

**Guy Robinson, Fernando Molinero
and Juan Carlos Guerra
-Editors-**

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**III Anglo-Spanish
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III Anglo-Spanish Rural Geography Conference

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Rural societies in transition

This section comprises six papers, five of which focus on the changing nature of rural society in Spain. They illustrate the contrasts that exist between the traditional and the modern as rural places respond in particular to the forces of globalization, urbanization and environmentalism. The papers illustrate how some locales have lagged behind others in terms of the pace of modernization whilst also showing that new forces, such as tourism, can transform rural places.

The first paper, by Javier Esparcia focuses on entrepreneurship in the countryside, drawing upon examples from 'lagging' rural areas in the Valencia region. He investigates the hypothesis that weak and poorly structured business networks help to determine this 'lagging' phenomenon. Using in-depth interviews amongst micro-scale and small rural enterprises (<10 and <50 employees respectively), he highlights the importance of entrepreneurship in determining the effectiveness of the role that businesses can play within the rural development process. Factors relating to age of the business owner, the nature of the business and its location within the region are highlighted as being critical to the impact of the business in terms of a positive multiplier effect for the region.

José Antonio Gutiérrez Gallego and José Manuel Pérez Pintor undertake a socio-economic analysis of the frontier municipalities of the central Badajoz, and the Portuguese districts of Guarda, Castelo Branco, Portalegre, Évora and Beja. This is an area remote from major metropolitan centres in either country. The paper looks at the nature of cross-border relations and the extent to which membership of the EU, and especially the Schengen Agreement, has enabled the area to develop as a more cohesive functional region.

The analysis focuses on a 15-year survey of the population resident in twenty municipalities either side of the Spanish-Portuguese border. In particular, focus is placed on examination of the flow of jobs and economic activity between the two countries, and specifically estimation of trade flows. The results show that despite greater ease of cross-border collaboration, this is still an area largely of economic decline, with an aging population and the negative effects of remoteness from metropolitan influence. However, the fine-grained analysis reveals some important

variations related to improved road access for some localities and specific development initiatives, especially on the Spanish side of the border.

Rubén C. Lois González, María José Piñeira Mantiñán and David Santomil Mosquera examine the way in which rural Galicia is portrayed in attempts to attract tourists. Their analysis draws upon literature that considers the ways in which places can be promoted in order to present favourable images to would-be tourists. Tourism promoters have become increasingly sophisticated in developing images of place as a key marketing tool. In effect, this place branding has developed as a means of differentiation within a highly competitive international tourism market. Attractive images must entice potential customers to visit a place or a series of places within a given regional context. These images frequently draw upon history and heritage, cultural traits (e.g. local food and drink, music and others arts), physical characteristics, and may feature specific locales deemed to be attractive. For Galicia this may include the distinctive rural landscapes, and rural myths and legends originally captured by local writers. Typically, this attempts to 'sell' images from the past, which comprise a sort of bucolic rural arcadia. Key elements in the landscape feature in this portrayal, e.g. the trees, granaries, wayside stone crosses, mountainside farmsteads and the cathedral in Santiago de Compostella. However, perhaps somewhat ironically, these rustic images often hold little appeal for modern mass tourism, and hence tourist development in Galicia can be contrasted with that associated with Mediterranean seaside resorts. This highlights the segmented nature of the tourism market and the ability of rural areas to develop particular niche markets within the wider tourist sector.

Lois González et al note that this limitation of earlier tourism publicity has been recognized in the Strategic Plan of Tourism of Galicia 2007-2011. This Plan endeavours to focus on a different set of attributes possessed by rural Galicia, in a more all-embracing portrayal of landscape, culture and heritage. These new attributes are summarised in the paper as comprising: the Atlantic lifestyle; water (rivers, sea and rain); the combination of nature, water, customs, magical forests and landscapes; the language (self-identity); and the colours of green (the landscape) and blue (the sea). The paper examines the contrasts between the old and new in terms of tourism promotion, hinting at a need for greater collaboration across Europe's 'Atlantic fringe' zones to encourage potential tourists to target these areas rather than the popular and highly seductive 'sun, sand and sea' destinations of the Mediterranean.

Celeste García Paredes focuses on Extremadura in the west of Spain, with an analysis of agricultural development and its impacts on the demography of the region. Concentrating on two areas in particular, Las Vegas Altas and Las Hurdes, she provides a detailed account of the demographic characteristics of the municipalities therein. These are two areas traditionally dominated by agriculture, but where other sectors of the economy have developed rapidly in recent decades. However, irrigation is important in Las Vegas Altas, with production of tomatoes, maize, rice, sunflowers and fruit. In contrast Las Hurdes is heavily wooded and its agriculture/forestry is far more reliant on dryland (*secano*) production. Her analysis draws distinctions between the two areas, representing two very different faces of contemporary Spanish rural life. The irrigated areas are at the forefront of the introduction of modern technology in attempts to increase productivity. Hence intensification is evident in the landscape and there are on-farm jobs for seasonal and contract workers. In contrast the dryland production areas remain more traditional, with crops such as olives, and the production of honey remaining important. These contrasts are reflected in the dynamism of the rural economy, the demographic outcomes and in the balance

between modernity and tradition. In effect, the old and the new exist in relatively close proximity, and produce a strongly differentiated rural landscape.

J.L. Gurría Gascón, Ana Nieto Masot and A. Hernández Carretero also focus on Extremadura, examining population mobility. They provide an overview of the developments that have changed patterns of mobility – from the changing nature of working lives to flight from the undesirable aspects of urban living and the steady rise of disposable income that has increased the propensity for retirement migration and second home ownership in rural areas. They note that there have also been new income generating activities in rural areas, enabling some long-term farm families to survive and even thrive through farm diversification and participation in new off-farm and on-farm businesses. Their paper focuses on three areas of Extremadura: Sierra de Gata, Villuereas Iboras and Montánchez Tamuja. For each area they focus on recent immigrants, return migrants and the ‘neo-rurals’ or adventitious population deriving a particular benefit from moving into a rural area. The latter includes ‘la población no permanente’ or the temporary rural dwellers who have grown in number by buying up cheap property in this peripheral region. Over 40 per cent of the housing in the three areas now comprises second homes and vacation residences, a major problem in terms of depriving young locals of the chance to gain a foothold on the property ladder, and so contributing to the phenomenon of ‘no homes for locals’ (Shucksmith, 1981). The paper also examines labour mobility and the dynamics of population movement associated with employment, so that a comprehensive picture is assembled of the changing nature of work and movement in the study areas.

All the papers in this section, bar one, focus on topics in Spain. That one exception is the contribution by Bruce Scholten and Martha Young-Scholten, which is also unique for its combination of geography and linguistics. Their focus is on the United States and the transformation of its linguistic landscape by the dramatic increase in the number of native Spanish-speakers. The continuing flow of migrants from Latin America, both legal and illegal, has seen a dramatic growth in Spanish-speakers across broad swathes of the United States, including rural areas from Texas and the Deep South north to the farms of the northern states. It is estimated that one-quarter of all illegal immigrants to the country are engaged in work on farms. There are around 30 million Mexicans and 4 million Puerto Ricans living in the United States. This paper looks at the changes associated with this influx of Spanish labour onto American farms, with a short case study from the Pacific North-West and an historical overview of immigration of Spanish speakers into the United States. Scholten and Scholten note that the growth in the numbers of immigrants from Latin America has meant that, even in rural areas, the Spanish-speaking communities are no longer ‘islands’ amidst a ‘sea’ of English speakers. Indeed 43 per cent of Hispanics now live in neighbourhoods where they are in the majority, and they are a significant component in the temporary workforce on farms.

