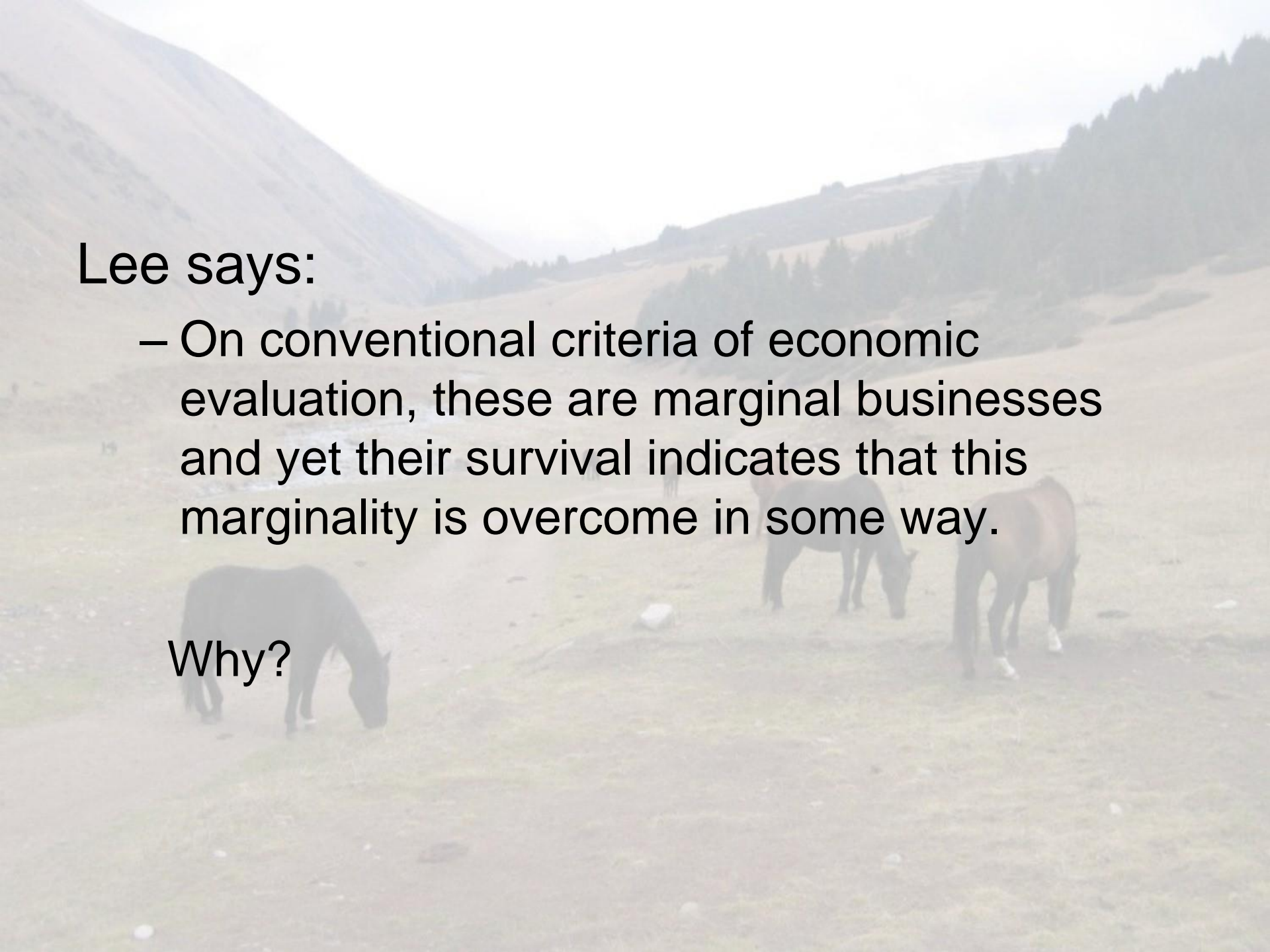
- In small enterprises, what is the relationship between rational economic return and social production?
- In other words, “why do people keep doing it when they don’t make a lot of money, and in some cases even lose it?”



- 
- He researches a specific segment in the UK, -- “hardy nursery stock” [HNS] (potted flower plants which often have specialized markets)
  - These markets are made up of ‘enthusiasts’ – “flower fanciers”

- 
- The UK HNS sector:
    - “the widest variety of nurseries and growers in the world”
    - produce sufficient value to sustain over 40% of them in business for more than 20 years and over two thirds of them for more than 10 years
    - over half of all holdings generate sales of less than £20 000 pa and account for less than 8% of total sales of HNS in the UK

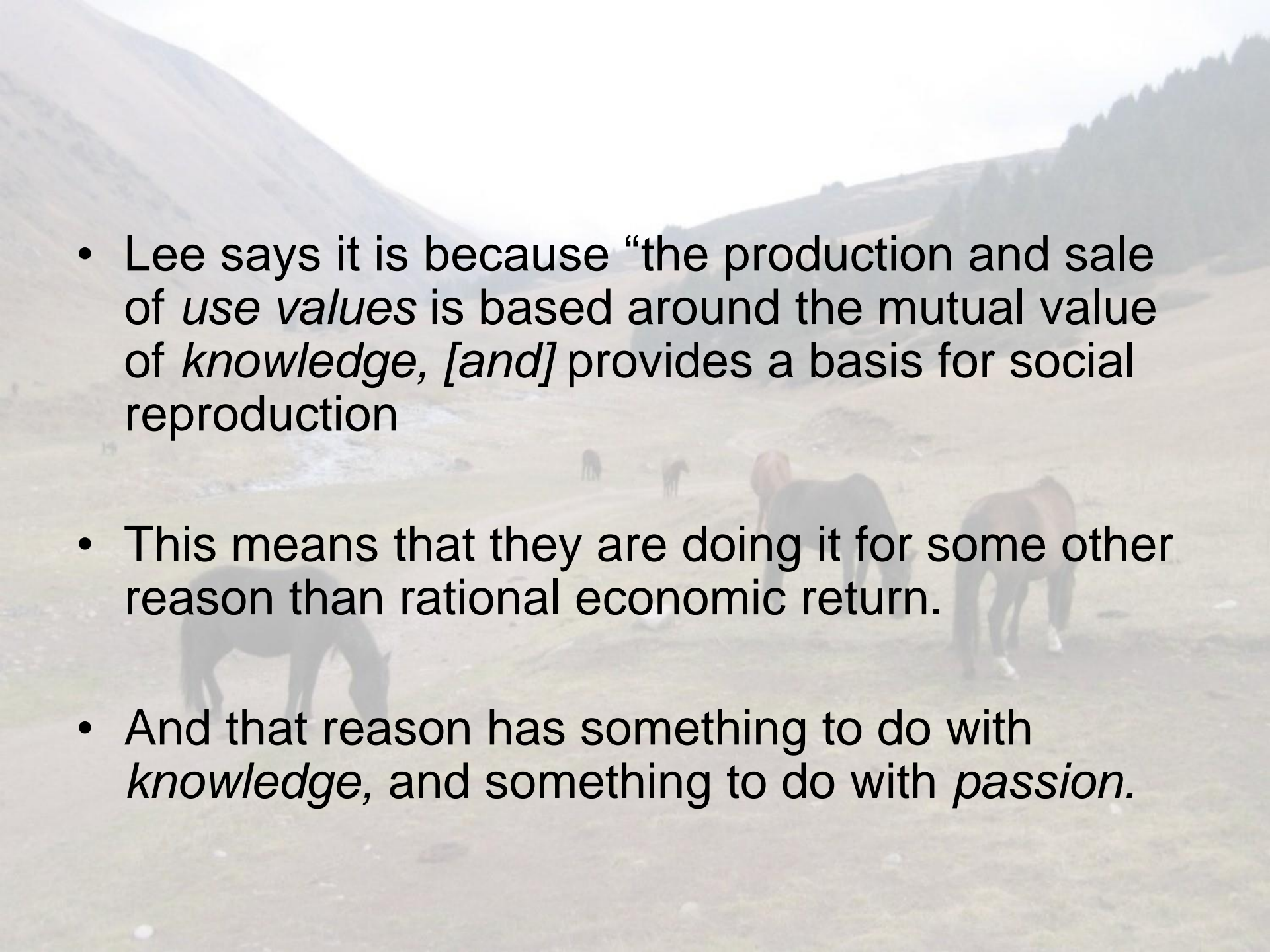
- 
- A hazy, mountainous landscape with several horses grazing in a field. The scene is overcast, with a soft, diffused light. In the foreground, a dark horse is grazing. In the middle ground, several other horses of various colors (brown, black, grey) are scattered across the field. The background shows rolling hills and mountains, some with patches of snow or light-colored rock. The overall atmosphere is quiet and somewhat somber due to the weather.
- the average level of *net* income of all specialised HNS nurseries is less than £30 000 pa.
  - over 13% of holdings lose money
  - and more than 40% of their costs are made up of paid and unpaid labour

