ABSTRACT

Small business researchers have explored how entrepreneurs benefit from their existing networks and social capital in venture creation, observing that better connections enhance the likelihood of the success of new businesses. However, we know very little about how new-venture entrepreneurs overcome gaps in their social capital and lack of access to networks. This research provides a case-study illustrating how a rural funeral business developed a sustainable, profitable and scalable crematorium venture through its owner’s instrumental use of his existing social capital and the purposeful recruitment of new members to fill gaps in expertise and resources. Combining these relationships, he created and managed a network which added significant value to the process of enterprise creation. We explore how the business-owner used this network and his own market knowledge to profitably exploit a perceived gap in the market through the provision of a facility which a local authority had previously considered, and rejected, as unsustainable because of insufficient population density in the region.

This case study, of a funeral and crematorium business in a rural location builds on Bosworth’s (2012) model and argues that an additional category (Type E) is required to incorporate rural service industries.

This case study presents Informal Shadowing as a new methodological approach. This technique follows a process of new enterprise development over many years using observation, semi-structured interviews, unstructured informal conversations, and documentary evidence of milestones such as planning permission granted and business launch. It is the process itself which is shadowed, as distinct from the individual, making this a novel and innovative technique.

An alternative semantic construct of social capital is presented, outlining the concept as a fluid and dynamic time-influenced phenomenon rather than a discrete, fixed network that occasionally creates new links. The concepts of core and augmented social capital are presented. Core social
capital describes existing bonds between actors within a group, while the augmented social capital of inter-group bridging creates a more expansive network.
INTRODUCTION

Whilst the study of rural entrepreneurship is nothing new - the annual conference of rural entrepreneurship is now in its thirteenth year - key parameters of this subject are still lacking a conceptual framework for analysis. However, Bosworth (2012) provides an insightful approach in reducing this particular deficit with his significant paper in determining a key agent in the rural economy namely ‘a rural business’. This paper seeks to build on Bosworths’ model using a case study analysing the decade-long process of building a privately-owned and managed rural business - a crematorium. The process of growth of the business is of particular interest because it offers an insight into an ‘untypical’ rural business. Furthermore it is in a location where it is not meant to be ‘feasible’ for such a business to survive let alone grow.¹

Much has been discussed about how rural businesses utilise social capital as a means to compensate for the lack of ‘entrepreneurial thickness’ within the rural economy in order both to survive and grow (Anderson et al., 2009, Callaghan el al., 2011, Teilmann, 2012, Fisher, 2013). Although rural businesses are small, their collective impact on the rural economy is significant relative to their size, and the health and well-being of rural small businesses is intertwined with that of their host regions. The loss or gain of a single job can have a disproportionate effect on the rural economy in which the business is located (Anderson et al. 2009). To encourage the rural economy, policy makers have been increasingly interested in social capital as a tool in rural business development (Sutherland & Burton, 2011).

Social capital is inherent in the indigenous development of a rural business and business community. This paper will argue that social capital is a fluid process and will highlight how the changing nature of the social capital employed by the rural business enables growth and development to take place. The data has been collected through observing the process of new venture creation. This ‘observation’ which took place over a number of years, (see Appendix 1), was possible because one of the researchers has a social connection with the main driver of the new venture. Data collection was therefore triangulated through secondary data, formal semi-structured interviews with key stakeholders and by informal casual conversation and observation through ‘shadowing the process.’

The paper begins with a review of the established literature in which the gaps in our understanding are identified, followed by an outline of the case study context, its’ methodology, results, discussion and implications, and our conclusions. The findings enable us to contribute to the understanding of both rural business types and the growing literature on social capital research

Literature Review

Bosworth (2012) identified three potential parameters, namely Serve rural population; Sell a ‘rural’ product; Located in a rural area, for classifying a rural business. These are not mutually exclusive (see Figure 1), and indeed it is within the overlaps that Bosworth then develops his Categories of Rural Business framework (see Table 1).
Bosworth invites us
‘...to challenge some of these categorisations or add some of your own examples’ [p.503: Bosworth, 2012].

This paper finds that there is a discrepancy between the 3 categories presented in Figure 1 and the actual framework presented in Table 2. Whilst the Venn diagram presented in Figure 1 states *serve rural population*, there is no corresponding category in Table 1, where it has been replaced with *rural market*. In this paper we rise to this challenge by highlighting a case study which does not sit easily within the above categories.

### Rural enterprise

Rural regions such as Dumfries and Galloway rely on SMEs to create new employment (Butcher and Bursnall, 2013). Firms are likely to be small because they are rural (Smallbone *et al.*, 2002) and because they are often service firms (Cosh and Hughes, 1996). Statistically, they are more likely to fail than larger firms, and this vulnerability has increased since the financial crisis and subsequent recession in 2008-09 affected small businesses disproportionately (Chow and Dunkelberg, 2011).
There has been a long history of policy intervention by the state to support SMEs generally but rural SMEs in particular. However, it is argued that rural SMEs are still underserviced through what Smallbone (2002) describes a ‘rural premium’, that is it costs more to provide services for SMEs in rural locations than it does for their counterparts in urban settings. Intuitively, if SMEs maximise their own networks and local resources available to them this cost might be reduced. Social and human capital might therefore be hypothesised to be even more significant to an individual enterprise in rural than urban areas.

Social capital and networks
There is broad agreement that social networks lie at the heart of entrepreneurial ventures:

‘Networking extends the reach and the abilities of the individual to capture resources that are held by others and so improve entrepreneurial effectiveness’ [Anderson et al., 2010 p.121].

Social Capital has been defined as the good will created through social relations that can be mobilised to facilitate the attainment of resources, influence and defined goals (Adler & Kwon, 2002; Stam, 2014). It has been noted that entrepreneurs with extensive social networks are better able to respond to environmental opportunities to acquire the resources they need (Dubini & Aldrich, 1991).