The paper looks at how language, both Spanish and English, has been affected by the contact between the English- and Spanish-speaking groups. They discuss the emergence of English-contact-driven varieties of Spanish in the United States. Changes can be noted in terms of the lexicon (vocabulary), pronunciation (phonology), word formation (morphology) and grammar (syntax). The paper considers how Spanish immigrants use English syntax, with a number of examples supplied. Moreover, it identifies that Spanish speaking within the United States is not being diminished by acculturation of migrants into the English-speaking majority. This is because of the dominance of ongoing chain migration of Spanish immigrants, whereby migration consists of people moving to live within

communities of compatriots, including those of their relatives. In effect, the Spanish-speaking language pool is continually being renewed by chain migration. Within this process there is evidence of 'islands' of Spanish speaking emerging in which an island of Spanish spoken within socially excluded agricultural groups might be seen as a control against which to compare the varieties of Spanish spoken by those engaged in high levels of contact with English speakers. The paper concludes by setting an agenda for further geographical research on the immigration of Spanish speakers to the United States and the spread of the Spanish language in the country, including particular language phenomena associated with Spanish-speaking communities of farm workers.



Entrepreneurship in rural areas: Experiences from rural Spain.

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I. DIVERSIFICATION AND ENTREPRENEURSHIP AS KEY CONCEPTS FOR THE ANALYSIS

During the past two decades, geographers and other specialists have used the concept of “post-productivism” to describe the profound changes that have experienced a lot of rural areas in Western countries, from its traditional specialization in agriculture or livestock to other no agricultural activities or to new forms of production, based for example in quality products. The abuse of the concept of “post-productivism” has some strong criticism, as is the analysis that make Evans et al. (2002), demonstrating the invalidity of the concept through a detailed analysis of the main features of the so-called post-productivist transition (food quality, multiple jobs, sustainability, production dispersion and regulation).

We do not share referred to as post-productivism to the changes that have occurred and still occur in many Spanish rural areas. Our hypothesis stems from the idea that rural areas have traditionally had a clear agricultural and livestock specialization, which has certainly begun to break down in recent decades. But from our point of view, the key to these changes is the search for complementarities, and therefore seems more appropriate to speak, at least in the case of Spanish rural areas, about diversification of production and new functions of rural areas.

In any case, if we put the “productivist” agriculture and livestock as a reference, we should talk about “new productivism” to refer to that whole set of non traditional agricultural activities and functions which have arisen or developed in our rural areas. These activities complement, and only in some cases replace, agricultural and livestock activities, although it is true that the orientation of these activities is not the same as that of the late 80’s. But it would be wrong even referred to as “post-productivism” the progress we have detected from agriculture or livestock to food processing activities, to cite one example, even if they may be accompanied by all or part of the classic features that pointed to the advocates of post-productivism (product quality, multiple jobs, etc.).

In conclusion, our work is in the context of analysis of the changes that basically oriented towards productive diversification taking place in rural areas in Spain and specifically in the region of Valencia. We intend to analyze some of these recent changes, especially to detect processes that are emerging from the entrepreneurial base that, modestly, are present in many of our rural areas. This approach is in line with a more modern perspective, and probably more accurate, for the analysis of processes of change in rural areas, based on the analysis of changes in productive structures, business networks and embeddedness mechanisms of the business in their local socio-economic contexts (Hess, 2004; Young, 2010).

Our hypothesis is based on conceiving the rural economy as a more complex system than that simply based on farming activities which, if any, progress to more advanced stages of production, with products of higher added value. In the rural system there is a component of local society and economy that has not been sufficiently taken into account by the rural geography (more focused on the analysis of agricultural activities and livestock, or in the impact of public policies). And in this other part of the economy and society the local businesses have a leading role. Certainly businesses and companies, targeting various productive orientations (not only those related to agriculture or livestock) are a key component of local economy (but also local society), especially in a context marked by processes of diversification, promoted or not from the public policy arena. As several authors pointed out, with the decline of traditional sectors (at least in term of employment and local economic foot-print), academics but also policymakers have looked at the increasingly prominent role that entrepreneurs and small and medium-sized enterprises (and we may add, also micro enterprises) are playing in rural economic development (Young, 2010, p. 1). In the same way, through the analysis of different case studies, Terluin also demonstrated the importance, firstly, of the diversification processes in the rural economy, and secondly both local –and non local- stakeholders and business networks as key elements in these processes of social modernization and economic development in rural areas (Terluin, 2003). In any case, our approach is also related to the role of local *milieu* and territorial innovation models, rather than a misnamed post-productivist perspective. However, in this paper we does not specifically analyze the local *milieu* in which they arise or lies small or micro rural enterprises, nor are analyzed from the standpoint of territorial innovation¹.

But alongside the changing processes of local economies, with the key role of enterprises, local actors and business networks, which have their own dynamics, we may have in mind that public policies –and public authorities- have a crucial role as catalysts for such processes of change and as articulators of practical responses to concrete problems

¹ This work is part of a larger study on business networks in rural areas, within which these elements are extensively referred.

in such areas. But it is clear that, in spite of we are in rural areas frequently with weak structures, business and enterprises are underlying in all these processes. Part of the geographic literature on rural areas has assumed the hypothesis that one of the important features of our lagging or disadvantaged rural areas is a weak and poorly structured business networks, and that business had even a residual role in many places. For these reasons we have to highlight the importance of the efforts towards those diversification's strategies.

In this paper we conducts an analysis of the business and entrepreneurship in lagging rural areas of the region of Valencia (Spain), comparing those most disadvantaged with those of an intermediate character. We did not conduct a detailed study in small areas, but it has been an analysis for the whole rural areas in the region of Valencia and, therefore, that will allow us to more global conclusions.

We mainly use a qualitative methodology based on in-depth interviews and group work sessions with experts, entrepreneurs, and a large number of Employment and Local Development Agents (who have very good knowledge of business and economic situation and changes in their respective municipalities or areas of work). Most of the analyzed rural enterprises correspond to the concept of micro and small enterprises (ie enterprises with fewer than 10 employees and 50 respectively, and 2 and 10 million euros in turnover, respectively).

Our analysis begins with a diagnosis of major economic sectors, some of them in a situation of stagnation or decline, compared to those with a more dynamic and more innovative orientation. The analysis was also performed by comparing not only economic but also two major types of areas, the most backward in the region for those who have an intermediate character (even being lagging rural).

Secondly, and in this context, we analyze the main bottlenecks affecting rural micro and small enterprises. The results highlight the importance that in some cases have external factors or context, but in other cases show that the brake for greater innovation and business growth are factors such as management, training, marketing or the difficulties of competitiveness, most of them closely linked to the entrepreneurship and business culture of rural entrepreneurs. Again we found interesting differences if we refer to firms located in the most disadvantaged rural areas or in intermediated ones.

Although we did not include these results in this paper, in our study we perform an analysis of personal factors related to business culture, and particularly rural entrepreneurship. The results show significant variations in the degree of entrepreneurship according to the sector (and here we may see how some modern and more innovative activities have comparatively higher rates of entrepreneurship), as well as the type of rural areas (disadvantaged or intermediate). Other personal factors also have a significant role, such as age and geographic origin of the entrepreneurs.

