

NEO-ENDOGENOUS LOCAL DEVELOPMENT, TOURISM, AND INTERNATIONAL IMMIGRATION IN EL HIERRO, SPAIN

CRISTÓBAL MENDOZA , JOSEFINA DOMÍNGUEZ-MUJICA,
JUAN MANUEL PARREÑO-CASTELLANO & CLAUDIO MORENO-MEDINA

Dpt. of Geography/Institute for Textual Analysis and Applications (IATEXT), University of Las Palmas de Gran Canaria, Spain E-mail: cristobal.mendoza@ulpgc.es (Corresponding author)

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ABSTRACT

This article studies the role of international immigrants on enhancing economic and social diversity in El Hierro, potentially attracting more people, investment, and valorising local communities. It emphasizes the key characteristics of immigrants' entrepreneurs, including their diverse backgrounds as lifestyle/labour immigrants, competence in languages, typically low initial capitalization and often lack of prior entrepreneurial experience. Despite initial limited professionalization, these entrepreneurs introduce innovations in services and products and cultivate social capital within the local community, particularly among other foreign-born immigrants, and through transnational networks. This social capital is built upon personal relationships and mutual trust, promoting horizontal integration among businesses. These factors contribute to making the island a prime example of neo-endogenous development in left-behind areas. Yet, a high dependence on personal networks and local economic assets may affect negatively local development which needs more formalized and institutionalized support to create business environments for collaboration among stakeholders.

Key words: immigrant entrepreneurship; international migration; active tourism; social capital; El Hierro, Canary Islands, Spain; neo-endogenous local development

INTRODUCTION

As certain scarcely inhabited communities strive for economic advancement, and at times, for survival, there is an increasing acknowledgment of the positive impact of international immigration on local development in left-behind areas. Indeed, international immigrants have served or contributed to prevent or decelerate human depopulation in many European rural areas (Bayona-I-Carrasco & GIL-Alonso 2013; Hedlund *et al.* 2017) and labour immigration have played a pivotal role in the restructuring of agriculture and the economic transformation of European non-urban societies (e.g. Rye & Scott 2018). As recognized by public EU

documents, international immigration has the potential to make a significant contribution to local development and enhance rural resilience (e.g. Kalantaryan *et al.* 2020).

Rural areas hosting international immigrants in Europe often witness a distinct division between low-skilled workers in sectors such as agriculture and hospitality, and highly educated individuals who have chosen these regions for lifestyle preferences (Munkejord 2017; Mendoza 2023). Especially for the latter, international migration might bring in diverse perspectives, skills, and entrepreneurship. By injecting fresh skills and ideas into local industries, they might foster innovation and competitiveness, resulting eventually

in job creation and an increase in tax revenues (Eimermann 2016; Olmedo *et al.* 2023). This article explores the relationship between local development and international immigration in El Hierro (Canary Islands, Spain), emphasizing the importance of a synergistic approach that leverages the benefits of immigration for neo-endogenous development. In our case study, the catalyst for the connection between immigration and neo-endogenous development lies in the potential of a relatively untouched space characterized by stringent environmental protection, a sparse population, and the allure of a natural environment conducive to active tourism activities in the island.

This paper argues that adopting a neo-endogenous model of development serves as a more effective approach to address prevailing local development challenges in rural settings, serving as a starting point for citizen empowerment and engagement (MacKinnon *et al.* 2022). Emphasizing wellbeing over exclusively economic growth, this model offers a framework that encompasses all population groups by integrating quality of life considerations. The neo-endogenous paradigm also underscores the importance of collaboration between local and international stakeholders, facilitating the sharing of knowledge, resources, and expertise. It suggests that by finding a balance between local needs and global realities, rural societies can move towards a more sustainable and equitable future (Karampela *et al.* 2016; Gkartzios & Lowe 2019; Kluvankova *et al.* 2021).

This poses a significant challenge for small islands, like El Hierro, as they are required to maintain a considerable level of openness and integration with the external world to ensure their survival (Baldacchino 2006). Simultaneously, they must effectively compensate for their limited size by emphasizing a high quality of endogenous policy formulation and implementation (Armstrong & Read 1998). In essence, the concept of 'islandness' can be defined as a territorially specific environment characterized by distinct physical, social, and economic features, in which factors such as location, natural resources, landscape, social capital, and local governance may exert dynamic and intricate influences on entrepreneurial activity.

In this context, tourism development on small islands might facilitate strategies that prioritize environmental respect and diverge from mass tourism (Weaver 1991). However, the labour market in this sector on small islands may face challenges such as a lack of economies of scale and a shortage of skilled and manual workers. But, the isolation of these areas can create unique business opportunities (Jónsson & Sæmundsson 2006). Consequently, these regions can attract both long-term entrepreneurs interested in investing in specific tourism niches and individuals who relocate for lifestyle reasons, launching business initiatives to promote tourism activities. There may also be opportunities for labour immigrants, particularly in the retail, restaurant, and hospitality sectors, as well as in complementary activities that support alternative tourism-related businesses, such as selling ecological products (Caffyn 2012; Walker & Lee 2019).

