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The urban-rural employment shift in Western Europe.

An empirical analysis of the employment development
in Britain, Germany and Italy

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Abstract

The aim of this paper is to investigate the continuity and the driving forces of the urban-rural employment shift in Western Europe. Based on a comparable area typology for the three case study states Britain, Germany and Italy, the study finds out that since the 1970s rural areas have overall been performing much better than urban areas. In contrast, for the 1990s the thesis of an urban-rural shift of jobs and population cannot be verified without qualifications. Even though there are rural regions that are outperforming the conurbations in terms of employment and population growth, the overriding trend has been a polarisation within the rural areas as well as within the conurbations. Concerning the determinants of rural growth, the study identifies two possible explanations: First, the above-average development of the manufacturing industries in rural areas, and second, the existence of specific “rural location factors” such as land availability, a loyal labour force and a high quality of life.

1 Introduction

In the 1990s spatial research in Europe has strengthened its focus on rural areas. The new interest for rural development departed from the empirical observation that rural areas show different paths of development. For several decades, rural areas were discussed in the context of employment losses and population decline. However, since the 1970s, researchers have been pointing out a substantial urban-rural shift that is occurring in the distribution of both population and employment opportunities. Furthermore, employment and population statistics show that some rural regions are among the most dynamic of the European Union, in that they have been more successful in generating a higher level of new employment opportunities than the national economies as a whole (European Commission, 1997). Surprisingly, not only rural regions close to agglomerations but also some remote rural regions show an above average increase in population and employment opportunities.

The urban-rural shift of employment opportunities has been widely discussed and analysed. The debate started in the United States where Berry and Cohen introduced the term “counterurbanisation” already in 1973. In 1977 a study by Vining and Kontuly prevailed first hints for a deconcentration of population in Europe as well. Some years later Drewett (1980) comes to the conclusion that the counterurbanisation is the predominant trend in most Western European countries. Similarly, Vining and Strauß (1977) describe the new developments as a “clean break with the past”.

Nevertheless, these observations and statements are often challenged. Some critics see the counterurbanisation as a construct resulting from an inadequate area typology where the growth and sprawl of urban areas is counted as rural growth by mistake (Gordon 1979; Koch 1980). Others doubt that the urban-rural shift is more than a transitional phase (Dematteis/ Petsimeris 1989). In contrast some recent studies in Great Britain and Germany give evidence for an ongoing employment deconcentration (Bade 1997; Breheny 1999; Turok/ Edge 1999).

A brief review of research about counterurbanisation demonstrates, that – depending on the time period, region and methodology – different estimations and assessments can be proven. Against this background the authors see various demand for research. First of all most of the mentioned studies can be characterised as being descriptive. Theoretical

and empirical research about the causes of counterurbanisation play a minor role, as Coombes et al. (1989) annotate. Further, the research about counterurbanisation embodies a certain degree of inconsistency. Neither the counterurbanisation phenomenon itself nor its causes are judged uniformly in the literature. Therefore, one well defined task is to prove the thesis of counterurbanisation based on an international simultaneous definition of urban and rural areas. Finally it can be said, that even the more recent publications (Cheshire 1999; Ercole 1999) refer to the time period until 1991 which is covered by the last census. In contrast, studies covering the 1990s are rare. Therefore, the aim of this paper is to examine three major questions:

1. Counterurbanisation: Can a large scale deconcentration of employment be verified in the Central European states Germany, Great Britain and Italy for the 1990s as well?
2. Growth Poles: Which branches/ sectors can be identified as growth poles of rural regions?
3. Relevance of location factors: Which location factors are of major importance for rural growth?

2 Counterurbanisation – the empirical findings

Most European studies on counterurbanisation are hardly comparable. This is mainly due to different classifications of urban and rural areas. Therefore, the aim of this study's first analysis step is to introduce a common definition for urban and rural areas. On this basis, it is possible to directly compare the regional distribution of changes in employment. The following sections show the outcome of the case studies of Germany, Great Britain and Italy.

2.1 Definition of urban, semi-urbanised and rural areas

In order to precisely define the parting rule between urban and rural areas, it is necessary to carry out a functional delineation of the urban agglomerations and their hinterland. Possibly, such a delineation shall depart from small territorial units, e.g. municipalities, and look at variables such as the commuting flows or the recreational and shopping behaviour. This functional approach represents the most appropriate method for attaining a well-founded categorisation of territories. However, due to the limited

availability of statistical data on the municipal level, this study was carried out at the NUTS3 regional level (Great Britain, Italy) or by using comparable territorial units (“Raumordnungsregionen” in Germany). Admittedly, these regional units only partly take into consideration functional interdependencies; they are yet sufficiently small in size to allow an aggregation to urban and rural areas. According to the criteria of the German Federal Building and Planning Office (BBR), in this study the classification of urban, semi-urbanised and rural areas relies on two basic criteria: the population density and the settlement structure of a region. This classification has the clear advantage that it can easily be applied to different national contextsⁱ. The results of the classification correspond more or less to those obtained by other classification approaches (see Table 1).

