



DERREG

Developing Europe's Rural Regions in the Era of Globalisation

*An interpretative model for better anticipating and responding to
Challenges for regional development in an evolving international context.*

WP5:

**Synthesis and contextualisation of research and development of an
interpretative model**

Deliverable 5.3 (part)

Case study and summary overview reports.

Övre Norrland (Sweden).

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Andrew Copus and Moa Hedström (Nordregio)



NORDREGIO
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1. INTRODUCTION

This document has been written by researchers at Nordregio (the Nordic Centre for Spatial Development) in Stockholm as part of the European Union Framework 7 project DERREG (Developing Europe's Rural Regions in the Era of Globalisation). This is a research project, carried out by nine institutes in seven EU Member States, with a focus upon Globalisation processes in rural and remote regions. The work of the project is carried out within four themes:

- Global engagement and local embeddedness in rural business networks
- International mobility and migration.
- Environmental capital and sustainable rural development.
- Capacity building, governance and knowledge systems.

Of these, only the first two were followed by the Nordregio team. They worked within the context of the Övre Norrland region in Northern Sweden.

The detailed findings from each of the above themes, and across all seven Member States may be accessed via the project website (<http://www.derreg.eu>). The purpose of this document is to provide an overview of the findings for the Övre Norrland region, in an accessible style, and with some pointers to potential policy implications.

2. ÖVRE NORRLAND: SOME BACKGROUND INFORMATION, AND KEY ISSUES RELATING TO GLOBALISATION.

Övre Norrland has a larger land area than Greece, but with less than 5% of the Greek population. It thus has one of the lowest average population densities in Europe. It is also one of the most peripheral regions in Europe. This combination makes the region a very challenging business environment.

There are very substantial variations in land use and settlement patterns within the region. The coastal fringe has most of the agricultural land and most of the population, including the most important towns of Umeå, Skelefiå, and Luleå. The inland areas are predominantly forested with widely spaced small towns. The extreme NW of the region has tundra-like conditions, and is well within the Arctic Circle.

Although long populated by a small indigenous population (the Sami), the modern development of the region began in the late nineteenth and early twentieth centuries, with immigration from regions further south. Since the mid twentieth century this flow has reversed and Övre Norrland has experienced sustained out-migration towards Stockholm and other parts of Sweden. There has also been a drift of population from the countryside towards the larger towns within the region. This migration has been selective, resulting in a substantial ageing and gender imbalance of the population, especially in the rural parts of the region. Despite these rather negative demographic features living standards are generally high, largely due to the strong traditions of regional development policy and the Welfare State.

The economy of Övre Norrland was traditionally primary sector dominated (mainly mining and forestry, farming activity is marginal). Today the mining and forestry industries are still very important, but, like everywhere else, service activities have grown substantially. These are concentrated in the towns and larger villages. Entrepreneurship and inward investment tend to be concentrated in the larger urban areas, especially Umeå and Luleå, both of which have some research and development facilities associated with universities.

Key issues relating to globalisation in Övre Norrland include the (perceived) handicaps of extreme remoteness and sparsity, the implications of a business structure in which primary production (timber and metallic ores) and large companies seem to dominate, and the implications of long-standing selective migration for the region's human capital profile.

Remoteness and sparsity are 'traditionally' assumed to impact upon business development by increasing the cost of assembling materials or delivering products to market, and by reducing the opportunities to derive benefits from 'external economies of scale' or clustering. In the modern context, where service industries

and the 'knowledge economy' are thought to be the keys to growth, information technology is on the one hand, said to reduce these disadvantages, whilst on the other the importance of face to face communication and 'tacit knowledge' continue to present specific challenges to regions like Övre Norrland.

A business structure which is overly dependent upon resource-based activity tends to be vulnerable to fluctuations in demand, and long-term growth prospects may be limited. An economy like Övre Norrland's might be perceived to be 'at the mercy' of global business cycles. According to popular modern theories regional economic growth is associated with innovation and entrepreneurship. On the face of it, a region like Övre Norrland, in which large companies, some of them based overseas, account for a substantial proportion of the value of economic activity, and have a formative influence over business culture, is unlikely to act as a fertile seed-bed for new firms. Within such a context wage employment, rather than entrepreneurship can become the default option for the working population, especially one that is ageing and depleted of human capital by many years of selective out-migration.