This article delves into how international immigrants into tourism may enhance economic and social diversity in villages in El Hierro, potentially attracting more people, investment, and valorising local communities and place identities. For doing so, the paper first theoretically analyses neo-endogenous local development approach and international immigration, as well as demonstrating how links between entrepreneurship, social wellbeing and international immigration in island contexts are rarely studied in the academic literature. Subsequently it is presented the methodology used in the research project, upon which this paper is based. Later, the paper studies the active tourism in which international immigrants are leaders in enterprise creation, appreciating landscape, nature and local culture and turning them into profitable sustainable business. Secondly, the article goes studying the role of immigrants' capitals for developing neo-endogenous local development in El Hierro. This is done from the economic perspective (i.e., how immigrants can bring their skills and experience in local entrepreneurship) and from the social point of view (i.e., how immigrants ease social interactions and help create both economic and social networks). Third, it examines how social networks which are based on trust and mutual confidence facilitate the smooth exchange of

knowledge between businesses in the tourism sector. The article argues that this horizontal integration allows companies to work together and expand, in a context of low competition. Finally, some conclusions and reflections for further research are offered.

THEORETICAL BACKGROUND: NEO-ENDOGENOUS LOCAL DEVELOPMENT AND INTERNATIONAL IMMIGRATION

The neo-endogenous development approach has become a prominent paradigm within local development theories. It builds on the principles of endogenous development, which emphasizes local control, resources, and capacities (van der Ploeg & Marsden 2008; Vázquez-Barquero & Rodríguez-Cohard 2016), but, differently from the endogenous approach, the neo-endogenous perspective integrates external connections and influences to foster sustainable development. Therefore, economic growth is viewed not in isolation but in connection with external forces, emphasizing the pivotal role of effective networks in establishing extra-local connectivity, as key features of neo-endogenous development (Ray 2006; Gkartzios & Lowe 2019). By combining local empowerment with strategic external linkages, neo-endogenous development theory offers a nuanced and balanced approach to local development, and it addresses the limitations of traditional endogenous development and top-down approaches (Marango *et al.* 2021). Notably, neo-endogenous research reveals that local economies thrive through interactions between local-based businesses and those oriented outward (Bosworth & Atterton 2012), fostering eventually social innovation and civic values, facing challenges such as biophysical and market constraints, as well as limited public funding (Kluvankova *et al.* 2021).

This may certainly be the case of small islands given that islandness means that businesses have limited amounts of resources, difficult to achieve agglomeration effects, and access to the local market and logistics are limited due to physical characteristics (Rytkönen *et al.* 2019). Even though endogenous approaches are related to local developmental potential and building competitiveness from

local resources and participation, it is hard to be achieved outside the dynamic interactions between local areas and their wider environments (Karampela *et al.* 2016). This last is a main challenge for small islands because they must exhibit a 'generous degree of openness and integration with the outside world to survive' (Baldacchino 2006: 47), while they must compensate effectively for their small size by ensuring a high quality of endogenous policy formulation and implementation (Armstrong & Read 1998).

These ideas have nurtured the debate around which can be the appropriate model to best captures the structure, behaviour, and development strategy of small island economy (Oberst & McElroy 2007). From a macrostructure perspective, this development has been interpreted following three different models, according to the main pillars supporting them: the MIRAB model (Migration; Remittances; Aid; Bureaucracy) (Bertram & Watters 1985); the PROFIT model (People; Resource management; Overseas engagement and ultra-national recognition; Finance and taxation; Transportation) (Baldacchino 2006) and the SITE model (Small Islands Tourist Economies) (McElroy & Hamma 2010). In all of them, human mobility has an important role. In the former MIRAB model, local economies rely on the investment linked to remittances of emigration; in the PROFIT model, mobility is seen as a factor in the islands' bargaining with the outside world, attracting immigrants with the cyclical development of migration policies. Finally, the SITE model links human mobility to tourism development. In this regard, it has been observed that immigrant entrepreneurship in rural areas is notably prevalent in the tourism sectors, because it is somehow perceived as an industry with low entry barriers (Lundmark *et al.* 2014) and also because tourism supports what Carson and Carson (2018) refer to as 'lifestyle entrepreneurship'.

