

**TOURISM ENTREPRENEURS IN
NORTHUMBERLAND
The Role of In-migrants
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INTRODUCTION

In many regions of the UK and other industrialised nations, tourism is viewed as an increasingly important feature of rural development. As well as direct spend from tourists, rural economies benefit from increased awareness of local products, downstream expenditure from tourism businesses, new investment and job creation. Where the tourism industry attracts incomers to start businesses, this also introduces new skills and access to networks beyond the local economy. Despite these potential advantages, however, not all tourism businesses are strongly entrepreneurial or innovative. This leads us to two questions: firstly, “Are tourism businesses that are embedded in their local economy better placed to promote local development?” and secondly, “what entrepreneurial features are shown by indigenous and in-migrant owners of tourism businesses?” In addressing these questions the paper will re-think the implications of embeddedness and entrepreneurship in the rural tourism economy.

The positive and negative outcomes attributed to the activity of small tourism firms (STFs) are explored through interviews with a mix of indigenous and in-migrant business owners in Northumberland. Biographical narratives illustrate the key stages leading to the formation or takeover of each firm as well as the varying influences that continue to shape their business trajectories. For incomers, this includes their reasons for migration, which may or may not be directly associated with the choice to run a STF. This approach is grounded in theories of neo-endogenous development (Lowe, Ray, Ward, Wood & Woodward, 1998; Ray 2001) where the valorisation of local resources and awareness of extra-local opportunities are viewed as essential. This is particularly important for tourism as businesses need strong attachments with the local environment but rely on wider markets for their core business.

Introducing Tourism Lifestyle Entrepreneurs

The term “entrepreneur” carries certain connotations regarding the risk-taking, ambitious and possibly innovative or creative characteristics of business owners. For some authors, the personality traits of “internal control” (Rotter, 1966), “need for achievement” (McClelland, 1961), motivation and desire are inherent features of entrepreneurs. These people strive to

overcome difficulties, to create something new or to “found a private kingdom or dynasty” (Goss, 2005, p. 1). An alternative view is that entrepreneurs develop through their social networks, being alert to opportunities and having access to the necessary resources to exploit them (Kirzner, 1997; Chell & Baines, 2000). Perhaps entrepreneurship, particularly when expressed through new venture creation, is best viewed as resulting from “the interplay of entrepreneurs’ social networks and cognitive biases” (DeCarolis, Litzky & Eddleston, 2009, p. 528).

Rural locations provide particular challenges for entrepreneurs given their remoteness from larger markets and skilled labour and their more dispersed web of business networks. The attractiveness of rural locations, however, provides alternative motives for potential entrepreneurs who are often less driven by growth and profitability and more by personal and lifestyle choices (Bosworth, 2009a). As such, the development of new forms of rural enterprise in recent decades has focused largely on exploiting market niches and opportunities associated with technological development rather than high growth, high impact innovations. The challenge of rural locations arguably makes the role of the entrepreneur and the entrepreneur’s knowledge of that local context even more critical (Benneworth, 2004).

Tourism lifestyle entrepreneurs are defined as tourism business owners actively seeking a different type of lifestyle. They may have migrated to the destination specifically for this purpose, or may already live there. Their motivations centre on quality of life and the local environment, so they are not as profit-oriented as other entrepreneurs (Morrison, Carlsen & Weber, 2008). This is part of a broader trend of counterurbanisation, typified by urban middle-class families moving to rural areas. Traditionally this has been linked with retirement or out-commuting but some of these in-migrants are self-employed, generating a positive impact on the local economy through job creation (Morrison, 2006; Stockdale, 2006).

Studies in the Spey Valley in Scotland (Getz, 1986), Cornwall (Shaw & Williams, 2004; Williams et al., 1989), Denmark (Ioannides & Petersen, 2003) and Australia (Getz and Carlsen, 2005) have all found high occurrences of domestic in-migrants establishing tourism businesses. The success of these tourism businesses is attributed to a range of factors, including the availability of in-migrants’ capital resources and their experience of business gained elsewhere. Williams and Hall (2000) noted a similar trend, linking lifestyle migration with gentrification.

Family-run tourism businesses are of particular interest in rural research. They are often small and remain small with their organisational structures constraining development (Morrison, 2006). This implies that the social and moral values held by business owners are at odds with economic goals. Furthermore, sentimental attachment to the business acts as a limiting factor to further expansion and development. Despite this, family-run tourism enterprises can be very successful. In particular, their integration in the local community means that money earned in the business is more likely to be retained locally (Morrison, 2006).

Rural tourism is a significant driver of local economic development, not just a source of individual gain, but impacts on the economies of rural communities remain underreported and unclear (Iorio & Corsale, 2010, pp. 153-4). In many cases, economic growth in the community is a perceived rather than proven benefit. In a number of European examples, rural tourism is shown to provide supplementary income for a declining agricultural sector (Iorio & Corsale, 2010) but we suggest that the role of in-migrants is evidence that tourism goes beyond the provision of “supplementary income”.

Business “Style” and Impacts on the Local Economy

Thomas (2007, p. 38) calls for “more sophisticated theorizing of lifestyle business ownership”, a sub-sector that can be instrumental in the change in rural areas from farm-based to tourism economies (Morrison et al., 2008). Morrison et al. (2008) also highlight potential negative impacts for a destination, including economic unsustainability and a limited contribution to additional employment. The approach of lifestyle entrepreneurs was found not to promote competition in the industry (Getz & Petersen, 2005); some being reliant on subsidies instead of having an effective business plan (Sharpley, 2002). They are also less likely to be innovative (Ioannides & Petersen, 2003) and only plan for the short-term (Haber & Reichel, 2007), leading to high levels of business failure in the tourism sector (Getz & Petersen, 2005). Additionally, many of these lifestyle businesses provide a bridge from employment to retirement, so are not considered as long-term concerns (Morrison et al., 2008).

