

Commercial Counterurbanisation and the Rural Economy

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Abstract

After rapid urban growth and industrialisation, the post-war era has seen counterurbanisation become a dominant demographic trend in the UK. Much has been written about the residential patterns of counterurbanisation but the associated growth of rural business has attracted less attention.

This paper proposes the term 'commercial counterurbanisation' to describe the growth of rural economies stimulated by inward migration. Re-analysis of a survey of microbusinesses in the North East of England shows that in-migrants own over half of rural microbusinesses, they are more growth oriented and they are responsible for more employment than the whole of the agriculture sector. In arguing that commercial counterurbanisation is more than just a spatial decentralisation of business activity, the paper continues by exploring the social as well as the economic motivations of 'counterurbanising' business owners.

Commercial counterurbanisation can be a two-stage process as the decision to work in a rural area or run a rural business may occur several years after a residential move. Where this time lag exists, in-migrant business owners will be influenced by different factors in different locations. In the context of Neo-endogenous Development (Ray, 2001), this balance of local and extra-local forces is particularly significant. This leads to the conclusion that in-migrant business owners need to become embedded into the rural community if the wider rural economy is to benefit. Awareness of the diversity of business activity and the characteristics of the people generating this activity are of critical importance for a holistic approach to rural development policy.

Keywords: Counterurbanization; rural development; migration; rural enterprise

1. Introduction

The recent economic downturn has seen reports that indicate the performance of the rural economy is holding up better than is the case in urban areas (Country Land and Business Association, 2009; The Guardian, 2009). Confidence levels are higher among rural business owners and government now recognises the growing numbers and range of businesses that are operating in rural areas (Benn, 2009). This paper explores the trends that have created this enterprising rural economy which can provide the basis for delivering policy objectives of socially, economically and environmentally sustainable rural areas. By evidencing the growth of rural business and exploring the people that are actioning this change, the aim is to enable policy-makers and academics to view rural economies in a new light.

Rural areas are no longer dominated by agriculture and their composition increasingly mirrors that of economies in more urban areas. Press coverage of rural businesses has tended to adopt a negative view, focusing on farmers, post offices, pubs or village shops but statistics show that the number of rural businesses is growing, rural employment is increasing and a rising proportion of GVA derives from rural activities (CRC, 2008b). As a result, the meaning of terms such as 'rural economy' or 'rural business' are increasingly open to new interpretations.

Despite this uncertainty of identity, rural businesses operate in distinct socio-economic as well as spatial contexts. This requires rural development policies that recognise both the new challenges and the new opportunities that exist in a modern rural society. In the light of the Taylor Review (Taylor, 2008), the need for a holistic approach to rural economies is particularly relevant. A major change in rural areas across the developed world has been the reversal of urbanisation trends and it is therefore in this context that the growth of rural business is explored.

The decentralisation of population in developed countries has been well documented (Berry, 1976; Champion, 1989; Buller et al., 2003) and by proposing the term 'commercial counterurbanisation' this paper examines the hypothesis that the demographic trend of

counterurbanisation is relevant to changing patterns of business activity. The term commercial counterurbanisation is chosen because it includes all forms of business activity under the umbrella term “commerce” while incorporating the important social and economic issues that underpin traditional debates around counterurbanisation.

The paper uses a detailed literature review to contextualise this new concept and provides further evidence from re-analysis of a survey of almost 1,300 rural microbusinesses in the North East of England. By exploring these issues, the conclusions of this paper detail potential implications for rural economies and communities and also for policy-makers seeking to promote rural development.

2. Urbanisation and Industrialisation

The development of modern societies dominated by urban centres has been studied from a range of perspectives including historical, sociological, economic and geographical. As Castells (1977, p. 11) observes, urban settlement is associated with civilisations reaching a stage of development where they can produce more than they need to subsist. The process of urbanisation is strictly defined as the increasing concentration of population in urban areas (Tisdale, 1942). Census data for the UK provides evidence of such a trend. At the time of the first complete Census in 1801, 9.73% of the population of England and Wales lived in London and only a further 7.21% lived in towns of 20,000 people or more (Pahl, 1970, p. 19). By the middle of the 19th century, however, the urban population was greater than the rural and since 1911, four fifths of the population have lived in areas defined as urban (ibid). This ‘Concentration paradigm’ (Vining and Pallone, 1982, p. 340) continued through much of the first half of the 20th century before a decentralisation of population away from the biggest cities was observed, initially in America, in the early 1970s. This led Berry (1976) to coin the term ‘counterurbanisation’.

