

# **In-migrant networks and knowledge economies in the rural North East of England**

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## Summary

Over the last few decades there have been various efforts at stemming the seemingly inexorable decline of rural economies, particularly in terms of employment and skills, and to prevent rural areas becoming heritage areas or dormitories for an urban workforce. Initially efforts to revitalise the rural economy were focused on farm diversification and/or tourism based activities. More recently interest has turned to the knowledge economy, and in particular promoting in-migration to rural areas by entrepreneurs working in knowledge intensive industries as a way of stimulating the rural economy.

At the same time rural development policy has shifted away from a focus on sectoral support to area based development policies. This is particularly true of European rural development policies such as Objective 5b and LEADER. The rationale underlying this type of policy intervention is that area based development policy works by building civic and economic capacity in an area. This assumes the social and business networks in an area are interconnected and mutually supportive. Little is understood about whether this is in fact the case and to what extent the social and business networks overlap and interact in a way that supports rural development.

This thesis investigates biographical accounts of in-migrants in the rural North East who have started businesses in the knowledge economy. These entrepreneurs are undertaking two significant changes in their lives, the move to a rural area and the shift from employment to self-employment. This thesis seeks to understand how these various changes are effecting rural economies and communities in the North East of England. The biographical nature of the research allows the entire event, both the lead up to the move and subsequent life after the move, to be considered. Using Pierre Bourdieu's theory of practice as a framework of analysis, the nature of the entrepreneur's integration into the local community, both socially and as a business person, is examined along with the various networks they engage with.

The research has found interesting differences between the way in which entrepreneurs privilege social and cultural capital over economic capital in certain circumstances and strive to maintain a distance between their personal social networks and business social networks to minimise the risk of damage to social and cultural capital. This separation means there is little interaction between migrant entrepreneurs and local business people in a way that would result in local spill-over affects. The findings also highlight an interesting issue around the nature of terms such as 'creative' and 'knowledge' economies and how these concepts have come to mean a specific form of development, what Bourdieu would consider to be an act of symbolic violence.

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## **Chapter 1 – Introduction**

### **1.1 A new rural economy**

This thesis is about understanding how change affects both individuals and the society of which they are part. At a societal level it is the changes to the economic and social aspects of rural life that are of interest. Shifts in the nature of the rural economy and the influence this has had in turn on rural society. Partly, these alterations have been brought about by the continuing migration of individuals and families to rural areas. At an individual level it is the act of migration itself that is the significant disruption in the lives of those affected. Both these changes, at a societal and individual level, have been widely studied and written about over the past few decades. This thesis seeks to develop those literatures by examining an additional disruption affecting the individual, that of the transition from employment to self-employment. These changes at an individual level, migration and the switch to self-employment, are also significant elements driving the societal changes taking place in rural areas. A number of rural academics for example have cited migration to rural areas as one of the dominant forces acting on rural society (Halfacree & Boyle, 1998). What has often been missing from the accounts of these changes is how they are interrelated. Some writers have focused on the benefits migrant entrepreneurs bring to rural areas (Stockdale, 2006b and Kalantaridis & Bika, 2006), whilst others have focused on perceived damage being done to rural society by an influx of wealthy, middle-class migrants (Cloke et al. 1998). What has not been examined in any detail is the relationship between a migrant's attempts to establish a new life in the country whilst at the same time taking on the role of entrepreneur and starting a new business.

Rural areas have often been perceived as having strong interconnected networks which encompass people's social and business lives (i.e. Atterton, 2007). Information about business matters is transmitted via social networks. This chimes with notions of knowledge spillovers found in theories of economic geography (Porter, 1998 & 2000), where knowledge within a particular sector is exchanged both formally through formalised scientific knowledge (for example through patents or legal agreements) and informally through social activity (for example as employees switch employer taking their experience with them) (Bathelt et al., 2004). Bolstering this view of in-migrants as economic animators, research has found migrant entrepreneurs are better educated (Bosworth, 2008b) and are more business minded (Stockdale, 2005). This has led to

some policy makers looking to migrant entrepreneurs as a way of closing the economic gap between rural economies and the wider economies.

This thesis therefore seeks to answer the research question:

Can migrant entrepreneurs stimulate knowledge economy networks in rural England?

This research was commissioned by ONE NorthEast (ONE), the local regional development agency, as part of its rural development programme and is supported by the Economic and Social Research Council. ONE is tasked with reducing the disparity in productivity and GVA between rural areas and urban ones within the region and between the region and the rest of the country. Previous research (Stockdale, 2005 & 2006b, Kalantaridis & Bika, 2006, Bosworth, 2008a and Shared Intelligence /QA Research, 2006) has suggested migrant entrepreneurs could provide a valuable impetus to rural economies by virtue of their propensity to create businesses and once the business has been started, by being more innovative and growth orientated than local businesses. The original research proposal sought to focus on the knowledge economy and drew on the creative classes literature originated by Richard Florida (2002). Florida argued that those working in creative industries were key to economic development, particularly in previously lagging areas. Most of the literature following on from Florida's original thesis was focused on urban regeneration (Bailey at al., 2004) and tended to concentrate on the economic development of a run-down area which could be catalysed by creative and artistic people moving to and working in that area. The presence of these fashionable industries with an often young demographic made these areas attractive for other industries. Overtime the area develops a vibrant and productive economy. This seemed to have a parallel with migration to rural areas by those working in the creative and digital industries (Huggins and Clifton, 2011) similarly creating vibrant creative rural economies.

The research topic focuses on the knowledge economy as a key sector in rural areas that offers significant potential to address the two main areas of concern for ONE; productivity and GVA. The knowledge economy is attractive in terms of rural development as it has minimal physical impact on rural areas and holds out the possibility of attracting high skill and high wage jobs to rural areas (Mahroum, 2007).

This introduction will firstly provide a context to the research and proceed to outline the key areas of academic literature which are considered and which provide the foundation

for the analysis of the empirical data in the second part of the thesis. The introduction will also briefly outline the methodology used in the collection and analysis of the data and which is discussed in more detail in chapter 5.

Rural areas in England have undergone significant changes in recent decades. Indeed it could be argued that rural areas have been in a state of flux ever since the industrial revolution began to draw people away from rural areas into the rapidly expanding cities. A key element of the changes to the rural economy has been the decline in traditional rural industries, such as farming and forestry (Woods, 2005). A number of factors have brought about these changes. Increased mechanisation has reduced employment levels in primary production. On top of this, the globalised nature of the markets for agricultural and forestry products, which have been transformed from products to commodities, has squeezed farm incomes as control over the price for produce and power over the markets has passed down the supply chain (Cloke & Goodwin, 1992). As employment and income has fallen within traditional rural industries it has, to some extent, been balanced by a growth in other sectors such as manufacturing and the service sector. Although agriculture still accounts for a significant proportion of the employment in rural areas (CRC, 2010), recent surveys by the Commission for Rural Communities (CRC) (2007, 2008 & 2010 for example) highlight the fact that, in terms of employment and output, the rural economy now mirrors the national picture with 'property and business services' and 'manufacturing' being the largest employers in rural areas.

It should be remembered however that farming and forestry still dominates the physical environment, for example figures from DEFRA (2005) highlight that 81% of the land in England is occupied by either farming or forestry. Farming therefore still retains a significant influence over the landscape of rural areas. Indeed one thing that has arguably not changed is the association of farming with the countryside (Lowe 2006). This association has also influenced the governance of rural areas with rural economies being seen as being agricultural economies and managed as such. Until relatively recently the contribution made to rural economic health by the wider rural economy (rural manufacturing, construction and to a lesser extent tourism) was not always recognised. It took a major shock to the system, the Foot & Mouth Disease (F&MD) outbreak in 2001, to reveal the true extent of the changes to rural economies. The policy response in the aftermath of F&MD arguably brought about changes in the governance of rural economies that are still being felt today (Phillipson et al., 2002). The closure of

the countryside to visitors and the restrictions on movement imposed as part of the measure to control the spread of Foot and Mouth Disease (F&MD) hit the other rural sectors very hard and in some cases the financial impact on the non-farming economy was greater than the financial impact on the agricultural sector (Phillipson et al., 2002).

The primacy of agriculture in the rural economy has been further undermined by the growing awareness of environmental issues linked to climate change and the role that management of the countryside plays in producing ecosystem services. For example carbon sequestration and water management have become important outputs for agriculture (Watson & Albon, 2011). The changing use for the countryside has led some to argue that it has shifted from an area of production to an area of consumption and that it is also more open to extra-local social and economic forces (Marsden, 1999).

Certainly the rural economy is now more diverse and complex than before and more connected to global networks of production and consumption.

Chapter 2 further investigates how the nature of rural areas has changed and how this affects how we understand them.

## **1.2 A new rural knowledge economy?**

Although rural economies have rebalanced themselves away from traditional rural industries this has not necessarily protected them from wider economic forces. It is not just traditional rural industries which have been squeezed by the growing globalisation of the economy, rurally based industries such as manufacturing and services have also been affected (Lowe & Ward, 2009).

There have been various efforts aimed at stemming the seemingly inexorable decline of rural economies, particularly through the development of policy programmes to support employment and skills, and steps, such as the development of Pillar II within the Common Agricultural Policy (CAP) (Hubbard & Gorton, 2011), to prevent rural areas becoming heritage areas or dormitories for an urban workforce (Woods, 2005). Initially efforts to revitalise the rural economy were focused on farm diversification and/or tourism based activities. The rationale for these initiatives was to retain some of the value added production within rural areas and thus improve farm incomes and in turn wider rural incomes.

More recently, following various national and European policy initiatives (DCMS & BIS, 2008 and EC 2000) which proposed a move to a knowledge intensive economy,

interest has turned to encouraging in-migration to rural areas by entrepreneurs in the knowledge economy (Huggins & Clifton, 2011 & Stockdale, 2006). Previous studies of in-migrant entrepreneurs have shown them to be both more innovative and growth orientated (Westhead, 1995; North & Smallbone, 1999) and likely to create more jobs than indigenous firms (Stockdale, 2006). There has also been a shift in focus away from sectoral policies which targeted objective and quantifiable outcomes such as better productivity or higher employment levels, to more holistic area based programmes with less quantifiable outcomes (Cowie, 2012). These holistic area based policies tend to have more subjective outcomes such as to build governance capacity or create a more enterprising or knowledge intensive economy.

The shift in the economic make-up of rural economies has not been entirely down to the decline in traditional industry. It is also as a result of the migration of businesses away from the urban core and into rural areas (Keeble & Tyler, 1995). This is particularly the case where rural areas are located just outside urban areas with good connections back to the urban core.

Whilst in its overall composition the rural economy may mirror the national economy there are however, a number of ways in which it does differ: the average weekly wage is lower in rural districts than urban ones (CRC, 2007); the rural economy is also predominately made up of very small firms, a significant number often only providing employment for the owner/manager (Atterton & Affleck, 2010); finally there is also a lack of availability of highly skilled jobs in rural areas, particularly in the knowledge economy (Mahroum, 2007).

In response to all of the challenges outlined above, innovation and knowledge based industries are now seen as the way forward for rural economies (Mahroum, 2007) as well as for the wider national economy (BIS, 2011). Innovation and knowledge based economies are seen as best able to relieve the pressure placed on developed economies by the move to global commodity markets. They are also viewed as the best response to the loss of high volume, low value manufacturing to the global east. For rural economies there is an additional benefit, knowledge intensive industries tend to have a minimal impact in terms of physical development and infrastructure. However, on the other hand what infrastructure they do need, for example office space and ICT connectivity, is not always readily available in rural areas (Taylor, 2008 & Talbot & Gillespie, 2007)

The shift of focus towards a high skilled, high value economy has been coupled with a call for a change in the way the economy operates, from a linear model of innovation to a networked and dispersed model of innovation and development. Castells (1996) was one of the main proponents of a networked economy seeing it as part of the natural evolution of an economy. Castells and a number of others (Leadbeater, 2000, Murdoch, 2000) argued the economy needed to be based around a networks of small innovative businesses collaborating and competing to develop novel and technologically advanced products and services.

This is in contrast to the pre-existing 'Fordist' model of large multi-national businesses operating their own internal research and development projects (see Cloke & Goodwin, 1992 in a rural context). The reason for this interest in networks as a model for development of a knowledge economy is because of an understanding of the distinction between codified and tacit knowledge and the relationship between the two forms of knowledge. Codified knowledge includes technical and scientific knowledge, knowledge which is capable of being distributed easily between individuals and businesses without the need for physical proximity (Boschma, 2005). This form of knowledge also often benefits from protection via legal intellectual property rights such as patents, copyright and trademarks. In contrast, tacit knowledge is often described as the know-how form of knowledge. In contrast with codified knowledge, tacit knowledge requires interaction between individuals to propagate. Tacit and codified knowledge are inextricably linked in that tacit knowledge is often used in conjunction with codified knowledge to produce goods and services, particularly within the knowledge economy. This link between tacit and codified knowledge, and the requirement for networks of interaction to fully exploit both forms of knowledge, is the basis on which much development theory is based, be it regional, national or rural development theory.

Innovation and the term innovative has developed a number of meanings within the academic literature. In this thesis the definition provided by the OECD will be used:

An innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations.  
(OECD, 2005)

Following on from this definition, an innovative firm is one which engages in innovation as defined by the OECD.

Notwithstanding the extensive body of literature that supports the need to switch to a more knowledge intensive economy, the past few years has seen a growing critique of the knowledge economy model for development. Bruckmeier & Tovey (2008) highlight the fact that a shift to a knowledge economy does not always bring about universal benefits to all sections of the economy. Policy discourses around the knowledge economy tend to assume the most important form of knowledge is scientific and technological knowledge (Brinkley, 2006). This privilege of a certain type of knowledge may disadvantage rural areas which do not contain many businesses operating in these areas.

Further, there is also some doubt as to the ability of information and communication technology (ICT) to level the playing field in terms of disseminating codified knowledge. Writers such as Leadbeater (2000) argue the easy access to massive amounts of information via the World Wide Web will allow even small businesses and individuals to compete and innovate in international markets. There is also empirical evidence that firms developing innovations protected by intellectual property rights are more inclined to cooperate in the commercialisation of that innovation rather than compete in existing markets (Gans et al. 2002). Sokol (2004) argues however, that far from reducing inequality within the economy, the commoditisation of intellectual property rights has led to even greater imbalances in power relationships between those able to control and exploit property rights and those without any relevant skills and ability to gain control over intellectual property rights.

Sokol (2004) argues further that an attempt to move to a knowledge economy has removed a section of workers around the middle of the work force, i.e. blue collar workers. There is a growing demand for highly educated and highly skilled at the top of the scale as well as for low skilled, uneducated workers in service industry and agriculture for example, but that traditional skilled manual work is disappearing from a number of western economies.

Literature seeking to understand how a shift to a knowledge based economy will impact on the ways of doing business has also focused on the flow of knowledge. Theories such as 'open innovation' (Chesbrough, 2003) highlight how collaboration in the exploitation of technological innovation is now as important, if not more so, than old

‘closed innovation’ models where research and development (R&D) was retained in-house. This acknowledgment of new ways of conducting research and innovation has brought into focus the role of networks (Castells, 1996) and has resulted in a number of economic development theories based around facilitating the flow of knowledge between firms themselves and between firms and institutions such as the state and universities (Cooke, 2002).

Chapter 3 will take on these arguments and outline how changes to the national and rural economy are affecting the dominant development narratives affecting rural development.

### **1.3 A new rural society?**

In parallel to the changes occurring within the rural economy, the nature of rural communities and society has been changing (Woods, 2005). These changes have been both demographic and societal in nature. In terms of the demographic changes, these have varied over time. Initially the loss of employment opportunities in traditional rural industries resulted in a migration out of rural areas and a fear that rural areas would become depopulated (Newby, 1985). More recently this trend of rural out-migration has been reversed in a number of developed countries (Berry, 1976) including England (Champion, 1998a). Rural areas have been gaining population at a greater rate than urban ones (Champion, 1998b) and this has been the dominant trend for the last three decades. Within the academic literature a number of terms have been given to the phenomenon, counterurbanisation (Berry, 1976) or pro-rural migration (Halfacree and Rivera, 2012) and there is still discussion about the true nature of the demographic changes (Mitchell, 2004).

The nature of the demographic changes affecting rural areas and the debate around the nature of these population changes and the terminology adopted to describe the counterurbanisation phenomena, and the role rural migration plays, is outlined in more detail in chapter 5. In brief however, there is a distinct demographic pattern to rural migration. The population gains have been as a result of migration to rural areas of families with young children and those at or nearing retirement. The complete picture however is one where at the same time there is still a significant pattern of rural to urban migration. For younger members of rural society there is still a need to seek employment and education opportunities within an urban environment. This migration to achieve educational or occupational advancement gives rise to the categorisation of



certain areas as escalator regions, particularly regions which are predominantly urban (Findley et al., 2009). These migration flows, coupled with a general increase in life expectancy, has resulted in an aging rural population (Lowe & Speakman, 2006).

In addition to the demographic changes in the overall population, there has also been a change in the socio-economic make up of rural areas. Increasing in-migration has arguably altered the social balance within rural communities. Rural migrants have tended to be middle class with higher levels of educational attainment (Champion, 1998a). This has been characterised by some as rural gentrification (Cloke et al., 1998). It has resulted in a number of tensions arising between existing populations and in-migrants, for example over the development of housing (Sturzaker & Shucksmith, 2011 and Smith, 2011) and control of local political institutions (Spencer, 1997). This increase in conflict is a little ironic given that the popular perception of rural areas, and one of the main motivations for rural migration, is that there is a greater sense of community within rural areas (Halfacree, 1999).

Throughout this thesis the term in-migrant will be used and is defined as being someone who has moved their permanent residence more than 30 miles and relocated to a rural area. As this thesis is concerned predominantly with the subjective experience of the individual in-migrant, these seem to be appropriate.

#### **1.4 Exogenous, endogenous, and neo-endogenous rural development**

Lowe et al. (1993) have argued that there have been three phases of rural development policy. In the immediate post war period, rural development policy was essentially agricultural policy. It was productivist in its objectives. The dominant rural development policy was also top down and sectoral in nature. The problems with this type of policy become apparent with the European commodity surpluses of the 1980s and the perceived failure of the Common Agricultural Policy (CAP). Reforms to the CAP as a result of these pressures sought to foster a more bottom-up approach to rural development. The growing awareness of the diversity of rural areas (Murdoch et al., 2003) and the need to diversify the economy away from a reliance on farming and primary production suggested that rural development should be fostered by local activity which encompassed both economic and social development which could then be tailored to the needs of a particular area.

As this endogenous development model progressed it became clear there were some deficiencies inherent within it. One barrier to truly endogenous development was a lack

of institutional capacity at a local level (Ward & McNicholas, 1998). There were also questions as to whether local development would be sufficient to overcome the power imbalances posed by the revised economic world. These concerns lead rural development academics and policy makers to advocate a third way, neo-endogenous growth (Lowe et al., 1995). This was a development model which sought to mobilise local resources, including the social and cultural attributes of place, in combination with extra-local resources and networks (Ray, 2000).

Rural development policy and its change over the years to a more balanced neo-endogenous model is a key factor in the thinking behind this research project. The rationale for the research was the idea that migrant entrepreneurs could be a key neo-endogenous actor in rural economies bringing as they do many extra-local connections and resources. This relationship between migrant entrepreneurs and rural development is considered in the next section and in more detail in Chapter 3.

### **1.5 The role of in-migrants in rural development**

In contrast to the academic studies concentrating on the negative aspects of rural migration, a number of studies have focused on the benefits that in-migrants bring to the rural economy (Stockdale et al., 2000). The main perceived benefits of rural migrants are the skills and financial capital they bring with them. Many rural migrants also start new businesses or take over existing ones and again they are seen to act as key animators of rural economic development (Stockdale, 2006). This role as animators of rural economic development, is further evidenced by the fact that rural migrants, who are also business owners, have been shown to be better educated and more innovative than local business owners (Bosworth, 2010).

Many in-migrants move to rural areas seeking a better work/life balance and to engage with and be part of a rural community (Halfacree, 2004). Following their integration into rural areas, in-migrants may then develop businesses in new knowledge economy sectors and thus enhance rural economic development (Kalantaridis & Bika, 2004). The extent to which migrants are able to integrate their social and business lives as they move to a rural area is termed embeddedness (Granovetter, 1985).

The integration of an in-migrants social and business life takes into account relationships and networks with their local community and relationships and networks with the wider world. One of the key attributes the in-migrant entrepreneur is perceived to possess is their extra-local connections. Interestingly research has shown rural

migrants are also able to maintain a wider and weaker set of business connections linking with both local networks and wider business networks (Atterton, 2007). This extra-local embeddedness is particularly important when considering neo-endogenous development models where local capacity and culture is connected with extra-local support and resources to allow local communities to retain control over the nature of the development whilst at the same time capturing the resources located outside that area. With their higher levels of human and social capital, rural migrants are seen as being key actors in such neo-endogenous development policy programmes. Rural development policy has therefore begun to focus on the possibility of attracting more of these entrepreneurial in-migrants into rural areas (North & Smallbone, 2004).

To date there has been little research into the relationship between the role in-migrants play in rural economic development and the role they play within the development of rural society. There is also limited research considering to what extent the two overlap. There is a need therefore to understand how rural migrants negotiate the process of establishing themselves as members of a rural community and as part of a rural, and indeed wider, business community and how the two processes affect each other. An understanding of how rural migrants are influenced by their life history and by the nature of the business activity they are engaged in, in this case as an entrepreneur in the knowledge economy, is also currently absent from the academic literature.

## **1.6 Migration as a continuing ‘event’**

In many studies of urban-rural migration within human geography, the process of migration is often examined from a highly scientific epistemology. Studies such as Champion (1998) take a quantitative approach to the study of rural migration and whilst they will consider the motivations for the migration, it is at a single point in time. In-migration is therefore taken as a single standalone event. Studies which consider more qualitative data in relation to migration tend to focus on the motivations and decision making processes associated with the move. The motivations for the move are often couched in neo-classical economic terms, with the migrant being characterised as a rational welfare maximising individual carefully weighing up the pros and cons of the move. In contrast writers such as McHugh (2000) have argued migration is rooted in an individual's past experiences and in the culture within which those past experiences are formed. McHugh (2000) argues that to understand the nature of migration it must be considered as part of a much longer life history and be placed in a much wider geographical space than just the location chosen for the relocation.

If one accepts McHugh's arguments it is arguably necessary to consider the path an individual, and indeed their wider family, took that ultimately lead them to take the decision to move their permanent place of residence. Halfacree & Rivera (2012) take this one step further and argue that in the context of urban-rural migration, the circumstances in which a migrant find themselves after the migration can also shed light on the process of migration. In a rural context Halfacree & Rivera (2012) argue much academic effort has been expended highlighting the role the discourse of a rural idyll plays on migrants perceptions of a rural life. A key question must surely be therefore, following the move how do migrants adjust to the realities of rural life? In this study, the idea of the rural idyll certainly appears to be of some importance to the migrants as Halfacree and Rivera suggest. In this study there are often twin aims sought by the in-migrant and their family following the move to a rural area; the first aim is to adopt a lifestyle which is as close as possible to the individual's understanding of what life in a rural idyll entails; and second the aim is to be your own boss and taking back control of your working life.

### **1.7 The double life of in-migrant entrepreneurs**

Within the literature there has been a divide between academic studies into the demographic (e.g. Champion, 2005) and social changes (e.g. Cloke et al., 1998 or Halliday & Coombe, 1995) affecting rural areas and studies looking at the changes to the rural economy (e.g. Murdoch et al., 2003). In some ways the study of rural migrant entrepreneurs provide the link between these two approaches. The study of rural migrant entrepreneurs offers a unique opportunity to investigate how these two elements, the social and economic impacts of migration, interact. As well as establishing a position for themselves and their family within the social community they must establish themselves within the business community. There are therefore, two forms of social networks to be considered. The first are the private social networks that a migrant will participate in as part of their everyday lives in the rural community, networks around their children's school or local civic institutions for example. In exploring these networks, this thesis seeks to build on the growing literature around the 'cultural turn' in rural studies (Cloke, 1997). In addition there are the social networks the migrant will engage in as part of the everyday activities of developing a new business, joining the local chamber of commerce or attending a business networking event for example. The study of these networks builds on both the theory of embeddedness as outlined by Granovetter (1985) and development theories such as the

associational economy (Cooke & Morgan, 1998) which highlight the role social networking in a business context has in relation to economic development.

This thesis has as its specific focus the networks, both private social networks and business social networks, in-migrant entrepreneurs engage in. The question of an individual's embeddedness, the extent to which an individual's economic life is embedded within their social life, is therefore key. This question: to what extent is the business and economic world embedded within the social world? (Granovetter, 1985 & Polyani, 1941) is considered in more detail later in this thesis.

Most previous academic research has focused on either the in-migrants' experience of starting and/or running a business (for example Kalantaridis & Bika, 2006 and Bosworth, 2008) or it has focused on the social impact of migration both on the migrants themselves (for example Halfacree & Rivera, 2012 and Burnett, 1998) or on the community they migrate to (Fielding, 1992). This thesis takes a more biographical approach to the study of in-migrants' experiences within their adopted rural community (McHugh, 2000). It seeks to investigate both the process of integration within a rural community and the process of starting a new business within that community as connected and on-going events. By seeking to understand how an individual places these processes in the context of their wider life, this thesis seeks to understand to what extent the two are connected and support each other or if they are not connected, why not?

## **1.8 The aims of the research**

This study and thesis seeks to answer the research question: Can migrant entrepreneurs stimulate knowledge economy networks in rural north east England? To do this the thesis will undertake a detailed examination of the lives of in-migrant entrepreneurs. This will provide the basis for an understanding of how rural migrant entrepreneurs engage in the various networks, both private social and business social networks they encounter during their lives and the extent to which these two networks overlap. Building on this initial understanding of the relationship between the two networks, it will be possible to investigate how these networks can be used to promote rural development. Finally, given the nature of the sponsor for this research, a greater understanding of the role of institutions in the various networks is needed. This will enable future rural development policy to be better able to take account of the effects of

and opportunities provided by migration and enterprise in rural areas. The three main research aims are therefore:

1. To identify the extent to which in-migrant business networks and local business networks overlap and interact;
2. To investigate how an in-migrant's life history, both social and business, affects their ability to engage with the various networks involved in everyday life;
3. To investigate the relationship between extra-local business networks, such as those centred around finance and entrepreneurship, and local business networks.

## **1.9 The methodology**

The nature of the research, seeking a rich understanding of an in-migrant's lived experience both as a member of the rural community and as an entrepreneur, resulted in a decision to adopt an ethnographic method of data collection. The location for the study areas was determined by the industry partner for this research ONE. One of the anticipated outcomes for this research was to assist ONE with rural policy development in the North East. The two study areas were therefore chosen in the North East of England. A sample of businesses operating within the knowledge economy sector was compiled from publicly available business data bases. From this sample 22 business owners were interviewed using a biographical interview technique. The remaining interviewees were then selected using a snowball sampling technique. New interview subjects were selected based on information provided in the first round of interviews and as a result of connections made during participant observation activity within the study areas. The resulting interviews were transcribed in full into the NVivo qualitative data software programme. The data was coded and re-coded until as many of the key themes had been identified as possible.

The analysis and coding of the data was carried out using Pierre Bourdieu's (1977) theory of practice as a conceptual framework. The theory of practice sets out to go beyond the normal subjective/objective dialectic often found within the analysis of sociological data. In this study there is a blur between the in-migrant's subjective view of the relationship that they have both with the social and business community and with the objective structures and institutions they encounter within those communities. Using the theory of practice allows the analysis and discussion of the findings to move seamlessly between the subjective and objective realms of the in-migrant's world.

The rationale for the use of ethnographic methods and the use of coding and themes in the analysis of the data is outlined in more detail in Chapter 4 and a more detailed outline of Bourdieu's *Theory of Practice* is provided in Chapter 2.

### **1.10 The structure of the thesis**

The thesis is divided into three parts. The first part, including this introduction, outlines the current literature relevant to the thesis and outlines the methodology used in the analysis of the primary data. The second part of the thesis presents the results of the fieldwork and the analysis of ethnographic data collected during the fieldwork. Finally the thesis presents a discussion of the finding and the conclusions flowing from the analysis outlined in part two and the discussion.

In the first part, Chapter 2 outlines Bourdieu's theory of practice and the literature stemming from the initial outline of the *theory of practice* (1977) and its subsequent development over Bourdieu's academic career. The chapter will also review some of the main critiques of the theory and how they may influence its use within this thesis. It goes on to place the theory within a rural context and in particular within ever changing social and economic worlds. Chapter 3 goes on to review the literature relating to rural development and the position of the knowledge economy within that rural development literature. Chapter 4 examines the phenomenon of counterurbanisation and the affects this is having on the social structures in rural areas. The last chapter within the first part, Chapter 5, sets out the methodology used to collect and analyse the data.

The second part of the thesis contains the analysis of the data. Chapters 6 and 7 tackle the question of embeddedness in its various guises and what insights can be gained by the study of in-migrant entrepreneurs. Chapter 6 starts with consideration of spatial embeddedness and its relationship to the knowledge economy. It then continues with an analysis of the interviewees everyday experience of becoming spatially embedded in a rural community and economy. By contrast Chapter 7 takes a more sociological approach to the question of embeddedness. Chapter 7 then looks at the extra-local networks migrants engage in, seeking to test rural development theories based around network connectivity and rural migration. The final chapter in this section, Chapter 8, deals with the role of formal institutions and networks. Here again the social and economic institutions are considered in light of migrants' opportunities to engage in networks controlled or influenced by institutions. It will also consider the role institutions play in bridging private social and business social rural networks.

The last section of the thesis seeks to draw out the key issues and arguments from the analysis of the data. Chapter 9, the discussion chapter, will seek to demonstrate how the current research builds on existing research and understanding to develop a new understanding of the nature of rural embeddedness and the role that rural migrant entrepreneurs play in rural development. The last chapter of this section, and indeed the thesis, draws together the conclusions of the thesis and sets out both suggestions for further research in this and related areas and the implications that the findings have for rural development policy.



## **Chapter 2- What is rural? Bourdieu and the rural way of life**

### **2.1 Introduction**

This chapter sets out to examine the literature around the nature of rurality, individuals' perceptions of rurality and how these perceptions influence their life choices. In particular it looks at literature which can shed light on in-migrant entrepreneurs' decisions to move to a rural area, start a business and integrate within that rural community. In seeking to investigate these concepts, Bourdieu's 'theory of practice' (1977) will be used as a theoretical framework. This chapter will therefore also review the literature pertaining to the theory of practice, both that written by Bourdieu himself and by other academics using or critiquing the theory. It additionally explores some of the current rural development literature which seeks to apply the theory of practice in the rural academic field.

As discussed in more detail in Chapter 5, in seeking to investigate the nature of the in-migrants experience within a new social and business community a biographical approach is being taken. The field work interviews seek detailed and rich descriptions of the lived experiences of in-migrants. These subjective accounts, provided by the interviewees, of the networks and power relationships experienced by the in-migrant need to be fitted together to gain an understanding of the wider objective structures of which they both form a part and over time construct. Bourdieu's theory of practice offers the methodological tools to unpick the narratives of in-migrants' lives to understand their subjective understanding of a rural way of life set amidst the objective structures and institutions of that rural life. This is the great advantage of Bourdieu's theory of practice in that it has as its aim the deconstruction of the boundary between subjective and objective understandings of the world (Bourdieu & Wacquant, 1992).

Firstly this chapter sets out to investigate the nature of rurality and why an understanding of this term, both from an academic and a practical point of view, is important. There has been much debate about what is rural and its relevance to rural sociological studies and indeed some calls for the term to become redundant (Hoggart, 1990). This chapter argues the term still has relevance in rural sociological studies and shows why it is necessary in the study of migration. The various academic ways of considering the nature of rurality are investigated before the chapter goes on to introduce the key elements of the theory of practice. Bourdieu's theory of practice is particularly useful in the analysis of how individuals experience rurality. This everyday

experience of a rural way of life is the key to understanding how in-migrants negotiate the challenges of establishing themselves in a rural community and establishing their new business in the local economy. Finally the chapter uses the theory of practice to set out an analytical framework for the analysis of the changes occurring to rural areas which is then adopted in the second section of the thesis.

## **2.2 The nature of rurality**

Any thesis which seeks to have as its subject rural or rurality must answer the question: What is rural? Broadly speaking there are two approaches that can be taken. The first is to rely on a functional definition of what is rural. An area is rural because it contains agriculture or undeveloped land or else it has a population density which is below some arbitrary level. This functional approach can lead to rural being taken as being the opposite of urban and therefore a referential category, i.e. always defined as being different to something else.

Alternatively a second method takes a more subjective approach and seeks to understand what it means to live a 'rural life'. Here it is the discourses, both from individuals and from society as a whole, that inform whether a place can be considered rural or not.

This thesis has a foot in both the functional and subjective approaches to defining rural. The case study areas have been chosen because of their location within functionally defined rural areas in the North East of England. As will be discussed in more detail in chapter 3, in the UK areas are categorised as either urban or rural depending on their population density and settlement form (DEFRA, 2009). However the methodology used to collect the data allowed interviewees to also consider their own interpretation of whether they lived a rural way of life.

A number of times academics have argued about the futility of searching for differences between rural and urban (Hoggart, 1990, Cloke & Goodwin, 1992). However the nature of this research project requires a consideration of what is rural. The research is focused on the role of in-migrants to rural areas and their experiences when starting and running a business. It to some extent assumes there will be a discontinuity between the experience of the in-migrant and the experience of the 'locals'. In-migrants, on the whole, will be moving from an urban area to a rural one. The difference is not just in the fact that migrants have moved. It is in the way they relate to rural areas by comparison to 'locals' and the way they live their lives in these two areas.

### 2.3 Differentiating Rural

As outlined above, it is possible to define rural in two ways, what Bell (2007) terms the first and second rural. The definition of the first rural is based on statistical analysis, often on population density and settlement patterns. The observation of changes in the patterns of population density and, to a lesser extent, settlement patterns, has resulted in academic interest in in-migrants and their impact on rural areas. This method of differentiating between urban and rural areas is considered in more detail in chapter 5 when the impact of population shifts on rural areas is considered. The second method of defining rural is based on the lived experiences not only of those living in rural areas but also others living outside rural. This second type of rural is the subjective understanding of what it is to live a rural way of life. It is within this second differentiation of the rural that the majority of this thesis sits.

Bell (2007) argues this difference, between what he terms the first and second rural, is due to epistemological differences between the two academic camps. The first rural adopts a positivist approach to definitions of what is rural and seeks to understand the difference through observations and measurements of the quantitative differences between urban and rural areas. Bell goes on to argue this approach tends to relegate rural areas to a residuary class, particularly in the US. Urban areas and their hinterland are given specific definitions and rural is thereafter defined as what is not urban.

This is not necessarily the case in the UK definitions of what is and is not rural, but there is still a tendency to view rural as residual areas. This spatial differentiation can also give rise to a policy and developmental differentiation. There is arguably an understanding of rural areas of being backward and lacking the means to deliver growth and innovation (for example Mahroum, 2007). The foundation for this assumption is to be found in the discourses underpinning development models, in particular the discourse around the 'knowledge economy'. Much of this discourse has its origins in the development of cluster theory (Porter, 1998) and regional specialisation (Cooke & Morgan, 1998) which highlight the benefits of having a critical mass of firms and business people in a given location, often in the same or complementary industries. The problem for rural areas is that they may not have a critical mass of firms or business people. By defining rural areas as being those with low population densities and dispersed settlement patterns it becomes difficult to translate development policy based on concentrations of populations, particularly concentrations of firms and other business institutions, to rural areas. This apparent dichotomy between the spatial definitions of

what is rural and the focus on rural development policy based on the knowledge economy is discussed in more detail in chapter 3.

Bell's second rural is a "rural of associations" (2007: 409). It is the discourse of what it means to be rural, closeness to nature, a sense of community or stability but also Bell argues it is the "rural we fear and reject" (Bell, 2007: 409). In England this is perhaps best summed up partly through the term, rural idyll (Halfacree, 2004) but also through the concept of 'rural others', (Milbourne, 1997). Rural others (the unemployed, the poor etc.) are those whose lives do not conform to the imagined rural idyll and are often overlooked in the understanding of the second rural. The power relationships that in reality exist within rural society, are often overlooked by quantitative studies of urban/rural differences. The second rural seeks to understand what is rural through the various interpretations and narratives seeking to define an area. These are often competing and conflicting narratives, as with the rural idyll and rural others, one a dominant discourse the other hidden or subordinated. The second rural therefore focuses on the power relationships that operate within rural areas.

This second rural is also arguably the arena, or field, within which the forces of globalisation interact with the networks and actions of localities. Globalisation is often cited (Symes & Jansen, 1994) as one of the key drivers for change in rural areas often in an overpowering and destructive fashion. Woods (2007) however, argues the impact of globalisation on rural areas is "revealed not as domination or subordination but as negotiation, manipulation and hybridization conducted but not contained by local micro-politics." (2007: 487) Woods goes on to argue for a 'global countryside' akin to but not the same as the 'global city' as, he argues, globalization has often been considered an urban phenomena as "only the urban form, with its agglomeration of labour, production, consumption, communications and capital.....provided the necessary conditions for the reproduction of globalisation." (2007: 491) Woods uses actor/network theory as the basis of his analysis of how globalisation acts on the power relationships of certain rural areas and brings about even greater heterogeneity between various rural places.

An alternative view of the relationship between rural space and place is outlined by Halfacree (1993). Rather than thinking about two forms of rural, Halfacree suggests rural space can be thought of as three, interrelated elements. These are; firstly 'spatial practices' (1993: 50), the everyday and routine activities, the norms and rules of rural areas; secondly there are 'representations of space' (1993: 50), these are the formal

narratives of the rural space as set out by the dominant actors within the space; finally there are the ‘spaces of representation’ (1993: 51), these are the narratives used by those living within the space and ‘refer to vernacular space symbolically appropriated by its users. (1993: 51). Figure 2.1 gives a graphical representation of these spaces and how they combine to construct a rural space.

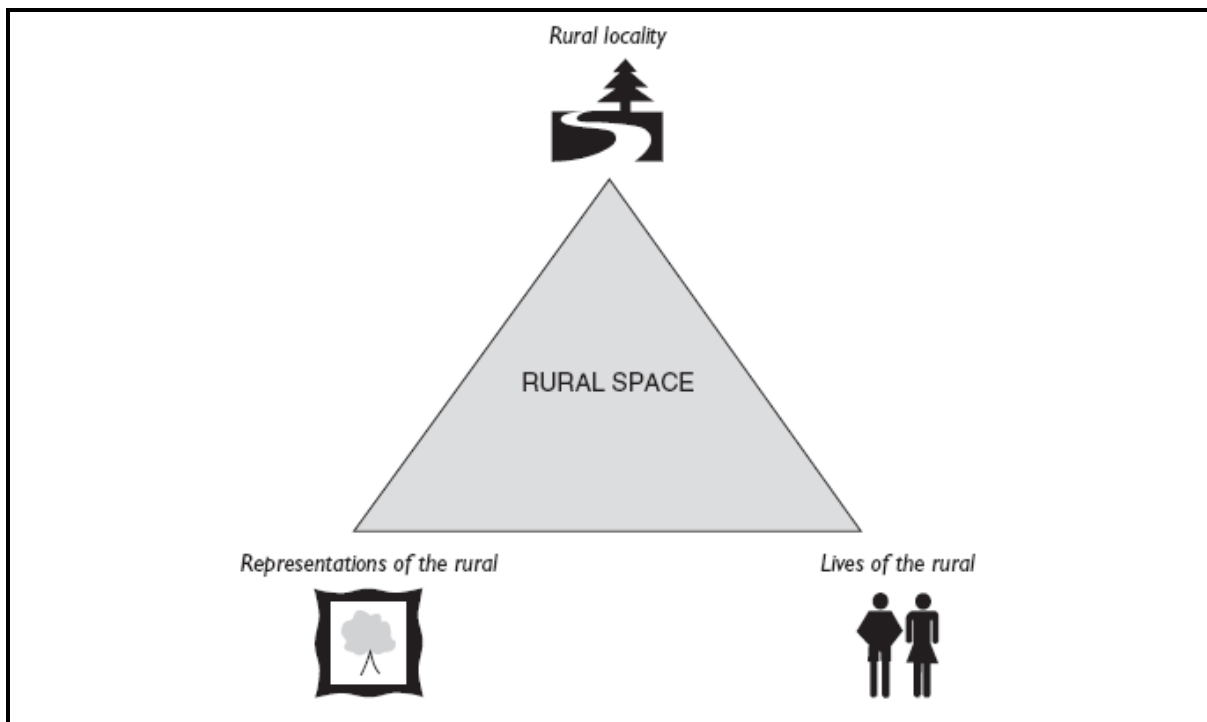


Figure 2.1 – Three-fold model of rural space (Source: Halfacree, 1993)

Using this three-fold model Halfacree argues it is possible to examine how the three aspects of society, the economy, the state and civic society coexist and relate to each other. As an example the move from a productivist countryside to a post-productivist countryside is considered using the model. In the productivist period, the three elements were to a certain degree in harmony. The countryside as a space of agricultural production was dominant in the formal representations of the rural as evidenced by government policy (Lowe, 2006) and planning policy (Cloke & Goodwin, 1992). Productivism was also the dominant narrative in relation to the lived experience for those in rural areas (Newby, 1977). From the late 1970’s onwards this unity began to break down and there was a growing disjunction between the formal narrative and the spaces of representations being constructed within rural areas. This was partly due to the changing social make up of rural areas brought about by counterurbanisation (see chapter 5 for a more detailed discussion of counterurbanisation) but it was also partly due to attacks on the formal representations of rural space from narratives of the rural

founded upon environmentalism and from those seeking to gain access to the countryside for leisure and tourism.

This thesis also represents a further attempt to overturn the dominant formal representation of the rural. It examines to what extent rural spaces are also spaces of knowledge production. This is not necessarily the same as saying rural areas are spaces for the knowledge economy. As will be discussed in Chapter three, the concept of a knowledge economy is perhaps itself a formal representation of economic space which is being challenged and reinterpreted within specific local spaces. In this case the local space being considered is the rural North East of England. The three-fold model of rural space offers a more nuanced understanding of the various forces which combine to delimit what is and what is not 'rural'. It also fits well with Bourdieu's (1977) theory of practice which seeks to avoid taking either a subjective or objective view of social space.

Indeed as Robbins (2006) points out "Bourdieu's interest was particularly in the lifeworld experience that generated the search for intellectual difference and distinction" (2006: 108). As will be outlined below, whilst Bourdieu's theory was developed from a structuralist foundation (Jenkins, 1992) and therefore has an interest in the objective structures shaping society Bourdieu found this approach failed to explain differences between social structures as described and identified by academics and the reality of life for those living within those societies. Jenkins (1992) argues it was Bourdieu's study of the Berber marriage practices that sparked the need to find a way to move beyond strict structural approaches to social studies. Observational research and interviews with key informants painted a clear picture of a rigid set of marriage practices with Berber society. However when Bourdieu collected data from actual marriages and traced family histories through formal records he found the 'traditional' type of marriage was far from being the normal practice. He later found that whilst most subscribed to the traditional form of marriage as a key aspect of Berber society, in reality when it came to individual practice they found ways to mitigate the norms and follow their own path to a certain degree. Bourdieu therefore realised there needed to be a better way to relate social structures as acknowledged by society in general and the practices of individuals as they live their lives and engage with those societal structures. To do this he developed the concepts of habitus, fields and capital. These concepts will be explored in more detail below and developed so that they are suitable to be used as a framework of analysis within this thesis. The three elements of Halfacree's model are the space within which

Bourdieu's concepts of field, habitus and capital take effect. The field, in this instance, is both rurality in general as well as a particular rural locality with elements within that locality taking effect as sub-fields. The various actor's habitus and capital and the form which those take, are what inform representations of the rural and lives of the rural as set out in the three-fold model. The next section will outline the theory of practice and how it will be adopted in the analysis of the empirical data.

