Paper “Lessons learned from prosperous rural areas”

This paper deals with the topic of prosperous rural areas and analyses the factors of success that lead those areas to a more positive development than other rural areas. Rural Areas are often associated with the impacts of demographic and socio-economic change, such as shrinkage and ageing. But it has to be shown that there coexist prosperous rural areas and shrinking rural areas next to each other. Hence the questions after the factors of success arise. The basis for this paper provides the survey „factors of success in rural areas in Rhineland-Palatinate“ which analyses these factors by reference to three Rhineland-palatinate districts. The results of the study represent the opportunities for acting spatial planning, regional planning as well as for regional development and relevant policies. The results also reveal the transferability of factors and impulses to support positive, long termed developments. Thus other rural areas can learn from gained perceptions. In terms of methodology, the study is based on a survey of literature and documents, on the analysis of statistic data and official statistics as well as on a comprehensive empirical survey (expert discussions, enterprise interviews and household surveys).

I. Introduction

Besides the metropolitan regions in Europe, which have often priority in discussions as “engines of social and economic development of a country”, the rural areas move increasingly into the focus. The heterogeneity of rural areas shows that there are many variants of these areas, which have very different developments.

On the one hand there exist a numerous of rural areas, which are characterized by shrinkage and also ageing of the population in the course of the demographic change. In those shrinking regions the securing of services of general interest like for example education and medical care is focused. Problematically it can be observed that the regional decrease in population leads to a decreasing utilization of capacity of schools, hospitals and other important facilities providing general public services. In addition there are progressive challenges by the rearrangement of user groups and the specific needs of older and often immobile people. This development has impacts on the municipal budgetary planning.
On the other hand there exist rural areas with a high positive population structure and socioeconomic developments. In addition it can be noticed, that rural areas represent shrinking areas as well as growth areas.

Hence the question about factors of success and their transferability in prosperous rural regions, which can make a significant contribution to overall economic growth, is raised. This question will exacerbate in view of the trend in Germany, within the framework of the discussion about metropolitan regions and the general principle for spatial planning “Growth and Innovation”. That implies that the development should be concentrated on autonomously strong growth regions, which have the function as “growth centers/regional centers”. The background of this strategy is that in times of low growth rates and decreasing funding sources, the regions with the best opportunities of growth should be supported.

With discussion on the “Concepts and Strategies for Spatial Development in Germany” put forward by the Standing Conference of Ministers responsible for Spatial Planning in Germany (the MKRO), the burgeoning importance of growth areas and metropolitan areas as engines of growth and dynamic performers is obvious. Comprehensive spatial planning at the federal level has recognized the potential of such regions to contribute to macroeconomic growth. In the document “Concepts and Strategies for Spatial Development in Germany” (cf. Secretariat of the standing conference of state ministers with responsibility for spatial planning in Germany (MKRO) at the Federal Ministry for Transport, Building and Urban Affairs (BMVBS) 2006), it becomes apparent that there are also regions and locations with significant growth contribution beyond metropolises. Spatial planning on the federal level also recognizes the need to target resources on supporting such growth areas since they may well rank internationally as centers of innovation and of specialist technological excellence.

Rural areas in Germany
The more rural communities include 60% of federal territories in Germany. There live around 18% of the inhabitants of Germany and only 10% of the employees work in rural areas. The primarily urban communities occupy only 20% of the federal territory. Around two thirds of residential population and around three quarters of jobs are concentrated there. In the partially urban communities, the population and employment rates remain under not even 20% of the area.1

As the following graphic shows, various sparsely populated areas2 can be found in the north-east and south-east parts of the federal territory. But rural areas can also be found in the west of the federal territory, for example in Rhineland-Palatinate, which was the studied area in the framework of the survey. Rural areas in Rhineland-Palatinate are hugely important because they provide space for living, working/industry and for nature and recreation. According to the Federal Development Program IV (Ministry of the Interior and Sports in Rhineland-Palatinate 2008) rural areas represent 59% of the federal state territory and about 30% of the population in Rhineland-Palatinate lives in those areas.

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1 Cf. www.bbsr.de
2 Rural areas are often categorized by their population density – available statistical an geographical information. Such a definition seems to be logical but simplifies as well because rural areas exhibit undoubted more characteristics.
Figure 1: Characteristics of German Space - population density

Source: Bundesinstitut für Bau-, Stadt- und Raumforschung (BBSR), Bonn 2010.