From a microstructure perspective, it is essential to supplement these macro models by paying attention to the social capital specific to locations. Precisely, the neo-endogenous local development model places the social capital concept in a prominent understanding (Ray 2006; Bosworth *et al.* 2016). Social capital, encompassing both bonding capitals,

within a community, and bridging capital, between a community and external actors (Putnam 2000), is cultivated within specific socioeconomic contexts. International immigrants often possess a diverse range of both types of social capital. Consequently, this article delves into the social capital of international immigrants in El Hierro and explores its role in local development. Despite calls for critical research on how social capital drives territorial development in isolated areas (e.g., Wiesinger 2007), the central premise here is that social capital must be activated to be meaningful. Furthermore, while social networks create conditions for the flourishing of collective efficacy, they alone are insufficient for the exercise of social cohesion, as interactions are deeply embedded in local traditions, and the production of social order is inherently local (Jørgensen *et al.* 2021).

The current body of literature on immigrants' social capital, primarily concentrated in urban centres, stresses the significance of intra-immigrant bonding networks in entrepreneurial behaviour. Access to these social capital resources is linked to group solidarity, rooted in expectations of mutual support among members of the same immigrant community. Numerous studies indicate that self-employed immigrants extensively use bonding capital, particularly for access to financial resources, cost-effective and reliable labour, and business-related information (e.g. Kanas *et al.* 2009; Sommer & Gamper 2018). A distinctive source of bonding social capital arises from transnational social networks, viewed as an alternative form of economic adaptation for foreign minorities in advanced societies (Portes *et al.* 2002). These transnational ties can positively impact local development by providing financial resources, fostering trade connections, and facilitating the transfer of skills and ideas at an international level. Finally, only a limited number of studies have empirically explored the impact of bridging social capital between immigrants and the host society, let alone developed theories regarding the relevance of this type of capital to immigrant entrepreneurship (Kanas *et al.* 2009; Mendoza 2023).

The neo-endogenous development model maintains its focus on local participation and the local determination of key priorities. This

approach positions local communities at the forefront of development processes, highlighting their agency, resources, and capacities. In this context, the social capital of individuals, encompassing both new and longstanding residents, is intricately linked with the local economy, social fabric, and institutional framework (Marango *et al.* 2021). Place-based social capital, in this sense, may contribute to stimulate economic and social innovations that emerge in an action arena, where actors agree on common principles and goals (Jørgensen *et al.* 2021). Moreover, mobilizing social capital through territorial ties sheds light on social relations that defy portrayals of rural areas (and more generally left-behind areas) as stable, stagnant, backward, and unproductive. This functions as a counter-narrative to discourses on periphery and feelings of powerlessness, fostering in turn place identity and local governance processes (Svendsen 2013; Willett & Lang 2018).

METHODOLOGY

This article is based on the ELDEMOR project which analyses international immigration and its impact on local development in four peripheral areas in Portugal and Spain, including El Hierro, in the outermost region of the Canary Islands, Spain. In line with project's objectives, this article examines economic immigrant pathways to identify economic projects managed and/or supported by immigrants and present successful experiences concerning local development.

The methodology of the project consists in multi-sited research that relies mainly on qualitative methods applied to carefully pre-selected case studies. This selection was done through a comprehensive statistical analysis of municipal data obtained from the Spanish National Statistics Institute (INE) concerning the population living in El Hierro. The island comprises several small localities spread across three municipalities (Valverde, Frontera, and El Pinar), surrounded by extensive areas of protected natural spaces, constituting approximately 60% of the island's surface, along with some low-productivity grazing and cultivation lands. Additionally, a marine reserve named Mar de las Calmas is included within the protected area (Figure 1).

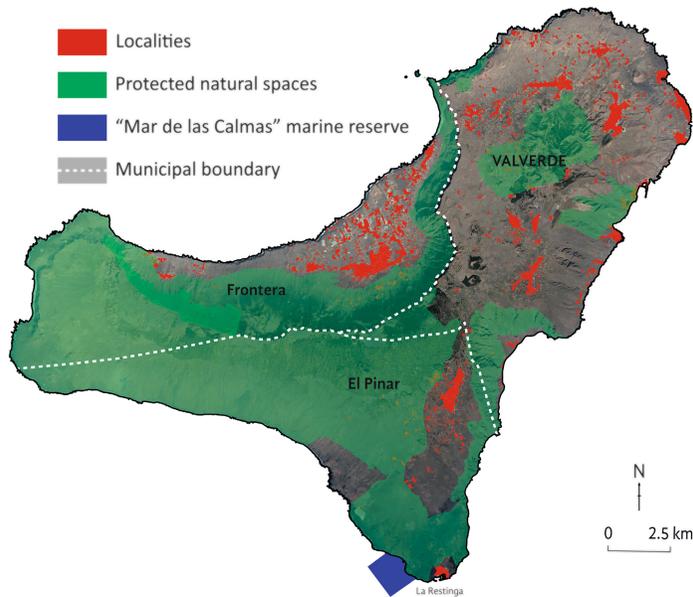


Figure 1. Study area: El Hierro island. Source: Authors from IDECanarias data.