"Through high-quality social networks, characterized by a high number and variety of relations, certain (individuals) seem to be in a better position to enact their business environment and raise entrepreneurial resources such as motivation and ideas, information, capital and trust." (Kristiansen, 2004, p. 1149)

There have been three influential commentators in the development of social capital theory to date, Bourdieu (1986), Coleman (1989, 1990) and Puttnam (1995). Bourdieu’s (1986) original conception of social capital as one asset amongst three capital forms (the other’s being cultural and economic) is particularly useful, as his detailed conceptualisation presents a holistic approach to both the idea of social capital and to the network. He considers the internal experience and skills of the entrepreneur (their Habitus) and locates that within the external network. Coleman’s (1989, 1990) emphasis on the individual and their actions (i.e. rational choice theory) is more individual-centred without the insight of habitus, whilst Putnam’s (1995) cumulative approach suggesting social capital simply generates more social capital, is less insightful when trying to examine the process of accumulation. Adler and Kwon (2002) advocate a dialogue on social capital perspectives to enhance our understanding rather than a singular approach, and that is the stance adopted by this paper.

Woolcock and Narayan (2000) note that social capital is at essence a concept of our social networks and highlight the usefulness of such connections in every facet of our lives. They note it can be both a ‘blessing and a blight’ [226: 2000]. Besser and Miller (2013) suggest that social capital is not necessarily always used positively. Fisher (2013) noted Putnam and Coleman tend to ignore the more negative impacts of social capital which can lead to exclusive networks, for example criminal groups, cults, and even the transmission of bad business advice between network members.

Houghton et al. (2009) found that for a firm involved in many external networks, the consequential increase in social capital increases possibilities for strategic development. The work of Granovetter (1983) suggests that temporary external connections create weak ties that provide a bridge between one actor and another from an otherwise unlinked group. This can aid innovation
Putnam (2000) developed this idea and added to it the intragroup concept of bonding i.e. where a group has homogenous characteristics which allow conformity but inadvertently creates a bias towards internalism and a lack of innovation. The bridging of two groups, or intergroup connection, widens the experience and aspect of the actor/entrepreneur. Linking social capital has been defined as the relationship between an organisation and external institutions (Bagley & Hillyard, 2013) and is often represented as a ‘hierarchical’ or ‘vertical’ connection (e.g. Sutherland & Burton, 2011; Fisher 2013) as opposed to the ‘horizontal’ bonds of bridging and bonding social capital. Kim (2014) describes the function of linking social capital as centrally ‘to leverage resources, ideas, and information from formal institutions.’ [2014 p.2].

Structural holes (Burt, 1992) exist where there are two external groups who each have resources or information (referred to as nonredundant) valuable to the other, and for which a bridge can create a useful connection between the two. It is a conceptualisation similar to Granovetter’s theory of weak ties i.e. an actor who can access a diverse range of contacts from different contexts can access more useful information than through bonded social capital networks alone.

Stam et al. (2014) conducted a meta-analysis of social capital use by entrepreneurs and examined its relationship to small firm performance. They found that weak ties, structural holes and network diversity were important for new small firms, but as the firms matured strong ties and network size became more valuable (Stam et al., 2014). This suggests flexibility and adaptive networking strategies are important aspects of social capital use amongst entrepreneurs.

Focussing on SMEs within the rural economy, Jack and Anderson (2002) found that embedding in the rural social structure allows entrepreneurs to create opportunity and enhance performance, thus sustaining the business. However they propose that social capital is not a static tangible entity, but rather is a process. We agree with this approach, and in turn we hypothesise that as a process, social capital can expand, develop, pause, remain static and decline. It can be both reactive and proactive, reacting to demand from others but also proactively seeking out others to enlarge the network. This hypothesis allows researchers to examine social capital as something which moves as time passes, and consider networks as an entity which can expand, contract, and remain static within a given time period.

The case study which is the focus of this paper will demonstrate this living network conceptualisation on a small scale and from the perspective of one central actor. Each individual network member is acknowledged as the central actor in their own networks, but this particular study will only consider one – Mark Jardine. Future studies may want to overlap several central actors and examine the networks across both.

Jack et al. (2010) note that

*Networking research can be seen to be problematic if we are concerned about developing a fuller appreciation and understanding of both network structure and process. By concentrating on the study of one aspect, the other aspect is thrown into shadow.* [p310:Jack et al., 2010]

Jack et al. (2010) suggest that there is even a methodological split, with quantitative methodologies examining structure and qualitative methodologies more useful for scrutinising process. Therein lies one of the issues which prevents better insight into social capital. For Bourdieu, social capital was a complex concept, centred on the internal and external life of the entrepreneur but also about the network and how it exchanges ‘wealth’ in all three capital forms.
He also described social capital within the economics of society at large, acknowledging its cost, as all capital has a cost somewhere in the process be it labour, time, assets or other resource. Social and cultural capital are no different. To capture this complexity, a simple qualitative or quantitative approach will never be enough. A multi-method pluralist approach with both proactive and reactive aspects spread across many studies might begin to address some of the enormity within the concept. The sheer scale of the social capital concept is often overlooked because as researchers we can only discuss what is manageable within our limited research budgets. This leads to a certain amount of neglect of issues like cost, innovation in methodology to better capture complexities and nuances, and an ignoring of the centrality of the entrepreneur’s habitus.

Similarly, a complexity rarely discussed within social capital literature is the fluidity and movement of actors between bonding and bridging social capital as the process develops. When networks are made, the bridges can become bonded quite rapidly. As we will describe during the presentation of our results, the process of building social capital is one of accrual rather than distinct stand-alone connections. We propose that there is a better way of referring to this accumulation. Specifically core social capital better represents the centrality of this bonded inner network, while augmented social capital describes new connections formed as the project developed. This allows a maturing of social capital connections through a fluid process rather than a singular connection defined as one (bonded) or the other (bridging).