Such are the kinds of challenges faced by a region like Övre Norrland in the opening decade of the twenty-first Century. However new opportunities also present themselves as a result of improved transport links and information technology. These have already been acknowledged above in relation to business development, but they can also impact upon the social life of remote areas through changes in mobility, not only migration but also through temporary residence in 'second homes'. The latter can become more than places for vacation, part of a new kind of mobile lifestyle, where a proportion of economic activity is no longer tied to a fixed workplace, but free to become part of a strategy to maximise quality of life.

As explained earlier DERREG, research in Övre Norrland involved two of the four thematic workpackages, addressing business networking and mobility. The next two sections will present summaries of these workpackages, in each case first providing an overview of the research as a whole, and then focusing upon findings from Övre Norrland in particular.

3. WORK PACKAGE 1 – BUSINESS NETWORKS AND GLOBALISATION

3.1. Overview

This section introduces Workpackage 1, its aims and objectives, methodology, and findings. For more detailed information see Copus et al 2011. This workpackage was implemented between 2009 and 2011 in five case study areas, in Sweden, Netherlands, Slovenia, Czech Republic and Lithuania. The following brief summary is structured around four simple questions:

(a) *Why are rural business networks an important subject?*

Rural business networks are potentially a key component of a new approach to territorial rural development. This moves beyond outdated concepts of the rural economy as dependent upon urban spillovers and spread effects, and policy based upon compensation for locational disadvantage. Instead it acknowledges the fact that although some of the more extreme 'death of distance' predictions of the impact of improved transport, travel and communication technology have not materialised, and face-to-face communication still plays a key role in business life, a significant incremental shift is taking place. An increasing proportion of the interaction between rural firms is no longer constrained by physical distance. Key transactions, and also non-market linkages often involve partners beyond the region, or even outside the national boundary. In academic terminology, it could be said that firms are increasingly operating within 'relational', rather than 'Euclidean' space, or that there has been a partial decoupling of organised and spatial proximity. This is important in terms of economic development, because the extra-regional linkages are believed to act as channels for technical information and market intelligence which drive innovation and sustain competitiveness.

(b) *What do we already know about business networks?*

Our review of literature told us about the characteristics of transaction and non-market linkages, and the various business network concepts which have been described in recent years, (industrial districts, clusters, milieu innovateur, learning regions etc.) A key point is that business networking can act as a surrogate for agglomeration, allowing dispersed rural firms to compete with those operating in an urban or suburban environment. The preconditions for success of rural business networks relate not only to physical infrastructure, or availability of good access to information technology (such as high speed broadband), but also to a range of 'intangible assets'. These include human capital (education, age structure of the workforce etc), aspects of social capital (an outward looking, non risk-averse entrepreneurial culture, trust, cooperative ethos), facilitative governance arrangements and so on. It is also commonly argued that the most effective and dynamic business networks are those which combine dense and highly interactive

patterns of local interaction with a smaller 'external' component. This idea is often referred to by the memorable phrases 'the strength of weak ties' or 'local buzz and global pipes'.

Combining these lessons from the literature we articulated our research hypothesis as follows:

Successful and dynamic rural firms derive "networking economies" from frequent and effective interaction, not only with the local business environment, but also with a much more extensive set of linkages, stretching out across Europe. This implies that global integration and more local "territorial anchoring", are not mutually exclusive. Indeed they are complimentary aspects of a "survival strategy" for SMEs in rural areas.

(c) What did we learn from our Case Studies?

Our case study research comprised three surveys, two targeting local SMEs and one focusing upon 'network brokers' who seek to develop and enhance local business networking. The first SME survey was an electronic (email) survey, with mostly 'closed' questions, amenable to qualitative scoring and simple descriptive statistical analysis. The second SME survey took the form of structured interviews with a subset of the respondents to the email survey.