II. ENTREPRENEURSHIP AND TERRITORY

Companies are subject to a changing environment, and the adjustments to adapt and compete better in that environment are necessary and frequent. Entrepreneurship is one of the key elements in these processes of

adaptation and change of business to their environment, since entrepreneurship culture is largely dependent on internal organizational changes in companies and business strategies to generate and conduct such changes.

But, what do we mean by entrepreneurship and why it is so important?. Two aspects define the concept of entrepreneurship culture. First, it is a set of beliefs, norms, decision making capacities and behavioral patterns shared by the members of the company (or even of the Territory). Second, entrepreneurship culture is a set of attitudes of entrepreneurs facing changes, and the ways and methods of internal management as well the preparation of the organization to face external changes.

Clearly, well understood, entrepreneurship culture determines the strategies of change and / or adaptation to the socioeconomic environment (Ortega, 1998) and, therefore, it becomes a key element of competitiveness for businesses and territories.

Since several years ago many studies highlight that attitude to be aware of changes, to promote the company's ongoing adaptation to the environment, implies dynamism in the enterprise that generates more and better competitive positioning. Therefore, we may conclude that entrepreneurship culture is also an essential element in the development of rural areas.

The entrepreneurship culture is important because it determines the more or less enterprising behavior, and these behaviors are which in the medium and long term lead to dynamics of growth and economic and social development in different areas. Entrepreneurial behavior is often being compared to the combination of three factors: risk taking (related to decision-making capacity, resulting in turn from the combination of experience and training), introduction and adaptation of innovations, and proactive attitudes towards change (Entrialgo et al., 1999). Leadership (both internal and external to firms), which are so important in channeling efforts and territorial development processes, are based precisely and in large part from these human factors, attitudes, training, experience and knowledge and, ultimately, the entrepreneurship culture of entrepreneurs. In the case of rural areas and in the absence of a formal networking of the entrepreneurs, the informal leaders play a key role.

But the entrepreneurship culture is beyond the limits of the companies and the owners or managers and their training and attitudes toward change. There is an entire environment, sometimes large and complex, which also has a major influence not only on the dynamics of the company but also in the entrepreneurship culture that involves the management and decision-making of the entrepreneurs. And in this environment they are a large set of elements: family and friends; other companies located in the region; domestic and foreign markets; geographical characteristics (location, physical resources, communication facilities, etc.); organizational structures external to the companies (from the administrative divisions or the administrative competences that may have each administrative level, which is important at local and regional level); business organizations and networks; social and economic elements such as the present and / or predominant social groups; potential conflicts and styles or methods to manage them; labor market; political and policy context and management of public policies in the local and regional context (especially important in an administrative structure like the Spanish, in which regions have such an important capacity in the design and implementation of policies: in the

region of Valencia the Institute of Small and Medium Enterprises-IMPIVA, and its network of technological centres, which have a key role in relation to small and medium enterprises, although its role has been much lower among rural microenterprises).

In Figure 1 we may see how the company is surrounded by a number of elements and how is located in a broader context. In this context we highlight a number of “subcultures” that are directly involved in the entrepreneurship culture: the company itself, individuals (partially involved in the company, but that in turn have many other forums or areas in which they form their attitudes and positions); families (which in the case of small rural areas tend to have an important and influential role in the culture of the company, and sometimes identified with the “family’s culture.”); we also have other social groups who, for a set of reasons, may have connections with individuals, businesses or companies and families. But, above all, these subcultures are part of and are embedded in a broader culture, the culture of the territory. In rural areas, due to its special characteristics, the “culture of the territory” is simpler, but also very crucial in the dynamics of business.

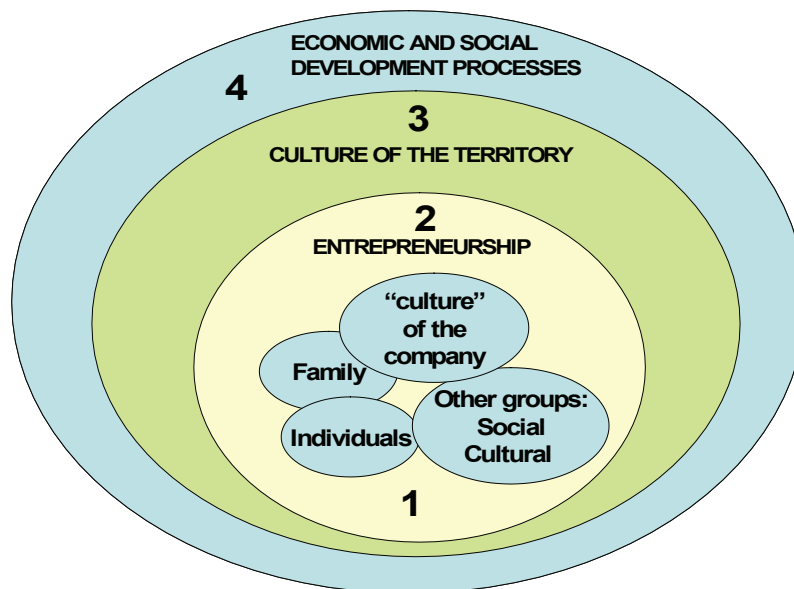


Fig. 1: entrepreneurship and territory

Source: author.

Notwithstanding the importance of a proactive modern entrepreneurship culture, rural areas are often far from what is called “new entrepreneurship culture”, more typical of powerful companies with a high degree of internationalization. The new entrepreneurship culture and is opposed to the traditional business culture (very present in rural areas, but also in a large part of small and medium enterprises in non rural areas), some of whose salient features are as follows (Amorós i Pla, 1999):

- Reduced business relations with suppliers and distributors (often working with a small number in both cases). Similarly it is reduced the participation in sectoral networks (same sector) and regional networks.
- High personal involvement of entrepreneurs in the local society, but very low in the case of the company with

its environment.

- Limited participation in training programs (entrepreneurs themselves but also, in their case, workers), except in very specific and for unique needs.
- Very hierarchical internal structures, with a small leadership and due to be the owner of the company (but not for his-her knowledge, creativity, capacity to face problems and changes, etc.) (Schein, 1999).
- The quality is not fully integrated as part of management style, but, where appropriate, it is incorporated into products (but rarely into the management, at least formally).
- Lack of flexibility in the distribution and performance of work, with a top-down perspective and emphasis on individual –non collective- performance.
- Emphasis on short-term planning; despite this, the answers to problems often use to be extended in time and are sometimes inaccurate.
- The corporate culture is strongly linked to social and cultural values of the area (Guerra, 1996). Among rural entrepreneurship there is a common feeling of belonging to the territory, reinforced by the frequent isolation and remoteness from urban areas.

In the region of Valencia many authors have detected a modern entrepreneurship culture. But this entrepreneurship culture is not very present in rural areas, in which predominates traditional business culture. However in the last two decades they are being detected some elements of change in a small number of companies, the most dynamic, that began to change their “work styles.” These changes have been accompanied, primarily, from young entrepreneurs, university educated, with extensive knowledge of products, processes and markets; many of them also have been involved in the family business from young, and therefore they have grown in an environment of management, decision-making and business competition.

Therefore, there are a number of historical and local socio-cultural factors explaining that some areas have a more evolved or modern entrepreneurship culture, or at least factors that stimulate all those elements that characterize it; that is to said, the development proactive attitudes by entrepreneurs, openness to changes, which encourage the introduction and / or adaptation of innovations, improvements in management methods, participation and integration into networks of cooperation, etc. Thus, improving the competitiveness of the company through entrepreneurship culture becomes improving the competitiveness of the area due to better positioning of their companies.