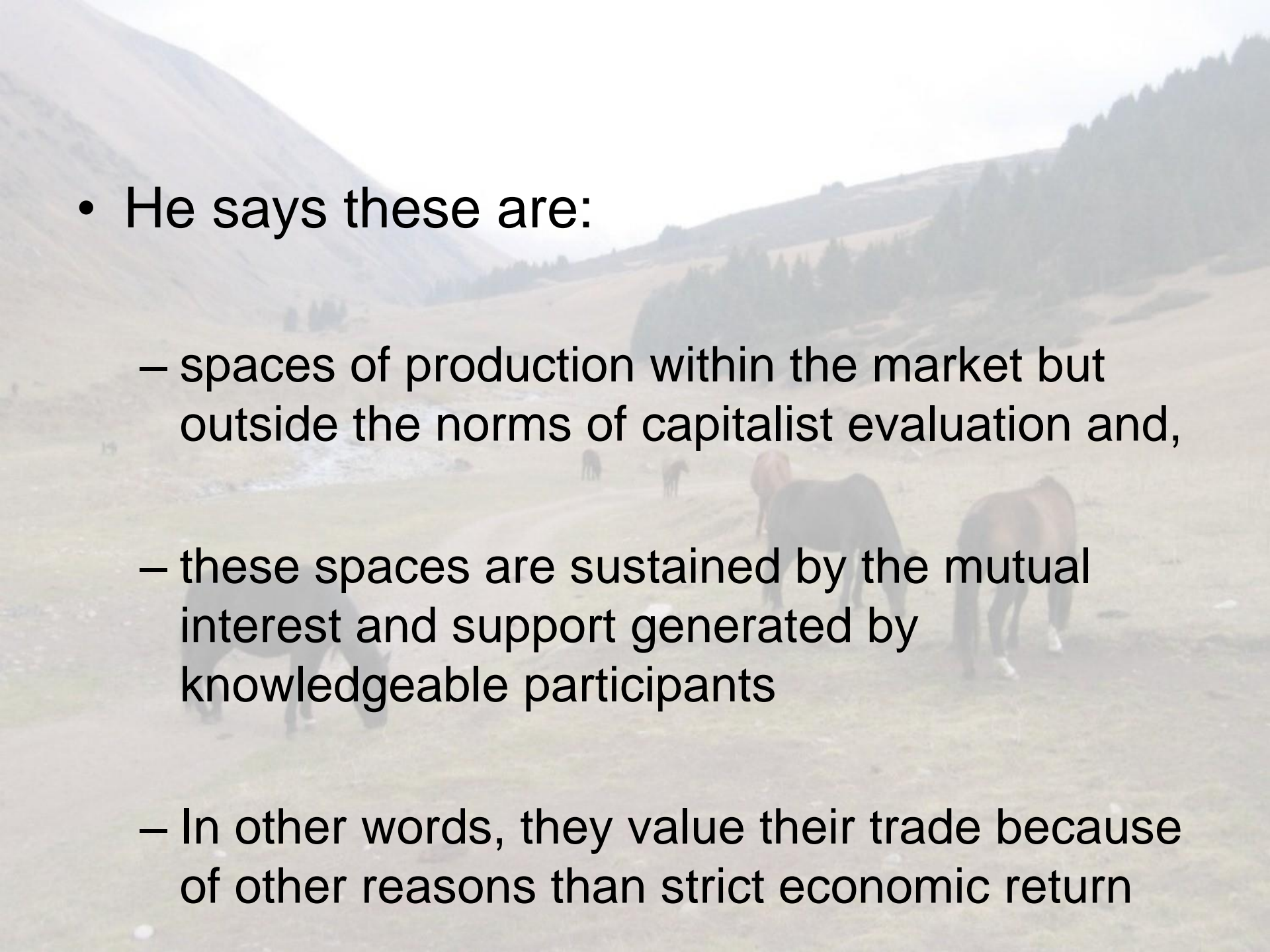
The background of the slide is a faded photograph of a mountain valley. In the foreground, several horses are grazing on a grassy slope. The middle ground shows rolling hills with patches of trees, and the background features a large, steep mountain peak under a hazy sky.

Lee says:

- On conventional criteria of economic evaluation, these are marginal businesses and yet their survival indicates that this marginality is overcome in some way.

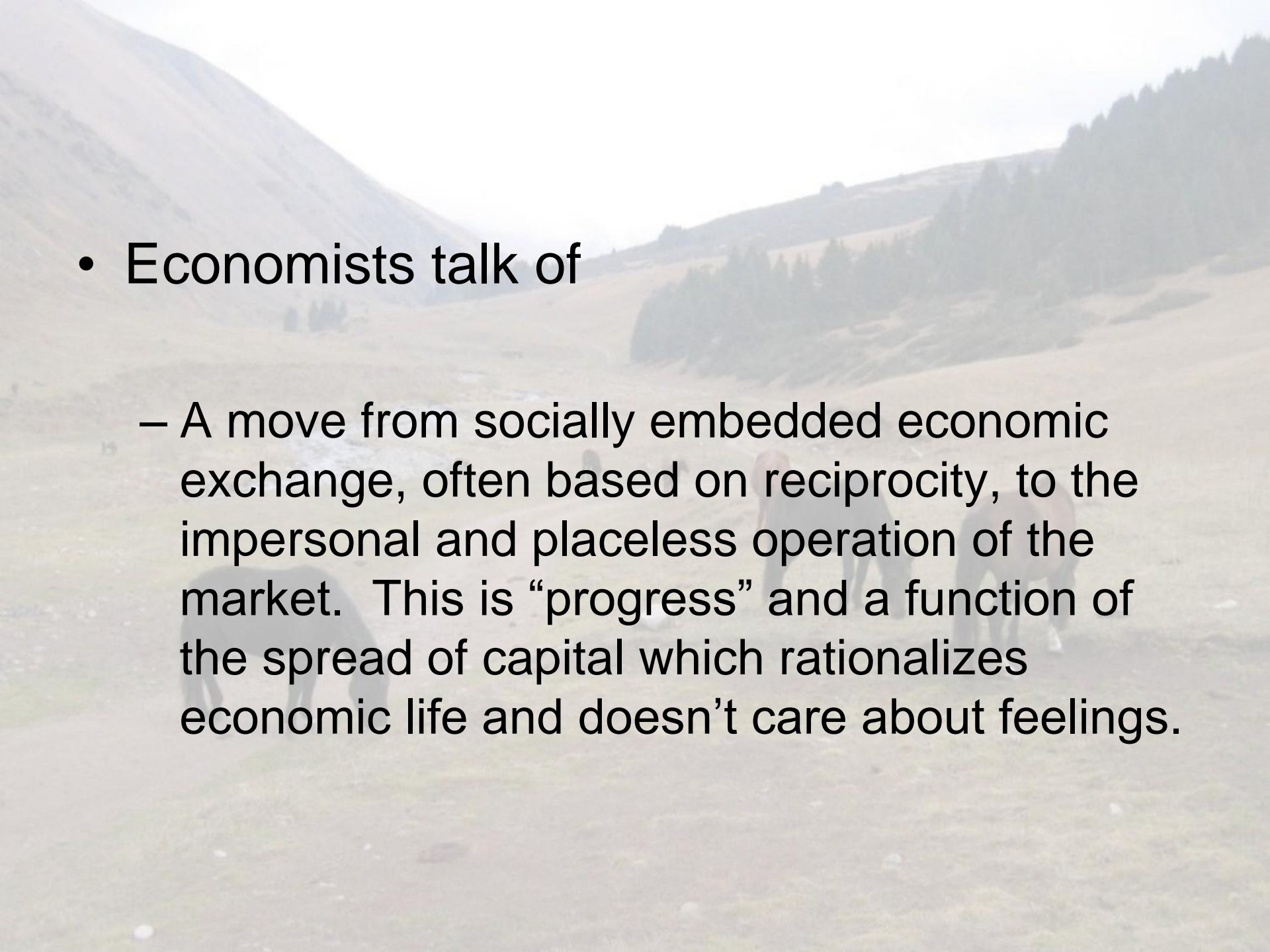
Why?