The following are the key general findings:

- All the case study areas exhibited some degree of internationalisation of their transaction networks. The extent of overseas involvement seemed to relate more to regional business characteristics (sectoral structure, size of local market, human capital, local planning policy etc) than to the proximity to agglomerations.
- Non-market interactions tended to be mostly confined within the national context.
- On balance international linkages tended to be direct and 'translocal', with SME partners, rather than indirect or 'vertical' (i.e. through multinational companies acting as intermediaries.)
- International linkages were often seen as more valuable than local ones.
- The main benefit from international linkages was access to market intelligence. Where more local networking was important, shared learning about compliance with regulation was a key motivation.
- Interaction with supporting agencies remains predominantly regional or national.
- The key form of policy support was 'network brokerage' by public, private or voluntary agencies. This essentially took two forms; 'match making' and 'forum facilitation'. The ability of these actors to communicate, and thus form 'meta-networks' was seen as a key to their success.

In addition to these general points each case study area revealed more specific characteristics about networking within particular contexts. The findings specific to Övre Norrland are discussed in section 3.2 below.

(d) *What are the implications for policy?*

The understanding of the way in which small rural businesses interact with both local and more distant partners, and the way in which network brokers can help to build and sustain networks within their regions, adds weight to calls for a shift from sectoral rural development policies towards support for diversification into a more sustainable 'New Rural Economy'. It also raises questions about the justification of the recent emphasis upon (local) rural-urban linkages as a key tool for rural economic development.

More specific recommendations include:

- That network brokers in the New Member State case study regions should in time begin to shift their emphasis from local capacity building and enhancing the absorption of EU funds, towards international 'match making'.
- That there seems to be scope for sharing experience and best practice between the Swedish and Netherlands network brokers and those of the other three case study regions.
- That there is still an unhelpful and sharp distinction between the activities carried out by EU rural policy and regional policy. Increased coherence and synergy is desirable.
- The process of decoupling organised and geographic proximity, which allows dispersed rural SMEs to begin to compete with urban businesses (with their agglomeration advantages) depends not only upon physical/technological infrastructure, but also upon a range of 'intangible assets', and these should not be neglected in the design of territorial rural development policy.

3.2. Business Networks in Övre Norrland

In this section we present more details regarding methodology, and findings from the Övre Norrland case study are provided.

(a) *The sample of firms in the regional context.*

Comparisons of findings between Övre Norrland and the other case study regions should keep in mind the unique geographical context, and the details of the sampling procedures followed, particularly for the initial electronic survey.

In Övre Norrland the first two surveys involved forty-nine and fifteen firms respectively, whilst in the third fifteen key actors from support agencies were interviewed.

As has already been emphasised, this is a very sparsely populated and extremely peripheral region. Within the region there are substantial contrasts between the five regional centres (Umeå, Skellefteå, Kiruna, Luleå, and Gällivare), the more populated and accessible coastal strip, and the very sparse and remote 'interior' municipalities. The sample of 49 firms was drawn from the inland areas; the five urban municipalities, and the adjacent municipalities, were excluded. As a consequence it is reasonable to state that the surveyed SMEs are operating within one of the most challenging business environments (in locational terms at least) within the EU.

Fortunately for us, however, Sweden has a rather sophisticated business database (AffärsData), to which access was granted in order to establish a population of firms from which to sample. The initial list included 800 firms. From this population approximately 200 were selected, on the basis of the description of their activity, as having potential to be active on international markets. Firms which seemed unlikely to have any international contacts (such as local service activities, education, real estate, retail and wholesale) were 'screened out'. The firms on this shortlist were then contacted by telephone to ascertain their willingness to complete the electronic questionnaire. Those who were willing were emailed the questionnaire. On the whole the availability of the database as a starting point, and the relatively positive attitudes of the entrepreneurs, meant that collecting the required number of responses, although laborious, was not problematic.

The fifteen firms interviewed in the second (face-to-face) survey were selected initially on the basis of their level of international integration, although willingness to participate became, in effect, an important secondary criteria.

The fifteen key actors interviewed in the third survey were selected partly on the basis of recommendations from the project's stakeholder group, and partly on the basis of a 'snowballing' process.

(b) *Profile of the sampled firms.*

In the first survey the sampled firms included some long-established firms (nine were over forty years old), but also a balanced age distribution with roughly equal proportions dating from each of the past three decades. The majority were locally based independent companies. Twelve were owned by non-local companies, two with regional headquarters, five were based elsewhere in Sweden, and five had foreign owners.

In terms of economic sector, the sample was dominated by manufacturing firms (thirty firms). Six of the firms were engaged in forestry-related activities. Five were from 'Information and communication activities', and four from 'Professional and scientific' activities.