Despite all of the above, many positive impacts of tourism lifestyle entrepreneurship have been identified, and increased entrepreneurship in a destination creates opportunities for other

local businesses. As a form of bottom-up development, this offers the potential for increased employment opportunities and local economic diversification, increasing economic stability in regions which would often otherwise be vulnerable (Wanhill, 2000). Additionally, it helps to counter rural depopulation and benefits local society as business owners are more likely to be involved in cultural life and environmental conservation (Morrison et al., 2008).

Lynch (2005), Getz and Petersen (2005), Shaw and Williams (2004) and Ateljevic and Doorne (2000) have all found evidence to suggest that tourism lifestyle entrepreneurs are not solely profit-oriented, and Thomas (2007) notes that they do not always fit traditional models of business activity. Their motivations are instead personal, centring on environmental values (Lynch, 2005); a drive to maintain a lifestyle and quality of life (Shaw & Williams, 2004; Ateljevic & Doorne, 2000); and more general risk-aversion (Getz & Petersen, 2005). These factors lead lifestyle entrepreneurs to defer business growth in order to reduce risk, despite this meaning their businesses becomes less competitive.

However, levels of entrepreneurship are affected by many other factors too, and Shaw and Williams (2004; p. 102) note that there are different forms of tourism entrepreneurship, ranging from the traditionally profit-driven to the constrained “non-entrepreneur.” Seasonality has an impact, and all-season resorts generally offer greater opportunity for business development. Likewise, the type of tourism business is significant, with cafes and restaurants generally being more growth-oriented than accommodation or gift-shop businesses. Finally, family businesses generally show more growth and development if the children of the family are also involved in the business (Getz & Petersen, 2005).

Rural In-migrants and Embeddedness

Paniagua (2002) has found that urban to rural migrants in Spain tend to fall into the category of self-employed and skilled professionals from the “new service class” socio-economic grouping. They generally migrated after working in cities for at least ten years, had a wealth of professional experience and sometimes migrated at the peak of their professional career. Once settled in the rural area, these urban migrants enrich and revitalise the local community, but can also cause conflict, being more likely to voice opposition to new developments or other changes (Paniagua, 2002). This is similar to the findings of Hall and Rusher (2004), who note that conflict can be caused by in-migrants’ presence in a local destination economy if the lifestyle goals of the tourism entrepreneur are at odds with those involved in destination

development. Willett (2009) also identifies that in-migrants to Cornwall are often seeking an escape from modernity and as a result they restrict other local development processes, adding to local social contestation.

Local entrepreneurs tend to be more committed to expressing the local character of the destination and sustaining the local environment than larger corporate groups and are also more likely to offer opportunities for personal contact between hosts and guests, experiences which tourists value (Morrison, 2006). As such, the concept of embeddedness assumes added importance in the tourism sector. The notion that social and economic actions should not be viewed as independent (Granovetter, 1985) has been developed in the rural business literature to assume a local significance. “Local embeddedness” is made explicitly different from embeddedness “to avoid notions of bounded and internally integrated territories” (Amin & Thrift, 1994, p. 259). Embedding is then “the mechanism whereby an entrepreneur becomes part of the local structure” (Jack & Anderson, 2002, p. 467). The same authors note that embeddedness provides access to local information sources and “local knowledge can provide a key factor of profitability” (Jack & Anderson, 2002, p. 469). As well as these general business advantages, an embedded tourism entrepreneur can provide a more authentic experience for tourists through his/her own knowledge and access to other local contacts.

The efficacy of the embedding process, at the level of the individual STF, is affected by power relations and local politics (Thomas, 2007) as well as by the business owner’s personal networking and business skills. The literature identifies many advantages of embeddedness for rural businesses and given the importance of place for STFs; it is a key feature of their entrepreneurship. This, along with other local economic impacts, provides the key focus for our subsequent analysis.

METHODOLOGY

The study region of Northumberland has not been covered in great detail within the tourism literature although the broader rural economy of the area has been well researched (e.g. Raley & Moxey, 2000; Phillipson, Lowe, Raley & Moxey, 2002; Thompson & Ward, 2005) allowing issues specific to this sector to be more clearly identified in the context of the broader rural economy. The businesses were interviewed as part of wider PhD research into rural microbusinesses in the North East of England and the sample used for this study is

illustrated in figure 1; the core sample comprises nine accommodation providers, made up of five bed and breakfast businesses, two holiday-cottage operators, a pub/hotel and a caravan park. Additional businesses that are related to the tourism sector and located in tourist destinations are also included. Half of the interviewees were in-migrants. By covering this range of business types, the interactions between accommodation providers and other sectors of the rural economy can be better understood.