III. THE CONTEXT FOR THE RESEARCH

III.1. Hypothesis and start-up

At the time to put in context the research on entrepreneurship in rural areas, at least from the experience of the region of Valencia, we have to remember two main approaches, with an increased economist focus the first one and sociological one the second one. The first, more traditional, has been predominant in the interpretation and analysis of entrepreneurship culture in the region of Valencia. However, given the special characteristics of rural areas, we

must pay particular attention to the contributions of the second approach, which, on the other hand, allows us a more integrated interpretation of the phenomena and processes associated with entrepreneurship culture in general and entrepreneurship culture in rural areas in particular.

From the economist approach it has placed emphasis on the difficulties and bottlenecks to growth and a bigger dynamism of business in the region. Thus, for example, they were identified as major traditional obstacles the small size of enterprises of the region of Valencia companies in general, the low technological level (low incorporation of technological innovations), competitiveness based mainly on low wages and prices but much less in quality, a reduced professionalism of business owners, and, finally, the poor separation between ownership and management. This approach has been criticized and gradually overcome, partly thanks to contributions from sociology, but also economists who have give increasing importance to the modernization efforts of the entrepreneurs in the region.

Indeed, from the sociological approach although quantitatively they are not very significant, from a qualitative point of view it has to be highlighted, first, changes and positive attitudes towards these changes, and secondly, the presence of some modern entrepreneurship culture among companies in the region.

The sociological approach further enhances the qualitative importance of small businesses, its growing external openness and integration into foreign markets, their increasing professionalism in management and improving the capacity of decision, and the fact that they are less and less “family business”, and become a family based company but in the process of modernization.

But beyond this traditional debate between economist or sociological approach, the fact is that we must move towards an integrated approach, in which the entrepreneurial culture in small firms is seen as a result of a process of filtering down from the most dynamic sectors and companies. It is in this way and through this process which small businesses in general, and rural micro and small companies in particular, advance, however modestly, in the path of a modern entrepreneurship culture.

But the situation to be faced in rural areas from the public policies arena was characterized by weak corporate structures, with few solid companies, of a very small size, very little modernized, and externally with a presence mainly in local or regional markets, and weak networking among enterprises of rural areas.

Regional development policies have hardly paid attention to date, to rural areas, beyond infrastructures connecting major urban centers. At other occasions, the business support measures have hardly come to these micro and small enterprises, mainly because they fail meeting minimum thresholds in terms of size of investment. For their part, rural development policies (or more specifically, rural development programmes, such as PRODER² or LEADER), clearly have targeted diversification of production, and in this respect, the creation and / or consolidation of business initiatives (always at small scale). However, the results, as is well known, are

² PRODER is the national programme, twin of LEADER, which has been applied in intermediate rural areas and, sometimes and in some regions, also in lagging rural areas, combined with LEADER (as for example in Andalucía).

modest (Carpio, 2000), and not all changes that have occurred in rural entrepreneurship are always derived from these development programs in rural areas.

And this is the context in which this research raises. From the Rural Geography it has been paid reduced attention to small businesses in poor or lagging rural areas (due, firstly, that policies and rural development programmes have absorbed most attention, and secondly, that the small number and importance of rural enterprises did not appeal their analysis.) It has been from the Economic Geography where it has made deep and strong analysis from a conceptually based and methodological point of view on business dynamics in relation to territorial development (we may remember, for example, the important contributions from local *milieu* models, and also those coming from non strictly economic geography's origin, such as the territorial innovation models). However, while the rural geography has not delved into that direction and in such a methodological soundness, it is true that many studies have focused on new productive functions of rural areas and the diversification processes in a significant part of rural areas.

III.2. Objectives and methodology

Given the important of conceptual, methodological and applied entrepreneurship culture when analyzing the business in rural areas, and the prospects of analysis and the starting point above outlined, this paper it is presented an approach two main aspects, as a key objectives.

The first one is to analyze the importance of economic sectors in lagging rural areas, from a qualitative point of view, based on the interviews to managers, entrepreneurs, experts and officials in the regional government. In this regard we want to analyze to what extent the rural areas of the region of Valencia are moving towards the consolidation of the productive diversification mentioned above, and as advocates from the European Commission would be the basis for a sustainable development and the future viability of rural areas.

And the second objective is focused in the analysis of the main obstacles and bottlenecks faced by the entrepreneurs in theses processes of diversification of micro enterprises in rural areas in the region of Valencia. This aspect is of a strategic importance because if those obstacles could not conveniently be overcome, it could stop the efforts of diversification, productive modernization and the improvement of the already modest competitiveness of many rural businesses, mainly those micro enterprises in the disadvantaged rural areas.

Nevertheless, there are other important aspects that due to limitations of this paper are not included here, such as a more specific analysis of the entrepreneurship in lagging rural areas, the relation between education and training and entrepreneurship, the relationship between entrepreneurship and innovation, and finally the presence and importance of social and productive business networks in the rural areas in the region of Valencia.

After all this analysis we will provide a more integrated view of the importance of the structure and dynamics of economic and business sectors in lagging rural areas of the region of Valencia. The qualitative methodology is necessary in this type of analysis taking into account that rural micro-enterprises are often under-represented in the statistical sources (Congregado et al., for example, undertook an analysis of entrepreneurship at national level, and show other

feasible options to do at regional level), and on the other side due to the limited and poor available data for these businesses (so for example the entrepreneurship culture is often more a latent variable, itself not directly observable but associated with other variables such as technical progress or the introduction or adaptation of innovations). With this in mind, we have made in-depth interviews with a) Local Development Agents, and LEADER managers (40 interviews), b) rural entrepreneurs (both focus groups and individual interviews, 30 interviews); c) persons in charge for sectoral development policies, rural development programmes and policies and industrial policies in the Regional Government, and d) a small sample of directors of financial institutions (banks and savings banks) at the local level.

III.3. The territory

In Table 1 we may see the rural areas in the region of Valencia according to different criteria. If we use the more restrictive criterion, we see that almost half of the surface, and between one and two thirds of the Municipalities may be considered disadvantaged areas, but here they live only between 5 and 10% of the population. Other criteria used for example in the Rural Development Plan (2007-2013) put the figures at 90% of the area and about 20% of the population.

Table 1. The rural areas in the region of Valencia according to different criteria								
	1		2	3	4			5
	a)	b)			a)	b)	c)	
Territory (%)	46	26	76	72	41	14	10	49
Inhabitants (%)	6	15	14	11	3	4	10	5
Density (inhb/Km ²)	22	98	32	26	12	46	170	18
Municipalities (%)	61	24	63	58	38	22	13	37
Legend: • Rural (a) and intermediate (b) municipalities (Statistical National Agency); • OECD criteria (rural municipalities lower than 150 inh./Sq. km); • EUROSTAT criteria (rural municipalities lower than 100 inh. Sq.km) • Esparcia and Noguera (2000): disadvantaged (a), intermediate (b) and developed (c) rural municipalities. Source: Author.								

The classification of the territory in connection with the implementation of rural development programs PRODER and LEADER combined several criteria, and constitute one of the classifications more faithful to what they are rural areas in our region. In Figure 2 we have municipalities that belonged to the LEADER + Programme and PRODER 2 (2000-2006). The former can be regarded as disadvantaged rural areas in the region of Valencia, while the latter would be identified as intermediate rural areas.