Survey “Factors of success in rural areas in Rhineland-Palatinate”
Objective of the survey „Factors of success in rural areas in Rhineland-Palatinate“ is to identify the factors of success, which contribute to the forming of dynamic rural areas in Rhineland-Palatinate beyond the urban agglomerations. As a result opportunities for action of Spatial planning, regional planning as well as regional development and relevant policy are being developed.

The survey based on the three example regions Donnersbergkreis, Rhein-Hunsrück-Kreis and administrative district Südliche Weinstraße including the medium-sized city Landau in der Pfalz. When analyzing the factors of success it seems to be necessary to find out if there are any similarities between the regions development or if every region represents a special case.

The selected research regions show particularly positive developments. The developments in these regions can be found exemplarily in the development of the number of employees, in the levels of Gross Domestic Product (GDP) or in the number of guests and overnight stays, mainly above the national average. Also characteristic values such as start-up intensity per 10,000 inhabitants between 18-65 years are partially on a high level.

In terms of methodology the survey comprises a literary and document analysis as well as an analysis about statistic data and official statistics. The study is methodically based on numerous structured discussions with representatives from politics, economy, administration and further institutions in the research regions, which had served for the investigation of
determinants and factors of success for regional growth engines. Altogether 32 interviews with municipal and regional decision makers and 21 interviews with local enterprises were led. Moreover a household survey (around 12,800 households) within the framework of a written empiric survey was realized, to obtain evaluations about the quality of living, awareness of development contexts as well as on projects and initiatives in the district.

II. Theoretical fundamentals to indicate factors of success

To find a way of initially approaching the topic of “growth regions or engines of growth” from a theoretical point of view, a number of different explanatory approaches of variations in the dynamics of regional growth need to be considered. At this point it is useful to summarize the theoretical concepts associated with regional and regional-economic growth in order to evaluate existing approaches, programs, and projects for promoting growth regions outside metropolises. Using the criteria thus derived, it will subsequently be possible to establish whether and in what way the various approaches and programmes providing funding in the individual growth regions represent, in theoretical terms, a suitable means of promoting growth in the region.

In terms of the concept of knowledge-based regional development$^3$, it is in particular those programs and projects aimed at establishing or strengthening regional network structures which are viewed positively. Whether this is within the framework of the “innovative milieu”$^4$, a “regional innovation system”$^5$, or a “learning region”$^6$, these approaches are suitable means of promoting innovation – and growth along with it – within a region. These three theories of knowledge-based regional development lend themselves to transfer and application, by way of concepts, not only to scenarios of municipal agglomerations, but also to regions of a peripheral and more rural nature$^7$. Consequently, some elements of these theories of growth are also applicable in the context of promoting engines of growth outside narrowly defined metropolitan conurbations. What really matters here as far as growth and innovation within a region are concerned, more so than geographical location, is human capital, especially in the form of willingness and a capability to co-operate on the part of regional actors. Importance also has to be attached to other soft factors, such as everyday region-based awareness$^8$ and identification; measures aimed at raising awareness and strengthening the region’s image (for example, by cultivating traditions) therefore offer good potential for the development of a region. One other important factor affecting regional development is the political structure: not infrequently, strong and committed personalities –

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especially if they enjoy widespread support and acceptance – are able to provide the critical ingredient which gives one region the competitive edge over other regions.

In those approaches which attempt to explain spatial development on the basis of polarisation theory\(^\text{10}\), it is also quite common to find references to the effects of image. In some cases, disadvantaged regions have to live with negative prejudices, misjudgements, and misinformation, all of which impede positive developments\(^\text{11}\). Accordingly, this is also a point at which growth strategies and assistance programmes should be applied; in other words, external communication beyond the region has an important role to play. Image campaigns within a regional-marketing strategy can make an important contribution to the positive development of regions located outside the metropolitan conurbations, and are therefore clearly to be viewed in a positive light. Projects and programmes aimed at improving public relations are particularly important instruments in growth regions with rural/peripheral locations characterized by a long history of lacking development.

Since growth regions outside metropolitan conurbations rarely contain dominant urban centres exerting agglomeration effects, it is possible only to a very limited extent to apply to these regions any theory based on growth poles and their spatial dimension, whereby a growth pole takes on a growth-promoting function in respect of its hinterland. Moreover, since it is easier for the sectorally diversified economic structures which – according to the sectoral cycle thesis – are so important for long-term growth to become established in larger regions\(^\text{12}\), it would appear highly probable that, in the case of those regions located at some distance from a metropolis and which frequently contain only so-called “intermediate-order centers”, it is only the region in its entirety which could be capable of representing a growth pole.