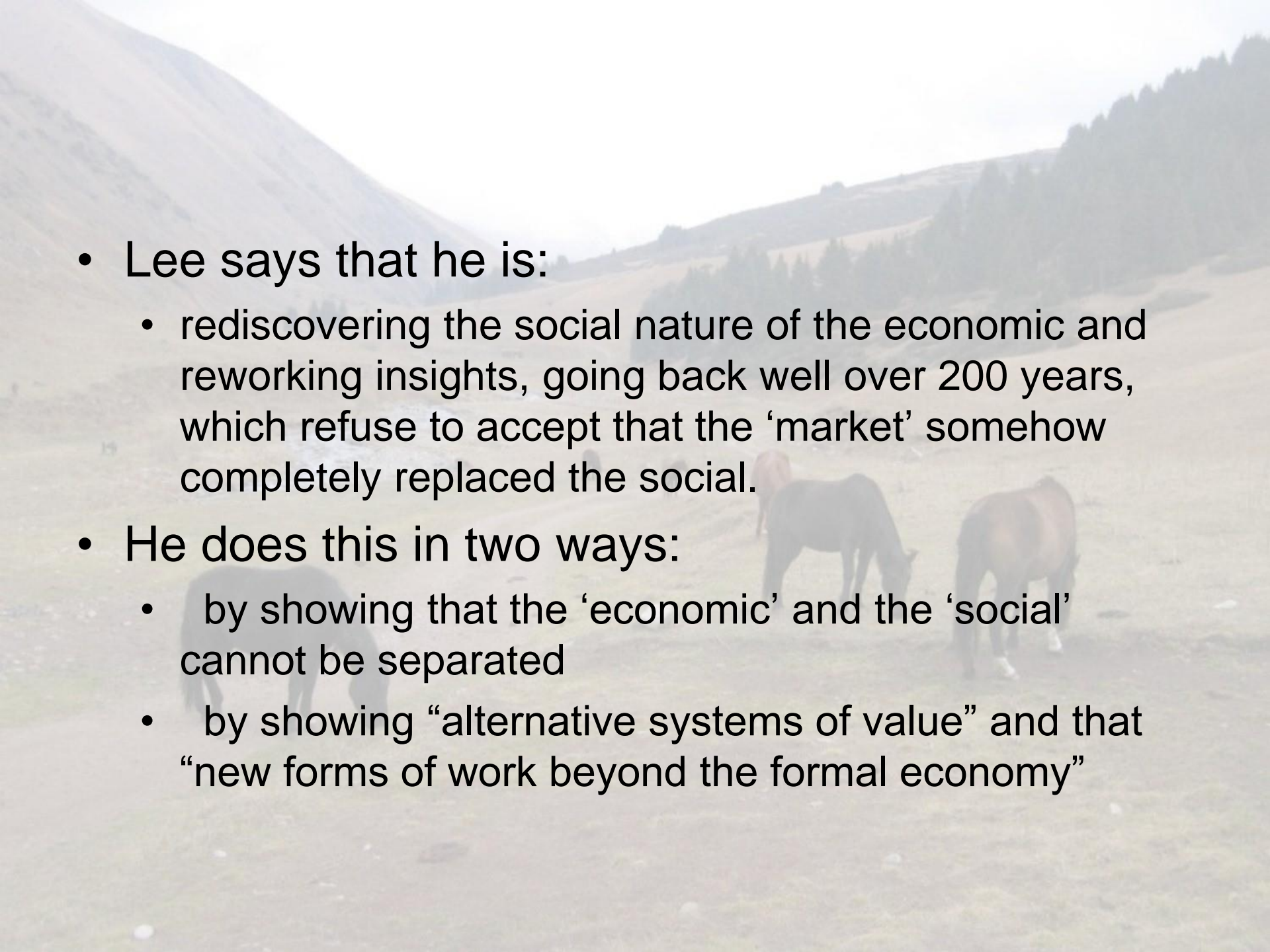
- 
- Lee says it is because “the production and sale of *use values* is based around the mutual value of *knowledge*, [and] provides a basis for social reproduction
  - This means that they are doing it for some other reason than rational economic return.
  - And that reason has something to do with *knowledge*, and something to do with *passion*.

A misty mountain landscape with a herd of horses grazing in a valley. The scene is hazy, with rolling hills and a line of trees in the distance. In the foreground, several horses are visible, some standing and some grazing. The overall atmosphere is serene and natural.

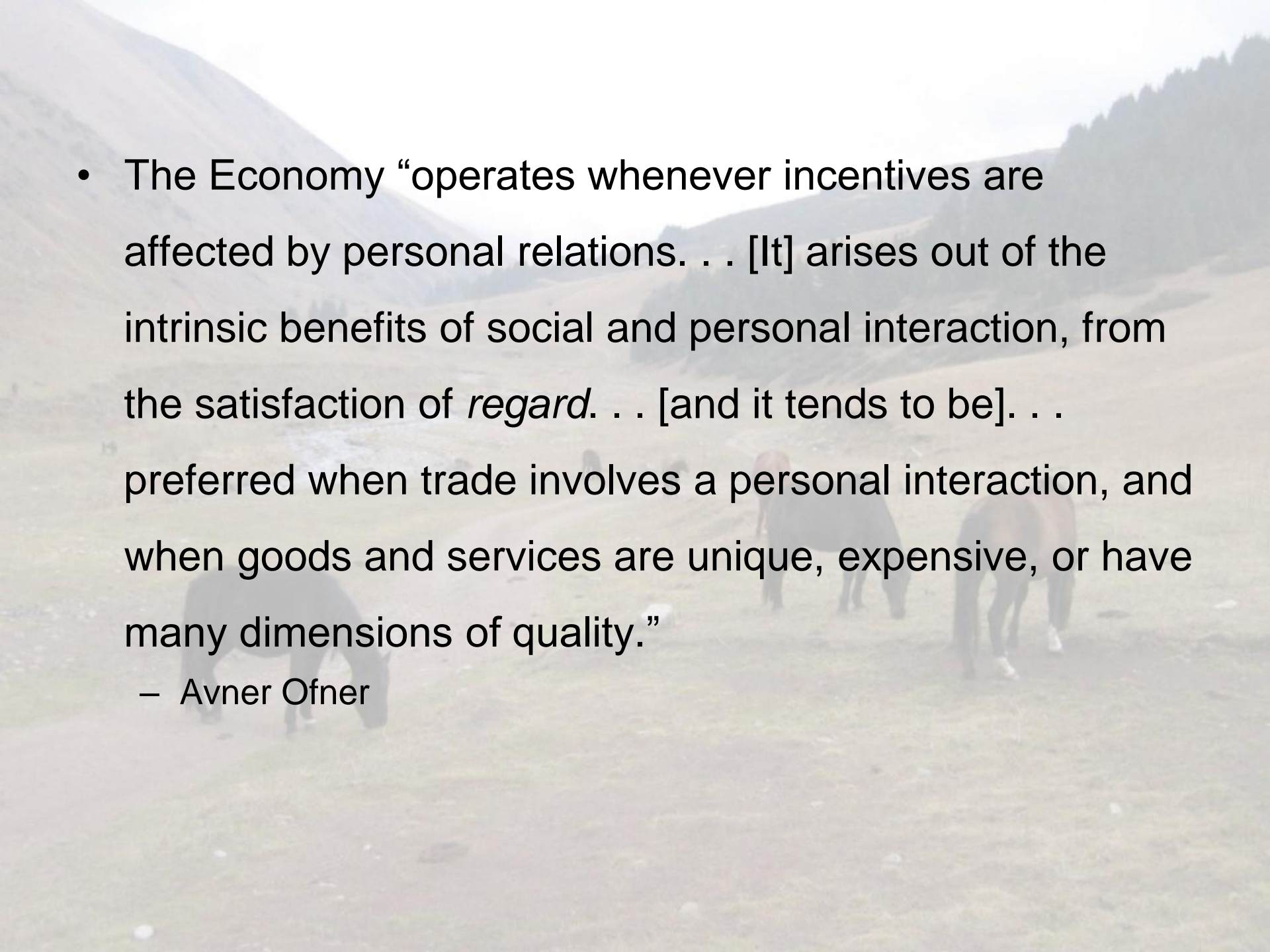
- He says these are:


- spaces of production within the market but outside the norms of capitalist evaluation and,
- these spaces are sustained by the mutual interest and support generated by knowledgeable participants
- In other words, they value their trade because of other reasons than strict economic return

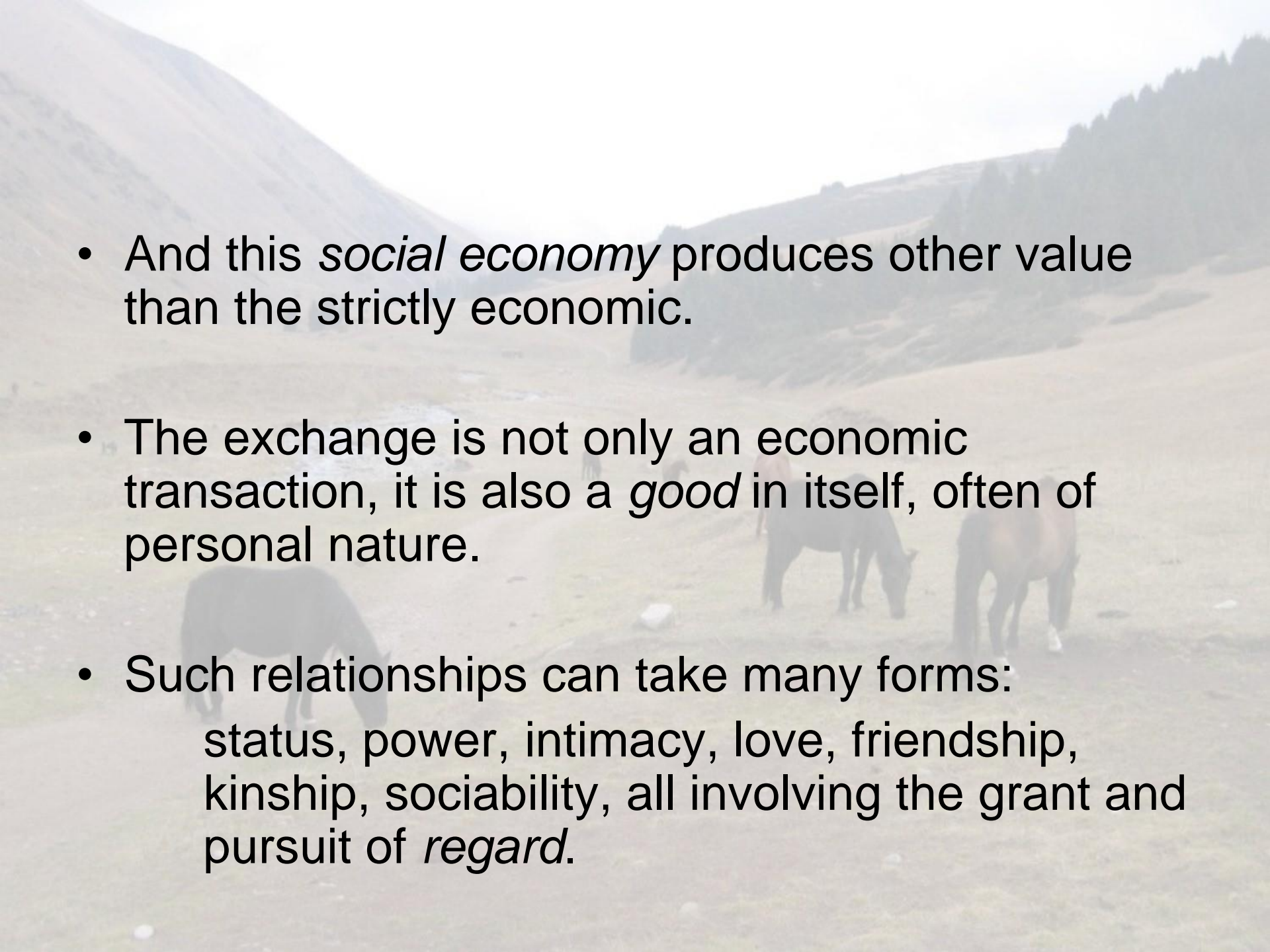
- 
- Economists talk of
    - A move from socially embedded economic exchange, often based on reciprocity, to the impersonal and placeless operation of the market. This is “progress” and a function of the spread of capital which rationalizes economic life and doesn’t care about feelings.