In El Hierro, a total of 20 in-depth interviews with economically-active foreign-born immigrants were undertaken. Except for two digital nomads who were working for companies in their home countries, the interviewees were employed in various tourism-related industries on the island, including hotels and tourist accommodation (4), restaurants and the retail sector (5), and active tourism activities, such as diving, cycling, and hiking (9). The immigrants' information is complemented by material from eight semi-structured interviews with key informants, basically policymakers and employers in El Hierro. These informants emphasized that foreign-born immigrants were crucial for the development of active tourism (indeed, they facilitated contact with some interviewees).

Interviewees were selected through a snowballing technique. In the first place, local contacts from the public administration and entrepreneurial associations help identify foreign-born immigrants, providing us information on possible participants in the research. Because of several ways of access, potential bias was prevented. Interviews were structured along three main dimensions – economic, social, and environmental. Although the research did not attempt to achieve a representative sample, it is distributed between

immigrant entrepreneurs (8), self-employed workers (8), and employees (4). Immigrants are heterogeneous concerning their country of birth, being distributed between those coming from other European Union countries (13) and Latin America (6), plus one person from Ukraine. We also tried that informants were balanced by sex, even if women outnumbered men in the non-representative survey (12 women and eight men), and covered various age groups, although they were mainly experienced employees and entrepreneurs (average age, 54 years) who have lived in El Hierro for at least one year. All this resulted in a broad spectrum of immigrants' labour incorporations.

The interviews had an average length of one hour and they were carried out at the time and place of the interviewee's choice. Finally, participants were assured that the collected data would be anonymized. Interviews were recorded, transcribed and analysed through a content analysis method. First, the codes were defined and classified, according to the interview sections. Second, using free MAXQDA software, the interviews were labelled, and extracts were grouped into different topics. In addition, a systematic reading and analysis of this information enabled abstracting and selecting relevant quotations.

ENVIRONMENT AND SOCIETY: EL HIERRO ISLAND CONTEXT

El Hierro is situated at the southwestern extremity of the Canary Islands (Spain), an Outermost Region (OR) of the European Union. Spanning 268.71 km² and a maximum elevation above sea level at Pico de Malpaso (1501 m), it boasts the highest relative concentration of volcanic cones among the archipelago. From a biogeographic perspective, the island's landscape is remarkably diverse, featuring a tiered arrangement of ecosystems (coastal scrub, thermophilic juniper forest, green health and pine forest). Thus, the island's distinctive status is emphasized by its environmental uniqueness, derived from both its relict flora and its volcanic origin, observable not only in the emerged areas of the island but also beneath the sea (see Figure 2). These factors led to the UNESCO designation of El Hierro as a Biosphere Reserve in 2000 and a Geopark in 2014. These elements might contribute to the island's appeal to tourists, offering an environment largely untouched by

significant human alterations (Dóniz-Páez & Pérez 2023).

The population of El Hierro is modest, reaching only 11,423 inhabitants according to the 2022 census (yet interviewed key informants suggest that permanent residents would be only around 8000–9000). Historically, population growth has been minimal or negative, marked by periods of significant emigration due to limited productive resources, specifically water and fertile soil. This historical context has led to El Hierro being perceived as a marginalized location within the Canary Islands. Between the 1940s and 1980s, emigration intensified, directed both towards other island of the archipelago and Venezuela, establishing migration circuits that encouraged investment through remittances and periodic visits from emigrants.

Since the last decades of the twentieth century, human mobility underwent increased complexity. The economic dynamism spurred by the expansion of tropical crops, the growing recognition of island wines and increasing tourism was accompanied by a notable influx of



Figure 2. Landscape of El Golfo Valley (Frontera). Source: Authors.

labour immigration, predominantly comprised of foreign-born immigrants, returnees, and their families. According to the Continuous Census Population (INE 2023), the foreign-born population constitutes 28% of the total population in 2022, with a significant presence of individuals born in Latin America and the Caribbean (comprising 73% of the total foreign-born population) and Europe (23%). Diverse immigration patterns are found in the island: labour immigrants who seek employment opportunities in trade and hospitality, lifestyle immigrants who are drawn by the island's scenic beauty (including those seeking retirement locations and those in search of new business prospects), and finally former emigrants and their descendants, particularly from Venezuela. In contrast to this trend, there is a concurrent emigration of young people from El Hierro when they begin higher education. In other words, with the exception of the period 2014–18 affected by the economic crisis, population growth primarily hinges on inbound migration, particularly from overseas (as seen in Figure 3).