The majority of the firms (32) had between 10 and 49 employees and sixteen had less than 10. Two firms had only recently increased their workforce to slightly over 50.

In the second survey the fifteen firms interviewed had a broadly similar profile in terms of activity. Four were engaged in local resource-based processing, five carried out 'high-tech' manufacturing, four were in more traditional engineering and manufacturing activities, and two provided business services. Two-thirds of the firms had 10-50 employees, and the rest had fewer than 10.

(c) *The degree of International Integration*

Clearly the finding that 53% of the firms responding to the first survey in the Swedish case study area were either 'partly' or 'fully internationalised' is very significant, even bearing in mind the sampling procedure (which favoured firms engaged in activities which might reasonably be supposed to be engaged in overseas business). A number of explanatory factors are suggested by the face-to-face interviews with a sub-sample of entrepreneurs, and by the regional and cultural context:

- (i) The small size of the regional and national markets, combined with niche/quality/bespoke marketing strategies of firms which process local raw materials (forestry and food). This necessitates a wider outlook. Thus one interviewee stated:

"The Swedish market is limited and considering all the raw material in the form of the large forests with exceptionally good quality that we have here, exporting has sort of been incorporated in the concept for a long time now."

- (ii) Proximity to international boundaries (Norway, Finland).
- (iii) Language skills, which allow effective communication in Swedish with Norway and Denmark, and with other European business partners in English.
- (iv) A well developed and pro-active array of business support agencies and actors (see below).

(d) *Intra-Regional Collaboration.*

In the context of non-transactional collaboration, face-to-face contact is extremely important. This explains the dominance of regional or national relationships in terms of this kind of interaction. It is particularly interesting that this is still true in the Övre Norrland region, where long distances may separate 'neighbours' in the business community. Sparsity also precludes clustering or proximity of businesses specialising in similar or related activities. Informal non-market interaction therefore tends to focus upon common issues which are of mutual interest because of location, rather

than similarity of business activities. In a sense this can help to enhance cooperation since it reduces the rivalry between neighbouring businesses. The interviews provided evidence of the high degree of trust within the rural business community. Thus one interviewee referred to the "good chemistry" within the local business community, which meant that he "*can always just cross the street and go and ask the others for help and ideas...*".

(e) Motivations for Business Networking

The face to face survey with SMEs allowed us to explore the relative importance of different benefits from business networking (in this case not distinguishing between transaction and non-market links) using a simple device called an 'actor map'. The pattern of actor map scores allowed a tentative classification of firms on the basis of the value placed upon their networks. Two-thirds of the entrepreneurs interviewed valued their networks principally for the support they provided to marketing, or a combination of marketing and product development. This finding is consistent with the fact that the interviewees also consistently identified customers and suppliers (rather than agencies, sources of finance, or membership organisations) as the most important members of their network.

(f) The Institutional Setting

The 'support space' for SMEs in Övre Norrland is relatively crowded with public agencies at municipal, county and national levels, other semi-public bodies linked to universities, and representative organisations (both sectoral and regional based). It was not entirely clear whether this complexity should be considered positive (i.e a rich support environment) or negative (due to confusing complexity and inefficiencies resulting from duplication of effort).

The influence of European programmes and funding is woven through these structures, (rather than presented separately), adding to the perception (among the firms) of limited international influence. What emerged particularly from the third survey (of network brokers) was the importance of good communication between this multiplicity of actors. Effective collaboration between parallel agencies at different geographic levels (regional, national or European) seems to be extremely important in facilitating the development of international linkages.

Of the two kinds of brokering activity (match-making and forum facilitation) there was some evidence that the former had more potential for making enduring changes to the networks of SMEs, whilst groupings of firms generated by forum facilitation were likely to disperse or fragment once the initiative or project was ended.

(g) Resilience and the Impact of the Financial Crisis

It is fair to say that Sweden, in general, has not been affected by the recent economic crisis to the same extent as some other EU Member States. Nevertheless the entrepreneurs interviewed in Övre Norrland have experienced difficulties to varying degrees, and it is very interesting to hear how they responded, and to what extent their business linkages contributed to their resilience.