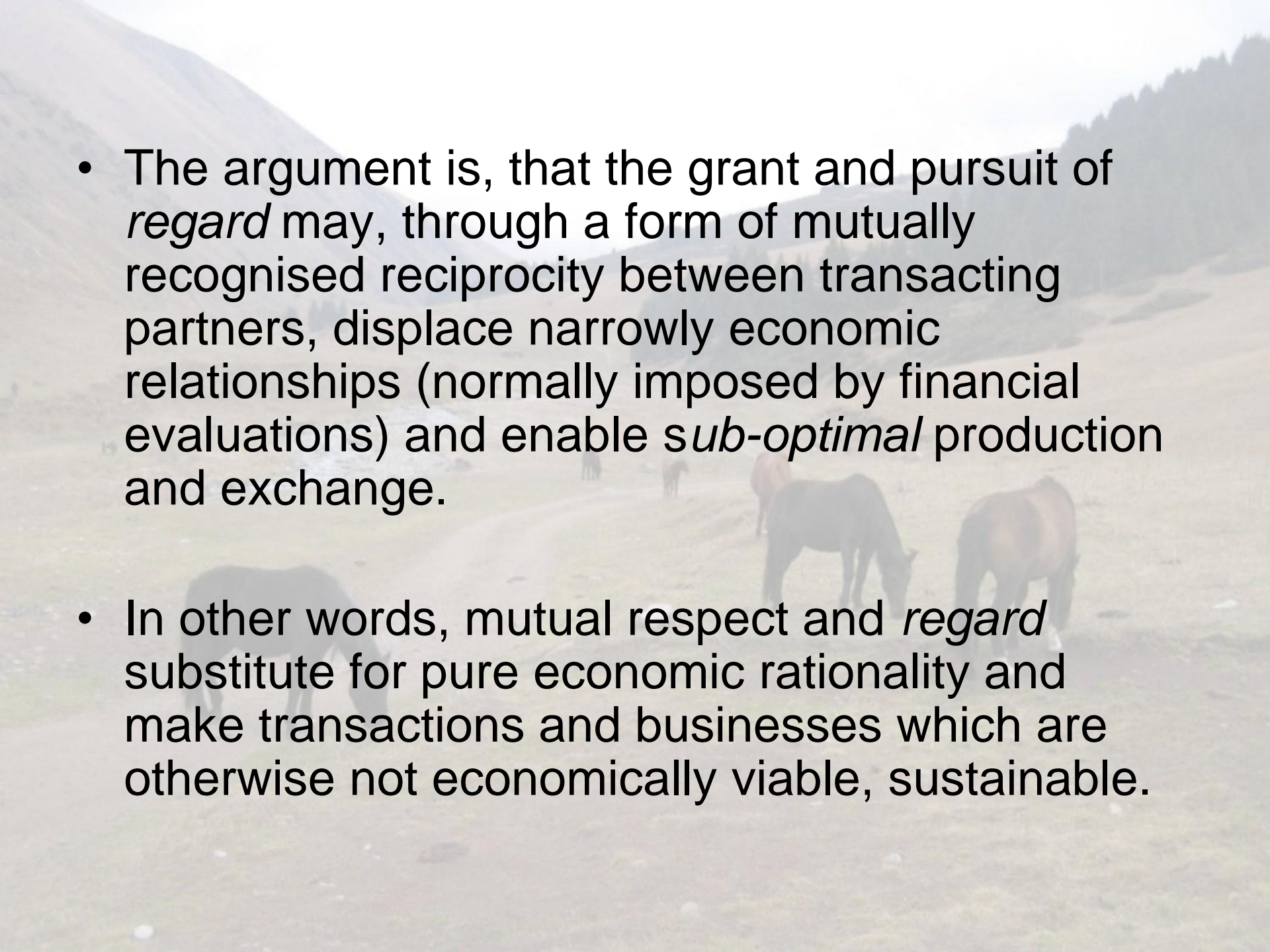
- 
- Lee says that he is:
    - rediscovering the social nature of the economic and reworking insights, going back well over 200 years, which refuse to accept that the ‘market’ somehow completely replaced the social.
  - He does this in two ways:
    - by showing that the ‘economic’ and the ‘social’ cannot be separated
    - by showing “alternative systems of value” and that “new forms of work beyond the formal economy”

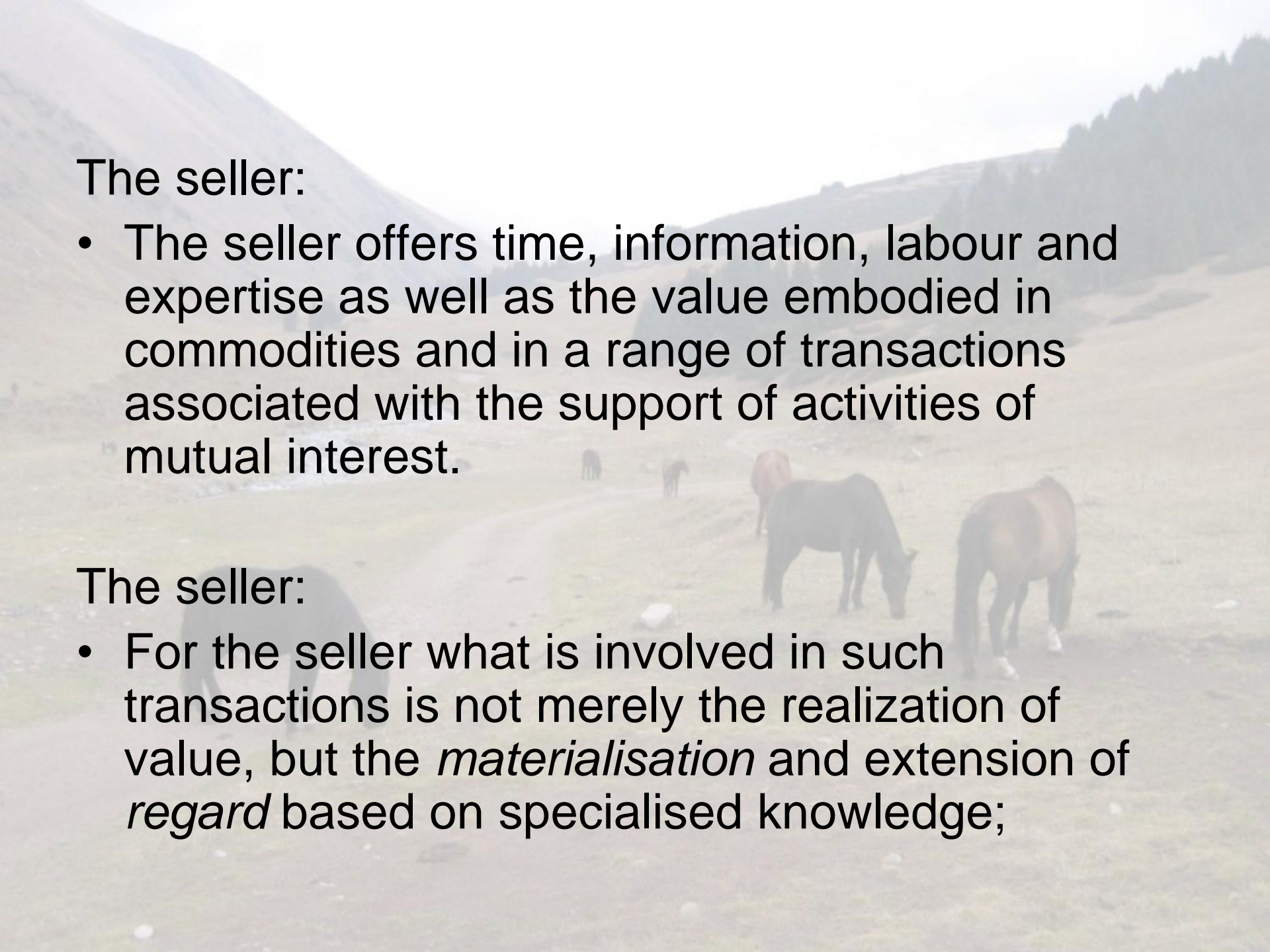


- 
- The Economy “operates whenever incentives are affected by personal relations. . . [It] arises out of the intrinsic benefits of social and personal interaction, from the satisfaction of *regard*. . . [and it tends to be]. . . preferred when trade involves a personal interaction, and when goods and services are unique, expensive, or have many dimensions of quality.”
    - Avner Ofner

- 
- A misty mountain landscape with several horses grazing in a valley. The scene is hazy, with rolling hills and a few evergreen trees in the distance. In the foreground, several horses of various colors (brown, black, and grey) are grazing on the grass. The overall atmosphere is serene and quiet.
- So in other words, a social economy of *regard* can operate when there is:
    - Respect
    - Personal interactions
    - Unique products of quality

- 
- And this *social economy* produces other value than the strictly economic.
  - The exchange is not only an economic transaction, it is also a *good* in itself, often of personal nature.
  - Such relationships can take many forms:  
status, power, intimacy, love, friendship, kinship, sociability, all involving the grant and pursuit of *regard*.