## **2.4 Bourdieu's Theory of Practice**

To achieve a greater understanding of the way in which the lived experience of in-migrants has an impact on the rural economy the research data from the two study areas will be analysed using the theoretical framework developed by Pierre Bourdieu, in his book *Outline of a Theory of Practice* (1977) and as developed further over the course of his academic career. The framework provided by theory of practice will allow an analysis of the biographical data which will provide an understanding of how the various representations of the rural, i.e. the rural idyll or rural enterprise culture, are located within the rural locality and indeed wider world. In addition both these aspect of the rural space will be considered in light of the migrants lived experience of being both an in-migrant and an entrepreneur both before, during and following the migration and business start-up.

The framework for the analysis in the following chapters will draw heavily on Bourdieu's connected concepts of field, habitus and capital. Through these concepts Bourdieu was able to develop a theory of practice which proposes a "...*duality* of structure. Thus people (agents), collectively or individually, transform or reproduce their social structures, but they do so within specific social conditions, including those that are internalised as part of their habitus even at the very moment of revolution." (Fowler, 1997: 23 emphasis in original) In developing this theory of practice, Bourdieu was seeking to move beyond his structuralist, objective, roots and encompass elements of subjectivity within his analysis. Through the three key concepts, field, habitus and capital, Bourdieu is able to analyse social structures and the stability within these structures. This theoretical framework and ability to investigate social structures and their persistence over time, is particularly useful in the analysis of the rural economy and the phenomenon of migration to rural areas.

The first of Bourdieu's key concepts is that of the field. Over time, as Bourdieu developed and refined his *Theory of Practice*, the definition of field has acquired 2

distinct and related meanings within the theory. The first description of a field in this context is a space of relationships, akin to a force-field where individuals attract and repel each other. The magnitude of the force field being generated by an individual is determined by their stock of capital, particularly symbolic capital. The field is therefore a space where actors negotiate their relationships with each other subject to the structuring forces generated by the individuals within the field (Bourdieu & Wacquant, 1992).

The second way in which a field can be conceived is as a playing field or stage on which the actors or participants in the game interact and live their lives. The field is bounded and has its own set of rules however “the effects engendered within fields are neither the purely additive sum of anarchical actions, nor the integrated outcome of a concerted plan... It is the *structure* of the game, and not a simple effect of mechanical *aggregation*, which is at the basis of the transcendence, revealed by cases of inversion of intentions, of the objective and collective effect of cumulated actions.” (Bourdieu, 1987: 248, quoted in Bourdieu & Wacquant, 1992). It can be seen from this quotation that Bourdieu seeks to move beyond simple subjective versus objective explanations in the understanding of social structures. A simple objective understanding of why migration to rural areas takes place will fail to grasp the heterogeneous impulses, external impetuses and deliberate decisions which result in the ultimate act of migration or entrepreneurship.

In this situation the rural idyll discourse can be seen to be part of the structuring elements of the rural field. It is a dominant discourse which is maintained by those within the field who seek to maintain their power. For example in relation to housing and other physical development the image of the rural idyll and the unspoilt nature of rural areas is used as a justification for refusing development by those objecting (Abram et al., 1996). This is a justification which may hide other motivations based on protecting entrenched positions.

In conjunction with the concept of field, a key element within Bourdieu’s framework for analysis is the concept of habitus. Bourdieu defines habitus as “the durably installed generative principle of regulated improvisations” which “produces practices which tend to reproduce the regularities imminent in the objective conditions of the production of their generative principle, while adjusting to the demands inscribed as objective potentialities in the situation, as defined by the cognitive and motivating structures making up the habitus.” (Bourdieu, 1977: 78) The habitus is not just the aggregation of



the past experiences and ingrained habits of the individual, it is the future potentialities of that individual as well. Habitus can also be thought of in terms of strategy. In his early work in Algeria, Bourdieu uncovered a mismatch in the dominant discourses within the Kabyle society which seemed, from an anthropological view, to structure activities within that society and the actual everyday practices of individuals. He realised that individuals were cognisant of the social structures but had developed strategies to mitigate the affect and allow a degree of individual autonomy in their life choices. Habitus is at the root of this strategizing. It allows individuals to constantly improvise whilst at the same time being bound by social structures, the improvisation most often being instinctive.

To illustrate these concepts the game of football is often used. It is helpful to see how players on the pitch (the field in Bourdieu's theory) operate within a set space and react to each other and their own experiences of playing the game. But the analogy of a game of football is also useful as it can show how different fields relate to each other. For example the Premier League is a world away from a Saturday morning 'kick around' in the park with jumpers for goal posts. The habitus of those involved in the game of football in the differing contexts mean they will approach the opportunities and changes in certain ways. In the Premiership the field, in the sense that Bourdieu understands it, extends way beyond the football pitch, to the staff associated with the club, the fans and the whole sporting industry. The shared history of the club brings the fans and players together. Rituals and habits are developed within the field that is the football club. A fierce rivalry with a neighbouring club or a former player who left under a cloud who is never forgotten continue to become a given. For my own club, Middlesbrough, one such given is a vehement dislike of Leeds FC for reasons which I have never been able to find out. These become unconsciously carried forward within the shared habitus of those associated with the club. It is these shared experiences and understandings, operating in a given field that cause what Bourdieu calls the "orchestration of habitus" (Bourdieu, 1977: 80). This is part of the structuring of the field as individuals begin to share a common history and understanding of the field. One further point to be made is that Bourdieu makes it clear that habitus is field specific. He uses the following equation to illustrate this: "[habitus] (capital)] + field = practice." (Bourdieu, 1984: 95) Only when habitus and capital are placed within a field do they become practice.

This forming of a shared habitus is also enhanced and fostered by the institutions which inhabit the field. Bourdieu states these institutions "constitute collective thought as

much as they express it” (Bourdieu, 1977: 167). This active assimilation of habitus within a field is termed doxa by Bourdieu (1977). Doxa is the accepted norms and practices which are taken as a given by those operating within a field. These are not passive or benign structures but represent the power relationships within the field.

Bourdieu argues that where there is stability within a field the homogeneity of individual’s habitus and the structuring forces of institutions operate to establish a state which is unchallenged and exists as “a self-evident and natural order which goes without saying and therefore goes unquestioned.” (Bourdieu, 1977: 166) Doxa is the intuitive knowledge individuals’ possess, shaped by their experiences within the field and the misrecognition that the social norms and structures are the natural way of things (Deer, 2008).

One of the ways this power relationship is maintained and structured is through the possession and development of capital. In addition to economic, physical and human capital, Bourdieu (1977) argues there is also symbolic capital. There are some differences in the way symbolic capital can be defined and considered, indeed as Bourdieu and Wacquant (1992) themselves point out: “The notion of symbolic capital is one of the more complex ones developed by Pierre Bourdieu, and his whole work may be read as a hunt for its varied forms and effects.” (1992: 119).

One interpretation of the nature of symbolic capital is that it is a term for those capitals which are perhaps intangible in contrast to tangible capitals such as economic or human capital. However it is more than just a meta-categorical name for the various forms of capital, it is “the form that one or another of these species takes when it is grasped through categories of perception that *recognize* its specific logic or, if you prefer, misrecognize the arbitrariness of its possession and accumulation.” (1992: 119 emphasis in the original)

Symbolic capital can therefore be divided into a number of sub-sets: social capital and cultural capital for example (Moore, 2008) and occurs where an individual possess a privileged forms of capital, whether that privileged position is overt or covert, in respect of the particular field in which they are engaged. In contrast to the capitals of classical economic theory, for example financial assets, whose value is only in their convertibility, these symbolic capitals have intrinsic value. Another aspect of the role of symbolic capital plays in relation to power relationships is that symbolic capital, as with habitus, is field specific. In his work on economic anthropology (Bourdieu, 2005) states,

“(S)ymbolic capital resides in recognition of symbolic resources based on knowledge and recognition, such as ‘goodwill investment’, ‘brand loyalty’ etc.: as a power which functions as a form of credit, it presupposes the trust or belief of those upon whom it bears because they are disposed to grant it credence.” (2005: 195) This highlights the fact that symbolic capital is only symbolic to those who are disposed to consider it as such.

An alternative view of the role of symbolic capital stems from its relationship to language (Bourdieu, 1991). Here Bourdieu relates symbolic capital to the “effects of symbolic domination, which occurs in all linguistic exchanges.” (1991: 72). Within this context symbolic capital is taken to be the symbolic nature of discourse which the individual is engaged in. Bourdieu uses the examples of religious language and the institutions which are embodied in certain forms of linguistic patterns and rituals. This recognition of a certain form of discourse as the dominant form echoes the definition outlined in Bourdieu’s economic theory, the recognition of symbolic resources as the dominant forms of capital required within a particular field.

Bourdieu states a person’s position within the overall social space is determined not only by the volume of capital they possess but also “according to the structure of their capital, that is, the relative weight of the different species of capital, economic and cultural, in the total volume of their assets.” (Bourdieu, 1987: 17) Certain forms of cultural and social capital are most effective in certain fields, however this is a situation which Moore (2008) terms illusionary i.e. the actors within the field do not necessarily consciously acknowledge the power of the symbolic capital. Within Bourdieu’s theory of practice, this means certain forms of symbolic capital and a person’s habitus are only powerful because the structure of the field means that they are assumed to be powerful by those operating within the field. This assumption of what constitutes power is taken for granted by both the dominant classes in society and the dominated, leading to what Bourdieu (1991) terms symbolic violence. This has been termed misrecognition by a number of those commenting on Bourdieu’s work ( Moore, 2007 & Burawoy, 2012). Misrecognition exists where certain forms of capital are symbolic are assumed to convey power to those who possess them and this is the natural order of things. Further this structure is beyond question by the actors within the particular field.

Linked to the concept of doxa, is the concept of hysteresis. Hysteresis occurs when there is change within the field which results in the dominant form of habitus being no longer as relevant in the changed society. There is a dislocation of habitus and field. In

his development of the concept of hysteresis Bourdieu drew on his studies of peasant societies both in Algeria (Bourdieu, 1977) and in France (Bourdieu, 1999). He observed that in these stable social structures external changes may cause an abrupt re-evaluation of the nature of power within that society. The result is that the form of habitus, which previously was best suited and was therefore powerful within society and allowed individual into the dominant positions, may become irrelevant and devoid of any symbolic power. It leads to a marginalisation of those with such habitus (Hardy, 2008). In the case of Algeria it was the changes brought about through colonial occupation and the introduction of a modernising agenda that undermined the Algerian's dominant habitus. In France, it was through the post war boom, migration to urban areas and globalisation both in the production of goods as well as culture. Hysteresis as it is used here, is taken from its scientific meaning and relates to change and with a lag effect whereby certain elements of the system do not adjust to the change in a timely manner or indeed at all.

Applying Bourdieu's *theory of practice*, as outlined above, to this thesis it is possible to identify an overall rural field with several sub-fields, i.e. the social and business field within rural areas. Using Bourdieu's understanding of the relationship between habitus, capital and fields, the analysis of the data collected as part of this study will seek to investigate the nature of an in-migrant's habitus and how this, along with their store of capital, affects their ability to establish a position in each particular field. The study will also seek to explore to what extent the capital possessed by in-migrants equates to the dominant forms of capital, including symbolic capital, within each field. The changes affecting rural society and the individual's making up the study group will also be examined using Bourdieu's concept of hysteresis. That is to what extent do the changes affecting the rural economy and society as a result of rural migration and the drive towards a knowledge economy, result in previously dominant forms of habitus becoming redundant.

## **2.5 Criticism of and the limitations to Bourdieu's *Theory of Practice***

Many academics acknowledge that Bourdieu's *theory of practice* stems from an interest in class, class inequality and how certain classes achieve a dominant position in society. Bourdieu's early theory is founded in a Marxist view of class and class relationships (Sayer, 2011 & Fowler, 2007). This is also the source of one of the main criticisms of Bourdieu's theories; that is has not moved far enough away from its Marxist origins and has failed to adapt to world in which class no longer plays such an important role in

structuring society (Goldthorpe, 2007 & Jenkins, 1992). A number of criticisms are also founded on an interpretation of Bourdieu's *theory of practice*, which places substantial emphasis on the role of education and educational institutions, schools and universities, in the development of habitus and symbolic capital (Goldthorpe, 2007 & Fowler, 2007). This criticism seems also to ascribe a more structuralist approach to Bourdieu's theory and assuming habitus once formed in early life is subsequently fixed and constant thereafter.

In Goldthorpe's (2007) case he takes issue with the role childhood development and in particular education, plays in the development of cultural capital and habitus and thereafter the ability of an individual's habitus to alter or adapt in later life. He argues that there are two understandings of Bourdieu's theory of cultural capital "which can be labelled as Bourdieu 'domesticated' and Bourdieu 'wild'".(2007: 11). "Bourdieu domesticated" is an understanding of cultural capital that is the amalgamation of the concepts of 'status' and 'skill' (2007:13). Goldthorpe argues "Bourdieu wild" is a much more radical and powerful, albeit flawed, concept of the role of cultural capital in social reproduction. Again building his critique on a foundation based on the sociology of education, he points out "Bourdieu Wild" claims "all pedagogy amounts to symbolic violence" (2007:13). Goldthorpe uses his own empirical research to add weight to his criticism. He points out that the studies of student performance and its relationship to cultural capital, mainly using parental educational attainment as a proxy measure, show a pattern of achievement by children unrelated to their parents educational attainment. This he argues sheds doubt on the 'Bourdieu Wild' interpretation of the *theory of practice*. Thus, he argues, Bourdieu's *theory of practice* offers little new to further sociological research. This is a little simplistic as there is no indication that Bourdieu's theories as to the formation of habitus and the acquisition of capital only related to the early educational development of individuals or indeed to their formative years in general.

This criticism is mirrored by Jenkins' (1992) argument that there are internal inconsistencies in the way that Bourdieu proposes cultural capital and habitus are formed in early life and in such a way that results in the dominated classes misrecognising the arbitrary nature of the dominant forms of cultural capital and the habitus associated with it. Jenkins argues "actors' subjective knowledge and expectations apprehend the objective future attached to their social location, but only up to a point, only in a limited fashion."(1992: 113). This, Jenkins goes on to argue, means

the dominated class must have an unconscious expectation but a conscious misrecognition of the arbitrary nature of the objective expectation. He sees this as a contradiction which weakens Bourdieu's theory.

Both the charges outlined above stem from a critique of Bourdieu's theory founded in the contention that it has failed to move sufficiently beyond its structuralist and class based roots. It equates class with culture and does not allow the individual agency to alter their culture and hence their class. However writers such as Sayer (2011) argue when considered as a whole, i.e. not just from a cultural capital perspective, then use of "the concepts of field and capital allow us to escape from the one-dimensional views of class and to acknowledge several dimensions, corresponding to different forms of capital" (2011: 8). Sayer argues it is the symbolic quality of the work and the distribution of jobs and work which allow the individual to live fulfilling lives which is important to understand rather than the differentiation of society based on the relationship to the means of production. This mirrors the contentions of writers such as Beck (2012) who also argue that "class is too soft a category to capture the cosmopolitan challenge at the beginning of the 21st century" (2012: 7). This is a point also made by Swedberg (2011) in his review of *'The Economic Sociologies of Pierre Bourdieu'*. Using the example of Bourdieu's study of work practices in Algeria, he highlights how the colonial rule changes the objective expectations of the Algerians in relation to what was meant by the term 'work' and 'unemployment' and therefore the established class hierarchy within the Berber society.

It is the aim of this research to show that, whilst the foundation of habitus is instilled in the formative years of an individual's life this is not the end of the matter. Work such as "The Weight of the World" (1999) highlights how habitus is continually being developed and redeveloped within individuals throughout their lives. This work also outlines the on-going competition for capital and the development of new forms of symbolic capital within fields. It is in this context that the *theory of practice* is used as a framework for the analysis of in-migration and enterprise in rural areas. It is the case that notions of enterprise and rurality will be developed throughout an individual's childhood but these will also be developed further during their adulthood. Arguably it is the case that in certain fields, within formal education perhaps, the formative childhood years are of particular importance. For other fields, migration and enterprise as is being considered in this thesis, it is both childhood and adulthood which are the key stages in the development of habitus and capital for an individual.

It is indeed suggested that far from being bound by the cultural capital and habitus acquired through early life, the migrant consciously seek out new fields. These fields are not unknown to them, they will have an understanding of what it is to live a rural life and what running a business involves. What Bourdieu's *theory of practice* uniquely allows, is a framework to examine how the in-migrant then experiences the life world of **being** an in-migrant and running their own business, their subjective life. Further how they produce strategies to manage the two experiences and the differences between the lives experiences and they imagined it would be; their objective life.

One further critique of Bourdieu's theory is relevant here. It is a critique of his notion of misrecognition as being the basis for the symbolic violence encountered where a dominant group establish a certain form of habitus and symbolic capital as the required form of habitus and symbolic capital. Burawoy (2012) highlights the two ways Bourdieu ascribes agency to an individual; through the influence of habitus (*homo habitus*) and through the operation of rules within the field of endeavour (*homo ludens*). Thus Burawoy argues "thus, Bourdieu has both a contingent notion (*homo ludens*) and a deep notion (*homo habitus*) of social action, alternating between the two and often fusing them." (2012: 190). Using his experience of factory work in Hungary before the fall of the Berlin Wall, Burawoy highlights how Bourdieu's concept of misrecognition as being the basis for domination within society fails when placed in non-capitalist societies. Workers in Hungary were acutely aware of the domination of the state and their subjection, there was therefore no misrecognition of their status. This was the case even after generations had been raised within the ideology of communism. The workers were however able to develop strategies to manage their lives in this situation. Burawoy argues Bourdieu's concept of symbolic violence resulting from misrecognition is overly 'deep' and fails to recognise the ability of individual's to acknowledge their dominance but develop strategies to manage it.

## **2.6 Changes in rural society**

Before considering the specific micro-fields of individual migrant business owners, it is perhaps useful to consider the wider, macro-field within which they operate. In the immediate post war era, rural was synonymous with agriculture. Both the rural economy and society were dominated by agriculture and its associated industry (Newby, 1985, Woods, 2005 and Shortall & Warner, forthcoming). Since World War II up until the 1970s, the UK had a stable and well-structured rural society. Newby (1977) argues that in the immediate post-war period there was a clear hierarchy of power

dependent on the extent of land ownership. At the top were the aristocracy, followed by the gentry and squirearchy with the landless at the bottom. The rural field was one of paternalism and deference.

Farm owners tend to 'look after' their workers beyond the bare minimum. The closeness of worker and employer has become even closer over recent times due to the structural changes occurring in agriculture. The mechanisation of agricultural production has reduced the number of workers needed on each farm. Lower incomes have meant that the farm owner and family now need to carry out much of the work themselves. This has brought the remaining workers into closer contact with the owners.

In the immediate post-war period, the rural field was by and large, structured by the distribution of physical and financial capital, however other symbolic capitals also played their part. At the top end of the scale symbolic capital was dominated both by cultural capital exhibited through education and taste and by social capital. Such social capital was established through relationships that were dominated by deference and conducted through political activity within the institutions that provided social structure within rural areas, for example local government or social institutions such as the local hunt (Newby, 1985).

At the lower end of the social scale symbolic and cultural capital were acquired through displays of competency by farmers and farm workers. Newby (1977) recounts how ploughmen would tour the district on a Sunday to inspect each other's work. This explicit display of competency was ritualised through ploughing matches and county shows which allowed farmers and their agricultural workers to demonstrate their competency in all aspects of agricultural husbandry. Here cultural capital was acquired through proficiency in their chosen trade and social capital developed through participation in the rituals of rural life. This domination of symbolic capital within the agricultural field is still apparent today. In a study investigating why farmers are so reluctant to share expensive capital equipment. Sutherland and Burton (2011) found that it was the perceived risk to symbolic capital that was the key factor not the risk to economic capital. It was not the fact that a farmer had sufficient economic capital to buy an up to date piece of machinery, it was their ability to use that machinery correctly and efficiently that was the key to gaining the respect of fellow farmers. Sutherland and Burton found that farmers were willing to loan less technical pieces of equipment which required less technical expertise to use. This sharing of lower status equipment could be seen as a way of avoiding any potential conflicts which may arise from sharing more



technical pieces of equipment, particularly where any conflicts caused may last for a significant length of time within a close and stable community.

The major impetus for macro level change is the decline in dominance of agriculture and the increasing impact of globalisation is having on the rural economy. Agricultural production has become increasingly mechanised and its output reduced to primary commodities competing in world markets. As the agricultural workforce has declined the rural economy has been rebalanced. This has been happening gradually over a number of decades since the second world war but was brought into sharp relief by the Foot and Mouth Disease outbreak in 2001 (Donaldson et al., 2006).

The acknowledgement of the complexity to be found within and between rural areas has led to a number of attempts to differentiate rural areas in more detail. Murdoch et al. (2003) argue rural areas can now be divided into four types, each with their own structures and dominant groups. The process of rural migration, discussed in more detail in the next chapter, is playing an important role in this process. Often the effects of rural migration are patchy with accessible picturesque rural areas affected more than ex-industrial rural areas. In the North East an analysis of socio-economic data, carried out on behalf of the regional development agency ONE NorthEast, revealed 7 rural typologies (York Consulting, 2010). The analysis reveals a sharp contrast between the uplands, the North Pennines and Cheviot Hills and old industrial areas of southeast Northumberland, Durham and East Cleveland. In both these instances of differentiation what is clear is that rural areas are far from homogeneous.

Therefore in answer to Hoggart & Paniague's (2001) call for a truly holistic approach, it is the intention of this thesis to use Bourdieu's framework to uncover a more nuanced understanding of how differentiation in the fields of rural life have occurred and the place rural migration plays in this. The conceptual framework of fields, habitus and capital will allow an examination of the intersection between the policy and developmental narratives being introduced into the case study areas whilst at the same time seeking to make explicit the individual engagement and lived experience of those narratives. In doing this the thesis seeks to follow Bourdieu's ideal of going beyond simple didactic distinctions of subject and object research. This rural restructuring, if it can be described as such, is a function of both macro-structuring forces and individuals' engagement with it. It is constantly being changed and reinterpreted by those individuals and institutions as they seek to establish their positions within the fields they inhabit. A key element of understanding how individuals play the rural development

game, is their use of symbolic capital and how their specific habitus is able to allow them to participate within certain fields and at certain levels within those fields.

## **2.7 Hysteresis and the changing fields of rural England**

As a way of understanding the changes occurring in rural areas and the impact in-migrants are having, it is helpful to consider aspects of rural society where arguably the concept of hysteresis applies. The first is in the overall changes happening within society, at a national and international scale, and the impact these changes are having on rural areas. The second example of hysteresis which is applicable to this research is the change in personal circumstances affecting in-migrants. As individuals and as family groups they have relocated from one community to another, in most cases as a result of the perceived benefits to be provided by the rural society (Halfacree, 2004). This may again bring about a dislocation between their habitus formed within an urban environment and the field they inhabit in their new location. In this study there is also the additional element of the business sector in which the in-migrant operates. The subject of this thesis is a specific aspect of the rural economy, the knowledge economy and those starting a business within this sector. This thesis focuses on in-migrants who are experiencing change on a variety of different levels. The first change occurs within their social lives with the relocation of the family to a community where they may have only limited networks and knowledge. Secondly there is the change in their business lives, the move from employment to self-employment, and for some this will also involve a degree of innovation where they offer a new product or service through the new business.

The second change, this change in the business life, requires some further investigation. There is some dispute as to the true definition of an entrepreneur. A number of studies, particularly those tending toward the quantitative end of the spectrum, use business formation as a proxy for entrepreneurship (Kalantaridis & Bika, 2006). Other studies tend to associate entrepreneurial activity with innovation and novelty. It is not sufficient that a new business is formed, it must also deliver a new product or service or the novelty could arise from delivering an existing product or service, in an innovative way. This need for innovation and novelty creates a specific narrative of entrepreneurship. A study by Downs (2006) found that entrepreneurs adopt a particular self-identity which they understand to be entrepreneurial. This association between entrepreneurs and innovation has a long history and could be traced back to Shumpeter's (1934) seminal work on the role of innovation in the disruption of established practices. Shumpeter saw

this 'creative destruction' as a necessary way of developing and innovating within the capitalist economy. Shumpeter also saw this as the main way firms could gain a competitive advantage on their rivals. As a result this process of creative destruction ensured the most efficient allocation of resources within the economy. There is therefore an underlying narrative of change and challenge within the entrepreneurial ethos. This is important for entrepreneurial in-migrants given the parallel disruption they face and may indeed cause in relation to the social field.

As De Clerq & Voronov (2009) point out there is an interesting tension in the entrepreneurial field between the need for conformity, the need to exhibit a shared entrepreneurial habitus and to possess the necessary symbolic capital on the one hand, and the need to innovate and engage in Schumpeterian 'creative destruction' (Shumpeter, 1934) on the other.

In this study the in-migrants being examined are starting or relocating a business in the knowledge economy, in the area to which they have relocated, and may experience a double dislocation in habitus in both their social and business lives. On the one hand they are seeking a stable social environment to establish their family life, on the other starting a new business in the knowledge economy and engaging in a process of creative destruction within the business world.

In some ways this form of hysteresis differs from the one described by Bourdieu in that it is the individual who moves and thus brings about the dislocation of habitus and field. In most of the examples given by Bourdieu it is the change in the wider society that leaves individuals with a certain habitus behind. This may, on the face of it, appear to be seeking to use Bourdieu's framework out of context, a square theoretical peg in a round applied hole. However as Bourdieu often pointed out in his writings (1992) his theory is very much an applied theory. Further, at its heart it seeks to go beyond the dichotomous ideals of subject and objective analysis. It could be argued that the investigation of the role in-migrants play in rural society is just such an area where the boundary between the subjective and objective understandings of the world breaks down. The changes being brought about in rural society are, in part, being influenced by in-migration. The hysteresis which is occurring at a macro-scale could be said to be influenced by the micro-hysteresis effect as in-migrants seek to integrate their social and business lives into their new community. Understanding how these two elements of change interact and affect each other is critical to a greater understanding of the development processes in rural areas.

## **2.8 Institutions, Bourdieu and rural development**

This thesis will also seek to develop Bourdieu's theory of practice in relation to the role institutions play with the field of rural development. One way Bourdieu (1991) tackles institutions is in relation to the power they exert over language and legitimacy. In particular Bourdieu talks about rites of institutions, which are akin to rites of passage in terms of an individual's life history, and he argues are in fact rites of legitimation "all rites tend to consecrate or legitimate an arbitrary boundary by fostering a misrecognition of the arbitrary nature of the limit and encouraging a recognition of it as legitimate."(1991: 118).

It could be argued potentially entrepreneurs encounter two forms of rites: those in relation to formal institutions and those in relation to the informal institution that is entrepreneurship. For example, it could be argued that there is a difference between being an entrepreneur and being engaged in other forms of commerce as an employee. The boundary is a little fuzzy and as Down (2006) shows, may in most cases be mostly subjective, but it clearly does exist given the arguably privileged status entrepreneurs are afforded in the current economic climate. It could be argued therefore that entrepreneurship exists as an economic institution and has its own rites of institution and doxa to which entrants into the entrepreneurial field must adhere. This is, however, a viewpoint that may not be accepted by all.

In other theories of development, particularly regional development, formal institutions play an important role. In the regional development literature institutions are taken to be formal organisations, both governmental and societal. For example Cook & Morgan (1998) in their theory of regional development placed significance on the role institutions, in this case local government, industry organisations and social networks, played in the development of regional economies adept at what they term 'flexible specialisation'. In other regional development studies, the role financial institutions and financial networks play in fostering growth has been considered. Saxenian (1994) showed how it was networks of venture capitalists and business angels that supported the entrepreneurial activity within Silicon Valley, a significant amount of that entrepreneurial activity being carried out by immigrants. For other branches within the regional development literature universities are the primary institution of growth (Morgan, 1997, Etzkowitz & Leydesdorff, 2000) and the main concern is connecting universities with their surrounding businesses hinterland.

In all these theories of development the institution is held up as a key part of the network between individuals, their businesses and the wider economy. It is not always clear however, how institutions fulfil this role. In some cases it seems to be a matter of quantity, what Amin and Thrift (1994) term, institutional thickness. Institutions are the nodes within networks of regional development. Their position outside the purely economic realm of relationships allow them to fill the structural holes (Burt, 1992) within the network and to build collaboration and therefore social capital within the region (Putnam et al., 1994 & Putnam, 2000)

For others it seems as though institutions must take the role of actor within the regional economy and play the role of animator by becoming an entrepreneurial institution (Etzkowitz & Leydesdorff, 2000). Universities are for example, seen as taking an active role in engaging networks and taking knowledge created within academia out to the business world.

Bourdieu (1991) observes that “(I)n criticising all forms of the ‘interactionist’ error which consists in reducing relations of power to relations of communication, it is not enough to note that relations of communication are always, inseparably, power relations which, in form and content, depend on the material or symbolic power accumulated by the agents (or institutions) involved in these relations and which, like the gift or potlatch, can enable symbolic power to be accumulated” Bourdieu, 1991: 167).

Arguably the regional development literature outlined above falls in the interactionist category in that its main unit of analysis is the network connection and its broad finding is the more there are the better the outcome. Bourdieu argues “it is as structured and structuring instruments of communication and knowledge that ‘symbolic systems’ fulfil their political function, as instruments which help ensure that one class dominates another (symbolic violence) by bringing their own distinctive power to bear on the relations of power which underlie them” (Bourdieu, 1991: 167). Bourdieu therefore seems to suggest institutions have a dual role within the field in which they operate. It is possible for them to be both a structuring element of the field whilst at the same time possessing a habitus in their own right and therefore be an actor in the creation of capital, particularly symbolic and cultural capital. This is the means by which the division between structure and agency can be broken down and the underlying nature of the lived experience of those participating in the field and the power relationships within the field can be better understood.

As Bourdieu and Wacquant (1992) point out the real world is a messy and ever changing entity and to try and simplify through reductionism or categorisation risks oversimplifying things beyond the point where they have any practical relevance or utility. Talking about political institutions, Bourdieu (1991) discusses how institutions, in their widest sense, are critical in translating the subjective views of individuals, particularly those with positions of power within the field, to objective understandings and finally to a public discourse. He states this “represents a form of officialization and legitimation.” (Bourdieu, 1991: 173)

## **Chapter 3 – Rural Development and the knowledge economy.**

### **3.1 Introduction**

Having considered what rural is in chapter 2, chapter 3 seeks to outline the nature of the rural economy. The chapter seeks to investigate the changing nature of the rural economy and provide a context for the research detailed in part 2 of the thesis. The first section will outline the nature of the rural economy, how it has evolved and how it differs from the urban economy. The chapter will then go on to examine the ‘new rural economy’ literature which highlights the challenges rural economies face in a globalised and connected world. The chapter will then consider the various rural development strategies employed in the UK to counter the decline of rural economies. Finally the chapter examines the literature relating to rural migration and the rural economy and outlines some reasons why migration should be considered as a continuing event rather than a bounded single event.

### **3.2 The nature of the rural economy.**

Traditionally rural economies were associated with agriculture and primary production (forestry and mineral extraction). This was reflected in a number of ways. At a political level the connection between agriculture and rural areas can be seen by the nature of the Government Department responsible for rural development. Since World War 2 it has, until very recently, predominately been a Ministry for Agriculture. It was only in 2001 that the role was expanded to include rural affairs although some would consider this to have been in name only (Ward & Lowe, 2007). This privileged position of agriculture can also be seen in the post war planning system which largely exempted agriculture from planning control as the countryside was seen as synonymous with agriculture.

The growing awareness of environmental problems associated with modern farming practices (e.g. Carson, 1962) started to ring alarm bells about the true impact farming was having on the countryside. More recently there has also been a growing disenchantment with agricultural policy, particularly the Common Agricultural Policy (CAP). The cost of payments to support agriculture coupled with the rise in food costs, has led to the questioning of agriculture’s prime position within the rural economy.

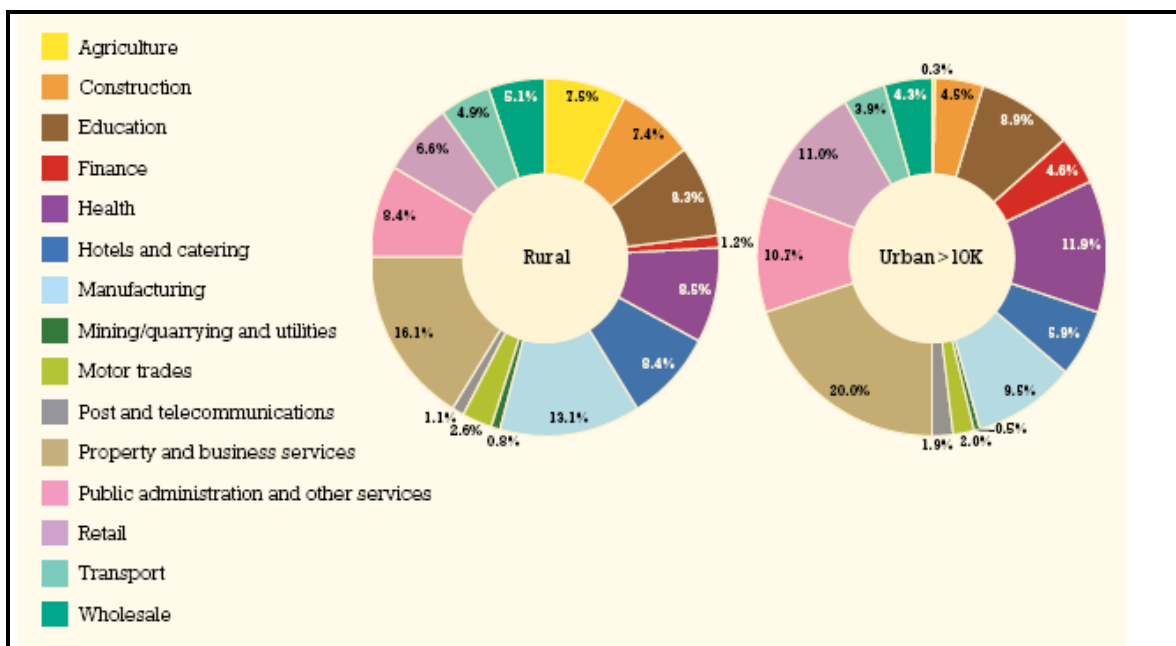
This change in political fortune has been coupled with changes to the composition of rural economies. Whilst agriculture and forestry still dominate the landscape (DEFRA,

2005) they no longer dominate rural economies. Increased mechanisation and increased productivity has reduced the numbers employed in agriculture. Until recently, overproduction has also squeezed the value of agricultural products. This has been made worse by the increasingly globalised nature of the market for agricultural products which has essentially turned them from products to commodities. These changes have led to a squeeze on farm incomes. This decline in the dominance and importance of agriculture is being felt in all developed countries, with repeated attempts to stem the decline through entrepreneurial activity, failing to address the underlying issues (van der Ploeg, 2006).

### 3.3 The ‘new’ rural economy

As traditional rural industries have declined both in terms of employment and Gross Value Added (GVA), rural economies have adjusted. Recent surveys have found rural economies have a similar structure to the national economy in terms of employment and GVA.

**Figure 3.1 Employment by broad industry group**

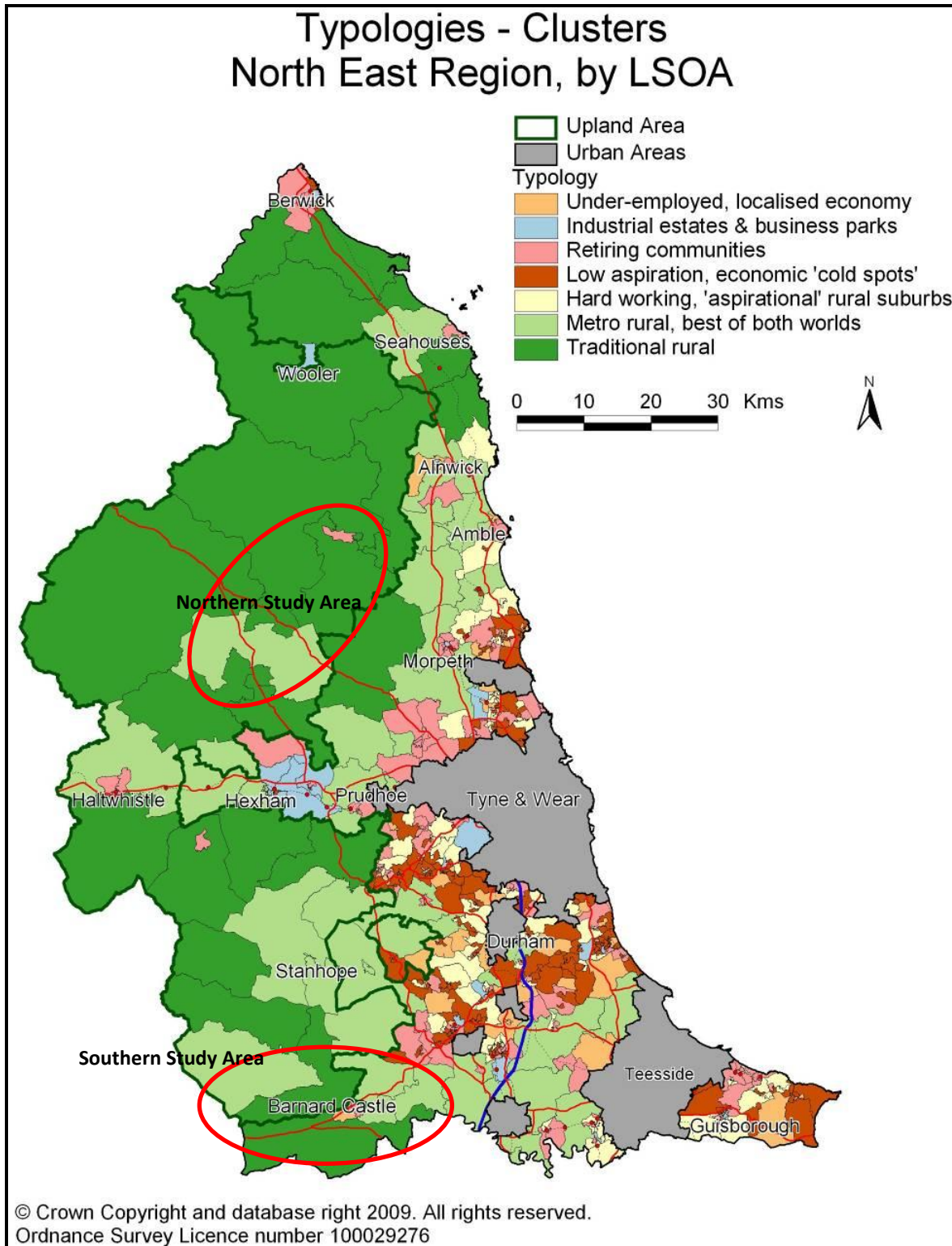


Source: CRC (2010)

Figure 3.1 shows the distribution of employment in rural areas as against large urban areas. Save for agriculture (dark yellow) and finance (red) the pattern of employment is similar in both areas with property and business services being the biggest source of employment in both areas.



**Figure 3.2 - Rural Typologies in the Northeast**



Source York Consulting et al. (2009)

This overall picture hides a more detailed view of the differences between rural areas. As shown in figure 3.2, a study for the regional development agency, ONE, found that rural areas could be classified into 7 typologies based on a number of socio-economic

variables. The model used factor analysis to produce the rural typologies. The key variables that had a significant impact in relation to the variation within rural areas were the level of employment in agriculture, which is to be expected, and also the level of home-working which was positively correlated with the degree of rurality.

The importance of home-working in rural areas (Mason et al. 2008) highlights another change in the rural economy, the importance of small and micro-businesses. In 2010, 88% of businesses in rural areas employed fewer than 10 people (CRC, 2010). Rural areas also had more business start-up than urban areas. The overall picture of the rural economy is one of a large number of small businesses, often home-based, in similar sectors to their town counterparts.

### **3.4 Challenges for rural businesses**

Recent research and surveys (CRC, 2006, 2007, Atterton & Afleck, 2010 & Taylor, 2008) have shown the overall composition of the rural economy, both in terms of jobs and output, closely matches that of the national economy. This is as a result of a combination of factors, the decline in traditional rural business activity and growth in non-traditional rural businesses. The growth in non-traditional businesses seems to be driven by higher start-up rates in rural areas (CRC, 2006) and through the migration of businesses themselves to rural areas, albeit often in accessible rural areas with good physical connections to the urban core (Keeble & Tyler, 1995)

Businesses operating in rural areas face the same issues as all other businesses. These include the need to find a market for their products and services; the need to attract capital to finance the business; the need to find a skilled and competent workforce; and the need to find suitable accommodation for the business. The challenges faced by rural business, over and above those faced by urban businesses, are the scarcity of each of those resources within rural areas. Markets for goods and services are smaller by virtue of the low population density within rural areas, particularly peripheral areas. The same applies to the market for labour and finance. Rural areas lack a critical mass of skilled workers and have few if any financial institutions located or specifically serving them. Finally as a number of reports have shown (e.g. Taylor, 2008) there is a lack of good quality business accommodation in rural areas and further the planning system in rural areas often mitigates against new development of suitable accommodation.

Perhaps as a result of these constraints rural businesses tend to be small, the majority either do not employ anyone other than the owner or if they do have employees, employ

less than 10 people (Atterton & Afleck, 2010). There are also a significantly higher proportion of businesses operating from the business owner's home (Taylor, 2008). This combination of small size and relative isolation means rural businesses have a significant disadvantage when it comes to networking and are at a disadvantage when seeking to become embedded not only in the rural economy but also into the national and global economy.

### **3.5 The knowledge economy**

With the decline in importance of primary rural industry (i.e. industries such as agriculture and forestry) to the rural economy, both in terms of employment and output, those developing rural economic policy have looked to other areas of the rural economy to provide growth. One area that has found much favour in policy circles has been the concept of a rural knowledge economy. This follows a wider call for the UK as a whole to embrace the knowledge economy. This approach is founded on two pillars, the development of ICT technology and 'the death of distance' (Cairncross, 1997), and the understanding that in a globalised economy, developing countries can no longer compete in mass market production. They must instead move up the value chain and seek to benefit from the additional value created by the inherent intellectual property within goods and services. To compete in a globalised economy, businesses need to specialise in the production of ideas and innovations rather than physical goods (Leadbeater, 2000). This shift in economic focus has been in evidence in policy strategy at both a European level, with the Lisbon Agenda (EC, 2000) and at the UK level, for example with the 1998 White Paper – Our Competitive Future (DTI, 1998). Both these policy strategies seek to develop knowledge based economies.