**Geographic Context**

The new enterprise, the crematorium which is the enterprise which is the focus of this paper, is located in the centre of Dumfries (pop. 31,360), the largest rural town in the region of Dumfries and Galloway and lying around 30 miles north of the border with England (Dumfries and Galloway Council, 2013a), Dumfries and Galloway (pop. 150 830) covers an area of almost 6500 km² (Scottish Government, 2013a) and has a population density of only 23 people per km², almost a third of the Scottish average of 67 people per km² (Scottish Government, 2013b). The area is rural (see Table 1) and classified as a severely disadvantaged Less Favoured Area (LFA) due to its predominance of upland which can only support low intensity farming (Scottish Government, 2011; OECD, 2001). In addition, approximately 31% of the region is covered by forest and woodland. It is one of the most wooded areas in Scotland (Dumfries and Galloway Council, 2013b).

<table>
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<tr>
<th>Council Area</th>
<th>Large urban</th>
<th>Other urban</th>
<th>Accessible small towns</th>
<th>Remote small towns</th>
<th>Accessible rural</th>
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<td>Dumfries &amp; Galloway</td>
<td>0.0</td>
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<td>Scotland</td>
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Regional Economic Context
Dumfries and Galloway is underperforming the Scottish average in several important dimensions. The proportion of working age people in employment in Dumfries and Galloway has fallen below the Scottish average in the last 5 years, with 9000 fewer people in employment in the region since 2008 (Clelland, 2014). In addition, the average pay of full-time workers is below the Scottish average with an estimated 11% of those in work considered underemployed, higher than the Scottish average (Clelland, 2014). Young people in the region fare less well than those in comparative regions in Scotland (e.g. Borders, Highland, Perth & Kinross), with fewer school leavers entering positive destinations than the Scottish average (Clelland, 2014). The region relies on small businesses for future sustainability and presents a challenging business environment (Moyes et al., 2012).

Business Context
The ‘undertaker’ emerged during the first decade of the 20th century when coffin-makers became funeral directors by offering extended services to their customers (Bremborg, 2006). The UK funeral market is estimated to be growing from approximately £1bn in 2001 to £1.5 billion in 2011 (Mintel, 2009). The market is considered to be well-insulated from the recession. Mintel (2009) reports that in many cases the elderly put money aside for their funeral arrangements or opt for pre-payment plans, making the industry more resistant than most to austerity.

There are an estimated 4,000 funeral directors in the UK dealing with circa 633,000 registered deaths every year, of which 71% are cremated (UK Funerals, 2013). Professional characteristics
have emerged within the sector (Howarth, 1996) such as skills based on theoretical knowledge; training and education; the passing of an examination; a code of conduct; and a professional organization. Changes in funeral practices have also taken place. Funerals today are more personalized and individualized than before (Bremborg, 2006), manifesting in a desire for non-rigid funeral provision, a growth in the popularity of ‘green’ burials (Van Gelderen, 2004), and an increasing demand for secular ceremonies (Bremborg, 2006).

In Dumfries and Galloway, there are 22 funeral businesses in the region dealing with circa 1800 deaths annually (Allan et al., 2011) that is one firm for every 82 deaths compared with the UK figure of 158. The region has therefore almost double the UK level of competitive intensity. Additionally, there are a large number of companies offering funeral services in adjacent regions of Cumbria to the south and the Scottish central belt to the north.

The case study firm: Jardine Funeral Directors Ltd

Jardine Funeral Directors Limited is a 6th generation family-owned and managed firm which began trading in Dumfries in 1925. The firm has 31 members of staff, four of whom are Jardine family members, the business owns a chapel of rest plus a public office with workshop.

Traditionally crematoria are owned and operated by local authorities (UK Funerals, 2013). Early research undertaken by the firm revealed that several attempts had been made by Dumfries and Galloway Council to develop a viable plan for a crematorium but all failed under the belief the local population was too small to support it. The nearest crematorium was in Carlisle just over the English border, 35 miles from Dumfries. The journey time which was required to use these facilities added significantly to the length and the cost of funerals.

The firm undertook its own feasibility study and concluded that, with an appropriate funding model, a privately owned and operated crematorium would be viable. The firm believed that the region’s population would provide sufficient demand to sustain the venture.

Under Mark’s leadership, the project to develop the crematorium began in 1997. The firm opened the Roucan Loch crematorium in 2005 offering full crematorium services and ‘green’ burials and creating 7 new jobs. The facility has exceeded its targets carrying out almost twice its projected number of funerals in the first year of operation (569 versus 285). A second cremator was opened in 2011 due to demand. Business has risen steadily with 850 services conducted in 2013.

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1 A population density figure of one crematoria per 100,000 population is an informal industry standard - It is widely anticipated within the industry that a population of over 100,000 should support and sustain its own crematorium, regardless of the local death and cremation rates’ [P10: Statement of Need: Proposed Crematorium Fradley, Lichfield, Staffordshire. Mercia Crematoria Developments Ltd. February 2011.]
Methodology

This case study centres on shadowing as the key methodological approach. The business development was followed across a number of years using observation, interviews with key actors, informal conversations, and physical evidence such as the application for planning permission to triangulate the findings. The process was documented longitudinally - i.e. shadowed during development by the central researcher - while the actors’ perceptions and self-reports were assessed for validity against progress. This longitudinal real-time tracing of a development is rare due to funding and research constraints endemic in higher education. It was made possible in this research because of the relationship one of the researchers had with the main actor. This social connection resulted in an awareness of the entrepreneur’s ambition before the ambition was fully developed and implemented. However as this case study demonstrates, it is exceedingly useful and generates rich data free of the fog of actors’ retrospective recall. The following sections consider some of the issues surrounding case study research, shadowing as a method, and reliability and validity.

Case study research

Siggelkow (2007) regards case studies as having at least 3 important uses; motivating a research question examining when a theory does and does not hold weight; inspiring new ideas i.e. an inductive approach to theory development; and illustration of abstract theoretical concepts in the real world.

Gibbert et al. (2008) note that case studies have proven a vital research method in strategic management. While they agree that there are perceived concerns around validity and reliability, they argue that the method has provided unique insights, valuing in particular its real-world context (Gibbert et al., 2008).