Urbanisation and industrialisation were closely related during the period of rapid urban growth but whether either can be described as the dominant force remains unclear. Castells explains that towns attracted industry because of the two essential factors of manpower and markets and 'industry in its turn developed new kinds of employment and gave rise to the need for services' (1977, p. 14). He also explains an alternative process, stating that 'where functional elements were present, in particular raw materials and means of transport, industry colonized and gave rise to urbanisation' (ibid). For Pahl (1970, p. 20), the development of self sufficient industrial villages was evidence that 'industrialisation did not necessarily imply urbanisation'. Berry, on the other hand, describes the process of concentration having been 'unleashed by technologies of the Industrial Revolution' (Berry, 1976, p. 24). Combining these two views, perhaps we should see industrialisation as the facilitator rather than specifically the driving force behind urbanisation. Alternatively, based on Pahl's study of population growth in northern towns in England, we might conclude that urbanisation was driven by the migration of a growing number of rural unemployed associated with high rates of natural increase and the development of new agricultural technologies. If this was the dominant causality, urbanisation was then the facilitator of rapid, urban-based, industrial growth.

Most likely, this combination of push and pull factors acted together to heighten the rapid urbanisation described above. Many of the outcomes of this rapid, unplanned growth of British cities are well documented in popular novels as well as academic publications so need no embellishment here. More significantly, however, the perception of the crowded, polluted city has changed society's attitude towards urbanity. In pre-industrial times, the city was associated with freedom and with professional groups, crafts and guilds. Cities were the 'centres for the elite' (Pahl, 1970, p. 7), and served political, administrative and religious functions (Castells, 1977). This raises a second debate about whether 'urbanisation' actually describes a deeper societal change and not just the concentration of population.

As well as describing the spatial concentration of a population, urbanisation might also describe the diffusion of the systems, values, attitudes and behaviour called 'urban culture' (Castells, 1977, p. 9). Pahl (1970) refers to individuals *becoming* urbanised and suggests

that it takes time to adapt to life in the city. If urbanisation refers to a changing mindset or a new way of life, it would be more difficult to argue that a counterurbanising trend has developed. Although population may be moving to rural areas, people are not necessarily leaving behind their urbanised lifestyles and attitudes. Rather than counterurbanites adopting rural lifestyles (Champion 1989), the associated changes could instead be described as having the impact of 'urbanising' rurality.

3. Counterurbanisation

After Berry (1976) had recognised the emergence of counterurbanising trends in America, several other researchers began to detect similar patterns across the developed world. Fielding (1982) reports that by the 1970s in Western Europe the traditional positive relationship between net migration and settlement size had ceased to exist in almost all of the fourteen countries examined with only Ireland, Spain and Portugal retaining a clear pattern of urbanisation. Early suggestions were that this was nothing more than a temporary anomaly (see Halliday and Coombes, 1995; Mitchell, 2004) but recent findings have proved otherwise. Champion (2003) reports that England and Wales have experienced continuous counterurbanisation since 1931 and this trend shows little sign of abating. In England, 'between 1991 and 2001, some 839,400 people moved into rural areas' (Buller et al., 2003, p. 7) resulting in the main conurbations losing equivalent to 5% of their population over that ten year period (Champion et al., 1998).

Further data shows that rural districts grew by 5.7% between 1993 and 2003 compared with 2.5% for urban districts, and they contributed to well over half of England's population growth during this period (Champion and Sheppard, 2006). The population growth rate continues to be lowest for the largest cities (with the exception of London whose global city status attracts large numbers of international migrants) and rises progressively as settlement size falls. (Champion, 2006).

While the figures may be clear, the concept of counterurbanisation has attracted criticism for being, *inter alia*, chaotic, inconsistent and elusive (Mitchell, 2004, pp.15-16). Halfacree defines the term as 'the population revival and growth of 'rural areas', together with the corresponding population decline of the cities and large towns' (Halfacree, 1994, p. 164). This leaves open the possibility for natural change to be a component of counterurbanisation but other authors are clearer in linking counterurbanisation directly with migration. Perhaps the most consistently used definition is provided by Fielding (1982) who explains that counterurbanisation is an inversion of the traditionally positive relationship between migration and settlement size. Champion adds that it requires 'the faster growth of those smaller places that are not linked to major cities by significant commuting ties or other frequent journeys...and therefore specifically excludes the long established processes of suburbanization and metropolitan expansion' (Champion, 1989, p. 32).

