

Local Benefits in Small-Scale Rural Business Networks: Linking Agriculture, Culture and Tourism

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Abstract: Research on how small rural business networks linking agriculture, culture and tourism create value and when this value delivers long-term benefits to the local area. Based on research of small tourism enterprises, we consider value co-creation, value capture and embeddedness. The framework comprises resource translation, experience coordination, rights negotiation and local retention. The analysis examines how rural resources are transformed into tourist services and how pricing, procurement and payment arrangements affect the local economy. Local outcomes also affect the residents' continued application of operating skills, their impact on cultural expression and access to common areas. Published studies and reports from Masha Town show resource use and business arrangements. The proposed links require testing with contracts, accounts and observations over an extended period.

Keywords: Rural Tourism; Agriculture; Culture and Tourism Integration; Value Co-Creation; Value Capture; Local Retention

1. Introduction

Linking agriculture with culture and tourism enables the utilisation of rural resources for various production and consumption purposes. Fields can provide food and set up a learning environment; local skills can support craft production and visitor activities. Research on agricultural multifunctionality has added these uses to the list of agricultural functions [1]. Research on rural revitalisation in China studies the connection between policy support and agricultural industrialisation for agricultural growth [2]. For small rural business networks, it is unknown how the use of resources benefits the communities that provide those resources.

Attractive spaces and marketable experiences do not provide such proof of benefit. If visitor services buy the produce elsewhere, more

visitors will have little demand for the village farmers' products. Villagers may receive rent or wages for occasional labour and have no other sources of income. Operators may use village venues and knowledge to control brands, customer information and prices. Commercial development will also change how the people live and are known. Research in Xixinan Village, for example, shows both the opportunities provided by tourism and the problems of deprivation and conflicting views on rural life [3].

A review of Chinese rural revitalization research shows that cultural resources, industrial integration, livelihoods and governance are interconnected issues [4]. Value co-creation studies explore how interaction and service provision create value [5, 6]. Research associates community participation and social capital in rural tourism with resident-tourist co-creation [7]. Research that distinguishes between value creation and value capture shows that contributing to production does not determine the proportion of benefits for that party [8, 9]. Research on village collective economies studies the distribution arrangement and local governance in relation to household benefits [10]. These studies have not addressed the daily organisation of small businesses: how do resources enter consumption, and what is the impact of control over this process on the locality?

This paper explores how small business networks in agriculture, culture and tourism create value and when this value yields long-term benefits for the community. Through conceptual construction and an integrated reading of the literature, a system of resource translation, experience coordination, rights negotiation and local retention has been proposed. The framework separates the attributes of the network used for identification from the evaluation results. It also distinguishes access to current earnings from the longer-term

accumulation of local capabilities, cultural influence and public benefits.

2. Conceptual and Analytical Foundations

"Small but refined" indicates a development aspiration; it does not supply a consistent analytical definition. Small tourism enterprises have various business goals, and research on lifestyle-oriented enterprises shows [11]. Their work is also linked to relationships in and outside the area [12]. Here, small-scale rural business networks are defined as connected operating units that use existing rural resources and lightly modified spaces to link agricultural production, cultural content and tourism consumption. Identification requires a small-scale operating unit, considerable links among these activities, and connections between the units via products, visitor flows, branding or

services. Scale is the range of operation and organisation; it does not need to have large-scale investment or many visitors. Refinement does not require high-end consumption. A courtyard workshop and a small-scale accommodation business can have different activities in the same network.

A small coffee shop that is not related to agriculture or culture does not meet the criteria, nor do a number of businesses connected only by location. Access to the township-level or county-level market does not change the network's basic unit of analysis. Fair benefit sharing and cultural inheritance are still to be studied. Adding them to the definition would exclude the failed arrangements from the causes of failure analysis. Table 1 shows the networks and related concepts.