Sample Businesses	Indigenous	In-migrant
Accommodation Providers	2 B&Bs Pub/Hotel Managed caravan park Holiday cottages complex	3 B&Bs Holiday cottage
Ancillary Businesses	2 cafe/visitor centres Village tea room Village shop	2 Pub/restaurants Village pharmacy Cafe Gallery

Biographical interviews were used as they offer the most detailed descriptions of the development of individuals' businesses and provide the researcher with the opportunity to engage with each unique story, to understand the motivations as well as the outcomes. Narrative research concerns the meaning that life events hold for people, making claims about how people understand situations, others, and themselves (Polkinhorne, 2007). Narratives tend to follow certain conventions, taking their reference from particular happenings and often filling in gaps based on future knowledge (Bruner, 1991). As such, the reader will make judgments on whether or not the evidence and arguments are convincing at the level of plausibility, credibility, or trustworthiness of the claims presented. It is therefore the authors' responsibility to justify their interpretations and understandings lucidly and effectively (Polkinhorne, 2007).

Although a semi-structured questionnaire was compiled, a flexible approach enabled interviewees to tell their stories, ensuring the most important events as perceived by the interviewee were given due attention. The role of the interviewer was principally to facilitate this story-telling while using probing questions to delve more deeply into the influences affecting key decisions. This flexibility combined with a schedule of common questions also

enabled a “critical incident” approach to analysing key moments in the development of the business and the people involved at each stage. This approach allows the examination of the type of contact and the value for the business for each incident where another individual had an impact upon the business. Curran and Blackburn explain that this technique can expose “the character and content of the linkages between small business owners and others within the social and economic community” (1994, p106).

While face to face, biographical interviews provide the closest contact with respondents and enable the researcher to develop a friendly conversational style, it is impossible to remove the influence of the researcher and the research setting, especially when the interview is being openly recorded. By visiting each person at their home or business premises and giving assurances of anonymity and that no financial issues would be discussed, respondents appeared to enjoy the experience of telling their stories. The risk of “memory bias” (Davidsson & Honig, 2003) or distorted projections of past events (Polkinhorne, 2007) still exist, where interviewees might neglect to mention some of the opportunities not pursued or some of their less successful decisions. However, it is the experiences and motivations of each individual that are seen to be defining features of their businesses and, whether accurate or not, it is these memories that continue to influence business decisions.

The Tourism Sector in Northumberland

The North East economy has lower levels of employment and productivity than most other UK regions (NERIP, 2008) and has some of the most remote and sparsely populated rural areas in England (One North East, 2002). Policy focusing on city regions leaves the rural North East at risk of becoming marginalised at both the national and regional level (Ward, 2006) with the result that new vehicles for rural development are required. With an agricultural heritage based on less profitable pastoral farming and a high proportion of upland grazing, the exploitation of new economic opportunities that enhance the sustainability of rural communities is considered an essential component of rural development in this region. In recent decades tourism has been a growth sector, although little work has focused on its true potential to stimulate rural development.

Northumberland is home to almost half of the serviced accommodation stock in the North East with over 400 establishments providing around 6,180 bedspaces (One North East, 2008).

While Northumberland has a high proportion of the region’s accommodation businesses, it provides only one-fifth of the bedspaces and only six properties in the county have more than 50 rooms. This raises certain questions about future growth potential in the sector leading us to explore the aspirations and entrepreneurial abilities of STF owners in Northumberland.

Tourist numbers to the region have been growing and the average length of stay has also been increasing (One North East, 2008). As well as traditional attractions such as the heritage coastline and Lindisfarne, Northumberland National Park and Hadrian’s Wall, the new attractions at Alnwick Garden and the urban re-generation in nearby Newcastle have boosted the county’s tourism offering. With more people taking holidays in the UK, Northumberland is well placed to benefit. The “Passionate People, Passionate Places” marketing campaign for the North East region combined with a strong Visit Northumberland brand, all make this an ideal area to investigate the growth of STFs. The businesses interviewed were located in the Tynedale, Castle Morpeth and Alnwick regions of Northumberland, as illustrated in figure 2.