Coupled with this move to a new economy has been a move to a new way of working, through networks (Castells, 1996) and an emphasis on innovation as a means of delivery growth. Innovation is seen as the key to successful economic development and arguably takes place within collaborative networks of small businesses. This contrasts with the previous model of large, vertically integrated firms with in-house research & development (R&D) departments often with close links to government (Leadbeater, 2000 and Cooke & Morgan, 1998). Murdoch (2000) argues rural areas are ideally suited to this new way of doing business given that new rural development networks "are more easily constructed in areas that have retained a loose and flexible industrial structure, based upon a large number of small production units."(p414) This understanding that

rural areas are more interlinked and integrated can then have an impact on the strategies employed to bring about development in rural areas in the new knowledge economy.

The need for businesses to operate within a global economy and for them to engage in networks as the way to grow and innovate means for rural businesses the link between the local and extra-local networks is particularly relevant. Local markets for rural businesses are often highly restricted, this applied both to the markets for outputs, goods and services and the market for inputs such as labour. This is particularly relevant for rural businesses working on the knowledge economy. For example a recent survey of businesses in the North East (Atterton& Affleck, 2010) found in relation to businesses in the 'Professional, Scientific and Technical' CIS Classification, only 1/3<sup>rd</sup> of their customers were local or very local. For 'Agriculture and Manufacturing' the split was closer to 50/50 and for 'Construction and Wholesale' and 'Retail Trade' the split was reversed with 2/3rds of customers either local or very local. It is clear therefore that businesses in the knowledge economy are more reliant on extra-local markets and therefore networks than more traditional rural businesses.

In this thesis the main policies being considered are those focusing on the development of a knowledge economy. At a European level these stem from the Europe 2020 (EU, 2010) strategy which has as its first goal: "Smart growth – developing an economy based on knowledge and innovation"(2010: 10). These policies have also been developed at a national in the UK (DCMS, 2008). At a rural level there are few specific knowledge economy specific policies but form key elements within other policy programmes. These policies are often delivered at a regional level, initially through the regional development agencies, but following their abolition, through Local Enterprise Partnerships (LEP). For example the new North East Rural Growth Network programme which is managed by the North East LEP is specifically targeting knowledge intensive high growth business (personal communication).

It could be argued that the dominance of a rural development policy based on a technological understanding of the knowledge economy as defined in most of national and international policy is a form of symbolic violence. The focus on scientific and technological innovation tends to privilege urban areas where there are greater concentrations of firms and institutions active in these sectors. Other forms of innovation, for example linked to environmental innovation or more sustainable small scale community development, are often marginalised in development narratives both in rural areas in when applied in an urban context (for example see Moulaert, 2007 and the

associated special issue). The tensions between the scientific and technological narrative of the knowledge economy and the weaker narratives of environmental and community scale innovations will be explored in relation to the interviews and data analysis later in this chapter.

### **3.6 Models of Rural Development**

Since the decline in primary production has taken hold in rural areas, efforts have been made to establish a more diversified rural economy. Ward et al (2005) highlight how policy focus has shifted from policy based on agriculture and agricultural diversification to more exogenous models of development. Hubbard & Gorton (2011) characterise exogenous development as the relocation of capital and labour to rural areas often in branch plant type investment. In this situation high value activities are retained in the core urban areas whilst low value low skilled work is exported to peripheral areas. The control over the location of the investment and the form which the investment takes is decided externally to the area affected.

This exogenous model of development also seeks to address another perceived problem with rural areas, that of peripherality. Rural areas are often characterised as peripheral or suffering from the constraints of peripherality (North & Smallbone, 2006). Lowe et al (1998) argue the term peripherality, when applied to rural areas in a policy context, relates to more than just geographic distance; “(r)ural areas were distant technically, socio-economically and culturally from the main (urban) centres of activity” (p.7). Peripherality is seen as a problem for rural areas on a number of levels. Firstly there is not the critical mass of businesses in certain high growth sectors needed to deliver the skilled jobs. As outlined in section 3.3, the new knowledge economy is based on the idea that innovation and enterprise will be based on networks of high technology businesses collaborating together. The low density of businesses in these sectors coupled with a lack of shared spaces and common areas within rural areas inhibits these networking activities. A second problem associated with rural areas when considering peripherality is the distance to markets. At a European level, the rural areas covered in the two case studies are on the fringes of the main urban markets for knowledge intensive goods and services which are mainly located around London and Northern Europe. Access to those markets is costly and time consuming for firms based outside the core region.

The exogenous development models which seek to address these issues of peripherality focus on the connections between rural areas and the urban core. This can be through physical infrastructure such as road building or ICT connectivity through the introduction of broadband to rural areas.

Despite the undoubted ambitious aims of some exogenous models, exogenous or top down models of development, have however been criticised for failing to develop capacity with rural areas. The development brought about is dependent on the continuing support from external sources and often such branch plant type development can easily be withdrawn if circumstances change. It can also only provide low wage, low skills jobs.

To address the perceived failures of an exogenous model, policy moved then to a more endogenous model. This was based on a belief that increased economic activity initiated and controlled within a rural area would lead to multiplier effects. The endogenous model also addressed issues of capacity at a local level (Lowe et al., 1995, Ward & McNicholas, 1995). One of the founding principles of the European Union (EU) has been the idea of subsidiarity and this is enshrined in Article 5 of the Treaty of Maastricht. The principle of subsidiarity requires that policy decisions are taken at the lowest and most local level possible. In terms of rural policy this commitment to subsidiarity could be said to be lacking for most of the EU's history. As Dwyer et al. (2007) point out, it was only with the reforms to the Common Agricultural Policy (CAP) brought about by the Agenda 2000 review of CAP, that there was a significant commitment to territorially based rural development programmes. This new approach was seen as a Pillar 2 in contrast to the main, Pillar 1, support for agricultural production. The rationale for this switch was that current policy programmes failed to take account of the heterogeneity of Europe's rural areas and policy plans should be tailored to the needs of local areas. This understanding of local context and need coupled with an aim to develop local capacity and control and a cross sectoral approach to development are the fundamental elements of any endogenous development.

Notwithstanding the attempts to develop endogenous development programmes, it could be argued there has never truly been a purely endogenous development model. Even if a degree of control and decision making is devolved down to a local level, all policy programmes stem from either a European or National institution. It is also the case that it is rare to find the financial resources required to initiate meaningful rural development being found within the local area. To some extent this is the nub of the

problem, those resources are not readily available within rural areas and therefore a degree of external support and assistance will always be required. The question becomes how best can those extra-local resources be mobilised and controlled by those affected by the development? Who has power of the decision making processes, is it local actors or external institutions or the state in one of its various incarnations?

The failures and shortcomings in both exogenous and endogenous models of development have resulted in the development of the concept of neo-endogenous development (Lowe et al., 1995 and Ray, 2001). At its heart neo-endogenous development recognises that to succeed, rural areas need to mobilise the fixed resources of the local area in conjunction with extra-local, mobile capitals. The neo-endogenous approach acknowledges that rural areas, due to their peripheral nature, may be poorly connected to certain forms of capital i.e. human capital and financial capital but also seeks to counter some of the negative associations embedded within the slightly dismissive term, peripheral. In particular for Ray (2001) it is essential that the locus of power over the process of development resides within the local areas irrespective of where and what the extra-local resources are and who provides them.

Theories of neo-endogenous development also acknowledged rural areas lack markets of a certain size to sustain significant amounts of growth for producers of both goods and services, particularly when the economy shifts away from traditional rural businesses. Again due to their peripheral nature rural areas may have poor or expensive connections to extra-local markets. This model of neo-endogenous development is therefore based on a spatial solution to the problems facing rural economies due to global economic and societal shifts.

The neo-endogenous model seeks to combine an element of bottom-up self-help with the necessary extra-local resources often lacking in rural area. One element of a neo-endogenous development model is the development of markets for goods and services produced in rural areas. These connections, between local communities and wider networks, may relate to people i.e. social capital, as well as connections in relation to markets for products, services and capital, but still they are physical connections either using ICT or through face-to-face meetings. It could be argued that what is under-developed within neo-endogenous theory is an understanding of the role social, cultural and symbolic capital play in mediating these physical connections. Much of the literature developing the concept of neo-endogenous development (i.e. Lowe et al., 1995, Ward & McNicolas, 1998, Murdock, 2000 and Atterton, 2007) takes a neutral

view of the nature of individuals' capital and habitus and therefore their relative power within networks of development. Even within rural development programmes such as LEADER, it is always assumed that more capacity and better network connections is universally a good thing without necessarily examining how the balance of power may shift and alter as a result of these interventions. This thesis is seeking to go beyond this understanding of neo-endogenous development and understand in more detail how power is distributed within the rural field as a consequence of new forms of habitus and capital being introduced into the rural field by in-migrant entrepreneurs.

A neo-endogenous approach to rural development based on territorial cultural capital assumes that the relationships developed as part of the neo-endogenous process follow naturally from the recognition of the common problem and result in steps being taken to develop community capacity. As outlined above, the issue of power and conflict is glossed over to some extent. Where the role of the various forms of capital and the habitus possessed by the individuals making the connections is important is when development programmes are conceived and developed at a national or European level but brought into effect at a local level. The policy emanating at the higher level will carry with it a narrative which will skew the field in which it seeks to operate. The individuals given the task of supporting local development will inevitably possess their own habitus and stores of cultural and symbolic capital. This will then interact with local narratives and life experiences of those seeking to bring about development at a local level. These local actors will themselves have their own particular habitus and store of capital calibrated to the local field in which they operate in. Rural migrants are particularly interesting when one considers this interplay of fields, habitus and capital. They possibly have a foot in each camp. They have lived and worked in an urban field but have made the transition to a rural field. What this research will seek to discover is how far these various sets of actors are able to interact and engage with each other to bring about the development of a rural knowledge economy.

This element of neo-endogenous development is discussed in more detail in chapter 4. The rest of this chapter considers the various theories of spatial embeddedness and examines what these theories tell us about the ability of in-migrant businesses in rural areas to stimulate rural development in light of the fieldwork data.



### **3.7 In-migrants, the rural knowledge economy and neo-endogenous development**

This thesis seeks to understand the place of rural migrant entrepreneurs in the rural knowledge economy and their role in neo-endogenous development. The study of rural migrant entrepreneurs offers an opportunity to investigate the interaction of the two elements, migration and the growth of the rural knowledge economy, which are seen by many policy makers as the way forward for rural areas. The nature of the knowledge economy and its reliance on ICT means it seems to be the perfect development tool for rural areas. In addition in-migrants are thought to be able to play a major role in neo-endogenous development. Their skills and experience, on the face of it, seem to offer the opportunity to strengthen local capacity which can be mobilised to promote rural development (Stockdale, 2006b).

As a theory of rural development, neo-endogenous growth is still a work in progress. Its broad and slightly fuzzy boundaries have meant it has been applied in a number of ways and circumstances in the 15 years since it was first outlined. For Ray (2001 & 2006) the concept of neo-endogenous development is centred on the understanding that the locus of the development initiative would be local communities and specific local resources, both tangible and intangible, which would be combined with extra-local capitals. In this way the power to control the nature of the development would be retained at the lowest level. This understanding of development also reflects the post-productivist approach to rural development which seeks to avoid the problems associated with development based on sectoral interests and focuses instead on a more holistic territorial based development (Lowe et al., 1995). A further element in the concept of neo-endogenous development is the need for local areas to develop their own capacity to take responsibility for the decisions affecting the socio-economic development of their own area (Ward & McNicolas, 1995 & Ray, 2006). There are therefore three key elements in the theory: development centred on the local area but engaging with and seeking extra-local resources; a holistic approach to rural development based on an area or territory rather than a sector; finally the approach requires a certain level of local civic capacity to retain the power over the development locally.

For Ray (2001) one of the most important local resources was the culture of local areas, as this offered a resource which was unique and immobile in an age of hyper-mobility and globalisation. This resource is often linked to the particular cultural and human capital to be found in a particular area as well as locally based physical assets such as

the landscape or artisan based production. Ray (2006) relates cultural capital in this context to a “territorial intellectual property or place-specific factors of production” (2006: 283).

Since the concept of neo-endogenous development was articulated in the late 1990s a number of studies have sought to collect empirical data on the operation of development programmes considered to exhibit neo-endogenous attributes. One programme in particular has been seen to embody the nature of neo-endogenous development, the LEADER programme within Europe. The LEADER rural development programme was developed as part of the reforms to the EU CAP. As discussed in chapter 2 one of the changes affected agriculture since the shift away from productivist policies was to introduce wider rural development programmes. These reforms included the establishment of a second ‘pillar’ of support, one which is focused on general rural development rather than agricultural production or environmental benefits, the main pillar 2 policy programme being LEADER. The LEADER programme sought to animate small scale local development projects based on the needs of a local area as a whole rather than targeting specific sectors of the economy (Ray, 1998).

This linking of territorial development to the particular cultural properties of a local area can be problematic when considering the knowledge economy, particularly the dominant policy discourse which equates the knowledge economy with high technology and innovation.

As was outlined in section 3.3, the development of the knowledge economy has its roots in the increasing globalisation of trade and the need for developed economies to specialise in high value goods which have large elements of intellectual property embedded in them. This move to an economy based on knowledge intensive goods and with a focus on innovation has been brought into question when it is introduced to the rural economy. A good example of this is in the LEADER programme of rural development. A paper by Dargan & Shucksmith (2008) highlighted that although the LEADER programme places a high value on innovation in its delivery, the understanding by local actors of what form innovation took was more based around social and cultural innovation rather than the scientific and technologically based innovation favoured by national and supra-national economic development policy. Innovation in rural development, particularly neo-endogenous rural development, is translated as relating to innovation in the way development is undertaken and the ways in which participants in the development process are involved in the decisions.

What is not clearly understood and has not yet been fully investigated in the rural development literature is how these concepts such as development based on knowledge intensive industries and neo-endogenous development relate to each other. Can the two coexist and offer a coherent development strategy?

This thesis seeks to investigate the relationship between the knowledge economy and neo-endogenous development by focusing on the role in-migrants play. It aims to go beyond the idea of rural migrants being a rural expeditionary force of Florida's (2002) urban creative classes, seeking to foster a creative buzz that will attract other creative types and their followers. The thesis will concentrate on how migrants experience the rural as a lived experience and how that fits with the various representations of the rural and of enterprise. It will seek to explore whether migrant entrepreneurs in knowledge intensive sectors could be the perfect neo-endogenous actors. Whether they are able to bridge the local and extra-local divide, as has been found in previous studies (Kalantaridis & Bika, 2006), and have the necessary human and financial capital to potentially build capacity in the local economy. What is not clear from the research to date is how far migrant entrepreneurs actually do stimulate the wider local economy or whether they bring only direct benefits to the local economy through their effect on property values and by spending their disposable income.

## **Chapter 4 – Counterurbanisation and the Nature of Embeddedness**

### **4.1 Introduction**

At the heart of this thesis are questions about change. The first change has been outlined in the previous chapters and relates to the changes taking place in rural areas both to the social and economic structures of rural areas. This research is focused also on the changes experienced by individuals; individuals who have chosen to move to a rural area and also chosen to start a new business. The decision to relocate their permanent place of residence is termed migration. This chapter seeks to review the literature on migration both at the level of society in general and as it relates to individuals.

The first part of this chapter will review the literature on urban to rural, and to a lesser extent, rural to urban migration. The chapter will then go on to consider how the literature has treated and sought to understand these phenomena. The chapter will review previous and current academic theories investigating both the demographic affects and social effects of migration. The chapter then goes on to review the literature in relation to migration and entrepreneurial activity in rural areas. Finally the chapter considers the question of embeddedness. Once a migrant has moved to a new rural location, they must begin to establish a new set of connections and networks. These are both social and business connections and networks. The academic concept of embeddedness set out to understand how these two aspects of a person's life relate to each other. This is particularly relevant in the context of this research, as the main research question is founded on a hope rural migrants can bring their previous business and social connections with them once they join a new rural community and that these connections will act as an extra-local connection for that community.

### **4.2 The nature of counterurbanisation and rural migration**

As outlined above, at a basic level migration is the movement of people's place of permanent residence from one location to another. In the context of rural development it is the movement to and from rural areas. This can be contrasted to changes in the natural rate of population growth or decline as a result of birth and death rates. This broad definition however hides complex processes that need to be broken down and analysed in detail.

Academic research in this area covers three broad aspects of the migration process. The first aspect considered relates to the geography of the migration, its magnitude and direction over time and how it relates to individuals' life patterns (i.e. Johnson & Beale,

1994, Berry, 1976 and Champion, 1998b). This element deals with the spatial embeddedness of the migrants within the rural community. The second aspect of the counterurbanisation research relates to the motivations and cultural factors driving the migration (i.e. Halfacree and Boyle, 1998). This relates more to the social embeddedness debate in the context of rural migration and is considered in more detail in chapter 6. The final element explored within the literature seeks to investigate the impact such migration is having on rural areas, for example on their economies (Stockdale, 2006) and on the social structure within rural areas (Cloke et al, 1998). Much of the research has focused on the process by which an individual or family unit relates to their adopted community. For this study however, the migration event is not the only issue of relevance. It is also the decision to start a new business venture in the new rural location that is of interest.

The literature has developed over time with initial research focusing on the observed phenomena that rural areas were gaining population at a faster rate than urban areas and the demographic mechanisms responsible for this shift (Johnson & Beale, 1994). This seemed to run counter to the prevailing perception at the time, that rural areas were suffering long term population decline. Following on from this discovery, researchers started to question what was causing this effect, why were people seemingly moving away from urban areas to more rural locations.

There was also a degree of conceptual uncertainty with disputes as to whether the differentials in population growth were due to the expansion of urban and suburban areas into formerly rural areas or as a result of a movement of population away from concentrations of population to de-concentrated areas (Champion, 1998a). Champion (1998a) argued one way to distinguish between the population growth resulting from formerly rural areas becoming urbanised and population growth in rural areas was to consider the life-style of the migrant. Are those living in a particular area living a rural or urban life-style?

Following this 'cultural' turn in migration study, writers such as Halfacree and Boyle (1998) and Gorton et al (1998), looked at the cultural factors affecting migration and the relationship rural migration has to the wider cultural changes taking place in rural areas. Later and in parallel with the cultural research there was a growing interest in the impact this migration was and is having on the rural areas. This research looked at things such as identity and place (Cloke, Goodwin & Milbourne, 1998) the power relationships within the populations affected (Goodwin, 1998 and Spencer, 1997), and

the impact rural migration was having on economic development (Stockdale, 2006 & Bosworth, 2006).

### **4.3 The discovery of Counterurbanisation**

It was in the 1970's that researchers in the United States first discovered rural areas were gaining population at a faster rate than more urban and urban fringe areas. This apparent flow of people from urban areas to more rural areas was termed Counterurbanisation (Berry, 1976). This trend was initially found to be happening in the USA. Later studies found that the same process was taking place in England (Champion, 1998b). Since then urban-rural migration, which includes some elements of rural-urban migration has tended to be termed Counterurbanisation.

Urban to rural migration in the United Kingdom is predominately an internal migration, individuals and family units moving within the national borders. It can, however include international immigration as well. Mitchell (2004) points out to understand this movement it is important to appreciate that there are three connected terms which are often to applied; counterurban which relates to a more deconcentrated settlement pattern; counterurbanising which is the process by which a counterurban pattern of settlement comes about; and counterurbanisation which is the migration movement which may, or may not, bring about a counterurban settlement pattern.

Counterurbanisation is also a much wider phenomena as it relates to differentials in population growth rates between rural and urban areas. It therefore takes account of birth rates and both outward and inward migration to and from rural areas.

Over time the magnitude of the trend seems to have fluctuated, with a reduction in the population growth in non-urban areas in the 1980's and a return of the trend of greater non-urban growth rates in the 1990's. This has led to the question, was the 1970's a blip in the long term trend or did it mark a change in direction (Mitchell (2004)). The current evidence from England and Wales seems to suggest that the trend is continuing as shown by the data from the 1990's. Figure 5.1 shows that in the North East the contrast between the most rural areas and the most urban areas has been particularly pronounced.

**Figure 5.1 - Internal migration (net migration), 2001-08 (in thousands)**

Region	Area classification	2001	2002	2003	2004	2005	2006	2007	2008
North East	Rural 80	1.3	2.1	2.9	2.8	1.9	1.6	2.3	1.8
North East	Rural 50	0.1	0.6	1.4	1.3	0.8	0.6	1.3	0.5
North East	Other urban	0.3	0.4	0.5	0.5	0.3	0.4	0.2	0.1
North East	Large urban	-1.6	-1.2	-0.5	-0.6	-0.8	-0.9	-1.2	-0.9
North East	Major urban	-3.9	-2.7	-2.3	-1.9	-2.0	-0.6	-2.5	-2.4

*Source: Commission for Rural Communities, 2009*

Over time the term ‘Counterurbanisation’ has been used in a number of contexts. Mitchell (2004) in her review of Counterurbanisation argues that over time the term ‘Counterurbanisation’ has therefore become a woolly term. Mitchell sets out two ways in which the term is used; as a migration movement; or as a process of settlement system change. She argues a more appropriate way to treat the subject is to have three connected terms; counterurban which relates to a more deconcentrated settlement pattern; counterurbanising which is the process by which a counterurban pattern of settlement comes about; and Counterurbanisation which is the migration movement which may, or may not, bring about a counterurban settlement pattern. For the rest of this thesis the terms counterurban, counterurbanising and counterurbanisation will be used as outlined above.

#### **4.4 Issues of scale.**

One of the problems that may confuse understanding of and implications of counterurbanisation, and understanding and implications of the counterurbanising process, is the scale of the study being reviewed. Research dealing with the counterurbanising process tends to operate at a district or higher scale. This can be compared to research into counterurbanisation which tends to operate at a personal or household level.

In England Champion et al (1998c) looked at the counterurbanising process at a district level. They found that there was a counterurbanising process occurring and they further

found that this was taking place through a cascade effect. They point out a major factor in the process of migration is the need to buy and sell a home. Therefore for a household to move out of an urban area they must find someone to buy their property. Their research found people moved from inner urban areas to suburban areas to occupy property which had been vacated by those suburbanites moving to more rural areas. Champion's research suggests therefore that there is therefore a cascade effect as people gradually move from more urban areas to more rural ones, i.e. away from the urban core.

This cascade of people away from an urban core also seems to be age related effect. The annual State of the Countryside report (CRC 2007) shows a continuing trend towards an older population in the age profile of rural areas with a loss of people in the 20-35 age bracket and a gain of people in the older age brackets. The 2007 Report shows a marked difference in the age profiles of rural areas over urban ones, this was not the case 20 years ago. Other research (Stockdale et al (2000) in relation to Scotland and Halliday & Coombes (1995) in relation to Devon) argues that this ageing process is being driven, at least in part, by Counterurbanisation. Studies have found that young people move away from rural areas and in-migrants tend to be families with young children or those reaching retirement age.

This age related migration has also been termed the Escalator Effect (Findley et al., 2009). This argues individuals will seek to improve their standing in society through occupational mobility and the main drivers for occupational mobility are education and career advancement opportunities. These opportunities are only available within major urban centres, in particular global cities such as London, where the control functions of organisations tend to be located. The motivation for the migration is therefore to improve an individual's life chances through gaining access to the resources available within the urban centre. Escalator theory can be a challenge to peripheral areas, particularly rural ones, as it is unlikely that high level managerial positions will be located within them. Peripheral areas are therefore written off to be the perennial poor relations of their more sophisticated city relations. In terms of this thesis, escalator regions could also be criticised for being an under socialised model of economic geography.

Studies which investigate the phenomenon at a more detailed scale have found that the pattern of counterurbanisation is not uniform. Spencer (1997) points out that research at a parish level identifies pockets of depopulation even among growing rural districts. He



sought to identify what was different about those declining parishes which meant they were bucking the overall trend. One contributing factor was that gentrification of the countryside displaced larger households with smaller ones. Local young families with children are priced out of the local market by wealthier older households. Spencer argued this affect was heightened by restrictions on development caused by planning policy. He found planning policy carried the legacy of ‘closed parishes’. A closed parish is one where development was restricted by virtue of a concentration of landownership and a reluctance of these landowners to develop their land. Spencer argues this system of closed parishes has been maintained first through the domination of the post war planning structure by the land owners and then later through the gentrification of the parishes and the desire exhibited by those moving into the parish to preserve it as they found it.

One problem with the counterurbanisation theory is that it does not clarify whether the migration of people to non-rural areas is a movement to rural areas or an expansion of the urban areas into rural ones. Thinking in terms of Mitchell’s (2004) methodology to differentiate the various processes involved; is this a counterurbanising affect or is it counterurbanisation? Also at a finer scale the differences in settlement size become important. At a district level an area may be classed as being rural but locally within that district there may be larger settlements which would be classed as urban, particularly market towns. The question then arises could someone moving from a leafy suburb on the outskirts of a major conurbation to the centre of a market town be considered to be making an urban-rural shift? Champion and Hugo (2004) indeed argue that researchers should move beyond this simple rural/urban dichotomy. In the past the distinction has been based on livelihoods with rural areas being characterised as being based around agriculture and activities supporting agricultural activity. The industrialisation of countries was seen to be one of the major drivers for urbanization as urban factories sucked in workers which had been rendered redundant by the increased mechanisation in agriculture (Brown & Cromartie, 2004). With the reconfiguring of the rural economy away from agriculture and primary production to one which mirrors the diversity of the national economy it is less clear cut what a ‘traditional rural life-style’ is.

In part as a response to this concern about simple binary classifications of rural and urban areas, in the UK a rural/urban classification has been developed which is based on population density and settlement type (DEFRA, 2009). Both the northern and Southern

study areas were classified as Rural 80 in the DFRA system of classification. This means that at least 80% of the population in the study areas lived in an area classified as rural. Having established the case studies fall within a functional definition of a rural location, the lived experience of the interviewees will also be considered to examine the issue of whether they live a rural life-style and how this may impact on the interaction between their business activity and social activity.

#### **4.5 The cultural approach**

Halfacree and Boyle (1998) highlight a need to move beyond a scientific approach of quantifying and measuring the population flows to what they call a 'biographical' (1998: 2) approach which looks to the societal influences and constructs that affect individual's decisions to migrate. There seems to be two opposing motivations for Counterurbanisation, the pull of the countryside or the push of the city. Halfacree and Boyle (1998) argue it is the middle class constructed rural idyll which draws urbanites away from the city to the green and pleasant land of the countryside. On the other hand Champion et al (1998) suggest the ills of the city, high crime, poor environment and high pressure lifestyles, are the forces pushing people away from the city to gain a better work-life balance and find a better place to bring up children.

The difference between the two leads to differing interpretations of the phenomena. Halfacree and Boyle point to the middle class gentrification of the countryside and the creation of a dominant discourse of the rural idyll which leads to other aspects of the rural economy being ignored, for example rural poverty and exclusion.

From the other point of view, the study by Champion et al (1998) focuses on the city as the problem. The report was commissioned by the Campaign to Protect Rural England a group concerned with preventing what it sees as inappropriate development in the countryside. The first sentence of the report's summary give a flavour of this, 'This report has been concerned with what many people consider to be the single most important threat facing rural England – the inward movement of people from the country's main conurbations and the links to urban decline.' (1998: 71) The conclusions of the research, however seem to suggest the pull factors are more significant than the push and people which a connection to rural areas are more likely to migrate to them.

Other research has looked at the connection with place as a motivation for urban-rural migration. Ni Laoire (2007) studied return in-migration in the Republic of Ireland. She found that a significant motivation for return migrants was still the rural idyll, but this was mixed with motivations centred on family and kinship.

What these two approaches to Counterurbanisation have in common is that they see Counterurbanisation as a threat to rural areas. On the one hand because it shifts the balance of power and further marginalises disadvantaged groups; on the other hand because it upsets the beauty and tranquillity of the countryside.

This interpretation of the perceived impacts of counterurbanisation highlights one of the tensions, the friction between the natives and the in-comers. For some this can be characterised as being colonization, for example in Scotland and Wales (Cloke et al. 1998). On the other hand Phillips (1998) criticises the rural interpretation of gentrification for ignoring the capital movement, choosing instead to concentrate on the population shifts.

It is the intention within this, and the other chapters of this thesis, to utilise Pierre Bourdieu's concepts of habitus, fields and capital to gain a greater understanding of the way in which in-migrants negotiate these transitions between an urban and rural way of life. Through the accounts of the in-migrants lived experience the nature of their life-style will become clearer. It is the hypothesis of this study that in-migrants bring with them an urban habitus, a set of dispositions engrained and developed within the urban environment and within urban networks.

#### **4.6 Economic impact of counterurbanisation**

On a more positive note in-migration (and out-migration) has been seen to bring economic benefits to rural communities. Stockdale (2006) points out that in many cases young people in rural communities need to migrate out to improve their skills and education. The problem is that few of them return with those skills. On the other hand in-migrants do tend to have a greater level of human capital which can bring about regeneration. Her research, however, found that in-migrant businesses did not create many new jobs even if in-migration was an important part of rural economic development. In contrast a study by Bosworth (2006) found that in-migrant business played a significant role in new job creation in rural communities and further tended to be more growth orientated than indigenous businesses.

Another benefit that in-migrants bring to rural economic development is their networks and contacts. Bosworth (2006) and Atterton (2007) both noted in their research that in-migrant businesses tended to have more extensive business networks. Another aspect of this extensive network is the benefit it brings through what Granovetter (1973) calls the 'strength of weak ties'. This argues a wider but weaker network of connections gives individuals, and businesses, a stronger network. The effect of this in terms of rural

economic development was shown in a study by Atterton (2007) which showed differences between local economic development in the Highlands of Scotland correlated to differences in the nature of the business networks found in each of those communities.

There is also evidence of a counterurbanisation process involving businesses themselves. Although undertaken some time ago an interesting study by Keeble and Tyler (1995) found that businesses were relocating to rural areas and those firms in rural areas were creating more jobs than their urban counterparts.

These observations regarding the relationship between urban and rural areas and the connection between career development and migration, i.e. the escalator effect, can relegate rural areas to subordinate status when compared to urban ones. The question then arises can rural areas function in their own right and pursue a development path irrespective of their relationship with the wider (urban) society?

#### **4.7 Under versus over socialised views of migration**

When considering the three main aspects of migration literature, there seems to be a division between the literature which is founded on rational choice models to explain migration versus the literature which focuses on the social structural forces at play. Halfacree (2004) criticises this division and in an echo of Granovetter's (1985) call, argues for a move beyond under and over socialised views of migration. Fielding (1992) had previously called for a similar consideration of a middle way in relation to the study of migration, not to consider migrants as entirely driven to maximise their economic welfare nor to consider them solely bound by their class position. This division may have resulted from the fact that more often than not studies of internal migration are quantitative in nature, meaning all too often research focuses on a single stated reason for the decision to migrate (see for example Halliday & Coombes 1995). What is often ignored is that there may be a whole range of often interlinked reasons for the migration and that these decisions are taken as a family unit rather than as an individual (Young 2005).

Another critique of previous literature on rural migration, is that it tends to consider the act of migration as a bounded event (Halfacree & Rivera, 2012). This critique stems from the wider academic literature on migration, particularly international migration. McHugh (2000) reviewed a number of academic studies on international migration and suggested the studies revealed migration was often a 'continuing event' in that the migrant maintained social and economic ties with their previous community which may

even result in a transfer of some elements of that community to their new location. This social connection often means that the process of migration is influenced by the individual's previous life experience and future life prospects, not just the immediate balance of economic and social benefits and costs. This study seeks therefore to take, not only the migration process as a 'continuing event', but also to take the process of starting a business as a continuing event. The ethnographic methodology will allow these events to be seen in the context of the individual's, and indeed their family units, life history.

#### **4.8 The embeddedness debate**

Embeddedness relates to an individual's actions and external relationships with the world around them. In this context Krippner & Alvarez (2007) argue the term, embeddedness, has various meanings but that all its meanings can be traced back to two main sources, Polanyi (1944) and Granovetter (1985). For Granovetter (1973, 1985) embeddedness was a way of reconciling the over and under socialised views of the world. The under socialised model was provided by both the classical and neo-classical construct of economic activity. These theories held that economic activity was something apart from the social world, individuals act as profit maximising individuals and always acted rationally to maximise their welfare. In contrast to the under-socialised view of the world, the over-socialised view of the world argued peoples' actions were entirely governed by social constructs such as class and ethnicity. The social structures had an overbearing control over individuals' life choices and left very little, if any, room for individual agency. Granovetter seeks to find a common way where networks and network relationships provide a bridge to understand the difference between the under and over-socialised models of economic life. For Granovetter an individual's participation in the market is coloured as much by their social networks as it is by their need to maximise their welfare.

According to Polanyi (1985) for the majority of history, all aspects of life, including economic life were mediated by social relations, with economic factors being one facet of those social relations. Polanyi argued that during the industrial revolution there was an attempt to ensure all aspects of life were mediated by market forces; this included both land and labour. This was possible because of the differentiation between the owners of the means of production and the workers in a classical Marxist sense. This differentiation was brought about as a result of jobs in the new industries being robbed of their skill and creativity, therefore labour became commoditised. Polanyi argued this

attempt to establish the dominance of the market as the mediating force was resisted through collective action by the workers. The main results of this resistance was the organisation of the unions and the political labour movement, the establishment of institutions such as Co-operative Societies and the move to ever greater levels of political enfranchisement. It could be argued that these could be seen as attempts to reintroduce social mediation to the life of the workers rather than the market.

In the context of primary research Krippner & Alvarez (2007) point out: “Considered as a positive research program, Granovetter’s concept of embeddedness involves identifying relational bases of social action in economic contexts; the research tradition stemming from Polanyi, in contrast, concerns the integration of the economy into broader social systems. These are not the same problem. They invite different strategies of analysis and involve different assumptions about the nature of the underlying reality that these analytical strategies purport to describe. In particular, we argue that Granovetter’s conception of embeddedness puts forward what we call an exterior relationship between the economic and the social, whereas Polanyi’s elaboration of the concept posits an interior view of this relationship. In the former case, social relations shape economic outcomes from the outside; in the latter case, the social and the economic are seen as mutually constituting.”

Whilst recognising that there are two distinct concepts of embeddedness, as outlined above, it is also necessary to consider how Bourdieu’s theory of practice relates to the concept of embeddedness and perhaps compliments the different approaches.

Bourdieu’s main concern was to bridge the subjective and objective divide which he saw as preventing an understanding of the power relationships and hierarchy that underpin the everyday actions of individuals and society (Bourdieu, 1977 & Bourdieu & Wacquant, 1992). In this there is an echo of Granovetter’s aim to go beyond simple under-socialised and over-socialised views of everyday activity. In both cases there is recognition that an analysis divided into that based on the agency of the individual or that based on an individual bound by objectively defined social structures is inadequate. For Granovetter (1985) it was the nature of networks that offered the tool to overcome the distinction. For Bourdieu it was the concepts of habitus and capital which allowed the researcher to go beyond subjective accounts of individual agency and objective understandings of societal structures. The analysis of capital, and particularly symbolic capital, was key to unlocking what Bourdieu (1987) saw as the arbitrary and misrecognised domination of certain forms of capital. It is possible to see how the two

can be combined, using the concept of habitus to avoid the over-socialised view of individual agency and combining Granovetter's (1973) concept of the strength of weak ties and Bourdieu's (1987) concept of symbolic capital to get beyond just a mechanistic understanding of networks to understand also the power relationship existing and controlling those networks.

This combination of theories and concepts also allows the seemingly contradictory narratives used by in-migrants to be investigated. The two narratives are, on the one hand a narrative of the rural idyll which has been shown to be a powerful influence on individual's migration decisions (Halfacree, 2004) and on the other hand a narrative of the 'knowledge economy' and 'enterprise culture' narratives which surround in-migrant's economic activity with its focus on starting new knowledge intensive businesses in rural areas (Leadbeater, 2000 and Tovey, 2008).

In relation to this study the nature of the interviews, largely biographical unstructured interviews, means it is possible to take a neutral approach. That is let the interviews speak for themselves and not to make any assumption about the appropriateness of a particular theory of embeddedness.

#### **4.9 Scale of interaction and business versus personal networks.**

One of the differences between the Granovetter and Polanyi models of embeddedness is the scale at which they operate. Krippner & Alvarez (2007) argue Granovetter's embeddedness operates at the micro or meso-economic scale whereas Polanyi's embeddedness operates at the macroeconomic scale. There is also a difference in the conceptual framework for what constitutes embeddedness. The term embeddedness could be taken, as it is in the previous chapter, in a geographical sense, i.e. an individual is embedded in a local business community within which they undertake both social and economic action. Additionally it could be taken in the personal sense, i.e. the way an individual views their own life and makes a choice between their economic interests and their personal interests.

The idea that embeddedness relates to a firm's economic and social relationship with other firms is the basis for a number of economic development theories. For example agglomeration theory and clusters (Porter, 2000) are based on an understanding that geographical proximity can aid the flow of knowledge between firms. This process of sharing information can happen by way of a 'local buzz' where employees meet in social situations and interact at local institutions to share knowledge (Bethelt et al, 2004, Uzzi, 1996). In this situation embeddedness is a function of the geographical location

and relates to business activities only. Whilst the activity could be termed social, i.e. employees of different firms meeting outside a formal work environment, it still is fundamentally about the economic development of the firm. Uzzi (1996) for example defines embeddedness as being a network of businesses that ‘operate on a logic of exchange which differs from the logic of markets. I refer to this exchange logic as “embeddedness” because on-going social ties shape actors’ expectations and opportunities’ (Uzzi, 1996, p 676). In this description of embeddedness the economic action of the individual is mediated by their social interactions with other business people. This conforms to Granovetter’s (1985) understanding of embeddedness.

A second understanding of embeddedness accepts that any individual involved in a business also has a personal life to navigate as well. In their personal life they may be a member of a social community in any number ways, as a member of a local group or society, in a civic role or just as a neighbour. For some businesses the connection between society and business is fundamental, i.e. a pub or local shop. At the community scale, the idea of embeddedness has often been conceptualised as relating to the creation of social capital (Putnam, 2000). Those within the network develop strong bonds and high levels of trust which leads to expectations of reciprocity and acceptance of norms and traditions within the community or network. Here embeddedness is situated in the individual rather than the firm, and is experienced in both their social and business lives. It is often assumed that this form of embeddedness is more prevalent in rural areas with notions of a rural idyll often founded on the idea that rural areas have strong connected communities (Halfacree, 2004, Burnett, 1998). There is also an assumption that higher levels of social capital will lead to higher rates of economic development (Falk & Kilpatrick, 2000)

For economic geographers it is the social actions of employees and owners of the business that are the source of embeddedness for the businesses itself. The local buzz within a given area is created by the social interaction of individuals involved in the businesses, this has been found to occur through employment mobility (Bathelt et al., 2004), through local and regional institutions such as universities (Ward et al., 2005) and through networks of finance such as venture capitalists (Saxenian, 1994). Arguably this is not the same as an understanding of embeddedness based on a social capital approach as outlined in theories on the associational economy (Cooke & Morgan, 1998) where it is small family firms interacting with local civic institutions and other small businesses on both a social and economic level.



It has often been argued that, in contrast to economic and human capital that are possessed individually, social capital can only be created (or destroyed) by more than one person. It exists between individuals and is created when they interact (Portes, 1998). Falk & Kilpatrick (2000) argue learning is the key element of the interaction that leads to the development of social capital. As members of a community interact they learn not only information that is of use to them individually, but also about the norms of the community in which they are participating in. This is a process Bourdieu (1977) describes as 'the orchestration of habitus' (p.80) whereby those individuals who interact within a specific community produce a common view of the world and a shared set of practices, for example community activities such as village fetes, which in turn produces a 'homogeneity of habitus' (p.80). For this to happen there must be a suitable space in which these interactions can take place. This suitable social space has been defined as a field by Bourdieu (Thomson, 2008). A field is a bounded area, this can be geographical or virtual, in which actors interact and engage one another (Thompson, 2008). As will be seen later there is an interesting difference between the local community field and the arguably wider economic field and their relationship to in-migrants.

#### **4.10 Conclusions**

This chapter has outlined the main debates around the concept of embeddedness. It has shown that in answering Hypothesis 2, it will be necessary to understand how the two forms of embeddedness affect the way in-migrant entrepreneurs manage their lives. How do in-migrant entrepreneurs approach their social and economic embeddedness and manage the relationship between these two aspects of their lives?

## Chapter 5 - Research Questions and Methodology

### 5.1 Introduction

This chapter builds on chapters 2 and 3 which set out the literature and the theoretical framework which will be used in the analysis of the data collected during the fieldwork phase of this study. This chapter will first set out the aims of the research in detail and the research hypotheses that resulted from the research aims and the literature review. It will then go on to outline the sampling methodology used in the collection of data.

At the present time, as outlined in chapter 3, there is little consideration of migration as an on-going event. In many studies of urban-rural migration it is considered a discrete event in the life of an individual. Often this analysis of migration is carried out in a quantitative way, situated in a neo-classical understanding of the motivations and underlying impetus for the migration. The decision whether or not to migrate is taken to be a cost benefit analysis, do the benefits of migrating to a rural area greater than the benefits to be achieved if the individual stays put. More often than not in the neo-classical model the benefits are taken to mean economic benefits. This research takes a different approach. It seeks to take a biographical approach to migration and situate it within a person's life history and indeed the life history of that individual's family. It also seeks to understand the relationship between the social and business networks encountered by in-migrants and the relationship and interaction between them.

The original research question set out by ONE was:

Can migrant entrepreneurs stimulate knowledge economy networks in rural England?

The research aims of the study were accordingly:

1. To identify the extent to which in-migrant business networks and local business networks overlap and interact;
2. To investigate how an in-migrant's life history, both social and business, affects their ability to engage with the various networks involved in everyday life;
3. To investigate the relationship between extra-local business networks, such as those centred around finance and entrepreneurship, and local business network.

Alongside, and linked to the first aim, are two further aims which are both related to the question of embeddedness. By focusing on urban to rural migrants who are also entrepreneurs, the nature of how these individuals integrate into their adopted community comes to the fore. Through an investigation of both their business lives and their social lives the nature of embeddedness in a rural context can be uncovered. The last two aims set out to investigate two elements of embeddedness. The first aim seeks to build on the two foundations of the literature on embeddedness (Granovetter, 1985 and Polanyi, 1941) and seek to place the findings of the research in relation to rural economies within either of these two theories of the nature of embeddedness. The second aim investigates the role of embeddedness and extra-local linkages, building on the academic literature on neo-endogenous rural development (Lowe et al., 1995 and Ray, 2000).

The next section of this chapter sets out the main research hypotheses arising from the literature review and the research questions which flow from these hypotheses. The chapter goes on to outline the fieldwork methodology and sampling framework used to select the sample of rural entrepreneurs in the knowledge economy.

## **5.2 First Aim**

### **Aim: To identify the extent to which in-migrant business networks and local business networks overlap and interact**

This research was commissioned by the regional development agency, ONE North East, who wanted to understand how in-migrants who start a new business or bring a business with them can foster development in rural economies. The belief is that as well as the direct benefits of having more businesses in rural areas, better employment prospects and higher wages (Stockdale, 2006), there would be additional benefits from having a more entrepreneurial environment in rural areas. These additional benefits could be termed spill-over effects or agglomeration effects (Porter, 2000 & Bathelt, et al., 2004) and relate to the flow of tacit knowledge between businesses.