Such other elements of infrastructure as airports or universities may also constitute necessary – though not sufficient – impulses for regional growth\(^\text{13}\). Important impulses also frequently emanate from particular large companies, especially where these are export-oriented\(^\text{14}\). Ultimately, the critical feature is that the factors which support growth should be interconnected and put to use in the interests of the entire region. Comparisons can be made here with the network structures typical of knowledge-based regional development, which once again highlights the importance of this concept.

In this context, it is also important to consider regional strategies aimed at developing clusters\(^\text{15}\); assistance measures to this end should also be viewed positively. Linking up business and research, bundling knowledge and competencies, and sharing infrastructure are all ways of bringing success to initiatives promoting the development of clusters; consequently, they all promote regional development. The region is rendered all the more competitive by follow-up effects, such as the appeal it exerts on new businesses deciding where to locate to, by the new jobs which are created, as well as by the various positive, longterm effects which emerge for the region. Consequently, economic clusters can also be


\(^{12}\) op.cit., S. 37.


regarded, to some extent, as powerful engines of regional growth, and thus as performing an important role outside metropolitan conurbations (in the more narrowly defined sense).

With regard to assessing existing approaches, programmes and projects aimed at promoting growth regions outside metropolises, and based on the theories considered, it is therefore possible to conclude that the following structural attributes may well be regarded as success factors, and therefore constitute the key criteria for the following study:

- Regional Network structures,
- Intensive partnerships between and among regional actors,
- Highly committed, strong personalities from the political and business areas,
- initiatives aimed at strengthening regional image (e.g. regional marketing),
- organisations providing active assistance to support economic development (in particular to help small- and medium-sized enterprises),
- elements of infrastructure or enterprises capable of acting as “beacons”,
- networking and co-operative structures, as well as partnerships for knowledge transfer, which foster clustering.

III. Results of the Study “Factors of success in rural areas in Rhineland-Palatinate”

Ensuing the determinants and factors which account for the success of engines of regional growth will be described. Initially a consideration of the technical determinants is provided. This, in turn, is followed by a discussion of the determinants which affect regional adaptability, of organizational and institutional determinants, and of the person-related determinants (such as creative milieus).

Technical determinants

In the present context, the term “technical determinants” of regional development includes diversification of the economic structure, the tourism industry, size-structure of businesses, the existence of cluster- and knowledge-based structures, as well as the general level of training and qualifications found in the workforce and the level of infrastructure provision. To sum up, many of these technical determinants exist in a manifestation which fosters development and has a positive impact on the regional development.

Especially the level of transport infrastructure provision is in all survey areas very important because it resulted in industrial settlements. Good road links are a decisive advantage for the regional development and thus a clear success factor. Specifically mentioned in this context was the importance of the regional airport Frankfurt-Hahn in the Rhein-Hunsrück-district, which decisively influenced the construction of the transport infrastructure.

Another technical determinant, which has an effect on nearly all areas and is thus an important and decisive success factor, is the size of businesses, in this case small- and medium-sized enterprises (SMEs). SMEs were indicated by various questioned actors as a decisive factor for success, because this structure stabilizes regional economy – especially in times of crisis. In addition, many of the SME are highly specified market leaders with narrow market- or product segments and show a high innovation dynamic.

Sincerity of political actors towards environmental concerns and the active expansion of renewable energies are also important. Especially rural structured areas offer potential by partially favoring basic conditions such as potential of areas or wind-swept high mountain
ranges. A realization of projects as pilot project can basically create new means of income and employment opportunities as well as (technical) knowledge lead.

Regarding knowledge-based structures it is shown that, except the University of Landau, the deficits in provision level have no immediate disadvantageous impact. This indicates that the mere presence of some structures is not the decisive criteria. An intensive cooperation and an active, innovational management can cushion or compensate existing weaknesses. In most of the survey areas a very active local labor market policy as well as a high willingness of companies to provide in-house vocational training, reduce adverse impacts following from a low level of provision of knowledge-based infrastructures. Important is further the existence of informal corporate-networks with intensive cooperative relations which pointedly foster the willingness of companies to provide in-house vocational training. Related to the topics research and education also the geographical locations of the areas and the proximity to the surrounding agglomerations which are equipped with educational institutions have a major role and display a factor of success.

Another specialty or factor of success of the rural structured districts, which was emphasized by some experts and enterprises, is the manufacturing industry and especially the craft sector. According to some actors it appears to be advantageous to keep the craft sector especially in rural structured areas which show often a minor density of research and education institutions.

The segment tourism plays especially in two districts¹⁶ a major role. One factor of success in the scope tourism can be seen in working out of tourism strategies and measures for quality enhancement, which run through all scopes of tourism.