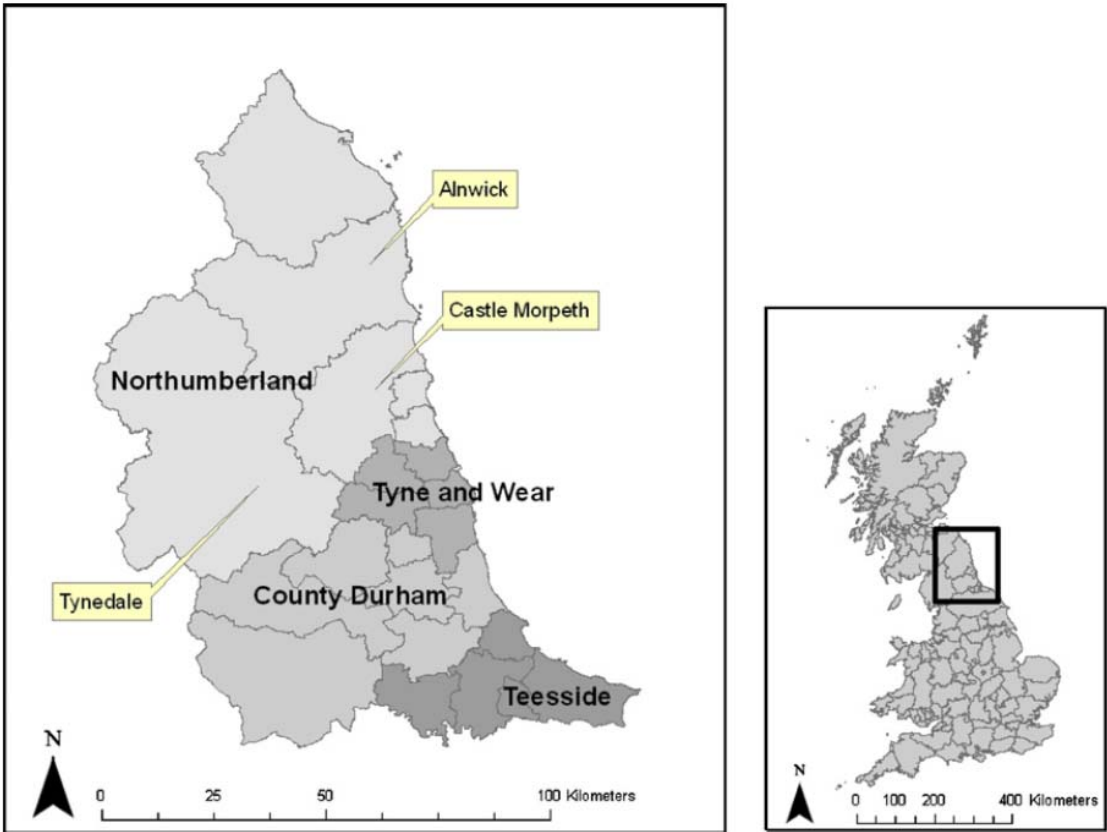


Figure 1. The North East Region of England

A survey of non-agricultural rural microbusinesses conducted by the Centre for Rural Economy at Newcastle University in 1999-2000 (Raley & Moxey, 2000; Bosworth, 2006) found that 30% (200 out of 672) of microbusinesses in Northumberland were in the “hospitality” sector making it the most populated category of microbusiness. Just over 20% of business owners in this sector had other employment and almost 80% of hospitality businesses were registered at the owner’s home address demonstrating that these businesses do not operate in isolation from other aspects of their owners’ lives.

Re-analysis of this data shows that some 37% of microbusiness owners in the hospitality sector reported that they were actively seeking growth which was just 0.5% below the mean for all microbusiness owners in the survey. Breaking this down further, 23% of indigenous business owners in the sector were seeking growth, rising to 39.7% among in-migrant owners, defined as those who had moved at least 30 miles into their locality during adult life. A higher proportion of in-migrant owned hospitality businesses had above average levels of turnover, although this is not true across all other sectors of rural microbusinesses in the region.

While growth aspirations and turnover varied, the mean number of jobs in each business was 2.02 for both indigenous and in-migrant hospitality business owners. Existing regional data does not break down the performance of indigenous and in-migrant STFs but the trend of counterurbanisation parallels a growing tourism sector. In 2009, both self-catering and guesthouse accommodation occupancy rates were increasing (One North East, 2009) while larger hotels saw declining levels of business. The regional tourism business survey also found that 55% of tourism businesses in Northumberland reported an increase in trade while 74% of attractions also felt performance had been higher in July - September 2009 compared to the same period in 2008 (One North East 2009).

While in-migrants reported a stronger desire for growth when in business, their motivations for starting a STF were less profit-orientated. When asked to score a range of motivations on a scale of 0-10, both “maximise income” and “make a satisfactory income” had higher mean scores among indigenous people than in-migrants. Interestingly, among the in-migrants, the mean score was lower again for those people who had not planned to start a business at the time of their move, suggesting that this sub-set of in-migrants are the least entrepreneurial STF owners.

From these statistics, we can see that the hospitality sector is a significant contributor to Northumberland's rural economy and in terms of growth aspirations, tourism or hospitality firms are not dissimilar to those in other sectors. There are, however, differences between indigenous and in-migrant business owners and these are explored in the following interview-analysis sections.

ENTREPRENEURIAL BEHAVIOUR AMONG INDIGENOUS AND IN-MIGRANT STF OWNERS

The results are analysed to examine the entrepreneurial characteristics of STF owners. For the purposes of analysis these are put into three groups: "Motivation and Ambition"; "Opportunity-spotting, Innovation and Risk-taking"; and "Family, Community and Business Networks". Focusing on these traits independently enables a comparison between indigenous and in-migrant business owners after which conclusions are drawn that relate these aspects of entrepreneurship with economic development in the region's rural tourism sector. Where it is not clear from the text, the origin and business type of interviewees are noted in brackets alongside direct quotations.

Motivation and Ambition

As with many small rural firms, none of the tourism businesses in this research were established solely on the grounds of profitability or growth potential. Even a couple who trained to run a restaurant and rely on the business as their sole income provider described their decisions being grounded within broader social and environmental milieux. Having searched the country for suitable premises they explained that they had "*camped in the area a long time ago...and loved it,*" adding, "*we always knew we'd come back.*" Combined with this emotional attachment to the landscape, they described how a friend living in the area had given them some information on the pub-restaurant sector in Northumberland and without these connections, it is unlikely that they would have found this business opportunity and moved over 200 miles to run it. Although not a typical story, if indeed there is such a thing as a "typical story", this highlights the cognitive interface between social and economic imperatives and the impact of individual interactions in the realisation of business opportunities.

This example illustrates that a strong social motivation for starting a business does not preclude it from being an act of entrepreneurship. The owners of this business explained how they have grown the business, introduced more formal management procedures and now employ 5 full-time and 16 part-time staff, all recruited locally. Rather than drawing a dividing line between social or lifestyle influences and economic or entrepreneurial drive, we consider decisions set in an over-riding socio-economic framework but view the outcomes in relation to the separate issues of social and economic development. In a similar vein, an in-migrant pharmacist was drawn to the region by family ties but used her training and experience to expand the business and serve not only the immediate village but develop close ties with the tourism sector to cater for the needs of tourists.