Table 1. Conceptual Boundaries of "Small but Refined" Business Forms and Neighbouring Concepts

Concept	Main Analytical Unit	Key Criteria	Relationship with "small but refined" Business Forms
Leisure agriculture	Agricultural business entities	Production functions, ecological functions, cultural functions, recreational functions	Can constitute the industrial basis and carriers of "small but refined" business forms, but are not equivalent to them
Small rural tourism businesses	Small family businesses	Scale, locality, embeddedness, tourism functions	Overlap with "small but refined" business forms in scale and local embeddedness, but cannot independently constitute the latter
Community-based tourism	Communities and community organizations	Community participation, benefit sharing, capacity building	Can provide the institutional basis for "small but refined" business forms, but not all community-based tourism exhibits the integrated characteristics of such forms
Characteristic cultural tourism villages	Individual villages or village clusters	Cultural authenticity, place identity, symbolic value	Can serve as important spatial carriers, but may include complex business forms that are not necessarily "small but refined"
New rural tourism business forms	Rural business entities	Novelty, lightness, flexibility, digital connectivity	Conceptually related to "small but refined" business forms and can partially overlap with them

Value co-creation refers to contributions outside the company; farmers provide knowledge and products, operators organise services, and visitors participate in and give feedback on these activities [5-7]. Value capture is the capacity to obtain a share of the value created. Power in exchange and the conditions protecting an actor's contribution help explain the differences in capture [8, 9]. Value realisation refers more specifically to the transformation of experience offerings into consumption and transactions in this article. This division can be employed to track the origin of the offering's commercialisation and determine who will reap the benefits. Participation in production, market exchange and business decisions need not

involve the same people or rights.

Social relations and accepted norms restrict access to village land, homes, communal facilities and cultural knowledge. Economic activity relies on social relationships [13]. Location is insufficient for embedding [14]. Local retention refers to the continuous increase in income, operating skills, cultural influence and public value for resource providers. We focus on households, the village collective and local businesses. Higher county revenues do not result in gains for these groups. Outside investors and operators can earn a reasonable income by helping locals build skills. Retention issues: Whether households, the village collective and local businesses receive the

benefits and can continue to use them.

Evidence from Masha Town shows resource use and operating arrangements [15]. However, it does not know how the benefits are distributed or if local gains will last.

3. Mechanisms of Value Creation, Capture and Local Retention

Rural resources can create local value through the development of visitor experiences, combined with other offerings and supported by feasible rights arrangements. The following are the processes of resource translation, experience coordination, rights negotiation and local retention.

3.1 Resource Translation

Fields, houses and local practices have uses and meanings before they are known to visitors. Resource translation is the adaptation of interpretation, space and service arrangements to make them accessible, understandable and convenient for purchase. The resource owner must agree to the conditions of use for profit. Farming knowledge and cultural practices need to be presented in a way that visitors can experience, and schedules, safety arrangements and prices must make the offering feasible. Agricultural multifunctionality provides the resource basis for the above process [1]. Farmers, interpreters and operators provide the production environment and cultural content for tourists through this work. Physical renovation is not sufficient to make the resources usable for visitors.

Reporting on Changping Village in Masha Town shows the consolidation of agricultural plots, improvements in irrigation and farm roads, and the addition of viewing platforms and flowering crops to the farmland landscape [15]. The above observations are experiential uses of the productive space. They do not provide the project's impact on agricultural output or household income. In general, the offering should keep the productive activities and cultural contents that are supported by it. Isolated symbols can attract attention but lack sustained participation. Even a good-designed product is not well distributed; an external operator will organise it and take a large share of the profits. Links among services also affect the delivery paths for the public.

3.2 Experience Coordination

Small businesses can adjust their products for tourists, but may not have enough customers or supporting services. Coordinate links for accommodation, dining, activities and local agricultural product sales along tourist routes and supply systems. A business can offer some services itself and cooperate with other operators. Agreed-upon by the parties are the time and customer introductions for service standards. Township or county services can support joint marketing and quality standards. Research on embedded tourism businesses has shown how cooperative ties support customer referrals [12]. Studies of resident-tourist co-creation examine how community participation and social capital support host-guest interaction [7]. Businesses in the same area need the above arrangements to connect their services.

A report on Dutan Village in Masha Town details camping, riverside recreation, craft exhibitions and farming activities, as well as residents' sales of local products [15]. Unused land and idle houses were transferred to be used as collective assets and counted in the equity. The township's rural revitalisation company runs Dutan Station [15]. Household decision rights and actual payments need separate proof. More activities may encourage spending without improving local suppliers' bargaining position. Where businesses share a brand, they can reduce marketing expenses. The brand's manager can limit the way the participating businesses reach customers. Local gains refer to the use of one's own products and labour, price-setting power, and payment arrangements.