Given a significant part of the literature on urban to rural migration has focused on the potential for conflict resulting from such a population change, is it reasonable to assume such an environment will be fostered? This informs the first two hypotheses:

*Hypothesis 1.1: In-migrant and local business networks interact infrequently and at a superficial level.*

*Hypothesis 1.2: In-migrant and local business owners interact socially within the local community which has positive spill over effects for rural economic development.*

Many of the economic development agglomeration theories are based on a network effect whereby scientific or codified knowledge is shared and promulgated between a locally based business cluster through informal and formal networking. Given the common perception of rural communities being strong and cohesive this type of networking should be easier in rural areas than in urban locations (Murdoch, 2000). However this must be balanced against the perceived disruptive influence of in-migrants for example in relation to housing (Sturzaker & Shucksmith, 2011). This tension between an in-migrants business and social life may affect the formation of local business clusters and networks. At the heart of this hypothesis is the concept of embeddedness. Embeddedness is broadly taken to mean the situation of economic activity within a broader social structure. The two main theories relating to embeddedness, those outlined by Granovetter (1985) and Polanyi (1941), and the alternative views they present (Krippner & Alvares, 2007) are examined in addressing this hypothesis.

### **5.3 Second Aim**

**Aim: To investigate how an in-migrant's life history, both social and business, affects their ability to engage with the various networks involved in everyday life.**

*Hypothesis 2: Rural areas, with their strong community networks, provide the perfect place for in-migrants to start new knowledge economy businesses as they allow social networks and business networks to be combined to satisfy an individual's social and economic objectives.*

A rural way of life has often been distinguished from an urban one by its perceived friendliness and community spirit (Bell, 2007). Whilst the reality of this has been challenged by a number of academics (Halfacree, 2004 and Bosworth & Willet, 2011), it still remains a powerful force in terms of the rural idyll. Vergunst (2009) for example refers to the process of in-migrants integrating within the community-of-place with differing degrees of success. The basis for Vergunst's analysis is Berger & Luckmann's (1967) concept of institutions and socialization whereby norms of practice become institutionalised through habitualisation and in-migrants are required to conform to the institutional norms in order to fit in. This line of analysis separates the subjective and the objective meanings of the rural community, with subjective understandings

developing over time into objective institutional norms. This may be inadequate when considering in-migrant entrepreneurs however. Firstly its focus on socialization as a means of producing the norms glosses over the multifaceted nature of a community-of-place. It is difficult to see how all aspects of rural life could be distilled into a single notion of place. Secondly the focus on habituation as between in-migrant cultural norms and the institutional norms of rural places again over simplifies the complexity of social and business lives (or sub-worlds as Vergunst terms it).

To overcome this issue of subjective and objective understandings of the world Bourdieu's theory of practice is brought to bear in questioning Hypothesis 2. The analysis is based on the concepts of habitus and capital which allow an investigation as to how communities develop and interact and in particular lays bare the power relationships within those networks. As discussed in chapter 2, habitus offers an understanding of the objective and subjective norms and institutions within the rural community. The notion of fields also offers the opportunity to place the individual with their habitus and store of capitals within a multi-layered and multifaceted social environment. In addition Bourdieu's concept of hysteresis also offers an insight into the potential for dislocation between an in-migrants 'urban' habitus and the rural society they find themselves within. As habitus and capital are developed and are significant only in relation to the field within which they are created, the act of moving to a new field can render pre-existing habitus and capital ineffective. Over time an individual will develop a new or revised habitus and acquire new capital. Hysteresis refers to the time-lag between the move to a new field and the acquisition of the field specific habitus and capital required in this new field. In some cases the pre-existing habitus and capital will more readily transferable to the new field. Through an understanding of this process of change it will be possible to investigate the two processes of migration and entrepreneurship as experienced by the in-migrant. Are the in-migrants able to translate their habitus and capital into that required in both the social and business fields of the rural community equally easily or is one transition easier than the other?

#### **5.4 Third Aim**

**Aim: To investigate institutional networks and the relationship between institutionally grounded extra-local business networks, such as those centred on finance and entrepreneurship, and local business networks**

*Hypothesis 3: Many of the important networks in relation to business development are external to rural economies, financial & regulatory networks for example. These are mostly based in urban areas and with their urban background in-migrants are better placed to access these networks.*

*Hypothesis 4: Institutional networks are able to bridge the divide between local civic networks and local/extra-local business networks and offer neutral spaces where in-migrant and local entrepreneurs can interact.*

There is now a growing recognition within rural development policy and practice that neither a top down, exogenous, nor a bottom-up, endogenous approach offers a complete answer to the problems being faced by rural economies. As discussed in the previous chapter, one alternative approach to rural development which seeks to bridge the two is neo-endogenous rural development (Lowe et al., 1995 and Ray, 2000). Here local resources networks are connected to extra-local resources and networks whilst at the same time retaining the ability to direct and control their own development trajectory.

With their experience of both rural and urban areas, in-migrants could be a key link between the local and extra-local networks. The analysis of the data will use Bourdieu's (1972) *theory of practice* and the concepts of habitus, capital and field to investigate how well in-migrants are able to access these key extra-local networks. These networks are often dominated by formal institutions both being developed and controlled by one of the many branches of the state or a formal economic institutional network such as those centred on finance or enterprise. The networks have their own rules and demand a certain form of habitus from those who wish to maintain their position within the network.

As set out in relation to hypothesis 2 the in-migrant entrepreneur brings with them their capital and habitus developed in an urban field. Hypothesis 2 tests how far this previously acquired habitus and capital helps or hinders the in-migrant's attempt to establish themselves in the new community, hypotheses 3 and 4 seek to understand how far the pre-existing habitus and capital allows the in-migrant entrepreneur to bridge local and extra-local business networks. This allows the analysis to move beyond the straight forward functional analysis that has characterised previous studies in this area.

In the original research proposal there was an additional research hypothesis within this section relating to the different social histories of rural and urban areas. This was based

on an understanding of rural areas having a social history and structure based around hierarchy and deference (see Newby 1977) in contrast to the relative anonymity of urban areas. Following the decision to adopt Bourdieu's theory of practice as a framework of analysis it became clear that this distinction between rural and urban areas did not offer a fruitful avenue of analysis. Once fieldwork was underway, it became apparent that the tension lay between the entrepreneur's role as member of a rural community and their role as rural entrepreneur. This tension was not necessarily confined to either in-migrant or local business owner but was common to both. This tension also extended to the role of institutions with local economic networks which had to act in the best interest of their own corporate or policy field whilst at the same time fulfilling a role on the local rural development field.

## **5.5 The case study areas**

Due to the collaborative nature of this PhD research project, the research partner being the regional development agency, the base for the fieldwork needed to be the north east of England. Two study areas were chosen: the North Tyne and Coquet Valleys encompassing the market towns of Bellingham and Rothbury; and upper Teesdale including the market town of Barnard Castle. The two areas are similar from a landscape point of view, both are protected areas – the southern area is partly within an Area of Outstanding Natural Beauty and the northern area includes parts of Northumberland National Park. Both areas have a similar natural geography and landscape being characterized by upland heather moors and mire intersected by river valleys.

### ***5.5.1 Northern Study Area***

The main settlements in the Northern Study Area are the market towns of Rothbury and Bellingham. Both are approximately 35 miles north of Newcastle the main urban centre. Both are significant local service centres with a range of services, library, banks, shops GP surgery and post office. In the 2001 census Rothbury had a population of 1740 and Bellingham had a population of 1227. In total the population for the parishes covered in the Northern Study area was approximately 5200. In the main tourism, farming and forestry dominate the economy in the area. Tourist attractions such as the National Trust property at Craggside near Rothbury and Keilder Forest Park are both big tourism draws, although the area is somewhat overshadowed by Hadrian's Wall to the south. At the north of the area is the Otterburn Ministry of Defence Training range. This covers a

significant land area but is largely self-contained with only a small permanent army presence.

### ***5.5.2 Southern Study Area***

The southern study area is centred on the market towns of Barnard Castle and Middleton-in-Teesdale. Both towns lie to the west of the major urban centres of Darlington and Teesside. Barnard Castle is 16 miles west and Middleton-in-Teesdale is 25 miles west of Darlington the nearest large urban centre. Interestingly due to the differing standard of the roads the travel times to the urban core are the same for Bellingham, Rothbury and Middleton-in-Teesdale.

The population of Barnard Castle in the 2001 census was 5189 with Middleton-in-Teesdale's population being 1156. Middleton-in-Teesdale's economy is similar to the two northern market towns being dominated by tourism, farming and forestry. Barnard Castle on the other hand has a more diverse economy. The major employer in the area is the GlaxoSmithKline (GSK) Pharmaceutical plant on the edge of town. Barnard Castle is also the main service centre for Teesdale with a range of services similar to those provided in Rothbury.

### ***5.5.3 Rationale for the choice of study areas***

In terms of the knowledge economy, the southern study area had two potentially significant elements, elements which are missing from the northern area. Barnard Castle and Teesdale have an economic regeneration partnership, Barnard Castle Vision, which has had a focus on stimulating more development within the knowledge economy sector. In addition, Barnard Castle's economy, and its hinterland, is dominated by the largest employer in the town, GSK. GSK has been a significant employer in the areas since the factory was relocated to the area during the Second World War to avoid the blitz. GSK would be considered to be a knowledge intensive business.

In contrast the northern study area has neither a dominant employer nor a comparable development initiative. This may be a reflection of the size of the population centres with Bellingham and Rothbury having roughly 1/3 of the population of Barnard Castle (ONS, 2010). Rothbury and Bellingham do have a number of grass roots initiatives that have sought to improve their economic situation. Bellingham host the North Tyne & Redesdale Community Partnership which is a community development trust, and the Art Tour is a community arts based project to support rural creative artists within the study area.



## **5.6 Methodology**

### **5.6.1 *Sampling strategy***

The research sought to examine the rural knowledge economy. There is not yet a universal definition of the 'knowledge economy' (Brinkley, 2006) and therefore three business sectors were chosen in consultation with the industry partner from across the spectrum of what could be considered the knowledge economy: sustainable development and green technology; creative arts and digital media; and business services. These were chosen as being businesses likely to be present in rural areas. The initial target was to find at least 5 businesses in each knowledge economy category for each of the study areas, giving a total sample size of 30 businesses (i.e. 5 businesses x 3 knowledge economy categories x 2 case study areas).

The first selection was made from publicly available business databases, Yell.com, Applegate and Northumberland Infonet. A secondary search was then made of business associations within each of the study areas, this included Chambers of Commerce, and area-based marketing websites (for example Wild Redesdale and Teesdale.com). These sources gave an initial sample of approx. 22 businesses that were still trading and willing to be interviewed. At this stage it was not possible to obtain any details about the business owner and their migration status. In the end the sampling technique was successful in finding in-migrant or return migrant business owners. The sampling technique found very few locally owned businesses in the 3 knowledge economy sectors outlined above. This in itself is very interesting and further investigation is needed to understand the low levels of knowledge economy businesses owned and started by individuals who have lived most of their lives in the same location.

Following an initial round of interviews, a subsequent snowball sampling technique was employed. This involved visits to the main market towns of each area to identify suitable businesses with offices in those areas, checking the business adverts in the local papers (Teesdale Mercury and the Northumberland Gazette) and following up businesses referred to in the initial interviews. This last method of sampling allowed some triangulation to be gained as to the extent and composition of networks active in the development of the local economy. Suitable business owners were also identified during attendance at business networking events in the study areas. This technique was used sparingly as there was a risk of bias towards sampling those businesses that were very active networkers which may give a false picture as to the extent to which rural

businesses engage in formal business networks. The aim of the purposive sampling technique was to achieve saturation in the data analysis as outlined below. Each interview and batch of interviews was transcribed and a 'first pass' coding exercise was undertaken to establish whether any additional categories or sub-categories of analysis were generated. Towards the end of the fieldwork it was clear no new categories were being generated by new interviews.

### **5.5.2 *Biographical Interviews and data collection***

As outlined above the aim of this thesis was to obtain a biographical account of both an in-migrant's move to a rural area and their experience of starting a business. A biographical interview is one which seeks to gain a deeper understanding of the whole picture of an individual's life, capturing all elements of the web of influences which may be missed if too narrow a focus is maintained. There are two theoretical reasons for taking an ethnographic approach in this instance. The first is related to the need to consider both the migration and enterprise events as being an integral part of the interviewee's overall life history; the event itself being influenced and determined by the individual's experiences leading up to it and their knowledge and understanding of the future prospects the change will bring. In this way the study treats the two events as continuing events rather than as a bounded distinct event (Halfacree and Rivera, 2012). Roberts (2002) points out that "the appeal of biographical research is that it is exploring, in diverse methodological and interpretive ways, how individual accounts of life experience can be understood within contemporary cultural and structural settings and is thereby helping to chart the major societal changes that are underway, but not merely at some broad societal level."(2002: 5) This is particularly relevant in terms of this thesis where societal change is the key thread running through the whole venture. This ability to situate an individual's experience within "an on-going and evolving social structure." (Millar, 2000: 2) is particularly important in this research study. Change to rural society as well as change within individual's lives can be explored and an understanding gained as to how the two are interrelated. This is one of the strengths of the biographical approach, it allows the individual interviewee to relate their own life choices and decisions at key stages of their life to the societal changes they were experiencing at the same time (Millar, 2000).

The second reason for taking a biographical approach was to try and develop a theoretical bridge between some of the previous approaches to the study of rural areas. Panelli (2006) highlights the various traditions, disciplinary roots and epistemologies

used in the study of rural areas and society, showing how each strand of rural studies has its own tradition and approach. This study seeks to cross a number of boundaries between those traditions, disciplinary roots and epistemologies, for example between the positivist empirical studies often found in the study of migration and the post-structural conceptual studies of rural society and culture. In relation to the interviewee's experience as an entrepreneur in the knowledge economy the study is again seeking to move beyond the more positivist nature of much of the entrepreneurial research and literature and understand the relationship between the culture and narratives of living the life of a rural entrepreneur.

### **5.6.2 *Migration as a continuing event***

The first theoretical challenge is to consider the way in which migrants use their previous life history to inform the decision to migrate and then adjust to the new life once they are living in the new rural society. This has not been explored in any great depth in the urban to rural migration literature, but in the transnational migration literature it has been a feature of the academic research endeavour for over 20 years (Bailey, 2001). One theoretical concept which can be borrowed from the international migration studies literature is the concept of transnational social spaces. That is the understanding that international migrants often retain strong social ties with their community of origin. This is through a number of channels; payments to relatives, frequent return visits to maintain social contacts and the establishment of familiar social institutions in the adopted community (McHugh, 2000). One of the perceived problems with previous research on international migration was that it treated migration as two processes, "operating in places of departure on the one hand (usually contexts of economic deprivation, political upheaval, or cultural marginalisation), and arrival on the other (with attendant questions of assimilation, residential settlement, labour-market integration and community involvement)" (Kelly & Lusia, 2006). This has parallels with the study of rural migration which similarly either focused on the driving forces behind the decision to migrate, urban push or rural pull, or on the process of integration (or otherwise) of migrants once they settled in their adopted rural location. To counter this restricted view of migration, more recent research on transnational migration has focused on the connections between immigrant communities and their home communities, the "process by which immigrants forge and sustain multi-stranded social relationships that link together their societies of origin and settlement." (Bash et al. 1994 quoted in Kelly & Lusia, 2006). This is particularly relevant in the context of rural

migrant entrepreneurs as it is their extra-local business connections which are seen as key to their role in neo-endogenous rural development (Atterton, 2007).

### **5.6.3 *Backyard Ethnography***

The research, using as it does a biographical interview method, takes an approach within the ethnographic tradition. This is reinforced by the fact that in addition to the interviews, the researcher spent time within the community being studied and observed the life of those making up the community. In the southern study areas this was done through attending networking events, frequenting key social spaces within the community, for example working in the NeST which had free Wi-Fi and a cafe. In relation to the northern study area, this was home territory. Here it was a case of backyard ethnography (Armstrong, 1993). Backyard ethnography is a term used to distinguish this form of ethnography from the traditional anthropology which is associated with the study of exotic cultures.

An enduring issue within anthropology has been the extent to which a researcher can participate in and be a part of the culture they are seeking to investigate whilst at the same time retaining a degree of objectivity and distance which is expected from a piece of academic research. It could certainly be argued, there is a need to retain a degree of reflexivity in the case of backyard ethnography. Here the object of study is not unknown foreign practices but practices and institutions which are encountered every day by the researcher. One particular trap which is evident, and must be avoided is the tendency to relate the accounts of the interviewees back to the personal experiences of the researcher. Otherwise, it may prove difficult for the researcher to properly understand the subject individual's subjective understanding of their life experience. Care was taken in the coding of the interview data to avoid this problem. This was done by retaining an understanding that this could be a problem so that when the tendency to relate back the experience being recounted arose it was recognised and the interview recoded. This need for reflexivity in undertaking this form of ethnography was termed 'participant objectivation' by Bourdieu (2003). This highlights the need to ground the reflexivity of the participant observer within an understanding of the pre-dispositions that observer brings to the situation. Participant objectivation highlights that any meaning attributed by the observer to the situation they are observing may be as a result of their own experiences further that this is both a help and a hindrance. It is a help because it allows insights and understanding that may be hidden to others. It may be a hindrance because the meaning placed on those insights may be dominated by the

observers dispositions and interpretation rather those as understood by the observed. During the coding process, the themes and content coded was reviewed periodically and with new material being compared with older material to check for consistency. The software tool Nvivo was used to store and code the interview and field notes taken as part of the participant observation. This enabled the process of coding and reviewing the coding process to be undertaken with relative ease.

The personal experience and position of the researcher can also be important in terms of gaining access to and acceptability within the group to be studied. In relation to other ethnographic studies researchers have exploited their own contacts and involvement in the communities they seek to investigate, Armstrong (1993) used his contacts and experience growing up in Sheffield to gain access to the football hooligans he was seeking to study. In another example Young (1991) used his position as a serving police officer to study the police service from within. In both these cases the personal experiences of the researcher have a dual purpose. Firstly they allow the researcher access to the field of study and secondly the first-hand experience of the activity being studied is part of the research.

In relation to the fieldwork, Pearson (1993) talks about the ethnographer being in two places at the same time, within the group and as a separate observer. Distance is needed to enable the researcher to reflect on the observations and experiences they are documenting. The fine line between participation and maintaining a critical distance seems to be one of the most difficult elements of the fieldwork. Coffey (1999) argues that ethnographic research will always be ‘personal, emotional, sensitive, should be reflective and is situated in existing cultural and structural contexts.’ (1999: 12) It seems sensible therefore to take stock and understand the researcher’s background both before and during the fieldwork. In relation to my own research, I have personal experience of being a rural migrant and the affect that has on relationships with others in a rural community. My experience however, has not been as a business owner. Care was needed to avoid an over personal account of the research and to ensure my own experiences did not impinge on the nature of my participation with and observation of other in-migrants. As Coffey (1999) points out an overly autobiographical analysis can be taken as being self-indulgent.

## 5.7 The Interview Method

Initially the nature of the research and the involvement of ONE Northeast was explained to the interviewee along with confirmation about the anonymity of the data being collected. At this stage the interviewee was only informed the research was about rural entrepreneurs in the knowledge economy, the relevance of in-migration was not highlighted. Each of the interviews had two distinct elements, initially the interviewee was asked to recount their life history as from leaving school up to the present date. During this part of the interview questions were kept to a minimum and interventions on the part of the interviewer only sought to encourage the narrative to continue. All aspects of the interviewees' lives, both social and business were covered in the interview. The interviewees were allowed to digress and discuss any matters they felt were relevant to their life history.

The second stage of the interview was a much more focused interview. The basis for this part of the interview was set out in a pre-prepared interview schedule, a copy of which is set out at Appendix A. The main focus of this phase of the interview was the process of starting and developing a new business. The nature of the interviewee's networks, both social and business related, were also probed. In addition to the key questions set out in the interview schedule, any significant events highlighted in the first stage of the interview were also returned to. The interview schedule was developed over time to incorporate any themes that were emerging from the preceding interviews.

Finally, if the interviewee was an in-migrant, the interviewee was questioned about their motivation for moving to a rural area and their views on what rurality and a rural way of life meant to them.

As part of the fieldwork, participant observation of business networks and networking events was undertaken. This mainly consisted of attending regular networking activities as a normal participant. It was made clear to the other members of the networking group that I was a researcher from Newcastle University and if requested I would explain the nature of my research to members of the group. Immediately following the meeting I would find a suitable spot to either write or type up my notes of the meeting and any thoughts and reflections I had on the nature of the meeting and my observations and encounters with business people during the course of the event. These notes were then loaded (or where possible typed directly) into a research journal with the Nvivo project file.

In addition to traditional methods of observation and interviews, it is now possible to become an observer within the virtual world. Finally therefore, through viewing individual companies web sites and shared sites it was possible to further map and understand the various networks the interviewees were involved with. One option which was investigated but proved too difficult to undertake within the timescales available, was to map online network connections via social media sites such as Facebook and LinkedIn. This was unfortunate as it would also give an added dimension to the investigation of in-migrant's embeddedness within the local communities and extra-local communities, particularly communities of practice.

## **5.8 The Analysis**

As previously mentioned, the interviews were transcribed in full using qualitative analysis software, NVivo. In addition to this, screen grabs from relevant websites and copies of promotional material collected from businesses and other organisations, such as the local marketing group and economic development bodies, were saved and coded within NVivo. Finally the research journal, as described above, was written up and saved within the Nvivo project file.

The materials were then coded in relation to the main hypotheses outlined above. This was carried out on an on-going basis with the first pass being undertaken as the interviews were being transcribed. After the initial coding and analysis of the data, secondary themes were identified and the data was re-coded using these themes. Once the first draft of the analysis chapters was completed, further themes emerged and again the data was re-coded. As a result of each of the coding iterations the data was eventually coded to saturation (Miller, 2000). As the interviews progressed and more data was coded it became obvious that there were a number of key themes emerging from the data.

Using Miller's (2000) classification of biographical studies; realist, neo-positivist and narrative, this study aims to undertake what Miller suggests is good practice and uses elements of both the realist and neo-positivist methods. The difference between the two approaches as outlined by Miller is whether they adopt a deductive or inductive method. In the case of this research there were times during the fieldwork when the research moved from an inductive approach to a more deductive exploration. Use of Bourdieu's *theory of practice*, as outlined below, formed the framework for the more inductive elements of the research, the concepts within the theory; habitus, fields and capital

formed the first categories with which to code the data. Sub-categories within those main categories were then generated from the deductive aspects of the research. The main trigger for this switch was the failure of interviewees to address the issue of how and when personal and business networks overlapped. This required a more structured approach to the interviews, at least in part, to steer the conversation to issues of networking activity.

As Bourdieu (1984) points out habitus “enables an intelligible and necessary relationship to be established between practices and a situation, the meaning of which is produced by the habitus through categories of perception and appreciation that are themselves produced by an observable social condition.”(1984: 101). The analysis of the narratives as a whole also offers a clearer insight into the question of hysteresis and the changes occurring in the various fields encountered by the interviewees. Each of the interviewees interacts and experiences the various fields of endeavour, rural community, the rural knowledge economy etc., in their own way and can offer their unique insights into the processes and structures as they perceive them. Putting this analysis of the interviews together with the participant observations and reflective analysis also allows an understanding of the socially constructed institutions at play within the study areas.

It is this blurring of the boundary between the objective and subjective understanding of the migrants’ socially constructed lived experience that requires consideration of a number of points of reference. Each of the narratives provided by the interviewees provides a piece of the jigsaw that together allows an understanding of the relationship between the economic, social and power elements of the community being studied and how these are being shaped and are shaping the migrants lives.

## **5.9 Critiques of the biographical method and addressing them in practice**

There are a number of potential pitfalls to be avoided when using biographical interviews. Some of these relate to the role of the interviewer in eliciting the life history others related to the validity of the results in terms of generalizability and rigour (Bryman, 2008). This thesis involved interviews with a small number of individuals. This small scale survey is needed to enable a rich data set to be collected. The limits of the study, both in terms of geography and sample will limit the extent to which claims about the findings wider implications can be made. In this case the two case studies areas are on the rural north east of England. Whilst there may be some fundamental issues uncovered by the research it may be impossible to make wider generalisations



about in-migrant entrepreneurs in other areas. This is a criticism levelled at various qualitative studies and in this case is countered to a certain degree by the fact that the research is only seeking to make claims about the rural north east of England.

The second issue raised by Bryman is the rigour within the research; how far could the findings be replicated by subsequent studies. This issue can best be countered through a robust methodology and method. In this case it is the use of the *theory of practice* as a framework guiding the analysis of the data and the methods used to collect the data which demonstrate rigour.

A further, more specific issue facing the biographical method is the issue of time itself and how it is managed within the research. Time is important in two ways: first the time that has passed since some of the events being recounted by interviewees, second the effect on a person's life being born at a particular point in time. Miller (2000) for example, highlights the need to distinguish between age affects and cohort affects. Age affects are the patterns and features of an interviewees' life that are related to the effect of age. For example the older a person is the more likely they are to have accumulated sufficient wealth and experience to contemplate starting a business. On the other hand younger people may have 'less to lose' and may therefore be willing to take more of a risk in starting a new business. Thus the motivations to start a new business may have more to do with the stage in life an individual has reached rather than as a consequence of being within a particular cohort of individuals. For example people reaching adulthood in the late 1980s and early 1990s could be considered 'Thatcher's Children' with very different attitudes to enterprise and entrepreneurship than the baby boom generation before them. Miller argues these different affects must be acknowledged and incorporated into any analysis of biographical data.

Another issue to be addressed in the use of biographical data is its relationship to the truth. As Denzin (1989) points out life histories are essentially a work of fiction. Not only that but there are two level of fiction involved in the process; once as the interviewee recalls his life history and seeks to tell it as a story of their life; and then as the researcher seeks to interpret and construct a coherent narrative of that life and extract the necessary academic value from it. Both these interpretations of the truth are filtered through the language used and relationship between the interviewer and the interviewee for example seek to conform to a linear interpretation of a life.

## **5.10 Conclusions**

This chapter has outlined the methodology and methods used in this thesis. All methodology and research methods have their benefits and drawbacks. This chapter has highlighted some of the key critiques of the methodology and methods used and also outlined the steps being taken to mitigate the problems. The next section deals with the data analysis and outlines the main findings of the research.

## **Part II – Data Analysis**

### **Chapter 6 –The spatial embeddedness of rural migrant entrepreneurs and the rural knowledge economy.**

#### **6.1 Introduction**

Migration, at its most basic, is the movement of an individual's place of permanent residence. There is a terminology relating to migration that has developed within the academic literature seeking to understand migration and its impacts. Before proceeding with the analysis it is perhaps worthwhile spending a short time exploring the various terms relating to migration and how those terms will be used in the analysis. There are two terms commonly used to describe an individual who moves their permanent place of residence from an urban area to a rural one: in-migrant; or rural migrant.

The term in-migrant is used where the motivation for the move is not relevant or not considered by the study. The term rural migration is limited to those individuals who have moved from a more urban place of residence to a more rural place as a result of a conscious choice. This thesis aims to investigate the experience of those migrant entrepreneurs who consciously decide to move to a rural area and therefore the term rural migrant will be used to describe them.

As has been outlined in chapter 4 there is a related concept, that of counter-urbanisation. Counter-urbanisation is the term used to describe the fact that rural areas have been gaining population at a faster rate than urban areas. This is mainly due to rural migration, but is also due to an aging population. Other aspects of counter-urbanisation, such as the net outflow of young adults, will not be considered in this thesis.

This physical relocation of an individual, and often their family, means the rural migrant will need to establish a new set of relationships, both in their private social life and their business social life, within the new community they have settled into. This process of establishing new physical connections could be considered to be a form of spatial embeddedness. What is being considered here are the physical connections, their quality and quantity. Previous research (Atterton, 2007) has found a difference in the nature and extent of migrants' business networks. Migrants have been found to have wider weaker networks than local business owners. Work by Granovetter (1973) and Uzzi (1996) have found that these types of networks are particularly important for business development. They allow access to a wider range of resources and avoid problems associated with strong narrow networks such as lock-in.

Research has shown one of the main motivations for rural migration is the idea of being part of a rural idyll (Short, 2006). One of the elements underpinning the concept of a rural idyll (Halfacree, 2004), is that people view rural areas as representing a more inclusive and community orientated way of life. Migrants imagine the process of establishing social and business connections will be easier in a rural community (see for example Bosworth & Willett, 2011). The mental image of the archetypical rural business network is farmers gathering at the weekly mart, swapping gossip, advice and information. In this situation the business network is seen as being indistinguishable from the social network. A popular impression of rural areas is that they are places with strong and coherent communities. Arguably this may result from a close association between agriculture and other land based activities and the social structures of rural areas, what Ward (2006) terms a ‘traditional rural economy’. In this type of traditional rural economy, social activity and commercial activity are viewed as being intertwined. This can be seen from the fact that certain elements within the agricultural production process have been socialised and are key events within the social calendar as well as the economic calendar. Take for example harvest, essentially the final or penultimate stage in the production of agricultural crops. Harvest is also a religious and social festival. It also accounts for the long summer school holiday which once allowed children to help out with the harvest. This interrelationship of economic activity and social activity is known as embeddedness. It is a concept which acknowledges the extent to which economic activity is embedded within social life. The theory of embeddedness is often seen as an attempt to socialise neo-classical economic theory with its reliance on atomised individuals leading their lives through welfare maximising rational choices or indeed provide an alternative theory of social behaviour. Bourdieu (2005) was quite forceful in his criticism of this ideal type, “*Homo economicus*, as conceived (tacitly or explicitly) by economic orthodoxy, is a kind of anthropological monster: this theoretically minded man of practice is the most extreme personification of the scholastic fallacy, an intellectualist or intellectualocentric error very common in the social sciences (particularly in linguistics and ethnology), by which the scholar puts into the heads of the agents he is studying – housewives or households, firms or entrepreneurs, etc. – the theoretical considerations and constructions he has had to develop in order to account for their practices.” (2005: 209)

As discussed in chapter 5, there are two, slightly contradictory academic theories of what the term embeddedness actually means. The two originators of a sociological approach to embeddedness are Granovetter (1985) and Polanyi (1944). In the

sociological approach, embeddedness relates to the relationship between an individual's economic life and their social life.

In addition to the question of embeddedness which has its basis in sociological interpretation of rural development, there are also academic theories based on spatial embeddedness. As was discussed in chapter 3, the shift to rural policy based on geographic areas as oppose to sectors is one of the driving forces behind a focus on the importance of geographic proximity to development. The other impetus for the growth in the prominence of theories based on geographic proximity is to be found within the regional development literature. For some time theories such as Industrial Clusters (Porter, 2000), the Associational Economy (Cooke & Morgan, 1998), Regional Innovation Systems (Asheim et al., 2011) and the Learning Region (Lundvall, 2002) have highlighted the benefits of geographic proximity and the spatial embedded nature of business networks. This literature has tended to be more positivist in its ontology and has focused on quantitative analysis of the attributes of 'successful' regions (see for example the special issue of *Regional Studies* Vol. 45(7), 2011 and in a rural context Kalantaridis & Bika, 2006).

These two academic threads, the sociological understanding and spatial understanding of embeddedness, have arguably been confused in some of the literature and policy relating to rural development. Part of the confusion about the embedded nature of rural society may stem from misunderstanding and misinterpretations of rural lives as understood through the dominant discourse of the rural idyll. Whilst it has long been assumed that rural areas have a much more cohesive way of life and that Individuals' and families' social and economic lives interact and overlap to a greater extent than they do in urban areas (Short, 1991). This chapter will seek to understand whether this integration between social and economic life still has resonance in a rural economy in which agriculture plays an ever diminishing role. It will also test the theory that the presence of in-migrant business owners will stimulate the local economy, not only directly through their own business activity, but also through the presence of their skills and experience (Stockdale, 2006). One of the ways in which this stimulation and cross-fertilisation could occur is through the networking activity of in-migrant and local business owners within this integrated economy.

*Hypothesis 1.1: In-migrant and local business networks interact infrequently and at a superficial level.*

Alternatively the interaction and stimulation occurs through social networks but then spills over into business activity as well.

*Hypothesis 1.2: In-migrant and local business owners interact socially within the local community which has positive spill over effects for rural economic development.*

This chapter aims to complement chapter 6 in that both chapters deal with the question of embeddedness. In chapter 6, embeddedness is taken in the individual sense, i.e. how individuals and their families negotiate the various aspects of their lives: social; domestic; and economic. This concept of embeddedness follows Granovetter's (1985) and Polanyi's (1944) works on under and over-socialised views of the world.

In this chapter the focus will be on the spatial nature of embeddedness, how individuals and their businesses are located within the local, regional, national and even international business networks. Inevitably there is a degree of cross over in the relationship between spatial embeddedness and social embeddedness, however it could be argued that more often than not these two aspects of embeddedness are confused in many studies of rural development. It is hoped that, through the analysis of the empirical data and employing Bourdieu's (1977) theory of practice, a more coherent understanding can be reached of how the two forms of embeddedness relate to each other and to the various theories of rural development.

For this section of the thesis the study of migration and entrepreneurship is important as there is a double change within a person's life, they have migrated to a rural area and started a business. These changes span the individuals personal and business worlds but are very much connected. These decisions may occur together and form part of a single life transition but may have differing underlying motives and rely on differing and possibly contradictory narratives. For example it may partly be based on a migration narrative relying on a search for the rural idyll and partly based on an enterprise narrative based on the knowledge economy. They may also occur at different times of an individual's life. The decision to move to a rural area is followed some time later by a decision to start a business or vice versa. Either way they will be influenced by that individual's life history and experiences and also their understanding of the future life the change(s) will bring.

This chapter therefore seeks to understand the relationship between the networks employed by businesses starting or running small businesses in the knowledge economy. These business owners have made a conscious decision to relocate their families to a rural area often based on notions of finding the rural idyll. This move may

result in the relocation of an existing business, the purchase of a pre-existing local business or the subsequent decision to start a business. Each of these options means that a business owner will need to engage in new networks and more often than not maintain connections with their old networks at the same time. There is perhaps an interesting tension between the motivations to migrate, based on an understanding of a traditional rural society and the motivation to start and develop a new, knowledge economy, business which is founded on the idea of a new rural economy.

## 6.2 Initial analysis of the sample of knowledge economy businesses

Whilst the sampling methodology did not seek to obtain a representative sample, the focus was on mapping networks within the study areas, the sample does seem representative in terms of the personal attributes of the business owners who were interviewed. The sample was made up of 23 (77%) male business owners and 7 (23%) female business owners, this is a slightly lower proportion of female owned business than was found in a recent rural business survey in the north east; male 72% and female 28% (Atterton& Affleck, 2010).

Table 5.1 shows the age profile for the sample along with the corresponding statistics from the recent north east rural business survey:

**Table 6.1 – Age of interviewees**

Age	PhD Study sample		Atterton& Affleck NE Rural Business Survey	
Not disclosed	2	7%	Age	
18-29	1	3%	18-29	2.4%
30-39	3	10%	30-39	9.7%
40-49	10	33%	40-49	27.4%
59-60	10	33%	50-59	35.3%
60+	4	14%	60+	25.2%

As can be seen from table 6.1, broadly the current sample profile for the most part matches the profile found in the wider survey. There is a difference between the two in the older age brackets, with fewer older business owners found in the current study

sample. This may reflect the nature of the businesses, those in the knowledge economy, which often rely on very recent technological innovations.

Table 5.2 shows the educational attainment level for the sample along with the corresponding statistics from the recent north east rural business survey:

**Table 6.2 – Educational Attainment of interviewees**

Educational Attainment	PhD Study sample		Atterton& Affleck NE Rural Business Survey	
Not disclosed	0	0%		7.2%
No formal qualification or apprenticed	1	3%		8.8%
‘O’ level or GCSE	9	30%		18.5%
‘A’ Level	5	17%		13.5%
Under graduate degree	13	43%		27.4%
Post graduate degree	2	7%		24.6%

It can be seen from the above table that the educational attainment of the sample used in this study differs markedly from the distribution found in the wider rural business study. There are more business owners in the ‘O’ level and Undergraduate brackets in the current study than were in the larger north east sample. The reason for this disparity may relate to the nature of the study areas, both fairly remote rural areas with links to a market town, or to the nature of the business sector’s being investigated.

The interviewees’ life histories reveal a variety of routes to their current business. A number of those who left school with no qualifications joined large firms or in one case the army and were apprenticed to a trade. Others took a more academic route going to university and then on to pursue a career in a large company.

The original sample was taken from a range of business directories without any knowledge of the business owner’s background or migration status. It was impossible to tell a business owners’ status (i.e. if they were a migrant entrepreneur or local entrepreneur) from the information provided by the directory entry. Once a sample of businesses were identified it was possible to contact them and establish whether or not they were a migrant entrepreneur. As it turned out, from the sample of 30 businesses



only 1 was jointly owned by someone who had lived in the area all their life. It was decided to include this business in the sample as well as the business was a family business with the spouse being a migrant. There were two return migrants, a business owner who had grown up in the location in which they now operate their business but who had moved away from the area for a significant period of their life and another who inherited a family estate and business. All other businesses owners would be considered rural migrant business owners, i.e. they have moved more than 30 miles to their current location as a matter of choice. This is in marked contrast to the findings of the Atterton& Affleck (2010) survey which found 47.3% of businesses were owned and managed by in-migrants with 9.5% being run by return migrants and 43.1% of businesses being owned and managed by locals.

This raises an interesting question about the nature of the knowledge economy and the type of person who is involved in this sector of the rural economy. One explanation for the lack of indigenous knowledge economy business is due to the need for higher levels of educational qualifications to operate in this sector. It has been recognised for some time that migration to and from rural areas is differentiated by the age of the individual with young adults making up the majority of the out migrants and families with young children and individuals approaching or at retirement age making up the majority of in-migrants (Countryside and Community Research Unit, 2003). The hypothesis would be that to gain the relevant educational knowledge or business experience, to be successful in the knowledge economy an individual will need to move away from their rural home.

### **6.3 Overview of the interview data**

As previously detailed, the interviews were divided between two case study areas and between three business sectors. Reviewing the backgrounds of the interviewees, there are no obvious differences between the two groups. One small difference is that there are two interviewees who have close connection to the armed forces. This is probably as a result of the proximity of Catterick Garrison which is situated just to the south of the case study area. Both the interviewees with the connection to the armed forces had links to Catterick Garrison and the wider northeast.

In terms of life histories there does not seem to be any one dominant theme within the various stories. There are a number of commonalities between the narratives given by the interviewees in terms of the major life events which resulted in the decisions to relocate and start a business, but this does not seem to differ as between the two study areas. For example three quarters of interviewees in both the Northern and Southern

study areas had had previously worked in large national or international firms or large public sector body.

When considering the patterns of change and the triggers for taking the decision to move or to start a business again there seems to be little difference between the two study areas. Starting a family is the most common reason given for making substantial changes in family life. The need to care for a relative is also mentioned by a number of interviewees in both study areas as trigger a change in their life. Finally another element which is again common to both study areas is the occurrence of an ‘act of god’, an event totally beyond their control which alters their life in such a way that a total re-evaluation of their situation is needed. In two examples this was a serious illness, in other examples it was periods of economic crisis in the wider economy.

One thing almost all the interviewees have in common is they have some form of affinity to the area they chose to migrate to. Whilst there is the risk this may partially be as a result of post-hoc rationalisation, many of the stories told have such a strong narrative that suggests that there may be some underlying truth to the stories. For example education, and in particular time spent at university, played a significant part in shaping many of the individual’s lives. A number of the interviewees describe how they moved away from the north east to attend University only later to return to the rural parts of the region in later life. Also a number of the interviewees who grew up outside the region attribute their presence in the region to time spent at a local University. There is no difference in the pattern of educational transition between the two study groups.

Finally another common element in the narratives told by the interviewees is the complexity and interrelatedness of all the aspects of their lives that lead to the decision to migrate and then to start a business. Table 6.1 summaries the key narrative elements and the distribution as between the two study areas:

Major Narrative Element	No of cases in Northern Area	No of cases in Southern Area
Migration and business start influenced by young family	7	9
Migration influenced by the need to care for an elderly relative	2	2
Major illness triggered change of	1	0

career and relocation ('a new start')		
Redundancy/ business failure triggered migration and/or new business	2	2
Studied at NE University and stayed in region after graduation	3	2
Family connection to study area	3	4

*Table 6.1: Major Narrative Elements across the case study areas*

Table 6.1 shows that there is no significant difference between the major narrative elements described by the interviewees and the case study area. There were similar patterns of events across the whole of the research. Therefore taking a purely functional approach to analysing the interview data there therefore seems little to distinguish the two study areas. Both have a similar diversity of life histories and backgrounds outlined by the interview sample. In the remainder of this chapter and in the next two chapters this thesis will dig a little deeper into these various life histories and understand in more detail the subjective nature of the interviewees lives as they seek to establish their new lives in a rural community and develop their own business.

#### **6.4 Migration and the Rural Idyll**

In this section of the chapter the motivations for the in-migrants decision to move to the study areas is considered in more detail. It is also placed in the context of the interviewees' life history leading up to the event and the perceived benefits the move brought to the in-migrant and their family. The biographical nature of the data allows the unpicking of the relationship between the motivations, both leading up to the decision to move and following the move, and the process by which the rural migrant builds their connections within their new location and how the two are connected.

Rather than a single stand-alone calculation, made at a single moment in time, the decision to migrate can be influenced by a range of internal and external influences over a significant length of time. What this complexity means is that the motivation for the migration may be rooted in much earlier experiences rather than, or as well as, the current circumstances of the family. One frequently cited motivation for moving to a rural area is the draw of the rural idyll (Halfacree & Boyle 1998, Hoggart & Paniagua 2001). Whilst elements of this can be found in the narratives of the interviewees, it often had its roots in prior life experience as well as a social construct as is often argued by

academics (Bosworth & Willett, 2011). For example for one interviewee the move to a rural market town was in search of an environment for his family similar to his own. Whilst his own childhood was spent in an urban area, on the edge of Gateshead, he perceived this form of lifestyle was only now available in a rural area:

As kids it was our territory. It was a fabulous place to grow up because of its. I hesitate to use the word exclusive, it was contained. It wasn't near anything else particularly. So it had its own environment. All the families, there were a lot, it had a great cross range of families. But we all grew up as kids together and when I started taking notice there were kids older than me and there were kids younger than me. But we all mucked in together. I remember at one point I was probably sort of early teens maybe. I don't know why it sticks in my mind, but the older kids were going round on motorbikes and there were younger kids in prams. And I just remember us all mucking in together. There was no age division. A fantastic social environment. Male: 55+ : Business Support

The stated motivation for the migration was a wish to give his children a similar childhood to his. The initial catalyst for the move however was the growing infirmity of the interviewee's mother and the fact that she was going to move in with the family. This resulted in a search for a suitable property which could accommodate the expanded family unit. This coincided with the interviewee's children starting school and therefore a desire for a better work life balance. The migration was followed, sometime later, by self-employment which delivered the better work life balance. The recollected motivation, however, was a better environment to bring up children. Therefore the desire for a more rural way of life does at least to some extent conform to the idea that the rural idyll is a place where communities are stronger and safer, however there were other significant drivers for the migration.