On the basis of the first two surveys (especially the face-to-face interviews) it was concluded that three firm characteristics seem to be related to rates of growth and resilience during the recent recession:

- (i) Firms which rely upon more “traditional” engineering and manufacturing markets seem to grow slowly, and be more severely affected by recession than firms involved in high technology (or biotechnology) sectors.
- (ii) Firms which have always been forced to interact with markets beyond the local region (simply because the latter provided too few customers) and those which have made a conscious decision to sell their products outside Sweden, seem to have been largely unaffected by the recession.
- (iii) It was a conspicuous common characteristic of the more successful firms that they focus their efforts upon niche markets, and upon the high quality segment.

Of course these three characteristics are not independent – they can (and did) coincide within a single firm.

More subtly, it is clear that the building and maintenance of the quality of business networks which can strengthen resilience requires more attention than simply sticking to ‘the rules of the game’ in terms of day-to-day transactions. It demands conscious effort, consideration and tact. A number of interviewees pointed out that emails were acceptable for routine interaction, but nurturing contacts necessitated an occasional telephone call, or a face-to-face meeting. Thus one affirmed that it was “... *important to take some time to call the customers instead of always sending an e-mail. Even though it might take you an extra half an hour this is how you build the relationships, through talking about everything but work for a while. With some customers our relation is so good that they dared call us during the crisis to see how we where doing. After talking to us they could trust us again, even though they knew we where letting people go, and remained our customers.*”

(h) The perception of physical distance and remoteness

The remoteness of the region, and the high cost of transporting products to distant customers is in a sense ‘the elephant in the room’ for the business community of Övre Norrland, in the sense that the entrepreneurs had of necessity ‘factored it in’ to their business models. What was surprising, however was the fact that some of the

interviewees emphasised the relatively good communications as a positive factor. One interviewee stressed the importance of the physical infrastructure in the region: *“Without the good Internet and flight connections we have [...] we would not be able to build a network reaching beyond the local market.”* Another interviewee, stated that: *“A good Internet connection is crucial for a firm located as far from any larger markets as we are and with the ambitions of acting on a larger market.”*

Clearly business success, even in certain kinds of manufacturing, is not precluded from even relatively remote rural areas, providing good broadband, regional airports and adequate road/rail links are in place. However the three characteristics of the successful firm mentioned above (high technology, a geographically wide spread customer base, and niche/quality products) seem to be crucial.

4. WORK PACKAGE 2 – MIGRATION AND SECOND HOMES.

4.1. Overview

This section introduces Workpackage 2, its aims and objectives, methodology, and findings. This workpackage was implemented between 2009 and 2011 in five case study areas, in Sweden, Germany, Slovenia, Ireland and Lithuania. In this section of the report, as before, we will first present a broad overview of the work carried out by the DERREG consortium, and its key findings. This is followed by a summary of the work carried out in Övre Norrland.

Migration as a Component of Globalisation.

Clearly the increasing movement of people is as much an aspect of globalisation as the movement of goods, money or information (as described by the earlier section on business networks). In this context too, it is not migration *per se* which is new, it is the scale and intensity which have emerged in recent years. This is partly a function of technological change, in transport and communication, but also a consequence of political changes, such as the collapse of Communism, and the expansion of the EU, (and the associated employment rights), and of global deregulation of financial markets. As a result of the increase in migration it is possible, in this context too, to observe an increasing degree of 'translocalism', whereby complex networks of interaction connect geographically distant localities, both urban and rural. Relatively little research has been carried out into the nature and impact of international migration on rural areas. This is the focus of WP2.

Theories about Migration

It is important to distinguish migration from mobility (which involves movement without a change in place of residence). Otherwise the definition of migration is rather obvious, centred upon a change in the location of permanent residence. There are of course a number of characteristics which can be observed, relating to distance between origin and destination (and whether an international boundary is crossed), permanence, motivation, and so on.

Theories relating to migration have generally been concerned with explaining aggregate population movements in terms of macro-economic processes (neo-classical model), or with individual migrant motivations (push-pull model). Dual labour market theory distinguishes two segments in the economy, and associates migration mainly with the lower paid and less secure 'secondary segment'. In a developing country context 'world system theory' emphasises the role of first/third world disparities and global flows of people and capital. Clearly such theories have only a limited amount to offer DERREG in its study of the role of migration in the globalisation of rural areas of Europe. Of more interest is the more recent literature

about micro and meso-level social networks and social capital. However, even these have the disadvantage of having been developed to explain migration to urban areas. In the rural context the relative lack of previous analysis points towards a more descriptive approach. The aim should first be to try to establish the facts, before trying to explain them.