Table 1: Shares of national territory and population according to the territorial types

	Germany		Great Britain		Italy	
	<i>surface</i>	<i>inhab.</i>	<i>surface</i>	<i>inhab.</i>	<i>surface</i>	<i>inhab.</i>
Agglomerations	28,5 %	52,4%	22,9 %	60,7%	18,3%	44,9%
Semi-urbanised areas	43,3 %	35,0%	38,8,%	32,0%	33,6%	33,6%
Rural areas	28,2 %	12,6%	38,3%	7,3%	48,4%	21,5%

Reference: own calculations; data: BBR 2000, NOMIS 2000, ISTAT 2000

2.2 Long-term analysis: The counterurbanisation trend is confirmed

Departing from the described territorial classification, the employment counterurbanisation trend emerges as the main development tendency of the structural change over the last three decades (see figure 1). Both in Italy and Western Germany, the rural areas attain the highest relative gains in job development in the time span 1970-1999. In Great Britain, the relative employment increases of the rural areas are insignificantly smaller than the ones of the semi-urbanised areas. In contrast, the agglomerations` total share of employment has diminished significantly. A look at the run of the employment development curves reveals that the 1970s represent the decade with the strongest counterurbanisation trend.

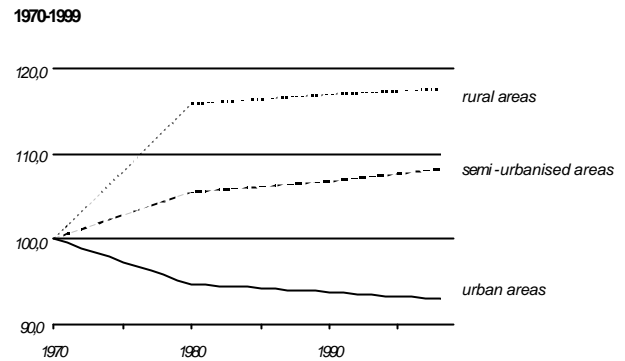
2.3 Territorial polarisation in the 1990s

Contrary to the long term trends, the trends in the 1990s are barely comparable at a first glance. In Western Germany the rural and the semi-urbanised areas continue to develop more favourably than the agglomerations, while the situation in Eastern German is marked by an above-average employment loss in rural areas. In Great Britain, the semi-urbanised areas perform best in the 1990s. The situation appears once more different in Italy, where no significant differences can be found concerning the job development of rural, semi-urbanised and urban areas (1991-1996)

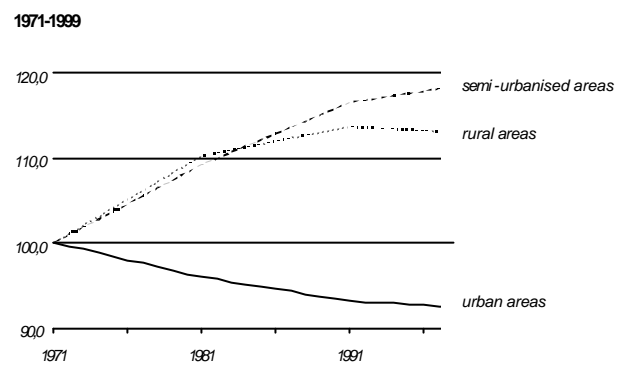
However, a more detailed analysis also reveals a remarkable similarity between the recent job development of the three countries. All of them experience a notable polarisation trend within the single territorial classes – agglomerations, semi-urbanised areas and rural areas. While the most successful rural areas gain up to 20 percent more than the rural average, the "losers" of structural change lag the average by 30 percent (see Table 2).

Figure 1: Relative employment development (national development = 100)

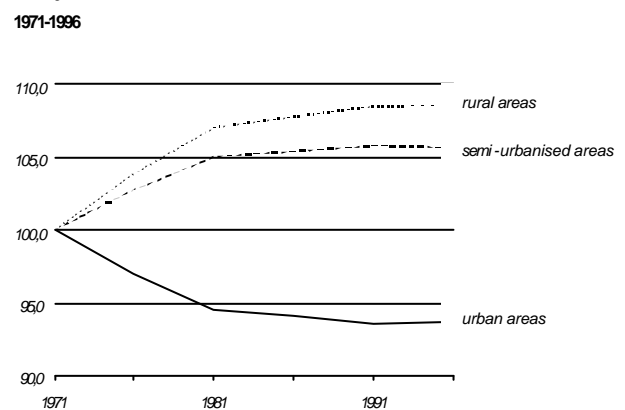
West Germany



Great Britain



Italy



Reference: own calculations; data: Bade 2000, Nomis 2000, ISTAT 2000

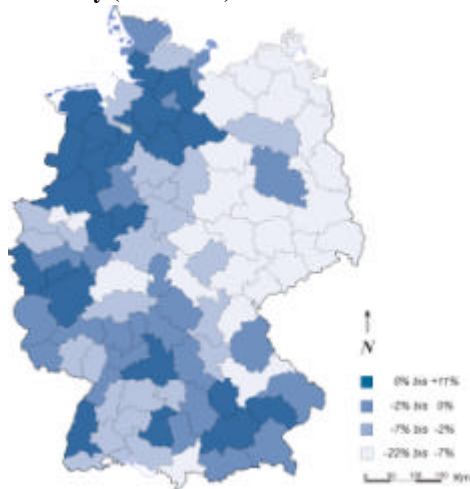
Table 2: Relative development of employment figures according to territorial types