All these population flows have established a distinct migration pattern in El Hierro, transforming the once left-behind island into a place of opportunities. In this regard, the possibilities of an environment of singular attractiveness with landscapes of great beauty (plus the sustainability measures adopted to preserve the conservation of a large part of the island) have promoted a unique tourist development

consisting in small hotels, tourist apartments, vacation homes, restaurants and businesses linked to the so-called active tourism (diving, parapenting, etc.) These latter enterprises are basically run by foreigners. This is further developed in the next section.

THE ECONOMIC 'ASSET' OF THE ISLAND NATURE: AN OPPORTUNITY FOR ACTIVE TOURISM

The development of tourism in El Hierro has diverged from reliance on major tour operators and has adopted a model that prioritizes the island's local resources. This approach avoids mass tourism in favour of a more sustainable framework. According to data from the Tourist Accommodation Survey (ISTAC 2024), the majority of visitors hailed from national and Central/Western European origins. Notably, Germany, Great Britain, and France emerged as the primary source countries, with supplementary contributions from Switzerland, Belgium, Italy, and Scandinavia. Seasonal patterns vary depending on the tourist origins: Domestic travellers tend to visit El Hierro during summer months, public holidays, and weekends, while international visitors prefer the period spanning from autumn to spring. Yet, both groups typically engage in brief stays, rarely exceeding five days on average.



Figure 3. *El Hierro population, by place of birth (2003–2022)*. Source: Authors from INE (2023).

Based on insights provided by a key informant from El Hierro's island administration, the majority of tourists arrive either individually or in small- to medium-sized groups. In the latter scenario, often facilitated by tourist agencies, they typically accommodate themselves in the limited hotel options available and in numerous small holiday homes, scattered across the island. Drawn by the allure of the island's relatively unexplored natural resources, some tourists opt for an active holiday, engaging in recreational activities, sports, and adventures. Consequently, as of September 2022, according to data facilitated by the Canary Islands government, in El Hierro, there were 13 registered diving and snorkelling enterprises, four companies specialized in hiking, two in cycling, two in paragliding, one in caving, one in stargazing, and one in recreational guidance in nature. Additionally, beyond these 24 island-based companies, 188 companies from other islands of the archipelago provide similar services here. The range of active tourism on offer is notable both in terms of quantity and variety, especially given the island's small size.

The advancement of active tourism has propelled and broadened the economic landscape of the island. It has positively influenced the island's tourist image as a sustainable alternative, resulting in a reduced ecological impact and higher added value per tourist. This collective impact also benefits other sectors of the local economy. These attributes have been affirmed by various interviewees, including contacted tour operators which mentioned that the additional expenses associated with travelling from mainland Europe to El Hierro due to limited connectivity shape the preferences of tourists on the island. Thus, visitors seek to immerse themselves in an active experience within an environmentally sustainable less-crowded atmosphere, which ideally aligns with responsible environmental practices. However, despite the advantages of active tourism, its potential for growth is hampered by significant limitations across various aspects of the tourism system itself, as also noted in prior research, such as the lack of qualified professionals with appropriate certifications, a low connectivity with specific markets (e.g. the Nordic countries), and a general lack of accommodation

on the island (e.g. Varisco 2013; Morrison et al. 2018).

Furthermore, it is relevant to note that active tourism forms part of a tourism development model that is somehow exogenous to the island's social dynamics and its local economy, which predominantly relies on public funding and, to a lesser extent, agricultural activities and retailing. This is summarized by an interviewed foreign-born tour guide:

There are limited employment opportunities here, apart from jobs in the public administration. Indeed, over half of the population is employed by the *Cabildo* (island's administration) and *ayuntamientos* (local administration). The other employment sources are the supermarkets, the cooperative down in Frontera and the banana and pineapple agriculture. But, for the rest, the businesses you see are small shops. This island unfortunately lives off subsidies, because in terms of production, it's not much. (Venezuelan female, 59, tour guide)

Indeed, when the local population are involved in tourism, they primarily engage in holiday home rentals, as emphasized by a key informant from the island's tourism department. By contrast, the development of the active tourism businesses is closely tied to the influx of foreigners, to the extent that it can be argued that it is the immigrant population that has certainly recognized El Hierro's potential for active tourism. Hence, there exists a notable disparity in the approach towards tourism activities between the residents of El Hierro, who often exhibit a certain level of conservatism, focusing on holiday rentals, and foreigners, who own active tourism businesses, advocating for a distinct form of productive specialization. This contrast does not necessarily imply that local people fail to recognize the significance of tourism and territorial resources for the island's development. Rather, the local population has tended to channel their investments into sectors perceived to have a lower risk (Martín Fernández 2009).

In short, El Hierro has adopted a tourism model that prioritizes its territorial resources and operates independently of major tour operators. A modest number of both domestic and international tourists visit the island, with some seeking out nature-based activities.