While migration is generally accepted to be the dominant force, there is less agreement as to exactly what types of migration constitute counterurbanisation. From a rural perspective, it is migration to settlements or districts lower down the urban hierarchy that is the critical trend and the evidence provided above demonstrates that this is continuing. From this observation, it would be easy to provide evidence of increases in rural business activity and then conclude that commercial counterurbanisation is an existent trend. As with urbanisation, however, there are wider debates that are highly significant in comprehending the complexity of change. These are: firstly, the characteristics of the people that make up the trend; secondly, their reasons for migration; and thirdly, their assimilation into the receiving communities.

Addressing the first of these points, the evidence shows that different groups of people are moving into rural areas compared to those who previously flocked to the cities. Opinion polls in the 1990s found that between 70% and 85% of people surveyed would prefer to live in the countryside an increase from 61% in 1939 (Champion 1998; Halfacree 1994). This growing preference for living in the countryside has been reflected in house prices, which in turn has affected the people who have the ability to migrate into rural areas and as a result 'higher-status districts...are most prone to fuelling metropolitan out-migration' (Champion et al. 1998,

p. 26). The same districts that are supplying rural in-migrants also have low mortality rates, high rates of staying on at school, low pollution and crime rates and low unemployment, all of which illustrate that it is the ability to move rather than specific place-related push factors that fuel metropolitan out-migration. By contrast, industrialisation saw the poorer members of society migrating towards urban areas in search of work. Each process has seen wealth shift towards rural areas but the migration movements are quite different.

The second point from above concerns the reasons that lead individuals to move into rural areas. We have already seen that people's preferences strongly favour rural areas but this factor alone does not lead to mass migration. The complex pattern of causality includes voluntarist, 'people-led', explanations and economic 'job-led' explanations (Halfacree, 1994). Halfacree continues to list seventeen reasons for the broad trend of counterurbanisation and these include: extended commuting distances; improvements in transportation; social problems in large cities; re-structuring of economic activities; increased retirement migration; and changing age structures and household compositions. Buller et al. (2003, p. 8) claim that migration trends are also affected by regulation, 'particularly in England where housing allocations and planning rules channel and direct population movements'. It is not uniform as people move to more urban places and between similar urban or rural places. The trend of counterurbanisation can therefore only apply to the macro-level but we can also identify people that make up the trend and examine their behaviour and motivations.

Halliday and Coombes (1995, p. 437) identify pro-rural motivations distinct from anti-urban or anti-metropolitan. They see pro-rural moves as potentially an extension of suburbanisation, 'because the emphasis is on the search for a better environment or more tranquil lifestyle'. They also explain that suburbanisation is not a feature of anti-urban moves because 'job opportunities, crime risk, and so forth in closely adjacent, largely suburban areas are likely to be very similar to those in the nearby large city' (ibid).

When looking at more individualistic decisions, employment reasons are particularly significant with more than half of long distance movers citing job-led reasons (Halfacree,

1994). This is confirmed by research in Devon, where employment reasons were found to be the most important reasons for moving house, (Halliday and Coombes, 1994) and by Stockdale and Findlay (2004, p. 7) who found that employment was the predominant motivating factors among incomers¹ with 29% ranking this as the most important compared to 25% for 'quality of life motivations' and 8% for 'housing motives'. Owen and Green (1992) found that 14.8% of all house moves occurred as a result of work-related reasons so the counterurbanising migrant in Stockdale and Findlay's study is almost twice as likely to be influenced by employment decisions. Many work-related moves are associated with migrants who subsequently commute into urban workplaces, especially where dual career couples choose a rural location that is convenient for travelling to more than one urban centre (Green, 1997). Champion et al. (2007) found that in-migrants were less likely to work locally and slightly more likely to travel longer distances to work but acknowledged that the differences between the two groups were not large. Findlay et al. (1999) also found that 45% of people who moved to a rural area and worked locally cited employment reasons for their decision.