		<i>Germany</i> (1989-1998)	<i>Great Britain</i> (1991-1999)	<i>Italy</i> (1991-1996)
<i>Relative development</i>	<i>Agglomerations</i>	-1,5 (W: +3,5)	+7,8 (Engl.: +8,2)	-3,3 (NW: -3,9%)
	<i>Semi-urbanised areas</i>	-3,1 (W: +6,8)	+10,2 (Engl.: +11,8)	-3,5 (NW: -2,6%)
	<i>Rural areas</i>	-8,2 (W: +6,0)	+7,9 (Engl.: +12,0)	-3,3 (NW: -0,9%)
<i>Average variation</i>	<i>Agglomerations</i>	9,9	5,6	3,7
	<i>Semi-urbanised areas</i>	12,9	6,1	4,9
	<i>Rural areas</i>	11,9	7,2	5,5
<i>Minimal-/Maximal-variation</i>	<i>Agglomerations</i>	+18,0 / -28,8	+21,8 / -12,5	+8,4 / -12,5
	<i>Semi-urbanised areas</i>	+21,4 / -32,4	+13,5 / -12,2	+22,9 / -14,2
	<i>Rural areas</i>	+22,2 / -32,1	+10,4 / -11,0	+19,0 / -15,4

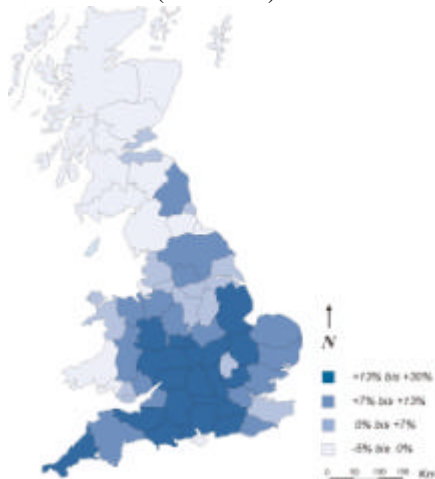
Reference: own calculations; data: BBR 2000, NOMIS 2000, ISTAT 2000

Figure 2: Distribution of employment development in the 1990s

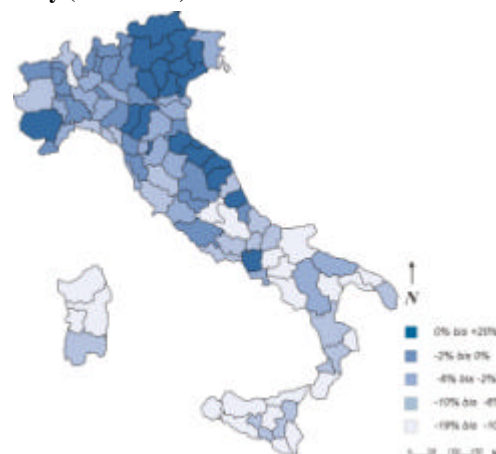
Germany (1991-1999)



Great Britain (1991-1998)



Italy (1991-1996)



If the relative employment development is displayed in maps, successful and lagging parts of the country can easily be identified, irrespective of the territorial type (see figure 2). In Germany, the lagging rural areas are, without exception, situated in Eastern Germany, while all rural areas in Western Germany benefit from employment increases. In Great Britain, the rural areas in the South-Eastern part of the country attain the highest job increases, while the Northern areas fall behind. In turn the rural growth areas in Italy

Reference: own illustration; data: Bade 2000, Nomis 2000, ISTAT 2000

pertain to the North-East and the Centre, while the rural areas of the Mezzogiorno see a decrease in term of employment figures.

2.4 Conclusion: Counterurbanisation – a current phenomenon?

To sum up, the first analysis step found out that the territorial structural change in Western Germany, Great Britain and Italy is characterised by a long-term urban-rural shift of employment. However, it was also shown that the trend towards counterurbanisation already exceeded its peak. The highest relative employment increases in rural areas occurred in the 1970s. On the contrary, the 1980s and 1990s are marked by a roughly parallel development in urban, semi-urbanised and rural areas. An ongoing counterurbanisation trend is still perceivable in Western Germany, England and North-West Italy in the 1990s. The most notable common development trend of the last years is the territorial polarisation across the categories of urban, semi-urbanised and rural areas used in this study. The employment gap between East and West (Germany) and South and North (Great Britain, Italy) has widened further.