Despite its constraints, active tourism has significantly contributed to the island's economy and society. The involvement of immigrant entrepreneurs plays a pivotal role in driving the development of these activities, as demonstrated next section.

IMMIGRANT ENTREPRENEURSHIP

In this section, our focus is on immigrant entrepreneurship, and the impact of international immigrants' characteristics on nurturing innovative economic pathways in El Hierro. Initially, one might assume that interviewees were financially well-off upon arrival. However, from their narratives, it becomes evident that their economic capital does not play a prominent role in the success of businesses. The following excerpt is from Pietro, an Italian citizen who, along with his partner, repeatedly visited the island as tourists and finally decided to relocate to El Hierro. In his words:

My wife and I initially visited the island for a three-day diving experience in the marine reserve in 2006, and instantly fell in love with its charm. Over the course of three years, we found ourselves returning repeatedly, eventually deciding to sell our house in Italy and purchase a property in El Hierro (...) Initially uncertain about our plans, my background as a tourist guide and a connection with a tour operator led us to establish a hiking business here (...) We began as self-employed individuals offering hiking activities. Over time, our enterprise evolved into a travel agency, enabling us to offer comprehensive tourist packages. (Italian male, 71, self-employed worker in active tourism)

Pietro expressed that he and his wife 'fell in love with the charm' of the island. This sentiment is echoed in numerous accounts, particularly among individuals from European Union countries, such as Selene, a German woman who, seeking distance after a sentimental breakup, chose to make El Hierro her new residence. In a quest for a new life, she also sold her house in Germany. In interview, Selene explained that her accommodation business was not conventional, since 'the goal is not to run a business, but to create a space for gathering and cultural activities in the

community'. Her decision aligns with existing literature on lifestyle immigration, which suggests that international immigrants frequently choose entrepreneurship to strike a suitable balance between their personal and professional lives in a new environment (Stone & Stubbs 2007; Carson *et al.* 2018). Often, these businesses are intentionally limited in size and capital, possibly driven by a concern that excessive success might disrupt their desired work-life balance (Benson & O'Reilly 2009). In fact, the entrepreneurs interviewed shared that they tend to be self-employed workers and employers holding small, family-run businesses, often without hired employees (see also Müller & Jansson 2007; Carson & Carson 2018). Indeed, this applies to Isabel, a Venezuelan citizen who manages a small hotel owned by her aunt residing in Canada. The hotel, newly established and currently operational, only has two employees – Isabel herself and an uncle responsible for maintenance tasks.

I arrived in El Hierro because a friend of mine, whose family has roots in El Hierro, strongly urged me to do so. Following my divorce in 2016, given the complicated situation in Venezuela and with the support of my friend, I relocated here with my mother and daughter and began to work in my friend's restaurant. Two years ago, my aunt visited me, and she was captivated by the island. She expressed interest in investing if I came across a promising opportunity. That opportunity came up as a nearly ready-to-launch small hotel. My aunt financially supported the project, and I handled all the bureaucratic processes, which proved to be challenging and unpredictable. Now, this is a family business. (Venezuelan female, 42, hotel manager)

In contrast to previous interviewees, Isabel's decision was not driven by lifestyle considerations but rather by a compelling need for change in her life, exacerbated by an unstable economic and political situation in her home country. In this instance, her social and family network played a crucial role in influencing her decision to move into El Hierro and to start a little business (hotel).

It also becomes evident that university education and prior training, while occasionally

beneficial, only provide a limited understanding of the professional trajectories of interviewees. Notably, the majority of entrepreneurs and self-employed individuals interviewed (15 of the 16, plus two managers like Isabel) embarked on entrepreneurial activities for the first time on their lives, as also observed by Hoey (2005). This trend is exemplified by Isabel (lawyer in Venezuela) and Lara, who transitioned from an administrative job in Ukraine to initiating a career in the restaurant industry from scratch in El Hierro.

In 2005, at the age of 37, I arrived through family reunion. Initially, I've got a job as a kitchen assistant at a hotel, despite lacking any prior experience in the restaurant industry (...) Because of poor benefits, the restaurant's owner decided to close the business and I was asked if I wanted to take over it. I accepted the challenge, and I became self-employed in 2008 (...) In December 2010, I eventually discovered a promising venture in another place of the island and relocated with my child. Over time, my cuisine became recognized, and now, the business works. (Ukrainian female, 55, restaurant owner)