Eisenhardt & Graebner (2007) distinguish between theory-building and theory-testing research. Part of theory-testing is applying the theory in novel or unique circumstances. This can lead to
theory-building if the current theory cannot adequately explain the situational aspects or the nuances of the research in this new context or circumstance. Thus a single case study in this case provides an effective way of testing theory, and also potentially an excellent source of insight into how social capital theory needs to develop to advance its explanatory power in small rural businesses.

**Shadowing**

Shadowing as an investigative technique has been largely ignored by business and management researchers (McDonald, 2005). It is more commonly used to teach and learn within an organisation (McDonald, 2005; Gilliat-Ray, 2011) rather than research the organisation’s development. Macdonald (2005) defines shadowing as:

‘closely following a member of an organization over an extended period of time.’ [p.456: MacDonald, 2005].

However shadowing as a method can be developed in different forms and move beyond closely ‘following’ the pre-selected subject(s) over a pre-defined time period. MacDonald’s (2005) definition proposes that the researcher asks questions throughout to elicit a:

‘running commentary from the person being shadowed’ [p.456: MacDonald, 2005].

Undoubtedly shadowing must include some dialogue, blurring the distinction between it as a unique methodological approach and other techniques such as interviewing (Gilliat-Ray (2011). However engaging the individual in a ‘think-aloud’ approach is both intrusive and impractical in single case longitudinal studies such as that presented here. Instead we suggest that the observation should be less invasive and that the decision-making process can be documented through periodic summative interviews with the actors, informal conversations as they arise, and documentation of key external milestones or formal stages. In other words, whilst we agree shadowing has observation at its core, we propose observation can be of process as related by the key actors, triangulated by physical evidence such as the stages of company development, incorporation of new business networks etc. across a timeline. This paper will therefore utilises the integration of shadowing the process and case study research as a unique new approach.

**Reliability and validity**

A major criticism of this methodology is the issue of validity and reliability this problem has been addressed by Gibbert et al. (2008) who make a distinction between internal and construct validity. Internal validity can be determined by a clear theoretical and causal link, while construct validity is a relationship between theoretical conjecture and observations. The examination of the theory of social capital within this case study demonstrates the use of the constructs of bridging and linking social capital overtly, and describes how they are evidenced within the relationships between the actors during the crematorium development process. We argue this demonstrates both construct and internal validity.

This study is also reliable as it is both transparent and replicable in its methodologies. Gibbert et al. (2008) suggest a case study protocol describing how the entire case study should be included to demonstrate transparency, and here we do so through using a timeline, see Appendix 1, and this methodology section. Replication is easily performed through semi-structured interviews and informal conversations with actors in new initiatives and by shadowing of the process, fulfilling the Gibbert et al. (2008) second criteria of a reliable study.
This case study measures the constructs needed to determine the influence of social capital on the success of the establishment of the crematorium. It is also reliable, as it presents here a transparent and replicable methodology.

The interviews

This is a longitudinal study tracing the business development process across a decade using informal conversations and more structured interviews. The informal conversations were documented through notes and bullet points, while the semi-structured interviews were analysed using Nvivo. The discussions with the entrepreneur and members of the network across time, both during the development of the project and after the business had been running for several years, enabled us to investigate the relationships within the entrepreneur’s existing network and observe how these relationships developed to enhance the collective social capital, as well as examine how new relationships were formed.

The actors who were consulted in detail during this investigation were the managing director, the project engineer, the cremator engineer, the quantity surveyor, and the owner-manager of one of the competitor funeral firms. Because of the highly sensitive and emotional nature of the work in this sector we decided not to interview bereaved customers.

RESULTS:

The results consider several different dimensions which naturally evolved as themes on analysis, specifically the actors; the location; funding issues and resolution; project process and customer response.

The actors

Mark Jardine - Entrepreneur

Mark Jardine, the entrepreneur and focus of this study, shares the role of Managing Director of Jardine Funeral Directors with his father, Arthur Jardine. Since Mark took on his current role 14 years ago he has striven to further professionalise and modernise the business, installing a hospital standard mortuary and preparation room, and a full staff canteen. He is the Scottish President of the Allied and Independent Funeral Directors and is an enthusiastic participant in community activities. He is a member of his local Rotary club and he runs his own charity, ‘The People’s Project’ which funds and manages community projects. In short, he has energetically created and maintains a wide social network.

Mark Jardine had tried already to identify sites and develop crematoria. He had cold-called a crematoria manufacturer to gain additional insight several years earlier. He stated:

‘I’d been down the road a couple of times with other projects but this one as far as I was concerned was a real goer.’ [Mark Jardine]

As the crematorium project lead, Mark Jardine used his existing social contacts at the preliminary stages of the venture. The original personnel drawn upon to pursue the project included a planning officer, a surveyor, and an architect. This was sufficient to support the identification of a suitable site and achieving planning consent and the preliminary stages of detailed project planning.

The Planning Officer
Mark had a social connection with the town’s planning officer through their membership of the local squash club. Over the period of time Mark was attempting to gain planning permission the planning officer informally vetted over 60 potential sites.

The Surveyor & Project Engineer

The firm lacked in-house expertise in construction, so Mark invited his friend, a surveyor, to become part of the project team. The project engineer was a neighbour whom Mark also knew socially.

However, Mark realised he was still lacking knowledge in certain areas and hence sought out and augmented this network with an expert in combustion, a specialist architect, a project partner, and local funeral business-owners.

The combustion engineer

Mark discovered through a chance conversation at a youth football match that a combustion expert was working locally. Mark arranged an introduction through a mutual acquaintance and a specialist and highly qualified combustion engineer based in Leeds joined the group in 2000. His role was to provide advice about choice of equipment, the tendering process for purchase, and the installation of the equipment. He also confirmed how suitable the site was when it was initially selected.

The close relationship which Mark then developed with the combustion engineer was evidenced by the latter’s suggestion he and Mark go to Stockholm to look at an example of a Scandinavian crematorium and meet with crematorium operatives. He advised Mark that the Stockholm facility was considered to be a world-leading crematorium. Recognising the challenges that his venture would face in terms of limited population density in the Dumfries area, Mark believed that he would have to provide a ‘gold standard’ facility if it was to succeed. This trip was part of an informal research and bench-marking exercise to achieve this goal.