The Three Kinds of Migration Investigated

Three kinds of migration were investigated in WP2:

- (i) Labour migration – migration related to the search for employment (in Germany, Lithuania and Sweden).
- (ii) Migration associated with the purchase of second homes (in Sweden, and Slovenia) and cross-border commuting (in Germany).
- (iii) Return migration (in Ireland and Lithuania).

These are obviously rather different in many ways. However in each case the focus was upon individual migration experiences, motivations, adjustment and adaptation to the new environment, the development of local social networks, and the provision of support for new migrants through various forms of national, regional and local policy.

The Methodology

The methodology used was essentially qualitative; face to face structured interviews, first with migrants, and then with key informants involved in organisations providing various forms of support for migrants.

The migrant interviews followed a list of “questions” adapted to the three types of migrant, and designed to elicit the key aspects of the interviewee’s biography. Interviewees were selected by a ‘snowballing’ approach, beginning from local organisations representing or addressing the particular needs of migrant groups. Guidelines were used to try to reduce the risk of bias according to age, social group and so on. The distribution of interviews by migrant group and case study are shown in Table 1 (below). The interviews were carried out in the home, or work place, of the interviewee. They were recorded and transcribed, and then summarised in a report for each case study area, following a standard structure to ensure a degree of comparability.

The key informants for the second phase of interviewing were identified mainly through a desk-based search of literature and web-sites, in an attempt to identify interesting examples of ‘good practice’. Again the interviews followed a standard structure, and were designed to elicit information to fill a standard ‘fiche’ designed by the DERREG lead partner.

Table 1: Migrant Interviews carried out for WP2

Type of migrant	Case study region	Interviews per Case Study Region	Interviews per Type of Migrant	Total
Migrant workers	Regierungsbezirk Dresden	15	50	113
	Oevre Norrland	13		
	Saarland	11		
	Alytus	11		
Foreign home owners	Pomurska region	13	39	
	Saarland	14		
	Oevre Norrland	12		
Return migrants	West Region	15	24	
	Alytus	9		

Key Findings

The ambition to explore three kinds of migration in six rather different case study areas, and the qualitative nature of the data collection makes generalisation in terms of findings a formidable task! Detailed findings and recommendations for each of the case study regions are to be found in DERREG Deliverable 2.4 (Fry and Nienaber 2011).

In terms of general theoretical findings the work of WP2 highlights the fact that concepts based upon the study of concentrations of migrants in an urban context do not translate very well into a rural context, where the migrants are widely dispersed.

In the context of foreign home ownership, particularly second home 'migrants', the case studies in Övre Norrland and Pomurska have drawn attention to the process of attenuation, by which first and second homes begin to switch places as permanent residences.

The return migrant analysis in Lithuania and Ireland have highlighted the potential human/social capital transfer benefits associated with returnees, who have acquired skills (as well as financial resources), during their time abroad.

In terms of practical recommendations, Fry and Nienaber suggest that the following general points are more or less applicable to all the case study areas, and all three types of migration:

- There should be a reduction in bureaucracy related to settling in and registering for public services and so on. Documentation and forms should be translated into the languages of incomers, and the principle of 'one-stop-shops' should be implemented where feasible.

- Public administrations, and private companies, would do well to adopt a more welcoming approach, by ensuring they were better informed about the cultures of in-migrants and have better language skills.
- Particular consideration should be given to supporting self-employment by migrants, such as mentoring and financial 'pump-priming'.
- Greater efforts need to be made to provide the basic practical information required during the crucial settling-in period (how to access services, community activities and so on), through leaflets, websites or information centres.
- Language is a key issue, and should be addressed both through translation of essential documents into migrant's language, but also by provision of opportunities for migrants to learn the local language.
- Some older migrants may need support (both practical and financial) to help them to better integrate into the local society and environment.

4.2. Second Homes and Migration in Övre Norrland

We now turn to consider in more detail the work carried out by Nordregio on labour migrants and second homes in Övre Norrland.