While individual actions are the result of a mix of social and economic influences, STF owners value independence to make decisions and express personal qualities in their businesses. This is especially true of indigenous business owners. A guesthouse owner said, *“I think to share my trade secrets with people means I’ve lost my edge...I don’t want people knowing exactly what I do, not unless they come and stay here”*. Similarly, an indigenous tea-room owner voiced concerns about rival business owners spying on her, trying to steal ideas and approaching her staff. Despite this, the same interviewee admitted that, *“If we go on holiday we tend to always call on a few tea-rooms and spy on them!”*

As well as independence in a business sense, many individuals expressed a desire for personal independence, being either fed up with administration, commuting or city life. Perhaps the best example comes from a self-styled “rural entrepreneur” who said, *“Pension, commuting, steady wage, the things that many people want almost killed my spirit”* (indigenous, tea-room & farm walks). The trait of independence in this sense appears not to be specific to tourism nor to either indigenous or in-migrant business owners (Bosworth, 2009b) but it is significant in terms of the ongoing behaviour of STF owners, and particularly their approaches to business advice and networking.

Desires to move to or remain in a rural community, to support a family business or to maintain a certain way of life are further motivations for rural entrepreneurship. A farmer’s wife opened rooms for bed and breakfast to fund the education of children who had ambitions beyond succeeding the family farm. Another couple wanted to move closer to family and fell in love with a beach-side property which they could only afford to maintain through bed and

breakfast accommodation. A third guesthouse owner explained that her decision was forced on her because she had two young children to bring up after her husband had left and that required flexible working hours to be at home for the family. In each case attachment to the rural place and surroundings meant that leaving was not an option. For the two indigenous business owners, their embeddedness in the local community created an additional tie.

In each of these decisions, a tourism business was viewed as the only option given the constraints of the local economy and personal circumstances. In terms of entrepreneurial endeavour this might not appear a positive starting point but in this sense, we can view local embeddedness as a stimulus for entrepreneurship. The personal desire to stay in the local area and the challenge to overcome a potentially unpromising position can stimulate risky or innovative behaviour because “necessity entrepreneurs”, as these might be termed, have a strong need for achievement (McClelland, 1961). This has also been evident in other forms of farm diversification such as a cheese dairy, an ice cream parlour and a brewery, each of which has, or is planning to open, a visitor centre.

While indigenous business owners express greater independence and more often fall into this category of necessity entrepreneurs, in-migrants arrive with wider networks, more educational qualifications and often more work experiences. While their motivations for starting a STF might be different, such as a bridge to retirement or a desire to live in a particular location, they are still developing successful businesses and utilising these resources to benefit the local economy. Two business owners for whom the business was a “bridge to retirement” (Morrison et al., 2008) admitted that they had limited growth ambitions and were not employing any full-time staff but they contributed through supporting local business networks, buying local produce and advertising other local businesses to tourists. For those where the local area is a particular draw, the desire to become embedded influences their social as well as business activities, further contributing to the local community.

Rather than dismiss “lifestyle” businesses for being less entrepreneurial, a broader socio-economic view enables us to understand these different contributions of in-migrant and indigenous-owned businesses. Retaining this broader perspective, the next section explores the range of settings that provide opportunities for business start-up and development.

Opportunity Spotting and Risk Taking

Business ideas and new opportunities arise from many sources. Business networks and associated activities can be highly valuable as with one interviewee who described how his diversification idea came from discussions at a farmers' lunch, at a time when new income was essential. Another learnt of funding opportunities through a business associate sparking the idea to convert redundant buildings into a brewery and visitor centre, providing an income stream that now supports the family farm and employs five new full-time staff.

Not all opportunities arise through business activities, especially in smaller rural businesses where economic and social factors are so interwoven. Some derive from informal conversations, as with a pub owner who learned that the business was for sale through his network of friends, while others are more opportunistic, like the couple who relocated following early retirement but still needed an income. Firstly they focused on the locality where the husband grew up and then they began to look at what they could do. They said *“this house came up and it had previously been used as a B&B and it was big enough and it was in a coastal area so it ticked all the boxes.”* Rather than careful business planning, this more opportunistic approach had income-satisficing rather than profit maximisation at the heart of the economic decision. This is now an award-winning guesthouse that has developed strong connections with other local businesses to strengthen the tourism micro-economy in this part of Northumberland but no textbook on venture creation would set this out as an example of entrepreneurial emergence.

Such opportunities are important for the tourism sector because there is a perception that it is easy to run a STF. The pub owner commented that his granddad had run a pub and the couple buying a guesthouse thought that because they had stayed in hotels and guesthouses and catered for their family in the past they had ample experience. As a trial run, they invited their family to stay as guests for a weekend and give feedback on the accommodation and level of service. While this is positive in terms of perceived opportunities being fairly widespread, the perception that accommodation businesses require few skills leads to them being viewed as less entrepreneurial than other businesses.

In this case, however, the communication and organisational skills, self-confidence and social networks of the business owners all contributed to the success of their business. Since opening the guesthouse, they have actively encouraged the development of an informal network of local bed and breakfast operators and invested money in up-grading facilities.

They are making choices about suppliers and marketing outlets and have set up an arrangement with the local golf course to provide special offers to their guests. These are all examples of entrepreneurial behaviour but in each case, the motivations and the sources of opportunity were firmly set within the social context. The unique feature of tourism businesses is that these locally embedded attitudes contribute to the “host encounter” experience which becomes an encounter with the local community and not just one business.