The reasons for moving among subsequent rural business owners are critical for the understanding of commercial counterurbanisation. If population trends are in no way associated with the growth in rural business activity, it is difficult to justify a new term to describe the two phenomena. The association of the two trends will vary between different migrants but the fact that residential migration and the establishment of or involvement in a rural business may be two separate decisions does not mean that we cannot consider them to be part of one overriding process, so long as they are in some way connected. Indeed, whether migration and involvement in rural business occur simultaneously or whether there is a significant time lag has significant policy implications. Two further questions raised by the literature on migration trends is whether we are also describing people's desires to change their lifestyles and whether we can actually identify distinct rural and urban ways of life.

The third area of debate surrounding population change concerns the assimilation of in-migrants. Champion insists that a true 'counterurbanite' must be assuming 'a lifestyle which,

¹ Incomers were defined as those moving from further than 15km since 1981

if not identical with the traditional rural way of life, should essentially be the modern equivalent of it' (Champion, 1989, p. 27). Such interpretations of a process of population decentralisation begin to complicate the concept; as they take on an increasingly socio-cultural dimension. Berry (1976, p. 24) describes the American culture as being 'antithetical to urban concentration', associating it with 'the contradictions and conflicts of recent decades' and Schama (1996) and Brace (2003) both describe 'rural' as having a deep cultural and psychological significance in human life. Urban centres are the places of modernity and the forces of modernity are then dispersed by movements of people and trade. As Slee (1994, p. 187) asserts, reverse migration is just one such 'spread effect' and we might therefore conclude that 'urban to rural movement seems to be rather a mechanism of the diffusion of urban-centred behaviour and culture than an expression of any true counter-trend to urbanisation in a socio-cultural meaning' (Vartiainen, 1989, p. 220).

This raises a very important question about whether counterurbanisation is a retreat from urban life or whether it is in fact the spread of urban lifestyles into rural areas. If urban-centred behaviour is being diffused throughout rural areas, is Champion's 'counterurbanite' a realistic proposition? In terms of the relocation of commercial activities, it is apparent that the urban forces will continue to have an influence across the wider economy. In his work on the *Network Society*, Castells explains that, 'Because the Network Society is global, it works with and integrates a multiplicity of cultures' (Castells, 2005, p. 39). The key to overcoming this dilemma lies in the need for rural characteristics to be understood and valued in ways that can set them apart in a global world of conformity. As Castells continues to explain, 'Cultural identities become the trenches of autonomy' (ibid). It is this notion of valorising local attributes while appreciating the importance of extra-local connectivity that is central to theories of neo-endogenous development. Certain features of urban-centred behaviour will be introduced to rural areas but this is not at the expense of local cultures, rather it can be used to enhance the potential for locally-based development.

The significance of urban ways and values being introduced into rural areas are explored in greater detail with reference to the economic implications of counterurbanisation but for the

purposes of understanding the changes that are taking place in rural England, these debates should not be allowed to overshadow the demographic realities. Instead, using counterurbanisation to describe demographic change provides the foundation for further exploration into the characteristics of the individuals that make up the trend and the broader consequences for rural areas.

Just as Halfacree sought to rectify the fact that the complexity of counterurbanisation had been 'poorly acknowledged in the literature' (1994, p. 165), this paper describes the added complexity resulting from commercial counterurbanisation. As a process that tends to include both a residential and a business move, there are additional factors that influence the establishment of rural firms and in many cases the residential move significantly pre-dates the business start-up. Raley and Moxey (2000) discovered that from a sample of almost 700 in-migrant business owners, only 40% had moved to their new location with the express intention of starting a business. For the other 60%, influences will occur in different locations with different communities and the time period in question may result in changing family situations or different personal ambitions. For whatever reasons, however, rural economies have experienced notable growth over recent decades so this is explored in the next section before the wider debates around the socio-economic realities and implications of commercial counterurbanisation are evaluated later in this paper.

4. A Growing Rural Economy

The Commission for Rural Communities reports that "rural England supports 5.4 million employees, 74% of these are full time" (CRC, 2007, p80). There are, however, only 4.6 million people employed in rural workplaces, demonstrating that the trend of counterurbanisation is happening more quickly in terms of population than it is in terms of employment. Although the national economy is dominated by its urban centres, some 28% of all small businesses are in rural areas (DTI, 2005) compared to approximately 19% of the population. In England, sparse rural areas have more businesses per head of population

than less sparse and more urban settlements. In Scotland rural areas account for 48% of all business start-ups (The Scottish Government, 2007) and in Northern Ireland there are 29 business starts per 10,000 people in rural areas compared to 19.4 in urban areas (Murtagh, 2006) so, numerically, it is clear that rural areas across the UK are now home to a large proportion of businesses. These rural businesses provide a significant number of jobs, are diversifying and sustaining rural economies and are making a significant contribution to the national GDP.