For another interviewee it was the proximity of the countryside which could be accessed for recreational activity combined with the flexibility of home-working and self-employment that was the motivation for the urban-rural migration. Previously the interviewee had been in a senior manager's position at a large firm working long hours:

... when I was finance director at [*international company*] in [*near Gateshead*] I was working probably 60 hours a week. Starting at 8 and I never really got away from there before 7, ½ 7 in the evening. And I was in there probably one day a weekend. You don't realise it at the time, you just get up, its Saturday, I've got to do this and you just go. Male: 30-40: Business Support

This same interviewee had been brought up in a rural area prior to leaving home for university and a career in a large firm. He was familiar with living and growing up in a rural area. However the catalyst for the move was a combination of a young family and also the pressure he was facing at work as a result of the recession and the fear that the firm he worked for would go out of business.

In both these cases if the interviewee was faced with a simple questionnaire or structured interview, it is possible they would state their motivation for the migration to a rural area related to issues which would be considered by academics to be related to concept of the rural idyll. However their biographical narratives reveal a more complex situation relating to their social lives and economic lives. The desire for a 'rural' way of life could be said to be a latent desire. There needed to be a catalyst or shock to the steady state of the individual or family unit, to convert that latent desire into actual action.

## **6.5 Local versus incomer**

There is another risk in the over simplification of the migration process which relates to the notion of 'local' and 'incomer'. This is particularly the case if the migration event is taken as a single bounded process. As highlighted by Burnett (1998) this idea of an incomer as an 'other' to the local community sets up a conflict which may not be as clear cut as many fear. This notion of local and incomer also has an impact on theories of development in rural areas.

In relation to the interviewees in the sample a number had long existing links to the rural area they eventually settled in:

They were in Sunderland, but we have always had a holiday, right the way through from my great grandparents, they have always come to Middleton for holidays. My Grandmother had a holiday cottage here which we used, three generations of family have used that cottage in Middleton. We have a long connection with the area, but always as a holiday, but we did live here for a short time when I was younger. That was about when I was 6. Female: 40-55: Creative Arts

There were also instances where the migrant had lived in a similarly rural area previously:

I'm not from the North East originally, I'm from mid Wales. Mid Wales is actually very similar to where we're sat today. My mother's side of the family, big

farming background. My dad is actually a Chartered Accountant as well. I went to primary school in the village where we lived. Similar size to Rothbury. Went to secondary school. Did my GCSEs and my 'A' levels. Male: 30-40: Business Services

In this case the interviewee had moved away from his original local area to attend University. On leaving University he took a graduate job with one of the big four accountancy firms and gained a professional qualification whilst living and working in Newcastle. It was following a few years work which involved long working hours and considerable amounts of stress coupled with having children that he and his family were spurred on to relocate to a rural market town and become self-employed. In a way whilst he was an incomer to Rothbury and conformed to the traditional counterurbanisation stereotype, a more detailed review of his background shows he had more of an understanding of what it is to be 'local' in a small rural market town.

For two other business owners it was their spouse who had the connection to their current rural location:

[*interviewee's wife*] was teaching at that time and got fed up with that. We got married up in [*village name*] which is a village just down the road. Her parents live up here and we said do you know what shall we just make the break. Male: 30-40:creative and digital

We lived in Leeds and we both decided we didn't want to bring our children up there. And we wanted to move to a more, I mean, something a little more in the realms of where my husband grew up. Female:40-50: Business Support

For both of these business owners it was a family connection that brought about the move to that particular rural location. Whilst they would be considered in-migrants, their partners would be considered locals or perhaps return migrants. Existing family in the local area gives them a much stronger connection to the local area than a migrant with no family connections at all. In both cases the business owner was able to exploit family networks to develop their own business. In fact, in the case of the second business owner, the business referred directly from her husband's business provided the core income for the business.

These narratives of the migration as being part of a lifelong progression follow McHugh's (2000) finding in relation to international migration. The connections to a

rural area often exist before the migrant makes the permanent move in the same way the extra-local connections are maintain following the relocation.

Whilst the rural migrant business owner could be considered an incomer, sometimes even as a return migrant, it helps to develop networks if you have some form of local connection. This was explicitly traded on by one interviewee:

Well I mean quite a lot of people knew me. So obviously they did. But then if you're pure blood [*village name*], you're an incomer if you've come from 4 miles away. The way I speak I don't sound like I come from round here. So I probably, I do drop it into conversations fairly heavily, fairly early on. You know establish my links to various you know, my extended family, farmers and things. So I establish those kind of links. It kind of helps, it certainly helps to some degree. Some of the farmers round here knew my grandfather and my parents. Those sorts of links and once they start bandying round the pub, it does help you settle in a bit. Male:40-50: Creative & digital

As is made clear in the view of the interviewee the term 'local' is highly subjective. It is not clear therefore how useful in the analysis of business networks and embeddedness, the categories of local and incomer or in-migrant are. What is needed is an understanding of the individual's social and business lives when considering the differences between the two categories and its impact on business development.

## **6.6 Life transitions and social careers.**

One way of understanding these complex life histories can be found in the literature on life transitions and life careers. It has been recognised that there are a series of life transitions an individual goes through as they age. The first is often termed the youth transition (Henderson 2005) which relates to the move from full time education and family support to self-sufficiency. In rural areas, this stage of life is often associated with out migration in search of jobs or higher educational opportunities. The next life transition relates to the formation of a family, either through marriage or long term relationships and often children. The next stage is the 'empty nest' and finally pre-retirement transition with the final transition being that of retirement. It is these last three transitions which are associated with urban to rural migration (Stockdale 2006, Stockdale et al 2000). One issue with the research on life transitions affecting rural areas is that they take each transition as a discrete event and therefore they are analysed as such. A more realistic approach would be to see these transitions as a cumulative process whereby each preceding transition is influenced and affected by the individuals

experience of their previous transitions. This understanding of life transitions as being cumulative also sits well with Bourdieu's (1977) theory of habitus. Each transition further develops a person habitus and contributes to the unconscious practices that structure a person's life.

Another useful framework for understanding how these processes is that of the social career (Humphrey 1993). A social career offers a more flexible method of investigating an individual's actions in relation to their life history in a way that "takes full account of the prevailing influences of social and economic structural forces" Humphrey (1993) p170. This approach may also offer a means of bridging the under and over-socialised views of migration. It also helps to illuminate the link between life transitions and entrepreneurial activity.

A common theme in a number of the biographical accounts was the link between a life transition, either a natural progression or abrupt discontinuity as a result of an external shock, what Humphrey terms a 'career break', and the decision to start a business.

For a number of interviewees it was starting a family that brought about the life transition, both in terms of the move to a rural area and the decision to start their own business. Typically the transition would be started with the arrival of children with the interviewee remaining in their previous job but moving to the rural location with a view to a better upbringing for the children. The pressures of a long commute or frequent overnight absences due to work commitments then leads to the decision to become self-employed so as to gain a better work-life balance.

Another common life transition that resulted in a move back to a rural area was the need to care for elderly relatives. For one interviewee it was the illness of their father that was catalyst for the move. For another it was the need to look after an elderly mother which brought about the move. Interestingly in both these cases the relative was located in an urban area however the interviewee chose to relocate to a rural area to be close to the relative.

For others there was a more abrupt change in their life which resulted in their life transition. One interviewee suffered a life changing illness which resulted in the career change. For others the change in direction was brought about as a result of redundancy from a job which was expected to provide a long term career.



## 6.7 Narratives of Migration

The biographical nature of the data which was obtained from the interviews, offers a rich insight into the life history of the individuals and their motivations for moving to their present location. One point to note however, is that as the interviews were relating primarily to the business of the interviewee and therefore only that individual was interviewed. Other family members (save for one business where both husband and wife were interviewed as they were business partners) were not interviewed and therefore the research related only to the business owners' reasons for the family move.

Having said that, even drawing from the narrative of only one family member, the first thing that stands out from the narratives provided by the interviewees is the complexity in their lives leading up to the final decision to live where they currently do. This highlights another potential flaw in other studies of migration, where often only the final relocation is investigated as part of the research. A focus purely on the final relocation can lead to simplification of a person's life and simplifications of their motivations for the move. Over the course of a person's life there may be a number of moves and relocations. In the sample there was evidence of these at all stages of life. A number of business owners had moved a lot during their childhood often due to work commitments of their father's, or less often mother's, career:

Well just to, we moved around a lot because my dad worked for [*International Company*] and I was one of five children. We moved every three, four, five years in my childhood. So we lived in, my two brothers were born in [*name of country*], just to give you an idea, my elder sister was born in [*name of town*], I was born in [*name of town*], my younger sister was born in [*name of country*]. Female: 30-40: business support.

A number of interviewees had also relocated a number of times due to work careers. Two business owners had links to the armed forces, as a wife of an army officer and as a soldier in the army. They had therefore moved constantly from posting to posting until they set up their own business on leaving the forces. Other interviewees had taken a traditional route through higher education and careers with large companies which had resulted in a number of relocations as they progressed up the career ladder. As with forces careers, a number of interviewees were the spouse of someone who had a career in a large organisation and had moved with their spouse.

## 6.8 Spatial embeddedness, in-migrants and rural networks

Next we explicitly examine the spatial integration of migrant and local business owners in the various rural networks and wider economy. In particular this section will consider how, if at all, migrants are able to operate as actors in the process of neo-endogenous development (Lowe et al. 1995). It will also examine the possible existence and role of rural knowledge economy clusters.

In terms of spatial embeddedness and rural development theory, in-migrants seem to be the perfect neo-endogenous actor. They are physically located with the rural community but have extra-local connections and networks (Atterton, 2007). In-migrants can offer an opportunity to establish connections to extra-local networks containing higher levels of human and financial capital or indeed may possess both forms of capital themselves (North & Smallbone, 2006). This has formed the basis of a number of claims made about the contribution of in-migrants to rural areas. For example Stockdale (2006) suggests that in-migrants may be the solution to rural regeneration as they have a greater propensity to start new businesses and create jobs than the local population. The greater incidence of new business formation in in-migrants has also been found in previous studies, Keeble et al. (1992) found that in-migrants in remote and accessible rural areas were more likely to start a new business than the indigenous population. Huggins and Clifton (2011) argue creative in-migrants, who are attracted by the beauty and quality of life to be found in rural areas, are also a source of development dynamism for rural areas.

The basis for these contentions, that in-migrants can provide a stimulus to rural development seems to be founded on a number of assumptions:

- That in-migrants bring human, social and economic capital to rural areas which can then be deployed to create economic development (Stockdale, 2006).
- That in-migrants are able to act as network connectors or nodes between local development networks and extra-local networks (Atterton, 2007).
- That in-migrants are more entrepreneurial and are more willing to create jobs and therefore wealth in rural areas (Bosworth, 2008)
- That there will be spill over or other local affects that will stimulate 'local' businesses to also carry out economic development (Huggins & Clifton, 2011) which will lead to the beneficial agglomeration effects of having a critical mass of knowledge economy businesses in rural areas (Cooke & Morgan, 1998).

The assumptions set out above are in part informed by research carried out into industrial clusters and regional development (Porter, 2000 and Saxenian, 1996). Porter argues a geographical concentration of businesses in the same or complementary sectors creates a business environment which becomes self-supporting and lowers the transaction costs of a number of inputs. For example local institutions become familiar with the needs of local businesses and alter their outlook and focus to serve the industrial cluster. In addition supply chains develop for components and/or services for the main industry sector. For Saxenian it is not agglomeration factors that are the key, more important is the nature of the networking within the cluster that is important. Industry clusters with high levels of inter-firm networking and informal association are the key to resilient growth (Saxenian, 1996). This is an echo of Murdoch's (2000) and others' (for example Cooke & Morgan, 1998 and Amin & Thrift, 1994) argument that it is the density of networks and the institutional thickness in a given location that is key. The issue in England and therefore for this thesis is one of scale. For the most part, issue of rural peripherality and industrial agglomeration are considered, within Europe and the US, on a regional scale. In the English context there are very few regions which could be said to be rural when compared to rural regions in the US or continental Europe. Most areas which exhibit the physical characteristics of remote rural areas, for example very low population density with unmanaged land or low impact marginal farming, are still in close proximity to built-up urban areas. The question is therefore whether these policy initiatives based on developmental networks can be said to be rural policy or are they in fact regional policy, of which rural is a part?

## **6.9 Rural knowledge economy clusters**

In the study area there was evidence of clusters developing and the kind of collaboration taking place which would perhaps be characterised by Cooke & Morgan (1998) as being flexible specialisation or an associational economy. For instance in the southern study area a number of businesses in the digital media sector had formed a network of support which involved sharing equipment, collaboration on projects and taking part in joint promotional activity:

It's actually worked out that all of the people I work with are based round here. I've got one mate, [*cameraman local*] who bizarrely enough I was at school with and lost contact with him. Then met him at a Northern Film Media event, and he's a camera man. He was at [*name of town*], and I've worked with him on a number of projects over 3 or 4 years. I might bring him back up for a project if

we ever get any projects again. I work with [*local web designer*], so obviously [*local web designer*] is fantastic on the whole web side of things, pages of code and be amused by it. Male: 40-50: Digital Media

This network of collaboration has in part been fostered and supported by the local regeneration agency, Barnard Castle Vision. Initial projects for the agency concentrated on infrastructure such as broadband and Wi-Fi connectivity and later gallery and studio space within the NeST development. Barnard Castle Vision has also recently entered into a Memorandum of Understanding with the Digital City project based on Teesside (Barnard Castle Vision, 2011). The project aims to connect businesses in Teesdale with the Digital City infrastructure and networks on Teesside. In conjunction with Barnard Castle Vision, there is another regeneration agency operating within the study area, the South Durham Enterprise Agency (SDEA). SDEA offers prospective businesses start up support and training and provides networking opportunities.

This cluster is very much a public institution lead and controlled. In terms of neo-endogenous development this can be a mixed blessing. This formal support was found to be extremely useful for a number of the business owners:

At the time if you registered as a new business there they did a series of evening courses. It was a course which was 12 or 15 evenings. You went along to the Enterprise Agency and they gave you free knowledge. One night there was somebody there from a bank if you wanted cheap loans, if you were eligible for the Princes Trust Loans if you were younger. There was one night it was someone from the tax office. It was a different theme each week. I missed a lot of them because I went in, in the January but I went to the others and I found it very useful. It took off from there really. Female: 55+: Creative Arts

For another business owner it was the main reason he started his own business:

There was a poster up in the library from the Enterprise Agency; it had a picture of the [*local businessman*] who now runs a [*business*] in the town. It was saying set yourself up in business, there are grants available, all this sort of stuff. I spoke to my stepfather and said I'd seen this poster and he said well why don't you go and have a chat and look at setting yourself up. I went in and had a chat with them. They were absolutely brilliant, absolutely fantastic. Male: 30-40: Digital Media

This type of initiative can help businesses establish physical and social ties with wider networks and make those important extra-local connections to resources. This type of personal support is much valued by the businesses owners interviewed. All those interviewees who had had experience of the support provided by SEDA spoke positively about its impacts and usefulness. However there are questions around the power relationships at play within such networks and questions about the role habitus, cultural and social capital play in these types of networks. The individuals working with SEDA came from the local area and lived and worked in the local area. There was therefore a shared habitus between those acting on behalf of SEDA and those seeking to engage with SEDA. This was not the case for other development institutions operating in the study areas. For example Barnard Castle Vision was less well respected. These concerns were summed up by one business owner:

Yes, it's jobs for the boys, whoever's none elected and running these things are taking their money out of it whether it makes a success or not. If it doesn't make a success when the funding is gone they just walk off into the sunset. People like us have got to make a living. Female: 55+: Creative Arts

In the northern study area a different type of cluster was found. This centred on creative arts, in particular textiles. Two of the interviewees operated elements of their business through the use of 'out-workers'. Here certain elements of the production process are sub-contracted out to home-workers who undertake work on piece rates, i.e. payment for the amount of finished work produced. In one instance it was the processing of waste material into a new product and in the other it was the processing of yarn into knitted goods that was passed on to out-workers. There was then further collaboration with other creative businesses to promote the area to potential customers. The three most obvious manifestations of this were: the annual Art Tour, which involved creative businesses opening their studios to the public for a week; Kirkharle Courtyard development which provides studio and shop space for creative businesses and host craft fairs for business based elsewhere; and a web based brand and promotion initiative, Wild Redesdale. What makes this cluster distinct from the southern one is that it is not driven or controlled by a government institution or agency. Whilst both the Art Tour and Wild Redesdale receive financial support from Government bodies, they are run and sponsored by private businesses.

What is perhaps interesting in terms of hypothesis 1.1 is that out of the three networks studied, the Vision network, the network lead by SEDA and the northern creative arts

network, only one had any element of local and migrant networking. Both the network centred on the Vision and the northern creative arts networks were dominated by in-migrants. This was evident not only from the information provided by the interviewees but also from the observation of networking events and analysis of material produced by the networks. The SDEA network was centred on its office, Enterprise House and the activities hosted there. The main networking forum is a monthly breakfast meeting which has an open invitation to all local businesses. The event started as an opportunity for home-workers in the local areas to meet up and share experiences. It proved popular and was later expanded to any local business. Participant observations of a number of these events revealed a strong commitment to the network and a good deal of collaboration between the members. This was particularly the case for business to business services i.e. legal and accounting services. Other than a general focus on developing business skills there was no specific agenda for the network. Initially the network was funded by SDEA but is now self-funding save that SDEA provide the meeting room and some administrative support at no charge.

This contrasts with the other two networks which do have a specific focus of activity. For Barnard Castle Vision it is the economic regeneration of Barnard Castle, for the northern network it is the promotion of the individual businesses and attracting more visitors to the area. If these different networks are considered in terms of fields it can be argued that the more focused networks have a smaller boundary and a more specific set of rules than the broader SDEA network.

This seems to suggest there is only limited interaction between local and migrants business networks.

In terms of the spatial embeddedness of in-migrants in rural economies, the issue of scale introduces some questions as to the processes by which these networks bring about the development required. One way that has been proposed to achieve the connection between local and extra-local resources is thought to be through the exploitation of spatially fixed cultural and physical capital (Ray, 2001 and Lowe et al. 1995). This extra-local support has often been founded on the basis of capacity building (Ward & McNicolas, 1998) whereby external support is focused on developing networks of actors and skills within a local community who can then take forward development themselves. In the context of rural businesses this has often been focused on formal business networks such as Chambers of Commerce or trade associations (Phillipson et

al, 2006) or in the case of institutional development networks, approaches such as LEADER (Shucksmith, 2000).

### **6.10 “The death of distance” – Knowledge economy networks in rural areas**

In the knowledge economy spatial embeddedness could be taken to include embeddedness in a virtual economy. One of the drivers for establishing a rural based knowledge economy is a belief that businesses dealing in intangible goods can interact through virtual networks in addition to or even in place of tradition real world networks.

One way in which networks are important in relation to innovation and the knowledge economy is that they are a means of sharing tacit knowledge. Tacit knowledge is the know-how information in contrast to know-why information which is the characteristic of codified knowledge. In urban and regional development theories this exchange of tacit knowledge occurs through what could be termed the ‘local-buzz’ (Bathelt et al., 2004) whereby individuals move between companies as employees or through contract work or else network socially. The difficulty for rural areas is that these mechanisms for developing a local buzz are somewhat lacking. Most businesses in rural areas are micro-businesses, i.e. have less than 10 employees with a very high number having no employees at all (Atterton & Affleck, 2010 and CRC, 2007). This means there is a lack of churn within employees as would be the case in urban areas where there is a greater intensity of larger firms.

One way this problem could be overcome could be through the use of information and communications technology (ICT) which replaces geographic proximity with virtual proximity. Frances Cairncross’ (1997) bold prediction was that the development of ever faster, ever cheaper communication technology would render irrelevant the location of business and individuals. This idea that ICT can transform economies has heavily influenced policy at a national level (for example DCMS & DBIS, 2009).

There is however a growing critique of the ‘death of distance’ utopianism that accompanied the early development of ICT. The idea of creating digital cottage industry has failed to materialise. In the event rural areas have suffered from a digital gap in that their sparsely populated nature has meant it has not been cost effective for the private sector to make investments in faster broadband or fibre optics (Talbot & Gillespie, 2007). There has also been a gap in human capital, in that digital rural firms are competing with digital urban firms in the same markets both in terms of products and labour. As has been shown in Chapter 2 even though rural areas are gaining population

they are losing people in the 18-30 demographic range. These are just the type of people who have the skills rural digital businesses need, particularly those leaving University.

The changes brought about by advances in ICT are, like many changes affecting rural areas, is a mixed blessing. As Grimes (2003) points out the reduction in distance can work both ways with increased competition by external businesses in an already restricted local market. This is most keenly felt on the high street in rural areas with online shops and large supermarkets offering goods to rural customers at prices that are lower than the wholesale cost price for many rural shops.

In relation to the fieldwork there is evidence of ICT making an impact on rural business development. A number of businesses have started selling and marketing their business over the web, both individually and as part of a local group. This extra-local marketing was only part of the story. In addition to being able to sell outside the local area, ICT has enabled rural businesses to access other business services remotely, for example banking services. A number of the small businesses use PayPal as a way of taking orders for their products without the need to set up complicated merchant accounts with high street banks. PayPal offers an easy to use online banking facility over which the business user has a high degree of control. It is also open to people who may for some reason be barred from being given a merchant terminal by a high street bank, for example because of a poor credit history:

It works great, you're not taking people's numbers over the phone. You just do it through the PayPal system. A chap the other day, bless him, paid for a valentines gift for his wife. Its £39 he paid for it and he said he would pay for it that night. The next morning when I looked and checked, he'd paid for it but he'd paid twice. There was a frantic e-mail from him saying I don't know what happened but I've paid twice. I said, don't worry and I just refunded it. It just goes through the PayPal. You don't have to fap. It's safe for us and it's safe for them. "Female: 50+: Creative Arts - South

However PayPal only seems to work up to a point:

I've got a web sales shop, that brings in money. I use PayPal so you can sell by that. But it's getting to the stage that I'm beginning to lose sales because I've not got a terminal. Female: 50+: Creative Arts - North

The availability of online banking services has therefore allowed individual businesses to operate in much wider markets than otherwise would be the case. This need to



provide online payment services also lead to a business opportunity for one business in the northern study area. The company specialised in web design for the tourism sector. In the early days there were few online booking services and each week the company had to update the customer's web pages to reflect new bookings. To automate this, the business designed an online booking and payment facility which tourist accommodation providers could subscribe to. The business has been very successful and forms a significant part of the business's turnover.

For most of the businesses interviewed it was not the speed or capacity of the broadband supply that was the key issue. It was getting the other services online as well that was critical. The costs of setting up a web site and the bureaucratic difficulty in setting up online banking facilities were the main barriers to trading online.

### **6.11 Access to markets – career networks.**

One way in which in-migrant business owners have an additional benefit is through extra-local business networks. One of the most important of these examples are the networks developed during their career, particularly time spent with large organisations. For many working people the time spent in the workplace often equals or exceeds the time spent outside. It is therefore natural that strong bonds are formed which can be exploited following migration. There have been studies which have attempted to quantify the extent and importance of these work based networks. Studies of Patent citations by former work colleagues have been used to show that networks and collaboration persists following the migration of a member of the team (Agrawal et al, 2006 and Jaffe et al., 1993). This form of networking could be considered to be a form of alumni networking and is often actively fostered by large businesses. For the business owners interviewed in this study a number had also relied on networks with former work colleagues and businesses:

I still wanted to maintain contact with people that I'd worked with in the past. A lot of them had gone off and set up their own companies as well. It was networking with people who I'd been working with for years who had set up their own consultancies or their own little businesses. So I used those contacts to start off, say well can I do something for you. Basically that's where it started and that's where it still is. I've got a lot more customers now. Male: 55+:

Business Services

This form of business network seems to be restricted to business owners who had previously worked for large organisations. This is probably due to the nature of the

work environment within large firms. In the business network outlined in the comments above the business owner relied on former colleagues as clients. A further opportunity to access extra-local markets is provided through membership of industry organisations. Often a business owner's employment in a large organisation resulted in their membership of a trade organisation or regional institution. Their previous experience of these institutional networks could be carried forward into their current businesses:

There is a few things, within the profession, there are a few things which I do on a voluntary basis which I would do anyway, but they potentially do have business implications. I'm on the regional advisory committee for the National Trust and there's a Durham [*industry society*] which I'm on the committee for.  
Male: 40-55: Environmental and Sustainability

In this case the professional network established at a time when the business owner was working for a large organisation has been maintained as a way of engaging in extra-local markets. The comments hint that it is as much about raising the profile of a small business as it is about making direct contact with potential customers. In both cases the networks developed within former workplaces have been carried forward to support the new business venture. This pattern was repeated in a number of other instances where a mixture of networks based on former colleagues and networks with customers or suppliers were carried forward into the new business.

In contrast to those who have prior careers or institutional networks to engage with, those without an old business network to fall back on have adopted a different approach. For a number of businesses it has been formal networking opportunities that have been used to develop markets. In the southern study area a number of business and enterprise networks seem to have worked together to enable business start-ups to gain access to the necessary business networks. There are three main networks involved: Enterprise House, Barnard Castle Vision and "the fastest 50". Each of these networks has a slightly different focus and together they have proved very useful for a couple of the interviewees. Enterprise House is mainly focused on providing serviced office space but also runs a successful regular business breakfast network. Barnard Castle Vision is the regeneration agency for the town and runs the NeST project which provides studio and gallery space for local creative businesses. Finally the "fastest 50" scheme was a scheme to provide support and mentoring to new, high growth businesses. Two young businesses owners within the digital and creative sector had been heavily involved in all three networks and credit the support and access to networks provided by these

organisations as the key to their success. Networks of this type provide access to extra-local resources but may not stretch as far as networks based on former careers. For both of the younger business owners there was an ambition to develop wider markets but this was viewed with some trepidation:

I need to join Codeworks that's on my list to do. Newcastle is where I'm trying to infiltrate a bit now, now that I've started to build up my client base a bit here.  
Male; 30-40: Creative and Digital.

Here the intention is to expand the spatial area of the business by moving into regional networking institutions. The network, 'Codeworks' mentioned in the extract is a regionally based network for those involved in digital industry. Interestingly the interviewee had tried two other regional networks, the North East Chamber of Commerce and BNI, prior to settling on Codeworks without any success.

For businesses in the knowledge economy, these personal connections are particularly important. What is being sold by these businesses is a service which is based on the skills and creativity of the business owner. It requires the business and the business owner to establish their credentials with the prospective customer before a transaction is entered into. For businesses selling a product, it is the quality and fitness for purpose of the product that is important. This can be established either through third party testimony or, in the case of works of art, through interaction with the product.

For service based industry it seems that there needs to be some physical link into an extra-local network, a source of introduction that has to be accessed to enable a business to meet and connect with extra-local markets. It is within this environment that the individuals' habitus comes into play. The nature of the network to which the business owner gains access may be determined by the habitus of both the business owner and the network itself. In the case of the alumni network it is easy to see how a shared habitus is established through the shared experience of work. In many cases this shared experience of work environment also spilled over into the person social life; Granovetter (1985) embeddedness.

In the institutional networks it could be argued that the shared habitus of the network and the business owner arise from notions of what it is to be an entrepreneur or a shared understanding of what the knowledge economy is. As was found by Down (2006), individuals, sometimes consciously, create a narrative of how they wish to appear to conform to what it is to be an entrepreneur. This idea of what it is to be an entrepreneur is also fostered by the institutional support networks around the knowledge economy

and enterprise. The 'Fastest 50 Programme' involved an intensive 12 week enterprise training course which 'trained' individuals to be entrepreneurs. Barnard Castle Vision, as discussed earlier, is the regeneration agency for the town. The aims of the Vision are firmly based within the knowledge economy with projects such as the 'Digital Dale' and the NeST. As was argued in chapter 2 the NeST, which is the main networking forum within the Vision's various projects, has developed a certain habitus which is based on of contemporary aesthetic and an idea of enterprise based on technological innovation.

The nature of the network an individual can access can therefore determine the spatial extent of their network. The alumni networks will extend to the same extent as the network of the parent company. In the Southern study area the dominant employer is GSK, an international company. A number of interviewees had previously worked within GSK and this international aspect was reflected in their current business network:

Well I cover Europe. I've done quite a lot of work in mainland Europe over the last 10 years. Don't do anything in the USA, but I've had some good clients in places like Switzerland. I've done work in Italy, France and some in Bulgaria.

Male: 55+: Business Services

There can be issues with this type of business development if the former company places restrictions on the type of business a former employee can start. For one business owner in the environmental sector this prevented his business from advising any commercial enterprises and restricted his customer base to the residential market.

## **6.12 Proximity and the flow of knowledge in knowledge economy networks.**

As outlined above, one of the hopes for a neo-endogenous growth model for rural development is that flows of knowledge will be improved between extra-local networks and local ones. The flow of knowledge, in particular information about markets, availability of finance and innovations, is seen as one of the key elements of a knowledge economy (Brinkley, 2006). For knowledge to be passed between individuals and businesses there needs to be proximity. Boschma (2005) argues proximity is not just about geographical proximity. He highlights four other elements to proximity which have an effect on the ability of firms to network; cognitive, organizational, social and institutional proximity. For Boschma it is cognitive proximity that is the key to knowledge transfer. A shared understanding of the scientific or codified knowledge related to a particular sector is therefore important to establish business networks. This

cognitive proximity forms the basis for a number of the interviewee's businesses:

That's right; one of the things I haven't been able to shake off completely is my pharmaceutical knowledge. People still find it useful, particularly in terms of the pharmaceutical computer related stuff. With it being a highly regulated industry there is a great focus on computer systems. They're used for everything, from manufacturing to testing. The regulation agencies, like the FDA in the US have very specific thoughts and requirements for computer systems, computer system validation particularly. Proving that the system does what you say it does. That's an area where I've specialised in. I've done a fair bit of consultancy work over the years. Male: 55+: Business Services

For a number of businesses it is through attendance at specialist conferences that networks are maintained. These conferences offer opportunities for business owners to share knowledge and make connections within their very specific area of expertise. Using the specialist knowledge they have developed within their career it is possible for individuals to connect back into these networks even after several years' absence:

I actually went to a seminar in Newcastle a couple of years ago because it was free, and it was fairly, and it was at the SAGE, and it was a fairly high profile big continuity thing. I couldn't believe it the same faces were there. All the provider companies, the same faces were still there. They were still talking about the same things. Still promoting things in the same way. Male: Business Support: 55+

The importance of this type of cognitive proximity and the difficulty in obtaining the required technical knowledge if an individual is starting a career in a rural area was highlighted by one of the other interviewees:

In some ways, particularly with people like [*local cameraman*], he's only 23, 24 now he's jobless really. He's got this dream that he's going to be this feature film director and he's a really gifted camera man but I don't want to be giving succour to that unless there is any money. So yes I could be keeping him very busy doing all these different things but in some way he's got to suffer a bit so he'll bugger off somewhere else. Male: 40-50: Digital Media.

This is a somewhat harsh, but perhaps realistic, analysis of the situation facing younger entrants into the rural knowledge economy. There is still an understanding, even held by individuals who are passionate about rural development, that young people need to

move away to gain the necessary professional skills to make significant progress in the knowledge economy.

### **6.13 Conclusions**

It is clear from the analysis above that the complex circumstances and life patterns have a significant effect on the decision to both migrate and start a business. This seems to confirm Halfacree & Rivera (2012) and McHugh's (2000) call to treat not only migration as a continuing event but also entrepreneurial activity as a continuing event. For a number of the interviewees it was their own life experience and on some cases existing connection to a particular rural area which was the motivation to migrate. In terms of the development of a particular form of habitus, the prior connection to the migration location or a family member who has such a connection has meant the process of shifting to the new circumstances and thus a changed habitus has been more straightforward.

The analysis of the interviews seems to back up previous studies (Atterton, 2007 and Kalantaridis & Bika, 2006) that found migrants to have wider weaker business networks. However there is limited evidence that they overlap with local businesses. A number of the interviews drew on work networks from their previous careers to develop their business. Others had developed networks with other businesses and business owners in the area but all those in the network tended to be rural migrants. The question to be answered in the rest of the thesis is why is there this separation?

## **Chapter 7 – The social and economic embeddedness of in-migrants.**

### **7.1 Introduction**

Following on from the discussion of spatial embeddedness in chapter 5, this chapter seeks to understand the social and economic embeddedness of in-migrants in rural areas at an individual and personal level. This chapter seeks to understand the social relationships between the business owners and the wider society not only in terms of their personal life but also in terms of their business life. This chapter is therefore concerned with testing the second hypothesis:

*Hypothesis 2: Rural areas, with their strong community networks, provide the perfect place for in-migrants to start new knowledge economy businesses as they allow social networks and business networks to be combined to satisfy an individual's social and economic objectives.*

In relation to rural economic development, there has been an impression that economic activity is inextricably linked to the society in which it takes place, i.e. the understanding that there is a traditional rural economy that has at its core land based industry (Ward, 2006) and that peoples social lives are also connected and influenced by this traditional way of life (Newby, 1985). This interconnectedness between social and economic activity has also been the basis for endogenous and neo-endogenous rural development programmes such as LEADER (Shucksmith, 2010) and more generally the coalition Governments policy of championing a 'big society' (Cameron, 2010). In this context this embeddedness relates more to the internal motivations and decisions made by individuals in their private and business lives than it does to the individual's physical location within a geographical area or their networking activity in a particular business network.

The chapter starts with an analysis of the term 'embeddedness' and how it can be applied to this study. It will then go on to present the findings of the data analysis as it relates to the interaction of personal and business worlds by migrants and the narratives migrant use to understand each of these worlds. The data will be analysed to see how external events, i.e. events not directly in the control of the individual, affect the life choices of individuals and lead to decisions to migrate and/or start a business.

The concepts of embeddedness and hysteresis will then be re-examined in light of the empirical data to see if these theories provide a greater understanding of the subjective and objective actions of the migrant business owners. The question of the suitability of a

particular habitus will also be considered in light of the various experiences of hysteresis both by migrant business owners and local business owners. One area which is used to highlight this relationship between the suitability of a particular habitus and the nature of migration, is the self-identification of individuals as ‘entrepreneurs’ (Downs, 2006). Here, to what extent is the way an individual conducts their business life as a ‘professional entrepreneur’ influenced by their habitus and in turn how this affects the way they deploy their social and cultural capital in the form of symbolic capital in their social and business lives.

In terms of Bourdieu’s theory of practice, the migrant business owner could be said to be experiencing the effect of hysteresis on two levels. As outlined in chapter 2, hysteresis in this context refers to a dislocation of habitus. The habitus possessed by an individual, which was of a form which was privileged in a particular field, is no longer so privileged. This can occur because of changes to the society which has left the old habitus behind or, as is the case with migrants, the individual moves to a field which privileges a different form of habitus (Marshall & Foster, 2002). Over time, if the migrants are of a sufficient number, the structure and rules of the field will be steered towards the state where again their habitus attains a degree of dominance in the field. There is a time lag as the habitus catches up and adapts to the field in which it is now deployed, if it indeed can, which can disadvantage the individual (Hardy, 2008 & Bourdieu et al 1999). In the rural field one way this has been studied and commented on as being the process of middle class gentrification (Cloke et al., 1998). This study aims to extend that research to encompass the business elements of the process. How far do migrants alter the local business field to suit their own purposes? Alternatively, in response to the external changes occurring in the economy, is it a case that their habitus is more attuned to the way future rural economies will need to be? Is it the case that the rural field, with its slightly dated rules, institutions and structures, needs to catch up with the migrants?

## **7.2 The nature of the knowledge economy**

This thesis has a particular focus on businesses in the knowledge economy. As outlined in chapter 3, the term knowledge economy has a particular meaning in relation to economic development. It has come to be associated with a post-fordist economic model. The necessity for the development of a knowledge economy is the migration of traditional, low cost/high volume manufacturing to the Far East. Proponents of the knowledge economy argue the key driver for the knowledge economy is innovation and



this is best attained through a networked society, particularly highly networked small and medium sized businesses (Leadbeater, 2000 & Castells, 1996).

The businesses are differentiated by the fact that their products and services owe their value to intangible factors and often creative endeavour. For example in relation to creative arts and media, it is the added value signified by the products uniqueness and beauty over and above the value of its raw materials. Similarly in the other business sectors studied, such as business support or technology firms, it is the inherent value of an idea or piece of advice rather than a physical product that has the most value.

Previous research has found a positive correlation between in-migrants and higher numbers of business start-ups and greater job creation (Bosworth, 2008). The perceived benefit of in-migrants to rural economies is that they have higher educational levels (Stockdale et al, 2000) and they have wider weaker networks that extend beyond the immediate rural area (Atterton, 2007). Thus in-migrants are able to create new enterprises using skills and connections from the wider world which are not available to local business owners (Stockdale, 2005). As outlined in chapter 5 these characteristics of migrant businesses owners found in previous studies are reflected in the current sample. Only 1 of the 30 businesses in the sample was owned by someone who had lived their entire life in the local area. Two further businesses were owned and operated by return migrants. All other businesses were owned and managed by migrants. Many of the interviewees had previously worked for large organisations and had retained a set of wider and weaker network connections.

This connectivity is one of the key elements of development based on a knowledge economy. Cooke (2006) makes the argument that innovation is more diffuse and takes place in open networks in contrast to the closed networks of the military-industry complex that defined previous pathways to innovation. This need therefore to connect to a variety of networks is why in-migrants are seen as being so important to rural development. This is also reflected in the 'open innovation' hypothesis proposed by Chesbrough (2003) who argues the old 'closed innovation' model, where R&D, production development and marketing were all retained within a single organisation is now defunct. On open network of businesses and the collaboration that brings is a much more efficient model for spotting innovation and taking it through the initial stages of development.

For this connectivity on the part of migrants to have an impact on the general rural economy there is an assumption that there is a degree to which the in-migrant networks,

both business and social, overlap with local individuals' networks. Research papers often take a functional approach to business networks mapping their geographical scope and intensity (Atterton, 2007 and Kalantaridis & Bika, 2006). This tells us little about the interaction between the various networks and the relationships between the various participants of those networks. There is evidence that just having in-migrant entrepreneurs is not enough to stimulate the overall rural economy (Stockdale, 2006).

The responses of the businesses interviewed in this research study reveal a much more complex web of embedded networks which actors are negotiating both in relation to their business and the personal lives. The analysis below will consider how much the two, business and personal, interact and how individuals' habitus affects their on-going business lives.

Through the use of Bourdieu's theoretical framework, it is hoped the research can look beyond the functional relationships of the networks and into the power relationships of networks.

### **7.3 The two worlds of in-migrant entrepreneurs**

As outlined above, a key aim of this chapter was to examine the relationship between in-migrants' social and business lives and to examine how this affects their ability to operate a successful business. One of the main aspects in addressing the research aims, is to obtain a more detailed understanding of the relationship between the motivations for the migration and the motivations to start a business. The biographical nature of the data collection allows this to be considered in the context of an individual's whole life experience. This includes the events leading up to the decision(s) and the relationship between the personal and business worlds of the individual and their family.

One example of how the two worlds co-exist is in the search for a better work/life balance. Of the business owners interviewed for this study around 2/3rds of them cited work/life balance as one of the major reasons for starting a business. A major factor in triggering this need for a better work/life balance was the decision to start a family:

It gave us a chance to have [*son*] part of the time rather than being across at nursery all the time. Which in turn gave him a chance to spend more time with one of his parents, give me some real quality time with him. Subsequently come the weekends when she's not working, because I've had him on an afternoon or I've not been able to do any work it means the shopping is done, the housework is done which means she can spend time with him. You don't need to do the

normal chores because they've all been done so she can get quality time with him. So it's worked really well. Male: Business Support: 40-50

This life transition to starting a family was often linked with migrant's views of rural areas being a better place to bring up children and was discussed by the interviewees as a catalyst for the move to a rural area:

That was it, [*the centre of interviewee's industry*] is Bristol or London. We've lived in both and really didn't want to bring children up there. Male: Digital Media: 40-50

For both of the interviewees cited above, and in another six instances, the interviewee had a partner who was the main bread winner. The business operated by the interviewee was a secondary source of income for the family and therefore was better able to accommodate the flexibility that the interviewee was looking for. In every such case, the partner to each of the interviewees was an employee of another business. It is not clear if the partner was able to obtain the same satisfaction in relation to their work/life balance.

In a number of other instances the decision to migrate and the decision to start a business were triggered by an external event which required a change of outlook on the part of the migrant and their family. For four interviewees the decision to move from their current location was triggered by the growing frailty of a parent:

After about three years there, we decided to move closer to home. My dad had Alzheimer's and we wanted to be a bit closer to home for that. We looked at ways in which I could carry on working for [*business based in London*] but be based up here. Male: Business Support: 40-50

All four interviewees who relocated because of elderly relatives did so before starting a business. This reflects the process of change that occurred over a period of time. The age at which people's parents become frail often coincides with the same individual starting a family. Population statistics show women are taking longer to start a family (ONS, 2011) and therefore their parents are much older at the time they have their first child. In this situation there is a double trigger for action, the need to care for an elderly relative, coupled with a life transition, having children, which combine to bring about the migration and the move to be self-employed.

Another trigger which took effect in a similar way was the threat or actuality of redundancy. A number of the interviewees experienced redundancy at the same time as they had just started a family:

[*Interviewee*] met and married his wife and then had their first child. Living in a flat in [*North London*]..... [*International business*] had an office in the north of England so moved up. They decided on Richmond on the basis of the amenities, schools and rural location. [*Interviewee*] did know Richmond from his childhood. They wanted to move to a more rural are to get a better environment for their children and know that they were safe when he was away on business.

In the last few years the [*Interviewee*] started to be involved in strategic planning. The 2008 recession hit and [*Interviewee*] was asked to make one of his analysts redundant. He did not fancy doing that sort of work again if the analyst was made redundant so he suggested that he drop to two days a week and keep on the analyst. Male: Sustainability: 40-50

For this interviewee the starting of a family triggered the migration event. This was followed by the changed work circumstances which were the trigger for the start of a new business venture. In other studies of enterprise this redundancy trigger for the move to self-employment has often been termed ‘necessity entrepreneurship’ which is contrasted with ‘opportunity entrepreneurship’ where the perception of a market opportunity is the trigger for the business start-up (Acs & Varga, 2005). This may be an overly simplistic way of considering this process.

A good example of this complexity can be found in the story of another interviewee. The interviewee had been apprenticed into the ship building industry on the Tyne in the late 60’s. At the time he was going through his apprenticeship as a draftsman computers were starting to be introduced into the industry. He became interested in this aspect of the work and ended up working in the computer centre for a large ship building company. The recession of the late 1970’s early 80’s and a subsequent policy of privatisation lead to the department he worked for being transferred into the private sector. At this time the interviewee and a number of colleagues decided to start their own business. Due to differences of opinion between the founder members of the business the firm failed to get off the ground. This period in the interviewee’s life coincided with the arrival of his first child and the need to care for an elderly parent. It was the combination of all these factors that lead to a decision to migrate to a rural area and to start a new business alone.

In other cases combinations of starting a family, redundancy, divorce and life threatening illness combined in various ways to trigger either the migration to the study

areas or to start a business and in many cases both. As can be seen in the examples above the order of events changes in each case and something which triggered a migration for one person may be the trigger for starting a business for another. This is particularly the case for the most common trigger, starting a family. This seems to support Halfacree & River's (2012) case for considering the migration process as a continuing event. It also suggests the same complex process in relation to the decision to start a business.