3.3 Rights Negotiation

Households, village collectives and outside operators negotiate the terms of space use and service operation. They decide who runs the company, set prices, manage the brand and customer data, and collect money. Rights negotiation refers to the conditions under which these items will be agreed upon, implemented and modified. A village collective can organise joint-use facilities and speak for the community. How collective income reaches households depends on the distribution rules. Participants may contribute different resources and in different ways, and receive different rewards. Value creation and value capture are different in terms of the returns obtained by each party under different arrangements [8, 9].

Leasing is for resource owners to earn income

without managing the operation. Employment and supply contracts provide wages or payments for goods. These arrangements may give the household little control over prices and the use of funds. Rebates and dividends can supplement household earnings when accounts and payment rules are clear. Shareholders have voting rights through shares, but without information and influence opportunities, they cannot use these rights effectively. Undervaluation of assets and

concentrated decision-making or shifting of operating risks to households may reduce their returns. All arrangements should be evaluated based on the degree of participation in the decision-making by the group. Equity ownership is an option; otherwise, a lease or supply contract with one of the parties will also be viable. Table 2 shows the local income, substantive rights and value capture of these arrangements.

Table 2. Modes of Benefit Linkage, Substantive Rights and Value Capture Characteristics

Mode of Benefit Linkage	Gains of Local Actors	Substantive Rights	Value Capture Characteristics	Main Risks
Contractual: leasing, labour service, order contract	Rent, wages, order price	Contractual claim right	Relatively stable income, yet residual value is generally not shared	Limited influence over pricing and sales arrangements
Composite dividend type	Rent or wages plus rebates and dividends	Partial income right, right to information	Initial access to the distribution of value-added gains	Opaque accounting; nominal dividend distribution
Share-based cooperation type	Share returns and operating remuneration	Decision-making right, income right, branding right, exit right	Potential simultaneous participation in value creation and value capture	Unfair asset valuation; elite capture; risk shifting

Participants need access to accounts to check how income is distributed. There should be provisions for appealing the decision and modifying or terminating the agreement by mutual consent. Research on Yuanjia Village studies how distribution rules and village governance connect collective development with household benefits [10]. The Village B study reports that a shareholders' meeting decided how to distribute the collective income as dividends [16]. Therefore, the framework believes that substantive participation is the ability of members to know, question and decide. We propose that enforceable rights and support from local organisations can help the participants receive the agreed-upon returns. The use of the return will determine whether the community will continue to benefit.

3.4 Local Retention and Feedback

Local retention includes income, operating knowledge, cultural influence and public welfare. Household income is composed of rent, wages, product sales and dividends. Collective earnings and payments to local suppliers also matter. Operating knowledge is the skill, routine and

customer relationship that residents will use in their future work. Cultural influence refers to the application of local practices in the form of a brand. Public goods refer to access to common spaces and services, as well as the rules for their use in society. Higher income may be accompanied by reduced access to shared spaces. These changes should be assessed separately.

Local returns can fund the maintenance of facilities and services, education, etc. Research on participatory collective economies links resources, collective action and local identity [16]. Under a transparent rule system, reinvestment will improve the allocation of future resources and coordinate learning. A small surplus, high management expenses or weak group operations may prevent the investment. A project can continue to be led by outside experts without building local skills. Assessment needs to follow how the local people use their income and knowledge over time. It also needs to determine what remains available after external support changes or ends. Table 3 shows the processes and their functions and conditions.

Table 3. Links, Functions and Conditions for the Formation Mechanism of "Small but Refined" Business Forms

Mechanism Link	Role in the Value Chain	Core Relationship	Main Establishment or Constraining Conditions
Resource Translation	Value Generation	Transforming agricultural, cultural and spatial resources into experiential and tradable products	Accessible resource rights; embedded knowledge, narratives and services

Experience Coordination	Value Realization	Connecting scattered business units into a multi-stage consumption process	Functional complementarity, consumption routes, continuous interaction and local supply
Rights Negotiation	Value Capture and Sharing	Local stakeholders shift from participating in value creation to value capture	Substantial allocation of decision-making, pricing, branding, revenue and information rights; organizational capacity of village collectives
Local Retention and Feedback	Local Outcomes and Reproduction	Economic, organizational, cultural and public values are localized to support the next round of renewal	Transparent reinvestment of returns, sustainable organizational & management capacity, and governed external dependence

4. Boundary Conditions and Mechanism Failures

Resource owners and operators require explicit terms of use for rural land, buildings and shared facilities. For example, the agreement for the courtyard workshop can specify which rooms are available and for how long they can be used. The agreement should also specify the payment, repair obligations and termination conditions for both parties. The terms help the operator plan investments and enable the household to verify the received funds. If the residents still use the courtyard, then they need to be included in the agreement. Uncertainty of continued use will reduce investment. Disputes over access may disrupt services and harm the lives of villagers.