As well as the static data, trends indicate that rural economies have been growing over the past decade. Between 1995 and 2004 rural districts saw an increase of over 7% in the number of new businesses registering for VAT (or 37,000 per year), and this was marginally higher than the rate of increase in urban or mixed authorities (CRC, 2007). Although this does not account for de-registrations, subsequent data showed that between 1998 and 2006, rural districts supported a growth in new firm formation of 2.7% while in urban boroughs new registrations declined by 2.3% (CRC, 2008b, p. 103). There were also significant differences between sectors with agriculture and fishing, manufacturing and retail and wholesale all losing firms while hotels and restaurants, real estate and health and education saw the greatest increases (Countryside Agency, 2004). Nevertheless, 'rural firms are found in every sector of economic activity, mirroring closely the broad industrial sectors found in the national and urban economies...[and]...perhaps unexpectedly, in 2006 rural areas supported more than the national share of workplaces in energy and utilities, construction, transport and communications and manufacturing' (CRC, 2008b, p104).

Furthermore, over the three years to 2005, analysis has shown that the greatest growth of turnover in percentage terms was achieved by enterprises in sparse hamlets which saw a total growth of 83% (Spedding, 2007, p. 3). Roden (2008) also provides evidence that rural market towns are experience lower rates of growth in employment compared to their rural hinterlands, adding further evidence to suggest that economic activity continues to decentralise. Net commuting accounts for an estimated 17% of all rural residents (CRC, 2008b, p. 97) but with rates of rural employment increasing, especially in the knowledge-intensive sectors (ibid, p. 101), we would expect this percentage to decrease over time.

By 2005, firms with a head office in rural England realised £304 billion of turnover (Spedding, 2007, p. 3) and the Rural Advocate's report suggests that unfulfilled potential from rural firms might amount to a further £236-£347 billion per annum (CRC, 2008a). Innovation and growth are two of the keys that can unlock this potential. In research by North and Smallbone (2000, p. 149), 58% of rural SMEs said that they had introduced innovations between 1991 and 1996 while 56% of SMEs in a national survey considered that they had introduced product and service innovations between 1992 and 1995 suggesting that rural firms are no less innovative than firms elsewhere. Despite evidence demonstrating that 'rural areas are supporting more firms, more employment, more firms in key knowledge sectors and producing more output per worker over time' (CRC 2008b, p. 106), aspirations for growth were found to be less consistent between business sectors.

In terms of the contribution to the national economy, gross value added figures provide a useful means of comparison. Data from the latest State of the Countryside Report shows that 'in recent years the increases in GVA from the most rural districts...has been higher than all other parts of the economy, including London' (CRC 2008b, p. 85). The report also stated that by 2005 rural areas were responsible for 19.4% of England's total GVA (£178.7 billion), and this exceeded the GVA from England's major urban areas outside of London. With these positive indications of business and economic development in rural England, the next section addresses Stockdale and Findlay's assertion that rural in-migration is a '*catalyst for rural regeneration*' (2004, title). If they are correct, the term 'commercial counterurbanisation' provides a helpful description of the combined demographic and economic trends.

5. Beyond the 'Rural-Urban Shift'

The previous two sections have demonstrated that rural populations are growing at the expense of urban areas and business activity is also growing faster in rural than in urban areas. This section explores whether these facts are sufficient evidence to claim that a trend of 'commercial counterurbanisation' truly exists. Unlike counterurbanisation, however, it is not

simply the migration of commercial activity from urban to rural locations but it is the result of a combination of population movement and new opportunities for rural business activity. Therefore, commercial counterurbanisation can only be a meaningful concept if it can be proved that migration patterns are playing a significant role in the resurgence of rural economies.

The idea of an urban-rural shift in manufacturing has existed since the 1960s and Townsend (1991) suggests that this was the most potent element in the rural population turnaround of the 1960s and 1970s. This early growth in non-agricultural rural employment included a high proportion of part-time jobs, particularly for women, resulting in the total amount of work available in rural areas not increasing as fast as the statistics suggested (Champion and Watkins, 1991, p. 11). It was also a strongly industry-led phenomenon concerned with 'production costs, constrained locations and capital restructuring' (Healey and Ilbery, 1985, p. 9). This early relocation of industry away from urban centres was a representation of 'trickle-down' (Hirschman, 1958) or 'backwash' (Myrdal, 1957) effects where economic development initially relies on centralisation and economies of scale but as core areas become overcrowded, disagglomeration economies take effect.