Thereon it can be recognized that altogether both hard factors such as transport infrastructure and also soft factors such as the willingness to cooperate and the ability to act determine the success in growth rural regions. Decisive for a positive development is thereby the exhaustion of the own potentials to compensate possible weaknesses.

**Determinants associated with regional adaptability**

The ability of a region for adapting is a key determinant of development. Thus, with regard to enabling regions to provide for future development, what is particularly important is the ability of a region to rise to the challenges associated with the sectoral restructuring of the regional economy and the readiness to develop projects designed for promoting growth. Especially against the background of unmistakable shifts within the contextual parameters which have taken place throughout Germany due to demographic change, globalisation, and increasing competition among regions to attract inward investment, there is now a need for regions to come up with ever more new and innovative strategies if they wish to remain successful.

On behalf of experts, the importance of fast and unbureaucratic actions at licensing procedures or enterprises which are willing to settle down is emphasized. Also intra-regional networks continue to attach great importance. These networks bundle competences and important actors and foster the dialog between the areas. Besides the occupational network especially the networks between economy, policy and administration play a major role. These can be viewed as a basis to create a business-friendly climate.

The use of subsidies or funding has different importance for the regions. Especially subsidies of the EU-, federal state- and state resources are used as assistance for the realization of projects and measures. Important are hereby especially the resources of the joint task for the improvement of the regional economic structure – industrial economy- as well as the urban

¹⁶ District Südliche Weinstraße is characterized by viniculture, Rhein-Hunsrück-district is characterized by the Upper Middle Rhine Valley.
development funds. Moreover there are furtherances like LEADER in all areas. Also the promotions of SMEs are utterly important. Some experts agreed that the furtherances have merely a function as an impulse and that the success of a region doesn't depend only on furtherance.

Also innovative projects and actions to increase the image of a region can contribute to advantage a positive development. Successful projects affect both, the own and the external image of an area. Thereby the awareness can be raised and the identification and satisfaction of the population with their area can be fostered. Beyond those projects can help to develop the strengths of a region further and remove the weaknesses by recognizing unused potentials. As quality characteristic serves not only the variety of projects and actions but also their range. Important are besides the committed of initiators also the commitment of population and other regional actors which take part in the projects.

To sum up, it can be said that the regional adaptability in the different scopes can be categorized as key factor for the growth capacity of a region.

**Organisational and institutional Determinants**

The organisational and institutional determinants reflect the capacity for innovation, the adaptability, and the commitment displayed by the actors within the region. Regional development initiatives hold an important position as innovative and – in most cases – informal organisational structures. They are well-equipped to react to new demands of the kind that classical and formal organisational structures are frequently not suited for dealing with, or at least for reacting to quickly. It becomes apparent that in the survey areas regional development initiatives and often also informal organisational structures take decisive significances. Moreover, the development initiatives pick up the potentials and the weaknesses found within the areas studied. Thereby is attempted to use the potential at the best and to redress the weaknesses.

Furthermore the experts and enterprises emphasize the important role of opinion-leaders, and trendsetters for the positive development of the studied areas. The impact of these promoters increases the surgency in the region and can lead to an increased acceptance. Moreover such personalities are often "networkers" with many contacts who can promote or accelerate processes and activities. In many cases these personalities can be found in persons such as district administrator, mayor or enterprises which actively take a stand for their region and support it.

Altogether it has been shown, that the organisational and institutional determinants can contribute to a positive development in a district.

**Personal Determinants – „creative milieus“**

The regional self-awareness, the identification and affinity of the population with a region and regional actors are closely connected with the development of a region and are shaped by the quality of life and the mentality of their residents. The results of the household survey in the studied areas clarifies that the quality of life in the studied areas is both, positive as well as extremely positive. This is reflected by the fact, that most residents exclude a removal to another region. A removal would be an option only for occupational reasons. Especially the quality of life was evaluated positive in each district.

Also mainly positive was evaluated the leisure-time activities and the supply infrastructure. On behalf of the questioned people were also the settlement of new enterprises a reason for the regional growth as well as positive developments in tourism and the efforts of the policy. Concerning the self-awareness of the population and the self-image-structures in the district
it can be said that the population is often described as autochthonous, hardworking and quite confident and exhibits a certain surgency.