The other funeral directors

During the Summer of 2002, Mark Jardine invited all the other funeral directors in the area to see the site he was building the crematorium on. He reported he strongly believed that there was no point going ahead and building the crematorium without their participation as he would rely on their customers using it:

‘To a man and a woman they all thought it was a magnificent site, although I think they thought it was pie in the sky.’ [Mark Jardine]

Architect

Through the combustion engineer, Mark was introduced to experts in the development of crematoria buildings who in turn recommended a local firm of architects to carry out the specialist design work. The lead architect was a close neighbour of Mark’s although they did not know each other before this introduction. Mark reported that this neighbourhood connection enabled instant commonality between the two.

Location
Mark recognised that a pattern of using crematoria in other areas over many years may have created traditions which would be difficult to break. It was also recognised that, because of the considerable capital investment required, the new venture would need to gain an early and substantial local market share. The firm believed that this could be achieved through offering a higher quality facility than that available elsewhere. The goal of out-performing the sector in service delivery informed many subsequent decisions.

“We knew from the outset that if we wanted to persuade people to come here instead of going where Mum or Granddad were cremated, we had to punch way above our weight.” Mark Jardine

The location of the facility would be of paramount importance to the success of the venture, not only because the firm’s vision for the project required an attractive site, but also because Crematoria are subject to stringent planning regulations which presented an additional challenge to the project. The Cremation Acts of 1902 and 1952 require inter alia that the site is well suited for the building and is accessible by public transport, that all main services are available, that the crematorium has no material effect on the immediate neighbourhood, and that it is no closer than 200 yards from any dwelling. The Cremation Society of Great Britain (2000) suggests that a well-wooded piece of ground with natural undulations and good views is ideal.

During the course of several years the firm explored the Dumfries area in search of a suitable site. Scottish Enterprise Dumfries and Galloway offered the firm support if it was prepared to build on a disused factory site in an industrial estate. Mark rejected this offer because it was incompatible with his vision of the business.

“It had to be aesthetically appealing. I’d been to Norway quite a number of times and I’d seen the architecture. That was reinforced when we went to Sweden. I wanted the mountain and forest appeal.’” (Mark Jardine)

Mark Jardine used his friendship with the local planning officer to vet sites at no cost to his business.

‘He would say ’Good but not good enough there’s a problem because of this or that..or its Historical Scotland or its a place of interest or there’s a frog there. You name it. You’d have problems with roads here or there’s houses there....It got to the stage where there would be literally over a 100 potential sites that I had driven to and cycled to...’” (Mark Jardine)

Roucan Loch is the site of a disused quarry on farm land one mile from Dumfries town. It is easily accessible and is surrounded by farm and woodland. The quarry is now a sizeable loch which is used for fishing.

On the advice of the planning officer Mark held meetings with the owners of all the neighbouring properties and developed a full operational plan which, he explained, ‘crossed all the T’s’. The Roucan Loch planning application attracted no objections and there were no challenging issues at the meeting.

“I was really nervous on the day of the planning meeting. Someone before me got a hard time for a conservatory and I was sitting there with plans for a cremator! But we sailed through.” (Mark Jardine)

Funding
The firm found it difficult to attract investors because of the projected 20 year payback period which the business plan indicated would be required. Potential investors made offers but required a significantly shorter repayment term.

“The business plan went out to 30 or 40 individuals asking them to back us and not one of them did. We thought the payback period would be 20 to 30 years and they weren’t prepared to invest.”
(Mark Jardine)

The local enterprise company was approached for funding but required a minimum of 50 jobs, rather than the five which the firm’s business plan projected, for them to fully support the project.

The land which the firm identified was owned by a local family with whom Mark’s father had a social connection. Through his father’s introduction to that family, Mark approach the land-owner with his proposal for the business. Mark explained:

‘I spoke to my father who knew [the father of the land-owner]...He said he’d give him a ring. He gave him a ring and [land-owner father] said ‘it’s not my land it’s my son’s I’ll speak to him.’ And my father said ‘well it’s not really me that’s dealing with it, it’s my son.’ Basically [the father] got [the son] to contact myself. Spoke to him for 5 or 10 minutes on the phone, said ‘I think we should come in and chat.’ So the 4 of us came up here, my father, [his father] and [the son]. I think it took about 10 minutes to explain what the principle idea was. They said ‘Sounds like an absolutely fantastic idea.’”

A partnership was formed through which the land-owner provided land and start-up capital, while Mark’s family undertook to provide start-up capital and then develop and manage the facility. The business is now equally owned by the two families, though Mark Jardine is the only member of the partnership who actively works on the business.

**Project process**

The firm’s goal was to create an innovative facility which fully exploited its location. Mark was disappointed by the visual appearance of the facility in Stockholm:

‘We went to see what’s meant to be the world’s best crematorium in Stockholm and it was serried ranks of trees and a concrete bunker for a building.’ (Mark Jardine)

He felt that the design and operation of many crematorium facilities reflected organisational rather than customer experience priorities, and the firm has tried to address these issues in a number of innovative ways. In the experience of the engineer, council-run projects seek to build on land which they already own and they produce buildings which are both cheap to construct and to maintain but are not necessarily aesthetically pleasing.

By using his informal contact with his network, Mark was able to employ a test-retest paradigm with the design team just as he had done earlier with the planning officer when finding a suitable location. For example, Mark stated during interview:

‘We would have chats over the garden fence when I was cutting the grass. I’d say to (the engineer) ‘what about this idea?’ And he’d say. ‘Leave it with me; I’ll talk to (the architect)’. (Mark Jardine)

Therefore ideas which were unsuitable could be quickly and informally rejected, whilst suitable suggestions could be worked upon immediately. This avoided confrontation in formal meetings,
and the ‘back to the drawing board’ demotivation that formal proposal rejection could incur. The project engineer felt that Marks’ informal approach encouraged good fortune, suggesting it was:

‘Serendipity, things that happen when someone has a clear goal but he is willing to listen and adapt.’ (Project engineer)

The project location was ideal. A waste recycling plant had been commissioned only half a mile from the site and so, as there was a pre-existing precedent, the planning application for Roucan Loch could not be challenged on the grounds of air quality being compromised.