This local focus, where non-business factors are significant influences, leads family and lifestyle businesses to be associated with risk-aversion and a lack of growth ambition associated with an unwillingness to employ staff (Getz & Peterson, 2005; Morrison, 2006). However, we have already seen how the motivation to support the family home or business can be a driver of alternative forms of entrepreneurship. Profit maximisation may not be the central aim but STFs need to develop comparative advantages that can enable them to survive.

A locally-born guesthouse owner who established her business after a divorce is certainly not held back by her family situation. Instead, it led to a focused business approach, specialising in the high quality end of the market. She explained that her key goals were “*customer care and providing something that’s unique*” and she was explicitly aware of the need to be different from hotels. This business mentality is reinforced by an insistence on “*investing in something new every year*”. Although not a big risk-taker, placing the security of her home and family as the top priority, she is strongly focused on the success of the business and continues to invest and support other local businesses. As with other accommodation providers, the nature of the personal contact with customers is a further motivation. Recounting the pleasure of receiving thank-you cards is perhaps not a demonstration of entrepreneurial tendencies but as they reinforce her business goals, it demonstrates a further crossover between personal or social factors and harder business objectives.

Another example of exceptional risk-taking was demonstrated by an arts and crafts gallery owner who set up the business on a part time basis after moving to a nearby village. Having agreed with the landlord that she and her husband could open a gallery for a trial period, she continued in other part-time employment but lack of time and resources caused the new venture to struggle. Faced with this set-back she abandoned her cautious approach, quit paid employment and concentrated full-time on the gallery. This risk has now seen the size of the

property double with many new exhibitors and a growing turnover. Although realising that “*it appeared suicidal at the time*” (*in-migrant, gallery owner*) she explained that the decision was taken with all of the family behind her and this support was essential. Similarly, for those business owners taking less drastic decisions, the family is often the first source of support.

In understanding the critical moments that spark entrepreneurial behaviour, the social situation is often critical. As such, family or lifestyle businesses are often better placed to take risks and pursue certain opportunities because the rewards are seen by the individuals concerned who take pride in their business and are driven by the need to provide for their families and to sustain their lifestyles. They may be smaller, more incremental risks in many cases, but in small, local economies the results can make significant contributions. In the examples above these include renovating redundant premises, increasing tourist numbers, providing routes to market for local craft manufacturers and working with other local businesses. The risk-taking may not be influenced by the desire for high profits but in many small businesses, survival is an even greater motivation.

A farm diversification project that has seen the development of holiday cottages and ancillary businesses demonstrates clear entrepreneurial behaviour within a family unit. The first cottages were established by the “*particularly innovative*” father of the current farmer and now the business has developed far beyond their initial expectations to a point where the cottages provide twice as much income as the farm. The story is best told in their words:

“The change was mainly just year on year but it was a big thing when we built the swimming pool, that was a big investment, and that was largely following a friend of ours who went down that route. This friend of ours was a farmer and he had a bad injury and couldn’t farm any more and he went into the holiday cottages. We were doing it more as a hobby and a sideline to the farm but he wanted to do as his main thing so he put in a swimming pool and all that kind of thing so that was the trigger, the spur for us to keep up with him and from then on we realised that there was money to be made in this.”

This friend was from a nearby village and their story illustrates the importance of a culture of entrepreneurship, even among a small group of competing businesses. More recently they have built a gym and recruited a manager from the nearby town. At the time they were the only village to have a gym but apparently “*it’s mushroomed since then*”, illustrating the

wider economic impact of the entrepreneurial activity of this business. With the bigger attractions such as Alnwick Castle and Alnwick Garden developing alongside wider marketing campaigns that include the region's natural attractions, the capacity for STF owners to develop entrepreneurial businesses is clear. Equally apparent, however, is the importance of outside influences, whether family, friends, competitors or co-operating business.

Family, community and business networks

Whether providing cheap labour, personal support and advice or acting as trial guests, family members play a hugely significant role in many businesses. Trusting bonds enable otherwise sensitive information to be shared and for indigenous STF owners, these trusting relationships often extended to the wider community. Throughout the interviews, several guesthouse operators explained that sons or daughters help out to cover holiday periods, neighbours often hold keys and cleaners, gardeners or other staff, particularly those with access to private areas, were almost exclusively recruited from the immediate community. As well as the convenience, the need to trust individuals with access to a home and to guestrooms was essential. Similar sentiments were expressed by shopkeepers who have to trust staff to handle cash so once again, local social capital was highly valuable.

The importance of local embeddedness is also apparent in recruitment as rural businesses, especially STFs, rely on local sources such as shop windows, local newspapers and word-of-mouth. Informal recruitment tends to be associated with low-skilled positions but for young people starting out in the workplace or others restricted from accessing wider labour markets, a local opportunity can be essential. While STF owners recognise that they cannot pay high wages they can offer flexibility to suit certain sections of the community. Summing up this role, a pub and hotel owner explained that she could only afford to pay the minimum wage and was always sad to lose staff but at the same time she was pleased that she had helped local people to progress – another example of how the contribution to the local economy extends beyond economic statistics.