Also using a combination of criteria (based on an adaptation of the OECD methodology), we developed an index of rurality (Fig. 3) which has also represented the Municipalities of LEADER Axis (period 2007-2013).

In disadvantaged and intermediate rural areas (areas of very high rural, medium or high) are present three major forces of change. First, the social economic dynamics associated with traditional farming and livestock activities. The two elements that characterize these activities are the growing decline in competitiveness, as well as the inadequacy of European policies and programmes to cope with this decline.

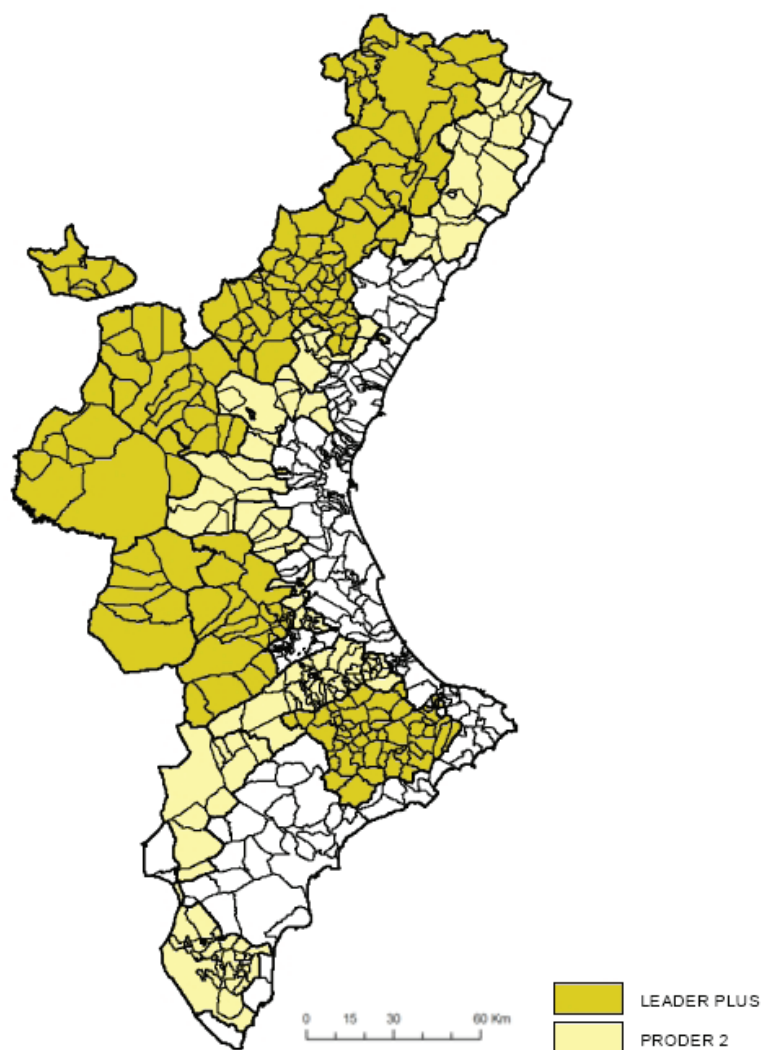


Fig. 2. LEADER + and PRODER 2 Municipalities

Source: author.

The second force of change is referred to the territorial changes, among which we have to emphasize, first, the relocation of activities and population from urban areas, mainly at intermediate rural areas and on the other hand, the new “roles” and activities in rural areas, shifting from traditional farming to some industries, residential activities and above all tourism and leisure.

And the third force of change is referred to the processes of social modernization, and in particular their effects on disadvantaged and intermediate rural areas. In particular, we must emphasize the improved income and living conditions, and new consumption patterns associated with greater mobility (which resulted in new or more intense demands of recreational and leisure activities).

However, in the most disadvantaged rural areas, the demographic crisis, economic and even social (disruption of local societies) has been deeper than in other rural areas. Similarly, social modernization processes are becoming

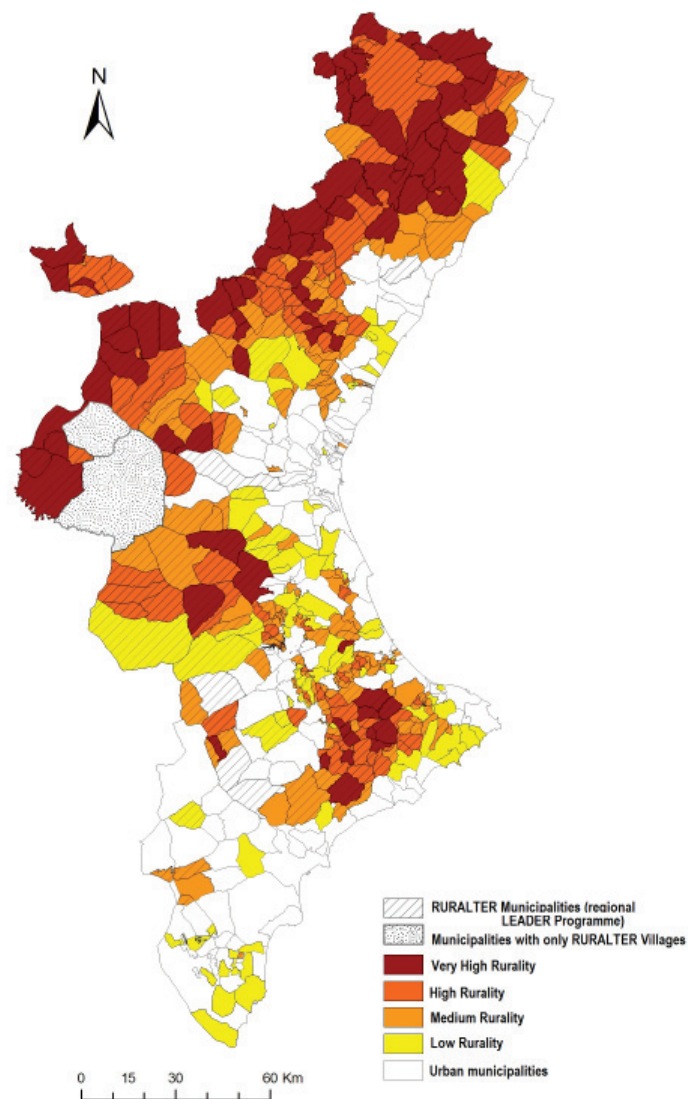


Fig. 3. Disadvantaged rural areas (using an index of rurality). 2000

Source: author.

less intense. Indicators such as industrial investment and job creation show that actually the situation and recent developments in these rural areas has been comparatively more negative. However, it is also true that in qualitative terms these and other indicators are significant, and constituting elements on which modestly, they can support the development dynamics. In the next section we give an overview of the economic sectors and activities with greater qualitative importance, as well as major bottlenecks.

IV. THE MAIN SECTORS AND PATTERNS: TOWARDS THE CONSOLIDATION OF THE MULTIFUNCTIONALITY OF THE RURAL AREAS?

Although as noted previously the presence of economic activities is not high in absolute terms in these rural areas (especially the most disadvantaged), from a qualitative point of view they are important, as basis for these timid

development dynamics. Interviews with experts and technicians precisely allow us to point out the importance of the territory, and also highlight a modest production diversity while spatial dispersion (Figs. 4 and 5). We could distinguish three major trends. First, the modernization process from the traditional rural economy. Indeed, it is interesting to note the efforts and progress toward modernization and integration activities of these, looking for more and better market positioning. For example, agriculture and livestock activities are most present, but they are detected such processes of change from productive activities to more advanced stages, such as food or food industry.