Several messages emerge from the interviews. First, the businesses established by immigrants tend to be small-scale, often with few or no employees. This aligns with the literature on lifestyle immigration, which emphasizes that businesses created by such immigrants intentionally remain limited in size and capital (Benson & O'Reilly 2009; Carson *et al.* 2018). In our fieldwork, immigrants relied on their savings to start businesses, selling, in some cases, properties in their home countries. In the process, bank loans and subsidies play a marginal role. Second, in the narratives of immigrants from Central and Western Europe, a shift in lifestyle emerges as a prominent reason for moving to the island. This is in line with previous research (Benson & O'Reilly 2009; Kordel & Pohle 2018), indicating that immigration is driven by a quest for a better way of life and is often built upon the idealization of a place and preconceived images of the 'idyllic rural' (Benson & Osbaldiston 2014). Third, lifestyle considerations are of little importance for Eastern Europe and Latin American immigrants. For them, networks play a crucial role in understanding their arrival on the island,

resembling a more traditional labour migration. However, successful transitions from employees to business owners in sectors like restaurants and accommodation have been observed over time. This conforms to the idea expressed by key informants that entrepreneurship is driven by international immigration, regardless of their reason for moving into El Hierro. Fourth, human capital and prior labour experience offer limited insights into the professional trajectories of interviewees. Many entrepreneurs and self-employed individuals started entrepreneurial activities for the first time in their lives. Fifth, as highlighted by the last interviewee, social capital, specifically being a 'familiar face' in the community, is crucial for understanding business success. This aspect will be further explored in the following section.

BUILDING TRUST: THE SOCIAL CONTEXT

The fieldwork has unequivocally demonstrated the significance of social networks in facilitating business operations in El Hierro. When examining social networks, various layers become apparent. The primary distinction lies between networks formed within the immigrant community (referred to as 'bonding capital') and those established between immigrants and the host community (i.e. 'bridging capital', in line with Putnam's classical definition). During the fieldwork, it became noticeable that companies operating in the active tourism sector, primarily managed by foreign-born immigrants, effectively disseminate information within their networks. In doing so, these companies and individuals forge trust-based relationships that reinforce solidarity and contribute to business enhancement. This successful horizontal integration plays a key role in the growth of companies, leading to an increase in size, revenue, and the eventual diversification of product offerings. To illustrate, consider the case of a self-employed tourist guide who obtains benefits from collaborating with colleagues within her personal/business network.

I am very lucky. E. and P. (an Italian couple who own a hiking company) have connections with a travel agency in Las Palmas. On a weekly basis, a group from this agency visits the island, and if

E. and P. are busy, they redirect the group to me (...) Additionally, R., a German tourist guide, collaborates with cruise companies. He is their local partner on the island, and he eventually shares relevant information with all tourist guides. So, I also work with cruise groups. (Czech female, 39, self-employed tourist guide)

In the same line, and following the last example, a German national who is also involved in active tourism activities explained in interview the kind of business relation he has with R., the contact with cruise companies.

R. oversees everything, handling all bureaucratic procedures with the cruise company. He coordinates the comprehensive package for tourists. If tourists express interest in a biking tour, he reaches out to me. While engaging our services typically involves signing a contract with us, in this scenario, he assumes full responsibility. It could be described as a subcontracting arrangement. (German male, 59, self-employed tourist guide).

Previous examples show connections between companies managed by immigrants from various nationalities. Immigrants are also highly engaged in maintaining transnational ties with their countries of origin. The literature on transnational social networks, predominantly focused on U.S. immigration, often emphasizes the positive impact of these connections on local development through financial support, trade promotion, and the exchange of skills and ideas (e.g. Portes *et al.* 2002). Our fieldwork presents a similar viewpoint, in the sense that immigrants' networks with countries of origin contributes to business activities. For example, an interviewed German national highlighted that the success of her diving company, financed by German capital and catering primarily to German clientele, heavily depends on the presence of German-speaking employees at the El Hierro branch. According to her, the absence of these employees in the past posed challenges for the company, underscoring the pivotal role played by transnational networks in facilitating business.

E. (company name) contacted me, expressing the need for a diving instructor in El Hierro

due to the language barrier with the manager at that time who could only express some German words. Upon my arrival, being a German native with proficiency in English and some Spanish, the business experienced significant growth (...) In all the company, there is consistently a German native, as 90% of the clientele comprises Germans. (German female, 54, employed diving centre manager)

This idea was bluntly expressed by Heidi, stating, 'We know how Germans think, and we know what they are interested in. This is our advantage'. Additionally, in her interview, she introduced another dimension of social networks, those established between immigrants and the host society. She illustrated this by explaining that their hiking picnic enterprise utilizes local cheese made by a neighbour. Similarly, Isabel recommends a restaurant owned by her friend ('the restaurant offers a free wine glass to our customers'), where she had worked when she first arrived in El Hierro. Each of these passages highlights the favourable aspects of social networks in facilitating local businesses. However, networks built on friendship and trust can also pose challenges, as companies and individuals lacking these connections may encounter significant difficulties in establishing a distinct presence in the local economy. Pietro, an Italian national, who is very critical with quality standards on the island, explains his experience with the following words:

As a foreigner, there isn't much support. They are all "cousins" here. Everyone here is interconnected with family ties. They tend to assist each other. I tried hard to establish a restaurant following a "kilometre zero" philosophy, but it proved challenging because the locally caught fish is being sold to acquaintances (...) I was instigated to hatred by locals (...) Speaking your mind here is difficult, people are afraid of losing their jobs. (Italian male, 51, hotel owner)

Hence, 'friendship' is deemed a value worth safeguarding, as highlighted by Judith, a tourist guide. She is aware of the existence of unlicensed tourist guides who often accept cash payments. However, she chooses to 'remain discreet' because, in such a small island, 'it's better not to have enemies'. Thus, the

size of the island constitutes another form of limitation.

Several insights emerge from previous interviews. The initial observation is that horizontal integration among various enterprises in the tourism sector, encompassing both active tourism and accommodation, proves effective. This collaborative approach allows companies to work together and expand. The limited touristic offer and low competition in the sector facilitate the smooth exchange of knowledge among businesses. Secondly, these collaborative networks primarily stem from friendships or, at the very least, a general sense of camaraderie, within a small geographical area. The noteworthy presence of foreign-born individuals in a significant share of the active tourism is key for understanding the flow of information, as many connections are established along 'ethnic' lines, such as with Germans. Thirdly, foreign-born individuals exhibit a special interest in promoting local products, such as wine and cheese, provoking a beneficial spill-over effect on local industries, restaurants and shops. Fourthly, networks built on friendships can act as a disruptive factor in business competitiveness, as those outside the established 'circle' may encounter challenges when attempting to develop their companies.

CONCLUSIONS: A NEO-ENDOGENOUS (IMPERFECT) DEVELOPMENT MODEL

This article has studied the role of international immigrants on enhancing economic and social diversity in El Hierro, specifically in the tourism sector, potentially attracting more people, investment, and valorising local communities. It has emphasized the key characteristics of these entrepreneurs, including their diverse backgrounds as lifestyle/labour immigrants, their typically low initial capitalization, limited professionalization, and often inadequate formal training or prior entrepreneurial experience. As for Western and Central European immigrants, their typical profile often mirrors that of lifestyle immigrants, characterized by a strong proficiency in multiple languages, which serves as their primary competitive advantage, along with occasional preliminary knowledge of the industry. The

decision to pursue entrepreneurship though is not easy and often involves several years, including an initial period of multi-residency. Conversely, immigrants from Latin America and Eastern Europe often engage in less specialized activities, such as restaurants and retailing. For this group, family networks are crucial for understanding their arrival on the island. Regardless their origin, these entrepreneurs introduce innovations in the services and products they offer and cultivate social capital within the local community, particularly among other foreign-born immigrants on the island, and through transnational networks. This social capital is built upon personal relationships and mutual trust, promoting horizontal integration among businesses on the island.

All of these factors contribute to making the island a prime example of neo-endogenous development in left-behind areas. Immigrant social capital, resulting from a combination of bonding and bridging connections, acts as a driving force for innovation and emerges as the central component of this model on the island. Additionally, sustainability and a certain degree of endogeneity play significant roles. Taken together, these factors suggest that, in its early stages, the island appears to be adopting a PROFIT model, wherein environmental sustainability, supported by eco-friendly activities like active tourism, serves as the distinguishing and key component. In this regard, it is important to highlight that the diverse sources of tourism – from hotels to active tourism – and their spill-over effects on other services, such as restaurants and retail, serve as the driving economic force of the island's economy and the main employer of immigrants. In fact, a significant portion of active tourism businesses are established by immigrants from Western and Central Europe. As suggested by Müller (2021), tourism triggers migration, and migration triggers tourism. However, several factors, including remoteness and insularity (which pose challenges in offshore communication and for obtaining essential business inputs), the island's small size and the inability to benefit from economies of scale, alongside the emigration of the young population and high levels of public subsidies, may potentially limit

the effectiveness of this model. Nonetheless, we posit that the levels of social engagement and occasional governance, along with the advancement of human capital, are factors that contribute to nurturing a neo-endogenous development model, albeit one that is imperfect.

Among the five defining characteristics of neo-endogenous development outlined by van der Ploeg and Marsden (2008), the advancement of social engagement within local communities appears to require the most significant future progression. Despite initiatives like the Local Development Strategy 2014–2020 and the voluntary efforts of certain administrative bodies, the forthcoming challenge should centre on addressing coordination issues among stakeholders, facilitating collective action (such as through associations), and enhancing local human capital through training programs tailored for territorial development. Consequently, the success of the model hinges on the establishment of new institutional frameworks that incentivize young people staying on El Hierro as a feasible choice for their future.

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