#### **7.4 Embeddedness and the influence of firm size**

One example of embeddedness which appeared in the interview data was linked to previous employment in large firms. A number of migrant entrepreneurs had started their careers in large organisations and highlighted how far their working lives and their social lives overlapped. This was highlighted by an interviewee in the northern study area:

So it was a good social atmosphere as well. We all grew up together, finding partners, getting married, having kids and all socialising together. And that was great right through into the 80's.

Later in the same interview:

I'm not being big headed in saying this, it had been said to us. We had the best IT centre in the UK. We had guys in key role in every part of the IT operation side of things who were absolutely first class. We were all friends, we all played football together. Did all sorts of things together like I said we socialised, went to each other's weddings. It was such a fine place to work, so much so that when [*large national firm*] finally pulled the plug on the data centre, and that was through bad management on both parts, they, [*large national firm*] couldn't see. They didn't really understand and they didn't know how good we were. Male:  
Business Support: 55+

In this case there was a large overlap between the individual's social life and their business life. The business network that developed during their career, and in the opinion of the interviewee was particularly good at what they did, also formed the basis of a social network which continues to this day. Arguably the strength of the social bonds was part of the reason they operated as such a good team.

A similar experience was recounted by an interviewee in the southern study area who developed strong social bonds with colleagues and used these ties to develop their own business when they started out on their own:

I still wanted to maintain contact with people that I'd worked with in the past. A lot of them had gone off and set up their own companies as well. It was networking with people who I'd been working with for years who had set up their own consultancies or their own little businesses. So I used those contacts to start off, say well can I do something for you. Male: Business Support: 55+

This merging of personal social activity and business social activity seems to change in a subtle way once the individual moves from being employed to being self-employed. In this study the shift to self-employment was accompanied by the relocation to a rural location. This double change may help explain why this change occurs. It is explored in more detail in the next section.

### **7.5 The interaction of the two fields of endeavour.**

As outlined above there was a complex relationship between the motivations for the two events, migration and business start-up, affecting migrant entrepreneurs. To test Hypothesis 2 we therefore need to see how these two events and the processes leading up to them affect the on-going networking activity of the migrant entrepreneur. In terms of Bourdieu's theory of practice it is perhaps useful to consider the events as occurring in different fields of endeavour. The migration event involves a shift from an urban field of endeavour to a rural field. Starting a business involves a shift from an employed field of endeavour within a business to an enterprise field of endeavour within the wider economy. One way in which these changes can be examined is through an understanding of the individual's networking activity.

One interesting aspect of the fieldwork was the initial difficulty in getting interviewees to discuss the ways in which in-migrants used their local connections and networks to develop their businesses. As this was the focus of the research question the lack of data caused a degree of concern. Further reflection on this aspect of the research and discussions with the project supervisors lead to an understanding that this lack of awareness of this issue may be due to the fact interviewees did not consider local social networks to be a significant element in their business development strategy. Despite the importance to the research of this element of the in-migrant's experience, it was in fact, not a particularly important aspect of the everyday life of the in-migrant. Once this

insight had been gained, the interview schedule for the second half of the interview was amended to include specific questions on the relationship between social networking and business networking. This elicited some interesting insights into this aspect of embeddedness.

For a number of interviewees there was a conscious separation between the social aspects of migrating to a rural area and the economic aspects of starting a business. This separation between personal and business, in relation to their local network, was clearly articulated by an in-migrant female business owner in the Southern Study Area:

So the reason I recall that was I suppose that in a way, that period of being intensely involved in the local community in a way flavoured the relationship I was able to have business wise in the areas. Because there was slight potential there for conflict. So maybe I kept a low profile of my own business within Teesdale during that period. Female: Business Support: 40-55

It is clear the business owner felt awkward about co-opting social ties within the local community for business purposes. Later in the interview when asked whether she considered herself to be a 'Teesdale' business she had to pause for a long time before replying no. Most of her clients and suppliers were outside the area and there were few other similar businesses in the area with whom she could meet up with and collaborate with. That is not to say that there would not be potential clients for her business within the local area. It was that she had chosen not to establish a local client base. Her clients are mainly larger private and public sector institutions who are located out of the area.

Another interviewee in the northern study area, a male in-migrant, described how the desire to become an integral part of the community acted as a distraction to his original aim to start a business:

It took me away from the business continuity thing, I got ensconced in the community, the desire to be part of the community. Apart from Round Table, which was phenomenal, we do the fireworks, the carnival, it's now the street fair. Log chopping, we'd cut a tree down and take logs to all the old people once a year. Again going back to my childhood, being involved with all the age groups and being able to walk into anybody's house, anybody's house. No doors were locked you could just walk in. You knew everybody. I actually did the census twice, I did the collection bit. It was a great way of finding about the area. I kind of know the area quite well now. I got side-tracked. Male: Business Support: 55+

The social networking and embeddedness within the community, i.e. private social networking activity, was seen as a discrete source of embeddedness to the type of embeddedness often associated with rural business communities, i.e. business social networking. This is not the impression given by narratives of the rural idyll which highlight the strength of community and the integration of all aspects of rural life.

There was a clear concern not to be seen to be exploiting close personal and community relationships for commercial gain. In these cases it was the social world which dominated the migrant's way of life and they had adjusted their social and cultural capital so that they gained a habitus which was suitable for this way of life. This could be said to be a traditional rural way of life and in previous studies has been characterised as a form of middle-class colonisation (Cloke et al., 1998).

This differentiation was not universal across the sample. There was evidence that this distinction between social networking and business networking and the need to differentiate between the two was less clearly defined in those business owners who had lived a significant part of their lives in the area. A male business owner with lifelong connections in the southern study area had a greater overlap of personal and business networks:

...you know getting yourself known in the town basically that's what it's all about. I've been active in various things in the town such as the Barnard Castle Meet, Barnard Castle Scouts and Guides when my children were in the Scouts and Guides. Which to be honest I carry on to this day because I still do work for both Scouts and Guides. Latterly I've joined the Rotary Club which is, it all gives you, gets your face into the town and gives you the opportunity to talk to people, network with people and let them know what services you offer. But I do do advertising locally as well, but the advertising itself doesn't bring a lot of business in. It just keeps your name in the frame as it were. Male: Business Support: 55+

Even in this instance of a combination of social networking and business networking, in the case of the Rotary Club, was fairly low key. Another interviewee described how he had joined the local chamber of commerce but had never been to any of the meeting. He felt it was something he should do when he moved to the area.

On the other hand there were examples of business relationships developing into social relationships. A female business owner, who is married to a local entrepreneur, in the



southern study area described how a business relationship with a member of the local enterprise agency had now developed into a social relationship:

Not now, no I don't. Have done over the years, I had a good connection, still have she's a friend now, [*Officer with Local Development Agency*]. We're friends, she's been very, very helpful over the years. If I've got something I'm thinking of, I can ring her up and ask her.....I'm meeting her on Thursday for lunch. Female: Creative Arts: 55+

This linking of a sense of being seen and active in the community and the development of a business was also described by a business owner who is a return migrant:

I'm very much plugged into the village. I've been running the bonfires as a fundraising thing. They've turned into a, I don't quite know why I do it, but they've turned into totally crazy events. The first big one was a Viking longship. Then we did a 40 foot long silver dragon which flew. Then last year I did a huge wicker man, no we missed last year it was the year before we did a wicker man. So that kind of all helps to get me known. Male: Digital Media: 40-55

In these three instances there was an overlapping of social embeddedness and the development of their business and the business owners seeing less of a demarcation between their social and business networks. In the last instance there was an additional element to the strategy. The business owner had formed a social enterprise as a vehicle for his business. The company was run on a not-for-profit basis and specialised in working with disadvantaged groups in the area. This may also have allowed the business owner more scope to co-opt his social connections into his business network. There were a number of people in the owner's social network that were also involved in the business network.

These findings seem to echo with earlier findings in a study by Curran & Blackburn (1994). Curran & Blackburn found little evidence that small firms, particularly firms in the service sector, were integrated into their local economy. They argued there were three main reasons for this; the time constraints placed on small business owners do not allow significant levels of networking to take place; the mentality of small businesses owners as fiercely independent individuals prevented them from seeking outside assistance; finally business owners compartmentalise their private and business lives such that if they do share business information with friends and family, it is to let off steam rather than seek advice and support. Instead of a general embeddedness for all small firms Curran & Blackburn (1994) found "businesses' substantive relations were

contingent on sector and market niche resulting in widely different spatial outcomes.”  
(p116)

Another explanation for this observed separation between social and business worlds can be found by using Bourdieu's forms of capital, social and symbolic capital, and by examining how the business owners deploy their stores of these forms of capital. For Bourdieu social capital is the capital attributable to your social connections and standing within the community or communities to which you have access (Bourdieu, 1986). In addition an individual will possess a certain amount of cultural capital. This can be either institutionalised in the form of qualifications or embodied in the form of competence in your vocation (Bourdieu 1996, Moore, 2008). To understand the separation between the two elements of a business owner's life, consideration needs to be given to the acquisition and maintenance of an individual's various forms capital. As Bourdieu points out for businesses, “the mastery of a very large proportion of capital (of the overall energy) in affect confers a power over the field, and hence over firms least well endowed (relatively) in terms of capital;” (2005: 195). Capital in this instance is not just a commodity to be traded. It is a source of force, in the way that large bodies exert a gravitational force, so large stores of capital exert a greater force (and power) and allow the firm a degree of control over the particular field.

It is the risk of losing symbolic and social capital, i.e. the ability to exert a greater force that is important. This understanding differs from a strictly social capital approach which treats these capitals as if they were equivalent to financial capital and can be used for speculation and investment. A business owner engaging in a business activity within their local area inevitably results in two things: it means they will be in competition with other businesses in the area with whom they may also have personal social relationships; and it exposes their competency as a business person to scrutiny in the local area, it is a threat to their symbolic capital.

A research project looking at the reasons why farmers often fail to collaborate and share expensive equipment also found the risk posed to an individual's social and symbolic capital through such collaboration was too high (Sutherland & Burton, 2011). The sharing of expensive equipment highlights this risk. The purchase of the equipment shows high levels of economic capital, however to gain symbolic capital the farmer must also demonstrate proficiency in the use of the equipment. The reluctance to share the equipment is founded on both the assumption that others do not possess the proficiency to use the equipment and the risk of damage to social relations should the

equipment be damaged by the borrower. Collaboration does take place, however this is either through a third party or is done by way of an economic transaction, i.e. contract work.

The research outlined above and the experiences of the business owners interviewed for this research would suggest that it the risk of loss of social and symbolic capital that is the driving force in the decision making process.

## **7.6 Classical and social entrepreneurs.**

One possible reason for this differentiation between local community embeddedness and a wider business embeddedness could be in the self-identification some in-migrant business owners had in relation to their business activities. It seems the willingness of some business owners to become embedded in the local business community is hampered by their feeling that they are professional business people whereas other business owners in the local area did not have the 'true' entrepreneurial spirit. It is possible to broadly categorise the two types of entrepreneur as classical entrepreneur and social entrepreneur. The classical entrepreneur confirmed to the dominant narrative of what it is to be an entrepreneur. Examples of this can be seen in popular culture through television programmes such as Dragons Den and the Apprentice. It is also bolstered by influential life stories of entrepreneurs who have overcome large odds and personal difficulty to become successful and wealthy entrepreneurs. Individuals such as Richard Branson, James Dyson and Anita Roddick and their life stories have popularise a form of business focused entrepreneurialism. For the classical entrepreneur the business is an end in itself and decisions are taken within the dominant neo-classical economic rationalist framework. Whilst many classical entrepreneurs seem to enjoy being businesses people the nature of the business is secondary. In contrast, for the social entrepreneur the nature of the business is important and must be fulfilling. The business is an end in itself. There is much more of an emotional attachment to the activities which constitute the business. This can easily be seen to be the case in relation to creative businesses. The act of creating the product, a piece of visual art, sculpture, web-site or film, has an intrinsic value over and above the transfer value of the product in the market place. However the social entrepreneurs were still managing businesses in a professional manner. They were not 'hobbyists', i.e. doing it for fun even if in a number of occasions the business was not the main source of income for the family.

For the classical entrepreneur there were a number of factors that set them apart from the social entrepreneurs. These were; ability to engage external support for the business

even at the expense of the loss of a degree of control over their business; their willingness to investing in the future of the business; and finally, a factor particularly relevant in the creative and digital arts sector; the ability to make a living solely from the business rather than as a lifestyle choice.

### **7.6.1 Engaging External Support**

The first of the factors seen as distinguishing a professional business owner from an amateur was the ability to seek out external support even if this meant giving away equity in the business. For example, a male business owner in the Northern study area commented:

Starting the business I made it my business to find people who could help. In North Town there was a retired [*retired forces senior officer*] who was MD of [*International Company*] as well as being on the board of [*international Company*]. He put me in touch with [*name*] who was also a retired [*retired forces senior officer*] who in turn put me in touch with [*name*] who was a Venture Capitalist. It was like a breath of fresh air getting support and advice from these people. Male: Sustainable Development: 40-55

This difference between professionals and amateurs is also illustrated in the interaction of two business owners in the Northern study area. Both businesses are in a similar sector. The forum for the interaction was a Market Town Imitative (MTI) scheme to develop a web portal for their local market town. The difficulty arose because there was an existing web portal for the town started and run jointly by one of local businesses in question. Business Owner A, by his own definition a professional, argued they should take the money and support on offer through the MTI to develop the web portal. The catch with this proposal was that the local companies who had developed the exiting portal would have to give up a degree of control. This they were unwilling to do. For Business Owner A this was a classic mistake of putting the heart before the head. It was therefore amateurish.

There was a feeling that there was a proper business way of doing business. This idea of a way of doing business is at the under-socialised end of Granovetter's spectrum of embeddedness. It could be argued that these professional business owners were striving to play the business game by the neo-classical rules of economic behaviour. There was a conscious attempt to avoid the over socialised embeddedness and only engage in networks that developed their business interest. That is not to say there are not social elements to these networks it's just that they are secondary to the business ones. These

networks would conform to Granovetter's (1973) idea of strong and weak ties and the type of ties found in other studies of rural business networks (Atterton, 2007)

Another example of under socialised, weak ties, can be seen in the way two businesses sought out assistance from Universities. In both cases the businesses approached the local universities for support. For one business in the northern study area the outcome was far from satisfactory:

I did try [*North East University*]. I said I'm bringing the technology to you, I want to work together. I wanted some clinical input. They treated it as spin out and said we'll give you £3k for 50% of the business. I just laughed. Male:

Sustainable Development: 40-55

In both cases the end result was that the business owners sought out the most qualified academic and institution for their particular need and cold-called them. They were able to make the link with the relevant academic through their technical knowledge and competency in the relevant field:

I found out who was doing research in the particular area, infection control and I wrote to them all asking if they would be interested in carry out some research into the particular product. I had to be arm's length to be able to gain the credibility. [*Professor*] at Glasgow said yes. My wife and [*Professor*] sat down and wrote the clinical trial protocol and then he carried out the research. We didn't know what the results would be, but thankfully they were just what we wanted. It was properly peer reviewed and was published. We have kept in touch with [*Professor*] although he no longer works in [*old area of practice*], he's now in charge of [*new area of practice*]. Male: Sustainable Development :55+

In this case the weakness of the tie was a benefit as it allowed the credibility of the research carried out on the firm's product to be established. However once the tie was established it was maintained and developed into a stronger bond as both the business grew and the academic's career developed. There have been a number of collaborations with the academic and his institution since the original contact was made.

A similar situation developed with a business in the Northern study area:

We have a relationship with Kings College who do our testing for us. I found out who the person was in charge of the clinical skills program and called him up. I took our [*name of product*] down to see him. I set the unit up in his office, the body language said everything, he was very sceptical. By the end he was very

enthusiastic. We've also published a few papers with Kings. Male: Sustainable Development: 40-55

It seems that these business owners are consciously adopting the under socialised model of networking and act as atomized welfare maximizing individuals. These connections are not developed through existing business networks or through social connections. In both cases the other end of the network is a university. It may be the lack of network connections emanating from Universities that is the problem rather than problems with business networks.

### **7.6.2 A willingness to invest in business.**

The second source of differentiation between the classical and the social entrepreneurs was in relation to investment in the business. The investment related both to the physical elements of their business and the intangible elements. The differentiation was made both with potential clients and with rival businesses.

One female business owner in the Northern study area described how she invested a significant amount paying a professional agency to develop a brand for her business:

And I went in to see them and they were the best thing that's happened to me. They were expensive but they developed my brand. And I went right through, they said we can develop a brand for you. They said your current website and everything is, it looks good, they've made a good job of it but they haven't taken it for enough. You have got two markets in here, you've got two businesses, you haven't got one. So I re-mortgaged my flat to pay for a lot of the advice sessions I had with them. Female: creative arts: 55+

This was contrasted with what she considered to be other's attempts to do it themselves:

Because they took me back from, you see people start up, ooh I've got a company I need a logo. What this brand development company was taking it back to, right what drives you, what drives your business, are they connected? And they did it right from a personal and business profile and the logo grew out of that. Female: creative arts: 55+

Another example of this differentiation, this time in relation to potential clients was outlined by a male business owner from the Southern study area:

I do feel that we do a lot of business in Teesdale, but we tend to subsidise quite a lot of it with work from outside. Teesdale is not exactly awash with money. It's

also not awash with people who want to spend it either. I mean farming types and local types, they're like Yorkshireman, they're tight. If they can get a grant they like a grant, but if it's their own money they're not all that keen. It's difficult to get them to think ahead and market themselves properly. Male:  
Business Support: 55+

As can be seen from the quote above, the business owner viewed work for local customers as a community service and wasn't really where they made their real money.

### **7.6.3 Lifestyle and Hobby Businesses**

The final distinction the classical entrepreneurs made between their attitude to business and the social entrepreneurs was in relation to businesses that were run by people who were not reliant on the business as a primary source of income. Indeed the difference between those running a business as a hobby and those running it for their primary source of income would be the classic amateur/professional split. This differentiation was most commonly made by businesses in the creative arts sector but also occurred with businesses involved in web design as well.

A female business owner from the Northern Study area outlined what she felt was the different nature of the two approaches to business:

I get so cross with the crafts people, they love making, they sit at home on an evening and they make things. Then they'll sell a lovely cushion for £5 because they haven't... I just think how long did it take you to make that? And they say oh it probably took two or three hours but I don't know because I didn't time it. I just did it over a few evenings. I say, how did you price it? They say well I just price it for what I can get. There's me with handmade cushions next door for £35 and there she is for £5. So I lifted myself out of that market. I don't sell amongst those people. Sorry "those people" is the wrong phrase. There is a market for people who want to make and sell and make some money. Female: creative arts:  
50+

In this instance the business owner consciously moved away from the physical spaces where her business would be in conflict with the amateur businesses.

An example of how the need to charge a fair price for the work being produced and not to undercut others in the same business community is outlined by another business owner from the northern study area:

The lovely thing about the textile community is there is no competition. As long as everyone is charging the right price for what it takes to make, so you're not producing a pair of gloves for a fiver and you're undercutting everyone else because it's just your hobby and you don't really need the money. We used to find this in theatre, if you go out and do a show for £20 you've suddenly got five theatre companies banging on your door and saying 'what the bloody hell are you doing!' I think you have to fair in that way. Female: Creative Arts: 40-50

This business owner suggests there is a set of norms and values within the 'professional' business community which must be observed. This is the case even though this particular business owner admits that the business is a lifestyle business and not the main source of income for the family.

#### **7.6.4 The habitus of classical entrepreneur**

As outlined above, there seems to be some evidence therefore that some business owners have an attitude to business which they consider to be more professional than others in their local area. These businesses also seem to have focused their business activities and networks outside their immediate area. Their networks therefore conform to the wider weaker form of business ties as outlined by Granovetter (1973). This division was not only evident as between in-migrants and locals but is a distinction made by those within the in-migrant group.

Bourdieu (1977) argues habitus, "the durable installed generative principle of regulated improvisations, produces practices which tend to reproduce the regularities immanent in the objective conditions of the production of their generative principle, while adjusting to the demands inscribed as objective potentialities in the situation, as defined by the cognitive and motivating structures making up the habitus.(p.78)" He goes on to say, "(T)hese practices can be accounted for only by relating the objective *structure* defining the social conditions of the production of the habitus which engendered them to the conditions in which the habitus is operating, that is, to the *conjuncture* which, short of a radical transformation, represents a particular state of this structure. (p78)"

Bourdieu (1977) also argues that similar groups of individuals to harmonise their habitus in that they develop a class habitus. This allows individuals within the group tend to instinctively understand each other and make connections, and so to further develop the shared history and habitus.

This separation and distance business owners place between themselves and other



business owners, was also found in a previous ethnographic study of a small business (Down, 2006 & Down & Warren, 2007). Down & Warren argue business owners establish this distance linguistically through the use of clichés. This identification with the discourse of entrepreneurialism in a semi-detached way, Down and Warren argue, allows the individual to jettison this persona if circumstances change. This conscious shift in self-identification, albeit not a complete one, also has resonance with Bourdieu's understanding of hysteresis and its effects on habitus (Hardy, 2008); that is a crisis or change in an individual's circumstances which results in a dislocation of a person's habitus and the entry into a new field of interaction. The establishment of this self-identity of the entrepreneur or professional business person is a means of negotiating this dislocation and managing the transition to a new stable habitus and field.

The question is then, is there a shared habitus between the classical entrepreneurs as demonstrated by their self-classification as professional business people. If so what does this mean in terms of supporting this sector of the rural economy.

As well as investigating the experiences of setting up and running their current business, the interviewees were asked to recount their previous experiences since leaving school. This biographical account provides an opportunity to investigate whether the business owners' background and experience has an influence on their attitude to business networks. It also offers an opportunity to analyse the data to discern whether there are any shared experiences that may account for this attitude to business.

One common experience within the classical entrepreneurs is previous experience of working in a larger organisation. Many of the in-migrants who had previously worked in large organisations adopted a similar attitude, or habitus, to their current business. They brought a way of working which was comfortable with a more formal approach to business and a degree of emotional detachment, seeing the business as a means to an end rather than an end in itself:

I'd been trained for years in everything from effective time management to project management. Yes it's all been very useful. I didn't have any problem in the transition between working for a company and working for myself. By having that experience I understood what was required and the various functions that needed to be fulfilled. Male: 55+: Business Support

Those without the background in a large organization tended to develop their understanding of what it is to run a business from formal courses, most often run by development agencies:

It was a course which was 12 or 15 evenings. You went along to the Enterprise Agency and they gave you free knowledge. One night there was somebody there from a bank if you wanted cheap loans, if you were eligible for the Princes Trust Loans if you were younger. There was one night it was someone from the tax office. It was a different theme each week. I missed a lot of them because I went in, in the January but I went to the others and I found it very useful. It took off from there really. Female: 55+: Creative Arts

The remainder of the business owners had tended to rely on their professional advisors, particularly accountants, and their own understanding of how to do things. Going their own way means they don't have those more formal shared understanding of what it is to be an entrepreneur. They lack the necessary habitus to engage in the formal networks and institutions that are based around a formal entrepreneurial habitus and leads to them being characterised as being social entrepreneurs by the classical entrepreneurs.

To some extent this may explain the difference between the self-confessed professionals and what they saw as the amateurs. The classical entrepreneurs had developed a business habitus which was rooted in formal business methods, reliance on business plans and seeking specialist outside help where necessary. Alongside these elements of cultural capital they also developed an understanding of what it means to be in business, the idea of being an entrepreneur. This is a form of symbolic capital and is the dominant narrative of business development. Much national policy is centred on creating a more entrepreneurial economy. Institutions are constantly encouraged to become entrepreneurial. New business owners, who do not have big business backgrounds, are therefore initiated into this entrepreneurial field through the training they are given and the networks they engage in. The shared habitus and the doxa of the business field are geared towards this national focus on entrepreneurial businesses and development based on entrepreneurialism. This determines which habitus is best suited to attain a dominant position and which capital is most appropriate.

### **7.7 The Proximity of Rural Fields**

The analysis outlined above suggests is that, rather than thinking about proximity in terms of geographic proximity or social proximity, embeddedness may be better understood through an examination into the proximity of fields. As outlined in Chapter 2, in terms of Bourdieu's theory of practice, fields are the arenas on which the game is played out. In the case of rural areas it can be argued there are several, overlapping, fields within which in-migrants engage in relationships and power struggles. It seems

clear from the accounts given by the business owners interviewed for this study, that as well as the sometimes conscious adjustment of their habitus to their dual roles as rural entrepreneur and as a member of a rural society, individuals are careful how they manage and deploy their capital within each of the fields they engage in. This is critical to the way they establish their power within the overall rural field. Using this understanding of the proximity of fields can help to go beyond the simple understanding of rural places being ones where embeddedness means everything; where social and business lives, take place in one big melting pot. The experiences for this particular group show this is patently not the case.

What is different in rural areas, in contrast to more urban areas, is the proximity of the fields of social and business. This is not the same as them being interlinked. They are still separate and distinct fields. The nature of rural areas with low populations and an inevitable lack of a certain amount of privacy means people will know what everyone is up to in both their social and business lives. In urban areas this interconnectedness may be diminished, people may not have such a close relationship with those within their immediate neighbourhood. People tend to have social networks based on other loci, work or university friends for example. In this case there is a clear separation between your neighbourhood, your work and your social networks. In rural areas the closeness of community and working environments means this separation is more difficult.

Individuals are therefore more careful about how they deploy their various stores of capital within certain fields. Social and symbolic capital may be more appropriate within the social field. This was seen within the interviewees through their participation in formal social institutions such as the Scouts, PTA Committees and Rotary Club. It was also demonstrated by their willingness to engage in informal institutions like the annual village fete or bonfire night celebrations. These were all seen as investments in constructing a better place to live, and in a lot of cases, to bring up a family.

Within the field of business, this was often kept at an arm's length in a number of cases. In-migrants did not wish to use up or squander hard won social and symbolic capital acquired in the social field when pursuing their objectives in the business field. Many of the businesses therefore tended to take a 'professional' approach to gaining credibility within the business field though, establishing cultural capital through being a good entrepreneur and establish a separate set of social capital by focusing on extra-local business relationships.

It seems that to understand how in-migrants are embedded in rural society, an

understanding of embeddedness of the fields within rural society are important.

## **7.8 Conclusions**

The analysis of the data seems to suggest that there is a difference between how individuals approach their social and business lives. To begin with, this shows itself in the way the individual starts the process of change, the migration and the business start-up. The individuals being studied have undergone two transformations, the transformation from an urban to a rural way of life and the transformation from being employed to being an entrepreneur. Both these transformations are underpinned by differing narratives and require different forms of habitus, social and cultural capitals.

For most of the interviewees there was an overlap in the motivation to make the double change. The move to a rural area and the decision to start their own business were both motivated by a desire for a better life. What was interesting though was that often the overall desire for a better work/life balance was underpinned by two narratives each relating to the different aspects of the move. For example the social aspects of the migration event are underpinned by narratives of the search for a rural idyll. This could relate to a safer environment to bring up children and one which offered more freedom for their children to experience the type of childhood they themselves had experienced but they felt was no longer feasible in an urban environment. Alternatively the rural idyll was also associated with the recreational opportunities available in rural areas or just the general appreciation of a more rural and pastoral landscape as part of their immediate surroundings.

These narratives of a rural idyll were carried across into the decision to start a business, but in a much more limited way. There was also a significant group within the sample that saw the way of working that could be associated with a rural idyll lifestyle, as in some way amateurish. This group of individuals separated out their business and social lives. Many of them had the same motivations and drivers for their migration decisions, seeking a rural way of life and particularly in relation to the upbringing of children, However when it came to their business, they adopted, what they considered to be, a professional approach. This was characterised by a willingness to accept external professional support and investment even if it meant losing a degree of control, seeking out the best partner in a particular professional network rather than just relying on local network connections and the ability to treat the business as a business and not just a hobby which may provide an income.

This second group, the 'professionals', tended to bring a clear demarcation between their social and their business worlds. They made deliberate and considered decisions about how and where to deploy their social and cultural capital. There was little cross-over between their social networks and their business networks and as a consequence most of their business was done outside the immediate local areas. This may be a consequence of the type of business being investigated, but there were a number of instances where there could have been more local integration between the two networks but a choice was made not to or as a compromise it was done within certain parameters, i.e. through a social enterprise or as a loss leader.

The research seems to suggest there is not always the happy melting pot of local rural economies and society that is sometimes portrayed in the literature or policy papers. Individuals make careful and conscious decisions about how they engage in the two worlds and this raises issues around the nature of embeddedness in rural economies.

The findings would suggest the Granovetter model of embeddedness is more appropriate than the Polanyi model of embeddedness. For these individuals, and particularly migrants, the economic world is mediated by the social world and, it could be argued, is secondary to it. For one group the social world always takes precedent and their economic lives are subordinated to their social lives. This means their habitus, social and cultural capitals are all managed accordingly. For the second group there is a degree of separation between the two worlds. This occurs both spatially, they tend to operate their businesses outside the local area, and mentally. This separation allows them to square the apparent conflict between two narratives used to deal with the migration and the decision to start a new business. For example it avoids any potential conflict which may occur if they adopted a professional business habitus in the local economy, taking business decisions based on social priorities.

There was evidence of a high degree of overlap between personal social networking and business social networking in those interviewees who had had previous careers in large organisations. A number of interviewees talked of how they would socialise with colleagues and indeed shared significant life experiences with them. In two instances where this was discussed in depth, the strong social bonds inside and outside work lead to lasting social and business network connections. What seems to happen is that this form of embeddedness does not occur once an individual starts their own business. This may be a function of the size of the business. When starting a new business it will almost certainly be just the business owner and a limited number of staff, if any.

Therefore to repeat the social network found in their previous career they would have to look outside their business. This boundary, between activity within a firm and outside a firm, seems to affect the form of embeddedness that arises. Within a large firm employees are able to embed and overlap their personal social lives and business social lives. The structure of the business allows this and in many cases fosters this type of activity, with social and sports clubs for instance. This boundary shrinks once the individual starts their own business. It also changes the power relationships as the individual will be the employer of any additional staff, and so this form of social and economic embeddedness seeks to be possible.

When the individual starts their own business they are then embedded within external networks, civic networks dealing with governance of the local area, business networks focusing on the supply chain and marketing the business and the community social network centred on their home and family. The evidence from the data is that these networks may not overlap to a great extent and further for migrant entrepreneurs in the knowledge economy there is often a conscious decision to keep the last two networks separate.

This separation of the two networks, personal social networks and business social networks, will have implications for policy programmes designed to stimulate the rural economy through the rural migration of entrepreneurs. The lack of integration within the local economy by these migrant entrepreneurs suggests there will be little opportunity for spill over effects or a general boost to the local economy. Whether these issues can be mitigated by institutional networks is examined in the next chapter.

## **Chapter 8 - In-migrants and regional institutional networks**

### **8.1 Introduction**

The analyses outlined in chapter 5 & 6 has highlighted the complex and challenging transition in-migrant entrepreneurs undergo as they make the double switch from urban to rural and self-employment to starting a business. As outlined in chapter 5 the process starts well before the changes actually take place. The roots of the changes are found both within an individual's life experience, such as their childhood or lifelong connections to a particular rural location, and are fostered by wider narratives of what a rural way of life has to offer.

What the analysis outlined in chapter 6 has found, which tends to counter perceived wisdom, is that for this particular business sector, the knowledge economy, there is a degree of separation between the social lives of the in-migrant and their business lives. In addition to this, the separation is a conscious strategy to privilege the in-migrant's social standing within their adopted community. The common perception of rural areas is that they have stronger social capital and that individual's business activities are part and parcel of their everyday lives. This may be the case for businesses in sectors such as farming, retail and tourism, but it does not hold true in the case of knowledge intensive businesses.

This separation of social and business lives is achieved through restricting business networks to an extra-local level, which prevents them from overlapping with the in-migrant's local social networks. In situations where the two unavoidably overlap, the in-migrants will still privilege their social networks and social standing and will adopt a 'non-professional' attitude when engaging in business relationships with people they are likely to interact with in social situations. This can be through doing the work at reduced rates or on a quid pro quo basis or at a more extreme level found in the southern study area, by forming a business which has been constituted as a social enterprise.

This separation of social and business lives will have an impact on efforts to stimulate the rural economy through policy programmes which seek to develop a community's civic capacity and social capital. Such policies are also the foundation of rural development theories, such as neo-endogenous growth (Ray, 2001), which are based on an understanding that local cultural and social capital linked with extra-local resources, can be the foundation of rural growth. In both of these solutions to rural growth issues there is an implicit assumption that building civic and social capacity will translate into

economic capacity and networks, which in turn will foster economic growth. This may not be the case for the knowledge economy if the two networks are separated. The question is, can institutional networks act as a bridge between these social and business worlds and allow the social and cultural capital built up through social activities in the local community to be used to develop the business networks and activity of local entrepreneurs.

In this final chapter of the analysis section we therefore turn to the third and fourth Hypotheses:

*Hypothesis 3: Many of the important networks in relation to business development are external to rural economies, financial & regulatory networks for example. These are mostly based in urban areas and with their urban background in-migrants are better placed to access these networks.*

*Hypothesis 4: Institutional networks are able to bridge the divide between local civic networks and local/extra-local business networks and offer neutral spaces where in-migrant and local entrepreneurs can interact.*

As outlined above, in addressing these hypotheses this chapter builds on the finding of the previous chapters and expands the scale of analysis from local rural networks and society into the wider world and extra-local networks. The hypothesis seeks to test how well rural migrant businesses owners are able to connect to the important and powerful institutional networks and whether these networks offer opportunities for rural migrant and local entrepreneurs to interact. It also is concerned with the ability of rural migrants to act as network connectors between extra-local institutional networks and the local business and social networks and therefore bridge the social and business worlds of rural communities.

As has been seen with the previous two chapters there is strong evidence that in-migrant business networks do not overlap to any great extent with local business networks. There is also evidence that rural migrant entrepreneurs seek to maintain a distance between their local social networking activity and their business networking activity. One situation where these barriers to closer networking could be broken down is within institutional networks. Hypothesis 4 seeks to test how migrants engage with these networks and whether they are better able to exploit these networks than their local counterparts.



The chapter starts by considering the various academic theories which have sought to understand institutional networks. It will then consider the formal networks found within the study areas and how these interact with businesses interviewed. This will focus mainly on the state in its various guises and how the institution of the state can help or hinder the development of local and extra-local economic networks and networking activity between local business owners from all sectors and backgrounds. Institutional networks involving Universities will also be considered as these institutions have been closely linked to the role of the state in stimulating economic development particularly at a regional level (Etzkowittz & Leydesdorff, 2000, Lundvall, 2002 and Ward et al., 2005).

The chapter will then move on to informal networks, these could be said to be communities of practice and of place. These are institutions formed through shared experiences and outlooks, based either around a common purpose or geographical area. It could be argued that these informal networks are akin to bottom-up development in contrast with the top-down formal institutional networks connected to the state or institutions such as universities. Recently government policy has, however, sought to design and foster such bottom-up institutional networks most notably the LEADER programme in rural areas (Ray, 1998). In seeking to understand the ways in which these bottom-up networks operate and the extent to which migrants engage within them, it is also necessary to consider issue of governance and autonomy. For example Ward & McNicolas (1998) argue the forming of local institutional capacity is necessary before any such bottom-up development initiatives can function and succeed.

Finally the institutional networks will be considered in light of the literature relating to neo-endogenous development (Lowe et al., 1995 & Ray, 2001). This approach to rural development sought to bridge the gap between top-down and bottom-up development. Ray (2001) argues there has probably never been truly bottom-up development as to some extent extra-local resources are always needed or external markets accessed. What the theory of neo-endogenous development also highlights is the relative power positions of the various actors involved in the development process. This is particularly relevant for the object of this thesis where we are seeking to illuminate the possible inherent power of in-migrants when it comes to knowledge economy networks.

The focus on the knowledge economy does make these extra-local networks particularly important. In terms of a market for their services, businesses in the knowledge economy do tend to look beyond their local area for customers and resources. This was the

finding of the recent Rural Business Survey carried out by the Centre for Rural Economy (Atterton& Affleck 2010). For businesses in the professional, scientific and technical sector of the economy, 2/3rds of their customer base was outside the local area. This contrasts with the accommodation & food service sector which had the next highest level of non local customers, where just over half the customers were non-local (Atterton& Affleck 2010). A similar situation is found in relation to suppliers, only manufacturing had a higher level of non-local suppliers than professional services (Atterton& Affleck 2010). It would appear therefore that businesses in the knowledge economy operate to a greater extent at the extra-local level. As outlined in the previous chapters, it could be argued this is not only a function of the type of product or service being sold, but also as a result of the networking strategy employed by the business owner. As was considered in chapter 5 when investigating the nature of spatial and social embeddedness, a number of businesses interviewed did not consider themselves to be 'local' businesses:

“It’s strange, when you mention the name Teesdale it might be interesting to say that in a way I don’t think of my business as being Teesdale based. I live in Teesdale, but I don’t feel that I am a Teesdale business.” Female; 40-55;  
Business Support

Taking into account the theory of neo-endogenous growth, the analysis will therefore test how far migrant entrepreneurs are able to bridge the local-extra local network divide and act as a bridge within these institutional networks and the local business community. As with the previous chapters this analysis will be grounded in Bourdieu’s theory of practice.

## **8.2 The nature of institutions and regional knowledge economies networks**

As outlined in chapter 3, knowledge and the creation and commoditisation of knowledge has become a significant part of current economic development theories and policy. Some such as Leadbeater (2000) and Castells (1996) argue developed countries economies have entered a post-industrial age in which the production of knowledge in its own right is the main way to economic development. This is an age in which the economy is based on the production knowledge either as an end in itself or in the form of highly technical manufactured products and artistic goods. In this new post-industrial age the flow of knowledge is seen as the key driver for economic growth (Cooke, 2006). This has led to a number of regional development theories being put forward that seek to privilege knowledge, the flow of knowledge and in particular the use of knowledge in

innovation. In conjunction with this move to a knowledge economy, attention has turned to the ways in which knowledge is created and transmitted throughout the economy. Networks are seen as the principle method by which the various form of knowledge are transmitted and utilised within economic development (Castells, 1996 & Murdoch, 2000).

### **8.2.1 *Formal Institutions and institutional networks***

Formal institutions and the networks they create and nurture have formed the basis for a number of development theories and are seen as key elements in any attempt to stimulate economic development. One example of this is Cooke and Morgan's (1998) Associational Economy. Here closely connected networks of firms, often dominated by family run businesses, financial and academic institutions and the various elements of government are closely inter-linked and form a network which has high levels of norms of trust and reciprocity. This 'institutional thickness' (Amin & Thift, 1994) allows firms to compete in a globalised economy which requires rapid adjustment and development of products and services. The development of high levels of social capital allows businesses to co-operate with each other both vertically within the supply chain and horizontally with other potential competitor businesses to achieve some of the economies of scale whilst at the same time remaining independent. As discussed in chapter 6, the theories such as the associational economy is grounded in the understanding that economic development is embedded in the social structures of that economy and that it is these social relationships between the businesses owners, employees and employees of the local institutions that reduce the cost, in terms of both time and money, of doing businesses.

The networks within a regional economy are therefore important in securing its development. Fundamentally networks are the connections between individuals, firms and institutions. Smith-Doerr & Powell (2005) point out for a time no one was sure if networks were a metaphor, a method or a theory. Smith-Doerr & Powell highlight the difference between a study of the structure of a network, the number and pattern of connections and the study of the strength of the connections and the relative power of those participating in a network. Networks offer participants three categories of benefit; access, timeliness and referrals (Burt, 1992). Networks can facilitate access to others who can provide information and/or resources. Networks can also speed up the process of gaining access to those resources, although this is not always the case as Portes (1998) points out, certain closed networks can inhibit access to new ideas and resources.

Finally networks can help establish trust, norms and expectations of reciprocation which offer lower the costs of doing business and obtaining resources by avoiding costly and possibly lengthy formal processes. This is the social capital idea of networks put forward by Putnam (1995) and Coleman (1988) and underpins the regional development concepts of the association economy (Cooke & Morgan, 1998) and institutional thickness (Amin & Thrift, 1994).

An alternative institutional theory is based on the central role universities play in the generation and flow of knowledge and innovation. The Triple Helix Model of regional innovation (Etzkowitz & Leydesdorff, 2000) argues that there are three key elements to regional development: universities; industry; and government. In particular universities must become entrepreneurial themselves to drive innovation which will be taken up by industry and supported by government. Although admitting innovation is a complex non-linear process, the triple helix model is centred on the university as a beacon of knowledge which flows out to industry. State institutions play a supporting role in the process either through infrastructure or plugging market failures, for example in proof of concept finance. This form of institutional networks is examined in more detail in section 7.7.

Finally there is the concept of the Learning Region (Morgan, 1997, Lundvall, 2002). In some ways the learning region complements the associational economy but places more emphasis on the different forms of knowledge; codified and tacit. Morgan (1997) argues innovation is based both on technical knowledge (codified) and know-how knowledge (tacit). Whereas technical information can be commoditised, protected through intellectual property rights and sold to anyone, tacit knowledge requires face to face contact to share. It is also the case that the two forms of knowledge are interconnected and to fully and properly exploit codified knowledge, an understanding of the tacit knowledge associated with that codified knowledge is required. The regional space therefore becomes important in the flow of knowledge. Others have also defined tacit knowledge as ‘knowledge which is inseparable from the collective work practices from which it comes.’ (Foray, 1993: 87 cited in Hudson, 1999) The networks between the various actors in the region and their ability to interact with one another are therefore critical to developing this tacit knowledge. This is also a key element in rural development programmes which focus on in-migrants and the knowledge economy (Shared Intelligence /QA Research, 2006). The intention is to attract migrants with technical knowledge to rural areas where that knowledge is missing, and then and

through local business and social networks to spread this technical knowledge and its associated tacit knowledge to other businesses within the rural economy. In a number of studies of regional knowledge economy networks it is the various institutional networks that provide the required forum and conditions to facilitate these connections and knowledge transfers. In the case of Silicon Valley it was the institutions associated with the venture capital industry that provided the bridge (Saxenian, 1994). In the case of Baden-Württemberg, it was a technical institute established by the regional government and local university that provided neutral space for networking activity and collaboration between the local manufacturing community (Cooke, 2002). In both cases formal institutions were important in creating collaborative networks.

This idea that developed economies can survive solely as knowledge economies has received some criticism. One criticism is that it relies on outsourcing the manufacturing of goods required by developed economies to other areas of the world that may one day move up the value chain and start producing the technical goods and services as well (Sokol 2005). This shift to a knowledge economy is also seen as a move away from traditional linear models of research and development to a more networked approach (Leadbeater 2000). This reflects the growing importance of small firms in the knowledge economy.

### **8.2.2 *Informal institutions and institutional networks***

As well as formal institutions outlined above, the term institution has also been used to describe an accepted way of doing things or tradition. This is Bourdieu's interpretation of what an institution is (1991) and relates to a social structure or an informal institution. For this study arguably the most important informal institution is that of entrepreneurship or enterprise. Much emphasis is now placed on being entrepreneurial both through government policy (Turner, 2010 & BERR & HM Treasury, 2008) and within popular culture through television programmes like the Apprentice and Dragon's Den. These influences and narratives create an understanding of what being entrepreneurial means and how an individual must act and conduct their business to be an entrepreneur.