“Mark couldn’t have found a better site anywhere in the region – not overlooked, but accessible from anywhere because it is next to the by-pass. (The combustion engineer) is one of probably six people in the UK with the necessary expertise to advise on the technical side of the project.” (Project engineer)

The firm believed that the type of flat-roofed buildings traditionally used in the sector would not enhance their goal of providing a superior service model. A Nordic chalet design was selected to reflect the Viking history of the surrounding area and provide an attractive building which would best exploit the features of the Roucan Loch site. Mark provided preliminary drawings to the architect.

The new crematorium could not be sustained by the firm’s own funerals. The patronage of local funeral directors would also be necessary.

“If they weren’t going to support it, it would never fly.” (Mark Jardine)

Mark created a forum of local funeral business-owners and began consultations with them in 2002, at the early stages of the project concept before a brick was laid. In order to avoid the impression of unfair competition, the firm created The Roucan Loch business as an entity separate and distinct from Jardine Funeral Directors Ltd.

Mark worked hard to create a symbiotic relationship with the local funeral sector, both parties gaining significantly from the cremator. Local businesses now have access to a new, local facility which is responsive to their needs, whilst the firm has ensured cooperation from potential rivals and gained sufficient market share to underpin the viability of the undertaking.

Mark continues to host an annual dinner of local funeral directors through which he maintains their input and gains useful feedback and suggestions for modifications of the facility. Examples of changes made after such input include the provision of a solid curtain to hide the coffin; the ‘intimidating’ sight of a waiting hearse containing the next customer hidden by the planting of a hedge; and the lack of a comfortable waiting area rectified through the addition of the new ‘Svalbard’ building with comfortable seating, tea and coffee-making equipment and customer toilets.

Traditionally the architect leads construction projects but in the view of the project engineer, Mark’s clarity of vision presented strong and clear leadership. However he was also receptive to advice and had no difficulty with adapting his vision as his plans were occasionally but necessarily compromised throughout the process. For example, the original Nordic log cabin design required the use of more timber than regulations governing internally-housed combustion equipment would allow. After consultation the design was modified to hide the operational combustion element at a
brick-constructed section at the rear of the building, whilst the softer ‘human’ facade of the building is constructed from glass and timber.

The engineer describes this as:

“The perfect example of a client with a clear vision employing people who add value to that but who still deliver his original vision. This is a combination of skills locally available to create an iconic building. It’s a product of this area and that is its greatest triumph.” (Project engineer)

Customer response

This business has two customer groups; the families who buy its services through their funeral provider and directly from Jardine Funerals Ltd and the funeral businesses who buy the services for their clients. Thus there are two types of relationship; a business-to-business relationship with funeral firms and a business-to-customer relationship with the families.

For the local funeral sector the provision of a local amenity reduced the need for travel considerably. That alone may have been sufficient to persuade them to use the crematorium, but they also responded positively to the involvement they were offered in both the planning for, and the operation of, the facility. A feeling of communal purpose was expressed.

“As far as we are concerned it is our crematorium…his staff are waiting there to help us and from the time we get there.” (Local funeral director)

The local funeral businesses have welcomed the new facility as a way of improving their service to their customers, believing that Roucan Loch compares very favourably to city-located crematoria in meeting the needs of funeral directors and the families they cater for.

The local directors report that, unlike council-owned amenities which give the impression of being run for the convenience of their operators and which require users to comply rigidly with their processes, the Roucan facility accommodates most requests from its users and there is almost constant communication between the Roucan managers and funeral directors to warn them of delays or other circumstances which might affect arrangements.

“When we arrive, his staff are waiting to help us and from the time we are there it’s our crematorium. At the other crematoriums we do what they want us to do. If there’s a hiccup, they will contact us and tell us they’re running late and we should drive a bit slower.” (Local funeral director)

Feedback from those interviewed who have attended services as mourners is positive. Favourably commented on were the quality of the facilities, the landscaping of the surrounding gardens and loch, and the design of the building which one user described as more like a visitor attraction than a crematorium. Visitors also comment on the relaxed nature of the service and the lack of a ‘conveyor belt approach’. Also noted by respondents were the attractive rural location, the ease of access and the plentiful car-parking spaces.

For families, customer feedback suggests that the facility is not frightening for young children. One funeral director encourages families to take their children to visit the loch and view the chapel in advance of the service in order to allay any fears they may have.
"We’re a rural community and it’s a rural setting. Families are more comfortable with that.” (Local funeral director)

DISCUSSION

Adding to Existing Knowledge

The case study highlights how a business defined as rural in accordance with Boswell’s parameters had not only developed but has survived and grown despite predictions of failure.

The crematorium is a service as much as a product, and like other services (e.g. NHS, local government offices), it requires a sufficient level of population density to support it i.e. the minimum population to ensure feasibility of a crematorium is considered to be 100,000 people. This study demonstrates that we cannot always predict with accuracy whether a business will succeed in a given market. A crematorium that should not survive as a rural business because of low population density is thriving and has expanded. Growth within rural businesses will become increasingly directed towards aging rural populations in future as this rural demographic is set to rise considerably in part through in-migration in coming years (Stockdale, 2011), so the crematorium looks set to continue its success in coming decades.

Bosworth’s (2012) categorisation table does not provide for this ‘new’ rural service businesses type. Although he does consider serving a rural population within his Venn diagram conceptualisation, he does not then translate this into his Categories of Rural Business. Indeed, he does not list businesses that are services within the table. Rural services do require rural customers, who in turn could be conceived as one part of a rural market. However in economics markets are often considered locational, be it by geography, sector or even digitally, and are discussed as an overarching concept incorporating buyers, sellers, locale, products, services etc. A rural market therefore encompasses rural product and rural services. His secondary classification of rural product in Type B & D with no corresponding rural service classification is therefore unclear and misses the wealth of rural services supported by and essential to rural communities. We propose therefore that we separate rural services into a fifth category – Type E.