Secondly, we have many industries that constitute the productive tradition in many rural areas. Here is the textile, wood, crafts and extractive activities. The presence of the textile and metal industries is limited to a small number of locations, mainly in intermediate rural areas. A portion of these industries respond to historical locations (with a more traditional nature, as in the interior of the province of Castellón), but others respond to processes of relocation from urban areas in recent decades (and with a more modern, as we may found in the mountain area of La Serranía and the highlands of Requena-Utiel, in the inland of the province of Valencia, where the improvement of road communication is an essential explanatory factor).

In this same trend we may include ceramics, also between tradition and modernity. Historically its importance was significantly higher than the current one, and now it is a minor production and oriented to local market and rural tourism.

We have to differentiate these traditional crafts activities from the expanding ceramic industry from the Plana de Castellón, which have arrived to a several intermediate rural areas of the province. Activities around the wicker are also part of the artisan tradition in several intermediate areas in the region. And also, like others, is an activity immersed in an undergoing restructuring and modernization, in order to overcome and cope with stiff competition derived from the entry of goods from newly industrialized countries in this market. Therefore, all these sectors would be between tradition and modernity and in a process of adaptation to a new context derived from new products, new producers, and new demands (and sometimes, new markets). This process is often traumatic, with the disappearance of an important part of the activities.

In a third group of productive activities we have what might be regarded as new industrial sectors, at least for its presence in rural areas. This is the case of plastics, chemicals and construction. All of them are productive activities with a much more recent and therefore a limited tradition in rural areas. The construction is present in virtually all rural areas (at least until the recent crisis around 2007-08). This presence is derived mainly from the development of second homes and rural tourism. The case construction is curious because rural areas have been a source of labor to urban areas during the housing boom years. However, slowdown of this real estate boom is assuming a major increase in unemployment rates in rural areas, with consequent socio-economic problems that all of this implies.

In relation to the industries of plastics, paper and chemicals, they are present on a small scale and small locations mainly in intermediate areas. Their presence in these rural areas basically responds to the process of relocation from urban areas, mainly in the metropolitan area of Valencia, but not to a previous tradition (as it happened with the textile industry).

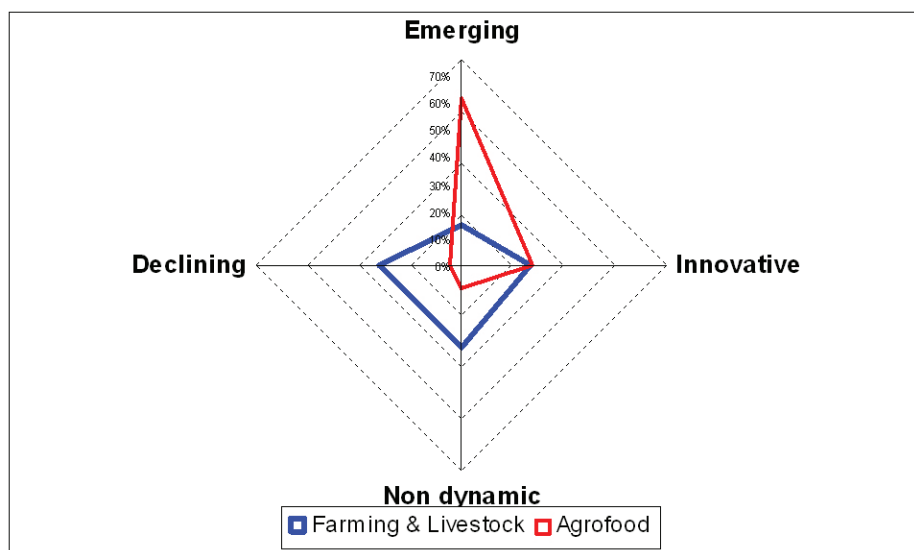


Fig. 4. Patterns in the industrial sector versus the service sector.

Source: author from personal interviews with managers, experts and local development agents.

But in addition to industrial sectors, their location and relative importance, a very important qualitative aspect detected by managers and experts is their current status, its degree of dynamism, that is to say, the nature of the sector and their “health” level. We have worked with four concepts to define the status of all the sectors present in rural areas (sector declining, stagnant -non-dynamic-, emerging and innovative, being of mutually exclusive categories). About 7% of respondents identified the sectors present in rural areas as in decline, while nearly one-third indicate that these sectors are “non-dynamic”, that is to say, that they are in a situation of stagnation. However, two thirds of the respondents identified the most important industrial sectors in their respective areas as dynamic sectors, and this is a very important both for optimism and, above all, because they reflect a relatively high potential development, at least in the medium term. Here we differentiate between sectors with only one emerging nature (40% of total responses) and those whose main characteristic is that they are clearly innovative sectors (22% of total responses)

In the case of service sectors the degree of diversification is comparatively lower. Basically we are in the presence, on the one hand, of activities linked to a medium quality rural tourism (although improving in recent years) and for a mainly regional market. Furthermore, we have the presence, already classical, of the traditional commercial services (which in any case are suffering from the competition resulting from the improvement of communications and the best supply of urban and peri-urban areas). Third, the sector of hotels and restaurants, which although is an emerging one, it is also underdeveloped. And finally we have tertiary services, mainly concentrated in the intermediate zones, around of which it has been developed a certain especialization.

Overall, the situation of the service sector is comparatively better valued by experts and managers, as only a quarter of the responses indicate that these sectors are, in their respective areas, in decline or stagnation. The most important is certainly the consideration that almost 40% of respondents indicate that in their areas the service sectors are emerging character, and 36% that are innovative. Therefore, although not without risks, the processes

of modernization and the growing presence of service activities in rural areas is a point of support for development strategies for these and the coming years.

In Figure 4 we have this compared view of the assessments done by managers and experts on the situation in the industrial and service sectors. As noted, it is considered that the situation of stagnation and decline are more present in industrial sectors, while service sectors tend to be more innovative (and this is mainly due to rural tourism and related activities that, from the LEADER and PRODER programmes, are introducing significant innovations). But it is noteworthy that an important portion of both craft-industrial and services activities are considered as emerging. And this is undoubtedly the focal point for support of the development dynamics in these rural areas. Beyond the current difficulties that certain areas or sectors are having, this shows that there can be a solid base for the development processes in the coming years.

