

## OMDREB Scholarship Application

### *Maintaining the identity of communities through the support of small business*

Bilateral agreements forging the liberalization of trade in-between a group of countries have developed an international marketplace. This marketplace has lead to an increase in revenues and Gross Domestic Product (GDP) for a multitude of countries. Nonetheless, the interconnectivity spawned by foreign investment can prove to have negative consequences. During an economic crisis, the reciprocal nature of these agreements can cause a ripple effect, leading to negative economic activity outside of the crisis' epicentre. This relationship was evident during the 2008 financial crisis. Although the problem originated with the subprime mortgage failure in the United States, economic trouble soon spread to the European Union (EU) and elsewhere in the Americas. Canada was one of the last industrialized nations to officially enter into a downturn after the Bank of Canada declared a recession in December 2008. During this economic slowdown, Gross Domestic Product (GDP) declined by 3.3 per cent over three quarters and unemployment rose to 8.1% (Statistics Canada). This negative balance lead to the foreclosure of numerous local businesses and family domiciles. The collapse of these local businesses has proven to detract from a town's cultural identity and reduce long term community investment. Through referring friends, choosing local retailers and voting, communities have the ability to rally behind their local businesses and ensure their future sustainability.

Social Media has made it easier than ever to share our interests with friends, family and colleagues. Local businesses have been quick to adapt to this emerging trend with a significant number of local operations creating Facebook, Google and TripAdvisor accounts. These websites allow for small business to gain free exposure to tourists and locals who are searching for particular items and services. A survey recently released by Manta, a small business consulting firm, determined that nearly “50 percent of small businesses surveyed had increased their time on social media channels with another 55 percent actively using them for lead generation and customer engagement” (Mantra). By liking a local business’ Facebook page or even commenting about a positive experience you have had while dealing with the business owner, you are providing the establishment with free marketing to your social media follower base. This form of social media similar to the use of ‘word of mouth’ advertising. Positive reviews by local citizens can lead increased traffic for a business and in turn higher revenues. This type of marketing has proven to be extremely effective as internet users trust the opinions and sentiments of their peers when attempting to select a new place to shop or dine. In addition to utilizing social media, teaching family members and friends about the importance of small business can spark positive growth for these essential community organizations. By organizing fairs, local events and buy local campaigns, awareness is created for groups that have limited access to marketing funds. Through engaging in these important conversations, the populace is creating an entrepreneurial spirit that has the ability to forge the next generation of small business owners in Canada.

When an individual purchases products locally, a larger sum of money stays within the community. A study conducted by New Economics Foundation, an independent economic think tank, determined that when people purchased food at a local farmer's market in lieu of a chained

supermarket “50% more money stays within the community” (New Economics Foundation). This money assists in stimulating employment and ensuring the cultural identity of smaller towns is maintained. The primary complaint about purchasing local goods is often associated with a higher pricing structure when compared to big-box stores. The benefit of lower prices tends to fall away once local-employment increases and local economic stimulation are taken into account. By buying local, individuals are promoting greater job security and the stabilization of a town’s economy. In doing so, increased economic performance is often shared within the community through workplace profit-sharing program and improved community services. During an economic downturn, purchasing a more expensive product might seem rash and fiscally irresponsible. However, the decision to shop at local businesses has the ability to reduce the severity and length of an economic downturn. Utilizing local business for one’s retail needs ensures that most of the money is reinvested within the municipality, thus having the greatest reward for the entire community. Furthermore, purchasing local products provides significant health benefits as reduced transportation distances and stringent domestic laws reduce the level of pollution being omitted during the supply chain process involved in bringing a product to market.

Remaining actively seized to local elections and democratic process can also significantly aid small businesses operating within a community. Before heading to a polling station on election day, one should take the time to consider the candidates in the running and their campaign platforms. Citizens should look for candidates that make supporting local business a priority. Prospective candidates should also have a comprehensive and clear cut plan to support this objective. These plans could include the forming of a Business Improvement Area (BIA) or allocating additional funding to a local chamber of commerce. During Provincial and Federal

elections, one should take into consideration candidates that actually reside within the community and have a firm understanding of local concerns. By ensuring local economic issues are put in the forefront of a candidate's electoral campaign, the interest of local business can be maintained within all levels of government. Through this representation, local organizations have the ability to seek funding, breaks in taxation and employment relief, thus enhancing a business' sustainability and finances.

Shopping locally also has significant benefits for consumers in the marketplace. Striving to utilize a 'small business mentality' is a customer service trend that major retailers across North America have been attempting to implement in recent years. Large businesses are trying to replicate the 'first-name basis' level of customer service that is often synonymous with local community retailers. However, having this level of personalization in a large retail setting is impossible. Contacting an individual in call centre hundreds of kilometres away could never offer the same experience as dealing with a local business owner. In addition to customer service, the quality of goods being sold within a small business retail setting is usually of a higher quality. Locally grown or handcrafted products tend to offer consumers the peace of mind of buying items that have been produced with a high degree of craftsmanship. This elevated level of attention to detail leads to a better overall product that benefits the local community.

In a time where globalization is dominating the world of commerce, it is now more essential than ever to maintain the local cultural identity of our small communities. Through referring friends, choosing local retailers and voting, the populace has the ability to ensure the long term stability and sustainability of businesses that have served as the cornerstone of our

communities for decades. In doing so, domestic jobs and wealth can be protected for generations to come.

## References:

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