<table>
<thead>
<tr>
<th>Type A</th>
<th>Type B</th>
<th>Type C</th>
<th>Type D</th>
<th>Type E</th>
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<tbody>
<tr>
<td>Rural market, rural location</td>
<td>Rural market, rural product</td>
<td>Rural product, rural location</td>
<td>Rural product, rural location, rural market</td>
<td>Rural service, rural location,</td>
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<tr>
<td>Post office</td>
<td>Farm suppliers</td>
<td>Farms</td>
<td>Farm shop</td>
<td>Crematorium</td>
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<td>Village shops</td>
<td>Farm consultants</td>
<td>Food processing</td>
<td>Thatchers</td>
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<td>Village pub</td>
<td>Vet</td>
<td>B&amp;B/hotels</td>
<td>Fence-making</td>
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<td>Newspaper delivery</td>
<td>Milkman</td>
<td>Nature reserves</td>
<td>Gamekeeper</td>
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<td>Village garage</td>
<td>Land agents</td>
<td>visitor centres</td>
<td>Shearers</td>
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<td>Village school</td>
<td></td>
<td>Hiking supplies</td>
<td>Drystone-wallers</td>
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<td>Foresters</td>
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<td>Livery stables</td>
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<th>Table 2: Amended categories of rural business</th>
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Type E incorporates rural service and rural location. We have left rural market out of this definition at this point as we are unclear exactly what that means. Within Type E is a rich growth area of services for aging rural populations, as well as many other overlooked possibilities. Reconsidering critically Type A & B in the same way, we find there is some inconsistency. A village school is a publicly-funded service, like a village hospital. We would argue this should not be classified as a ‘business’ and thus should be removed from the table completely. Type A also includes Foresters, who we would argue produce a rural product in a rural location but supply goods not just for a rural market. They would be better suited to Type C. Similarly a newspaper delivery service is better suited to Type E, as is Vet, currently residing in Type B. A Vet offers a service not a rural product. And so on. The value of Type E as a new category clears up some inconsistencies. Better definition of rural market would make the Table an even more useful tool when discussing a case study such as this i.e. the ability to reference our case study as falling within Type E of Bosworth’s Rural Business Categorisation parameters.

Social Capital Core and Augmented

The firm was faced with a challenge in terms of satisfying planning regulations whilst simultaneously achieving its vision. The critical need for a suitable location quickly determined the entrepreneur’s existing social capital was inadequate, and that to realise his new venture he had to augment his core network (create new bridging social capital). Equally after numerous funding rejections, his father’s core social capital was used to bring the funding partner on board, augmenting Mark’s existing network through a new bridge between himself and the other party.

Each actor gained from the project and this is the essence of strong networks – the dyadic relationship and the communication between the dyad for mutual profit\(^2\). Some provided fee paying professional services but some of these professional relationships came themselves from a strong social dyadic with Mark, which was then transferred to the professional realm through his commission of their professional services.

For the key players in the network, those who built the crematorium have a flagship building to advertise their expertise to future commissioners. The funeral directors in the region now have access to a local facility which is better and more responsive to their needs than the distant alternatives in England or the Central Belt of Scotland. Even the planning officer benefited his organisation - by influencing the project in advance of its formal planning application thereby easing the planning process and reducing the bureaucratic burden for the council.

Importance of Leadership

The results showed that Mark was an inspiring leader and this enhanced his ability to build social capital. Mark was not only inspired in his idea to create a crematorium in a rural area, he was also inspirational in his leading of the project team to a successful implementation of the idea. The success of the crematorium project has come in large part from the tenacity of this unsuppressed entrepreneur (Light & Dana, 2013), facilitated by his effective and skilled use of social capital (Anderson et al., 2010).

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\(^2\) We take dyad as the minimum unit of the network. Within each dyad there pre-exists communicatory & networking skills. Skilled communicators like Mark Jardine can compensate for the other actor’s poor communication skills and persuade them they are part of a strong symbiotic relationship both within the dyad and the wider project network.
There is clear evidence of inspirational leadership throughout the case study. Having suggested more than 60 potential sites to the Planner, for example, there was clearly a possibility that he might get fatigued with the interruptions. Instead, he continued to respond to each request and engaged fully in the final selection.

Mark’s role in leading the implementation of the construction phase was particularly interesting, as there was no breakdown in relationships and dissolution of the carefully developed social capital. As the architect would normally be expected to be seen to lead this phase, it can be assumed that Mark is particularly adept at creating, managing and maintaining an effective network. For example, the project engineer’s assessment that Mark and not the architect led the construction did not seem to detract from the valued role of the architect. He remained a central respected figure in the team. He was central to finding the solution to hiding the operational combustion element at a brick-constructed section at the rear of the building whilst managing to retain Mark’s Nordic vision. Interestingly, Mark himself credited leadership as lying with a manager within the architect’s office, not the architect himself. Mark did not regard himself as a leader in this process. How his self-perception and the perceptions of the people he was working with impacted on the process is unclear.

Social capital in practice is demonstrated on an economic level in this case study through the other local funeral directors reporting that the crematorium belonged to them, despite the profits lying with The Roucan Loch business. Mark has satisfied his otherwise-competitive clients by giving them a sense of ownership and empowerment through communication and provision of a service that satisfies their need. In return, he profits financially.

Mark’s skills in using his social capital effectively enabled him to anticipate and assess the needs of the other funeral directors, who were critical to the success of his vision, and to use that insight to best business advantage.