IV. Recommendations for action at the level of spatial planning, state- and regional planning and relevant policies

To support positive developments in rural areas there are, accordingly to the results of the realized survey, different factors significant for the creation of appropriate suppositions. These are especially technical determinants such as the provision of transport infrastructure and the presence of successful (medium-sized) enterprises, especially in the manufacturing industry. It should be added, that both districts Südliche Weinstraße and Rhein-Hunsrück have touristic development, which promotes the positive development of the district. In respect of the regional adaptability the good business climate in the studied areas plays a major role as well as the proximity to surrounding agglomerations and research centers, which offer on the one hand employee potential and on the other hand jobs for the inhabitants. The business climate is promoted by fast and unbureaucratic actions at licensing procedures, the provisioning of commercial areas and other assistances for enterprises which expand or are willing to settle down. When it comes to the organisational and institutional determinants Opinion Leaders and Trendsetters have an important role for the positive development. The survey of personal determinants clarifies the importance of quality of life in the studied area. The quality of life creates an affinity of the population with their “home” and can work against migration - except vocational motivation.

Based on the results of the survey the following recommendations seemed to be appropriate to support growth impulses in rural areas on the one hand on behalf of comprehensive federal planning, regional planning and on the other hand on the regional development and relevant policies. Principally it seems to be important that the future challenges of rural areas should be included. Because as it has been demonstrated at the analyzed areas, the impacts of the demographic change have already afflicted the areas.

Important suppositions for the development and the support of growth impulses are:

- conservation of the quality of the transport infrastructure (road, rail, air traffic and river) and warranty of the accessibility,
- designation of qualitative valuable industry- and commercial areas,
- provision of appropriate infrastructure and services,
- fast and flexible administrative and licensing procedures,
- support of start-up and spin-off companies,
- investment and location marketing as well as regional marketing for the establishment of new enterprises,
- support of a business-friendly environment on local and regional level as well in the politics as also in the scope of administration,
- support of a business-friendly environment on local level and fostering of small and medium-sized enterprises (SMEs) and support of the innovation dynamic of enterprises,
- support of comprehensive Broadband supply
- support of initiatives in the scope of renewable energy sources
- construction of networks between enterprises and local as well as regional actors, professional organizations and others (e.g. competence networks, cluster et al.).
- usage of the European instrument array.
Besides these especially technical conditions and the ones for supporting regional adaptability and -rate are furthermore the so called “strong personalities” and thus the willingness and their above average engagement for the development of the region, necessary. The gaining of such “strong personalities” as multipliers also provides an enormous potential for reinforced lobby work for rural areas, which should be used intensely.

A conceptual basis and a strategy for regional development are necessary to support growth impulses in rural areas. As many actors as possible should be able to identify with such a strategy. In order to ensure the involvement and integration of a broad range of different groups within society, as well as policy-makers, the following approaches should be pursued:

- creating attractive living and working conditions,
- creating and supporting family- and senior-citizen-friendly structures (e.g. care services, supply infrastructure, attractive living environments, etc.),
- recognition and usage of the leading role in the scope of adjustments to demographic change,
- creating educational infrastructure,
- recognition and usage of the leading role in the scope of adjustments to demographic change,
- creating attractive educational infrastructure,
- funding of closing information gaps in the sector of the employment market,
- working out strategic approaches to counter the challenges of the public services
- support for finding suitable training positions for (high school) graduates and protection of the availability of a sufficient number and quality of apprenticeship places,
- setting up vocational training initiatives to address, inform, and support students and to dovetail the needs of business with the interests of trainees.

The use of regional, locational and investment marketing as a means of creatively presenting the entire array of the region’s strengths and potentials both to the local population and beyond the region receives special importance. The effects of these Engines of growth beyond metropolitan areas new instrument of superordinate federal and state-level planning are felt in the way they influence self-image and external image. A regional, locational, and investment marketing, p.r.n. in connection with community resp. city marketing, have clearly and demonstrably contributed to:

- motivating businesses to stay at their current locations (maintaining the economic base),
- attracting new businesses (start-ups, relocations) and
- winning over sections of the population to support the region.

In respect of the transferability into other rural regions, it should be mentioned that this is quite possible, whereby the identified success factors, which foster growth, depend on the specific basic conditions of the area. Because of the heterogeneity of rural areas and the different basic conditions, (general) recommendations for actions on growth impulses for other rural areas, can only be derived only limited. Essential is that the recommendations for action and –strategies enable orientation. The realized survey can provide ideas and best practices. At the pursuit of the shown strategies must be considered, that process of changes as such the socio-economic structural change outline a steady process and that the developments within the study area have been consummated over a long period. Therefore a “strategy of small steps” should be appointed.
Literature


Internet

Homepage Bundesinstitut für Bau-, Stadt- und Raumforschung (BBSR), www.bbsr.de (visited on 16.12.11)