3. How can rural growth be explained?

Whereas the trend of rural employment growth are often described there is little debate about the nature of the processes observed (Coombes et al. 1989, 57). In older studies the causes are seen either in the population or in the employment development which are induced reciprocally (Aydalot 1987). In some studies changing residential preferences of the population – especially the (re)emergence of ecological, rural and local ideologies (Dematteis 1986) are recognised as determinants of the counterurbanisation. In contrast Berry and Cohen (1973) trace the population decline of metropolitan areas back to the decline of old urban industry. A combination of economic and demographic explanations can be found in a more recent study by Keeble and Tyler (1995) where the British urban-rural-shift is inter alia explained by the growth of innovative firms in rural areas.

In this part of the study the authors undertake an economic analysis of rural employment growth. It is based on the hypothesis that the above average employment growth of rural regions is closely related to the structure of its sectors. The authors aim to identify those branches and sectors which show an above average growth in rural areas and therefore can be seen as determinants of rural growth.

3.1 First step of analysis: absolute and relative employment growth

How can rural growth poles or dynamic sectors be identified by using employment data? A first reasonable step of analysis would be to identify those sectors, or branches respectively, which show the strongest absolute employment growth. The absolute employment growth gives an overview to the – by number – most important “engines” of development. In addition, the analysis has to be supplemented by an investigation of the relative growth in order to also identify branches with a very dynamic development, independent from their size.

Table 3: Absolute and relative employment development of rural areas in selected sectors

	<i>% of total employees</i>	<i>absolute development</i>	<i>relative development</i>	<i>relative development (national development = 100)</i>
West Germany (1991-1999)				
<i>Manufacturing</i>	33,4%	-145.963	-16,7%	+6,0%
<i>Banking/ Insurance.</i>	3,1%	+891	+1,3%	-0,2%
<i>Business services</i>	4,9%	+39.523	+58,7%	+1,6%
<i>Household Services.</i>	20,8%	+84.395	+23,0%	+3,3%
Great Britain (1991-1998)				
<i>Manufacturing</i>	19,4%	+ 9.936	+3,6%	+5,6%
<i>Banking/ Insurance</i>	10,1%	+9.868	+7,0%	-17,0%
<i>Public administration</i>	28,1%	+39.352	+10,4%	+7,0%
Italy (1991-1996)				
<i>Manufacturing</i>	35,2%	-34.343	-3,8%	+3,2%
<i>Banking/ Insurance.</i>	4,1%	+137	+0,2%	+1,7%
<i>Business Services</i>	11,3%	+63.006	+33,3%	+0,3%

Reference: own calculations; data: Bade 2000; NOMIS 2000; ISTAT 2000

Both, the absolute and the relative employment development show that especially the service sector can be seen as a growth pole of rural areas (table 3). In contrast the manufacturing sector is suffering employment losses (West Germany and Italy) or at best a slight growth in employment (Great Britain). First of all the enormous employment growth in the business service sector has to be highlighted. In the Italian rural areas 63.000 additional employment opportunities were created in five years (+33%). In West Germany 40.000 employment opportunities were generated between 1991 and 1999 (60%). Further significant employment growth was obtained in the household orientated services in West Germany (23%) and in public administration, education and health in Great Britain (10,4%).

3.2 Second step of analysis: comparison of national and rural economic growth

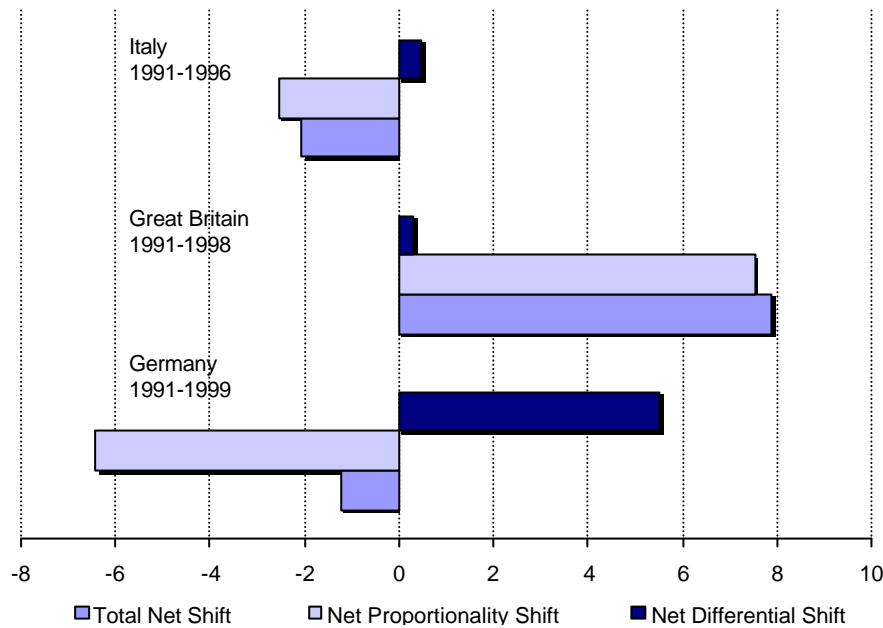
As it is the main aim of this study to identify the specific rural growth poles and economic sectors the analysis has to be extended. Therefore, one can relate the relative economic growth of a branch in rural areas to the average national growth rate in the respective sector. By this means the sectors and branches with an above national average growth in rural areas can be identified.