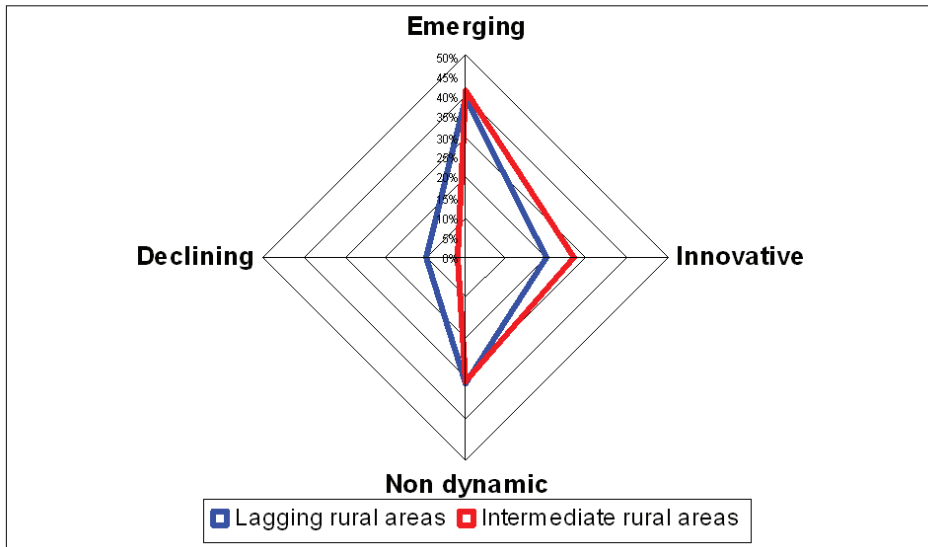
But as it has been pointed out the situation and potentials are not the same when we talk about intermediate rural areas or disadvantaged rural areas. If we refer to industrial activities (Fig. 5), the main differences are that in disadvantaged areas, in addition to being less present the industrial sectors, the decline situations are comparatively higher than in the intermediate areas (it also should be expected a greater presence of traditional industrial activities). The other distinguishing feature is that it is precisely the intermediate areas those which tend to concentrate more innovative activities.

In the case of services this pattern has a slight variation: indeed it is confirmed that the intermediate areas tend to be more innovative, but it is important to point out that disadvantaged areas are characterized by the presence of some service activities (that without losing some innovative character), are particularly noted for its emerging character. This helps to reinforce the idea that in rural areas in general and in the most disadvantaged in particular, are taking place an economic diversification processes aimed towards increasing multi-functionality of these rural areas. And a clear example of how these processes are taking place, are the traditional roles of rural areas, mainly around agriculture and livestock (Fig. 6). As we may see, in all rural areas of the region of Valencia, consulted experts and managers agreed that although some farming or livestock may be classified as emerging or innovative in some specific locations, most can be described as being in decline or, in the best case, stagnation (and this is where they would be most traditional farming or traditional livestock). But what is truly significant, supporting the hypothesis of such solid progress towards multi-functionality, is the emerging nature of the processes of transformation from agriculture and livestock, the agro-industry.

V. THE MAIN BUSINESS BOTTLENECKS

The business structure in rural areas of the region of Valencia has a number of characteristics, which act as a conditioner and in some cases, involves some difficulties. Among these features they are the family character and the small size. Indeed, in rural areas it predominate micro-enterprises, with fewer than 10 workers, and even in the most inner –and disadvantaged- areas they often do not exceed 5 workers (and as a long distance we may have companies between 6 and 25 workers); a parts of them are partially or totally family based. Just

a) Industrial sectors



b) Service sectors

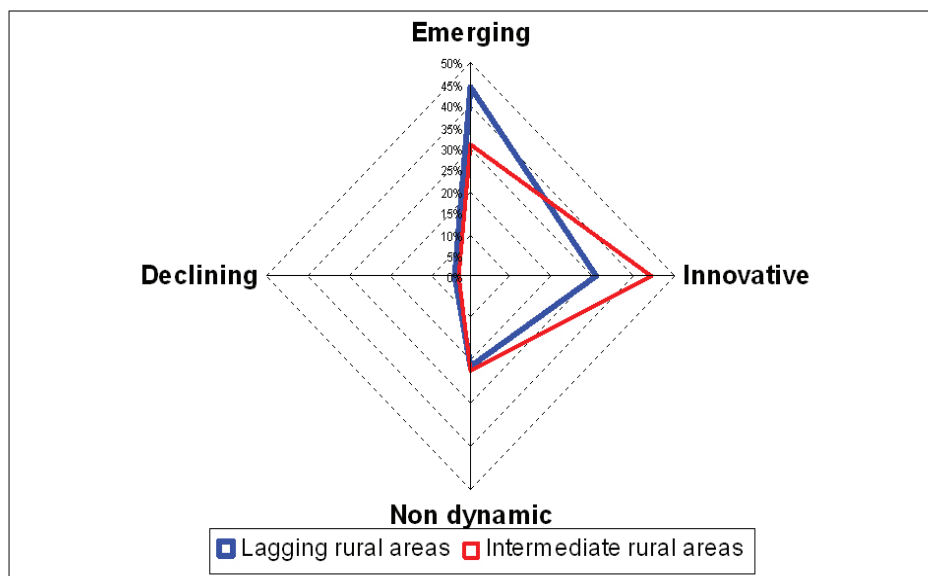


Fig. 5. Patterns in industrial and service sectors.

Source: author from personal interviews with managers, experts and local development agents.

about three of each four respondents in disadvantaged rural areas indicate that their own areas are dominated by small businesses, with less than 5 employees; this proportion is less than two out of four respondents in the intermediate rural areas.

Although usually it is said that small businesses are better able to respond and adapt to the changing market, in the case of micro-enterprises this is not true, being in fact a problem. In general, micro-enterprises in rural areas have to face two major types of problems, both internal and external. The first ones are identified as the most important, far away from the latter ones. Among the first ones we may point out, on the one hand, those

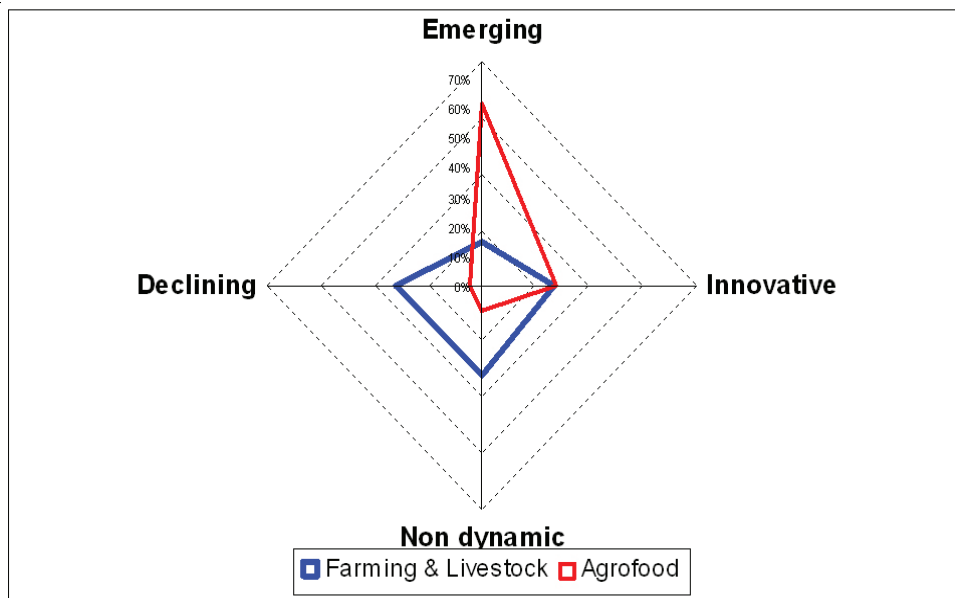


Fig. 6: Patterns in farming-livestock and agro-food activities

Source: author from personal interviews with managers, experts and local development agents.

problems resulting from poor or insufficient internal training of the owners or managers of companies and related to this, on the other hand, the management problems and inadequate or insufficient preparation for the effective management of enterprises. In turn, these internal problems contribute to other external problems, such as the reduced competitiveness and difficulties in marketing and extra-local market positioning. It is true that these constraints affect many companies, but especially the smaller ones and those located in disadvantaged areas. It is easy to understand that our rural micro-enterprises have great difficulty adapting to the context of increasing competition in which they must be positioned. These difficulties are real bottlenecks for many of these companies, condemning them to decline and stagnation, and in other cases to their disappearance.