Small labour markets in rural areas also make it more difficult for businesses to find skilled staff. For a STF, taking on an employee with significant responsibility can be a critical moment in the development of the business. Trust becomes especially important and this was a big factor in the decision of one business owner to recruit a family member from beyond the

immediate rural area as a financial manager. Another example of the potential value of family recruitment comes from a caravan park owner who recruited his son who has subsequently developed a web-site and a growing sales business, aside from the management of the caravan park. Looking at the wider rural economy, family members can learn from their involvement with tourism business and use this as the inspiration to branch out themselves, as with the daughter of a holiday cottage owner who now operates thirteen cottages in the area.

As part of the social capital that extends from strong relationships within a local area comes a desire to support other local businesses. In the tourism sector, this is also associated with providing an authentic local experience. Two indigenous businesses interviewed explained that as well as buying local produce they will go out of their way to make sure that tourists know where they can go to buy more of the same. This type of reciprocal arrangement is essential for one bed and breakfast owner who said of her local shopkeeper in the next village, *“If we get stuck in a corner, he delivers and if we want something he’ll have it there by the afternoon”*. Neither would describe it as “business networking” but the development of this mutual friendship, embedded in the local community, is arguably stronger than a more formal business arrangement, and clearly just as beneficial.

For in-migrants it takes time to develop such relationships and it often requires a purposive approach to becoming embedded in the local community. As Laschewski, Phillipson and Gorton (2002) noted, entrepreneurs moving into a rural area are often the most active in organised business networks because of an initial lack of contacts and support within their new locality. Building on the theory of embeddedness, the idea that it can be a purposive action is quite removed from Granovetter’s (1985) notion of a constant interrelationship between social and economic behaviour. However, the fact that incomers, especially those with business activities reliant on the local area, take steps to integrate for both personal and business reasons reinforces the ongoing significance of Granovetter’s work.

Almost all in-migrants referred to a desire to support local businesses, whether for local produce to improve the tourist offering, or for other jobs such as maintenance or bookkeeping where the decisions were based on a combination of practicality and cost. Interestingly, there was a less implicit assumption among in-migrants that local necessarily equated to high quality. While indigenous owners all championed Northumberland producers, a recent in-

migrant said, *“We do use local sausage and bacon but we find that it’s not as good as we can get elsewhere.”* Another said they try to use all local produce but commented that shops selling it struggle to remain open 12 months of the year and added, *“Our food offering is getting better here [in Northumberland] but I would say it’s our weakest link”*(in-migrant B&B owner) A third explained how it took time to find the best local suppliers but now they use about 90% local produce, commenting, *“If you can get stuff that’s as good you should be using local business, it’s good for everybody”* (in-migrant, pub-restaurant owner). While this demonstrates a desire to support local businesses, there remains a commercial priority for many in-migrants who do not have the automatic assumption that local is always best.

Despite these mixed sentiments, statistics show that both indigenous and in-migrant business owners in Northumberland make just over half of their purchases (51% for in-migrants and 56% for indigenous business owners) within the local area, defined in the questionnaire as a 30 mile radius (Raley & Moxey, 2000). This highlights the broader economic impact of STFs for rural development, beyond employment and growth statistics.

While in-migrants take time to build up community and trading relations, they are notably more inclined to engage with business advisors or more formal business networking groups. For indigenous STF owners, their independent character tends to suppress their openness to unfamiliar people or ideas. This was particularly evident in attitudes towards inspectors with an indigenous guesthouse owner expressing a perceived unfairness: *“I sometimes get annoyed with the tourist inspectors, they sometimes give ideas and they say ‘you could try this,’ but I think ‘why’s she saying this? somebody is obviously doing that’ ...and other times they just nitpick”*. The same individual gladly co-operates directly with local guesthouse owners, passing on recommendations when she is fully booked and discussing aspects of the business together, but the key issue appears to be having the option to choose these contacts. This choice can depend on direct friendships or perceptions about whether other individuals are adhering to her preferred social rules or business standards.

Another long-term (although not indigenous) STF owner also used the word “nitpickers” to describe inspectors. She expressed resentment towards outsiders coming into the premises and being critical about personal tastes and characteristics. By contrast, two recent in-migrants both gave more positive comments regarding inspectors. One explained, *“The first [inspector] we had, we said we’re new to this, this is what we’ve got...and he was a really*

good guy and he said to us...what you need to do here is maximise the potential of the best rooms by putting in an en-suite and making the other one a dedicated en-suite which is what we did". She added, "It's obvious really but it's nice coming from someone in the business" demonstrating how they valued the reassurance as well as the material advice that was provided. Another in-migrant said, "We're very lucky because, by and large, inspectors...are very switched on...they understand the reality of running a business, many of them have been in management of hotels, they come from a good base and I like that."

This difference between indigenous and in-migrant business owners is perhaps related to the fact that in-migrants across all business sectors are more likely to use support services (Bosworth, 2009a) and seem more comfortable with the idea of seeking advice. When business owners have the attitude that they are incomers, new to the area and new to the business, they are more likely to be looking for advice on how to develop their businesses. This is especially evident in hospitality because it is a sector that is already strongly represented in the local area and many newcomers to these businesses do not have direct experience of the business. The contrast with indigenous business owners is perhaps heightened by the fact that these individuals feel threatened by the influx of competition and this leads them to fall back on local knowledge and local networks, the attributes that are least associated with in-migrants.

Business networks have attracted an increasing amount of interest in academic studies of small businesses (e.g. Chell & Baines, 2000; Gorman, 2005; Phillipson, Gorton & Laschewski, 2006; Atterton, 2007) and from the perspective of indigenous and in-migrant business owners, the critical issue is the overlap of diverse networks. In-migrants tend to be better educated, have more diverse work experience and retain contacts beyond the local area (Bosworth 2009a) but for the local economy to realise the maximum benefit, these attributes need to infiltrate local networks. In Northumberland there are several examples of in-migrants purposively engaging with local business groups for a combination of economic and social reasons and these are hugely beneficial to the local community.