The comparison to national growth rates reveals the enormous importance of the manufacturing sector for the economic development of rural areas. In fact, rural areas suffered employment losses in the manufacturing sector as well but the losses were much smaller compared to the national scale. In comparison to the national trends the manufacturing sector can be seen as a backbone for rural employment development. At the same time the comparison shows that the expansion of the service sector is (as expected) not limited to the rural areas and can also be found on a national scale. Therefore, the noticed significant employment increase in the service sector is lessened in context with the national trends: Whereas the growth rates in the business service sector correspond approximately to the national developments the employment increases in banking, finance and insurance fall significantly behind the national average. Only the household orientated services (West Germany 3,3%) and public administration, education and health (Great Britain 7%) show a slight above average employment growth.

3.3 Third step: Shift-Share-Analysis

As the example of the manufacturing sector reveals, the comparison with national trends allows the identification of such sectors or branches as growth poles of rural development which are characterised by an (absolute) employment decline but where the losses are (relatively) smaller than average. On the other hand, it is disadvantageous that this method does – per definition – just take into account the relative changes whereas the absolute size of a sector or branch is not assessed. A solution is offered by the shift-share-analysis. The shift-share-analysis does explicitly take into account the size of a branch as well as their relative development in comparison to the development of the national average. This method offers hints about the causes of regional differentiated employment growth (Schätzl 2000) and is therefore an important tool in order to fulfil the aim of this study - to identify rural growth poles.

Figure 4: Shift-share analysis for rural areas in Germany, Great Britain and Italy



Reference: own calculations; data: Bade 2000; NOMIS 2000; ISTAT 2000

At first, the importance of the economic structure respective of the Net Proportionality Shift for the economic growth of rural areas was evaluated. As displayed in figure 4, the Net Proportionality Shift or the sectoral structure of rural areas is very important for the explanation of rural employment growth. In all three countries the development tendencies of Total Net Shift and Net Proportionality Shift are the same. On the other hand, the residuum or so called Net Differential Shift is distinct; especially in Germany, where the economic structure of the remote areas would have led to an employment decrease by 6%, whereas in reality an employment growth by 1,2% was realized. Even though the extent of the Net Differential Shift is much smaller in Italy and Great Britain, it led to a positive variation of the employment development in these countries as well.

Result I: Major importance of the manufacturing sector confirmed

The performed shift-share analysis for economic sectors show, that the manufacturing industry can be regarded as a very important sector for the development of rural areas. In West Germany for example the rural areas lost 40.000 jobs less than the calculated number considering the national trends (figure 5). Similarly, the manufacturing sector is in the top position in Great Britain and Italy as well. Is the analysis differentiated by way of analysing branches instead of sectors the transport equipment, respectively car

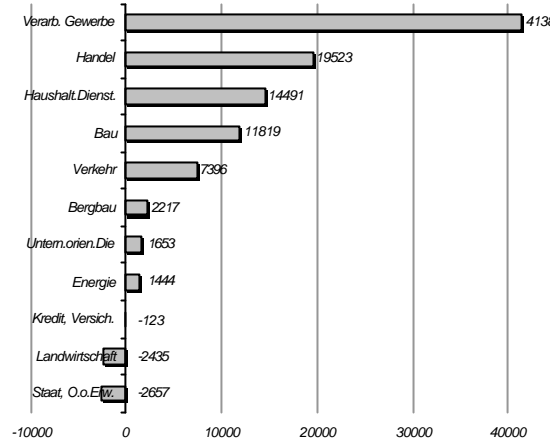
manufacturing, prove to have a high positive net differential shift in all three states. Further similarities are rare. The positive development of the manufacturing sector is apparently driven by different branches. Whereas in Germany chemical industry, mechanical engineering and wood processing are highlighted by the shift share analysis, in Great Britain the manufacturing of food, beverages and tobacco is of major importance. In Italy finally, manufacturing of optical units, furniture and fine mechanics show the most positive net differential shift in addition to car manufacturing.

Result II: Heterogeneous developments in the service sector

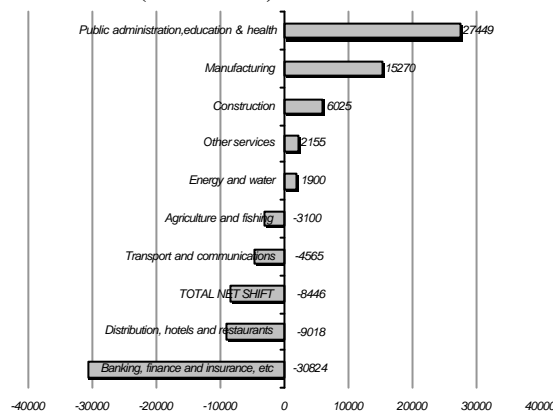
In contrast to the manufacturing sector the service sector is characterized by uneven developments in the three Central European Countries. In Great Britain the picture is dominated by the significant below average development of banking, finance and insurance (30.000 jobs less than expected). On the other hand the public administration, education and health sector is developing much better than in the national average (27.000 additional jobs). In Germany, in contrast, the public services show a development below the national average (-2.675). On