Being led by industrial forces, these changes often had little connection with rural resources or rural communities. Policy at the time was encouraging decentralisation but the strategies were exogenously governed. Such policy approaches were subsequently criticised for promoting dependent, distorted, destructive and dictated development (Lowe et al., 1998). More recently, endogenous approaches to rural development have become preferred with policy shaped by people and businesses within local areas. The success of rural development would then be based on local resources making it more connected with local communities. From this perspective, contemporary patterns of decentralisation in the small business sector should be seen as a distinct trend that will have quite different implications for rural areas. Recent theories of rural development advocate a neo-endogenous approach, defined as 'Endogenous-based development in which extra-local factors are recognised and regarded as essential but which retains belief in the potential of local areas to shape their

future' (Ray, 2001, p. 4). In the context, the significance of mobility and connectivity become increasingly evident.

Neo-endogenous development therefore requires two attributes: the ability for an area to interact with the "extra-local" and for the local area to accrue the requisite means to realise development locally. It is in this context that the potential role of rural migration becomes even more apparent. Not only are in-migrants able to establish businesses, generate new income and create more jobs but, through their human and social capital, they are able to build connections beyond local rural communities. As with certain interpretations of counterurbanisation, there is an important social context that relies on in-migrants integrating into the local community and retaining external business and social networks. Commercial counterurbanisation can therefore be seen to involve three components: a residential move; the establishment of or involvement in a rural business; and the development of a degree of local embeddedness. The residential pattern has already been described so we must now examine the business activity associated with rural in-migrants before the concluding section sets out the full socio-economic meaning and implications of commercial counterurbanisation.

6. The Business Activity of Rural In-migrants

Nearly twice as many entrepreneurs in both remote and accessible rural areas were not born locally compared to those in urban settings (Keeble et al., 1992, p. 14) and up to two-thirds of new rural firms were being created by people moving from urban to rural areas, often attracted by the perceived quality of rural life (Countryside Agency, 2003). A further indication of commercial counterurbanisation was provided by a survey of rural households in five English districts (Alnwick, Ashford, East Devon, South Warwickshire and Wear Valley) which found that an average of 2.4 full-time jobs were created for each self-employed in-migrant (Stockdale and Findlay, 2004). These in-migrants tended to work close to their homes so the majority of the economic impact was realised in the local rural economy.

Phillips (1998) described how rural areas have been colonised by professional and managerial classes and these groups represent 'a potentially valuable source of human capital to participate in endogenous development' (Stockdale 2006, p. 355). It has also been suggested that 'these new arrivals are relatively affluent individuals equipped with distinct attributes and networks of contacts' (Kalantaridis and Bika, 2006, p. 109). Combining such findings with the previous details of the job-creation of in-migrant business owners, we can begin to justify a more positive perspective on in-migration in relation to rural development. Based on the figures for inward rural migration, the Countryside Agency has already recognised that 'cultivating more of these in-migrants to work as well as live in rural areas, should be the aim' (Countryside Agency, 2003, p. 15).

Although this human capital is valuable, there is little evidence to determine whether the indigenous population are benefiting or whether they are being displaced by increased competition, rising house prices and the participation and perhaps domination of in-migrants in other local organisations so further insights are required. Pahl (2007) has described the concerns of 'two-speed economies' in rural areas where entrepreneurs drive up prices beyond the capacity of local workers and, although in-migrants may not take the jobs of locals, they might still displace them through the housing market. For example, Ryedale in North Yorkshire has been cited as one of the country's top districts for new business start-ups, largely attributed to the increased rural in-migration. But, as Divoudi and Wishardt (2004) discovered, inward investment tends not to reach the areas that most need it, and the jobs that are created are generally in the service sector requiring skills very different to those associated with traditional rural economic activities.