A more detailed analysis gives us insight into the difficulties the rural enterprises have to face (Fig. 7). Interviews and surveys which indicate that, indeed, management, training, low levels of competitiveness, and reduced training are key issues. But there are environmental elements, linked in large part to the very rural location, which also represent major challenges for growth and / or maintenance of business. Among these “rural” conditions it highlights especially the situation of weakness in many of these areas and geographical constraints (for example isolation and / or insufficient or inadequate communications.) But there are other specific problems to the business community, as the few corporate networks, funding difficulties, or difficulties for an adequate generational replacement managing the businesses. Interestingly, restrictions on environmental, as well as those related to the availability of land, are not designated as fundamental. Many interviewees include such specific problems, related to the availability of land (and other associated problems, such as planning permissions), within the general “lack of dynamism” of the areas. But we could be facing a differentiated perception among experts and entrepreneurs themselves, because the latter use to point out, explicitly, the aspects relating to land supply and building permits as a major constraint to the expansion of its activities.

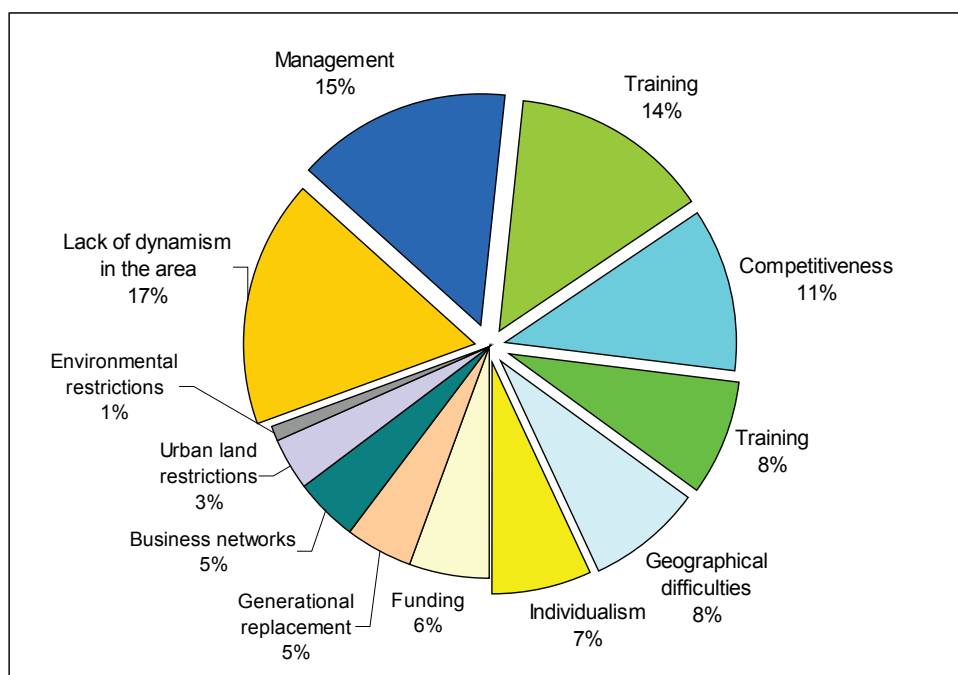


Fig. 7. Main business bottlenecks in rural small and micro companies.

Source: author from personal interviews with managers, experts and local development agents.

It is true, however, that these problems do not apply equally to all types of areas. For example the lack of training, the inadequate training in business management and the marketing difficulties are perceived as more important problems in intermediate areas rather than in the disadvantaged areas. Something similar happens with the networking and business cooperation, as well as problems related to the availability of land. These differences are due mainly that the businesses in disadvantaged areas have a smaller production scale and they work much more in local and smaller markets. However, in intermediate areas, with greater scale of production, larger competition and competitiveness and larger markets, the training for management and marketing, among other factors (availability of land, business networks, etc.) acquire a more strategic character. Thus, low owner –and labor- training, poor business management training, as well as insufficient or inadequate marketing of production are major obstacles to the expansion and / or maintenance of business. It is definitely a more competitive environment which explains the utmost importance that such obstacles have in intermediate rural areas compared to deprived rural areas.

In the latter, meanwhile, other factors take on greater importance, as with the difficulties of accessibility and generational replacement (it is logical that these difficulties are of a greater importance in these areas), and to a lesser extent, funding difficulties (obviously also higher here because its lower competitiveness, which is also perceived as a major problem compared with the intermediate areas). In general, in these remote and deprived rural areas the state of lethargy and stagnation is seen as a major obstacle, with the implications this has for competitiveness and, therefore, for social and economic viability of these rural areas.

VI. CONCLUDING REMARKS

From the analysis that we conducted in rural areas we can highlight different aspects. First, far from the general opinion on the low or almost no vitality of the business in the lagging rural areas, our work shows that in the case of the Valencian Region (however valid for many other Spanish rural) there are productive structures with certain vitality, with a strategic importance for these territories.

Second, it is important to note also that this network of small and micro-enterprises goes far beyond the almost typical rural tourism activities or for quality products, on which almost exclusively has focused a large part of European programmes for rural development (such as LEADER). However, in the Spanish case, the PRODER programme has contributed clearly to the promotion of diversification in many intermediate rural areas, and in sectors in which, for example, LEADER, has almost not arrived (even with the presence of the type of activities beyond the rural tourism and quality products).

Third, these productive structures are the main sources of diversification processes taking place in rural areas and, therefore, constitute a support for future economic development and sustainability of rural areas.

Fourth, in spite of that, we must distinguish the dynamism and growth of some sectors over others. Indeed, some sectors, those considered more traditional, are stagnating, but others are of an emerging nature, and even some of them are innovative, at least in these regional contexts. Often these most dynamic sectors are the result of decentralization or relocation of production from urban areas.

Fifth, we must also differentiate the dynamism and potential growth of some areas over others. Indeed these dynamic sectors, these processes of relocation of production tend to occur in intermediate more than in disadvantaged rural areas. The intermediate rural areas definitely have some significant potential for growth as well as socio-economic viability, significantly higher than that characterizes the poorer or disadvantaged rural areas. In these ones, regardless of rural tourism, few sectors and activities may have a leading role in economic transformation and improving the competitiveness of these territories.

Finally, even taking into account these differences between sectors and regions, rural areas in general face a number of obstacles, bigger and generally more severe than those affecting, for example, these same activities in other territories. Hence the viability of rural areas is seen partly threatened, and this explains the strategic importance that still have the design and / or implementation of coherent regional and territorial development strategies.

We are referring strategies that effectively involve local actors; that allow them to maximize the productive potential of these territories, of these sectors and these small and micro enterprises; and a strategies that include support mechanisms rooted in the actors and companies with their territory and that, ultimately, take advantage of the prospects arising from the intensification of rural-urban relations. Certainly, elements such as business and social networks, social capital, cooperation or the embeddedness mechanisms in local and extra-local spaces (in its social, network and territorial dimension, as Hess has shown, 2004), may play a key role in these strategies and, therefore, in the sustainability of lagging rural areas.

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