In this situation Bourdieu talks of 'Rites of Institution' (p.117). The institution is a bounded field of practice which has its own rules and structures. Bourdieu talks of a rite of institution which is akin to a rite of passage, a process by which an individual undergoes a ritual which allows them to make the transition across a symbolic boundary, i.e. from childhood to adulthood or into married life. In a similar way it could

be argued that the transition from employment to self-employment is a similar transition which involves a rite of institution. The institution of enterprise requires certain ways of doing things, certain actions which are seen as being entrepreneurial. Formal institutions perform a particular role within this institution and are involved in helping an individual make that transition and successfully undergo the rite of institution. The question for this thesis is how an in-migrant entrepreneur's habitus and symbolic capital will assist in making this transition.

### **8.3 Too many state networks?**

In this section the sheer scale and diversity of formal institutional networks will be considered. For Cooke & Morgan (1998), government's role is to create the conditions for local networks to develop and hence foster development. The fieldwork has revealed the many, many institutional incarnations of government all seeking to have an impact on small rural businesses. The range of institutions encountered range from local authorities to Government Agencies, and Quangos. Together these are referred to as the state in the next section.

One of the common impressions of the state in its various forms is the number and overlapping nature of many of the institutions. It is this complexity that many of the interviewees found confusing. One example of this can be found in the state's approach to place based marketing, something which until the recent demise of the Regional Development Agency was taken on by regional and sub-regional bodies. In relation to the Southern Study area one business owner commented:

I think there is too many of them. Too many things, too many people trying to fight for funding rather than looking at Teesdale saying perhaps we should market Teesdale. Unfortunately it's the same people getting the funding, getting the jobs. Male: Digital & Creative; 40-55

The complexity in relation to the institutions offering support to small businesses is also a difficulty. This is exacerbated by a lack of time available to business owners to engage in these networks to seek out the correct support for them:

It is a time thing and it's knowing where to go for the funding. I know Business Link offer help, I know NTrust offer help, I haven't got the time to sit down and look at all these things. I think it needs a one stop shop. Female; Creative and Digital Media; 40-55

There seems to be an initial barrier to engaging with state institutions relating to the sheer scale and complexity of the process. To engage in these networks takes a degree of knowledge and understanding of the structure of the various support services. This can be off-putting for people not familiar with complex institutional networks.

The complex and ever changing web of state institutions can also inhibit the creation of networks. Individuals are unsure as to the relevance institution to their particular business and find it hard to develop relationships with key individuals within the institutions. This is explored in more detail in the next section.

#### **8.4 Business Support Institutions**

A major issue highlighted by the interviewees when they discussed their relationship with state institutions was the lack of continuity not just in terms of personnel but also in terms of their aims and outcomes. One business owner in the Southern Study area had experience of a heritage based regeneration project:

I think that's the problem, they get this funding for three years and I bet if you look at a lot of local projects that get funded they fold as soon as the funding runs out. I think that's a huge waste of money. Female: Creative Arts: 40-55

For other businesses it is the lack of continuity offered by business advice services, particularly Business Link which the Government's main business advice service, that is a problem:

The previous Business Link was alright; at least you had a human to deal with, now it's never the same person you speak to. Male: 40-55: Creative and Digital Media

For me Business Link are, I don't know too much about the background, but they are consistently remodelling themselves and restructuring. Because of that nothing ever happens on the ground. It's all internal. Male: 55+: Business Support

This lack of continuity can restrict the ability of an institution to establish itself within the relevant field. As can be seen by the comments above, the institution becomes more focused on its participation in the policy field it operates in and on its own internal bureaucracy than the local business field. A number of interviewees spoke of how they felt some of the initiatives served the purposes of the institutional organisation rather than the business community in general. This arm's length approach has been increased with the recent restructuring of Business Link and the move to deliver business support

via a web based portal without any face to face contact with business advisors.

It could be argued that this difference between what business owners expect from a business support organisation and what those institutions actually deliver relates to a misapprehension of the nature of the field they both operate in. For the institution providing the advice, they are seeking to operate in a general business field and therefore offer what they see as being generic business support advice. This tends to be at a high level and therefore of a fairly basic standard. It can be perceived as doing things for the sake of doing them. An example of this was recounted by a interviewee from the Southern Study area who had just formed a new business. The Business Owner did go to Business Link for advice and for financial support:

They were 'useless, actually they were less than useless.' They delayed the start of the business as the grant he applied for was for pre-start up businesses. In the end he did not get the grant because of a perceived flaw in his business plan. Business Link felt that his marketing plan was not sufficient and therefore there was not sufficient evidence that the business would start. [*Business Owner*] was extremely annoyed by this, he had written business plans as part and parcel of his previous job and understood the value, or otherwise, of them. In the end he started up on his own albeit 6 months after he intended. Male: 30-40: Ecological and Sustainability.

This lack of an understanding of specific sectors on the part of Business Link and reliance on standardised, linear, processes for business development often resulted in a break-down of relationships:

The person who came to see me just gave me a very wrong impression on three counts: firstly that he wasn't that struck on women in business; secondly he didn't know anything about the sector I was involved in. And thirdly, the bottom line for Business Link is always how many jobs are you going to create? So our relationship didn't go far. Female: 40-55: Business Support

It is in this role as mentor and guide that institutions such as Business Link have a key role to play. To enable new business owners to take their place within the 'knowledge economy' field they need to be initiated in the ways, the doxa, of the field. For Business Link this is best done in an impersonal and formalised structure, critically the business plan. Support is conditional on the production of a 'satisfactory' business plan as outlined in the extract above. This is often based on academic, quantitative research and flows through from national policy development (for example Burke et al., 2010).



Bourdieu terms this embedded and objectified cultural capital. It is important for a business to acquire this form of objectified cultural capital as it is the key to then gaining the crucial economic capital required to develop the business. As highlighted by Burke et al. (2010) a satisfactory business plan can unlock finance through a bank loan, equity investment or a grant.

For other business support institutions working within the study areas there was more of a focus on social and subjective cultural capital. The 'Fastest 50' scheme paired new business owners with a mentor. Two of the businesses who were interviewed that had participated in this support programme were still in contact with their mentor long after they had complete the formal part of the programme. Both business owners also emphasised how useful it was to have an experienced business mentor to call upon as and when required. This experiential support is perhaps better fitted to the development of a shared habitus, both mentor and novice are operating in the local business field. There will be a shared habitus to begin with, as both will have experience of starting a business.

### **8.5 The relationship between institutions and business fields**

Using Bourdieu's theory of practice it is possible to investigate the reasons for the problem which seem to be occurring within small business support in the study areas. In some ways this is a similar situation to that faced by in-migrants when seeking to integrate their social and business lives. As with in-migrants, institutions are operating in several fields at any one time. In the case of Business Link it is located within the national and local business policy field. It is required to deliver, nationally constructed policy initiatives at a local level. Now that these services have been contracted out by the state, Business Link is also a business in itself. It must therefore operate within the field of a regional business, seeking finance and new business. Finally it is also a player within the local business networks in which its advisors work. It is within this field that the interviewees also operate. There are three fields, often overlapping, within which Business Link actively participate. For the institution there is a balance of what type of habitus is required within those fields and what type of capital should be expended to establish their position within the field. As with in-migrants, there is a risk to the institutions that certain acts and activities may damage its symbolic and cultural capital. On the one hand the policy initiatives being introduced at a national level must be followed through and delivered, and more importantly be seen to be delivered in a way that is acceptable to the sponsoring Whitehall Department, in this case the Department

for Business, Innovation and Skills. The dominant actors in this field place a high value on economic capital, growth in GDP and the level of employment for example. They place high value in objectified symbolic capital, for example the results of formal evaluations of the impact being made by the service (for example BERR, undated). The rules governing the way in which success is measured are highly structured and formalised. In the case of evaluation of the Business Link service, detailed methodology is set out by the UK Treasury in their 'Green Book' (HM Treasury, 2003). The doxa of this field are therefore set up at a national level and then filter down through the institution to the individuals dealing with customers. A habitus will develop within the institution which reflects the dominant position and the specific habitus and capital that is required to achieve a dominant position within the field.

There is then a second field within which Business Link operated, this being the local business field. Here small businesses seek out advice and assistance, particularly when entering the field for the first time and are looking to business link with practical help. Within this field some have argued it is symbolic and cultural capital that holds the key to gaining a position of power (De Cler & Voronov, 2009). The business owners are looking for personal support as well as practical advice. They value a business advisor who almost acts as a guide to this new field as much as they value a commercial relationship. At this level it could be said that Granovetter's (1985) embeddedness comes into play. Social relationships overlap with business relationships. The experience of many of the interviewees interacting with Business Link can be contrasted with other business advice schemes experienced by the interviewees. In some ways entrepreneurs are entering an unknown field when they first start out. As described by Down (2006) those starting a new business often create a narrative of how they understand they should conduct themselves. Alternatively it could be said that they need to be guided through what an entrepreneurial habitus should be. Within the study group there were those who were happy to be initiated into the realm of entrepreneurship and those which resisted such labels and were self-consciously amateur in their outlook.

One example of this could be found in a study of two software development businesses established by in-migrants in the Northern Study area. Both business owners started their businesses late in life and to a certain degree have been self-taught. To begin with both businesses started as home-based businesses with just the business owner and their spouse involved in the businesses. As the businesses have developed the trajectories of the two businesses have diverged. For the 'professional' business, growth and access to

wider markets has resulted in a move away from the rural base to a business park on the edge of Newcastle. The other ‘amateur’ business, has remained in the study area but has expanded into new premises, a converted farm building. Interestingly both premises are similar in their internal layout and feel. Both have open plan loft style interiors with shared relaxed spaces for employees to chat and discuss work. However their difference is apparent from their respective web presence. The amateur business makes much of their rural location and the relaxed and friendly attitude that brings with it. In contrast the professional business makes much of its national and international connections. It is only their location that differs; their premises, workforce and market distribution are still similar. In terms of engagement with institutional networks and support the professional business has been much more active in this engaging with regional funding programmes and government export initiatives. The amateur business has engaged in some institutional networks but on a limited and infrequent level.

This pattern is repeated within the data, that those businesses that perceive themselves to be professional businesses are less focused on the rural nature of their business and seek to position their business extra-locally. At the same time the business owner does subscribe to a rural way of life and engages in the local community networks and activities. In contrast the amateurs, although they do not define themselves as such, maintain some networks which included elements of their business and social lives.

## **8.6 The twin roles of the state**

The interviews reveal two main roles for the state in relation to the small businesses; the state as a direct actor in the market for goods and services either as a customer or supplier; the state as an animator in relation to programmes to create a knowledge economy.

Each of these roles will have a different ‘face’, i.e. the route by which the interaction or connection with the business owner takes place. In its role as customer the state will have a set of procurement rules and regulations, both internal and external, to comply with. In its role as development animator it will be driven by a set of political imperatives set either at a local, national or supra-national level depending on the nature of the initiative. Negotiating these different ‘faces’ of the state can be a daunting task for a small business owner and the mere thought of engaging with the state in whatever form can be off-putting.

The main hypothesis of this thesis is that in-migrants possess a certain set of capitals and habitus that allows them to interact with institutions such as the state in a way

which gives them an advantage. As, by comparison to individuals from rural areas a person's habitus entails a person's dispositions built up over through their previous experiences and unconsciously ingrained in their practices (Thompson, 1991; Bourdieu, 1977) the previous experience of a business owner is critical in relation to their ability to engage in the practices required to connect with the state. In addition to having a habitus which is suited to engaging with the state, in-migrant business owners may also possess the essential forms of capital required to exploit those connections.

### **8.6.1 *State as a direct participant in the local economy: customer; supplier; and competitor***

It is interesting that many of the regional development theories neglect the state as customer and tend to concentrate more on the state's role as network animator. For a number of the businesses interviewed, the contracts they had with state institutions were the bedrock of their business:

We got a secondment down at [*County Council*] for the whole core team for three days a week. So that has taken a huge chunk of the business time, but it's been brilliant from a business point of view because we've got some cash flow. It does stop us developing as quick as we would like. I've been working six or seven days a week to try and get the invoices and everything else sorted out.

Male: Business Support: 40-55

In a rural economy with a fairly sparse population the state can be a major influence in terms of purchasing goods and services from local businesses. A number of the businesses highlighted the difficulty in relying on the state as a major customer at a time when budgets were being cut back:

What's happened at the moment with the credit crunch is, sadly all the relationships I've built up over the years, the last 6 years or however long I've been running [*business*], are, although the people are still there they just don't have any money. Children's Services in [*local town*], we've had a fairly continuous, we've had at least one project going on with them almost since we started. Now the concept of them deciding, it just isn't going to happen. Male; creative arts ; 40-55.

There is also a balancing act in relation to services provided by the state and those provided by small businesses. There is a risk that the state takes the provision of the services in-house which then can crowd out local businesses. This was the experience of a small business providing educational resources based on local history; the business

owner has a Masters level degree in archaeology:

The problem was that [*County Council*] started providing those for free to the schools. Which was treading on my toes. They provided services free that I had to pay for. But they weren't, in my mind, of the quality, for instance they provide the history box, but there was no explanation. Whereas I'd actually take a history box in and get the kids, the school to make it up. Which was relevant for them, I would obviously charge for what went in it. Then I'd go through it with the children and have projects. Set up a project, but they'd have a resource at the end of the day that the teacher could use. Where [*County Council*], it's like a library, they have these history bosses that the teacher could use. What shocked me was that the teachers frequently misinterpret the information. Female; creative arts; 40-55

Another small business owner had a similar experience this time in relation to a state sponsored project:

I've approached [*local support organisation*] two or three times about doing that sort of thing. I'd always been told no there wasn't enough demand. They've since got funding and since got someone in to do that. Which to be honest is quite galling. Given that I'd approached them, also given that if they were going to do that, because I know that there is about 3 or 4 people in the area that advertise. That are primarily around the fixing side than the tuition side, but [*local support organisation*] didn't put out notification that they were looking at somebody doing this. This is a guy that's worked up in the Teesdale, in the Upper Teesdale area with some of the farmers. It's also an area that I cover, up to Langdon Beck. He's doing a small number of funded training courses up until March. He's then going to be the first point of contact for some of my co-customer base up there. Male; business services; 30-40

In both these cases direct competition from a state institution has had a significant effect on the business. State institutions pursuing a policy which results in them providing services to stimulate the knowledge economy must take care that such activities do not adversely impact upon existing businesses.

### **8.6.2 *The state as an animator of the knowledge economy***

The second role for the state is as network animator within the development network. In this role the state can instigate development networks in the manner envisaged by

Cooke & Morgan (1998). There are a number of ways in which the state can influence the nature of the regional economy. The first of these is through support to businesses and business owners through grant funding or training and mentoring programmes. An example of this was the “Fastest 50” programme developed by a partnership of state institutions and targeted new entrepreneurs in the southern study area.

I got two mentors, I did a 12 week course on how to run a business. Most importantly I learnt how to look at the financial side of it and my mentor helped me to set up a piece of software on my computer where I could keep track of everything. When I started out I was getting paid in, invoices were going from my personal account because that was how I was set up as a freelancer. He was right, keep it all separate. Male; Digital and creative; 30-40

This combination of a training course and business mentors has been mentioned by a number of the businesses interviewed and in all cases has been felt to be highly successful in terms of developing networks and business know-how.

At the time, they used to do, new businesses, the scheme has changed over the years. At the time if you registered as a new business there they did a series of evening courses. It was a course which was 12 or 15 evenings. You went along to the Enterprise Agency and they gave you free knowledge. One night there was somebody there from a bank if you wanted cheap loans, if you were eligible for the Princes Trust Loans if you were younger. There was one night it was someone from the tax office. It was a different theme each week. Female:  
Creative Arts: 55+

It could be argued that this form of state support is so important and useful because it assists these new businesses owners through the rites of institution (Bourdieu, 1992) they need to pass through to become true entrepreneurs. The combination of training and provision of information alongside mentoring support from experienced entrepreneurs allows the new business owner to gain the required habitus and capital they will need to be successful in the new field.

Well yes when I first set up the business I went to talk to people in Enterprise House. I wasn't looking for any support really, it was just the sort of thing that you did then. They had some advice on marketing. I did go on a, I think they still do it, day meetings where people come in who have set up a business and talk to you about it. Talk about the ins and outs and the problems, I found that

extremely useful. It was like a forum really, I think there was about 10 or 12 of us who had just started or were thinking about it. As I said we got in and talked about it, talked about everything from tax to advertising, where support grants might be available and that was very useful. Male: Business Support: 55+

This form of institutional support also seems to bring together both rural migrants and local entrepreneurs and allow them to network together. Part of the reason for the success was the lack of an underlying political agenda. The meetings were open to all sectors of the economy and of the community. The opportunity to network with experienced members of the business community allows novices to develop the habitus and social capital required to enter the entrepreneurial field. For another entrepreneur connections made during an MBA at a local university also lead to business relationships:

I would think a couple of pieces of work I've done lately are through contacts I made throughout that course. It's very hard to quantify or put my finger on something during that 2 year course or that qualification has meant I do something differently now. I think it's just a general business development/ self-improvement process. Female: Business Support: 40-55

The alternative way for state institutions to influence the economy is through infrastructure support. This may be financial support for businesses to purchase premises and equipment. This requires a direct connection with the state institution and its often bureaucratic methods. One business owner from the Northern Study area described trying to get a grant from the County Council to convert a property into their offices:

There was a grant available from the County Council for redundant farm buildings. It was too much hassle though; you had to get three estimates. I almost walked away. It was [*Business owner's wife*] who sorted it in the end. She has a local authority mentality. Male; Digital & Creative; 40-55

In the end it was the business owner's wife, who at the time was working in a public sector job, who took on the task of applying and agreeing the grant with the County Council. The business owner here alludes to a 'local authority mentality' which seems to be a theme when considering the experiences small business owners have when dealing with the state.

For another business it was the owner's ability to connect to the local authority that was the kick start his business needed. The business is in the Sustainable development sector

and was a consultancy focusing on providing advice to households on renewable energy. The initial marketing tactic was to produce a glossy leaflet and circulate this as widely as possible. The results from this were very poor. Having worked for an international consultancy before starting the business, the owner had worked with local authorities previously. The business owner then contacted his local council and offered to run free training sessions for the planning officers in renewable energy. This has led on to further collaboration on events run by the Council and the Energy Saving Trust to raise the profile of domestic renewable energy. The result of this is that the planning officers are now able to pass the business's details to people who enquire about renewable energy, thus generating business. The credibility the business owner was able to show through his previous employment experience was crucial in getting a foot in the door with the local council.

### **8.6.2 Case Study of Barnard Castle Vision**

As well as one to one relationships, the state gets involved in wider programmes to develop the knowledge economy in a particular area. One example of state intervention to stimulate development and foster an enterprise culture is to be found in the Southern Study Area. Barnard Castle Vision (BCV) is a partnership between a number of local and regional government institutions. Its purpose is to create and implement a 20 year master plan for the development of Barnard Castle (Barnard Castle Vision, 2011). BCV has carried out a number of projects in and around the town as part of the 20 year plan.

One of the projects commissioned by BCV was the NeST. The NeST is a converted garage which now contains an art gallery, café, artist's studios and 'hot-desks' with Wi-Fi for local business to use. It was set up with the aim of establishing a "centre for new technology and a hub for the dale's creative community." (BCV, 2011) The language and material provided in relation to the NeST makes it clear that it has a very modern, contemporary approach to the creative arts. The NeST has also teamed up with Digital City Business, a digital business initiative base in Middleborough, as a rural satellite. The NeST is firmly based within the knowledge economy as set out in national policy (DTI, 1998).

It could be argued therefore that the NeST initiative therefore has a certain habitus of its own. At first glance it may seem odd to describe an institution as having a habitus, surely it is the habitus of those involved in the institution that have the habitus and the institution becomes the field on which the various actors interact and engage each other. The case study of BCV and in particular the NeST project, I believe shows that an



institution can develop its own habitus. This was because of the way the institution imposes a structure on the field of interaction through its physical presence, its design, its brand, its use of new media and its activities. After a time this structure becomes ingrained and associated with the institution over and above it just being an agglomeration of the individual habitus of those involved in the institution. This ingrained set of ways of being and doing things could be said to be equal to a set of dispositions developed over time by human actors, they are also taken for granted and unconscious and represent the previous experiences of the individual. As Maton (2008) points out, Bourdieu's theory makes it clear that habitus acts together with fields and together create practice. The two interact in an unconscious way and therefore the NeST could be said to be creating a field within the local economy and bringing its own habitus to that field, possibly dominating that field. Those with the necessary cultural and symbolic capital and a habitus which aligns with the NeST are able to engage with the practices of institution. Those businesses successfully engaging in the practices of the institution find their social, cultural and indeed economic capitals are enhanced by the interaction.

For example for one business owner, the NeST has been a great benefit to his business. The business owner has a digital creative business and moved to Barnard Castle 3 years ago. From the initial stages of his business, he business owner has had support and assistance from the local enterprise agency and has worked with BCV on a couple of projects. Finally as a result of his previous connections with BCV and the Enterprise Agency he was approached and offered space in the NeST for his business. This was to be a deal whereby he would help run the NeST in the initial stages in return for a reduced rent. The business owner's previous experience was working in London both for himself and for a large research consultancy. The experience also involved working with local authorities to produce educational material. The business owner's connection with BCV has been critical in gaining contacts and new work:

(W)hen I first moved up here and spoke to Barnard Castle Vision because I could see they had a big involvement in the town. I emailed one of them and said could I meet up I'm new in the town. She opened her contact book. In London no one would ever do that. She just said talk to these people. Male: 30-40: Digital Media

In contrast a local business in the same sector had less success in engaging with NeST. As the gallery was billed as an outlet for local artists the business was approached to

display their products in the gallery. This time the gallery was being managed by a local business owner who also owned a commercial gallery in the town. BCV then became involved in the NeST project and a new person working for BCV was put in charge of the gallery. This individual came from a much more public sector background having worked for a number of public sector arts based projects both directly and as a consultant.

The objects produced by the business are of a more traditional nature, featuring rural scenes. The products were taken for a trial run which turned out to be unsuccessful and the products were considered not to fit the contemporary nature of the NeST.

Following the change of management the initial offer was maintained however there was now a disconnection between the gallery ethos and the business owner's:

She had been in here so she knew what we did. She didn't want traditional rural themes, she something more 'contemporary' was the word. But she wanted them by the following week. So he worked like billyo.

.....she showed us where they were going to, there was these little shelves. They were going to be painted black with a back lighting. No electricity had been installed at that stage. In a week, [*interviewee's husband*] worked his heart out, as well as doing orders, to do these contemporary pieces. We took them in on the Sunday morning. The shelves had been painted but when they'd been painted, they were second hand shelves and they were scratched. So the girl that was in there said she would paint them again, the back lights weren't back lights they were under lights. So you couldn't see the engraving. It didn't look good. If you go to any exhibition of glass, if you've ever been to the Bowes Museum when they've had glass engraving. They'll have a piece of glass with 10 spotlights on it. It's all about the light going through it. It has to have light going through it. Either artificial light under a spotlight or on a window ledge.

.....So anyway we plonk these pieces on, we'd had to do these signs exactly the same format as someone had done on the other side. I could see from her face, she said it's not working is it. She said 'it's not showing it up to the best advantage', so she said 'I'm sorry'. I said, 'you don't want them then? Have you not got another cabinet, have you not got anywhere else where they could be displayed'. She said no and that was it, end, end of, end of! Female: Creative arts: 55+

I would argue this interaction highlights how the lack of a shared habitus between the business owner and those running the NeST and the lack of necessary cultural and symbolic capital on the part of the business owner lead to the failure of the collaboration.

The lack of a connection between the BCV and the business owner was summed up in the experience she had whilst exhibiting in the Witham Hall which also hosts the meeting of the Board of BCV:

Just on a personal level I don't particularly like the way they treat people unless you're in that niche. And I don't like the way they are not interested in the things that are actually going on in the town. So in other words are they interested I don't know. I just find it very strange that people can have meetings in a building when there's things going on and there's a turnover every week in that Witham Hall. I spoke to other people and they say the same, they go out for their coffee and they come back with their Costa Coffee then they go off at lunch time and all they have to do is turn left and walk into the gallery you know out of interest. Sort of nosiness. Female: Creative Arts: 55+

This idea of BCV being disconnected from the local economy was also highlighted by another business owner:

They've also spent an awful lot of money, a lot of money, on getting consultants from London, from Leeds from wherever and not locally. And that has actually rubbed a lot of people up the wrong way. They see a lot of them getting paid, and I mean a lot of money for what they think is not very much. Female: Digital Media : 40-55

Within the sample interviewed there does seem to be a split between business owners who have longer established links with Barnard Castle and those who are more recent in-migrants. One business owner who has practiced most of his life in the town explained his views:

Apart from everything else Barnard Castle Vision is a new thing to be honest. I mean it's only been here for a few years. It has some wacky ideas. I was very indifferent about them to be honest until they came to talk to us at Rotary Club. After one of the ladies had given us a talk at Rotary I feel that I understand them a little bit better. But there again there are no business opportunities there. Male; 55+; Business Support

An interesting reflection on BCV is offered by the only return migrant in the sample:

The NeST was sort of happening but they took over it, it all got very political but that's, part of the problem is people don't like change round here. So you've got to do it very subtly and what the Vision doesn't do is do it very subtly. So they tend to go like a bull in a china shop. What they're not doing is fostering those relationships. Male; Digital and Creative; 40-55.

The case study set out above shows how certain programmes and networks develop their own habitus, cultural and symbolic capital often directly from their key actors. It seems that certain in-migrants do have the necessary habitus and relevant symbolic and cultural capital, often through the nature of their previous business experience, to enable them to engage with the network.

### **8.7 Universities and in-migrant networks.**

One thing in common for the various knowledge based theories of regional development is that universities play a central role in the knowledge flows and innovation. For the Triple Helix model, they are the promulgator of innovation and scientific development (Etzkowitz & Leydesdorff, 2000). For the Associational Economy, universities are part of the institutional thickness of an area and often a neutral space for the other actors in economic development to come together (Cooke & Morgan, 1998, Keeble et al, 1999). In all of these concepts universities take on the role of beacon, sending out knowledge and innovation into the wider role. This harks back to earlier models of innovation, with the process taking place in a linear fashion which was much criticised by the proponents of the new knowledge economy based theories (Cooke & Morgan, 1998 Cooke 2001). For example a study looking at the way universities can support lagging regions, still started from the assumption that the university would be the carrier of knowledge and deposit that knowledge in the lagging region thus stimulating development (Kosen, 2006). There seems therefore to be something of a contradiction in the theory of the knowledge or learning region. On the one hand much of the theory accepts innovation and knowledge generation is not a linear process (Ovortrup, 2006) however, the theory still treats certain institutions, large firms and universities for example, as knowledge generators which then send the knowledge out into the region to be exploited. Some feedback loops are accepted but these tend to relate to feedback from the users of the product or service or through the supply chain.

The current research has highlighted how there is often two way traffic between firms and universities and that the process is not always as smooth as it could be. Also that it is sometimes the business which brings innovation and new knowledge to the university looking for support and collaboration and not the university pushing out knowledge.

For a couple of businesses the innovation involved buying products from overseas and developing them for the UK market or in one case as the building blocks for an innovative new product. In both these cases the businesses needed to establish a degree of credibility for the product to enhance their ability to sell it. In both cases the products were highly technical and the customers for the products were medical professionals. These were highly sophisticated customers with very high levels of understanding about the products they were being asked to purchase. The two businesses also offer an interesting case study of regional versus national innovation systems (Cooke & Morgan 1998).

In the first case study the business had sourced a product from an overseas company which would fulfil a particular role for a particular sector of the UK medical industry. The business adapted the product for the UK market by developing protocols around the use of the product to enable its customers to comply with UK regulations. The setting of standards by central government and the ability for medical practitioners to prove they were complying with the regulations was the driver for the innovation in question. The firm established a validation system which allows customers of their product to show they are complying with the regulations in the bureaucratic nature required.

There were two key elements to developing the new product: the first is the introduction of the regulations and the requirements for the regulations to be mandatory; the second was the ability to prove to customers that the product and systems would allow the customer to show compliance with the regulations. The business needed to establish professional credibility in relation to the product. This would allow the business to sell the product on the basis of its ability to allow customers to comply with the EU regulations. To help establish this professional credibility, the firm approached a University to carry out clinical trials of the product and establish validation system. In terms of finding a University to undertake the trial, the strategy was to find the most academically qualified person. There was no preference for keeping it within the local area:

I found out who was doing research in the particular area, infection control and I wrote to them all asking if they would be interested in carry out some research

into the particular product. I had to be arm's length to be able to gain the credibility. [Professor] at [Scottish City] said yes. My wife and [Professor] sat down and wrote the clinical trial protocol and then he carried out the research. We didn't know what the results would be, but thankfully they were just what we wanted. It was properly peer reviewed and was published. We have kept in touch with [Professor] although he no longer works in Dental Hygiene, he's now in charge of Hospital Infection Control. Male: Sustainable Development: 55+

In the second case study the firm also sought assistance from a University again to help test their product. In this case the firm did approach a local university:

I did try [Local University]. I said I'm bringing the technology to you I want to work together. I wanted some clinical input. They treated it as spin out and said we'll give you £3k for 50% of the business. I just laughed. They are amateurs. Male: Digital Media: 55+

In the end the firm again searched to find who was a recognised academic for the field of research relating to their product. In this case the firm eventually teamed up with a University in London. The business owner described the initial meeting with the academic:

I set the unit up in his office, the body language said everything, he was very sceptical. By the end he was very enthusiastic. Male: Digital Media: 55+

The firm has now gone on to collaborate with the university on a number of academic papers and has a continuing relationship.

In both these examples it was the firm that initiated the connection with the university and which brought the technology to the university for validation. This is not the knowledge flow envisaged by most of the theories. In terms of Bourdieu's framework of analysis, it would appear both firms were seeking to establish symbolic capital for their products through their association with the university. In both cases the field the businesses were operating in was the medical field. This is arguably a field where scientific knowledge is produced using certain set practices, i.e. properly conducted trials published via peer reviewed journals. For a company attempting to sell its products to the medical profession just having testimonials or slick advertising is not enough, or indeed may even be a hindrance. Universities therefore play a significant role in enabling these businesses to establish the necessary symbolic capital to enable to

product to be taken seriously in the market place.

## **8.8 Conclusions**

What can be seen from the analysis above is that institutions face similar dilemmas as that faced by entrepreneurs. These dilemmas are about how they engage in the various fields they operate in and how they deploy their symbolic capital. In some cases the institution is given the freedom to operate in the local business field in a way which is best suited to the particular field. Examples of this are the role Enterprise House plays within the southern study area and the 'Fastest 50' and New Entrepreneurship Transatlantic Scholarship Scheme, both of which are mentoring and support programme for business start-ups. These initiatives seek to foster relationships directly between local businesses with minimal interference from the institution. The main role for the institution is that of neutral facilitator. This echoes what was successful in other regions where institutions play an important role in economic growth. The other feature of both the activities of Enterprise House and the two mentoring schemes encountered by interviewees is that they are a form of initiation or in Bourdieu's terminology a rite of institution. The institution in this case is the institution of entrepreneurship. This is a field in its own right and is not always the same thing as the local business field. It has its own shared understandings and ways of behaving, in other words it requires a particular form of habitus to succeed in the field. These programmes act as an introduction for new entrants to the field, helping them gain an understanding of the accepted forms of habitus and outlining the doxa that apply in the field. In the case of mentoring, there is the additional benefit of gaining social capital from the mentors. What the interviewees found useful was the introduction into the field that the schemes offered. As outlined in chapter 6 the transition from self-employment to being a business owner will mean the individual's habitus and symbolic capital will be out of sync with the new field they find themselves in. This is what Bourdieu terms hysteresis. The enterprise schemes are seeking to realign an individual's habitus and symbolic capital with that required to succeed in the new field. By taking part in the scheme the individual will often gain objectified capital through the completion of some qualification of as well as by gaining the social capital from the network of connections made through the scheme.

On the other hand where the institution arguably has difficulty reconciling the two fields it seeks to operate in, it often seeks, or indeed may be compelled, to privilege the policy and corporate fields over and above the local business field it is seeking to help.

Examples of this are to be found in the experience of Barnard Castle Vision, Business Link and the Market Town Initiative in the Northern Study Area. In all cases interviewees felt the institution placed a greater value on its position within the national and regional policy field than its position in the local business field. This arguably created a mismatch in the habitus businesses needed to have to successfully engage in the scheme.

The differing priorities also created the requirement for a certain form of symbolic capital. This was seen in a number of ways. For Barnard Castle Vision it was through the determination of what was and what was not the knowledge economy. This symbolic capital was evident in the range of projects Barnard Castle Vision commissioned and the form those projects took. It had a focus on a contemporary and technology intensive form of the knowledge economy. In terms of Business Link and the Market Town Initiative, the mismatch between the field in which the institution operated in and the field the businesses operated in was best highlighted by the issue of timing. A significant number of interviewees highlighted how they were required to progress, or in one case not progress, their business along timescales which best suited the institution. This fostered a mistrust of the institutions and a feeling the institution was there to further its own interest and not the business owner's. In these situations the institution has clearly taken the decision to preserve the symbolic capital, i.e. evidence that it is capable of spending its budget or connecting with x number of businesses, rather than delivering what the business may need at the time they need it.



## **Part III – Discussion and Conclusions**

### **Chapter 9 – Discussion & Conclusions**

#### **9.1 Introduction and review**

The rationale for the research was to better understand the role in-migrant entrepreneurs in knowledge intensive industries could play in stimulating the rural economy. As outlined in chapter 1, as traditional rural industries have declined, the productivity and wage levels found in rural economies have fallen behind other areas. The knowledge economy seemed to offer the perfect solution to these problems. The low impact nature of businesses in the knowledge economy (there are no unsightly factories or transport issues to impact on the aesthetic qualities of the countryside) sits well with other rural development initiatives around tourism and farm diversification. The sector also held out the prospect of situating high skilled, high wage jobs in rural areas and could be a way to attract younger workers back to rural areas and retaining them in the rural economy.

One of the academic theories cited in the original research proposal was that propounded by Richard Florida and his argument as to the ‘Rise of the Creative Classes’ (Florida, 2002). Essentially a theory of urban development, the theory put forward in Florida’s work is that creative types are quick to spot and exploit neglected and run down areas of towns and cities. They then move into these areas and begin the process of gentrification. Once established as creative enclaves, these previously run down areas become fashionable places to live. This attracts other sections of society, often young adults who value a diverse and lively social environment. This increases the demand for property and that demand pushes up land values. Finally businesses in other sectors move to the area, attracted by a young and dynamic workforce. The area is therefore transformed from a run down, lagging area to a dynamic and lively area with a rich social and business mix (Leriche & Daviet, 2010). The question was; could a policy which has been developed in an urban milieu and is dependent on gentrification as a key development process work in rural areas?

This theory has often been translated by regeneration policy officers into a policy of culture-led regeneration (e.g. Bailey at al., 2004). Regeneration bodies have sought to speed up this process of gentrification by the creative classes, by pump priming cultural projects in declining areas. This policy approach resonates with a number of areas of rural development theory and in particular the role of rural migrants in rural

development. Firstly counterurbanisation, the phenomena that rural areas are growing at a faster rate than urban areas, has been seen as producing a gentrification of the countryside (Phillips, 1993). It could be argued therefore that this process of gentrification is already underway.

This rural gentrification has however had something of a bad press in the rural development literature as it is seen to marginalise the local rural population, pricing them out of rural housing (Smith, 2011) and altering the balance of power within local civic intuitions (Cloke et al., 1998). More recent literature has seen rural migrants as being partly a movement of the creative classes to rural areas and potentially bringing a boost to rural economies (Stockdale, 2006b & Huggins & Clifton, 2011). ONE Northeast therefore sought to focus on the positive element of rural migration; that is, the migration of people who subsequently start businesses in the knowledge economy and their role in stimulating the rural economy. This is a slightly wider thesis than that outlined by Florida in his creative classes arguments. The knowledge economy encompasses a range of industries which, whilst focused on the production of knowledge, are not all creative industries. This widening to encompass the knowledge economy as a whole also brings into question theories on the transmission of knowledge.

Many of the proponents of the knowledge economy see the concentration on the production of knowledge as a logical progression for developed, post-industrial, economies. Writers such as Leadbeater (2000) highlight the role networks play in the transmission of the various forms of knowledge (Amin & Cohendet, 2004 & Murdoch, 2000). This in turn has resulted in a number of theories on the role various elements in society, businesses, state institutions and universities, play in the development of networks and the flow of information (Cooke & Morgan, 1998, Etzkowitz & Leydesdorff, 2000 and Lundvall, 2002).

Within the rural development literature one theory has sought to understand how these networks may be best understood in a rural context, the theory of neo-endogenous development. Neo-endogenous development seeks to combine local cultural endowments with extra-local networks and resources (Lowe et al., 1995 and Ray, 2001 & 2006). Ray (2001) argues there has never really been truly bottom-up development; there has always been a reliance on extra-local resources and connections. What is important for local rural communities is that they retain the power to control the method and type of development generated in their area.

Within these various theories of rural development, rural migrant entrepreneurs seem to inhabit an interesting niche. A number of studies have shown that they have good extra-local connections (Atterton, 2007). They have also been found to be more likely to start innovative businesses (Kalantaridis & Bika, 2006 & Bosworth, 2006). They are therefore seen as important neo-endogenous actors, bringing with them valuable human and financial capital and being able to bridge local and extra-local networks. They also seem to have a greater propensity to start and grow new businesses.

In this context this thesis set out to answer some specific questions about how rural migrant entrepreneurs went about settling into their new rural life and into their life as an entrepreneur. How far did they integrate their social and business lives? Were they able to act as a bridge between the local business networks and the extra-local networks? How far does the presence of such individuals act as a catalyst to rural development?

## **9.2 The role of the rural migrant entrepreneurs in rural knowledge economies**

This thesis sought to understand the process by which rural migrants are able to stimulate the knowledge economy and in order to do so it was considered particularly important to first gain an understanding their role in knowledge economy networks. The original thesis, as outlined above, was based on an assumption that migrant entrepreneurs would both directly bring about rural development as a result of starting new businesses themselves and also by enhancing rural knowledge economies through networking and collaborative activity which would result in spill-over effects. Local businesses and latent entrepreneurs would gain knowledge and connections through networking activity with the migrant entrepreneurs. Collaboration within the local business environment would lead to new projects and market opportunities for both migrant and local entrepreneurs.

This thesis also aimed to build on the current literature which has tended to focus on rural migration and rural entrepreneurial activity as either separate fields or where the two elements are combines, in terms of economic activity only. What is novel is that this thesis set out to understand the process as a whole, how the process of migration is connected and influenced by the process of starting a new business in the knowledge economy and vice versa. It also seeks to understand the process both in terms of the social aspect of the changes as well as the economic aspects.

Whilst each event, the migration and business start-up, has often been examined, both in research of a qualitative and quantitative nature, as events at a particular point in time, recently there have been calls for a different approach to be taken. In terms of academic research of rural migration it has been argued there is a need to consider the process as part of an on-going transition within an individual's on-going lived experience and also that that is has its roots in that person's life history (Halfacree & Rivera, 2012). By considering the decision to start a business as a continuing event, this thesis has shown how a similar approach to that proposed by Halfacree and Rivera can also elicit a richer understanding of the entrepreneurial process. By taking an ethnographic approach, the thesis sets out to understand how the two processes relate to each other and form part of an overall life history of the individual. This ethnographic, life history approach, has yielded a rich data set covering the entire working life of the interviewees.

This attempt to obtain a rich data set using a narrative interview technique has not been without its difficulties. The initial round of data collection and analysis did challenge some of the assumptions underpinning the rationale behind the research and the academic theories underpinning it. As outlined in chapters 5 & 6 the initial interviews provided little, if any, discussion by the interviewees about the integration between their local social and business networking activity. The initial results provoked something of a crisis as this local networking activity, the combination of social and business networks had been assumed to be the method by which migrant entrepreneurs would stimulate the local economy. As a result of reflection on this 'problem' and following discussion with supervisors and various other academics it was considered that this lack of prominence of local networking activity could be a result of networking being taken for granted by migrants or else it might be the case that they had discounted it as an option open to them, and for that reason therefore it did not feature in their life history experiences.

Further focused data collection revealed the answer to be that it had been discounted as not being an option for migrant entrepreneurs or else that they considered that social and economic networks should be carefully considered and the relationship between the two managed to privilege their social networks. This insight changed the focus of the research and resulted in a re-evaluation of the hypotheses. The question then became: why do migrant entrepreneurs not seek to use local social networks to aid and develop their businesses? This adjustment in the understanding of the processes involved in both rural migration and enterprise also lead to a search for a framework of analysis which

could better understand the lived experiences of the interviewees and draw out the issues between the various networks and social structures involved. Initially Actor Network Theory was considered as a possible framework for the analysis of the migrant's activities (Latour, 2005) This was quickly discounted because it offered little scope to analyse complex, open ended and diverse networks. In this thesis it is the relationship between an individual's private social network and their business social networks that hold the key to understanding the reason why the two do not overlap for this particular group. A more powerful framework for understanding this process was found in Pierre Bourdieu's theory of practice (1977). Bourdieu (1977 and Bourdieu & Wacquant, 1992) stated his aim in his theoretical works, was to go beyond the subjective and objective understanding of people's lives. Through the concepts of habitus, capital and field, Bourdieu allows an understanding of how far an individual's experiences form a set of dispositions that in turn mediate their interactions with other individuals and institutions within society. This process is one which not only constantly forms and reforms an individual's habitus and their store of various capitals but also alters the institutions they interact with, leading to what Bourdieu terms 'homogeneity of habitus' (1977: 80). What Bourdieu also provides is a vital tool to understand the power relationships at play in society. Through his concept of symbolic capital Bourdieu (1986, 1987 & 1991), provides an understanding of how the dominant narratives affecting a particular field require individuals to possess certain forms of habitus and capital to gain a privileged position within that field. In terms of this thesis the narratives in question are those around the rural idyll, the knowledge economy and enterprise.

### **9.3 The developing thesis and hypotheses**

As outlined in the previous section, the theory underpinning the original thesis proposal had to be revised once the initial data analysis was undertaken. Once it became clear that there was little overlap between migrant social business networks and local networks, it was clear a better understanding of the nature of embeddedness was needed. The term, embeddedness, has a slightly different meaning depending on the scale at which the term is applied. As discussed in chapter 6, embeddedness can be applied at the level of the individual and at this level has been taken to mean the extent to which the economic world is either a function of or element within the social world (Polanyi, 1944) or else is mediated by the social world (Granovetter, 1985). Using embeddedness as outlined by Granovetter, it is possible to examine the life history of an

individual without being bound by an over-socialised model of behaviour (i.e. one where an individual is constrained by social structures and institutions and relegates individual agency to the fringes) or an under-socialised model of behaviour (i.e. *homo economicus*, individuals exist as atomised, rational, and welfare maximising individuals). At a larger scale, at the community or regional level for example, embeddedness relates to the spatial integration of the individual or firm. Chapter 5 sought to investigate how migrant entrepreneurs are spatially embedded in the various networks they need to engage with. Whilst it may not be possible to produce a unified theory of embeddedness, one that works on an individual and wider spatial level, the two elements are closely intertwined. Many theories of knowledge transmission and economic development highlight the role played by social networking in a business context, the proposition that 'it's not what you know, it's who you know' (Bathelt et al., 2004). In a rural context this social business networking may often overlap with personal social networking. Indeed it is one of the elements of the imagined rural idyll that social network is part and parcel of a rural way of life, everyone stops for a chat and knows what others are up to (i.e. Burnett, 1998 or Halfacree, 2004). This idea of community cohesion and capacity has been highlighted in terms of its impact on rural development programmes (Ward & McNicolas, 1998) and has underpinned the development of rural development such as LEADER (Dargan & Shucksmith, 2008).