Local organisations can offer support by agreeing to practical rules with the participating enterprises. Ping'an Zhuang Village guesthouses directed visitors to other guesthouses when their own rooms were full. The arrangements required the same-standard rooms and agreed on the division of the payment [12]. Homestay owners in Village B, Zhejiang, arranged a rotation system for guest allocation through their association [16]. The rule will decide which companies obtain the customers and how to share the revenue. The members need to question the group's decisions. Study B of the village reports on residents' disputes over dividend distribution and the community's response to these problems [16]. These interactions help determine whether the members can influence the decisions on the collective income.

The business must have a stable demand for services. Travel time and seasonal demand affect the frequency of visitors' arrivals. A festival may attract many people but not have enough customers to support the business year-round. Ping'an study shows that guesthouses and restaurants used booking platforms and travel agencies to reach customers [12]. Local gains are also determined by what businesses purchase and who does the work. If most of the food and

goods come from outside, the village farmers will receive fewer orders. External partners can provide marketing and management expertise. To keep their operating knowledge, local participants need to have access to booking information and manage services themselves. If the outside team continues to undertake these tasks, the local businesses will remain reliant on them.

A possible failure path is started when the guesthouse does not meet the conditions for accepting referred guests. Fewer referrals will reduce income. Owners will delay the repair, so the standard will not be met for future referrals. Another problem is that although sales are good, the local participants lack information on payment or influence over reinvestment. The first is that the company can generate operating income. Secondly, there is information on its use. Comparing the referral records, accounts and spending decisions at different times would help determine whether income supports maintenance and continued local operation.

5. Discussion

Networks of similar products may produce different local results. Defining them by operating characteristics allows successful and unsuccessful arrangements to be compared. Value co-creation research explores how providers and visitors create experiences together [5-7]. Research on value capture studies the returns that participants have received from exchange relationships and competition [8, 9]. The framework connects the above questions through decisions on the pricing, payment and control of sales. A farmer receives a fixed amount for the agricultural products used in a tourist package. The operator obtains sales revenue and pays the costs to deliver the goods. Examining the contracts and payments helps determine who receives the benefits of the same offering.

Local retention concerns what residents receive and can continue to use. Village B has maintained the collective tourism facility, and

farming for visitors provides a source of income through sales of local agricultural products [16]. These activities connect tourism with local employment and agricultural supply. Over time, observe whether the payments are regular and if the residents can continue to organise the work. Group income, household income and operating capacity therefore need separate assessment. Cultural influence and public access are also required. Residents are employed, but they do not control the portrayal of local culture. A business can be profitable but restrict the public's use of shared facilities.

There are corresponding plans and assessments for these reasons. Resource owners and operators should agree on the use and payment arrangements before providing services. Support should help local suppliers meet the demand and allow residents to learn how to handle bookings and customer inquiries. Evaluators should assess whether the agreed-upon payments have been received and investigate any reasons for non-payment. Outside partnerships remain relevant because embeddedness includes connections across geographical scales [14]. Their contributions can be measured by the local participants' access to customers and ongoing use of operating knowledge. Village collectives can organise the above work in China. Other applications need to identify the resource owners and determine which decisions that organisation can make.

6. Conclusion

Small rural business networks can create value by utilising rural resources and linking visitor services. Pricing, payment terms and control of business decisions determine who will be profitable. Lasting local benefits include recurring income, skills that residents can continue to use, influence over cultural presentation and access to shared spaces. The framework provides a concept for the different local results of networks with similar products and scale.

Comparative studies can examine the connections in networks with different resource agreements, collective capacities and market access. Contracts, meeting minutes and account statements record who made the decisions and whether the agreed-upon payments have been received. Repeated observation can distinguish one-off payments from recurring income. Interviews and observations will be conducted to

check whether the residents can still operate the equipment, show local practices and use common areas. Changes in the participation of external partners will determine which services local participants can offer.

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