- 
- The argument is, that the grant and pursuit of *regard* may, through a form of mutually recognised reciprocity between transacting partners, displace narrowly economic relationships (normally imposed by financial evaluations) and enable *sub-optimal* production and exchange.
  - In other words, mutual respect and *regard* substitute for pure economic rationality and make transactions and businesses which are otherwise not economically viable, sustainable.

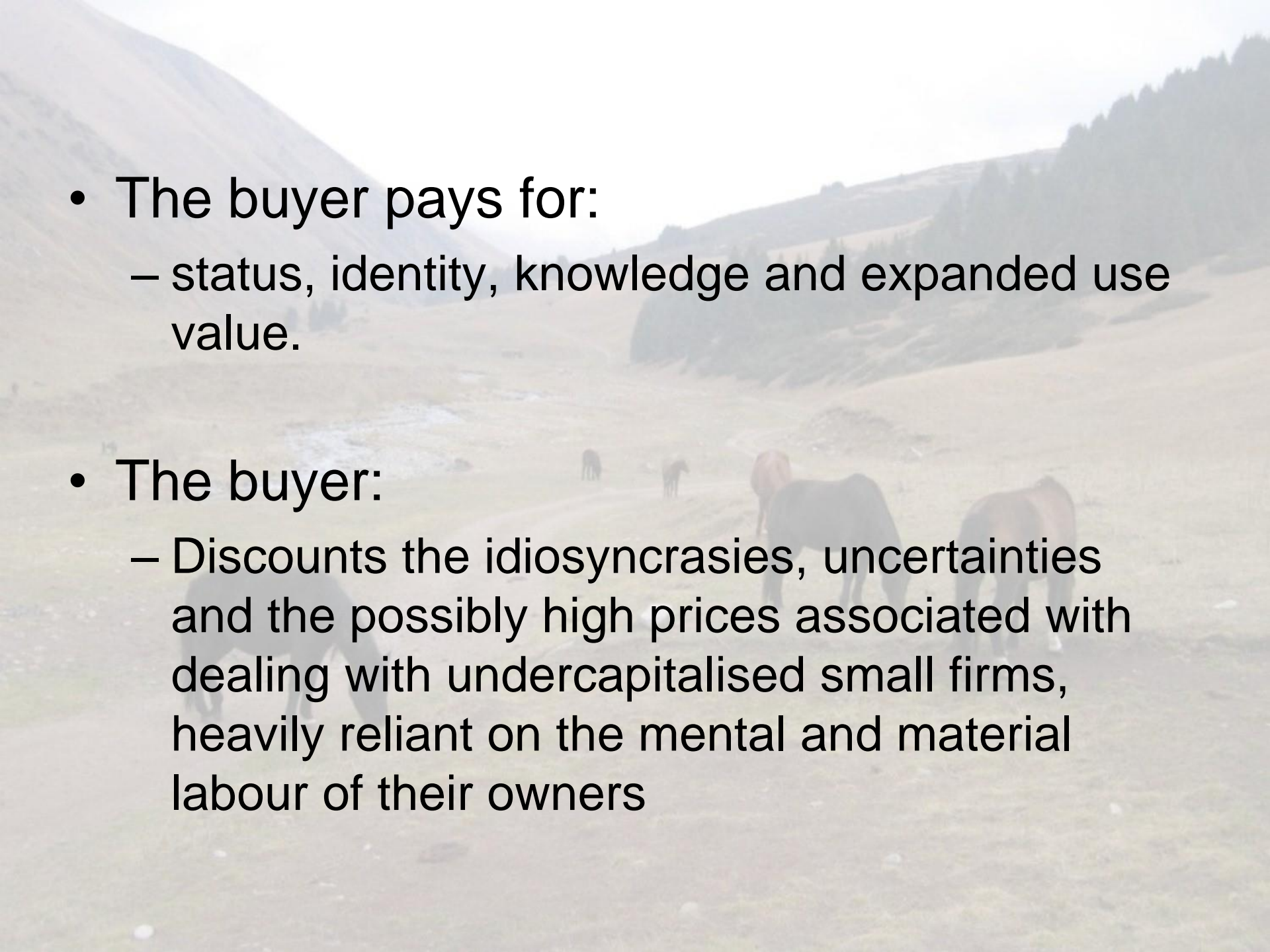


## The seller:

- The seller offers time, information, labour and expertise as well as the value embodied in commodities and in a range of transactions associated with the support of activities of mutual interest.

## The seller:

- For the seller what is involved in such transactions is not merely the realization of value, but the *materialisation* and extension of *regard* based on specialised knowledge;

- 
- The buyer pays for:
    - status, identity, knowledge and expanded use value.
  - The buyer:
    - Discounts the idiosyncrasies, uncertainties and the possibly high prices associated with dealing with undercapitalised small firms, heavily reliant on the mental and material labour of their owners

- Not only is Knowledge paid for instantaneously in the transaction but it may also be created, or at least extended or transferred, through the transaction, the purpose of which may be the further development of knowledge itself.