Figure 5: Net Differential Shift for selectet sectors in rural areas

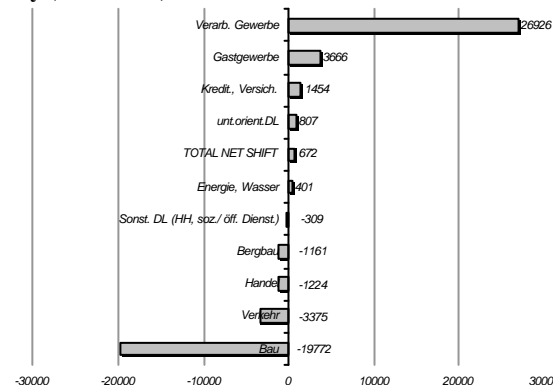
West Germany (1991-1999)



Great Britain (1991 – 1998)



Italy (1991-1996)



Reference: own calculations; data; Bade 2000; NOMIS 2000; ISTAT 2000

the other hand the household orientated services and the wholesale / retail distribution are stamped by a positive net differential shift. In Italy finally, none of the service sectors – with the exception of tourism – contributes significantly to rural employment growth.

4 Rural location factors – The View of entrepreneurs and experts

The Shift-Share analysis shows that rural areas in West Germany, Great Britain and Italy are characterised by a positive net differential shift. In order to break down this residuum, a qualitative case study analysis was carried out as the last analysis step of this study. The main objective was to study the type and relevance of single location factors in rural “success areas”. The empirical research consisted in a series of interviews with entrepreneurs, planners and scientists in three case study areas.

4.1 Selection of case study areas and research methodology

The results of the shift-share analysis served as basis for selecting three case study areas marked by high job increases and a distinctive positive net differential shift: first, the Raumordnungsregion Emsland in Lower Saxony (Germany), second, the County of Lincolnshire, located about 3 hours car travel time North of London, and third, the County of Pesaro-Urbino in central Italy. The three case study areas lack major cities (> 100,000 inhabitants) and have low population densities (<150 inhab./km²). Moreover, a common feature consists in a diversified economic structure where small and medium-sized companies prevail (see table 4).

Table 4: Main features of the three case study areas

	<i>Emsland</i>	<i>Lincolnshire</i>	<i>Pesaro-Urbino</i>
<i>Population</i>	427.000 inh.	616.000 inh.	343.000 inh.
<i>Population density</i>	111 inh./km ²	104 inh./km ²	118 inh./km ²
<i>Employed persons</i>	167.300 (1999)	218.027 (1998)	95.193 (1996)
<i>Employment development</i>	+6,6% (1991-1999)	+18,3% (1991-1998)	+4,0 (1991-1996)
<i>net differential shift</i>	+16,8% (1991-1999)	+10,5% (1991-1998)	+6,4% (1991-1996)

Reference: own calculations; data: Bade 2000, NOMIS 2000, ISTAT 2000

In each case study area, 12-15 experts and entrepreneurs were interviewed. In view of the small sample and the explorative, qualitative character of the case studies, no random sampling procedures were applied. In order to increase the comparability of the results, the sample of companies was chosen out of only three economic branches: mechanical engineering, electrical engineering and informatics. All of them are considered to be “high tech” and contribute significantly to the employment growth of the 1990s in the three case study areas.

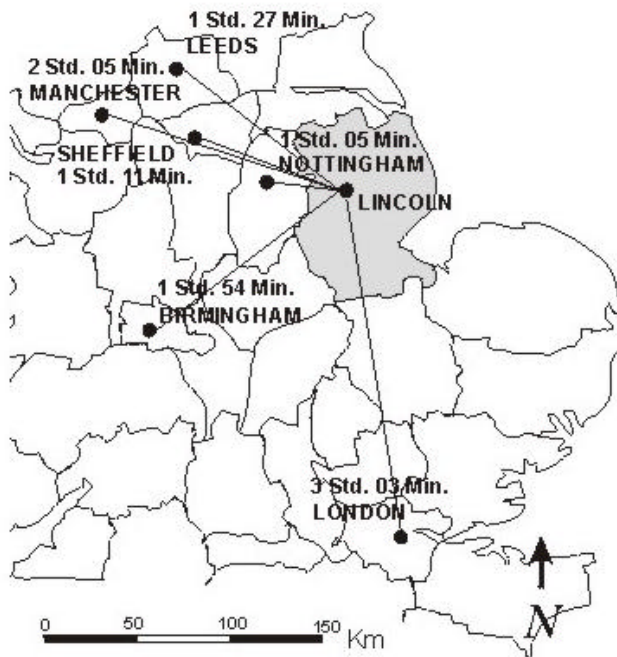
4.2 Rural “success factors”

The case study research focused on four “hard” location factors (accessibility, availability and prices of land, labour force and access to innovation) and two “soft” location factors (regional image, quality of life). Both entrepreneurs and experts were asked to assess these location factors in their respective region. The hypothesis was that each of the listed location factors has rural specifics and contributes to the success of the respective area. This presumption was confirmed in nearly all cases.