In a survey of rural microbusiness owners in the North East (see Raley and Moxey 2000 for a detailed methodology and additional results), more than half were in-migrants, defined as people who had moved at least 30 miles into their locality. The hospitality sector in this region was dominated by in-migrants but excluding these businesses from the analysis still resulted in 40% of owners being in-migrants with a further 9% being return migrants (Raley and Moxey, 2000, p. 34). Further research in the North East (One NorthEast, 2006, p. 27)

discovered that 39% of in-migrant business owners had created jobs in their local area and 28% said that their number of employees had increased in the last 12 months.

New analysis of the rural microbusiness survey (Raley and Moxey, 2000) found that for each self-employed in-migrant, an average of 1.9 additional jobs was created (Bosworth, 2008a). Based on regional data (Countryside Agency, 2005) it was estimated that the survey included almost 20% of the region's rural microbusiness which enabled more detailed analysis of employment creation (see Bosworth, 2008b, for further explanation). From this, it was calculated that non-agricultural rural microbusiness owners who have moved at least 30 miles into the area as adults have created a total of 3,176 full-time and 2,642 part time jobs. Adding the 87% of owners who are considered to be employed full-time in their business, this makes a total of 5,758 full-time jobs. Although a very specific category, this makes up 6% of the 91,640 full-time jobs (Countryside Agency, 2004) in the rural economy of the North East. This is almost 70% higher than the total full-time employment in agriculture in the region. A similar calculation indicates that there are also 3,028 part-time jobs which constitute 9.5% of the total for the rural areas of the North East.

The survey data also showed that inward migration is impacting on the structure of rural economies in terms of the relative size of the major business sectors. In-migrant business owners were represented in each sector (including the smaller sectors not listed separately in Figure 1 below) but there were noticeable differences in how they are divided between the sectors. Figure 1 illustrates both the raw numbers and the percentage split of local and in-migrant owned businesses with some interesting comparisons emerging.

Insert Figure 1 about here

The table illustrates that local business owners are considerably more likely to be in retail and construction, both sectors that typically have a strong local market. Conversely, in-migrants are much more likely to enter the hospitality sector where many firms will be targeting non-local markets. Although the difference is less pronounced, the same could be said for

manufacturing. Business and domestic services covers a range of possible work but the predominance of in-migrants, who were also found to have stayed in education for longer (Bosworth, 2008a), suggests that many of these are professional, knowledge-based firms.

Other evidence has demonstrated that local microbusiness owners create a similar number of jobs as in-migrants and they also have higher turnovers (Bosworth, 2008a). In-migrants, however, are more likely to report a desire for business growth so, combined with the ongoing trend of counterurbanisation, this suggests that their significance in the rural economy will continue to increase. Also, commercial counterurbanisation is not simply about rural in-migrants setting up businesses but it concerns the potential for all rural business activity to expand with migration acting as a significant catalyst. The contemporary rural economy is increasingly driven by consumption (Slee 2005) and this provides new opportunities but also requires different attitudes and skills among rural business owners.

More recently, counterurbanisation has broadened to include more household groups with younger children. This is having a short term effect on the age structure of rural areas but as the children increasingly move away after leaving school, the parents tend to become 'empty nesters' and 'age in place' (Champion and Sheppard, 2006, p. 31). This subtly different process is, however, bringing more economically active people into rural areas and the potential that this offers for rural development is slowly being recognised. One outcome of this trend is that a higher proportion of female business owners are in-migrants. Also, younger families demand certain key services locally, the parents may work in the local economy and as they age in that local community, they may become increasingly involved in local activities. 'Pre-retirement in-movers may be self-employed, under-employed or flexibly employed, with time available to devote to voluntary service in the community...There may be a reservoir of older people who could, or want to be, working' (Green, 2006, p. 114). Green has already identified that older rural residents (in the 50-64 and over 65 categories) are more likely to be in employment than their urban counterparts so an ageing population with a significant in-migratory flow should not simply be associated with the stagnation of local economies.

With a widening age range among rural in-migrants, an increasing proportion of in-migrant business owners are making the move into business some time after their residential move. The survey data illustrated that out of 693 in-migrant business owners, some 412 (60%) had no plans to start their business at the time of the move. Further analysis showed that in-migrants who planned to run a rural microbusiness at the time of their move had higher turnovers, were more growth oriented and created more jobs compare to those with no such plans. It is estimated that these 'planned start-ups' have created 1,705 full-time and 1,378 part-time positions in the rural North East so that is over 3,000 jobs that are the result of business decisions that occurred prior to the migration of a business owner. This highlights the importance of migration and external connectivity for rural development policy.