- Both supplier and buyer can reciprocate knowledge

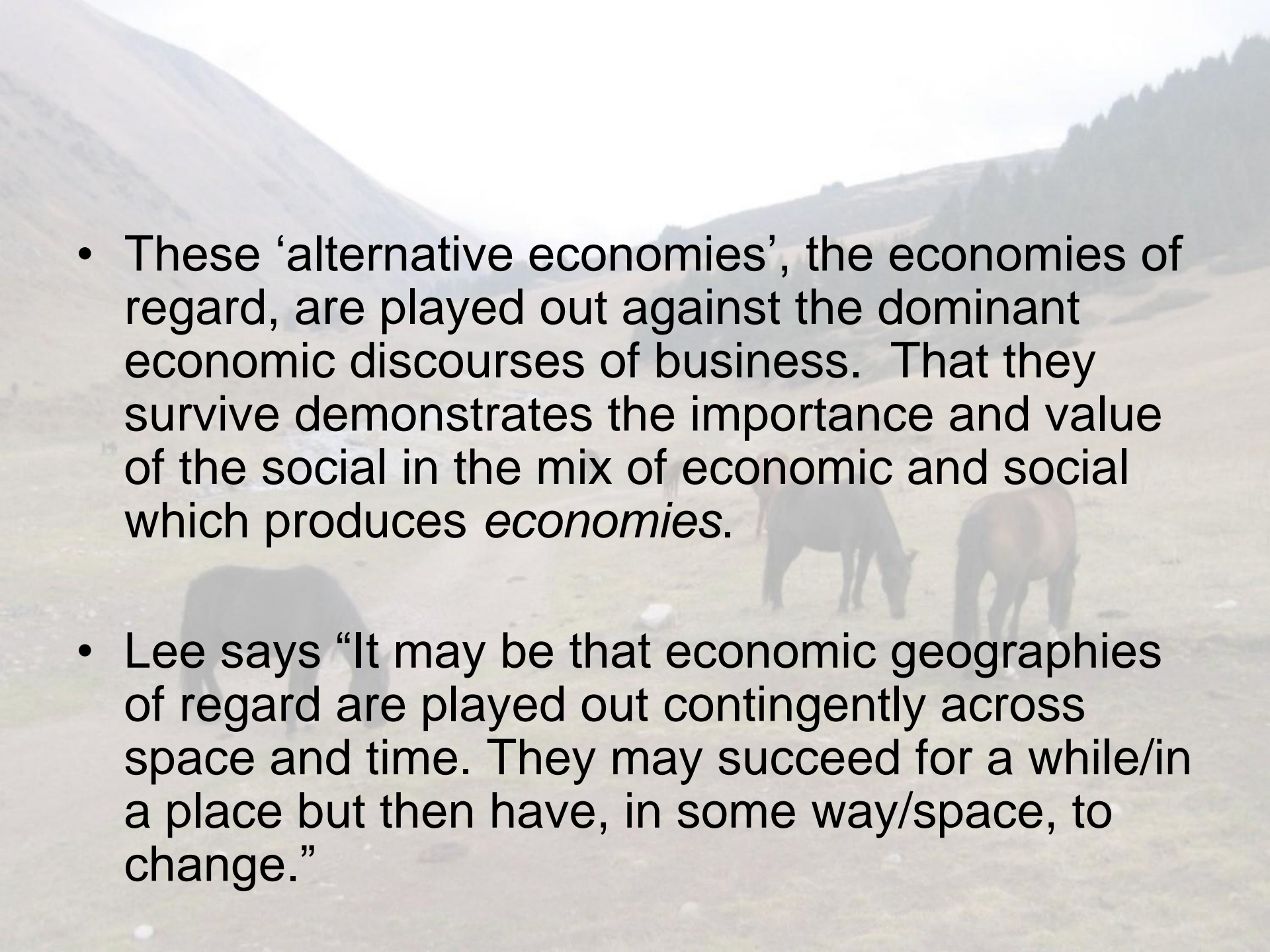


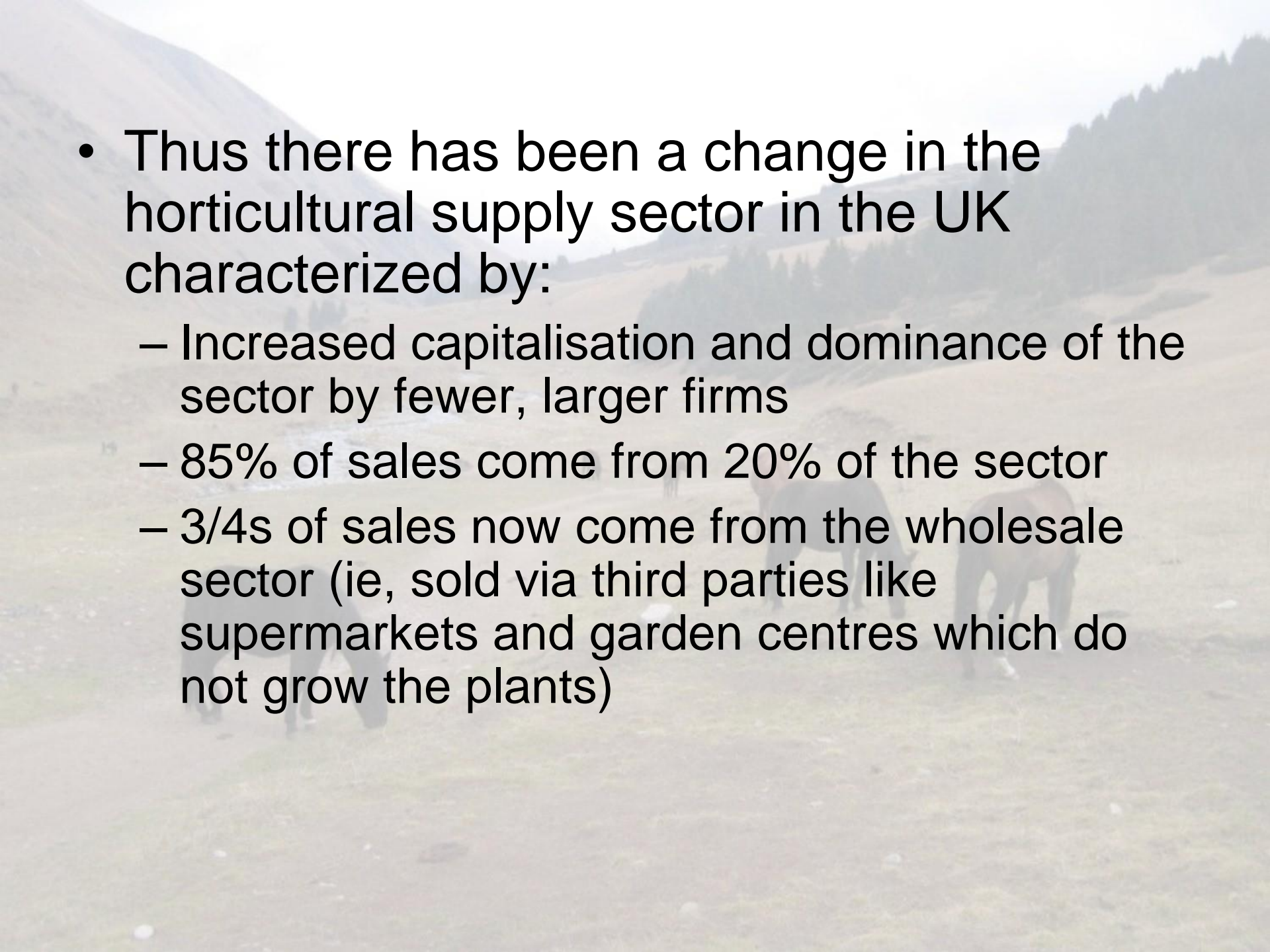
- Further:

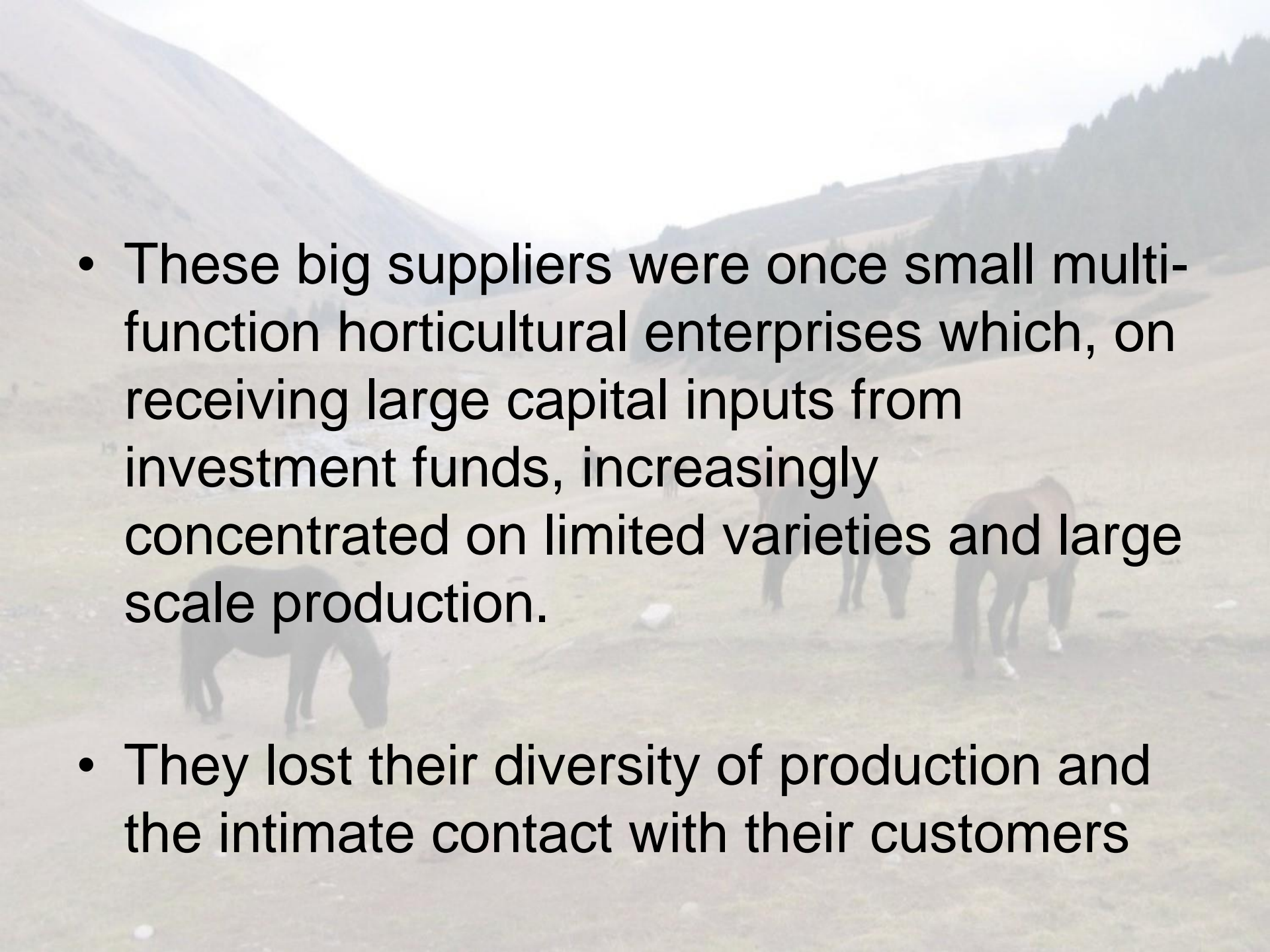
- the exchange of products and of ‘free’ specialised knowledge, for example, may serve not merely to justify relatively high prices for the product, but help to lock in *future exchanges* whereby the consumer requires both product and knowledge