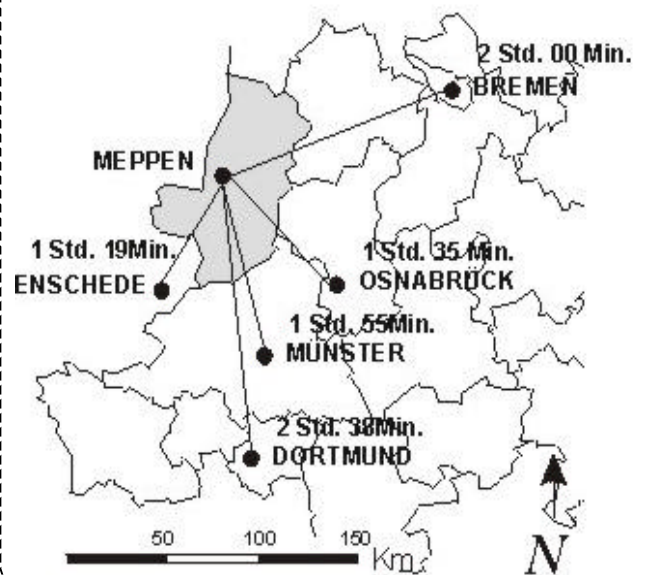
The physical *accessibility* was unanimously assessed as positive location factor in the three case study areas. This estimation may surprise at first glance as rural areas typically claim their scarce transport connections and their peripheral location to be the main obstacle to economic development. However, the specialisation of the production and the globalisation of trade relations seem to bring about a re-evaluation of the location factor “accessibility”. Many of the interviewed small and medium businesses have national, European or even global suppliers and markets. As a consequence, the travel time to the *next* agglomeration decreases in relevance, while it gets more important to be situated *between* national and European centres. The three rural areas observed in this study are each marked by an “interim-location” between several agglomerations. Hence it is possible to reach suppliers and customers in the different parts of the country within only few hours travel time respectively. Besides, according to the interviewed entrepreneurs the new information and communication technology, i.e. internet and email, and the area-wide availability of courier services add to an increased accessibility of peripheral areas.

Figure 4: „Interim-location“ between different agglomerations

County of Lincolnshire



Raumordnungsregion Emsland



Reference: own illustration, data: Europa Routenplaner 2000

The case study research confirms the importance of the classic rural location factor “availability and prices of *building land*”. The high land availability favours both the realisation of cheap housing and the settlement of land-consuming industries. However, not all rural regions can profit from their affordable building land. In particular mountainous rural areas where settlement and economic activities are concentrated in some few valleys, land availability can evolve as a growth limiting factor. The example of Pesaro-Urbino (Italy) proves that the combination of a (partly) unfavourable topography and land consuming industries, i.e. wood processing and furniture production, can lead to building land shortages and increasing land prices – here, building land does hardly constitute a locational advantage any more.

According to the findings from the case study areas, the location factor *labour force* plays a crucial role for the positive economic development in some rural areas. On the one hand, there are “hard” success components such as the low wage level (Emsland, Lincolnshire) and the relatively high availability of labour force (Emsland). On the other hand, two “soft” aspects regarding the labour force emerge as typically rural: First, the high loyalty, motivation and commitment, secondly the resulting low turnover rate of the employees. These features can be classified as being typical for rural

areas: Residents of rural areas have relatively few choices concerning potential employers; moreover, they tend to live in self-owned houses and are therefore less willing to move. These circumstances may explain the motivation of rural employees to be more engaged in the company they work for. Despite of these “soft” advantages, in some cases the labour force also represents a growth limiting factor in rural areas, i.e. the lack of highly qualified labour force. This problem is due to the migration of young, qualified persons and due to the difficulties to attract highly qualified employees from nearby agglomerations. According to the interviewees, one of the most relevant reasons for the reluctance to move to rural areas lies in the missing recreational and cultural offers and facilities. Compared to the national average, the three case study areas are therefore characterised by below-average formal qualification levels. Some of the interviewed entrepreneurs state however, that the low employee turnover and the skills acquired on the job can sometimes substitute high formal qualifications. In this context, the role of medium-sized and larger companies as promoters of technical know-how is being highlighted.

The *access to know-how and innovation* is assessed as “success factor” rather than barrier to rural development. Truly, research activities are classified as mostly “urban” activities. But, on the other hand, the incremental development and flexible adaptation of products seems to represent a strength of rural companies. The co-operation between companies and their customers as well as between companies and regional research institutes and universities facilitates the access and diffusion of knowledge. In contrast, there is little intra-regional cooperation between companies operating in the same sector. This may be explained by the high degree of specialisation and the resulting shortage of suited companies to co-operate with, but also by a traditional “sense of autarky” typical for rural areas.