This dual understanding of both spatial and social embeddedness allows some of the assumptions underpinning rural development theories to be challenged. Following a period of review and reflection, the thesis proceeded to analyse the research in three aspects. Firstly, the research investigated the extent to which in-migrants are able to become spatially embedded in rural economies. Secondly, the question of social embeddedness was addressed to investigate how far the social and business networks of rural areas overlapped and therefore allowed the hoped for spill-over and agglomeration affects to materialise. Finally, the study sought to understand the role institutional networks play in creating the conditions for development networks to be formed which could bridge social and business networks. In this thesis therefore the combination of an ethnographic method, analysis based on Bourdieu's theory of practice and the viewing of various academic development theories through the lens of embeddedness provide the bases for the discussion that follows in this chapter.

In this chapter the findings of the fieldwork will be considered and discussed in light of the literature outlined in part 1. Firstly, the academic theory relating to rural migration

and rural enterprise will be considered in light of the research findings. Then each of the three aspects of this thesis, spatial embeddedness, social embeddedness and institutional networks, will be considered, before migration and the rural knowledge economy will be considered as a whole. This will allow the practical and theoretical insights gained as a result of the study to be drawn out and developed in more detail. Finally the implications for future research and policy development will be discussed.

#### **9.4 Migration and Entrepreneurialism as continuing events**

This thesis has sought to develop the existing literature on rural migration and entrepreneurial activity in a number of ways. A number of previous studies into the role migrants' play as rural entrepreneurs have been largely quantitative in nature, taking a statistical approach to outline the impact migrants have on rural economies. This has highlighted how migrants have a greater propensity to start new business and be more innovative when running those businesses. General studies into rural migration have tended to concentrate more on the social changes brought about by migrants, how they affect the social structure of rural communities for example.

Following Halfacree & Rivera's (2012) call to consider migration as a 'continuing event' this thesis sought to understand both the process of migration and the process of starting a business together as interrelated and continuing events. It therefore sought to examine them as part of an individual's complete life history rather than as a bounded event at a single point of a person's life. Treating migration or starting a business as a one-off event is often due to the influence of rational choice neo-classical economic modules which consider people to be logical welfare maximising individuals, what Granovetter (1985) would consider to be an under-socialised model of human behaviour. In the under-socialised model, the decision to migrate and the decision to start a business are taken at a particular moment in time with the decision being based on whether changing will result in a greater amount of economic and social welfare, both now and in the future, than continuing with the status quo. The decisions in this case could be sequential or taken as one change.

By taking an ethnographic approach to these events it has been possible to examine the much more complex set of influences at work in the decision-making process. In this respect through the use of Bourdieu's (1977) theory of practice, it has also been possible to understand the combined subjective and objective structures and processes at work. The analysis of the data has shown the process often has its roots in a person's life experience stretching back as far as their childhood. The decision to migrate is

stimulated by recollections of the individual's own childhood, often associated with personal freedom and close cooperative communities, which then combine with wider narratives about a rural idyll to create a latent desire to relocate to a rural area. The draw of the rural idyll becomes particularly strong at the point an individual starts their own family and adjusts to the realities of bringing up their own children. However, in a significant number of the cases studied it was an external shock to their life that catalysed the change, what Humphrey (1993) terms a social career break. This event; redundancy, the need to care for a parent or a life threatening illness, shifted the individual's life to a new steady state significantly altered from its previous state and created the conditions for the individual to reconsider all aspects of their life. This change opened the door to turn the desire for a rural way of life into a reality. Building on Humphrey's notion of a social career, in these accounts of interviewee's lives, their social career and their work career are inter-connected and inextricably intertwined. This is a form of personal embeddedness as outlined by Polanyi (1957).

There was a similar process involved in starting a business. Interviewees often spoke of how they had always wanted to run their own business. This again was driven by both internal desires for a better work/life balance and by external narratives based on entrepreneurialism and in some cases past experience of family members, often fathers, running businesses. As with migration the actual act of starting a business was often triggered by a life changing situation.

Whilst the two events could either happen together, or separately, this research shows the two events are influenced by experiences throughout the life of the individual, and external narratives associated with the outcome of the event, a rural way of life and being an entrepreneur.

This embeddedness at a personal level, the understanding that an individual's life choices are neither governed by rational economic choice or prescribed entirely by social structures, i.e. class, gender or ethnicity can be distinguished from spatial embeddedness which relates to the outward social elements of business and private networks. What has arguably happened in much recent rural development literature is that the two aspects of embeddedness have been confused and may have resulted in false assumptions being made about the efficacy of certain development models. To unpick this confusion, the two elements of embeddedness are now considered in turn.



## 9.5 In-migrants and spatial embeddedness

One of the most popular images of rural areas is that of a close knit community where all aspects of life are connected. The traditional rural economy, based on farming and forestry, underpins this perception of a rural idyll. The traditional rural economy is also one in which there are strong, and often hierarchical networks (Newby, 1977), in place to ensure local institutional thickness (Cooke & Morgan, 1998). Over recent decades the reality of this traditional rural economy has been eroded, with primary production becoming more and more mechanised and employing less and less of the rural population, and rural migration upsetting the social balance in some rural areas (Burnett, 1998 & Cloke et al., 1998). Other changes in the wider economy such as the impact of the internet, increased mobility and globalised markets have also undermined certain aspects of the traditional rural way of life. Rural service centres are finding it difficult to compete with online markets for a range of consumer goods and services. A change to the method of delivery of public services has also led to a diminished presence of the state in rural areas. These changes have arguably weakened the institutional thickness of rural economies.

In contrast to what may be seen as a picture of decline there is strong evidence that rural areas are still a very popular place in which to live. Counterurbanisation, the fact that rural areas have a higher population growth rate than urban areas mainly as a result of rural migration, is continuing in England and is particularly pronounced in the North East (CRC, 2007). This influx of middle-class, well-educated individuals and families, often with significant financial and human capital, offers both opportunities and threats to rural areas. In the context of this thesis it is the entrepreneurial opportunities this group offers which are of primary interest. Previous research has shown migrants are more inclined to start new businesses than the local population (Stockdale, 2005, 2006b). Those that start new businesses have been found to be more growth orientated and innovative than their local counterparts (Kalantaridis & Bika, 2006).

Whilst migrants start businesses in all sectors of the rural economy, this thesis is focused on the knowledge economy. It could be argued that the term 'knowledge economy' is a contested one, particularly in relation to the rural economy. The dominant definition within national and international policy discourses is centred on the understanding that developed economies now need to become post-industrial economies. This is characterised as a shift from businesses based on making physical things to businesses specialising in the production of knowledge, either pure intellectual

property or embodied in highly technical or creative goods. In terms of rural development the knowledge economy is seen as offering a number of significant benefits. It is low impact in terms of its use of resources; most businesses can be operated from a range of premises and often from the home. It also offers the opportunity of high skilled, high wage jobs in rural areas which are often in short supply. These types of jobs are also more attractive to younger people and the promotion of a rural knowledge economy is promoted as a solution to the out migration of young adults, who often move in search of careers in these types of industries (Findley et al., 2009).

To provide the required boost to rural economies, migrant entrepreneurs need to interact with local businesses and within the local economy. Through these interactions it is hoped spill-over affects, such as knowledge transfer and collaboration, will occur.

What this research has found is that for migrants starting businesses in the knowledge economy in the two study areas, there was only limited spatial integration within the local business community. This failure to integrate into the local business network was due to a number of reasons:

- The nature of the market for the goods and services produced by the business in the knowledge economy;
- A strategy on the part of the migrant to maintain their standing in the local community field by separating their personal symbolic capital and their business symbolic capital and by maintaining a habitus which adjusted their participation in the two fields, the local community field and extra-local economic field;
- The way the knowledge economy field has been established with its specific doxa, and related to that, the forms of habitus and symbolic capital that are needed to succeed in this field.

The second and third reasons for the failure of migrants to integrate into the local economy are related to the extent to which migrants are socially embedded in the local business community and the way institutional networks influence the terms of which rural development takes place.

The first of the three reasons is a function of the distribution of business activity in the economy. To sell their products and services, businesses in the knowledge economy have to look outside their immediate locality. This was most pronounced in the business support, digital media and sustainable development sectors of the knowledge economy.

The exception was the creative arts sector which tended to sell their products locally, albeit often relying heavily on tourists. They also used local suppliers and out-workers in their area. This means the business networks of migrants are not integrated with local networks to any great extent.

This lack of integration was clear from the nature of the interviews, and from what was not mentioned as much as what was discussed. In the initial round of interviews the subject of using personal social networks for business development was never introduced by the interviewee. Initially this caused some concern given the whole thrust of the research was to establish how these interactions affected rural development.

Reflection on this issue led to an understanding that the reason for the absence could be down to the fact that migrant business owners discounted such networking activity, considering it unimportant. Later interviews sought to explicitly tackle this issue. At this point it became clear that the reason for this demarcation was related to the process of a migrant establishing themselves in the local social field.

Notwithstanding the lack of integration between the social aspect of migrant's lives and their business lives, there was still evidence of rural migrants having an impact on their adopted rural community. Many of the interviewees highlighted the social and civic roles they played in their community. This was seen as part and parcel of being a full member of the community. There were also the direct benefits the businesses brought to the rural economy. By starting a business in a rural area they were contributing to the economic health of the area, through their spending power and through their employment of local people. For example, a number of businesses relied on their local post-office to ship their products. This type of activity supports local public services which may otherwise be under threat. Individuals also took part in business development activities in their local community such as membership of their chamber of commerce or development trust. However in taking part in these local business networking activities the individual took care to privilege their community social relationships over their business social relationships. In relation to the chamber of commerce activities these were done as something of a token gesture, something that had to be seen to be done but did not really have any real effect on the business. This was something Phillipson et al. (2006) found to a certain extent, in their study of local business networks. These networks worked well when there was an external threat or issue to be faced, but were less effective when addressing the general issue of on-going networking activity for rural businesses.

Rural migrant entrepreneurs are spatially embedded in their local community on one level. The decision to migrate to a rural area is often founded on an understanding of rural areas as places of community spirit. What this research has found, that was not anticipated, is that they are not as spatially embedded at a local level when it comes to their business activities. The next section seeks to explain why this is the case.

## **9.6 Social Embeddedness**

As outlined above, the findings of the research do suggest that migration is benefiting rural knowledge economies directly through their presence. In both study areas migrant entrepreneurs had established knowledge intensive businesses in what are quite remote rural areas. The findings of the research highlight however that the decision to start a business should not be considered in isolation and to be fully understood must be considered as part of an overall life history. It was also clear from the data that whilst the decision to migrate to the rural community and the decision to start a business may not take place at the same time, they are in fact part of a coherent and evolving life plan for the individual and their family. In all cases in this study the migration event was the first event in the transition process. This was followed, in some cases almost immediately, by the process of starting a business.

To understand why this should be the case, and to allow the analysis to go beyond the usual subjective and objective understandings of individuals lives, Bourdieu's concepts of habitus, capital and fields were used. Use of these concepts allowed a framework of analysis to be established which could encompass the whole of the interviewees' life, both their private social life and their business social life. This brought together the two elements in a way that has not been investigated before. Bourdieu's concept of habitus is particularly useful in this regard as it is the present manifestation of the individuals' experiences both at a conscious and unconscious level and at an individual and societal level. As habitus is at once the agglomeration of past experiences and the sum of future prospects it is the ideal tool to uncover the relationship between the structural narratives and constructs of a rural society and the individual's reaction to them and their own situation. The associated concept of capital in its various forms, social, cultural, economic and symbolic, provides an additional tool to understand the way a particular habitus is used and maintained by the individuals. The concept of capital is also very useful in understanding the process by which an individuals' habitus either accords to or conflicts with the dominant narratives of the field in which they are operating. In this

case the relevant narratives are those pertaining to the knowledge economy, enterprise and the rural idyll.

The analysis of the data suggests the separation of personal social networks at a local level and business social networks at an extra-local level is a strategy to maintain a separation between an individual's habitus and capital developed to maintain their social standing in the local community, and the habitus and capital developed as part of their business's development. This separation has been noted previously in the agricultural sector (Sutherland & Burton, 2011) where it was found that business and social relationships in relation to the sharing of costly farming equipment were carefully managed so that business disputes would not lead to social disputes and hence a loss of social capital. Rather than an individual possessing a single form of habitus which is suitable in all situations, the individuals interviewed in this study were able to adopt a different form of habitus depending on the circumstances they found themselves in. This separation of the business and the social aspects of an individual's life has also been highlighted by Benita Luckmann (1970) in her theory of small life-worlds. As a mechanism to deal with the complexity and fragmentation of modern life, Luckmann argues individuals constructed a series of small life-worlds within which they were comfortable and can relate to as a whole. Each of the small life-worlds is separate or capable of being separated and allows a sense of meaning to be established by the individual in a complex world. In this case the rural migrant entrepreneurs have established small life-worlds around work and family life but maintain a separation between the two.

These findings fit with Bourdieu's original definition of habitus as "the durably installed generative principle of regulated improvisations" (Bourdieu, 1977: 78), as the successful migrant entrepreneur knows instinctively how to act in each of the fields (or life-worlds) they find themselves in. This means that spatial embeddedness is related to social embeddedness but not in the way rural development has previously assumed. For rural migrant entrepreneurs in the knowledge economy there is a careful demarcation between the business field and the social field.

As indicated above one of the drivers for this demarcation was how the narratives of each field differed and as a result require subtly different forms of symbolic capital to succeed in that field. This can be seen in the way the two transitions, migration and starting a business are approached. In all cases the motivation for the move to a rural area was based on their understanding of the rural idyll. This was not the same for each

migrant. As Short (2006) points out due to its ambiguous nature, there are now a number of rural idylls to which people subscribe. For some a rural way of life represented a chance to live and bring up their children in a community which matched their own upbringing. For others it was the nature of the landscape and the recreation opportunities that living in such a landscape offered that prompted their relocation. These powerful discourses often remained latent within people's lives until a life changing event required some form of change to occur. A range of events served as the trigger for the transition; redundancy; life changing illness; starting a family; the need to care for an elderly relative. These triggers and the decision to relocate to a rural area, often had an underlying motivation which could be summarised as a need to achieve a better work life balance.

Up to this point, considering the migration event coupled with a desire to achieve a better work life balance, the two narratives coincide. The narratives which underpin the rural idyll, in its various forms, are not incompatible with the desire to achieve a better work life balance.

In terms of Bourdieu's theory of practice there will be a period of hysteresis when the migrants habitus and capital are not in a form which is best suited to the new community they have joined. There will therefore be a period of adjustment where the migrant adopts the habitus required in the new community and accrues the suitable social and cultural capital of the necessary type and therefore gains sufficient symbolic capital to 'fit in' to the community. As Halfacree and Rivera (2012) argue, not all migrants make this transition and as the realities of living in a rural community become apparent and may not match the imagined rural idyll that they were seeking, they relocate back to an urban area. In other cases Halfacree and Rivera argue the migrant stays put either because the reality of living in a rural area coincides with their imagined rurality or else the difference is not too great and can be accommodated by the migrant.

In the lives studied for this thesis, there is an additional transition taking place, from employment to self-employment. This new transition introduces a whole new narrative into the mix. For this transition the narrative is dominated by enterprise and entrepreneurialism. This is influenced by both government policy and popular culture. As Down (2006) found in his study of entrepreneurs, those starting and running a new business often assume an entrepreneurial self-identity. By using Bourdieu's theory of practice as a framework for the analysis of the life histories of the business owners interviewed, this theory of self-identification can be developed further. The analysis of

the interviewees and other material has revealed two groups of entrepreneurs. These could be termed the 'classical entrepreneur' and the 'social entrepreneur'. This distinction is made partly from an analysis of the data, and is an attempt by the researcher to make an objective distinction, but it is also made by the classical entrepreneurial group themselves. These classical entrepreneurs consider those who conform to the popular perception of what it is to be an entrepreneur, as they do, are the professionals, whilst others who do not seem to take things seriously or are only doing it as a lifestyle choice are the social entrepreneurs. The group identified by the classical entrepreneurs as social entrepreneurs do not themselves consider themselves to be amateurs but are engaging in enterprise on the terms they are happy with but none the less as a proper business endeavour.

This distinction between the two sets of business owners highlights a key finding of this thesis. The motivations and narratives used by the interviewees in relation to both the migration and entrepreneurial activity may not coincide and in fact may not be compatible with each other. This is particularly the case for the 'professional' business owners. This can be seen in the way they describe their way of doing business, what could be described as their business habitus.

For the professionals the business was a means to an end. This resulted in a willingness to separate their business decisions and decisions about their social lives. In some cases this was a physical separation as well, with their business operating outside the local area. Arguably one reason for this separation was to prevent conflicts between their social and business networks. To engage in a particular field, for example the local social field or the local business field, requires an individual to maintain a certain habitus and possess the correct store of symbolic capital. In situations where the two fields are similar this is an easy task for the individual. In the academic literature considering rural communities, it is often assumed, either implicitly or explicitly, that the two key fields, social and business, are similar and overlap (e.g. Ray, 2006). This means a general rural habitus will suffice and the social and cultural capital acquired in one field will be just as useful in the other. Whilst this may be the case for traditional rural business, it does not seem to be the case for the knowledge economy. Here, because of the two narratives driving each field, an individual's habitus needs to be altered and adjusted for each field. The main method for dealing with this difference is to physically separate the two. The business field is maintained at an extra-local level whilst the social field is maintained at a local level.

That is not to say that the business field does not include elements of social networking activity. For migrant entrepreneurs maintaining contact with former work networks and colleagues was a strong element of their business strategy. This form of embeddedness is what Granovetter (1985) was considering when he sought to bridge the under and over-socialised views of economic life. What this study also confirms is that there is still a difference between social activity and networking in pursuit of economic goals and social activity and networking in pursuit of social goals. In the years since the initial publication of Granovetter's paper on embeddedness it could be argued that the two elements of embeddedness have been confused. This is often the case where social capital is the focus of research. Studies into the presence of social capital and its effects on economic growth often draw the conclusion that the presence of social capital is associated with both better outcomes and economic outcomes for a community (Woolcock, 1998, Putnam, 2000 & Iyer et al., 2005 for example). One of the criticisms of this view of social capital is that it fails to identify the direction of causality, do communities with strong social capital produce better economic outcomes or is social capital a function of a strong local economy? (Portes, 1998 and for a review of the various critiques of Putnam's Social Capital see Manning, 2010)

### **9.7 Institutions, migrant entrepreneurs and rural development networks**

The final element of the discussion in this chapter relates to the role of formal institutions in local development networks. Formal institutions in their various guises form a key part of a number of development theories. In terms of rural development, it is most often the state that is the main institutional player seeking to influence the way in which rural development takes place and the networks which deliver such development. As outlined above this is not always a benign and benevolent act on its part, the state will be undertaking these activities to further its own corporate interests as well. The data highlights how the various manifestations of the state have their own habitus and capital to deploy. This may seem like a step too far in relation to the *theory of practice*. How can it be possible for an institution to have a habitus? This is, however, correct. What institutions do produce is a field and social structure which acts in the orchestration of the individual actors' habitus and generates practice which is particular to the field in which the institution operates. This can be in relation to a number of fields. The institution's habitus is really the shared habitus of its actors, it is manifested in their strategies and rules, both formal and informal, which structure the field. It also determines the forms of capital important within the particular field and in



particular the dominant forms of symbolic capital afforded privileged status. The various fields within which these institutions operate are not always complementary. For example, an institution's involvement in the rural development field is often coloured by their involvement in the extra-local political field which may require different strategies and the possession of differing forms of symbolic capital.

There is a parallel therefore between the migrant entrepreneurs attempt to establish a position in two fields, the local community and extra-local economy, and the institutions attempt to establish or indeed maintain their position with the local development field and the extra-local political field. Further the doxa of the two fields are controlled by narratives determined at various levels. In the political field the narratives related to European and national rural development policy and could be characterised as being focused on bottom-up development and, relevant for this particular study, narratives relating to the knowledge economy.

The analysis of the data revealed how far these narratives can help and hinder rural development at a local level. Examples such as Barnard Castle Vision highlighted how the development of a knowledge economy has been taken to mean a specific form of development which focuses on technological innovation and what an interviewee considered to be a 'contemporary way of doing things'. This narrow narrative of what was and what was not the knowledge economy in turn restricted what form of habitus was required and which types of symbolic capital were acknowledged as being the correct types to establish standing in this particular local field. The officers employed by Barnard Castle Vision are working within an organisation that has a specific constitution and mission statement which they are tasked to deliver. In one sense it could be said that these individuals have consciously developed a certain form of habitus and have chosen to possess certain forms of social, cultural and symbolic capital. This institutional habitus is developed, as outlined above, within the internal institutional field.

Barnard Castle Vision can arguably trace its roots back to national policy or indeed a whole history of rural development policy. Its promoters, the various local authorities and other state institutions which together formed the partnership to deliver the project, each have their own histories and expectations. Policy interventions of this type relying on funding through EU programmes such as the Rural Development Programme for England (RDPE) and the European Regional Development Fund (ERDF) have a set structure. Policy interventions must be founded on a rationale based on the correction of

one of two failures within the capitalist economic model, market failure or information asymmetry (Cowie, 2012). Further central government rules and regulations regarding economic policy, as set out in the Green and Magenta Books produced by HM Treasury (HM Treasury, 2003 & 2011), set a framework within which policy is developed and implemented. This history and weight of expectation is carried into the project through its structure, its rules and legal documents and through the choice of personnel tasked with delivering the project. The process of finding, interviewing and employing the key staff will have been influenced by the habitus of key actors working on the with the partner institutions. In this way the habitus, social and cultural capital for the project is developed through the development of a shared habitus. As Burawoy (2012) proposed, this produces an understanding of which symbolic capital becomes the dominant form and determines rules of the game within this rural development field. To some extent the decisions are deliberate, the formation of a business plan and a mission statement, require conscious thought and deliberation. These are the codified knowledge of the organisation. The tacit knowledge, and the habitus, is the shared understanding each of the members of the organisation develop over time. What Bourdieu would call the orchestration of habitus. This process is constantly developing and arguably takes place at the instinctive level as much as the conscious level.

In the case of Barnard Castle Vision, there was a challenge to this orthodoxy both by individuals within the community and within the local press. This conscious and instinctive formation of habitus may be part of the problem for rural development projects of this type. The focus of the attacks and the defence mounted by the project itself are based on the consciously developed elements of the project's habitus and capital. This is the phoney war. What is really causing the friction and difficulty between the pro and anti-camps, is the miss-match of habitus and the differing forms of legitimate symbolic capital. In the case of Barnard Castle Vision, it could be argued the locus of difference is in an understanding of what the knowledge economy means in a rural development context. This develops into what Bourdieu (1991) terms an act of symbolic violence. The dominant actors in the network are able to define the meaning of knowledge economy in their own terms. This then leads to the formation of a specific field, the rural knowledge economy. Through their control over the definition of the term, these actors are also able to impose their own habitus as the dominant habitus in the field and establish the forms of social, cultural and symbolic capital that are recognised as being best suited to the field. When set out in black and white in the pages of a thesis, this seems a cold and calculated process. In fact the process takes place

incrementally and on the whole instinctively, over time as the project is first conceived and then delivered. The effect of the process is that some are excluded from the field, whilst others are easily able to join and thrive in the field.

In contrast, development narratives based on enterprise and entrepreneurial activity did not seem to be as restricted. This may, in part, be because a number of the development programmes operated by institutions in this field were ones which offered guidance and support for new entrants to this field. Individuals starting a business for the first time were offered a range of networks which supported them in the new field and started the process which Bourdieu would describe as creating 'homogeneity of habitus' (Bourdieu, 1977: 80). This approach also offered the opportunity for the participants to develop development networks and connections which continued after the initial period of introduction. In this case the institutional network did act as a connection between new entrants to the field and existing participants in the field irrespective of whether they were rural migrants or had lived all their lives in the area.

There is perhaps also a greater common understanding of what an entrepreneur is and does. This has been fostered through popular television programmes such as *Dragons Den* and *The Apprentice*. These cultural representations of enterprise, whilst in some ways a heightened version of reality, clearly establish the rules of the entrepreneurial game. They provide a clear outline of the field of entrepreneurship in a similar way that popular culture helps define and perpetuate the idea of a rural idyll. As the in-migrant entrepreneur begins their new life within these fields of enterprise and rurality, they have an understanding, the beginnings of a habitus, which allows them to participate within the field. This is then developed further as they develop strategies and ways of dealing with the everyday problems of life as a rural entrepreneur.

The two approaches can be contrasted in the way they deal with the entry to each field. In the first example, entry to the field requires an understanding of the doxa which govern the field as well as the correct form of habitus and symbolic capital. As the acquisition of habitus and capital is largely an unconscious process it is difficult for a new entrant to develop the necessary habitus and capital. They therefore feel and are excluded from the field if they find they do not have the necessary capital nor are able to demonstrate they have the required habitus. In contrast the second form of development is based on the assumption that it is dealing with new entrants to the field. It, therefore, sets out to help them establish the required habitus and symbolic capital needed to be successful in that field.

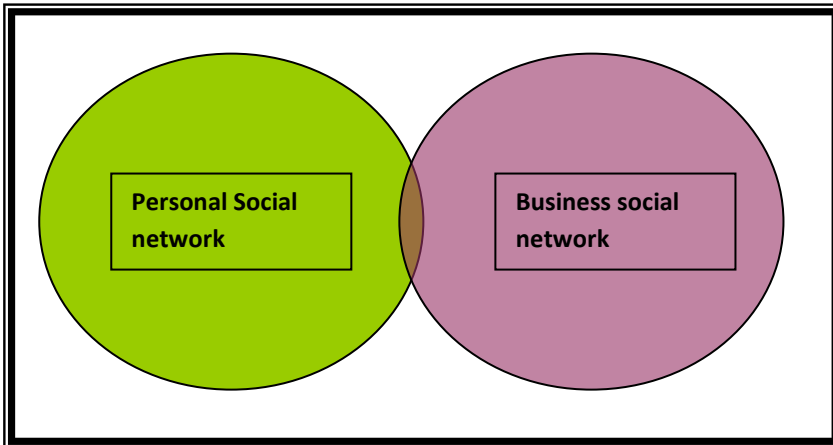
Institutional networks can therefore act as bridges between the various fields within the locality. Their success however depends on how they deal with new entrants to the field. The approach taken in relation to initiatives based on the knowledge economy was restrictive as the new entrants were required to fit the existing field. Those who did not instinctively adapt to the field were given little guidance on how to develop their habitus nor were they given the opportunity to acquire the necessary social and cultural capital in the required symbolic form. This could be rectified if there was an acknowledgement of the nature of the field and a more open and guiding approach taken to new entrants.

## **9.8 The differentiation of networks**

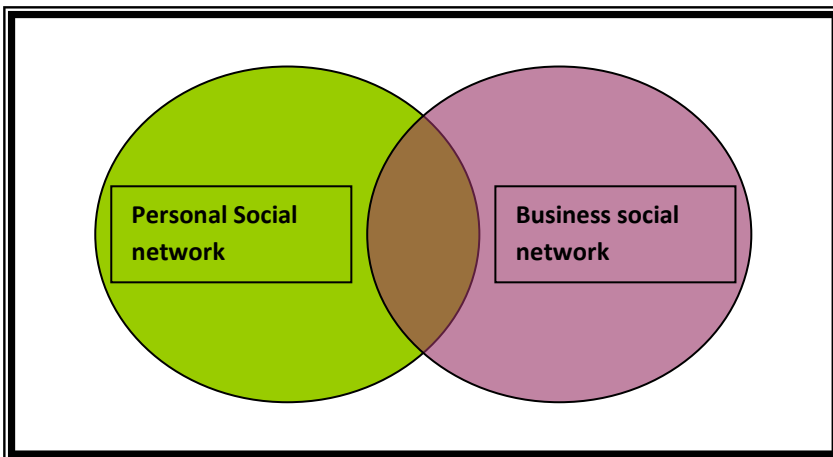
Following on from 9.7, the main finding that I suggest can be drawn from this thesis is the differentiation between the various fields as encountered by the in-migrant entrepreneur. This helps to highlight the next research finding: that in-migrant entrepreneurs differentiate between their private social lives and business social lives and carefully manage the overlap between the two aspects of their lives. These various fields, rurality, enterprise and the knowledge economy are not always fixed. They will at times overlap and at other times nest within each other. They are an example of Castell's (1996) networked economy. Within these three fields there are two important networks for in-migrant entrepreneurs; their private social networks, (for example friends through clubs and societies, friends developed within local civic institutions and family) and business social networks (for example relationships with customers and suppliers or through business institutions such as the Chamber of Commerce).

What the research has found is that rural migrant entrepreneurs in the knowledge economy tend to separate their business lives and their social lives. This separation inhibits the flow of business knowledge between the migrants and the local business owners. This separation is due to the rural migrants seeking to maintain and protect their social and cultural capital within the local community field whilst at the same time maintaining and protecting their social and cultural capital within the business field. As has been found in studies of agricultural communities (see Sutherland & Burton, 2011) the risk is that damage or loss of capital as a result of business relationships will have a knock on effect on social relationships.

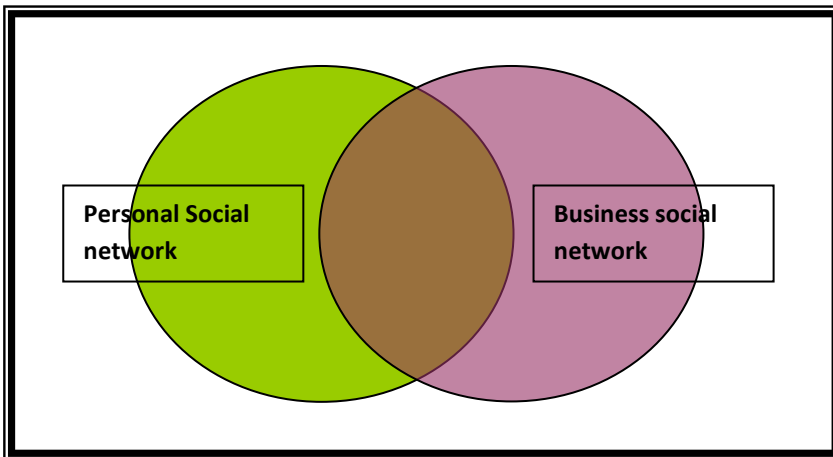
The degree to which there is separation between the two networks is not universal across all the business sectors. Figures 9.1 to 9.3 below aim to provide a graphical representation of the degree to which the two networks overlap within the three sectors.



**Figure 9.1: Business Support**



**Figure 9.2: Other KIB**



**Figure 9.3: Creative Arts and Digital Media**

The degree of overlap is greatest within the creative arts and digital media sectors. Here individuals are more willing to overlap their personal social networks and business social networks. This may be as a result of the nature of the business routed as it is in creative practice which is a very personal endeavour. Other sectors are able to professionalise their working lives which may allow them to differentiate between the

social aspects of work and the social aspects of their family life. This is an area which future research needs to uncover as it has implications for the way all future enterprise and economic policy is developed.

### **9.9 Implication of the findings for future research**

Whilst this research has focused on rural migrant entrepreneurs in the north east knowledge economy, it could be argued there are also implications for future rural development research in general. Taking inspiration from the natural science, it could be noted it has two sets of theoretical frameworks to explain the physical universe depending on the scale; Newtonian Laws versus Quantum Theory. It could be argued that academic theories relating to rural development at a regional and national scale break down when applied at the individual and local scale. Building on prior research that has found rural economies to be dominated by small and even micro-business, this thesis suggests that it is the personal decisions about the interplay of various networks that become the overriding factor in decisions about starting and running a business.

This finding has implications for the design of rural development programmes. The assumption has been that part of the role of rural development programmes has been to develop capacity as well as to carry out economic development. The capacity building has often been through partnerships or other local institutions. The difficulty may be that whilst rural migrants may participate in these bodies, they will not bring with them their extra-local business connections. Whilst the participation of rural migrants within these organisations will undoubtedly bring direct benefits, through their human and cultural capital, it will not deliver the indirect benefits anticipated by those promoting the policy programmes.

The current research has focused on a narrow sector of the economy, knowledge intensive businesses. Further research into the role of rural migrant entrepreneurs in other sectors such as manufacturing and tourism may show this separation to be confined to the knowledge economy. However, similar research looking at cooperation between farmers found a similar separation between personal social networks and business social networks and the way business relationships were managed (Sutherland & Burton, 2011).

### **9.10 Implications of the findings in the area of social enterprise**

A further finding flowing from this research has been the role formal institutions can play in fostering networking activity between the various rural development actors. The

research has found that an institutional habitus shared by the actors within the institution and their stores of social, cultural and symbolic capital are just as important when they seek to enter a particular field. The research has highlighted how important the institution's own position is within the fields which determine their role in society and the economy. As was outlined previously this requirement to operate in a variety of fields can be both positive and negative in terms of rural development depending on the relationship between the local fields and the extra-local fields.

For example, this participation in two fields can have implications for policy implementation, particularly where there may be a conflict between the symbolic capital needed in the policy field inhabited by the institution and the symbolic capital required when it participates in the rural development field. To avoid these types of problems occurring care needs to be taken to give sufficient autonomy to the institution to participate in the rural economy using the form of social, cultural and symbolic capital dominant in the local field. This need to develop various forms of habitus and symbolic capital depending on the nature of the field may further to development of concepts such as neo-endogenous rural development.

It would appear some forms of policy support are able to address this balance between the fields better than others. Policy programmes based on guiding an individual once they enter a new field seem to have a high level of success, particularly where the new field has common cultural rules and references. The mentoring and educational programmes found in the study areas, ones that help newly formed or nascent businesses, were considered by participants to be successful because they help business owners in the process of developing the required habitus and capital. Other programmes essentially required participants to adopt the habitus possessed by the institution and bring with them the proper forms of social, cultural and symbolic capital as determined by the institution. This tended to divide the local population and create a divisive environment where you were either in-favour of the institution or against it, with little middle ground. Some awareness of the barriers to participation and the inclusion of some form of introduction to the field by new participants may avoid these types of problems.

Another area of research where the findings of this thesis may have some relevance is the growing prominence of social enterprise. The current coalition government has sought to champion social enterprise as a better and more cost effective way of delivering public services. Social enterprise is interesting from an embeddedness

perspective because it has at its core a combination of community activity and commercial activity. Often what is being undertaken by the social enterprise are community activities which would have been done on an informal and personal basis in the past. Now formal institutions are being formed to carry out these activities. A good example of this is the provision of out of school childcare. In the last Labour Government's, 'Every Child Matters' green paper and subsequent policy (DfE, 2003) one of the objectives was "promoting full service extended schools which are open beyond school hours to provide breakfast clubs and after-school clubs and childcare, and have health and social care support services on site" (2003: 7). These services have become known as 'wrap-around' services. These wrap-around services are often run by parents in partnership with the schools that host them on a voluntary basis. To carry out the functions as a wrap-around service limited companies are formed with parents standing as directors. This formalisation, of what was once done on an informal basis, brings into conflict the two form of networking activity as outlined in this thesis, personal social networking and business social networking. Parents who are company directors of the wrap-around company inevitably have to deal with issues which are social in nature, i.e. bad behaviour of children, but are now constrained by the formal requirements of child protection policy and their responsibility as a company director. At the same time they continue to be members of the local community. Further research in this area would shed valuable light on how such parents negotiate the various fields they must engage in and how the nature of their embeddedness may change as a result of the need to deploy a variety of social, cultural and symbolic capital in these fields. As outlined previously the way individuals manage personal professional networks (i.e. when involved in social enterprise) differs and can conflict with the management of personal

### **9.11 In-migrant Networks and the rural knowledge economy in England – a conclusion**

This thesis has developed a greater understanding of the process by which an in-migrant entrepreneur manages the combination of the move to a rural area and the decision to start their own business. The premise for the original research was that rural migrants offered a solution to one aspect of rural change, the decline of traditional rural industries. The rationale behind this focus on in-migrant entrepreneurs was founded on an understanding of a rural way of life where community spirit would allow in-migrant entrepreneurs to bridge social and business networks and local and extra-local networks.



The neo-endogenous approach to rural areas also developed some of the ‘creative classes’ theory of Richard Florida with in-migrant entrepreneurs creating vibrant, knowledge intensive local economies.

What the research has shown is that the causal chain of events is not always as easy to predict or indeed manage. The analysis of the lived experiences of in-migrant entrepreneurs using Pierre Bourdieu’s *Theory of Practice* has revealed this imagined new rural economy is not always as simple and straight forward. The change brought about at an individual level as a result of migrating and starting a business is carefully managed by that individual within their family unit and their social standing with their adopted community. The dominant force in relation to these changed circumstances is the individual’s personal social connection to the new community. This seems to be privileged over the requirements of their business lives, their business social networks. This differentiation between the two aspects of the rural migrant’s life seems to be underpinned by differing fields the in-migrant seeks to inhabit and the habitus and capital required to succeed in those fields. The decision to migrate is most often linked to a desire to live a more rural way of life, to enjoy the rural idyll. This can be conceptualised as the rural community field. The habitus required to gain social standing in this field centres on being part of the community, engaging with the social institutions of the place and engaging in a rural way of life. In contrast starting a business in the knowledge economy involves entering the enterprise field. Here a different habitus is required and alternative forms of symbolic capital hold more power. The ‘classical entrepreneur’ takes on a tradition capitalist habitus which privileges rational welfare maximising individual choice. Decisions based on emotion and social welfare are frowned upon. Symbolic capital in the form of an MBA or a previous experience in a large business is dominant. In this element of the in-migrant entrepreneurs life the field which relates to the knowledge economy also plays an important role. This time the required habitus and forms of symbolic capital are determined as much by institutions as the individuals who participate in the field. State policy which seeks to foster either the knowledge economy or a more enterprising economy play a significant role in determining what this means in practice. Certain activities and businesses are singled out as being the ‘correct’ business sector and ways of developing a business, high growth, are privileged as well. The rules of the knowledge economy field dovetail with the rules of the enterprise economy to require a certain habitus and a particular type of symbolic capital from the in-migrant entrepreneur. This tends to militate against the local entrepreneur and differentiates

these fields for the more general rural field. Thus the in-migrant has to differentiate between the two networks and manage their relationships carefully as the strategies adopted in one field may not translate across to the others. As can be seen from figures 9.1-9.3 this is not universal across all sectors of the rural economy.

This disparity can often be reinforced by institutions seeking to have an influence on rural development. On the one hand institutions seeking to support traditional rural industry have concentrated on farm diversification and/or tourism initiatives, most of which rely on place making initiatives heavily dependent on the rural idyll narrative. Other institutions seeking to boost the rural knowledge economy draw on narratives of enterprise, modernity and technological progress.

These narratives influence the rules, the doxa, of each field of endeavour within rural areas. To achieve success within these fields individuals must possess a suitable habitus and sufficient social, cultural and symbolic capital in a form which is appropriate for the particular field they are engaged in. As has been shown the acquisition of habitus and the necessary capital is by and large an unconscious process. In this respect migrants do have an advantage in this regard. In terms of the rural social field, their conscious decision to migrate in search of the rural idyll means they are aware of the need to establish a rural habitus. This may not be a traditional rural habitus and as has been shown in previous studies, the tension between the traditional rural habitus and a habitus developed on the basis of the rural idyll has led to accusations of colonisation and gentrification of rural areas (e.g. Cloke et al., 1998).

In the rural knowledge economy field, in-migrants have an advantage. The nature of the field means extra-local connections are extremely important. There are limited local markets for knowledge economy products and services. The wider supply chain and institutional infrastructure are also based extra-locally. Most importantly migrants have the habitus and capital required to engage successfully in the rural knowledge economy field.

This study has been limited to a small subset of the rural economy and population. This is the inevitable consequence of an in-depth case study of this type. However the separation between the two fields in the case of rural migrants found in the study challenges some of the assumptions underpinning the shift from a rural development policy based on sectoral interest to a spatial policy. Spatial policy as developed through European interventions such as Objective 5b and LEADER, may not be able to address

rural development issues in a truly holistic and remain blind to sectoral differences and the relationship between civic capacity building and economic development.

A pertinent question arising from the findings of this research and that has been echoed elsewhere (i.e. Sutherland & Burton, 2011 and Moulaert et al., 2007) is therefore; has the pendulum swung too far in favour of spatially focused rural development policy and away from a focus on a sectoral rural economic policy? Is there a need to revisit the best aspects of rural economic policy in a way that does not neglect civic and community development? The findings of this thesis suggest that for certain sectors of the rural economy there is not the degree of overlap between business and social networks that may have previously been anticipated. This may mean rural development programmes such as LEADER which are based on a holistic area based approach to rural development may not be as effective for the knowledge economy as they are for sectors such as tourism and farm diversification. As has been noted (Shortall, 2008), these area-based, partnership initiatives are often very good at generating social development, but have a much patchier record in producing economic development.

This switch away from holistic rural development policies has, to some extent, already started with programmes such as the Rural Growth Network (RGN). RGN has a specific focus on developing the rural economy through the development of economic networks. RGN targets support to personal business networks and does not seek to have any influence on the private social networks in the areas affected. The target sectors for this policy programme fall mainly in the knowledge economy and exclude farming, tourism and manufacturing. At the time of writing LEADER is also in a state of transition. It may well be that the next round of LEADER will have a sharper focus on the social and economic elements of rural development. As can be seen from the findings of this research, and current developments within rural development policy, more work is required to better understand how these various networks overlap (or do not) and relate to each other. This research also shows there is a need for clarity in the aims and objectives of rural development policy. Is it intended to support social or economic development or both? If both, is this a realistic prospect given what this research has discovered in relation to the separation between in-migrant personal social and business social networks?

# **Appendix A**

## **Interview Outline**

## Interview Outline

- **Life History**
  - Education
  - Previous work experience
    - Previous managerial experience
    - Previous businesses
  - Decision to start a business
  - Residential history
  - Family History
  - Experiences with civic society; volunteering, membership of clubs or societies, formal appointments or political activity
  - Key life experiences both business and personal
  
- **Experience of starting a business**
  - Motivation for running a business
  - Funding for start up
  - Experience with professional advisors (Solicitors; Accountants; Investors; Training)
    - Discuss the nature of relationship, one of equals? Seeking advice?
    - Is it a professional, arm's length, relationship?
    - How did they find a suitable professional?
    - Have they changed advisors? If so why?
  - Experience with Government, Local and National, Government Agencies
    - Discuss the nature of relationship, one of equals? Seeking advice?
    - How did they find a suitable professional?
    - What was the outcome? Satisfaction?
    - Is there any involvement by Government and Agencies on regulation of the businesses? Help or hindrance?
  
- **Running a Business**
  - What is the short, medium and long term goals for the business
  - Do you have an exit strategy.
  - Details of supplier and customer relationships
  - Biggest pressures on the business
  - Involvement in networking:
    - Formal networks
    - Familial networks
    - Social networks
    - Online networking
  
- **Details of business**
  - Nature of Business (SIC Code)
  - Business Structure

- Employees
- Turnover
- % of sales within local area (10 miles); region; nationally; international
- Number of clients/customers.
- % sale to biggest client/customer
- Innovation, new product or process in last three years
- Age of business

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