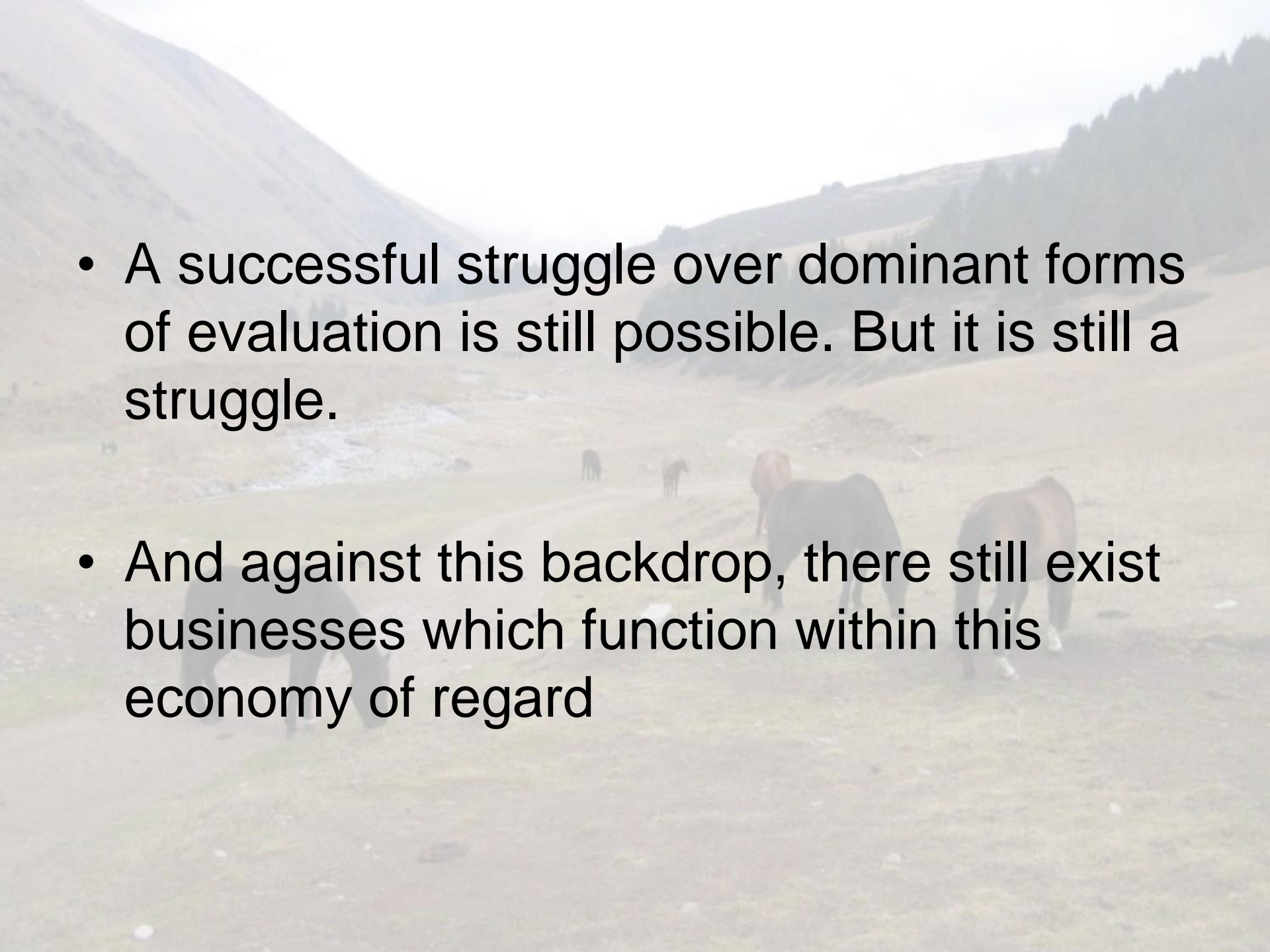
- In other words, the customer keeps coming back....



- 
- These ‘alternative economies’, the economies of regard, are played out against the dominant economic discourses of business. That they survive demonstrates the importance and value of the social in the mix of economic and social which produces *economies*.
  - Lee says “It may be that economic geographies of regard are played out contingently across space and time. They may succeed for a while/in a place but then have, in some way/space, to change.”

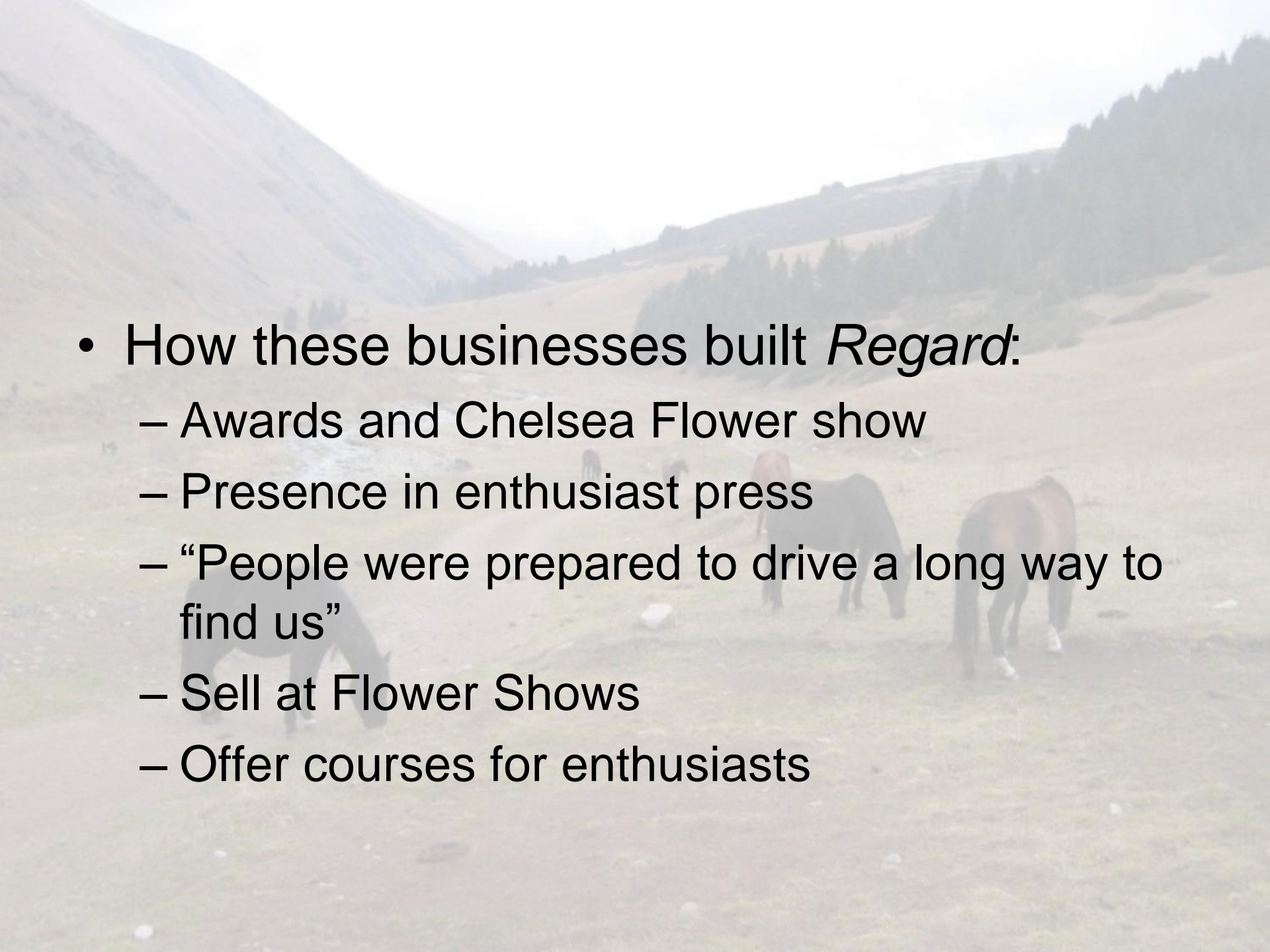
- 
- Thus there has been a change in the horticultural supply sector in the UK characterized by:
    - Increased capitalisation and dominance of the sector by fewer, larger firms
    - 85% of sales come from 20% of the sector
    - 3/4s of sales now come from the wholesale sector (ie, sold via third parties like supermarkets and garden centres which do not grow the plants)

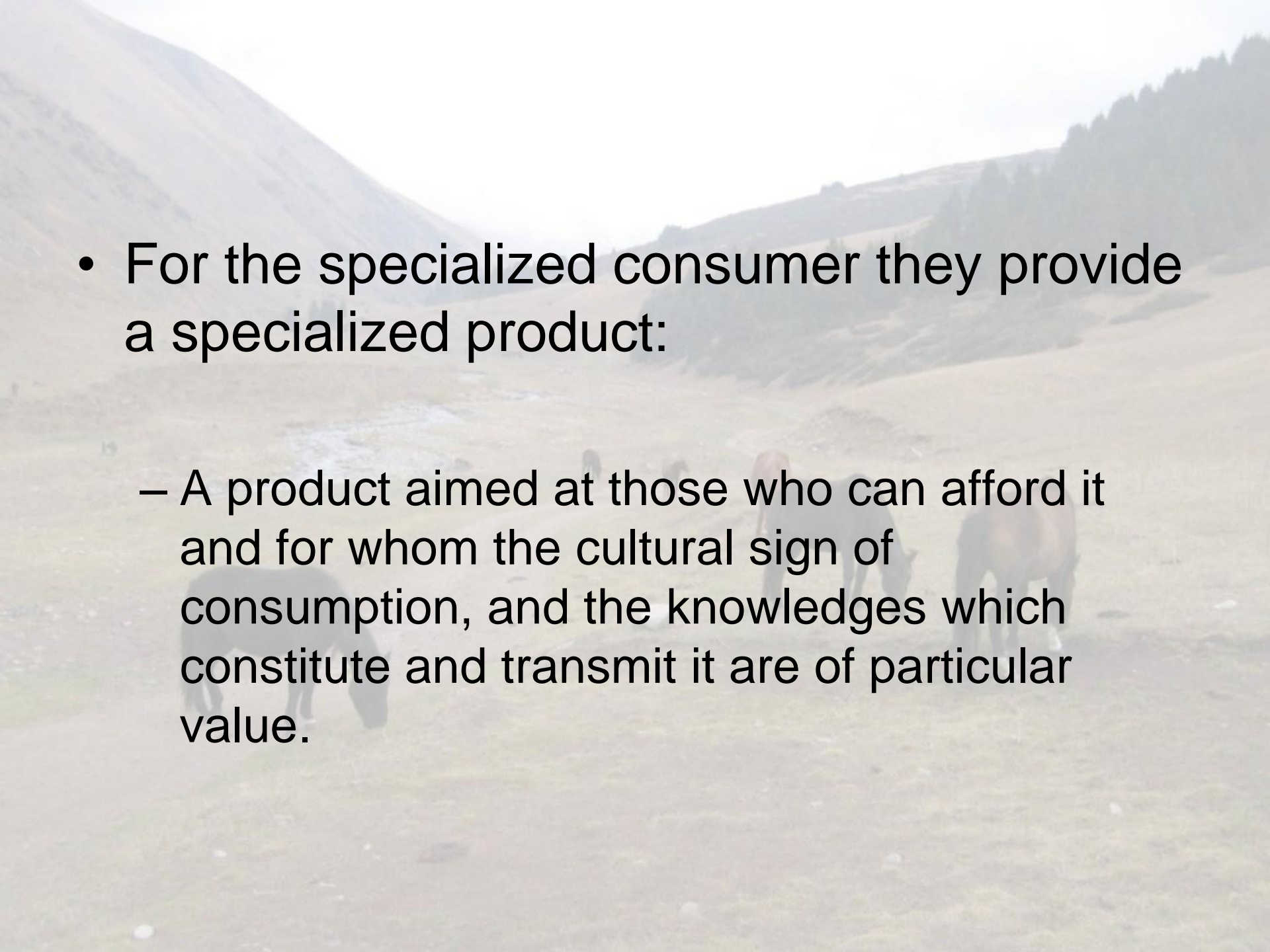
- 
- These big suppliers were once small multi-function horticultural enterprises which, on receiving large capital inputs from investment funds, increasingly concentrated on limited varieties and large scale production.
  - They lost their diversity of production and the intimate contact with their customers