The location factor “*quality of life*” is of particular relevance for the location decision of those companies whose entrepreneurs consider to move or to remain in the respective region. A high quality of life can also compensate some shortages in other fields. In the future, the ubiquitous availability of “hard” factors, achieved through improvements of the transportation network, will probably further increase the relevance of the location factor “quality of life”. Some of the main typically rural features of this location factor are constituted by natural landscapes and favourable housing conditions.

Contrary to the location factors discussed so far, the *regional image* seems to have a minor effect on the success of rural companies. Generally, rural areas suffer from a low notoriety (Pesaro-Urbino, Lincolnshire) or a traditional and obsolete regional image, e.g. as rural, agricultural area (Emsland). Therefore, other than the situation in larger agglomerations, a rural company can hardly benefit from the reputation and image of its area. There are yet exceptions to this rule. Rural areas known as tourism destinations and as places of high quality of life partly manage to attract “nature-oriented” self-employed and professionals who wish to move to a rural (natural, calm) location. Besides, those rural regions marked by regional industrial clusters sometimes succeed in developing a favourable “product-oriented image” (e.g. Pesaro-Urbino: furniture/wood processing).

4.3 Region-specific location factors

As expected, the positive economic development of the three case study areas is not only due to location factors with general relevance for rural areas, but also to historical and region-specific determinates of growth. Despite of their specifics, they can partly serve as initial point for analyses and recommendations also for other rural areas.

One of the distinctive location factors in the Emsland region could be entitled as ‘*business friendliness*’ – a general openness to entrepreneurial interests. A majority of the interviewees rate this factor as crucial for understanding the success story of the Emsland. An example for “business friendliness” could be that “problem industries” have less difficulty allocating in Emsland than elsewhere. Another aspect is the co-operative and effective local administration which assists and promotes business activity and actively seeks to solve problems perceived by entrepreneurs.

In Lincolnshire, *exogenous factors* seem to play a major role. Both expert interviews and statistical analyses led to the conclusion that the employment development is – among others – reinforced by a continuous population growth in rural areas. The high attractiveness of rural areas as places to live induces the in-migration of commuters, self-employed and retired persons, which in turn evokes an increase in spending power and regional income. Moreover, Lincolnshire’s relative proximity to the Greater London area is seen as a location factor enhancing the region’s economic growth.

Finally, in Pesaro-Urbino one can identify a series of regional specifics exerting a positive influence on economic development. Most of them are closely linked to the production form of the industrial district: a high degree of *specialisation* and of *export-orientation*, *flexible production structures*, *technical know-how*, *entrepreneurial spirit*. The specialisation of the production facilitates the export activities, while the small-scale production structures and the resulting flexibility allow a rapid adaptation of changing demands on the national and global markets. According to the assessment of the interviewees, the better part of the employment growth in the period 1991 – 1996 can be attributed to the increased export activities following the Lira devaluations (1993, 1995). However, the success story of Pesaro-Urbino has also strong endogenous components, namely the entrepreneurial spirit (*imprenditorialità*) and the widespread technical knowledge. These two factors can be interpreted both as origins and as outcomes of the *strutture distrettuali* and favour new start-ups as well as a pronounced entrepreneurial behaviour which seeks to compensate location disadvantages.

5 Conclusion

The three central European countries studied are characterized by a long term redistribution of employment in favour of the rural areas. The peak of counterurbanisation was reached in the 1970s indeed. In contrast the rural employment growth in the 1980s and 1990s occur on a relatively low level. Altogether a general and strong trend of polarisation across the area typologies (agglomerations, semi-urbanised areas, rural areas) could be revealed.

In the framework of this study, the hypothesis of typical rural growth poles or branches with extraordinary growth in the rural areas could (in the international comparison) not be verified entirely. The developments are quite similar on the level of economic sectors. In comparison to the national development one has to highlight the importance of the manufacturing sector for the economic development of rural areas. The employment losses are much smaller in the rural areas than in agglomerations and semi-urbanised areas. Differences are first of all seen on the level of branches. Except for car manufacturing or manufacturing of transport equipment different branches contribute to the positive net differential shift of rural areas.

The case studies did verify the hypothesis of the existence of typical rural location factors which have an influence on the positive economic development of some remote areas. Part of these “deglomeration”-factors are especially changes in the accessibility and the demands on accessibility, the availability of affordable building land, cheap and loyal labour as well as a high quality of life for households.

The authors see twofold requirements for future research: On the one hand, one should investigate to what extent and how “soft” location factors do influence the economic development of rural regions and can explain differences in regional growth as well. Therefore it is necessary to undertake an operationalization of “soft” location factors in order to be able to compare them interregionally. On the other hand it seems to be necessary to extend the analysis of single branches by analysing complementary structures in the context of economic clusters. Parallel one could investigate the role and importance of the relevant enterprises which have dominated rural development. Both research questions shall enhance the future knowledge about the determinants and causes of rural growth in order to allow an effective regional policy and a successful governance of an increasingly divergence in regional economic development.

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ⁱ According to the territorial classification of the BBR, areas are classified as rural if their population density is below 150 inhabitants per square kilometre and if they do not include a city with more than 100,000 inhabitants (see Bötker/ Irmen 1997).