One in-migrant has drawn in various forms of support for STFs in one village through her regional networking. This has allowed all of the network members to access free advice and cheaper marketing initiatives and the individual skills of the business owner have re-energised the local business network. Others make specific efforts to work with local businesses on an

informal level but the attitude towards networking appears to change quite significantly once it is viewed through a business rather than a social lens.

More formal networks are characterised by a greater selectivity as they are perceived to involve an investment of time for an anticipated return to the business. This is characterised by comments such as *“it’s good, as long as you’re dealing with the right people...as long as you’ve got confidence in who you’re talking to,”*(indigenous B&B owner) and, *“I think you have to find the right forum in which to network. People can waste a lot of time and money being a member of a network group that doesn’t actually do much for them”*(in-migrant B&B owner) Others spoke of an unwillingness to engage in certain networks because they were *“too busy,”* or because support providers *“can’t tell you how to run your businesses”* (indigenous B&B owner).

In these examples we see a shift from social decisions to economic ones. Once in a business setting, STF owners are making decisions that demonstrate entrepreneurial behaviour. Without changes in the population of rural businesses, these networks can stagnate and become introverted (Atterton, 2007) but through the introduction of in-migrants with positive attitudes towards local embeddedness we are seeing their businesses revitalising parts of the rural economy.

CONCLUSIONS

Throughout this analysis, Granovetter’s assumption that the social and economic spheres cannot be treated separately has been verified and the nature of the tourism sector has highlighted the relevance of a spatial aspect of embeddedness. For STFs, the overlapping social and economic motivations have led to questions about their entrepreneurial capacity but this research has demonstrated that even the least profit-driven of those individuals interviewed contribute to the wider rural economy. Benneworth’s (2004) recognition that the rural context creates different challenges for entrepreneurs is particularly pertinent here as successful tourist enterprises rely on different characteristics whereby local embeddedness, personal characteristics and an approach that is not overtly business-focussed can outweigh more traditional entrepreneurial traits such as profit maximising ambitions, risk-taking and single-mindedness.

This research has demonstrated that although successful STF owners may not have all of the textbook traits of entrepreneurs, they are making a significant contribution to the rural economy of Northumberland in terms of local trade, employment and raising the profile of regional tourism. Indeed, we might rethink entrepreneurship in this setting to mean *the strategic investment of all forms of capital, whether human, social or financial, in the pursuit of planned business development goals*. Moving away from a single-minded view of profit-driven entrepreneurship brings the important features of networks, community and embeddedness more centrally into our understanding of a tourism entrepreneur.

In this research, the stimulus of in-migration has shown that the tourism sector is evolving. In-migrants display entrepreneurial behaviour through pro-active attempts to integrate with other local businesses, using their contacts and experiences from outside the local area, adopting new technologies, exploiting market niches and investing in business development. When moving long distance to start a business, they are taking significant risks and injecting capital into the local economy – much of which remains in the local area due to the high local multipliers associated with the tourism sector. As “outsiders”, they are also able to identify the local attributes that are most attractive to tourists. Although not quantified in this study, the identification of the different attributes of indigenous and in-migrant STF owners enables future research to recognise this aspect of the rural tourism economy and build on these findings.

Whether aspiring to a rural way of life or aspiring to stay within a rural community, both indigenous and in-migrant STF owners take account of their social environment. They value the personal embeddedness and recognise the business advantages of working with other local businesses. In-migrants have to make more purposive efforts to become embedded but they also retain extra-local networks and introduce new forms of human and social capital that enhance the tourism sector. It is this overlap of local and extra-local networks that underpins the concept of Neo-endogenous Development (Lowe et al., 1998; Ray, 2001) where the local area is considered best placed to shape its own development and has the essential exposure to knowledge and opportunities arising from beyond the local sphere of influence.

Although originally derived from a community development perspective, Neo-endogenous Development has a particular value in rural economies as many businesses are deeply embedded within their community or environmental context. This is particularly true for

tourism and gives an added value to the tourism sector for rural areas. Rather than dismissing the sector as being seasonal, with high levels of part-time or casual employment and limited growth potential, Neo-endogenous Development shifts the focus onto the extensive networks of tourism businesses. These businesses are locally embedded, conducting significant levels of local trade, and they are marketing themselves and the region across a much wider area. With a high proportion of in-migrant business owners, this research has demonstrated an inflow of human and social capital attached to the tourism sector, the value of which extends beyond their own businesses due to their local embedding.

From a policy perspective, the significance of immigration and embeddedness must be recognised. Endogenous approaches that facilitate local business interactions and build on the unique characteristics of rural areas can support economic development while allowing STF owners to continue to recognise their own personal attributes that give them a competitive edge.

Embedded STF owners strengthen local business networks and local identity, promoting the image of the region for other rural businesses so policy should build on this rather than trying to introduce something new. Moreover, in-migrants have been particularly successful in developing these additional assets, supporting the view that an open economy that includes openness to counterurbanisation can underpin a modern rural economy. This suggests that contemporary rural development relies on a range of policy mechanisms coming together, including planning, community development and business support. The right combination of these can then promote further development in the rural tourism sector as a part of a broader-based rural economy that is increasingly forced to move away from agricultural dependence.

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