- 
- A misty mountain landscape with a river and horses grazing in a valley. The scene is hazy, with a river flowing through the center and several horses grazing in the foreground. The background shows rolling hills and a forested ridge under a cloudy sky.
- A successful struggle over dominant forms of evaluation is still possible. But it is still a struggle.
  - And against this backdrop, there still exist businesses which function within this economy of regard

- Think equine enterprises.....



- 
- The background image is a faded, grayscale-style photograph of a mountain valley. In the foreground, several horses are grazing in a grassy field. The middle ground shows rolling hills with patches of trees, and the background features steep, rocky mountains under a bright, overcast sky.
- How these businesses built *Regard*:
    - Awards and Chelsea Flower show
    - Presence in enthusiast press
    - “People were prepared to drive a long way to find us”
    - Sell at Flower Shows
    - Offer courses for enthusiasts

- 
- A hazy mountain landscape with a herd of horses grazing in the foreground. The scene is misty, with rolling hills and a line of trees in the distance. The text is overlaid on the image.
- For the specialized consumer they provide a specialized product:
    - A product aimed at those who can afford it and for whom the cultural sign of consumption, and the knowledges which constitute and transmit it are of particular value.

# The new equine economy of the 21st Century

- Do major parts of the equine economy function as *economies of regard*?
- Must we 'rethink' the value which is created and exchanged in the equine economy?



# The new equine economy of the 21st Century

Potential *Virtues* of equine economies of regard:

- promotes SME sector
- offers farm pluriactivity
- provides other *public goods* –
  - health and wellbeing
  - retention of younger generations on land
  - supports female entrepreneurship
  - maintains landscape and environment

# The new equine economy of the 21st Century

## *Other Virtues*

- offers lifelong-learning opportunities
- horses part of cultural heritage and cultural landscapes

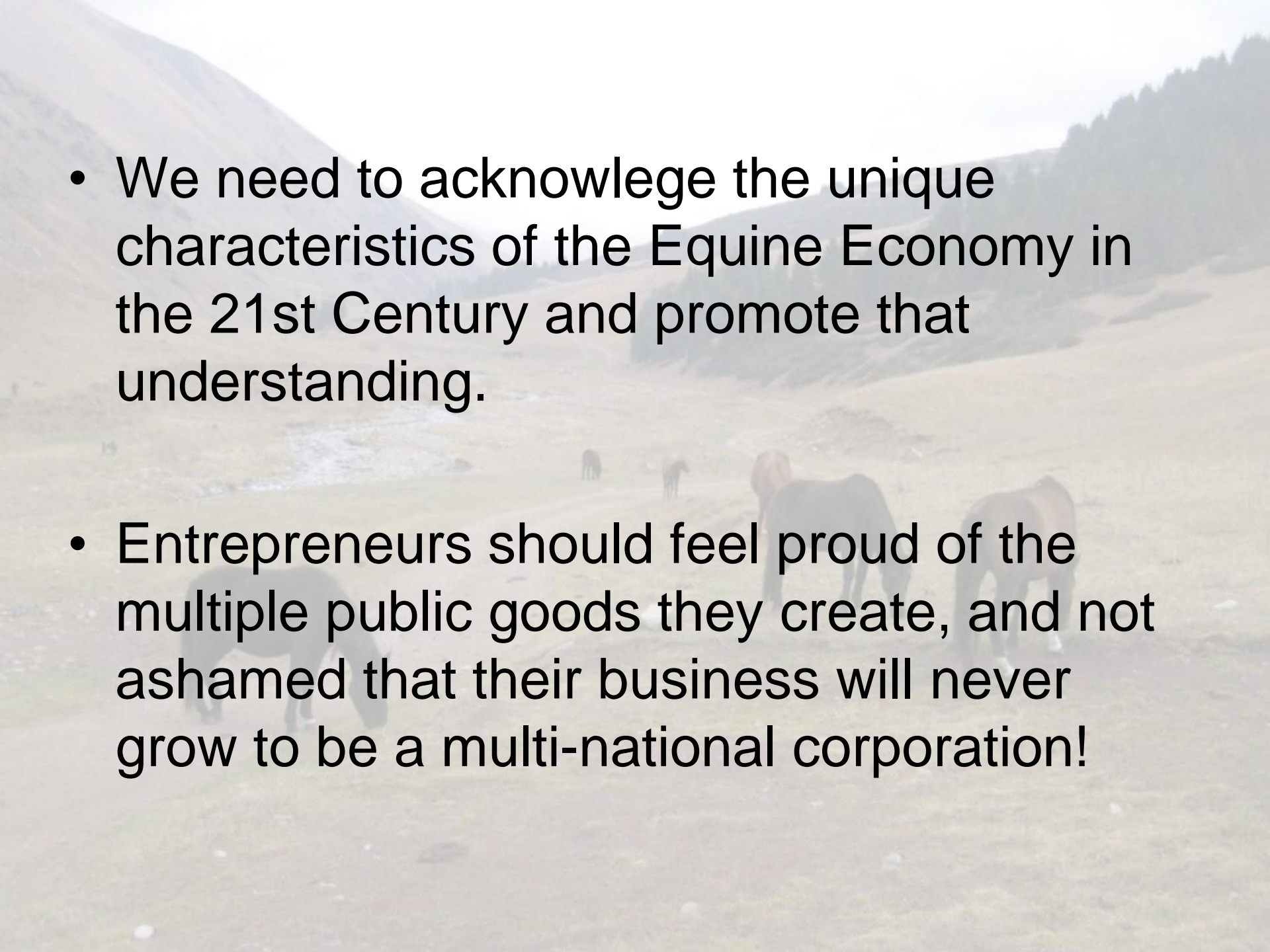


# New Equine Economies in the 21st Century

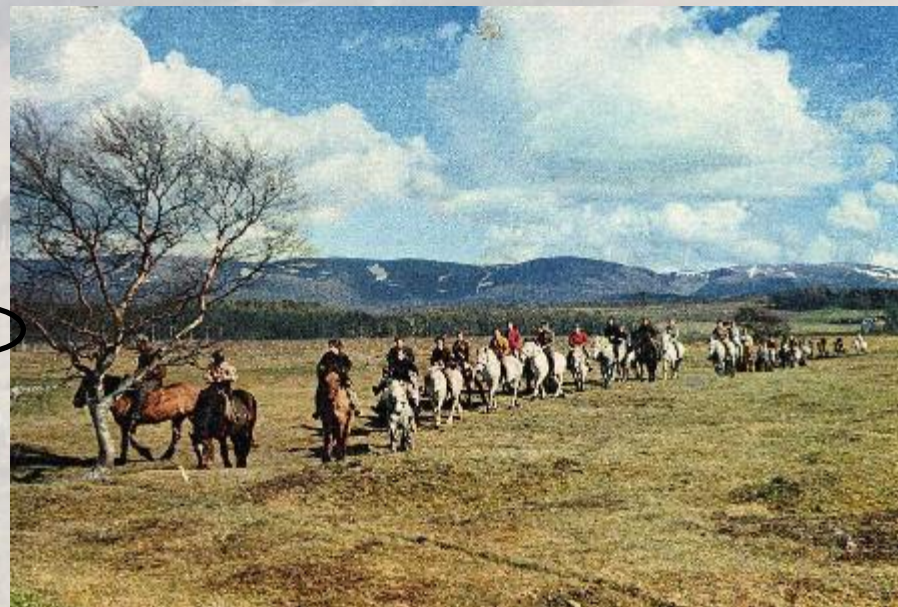
- Yes, many horse businesses do operate as Economies of Regard.
- Only a few of them will be come very profitable and offer 'rational' returns on capital
- However, they provide many *public goods* which may otherwise not be available

# consequences?

- Policy needs to acknowledge multiple positive outputs
- Entrepreneurs need to assure they adopt the best business practices, especially in terms of marketing
- Businesses are likely going to have to be multifunctional, offering a diversity of goods and services

- 
- We need to acknowledge the unique characteristics of the Equine Economy in the 21st Century and promote that understanding.
  - Entrepreneurs should feel proud of the multiple public goods they create, and not ashamed that their business will never grow to be a multi-national corporation!

**Thank you!**  
**Kiitos!**  
**Tusen Tack!**



Rhys Evans, [eqrnetwork@gmail.com](mailto:eqrnetwork@gmail.com)