7. Conclusions

The term commercial counterurbanisation can be strictly defined as the growth of rural economies stimulated by inward migration. This may take the form of business creation by rural in-migrants, their employment in other rural firms or their promotion of other businesses through local trade, knowledge exchange and co-operative working. As it stands, this fails to take account of the wider implications for rural economies and the elements of rural business growth that are not directly associated with in-migration. Nevertheless, it is preferable to use this definition to retain a degree of clarity and usefulness that may be lost with a more contested version.

It is tempting to propose that commercial counterurbanisation should describe the wider de-centralisation of commercial activities, whether directly linked to migration or whether just the result of changes in the relative economic strengths of urban and rural economies. Instead, this relative growth in rural economies should be seen as an outcome of commercial counterurbanisation. In future times, we may continue to see in-migrants establishing rural businesses but with different effects on the rural economy so it may be incorrect to make the

assumption that commercial counterurbanisation will always be associated with rural economic growth.

The definition proposed allows for the process of commercial counterurbanisation to include more than one stage. The residential migration and entrepreneurial actions do not have to occur at the same time. Individuals who move into a rural area and commute elsewhere for work are still developing local knowledge and local social networks which are valuable resources for business activity. The decision to start a business for these people will include a range of influences from pre-migration contacts and experience, factors relating to their current employment and factors relating to the local community or local environment. For in-migrants who move with a clear business idea, however, that idea may have no connection with the new locality and this has important implications for locally-focussed rural policy.

By defining commercial counterurbanisation with direct reference to rural in-migration, debates around the significance of 'counterurbanisers' adopting a rural way of life can continue. Following Champion, it might be suggested that a 'commercial counterurbanite' should adopt a business style or establish a type of business that, 'if not identical with the traditional rural way of life, should essentially be the modern equivalent of it' (Champion, 1989, p. 27). With rural economies beginning to mirror urban ones in terms of the dominant business sectors, such a claim opens a new debate concerning the possible definition of a 'rural business' and whether such a distinction is still relevant in a developed economy. This is an important consideration for rural development because current neo-endogenous ideas advocate the valorisation of local resources and local identities (Ray, 2001) but if this trend is more about the spread of urban activities and values, the capacity for local areas to retain unique characteristics may diminish.

In-migrants have established a wide range of businesses in rural areas and research has discovered that they are employing local people, trading with local firms and providing important local services. Evidence from interviews in the North East region also indicates that in-migrant business owners are engaging with local communities and rural business

networks. In the study area, we can therefore assert that commercial counterurbanisation has been beneficial for the rural economy. Future research might consider the impact of the economic activity of in-migrants in other regions and attempt to assess whether there are differences between those in different sectors, those at different stages in their lives or those who took longer between moving and running a business.

What this research has demonstrated is that extra-local and urban influences are affecting the rural economy. The spread of people, technology and modern approaches to working are stimulating growth in a rural economy that continues to experience a period of restructuring. The movement of people opens up new opportunities for rural businesses to participate in a wider range of activities and markets and this has also been demonstrated to provide benefits for the local economy through employment creation, new trade and the development of networks that rich in human and social capital.

In some senses this paper has perhaps raised more questions than it has answered but by highlighting the economic contribution of counterurbanising business owners, it has hopefully provided the opportunities to address these questions in a more informed manner. For the rural economy to continue growing there needs to be an understanding of the processes that lead to business formation and the motivations of the actors involved. This will allow business support to be properly targeted and other services such as post offices, childcare and telecoms to be made accessible for a new wave of rural businesses. In the light of the Taylor Review, there are also significant implications for town and country planning legislation and for the possible appearance of the built environment of rural areas in years to come.

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Figure 1. The sectoral split of businesses with local and in-migrant owners in the rural microbusiness survey for the North East of England

(Any sector with less than 50 businesses surveyed has been grouped as “other”)

Sector	Local		In-migrant	
	Number	Percent	Number	Percent
Land Based Businesses	35	5.9%	27	3.9%
Manufacturing	55	9.3%	85	12.2%
Construction	83	14.0%	20	2.9%
Retail	174	29.4%	137	19.6%
Hospitality	81	13.7%	197	28.2%
Business and Domestic Services	68	11.5%	134	19.2%
Other	95	16.2%	98	14.0%
TOTAL	561	100.0%	698	100.0%