Mark had to secure funding and failed on at least 20 occasions. However, he negotiated a strong business partnership with the land-owning family which suited both parties and allowed his vision to progress. His communication at this point had to be particularly effective, as the investor was not only putting in capital but also devoting land to the project. By leveraging his father’s core social capital to augment his social capital network, a significant funding barrier was overcome. At the same time the firm created a locational advantage by securing an attractive site. The cost of this to Mark personally and to the crematorium business is considerable, however. Mark did most of the landscaping of the site by hand himself and still currently works full-time in the business, whilst the other funding partner contributes nothing to day-to-day running. This arrangement seems to be acceptable for both parties. It also highlights the cost in social capital as discussed by Bourdieu. All resources and assets are finite, and the entrepreneur must make decisions about what and where those are best deployed to maximise his or her goals. In this case, Mark’s goal of having the crematorium was fulfilled but he has to supply more than the other side of the company partnership to maintain his vision.

Conversations that took place quite literally over the garden fence were also crucial to making Mark’s social capital work effectively. The lack of formal conflict or public rejection and its consequential demotivation or fracturing of bonds intuitively appears to be an extremely effective management tool in a business network. Informality prevents the time delay of formal presentation, avoids bridges breaking under the strain of different points of view, and presents the entrepreneur in this case study in particular as someone who asks for and acts upon expert opinion.
rather than approaches the project inflexibly. Informality and flexibility combined with clear vision, excellent articulation and strong leadership seem in this case to have been key to the effective use of social capital. Further research is needed to consider how influential these aspects are, whether some are more influential than others, and whether this occurs in all effective and successful business networks.

The project engineer summarised how Mark had used his social skills and experience to effectively manipulate the network when he stated

‘[the crematorium]...is a product of this area and that is its greatest triumph.’

The crematorium is perceived as a successful project built against the odds and is in some way a ‘triumph’ belonging to Dumfries and Galloway. This is his perception - his attitude towards the project outcome – and one remarkably similar to the funeral directors sense of ownership. Mark worked to engender that attitude, either conscious or subconsciously, and so facilitated the shift in perception amongst the actors within the project network away from one man’s profit to a common community purpose. That is perhaps the ultimate effective use of social capital - engendering the belief that by working on the project they are creating common good rather than lining the pockets of their employer or service supplier. Again future research is needed to investigate whether this is a critical aspect of social capital – investment requires a sense of ownership of the venture.

Conclusion

This case study proposes a new categorisation of rural business using Bosworth’s (2012) model. In addition, it adds to the social capital literature by suggesting augmented and core as new ways of thinking about bonding and bridging capital.

Our findings support the view of DeCarolis et al. (2009) that social capital is not enough alone for successful new venture creation - the person involved in developing and managing the network relationships is critical. The active and instrumental role played by the entrepreneur in managing and augmenting his social capital in the project described in this case study was a central reason for its success. As Anderson et al. (2010) suggest, it is important the entrepreneur knows how to make effective use of social capital s/he collects, and this was evident throughout this case study.

This case study also demonstrates that social capital constantly evolves. It is never static. At different stages in the new venture creation process different actors and their relationships assume greater importance than others. The symbiotic relationships within a network set up for a specific project are frequently finite, though the group members may remain within a wider field of connections and can be accessed in future for other projects.

An interesting avenue of exploration is the exploitation of friend-based or informal-social capital and its transformation into the sphere professional relationships. Is this simply a natural continuation of the bonding relationship? Or is the transformation itself a type of augmentation which requires another conceptualisation to properly capture it? This case study clearly demonstrated much value was gained from such transformations, yet how we capture and discuss that eloquently and appropriately within the bonding/bridging/linking triad is difficult. Whilst we can conceptualise in the current social capital framework that friends are core, he has many friends but few were exploited for this project. Those that were assumed different ‘closeness’ to the project, or in other words, Mark’s project-relevant friends did not automatically become core to the
project network. Current literature is much better at discussing drawing in unknown actors to the network – bridging or augmented social capital for example – than conceptualising the role of those who are core in other spheres of the central actor’s life but perhaps only superficially involved professionally. It may be that social capital has focused too much on the central actor. We suggest it is timely to conceptualise the project, not the person, as the core of a network built on social capital.

Research has been less interested in the dissipation or shedding of social capital and tends to view it as remaining in existence indefinitely, but clearly there are finite relationships within the collective. By considering the dissolution of social capital in future research a greater sense of how social capital is created and maintained might be gained. In addition, future research may wish to consider whether social capital is a capital gain. If so, as the network moves and reshapes to face each new collective goal or challenge, is there an unseen capital loss? This is essentially reinforcing what has been established in the literature, namely that social capital flows and reshapes constantly.

We conclude that the development of social capital can add significant value to enterprise creation. Support agencies should consider not only the provision of networking opportunities, but also support for the development of network skills. This research will require to be replicated in a wider study to determine its impact upon entrepreneurial theory.
REFERENCES


Appendix 1 Timeline

1985  Lead researcher first meets Mark
1985  Mark’s idea of a crematorium development becomes a realistic business consideration. Search for suitable site begins.
1985  Informal vetting of possible sites by senior planning officer, David Bamford (squash-player friend of Marks’s)
1985 + Over 100 sites discovered and rejected, less than half were possibilities, 6 were seriously considered
2000  Roucan Loch site discovered
2000  Land-owner John Cunningham-Jardine becomes partner in project introduced by Mark’s father
2000  All local funeral directors brought into discussions
2000  Dr Clive Chamberlain, combustion engineer, brought into group
2001  Initial plans/drawings developed
2002  Discussions with Robert Richmond (surveyor and friend) and Ken Asher (construction engineer and friend) regarding build and possible contractors
2002  Local funeral directors invited to site to discuss plans
2002  Mark and Clive visit Sweden (world’s best crematorium) to benchmark and refine design ideas
2002  Potters Architects introduced (Andrew Clark, the final architect is a friend of Mark’s)
2003  Planning approval gained (no objections)
2003  Roucan Lock Crematorium Company formed
2004  Ken Asher introduces Mark to Ashleigh Construction (construction manager turns out to be a neighbour of Mark)
2004  August, construction commences
2005  Official opening and first service conducted.
2011  Second cremator installed
2012  Mark's wife Ruth joins the company taking on marketing role (21% increase in cremations and 48% increase in memorial services)

Cremations increase from 2006 to 2013: 614 to 850 (deaths in D and G are approx. 1800 per annum)