Characterisation of case study samples

Two rounds of interviews have been carried out, one with 13 international migrant workers and one with 15 foreign second home owners. The majority of interviewees came from urban or suburban regions in countries within the EU. They were chosen after contacts with local authorities, organisations, businesses and by using the snowball method.

Regarding migrant workers more men than women participated in the interviews. This reflects, perhaps the dominance within the region of activities which are perceived as masculine jobs. It is also associated with the fact that the region is not a destination for mass labour migration from lower wage economies. Övre Norrland's migrant workers hold a variety of occupations, some low-skilled, but others skilled or highly skilled. Five of the respondents also had other employments in the region, prior to their current employment. The majority, nine out of 13, have had an international career, and are therefore familiar with the situation of moving to a new country. Only two of the 13 respondents are self-employed.

As regards second home owners five of fifteen interviewees had, at the time of the interview, moved permanently to Övre Norrland, while some spend only a few weeks a year in their second home. Nine of the respondents were women and six were men, and all of them were between 41 and 58 years old. Most originate from central Europe; two are from Norway and one from USA. Correspondingly most foreign tourists in Northern Sweden originate from Germany and Norway. Six out of 15 are self-employed.

Prior knowledge of the region and motivations for migration.

Among the migrant workers almost all had some knowledge of Sweden and Övre Norrland prior to arrival while the answers were more diverse among the second home owners; most of them were familiar with the region, but two had no previous knowledge at all. Within the group of second home owners many had visited Scandinavia as tourists before buying a second home. The knowledge that both groups possessed related mainly to the quality of life, natural environment, climate, sparsity, welfare system and the good language skills of local people.

The main motivation for the migrant workers to come to Övre Norrland was (as might be expected) to find or take up employment. However other attractions, such as the high quality of life, the cold climate and the unspoiled natural environment, which provides possibilities for hiking, snowboarding, skiing and so on, were also very important. For some, (both among the migrant workers and second home owners), a motivation was to get closer to family or relatives. To others, Sweden was very different from the home country and therefore interesting and exciting:

"It was interesting to come to the other side of the world, how everything is and how people think" (interviewee 8, MW).

Among the foreign second home owners almost all respondents emphasised the natural environment and open space as main motivations. Two of the respondents were Norwegians and their reasons for buying a home in Sweden were more practical, they mentioned, for example, the possibility for less regulated snow-scootering in Sweden.

Working situation of international migrants in the region

In general, the migrant workers were satisfied or very satisfied with their working situation. They found their employment to be varying and interesting. On the other hand for many their colleagues and their salary were perceived as negative aspects. Some of the respondents also experience language problems. Generally the second home owners were also satisfied, some work in the region, others in their permanent place of residence, some in both and some not at all. One would like to work in Övre Norrland but had experienced difficulty with finding a job. The permanent residents among the second home owners were both employed and self-employed; the later mainly within tourism. Some organised their life in the case study region around their hobbies, - sleigh dogs for example, - while others organised their work so that they could work part time in Övre Norrland and part time in their region of permanent residence.

First experience of international migrants in the region

In general the local public administration played a minor role when both the migrant workers and second home owners first came to the region. Many of the migrant workers were supported by their company on arrival in Övre Norrland. None of them got support from public administration, but none missed any. The second home owners received help from real estate agencies, but also from locals, in organising the purchase and all necessary papers.

“It was easy to acclimatize, people are very friendly. A real estate agency helped us to buy the house only, after that the neighbours have helped. The municipality has not contacted us in any way” (translated according to interviewee 3, FHO¹).

Living situation of migrants

The interviewees were in general satisfied with their living situation. The emphasis in the interviews was conspicuously upon quality of life issues, such as the welfare system, the nature, large space and spare time activities, rather than basic economic needs. Among second home owners the welcoming atmosphere among locals was also stressed. As one of the interviewed labour migrants stated:

“The nature is a big part of life in Övre Norrland... It is good for the soul to live here, so close to the nature” (translated according to interviewee 9, MW).

Some respondents saw opportunities for regional development in Övre Norrland, pointing out, that more could be done to improve the reputation of the region and to market it among tourists. A change in attitudes of the community towards development was pointed out as important for growth by one of the second home owners. Among the migrant workers some suggested that the potential of the mining industry should be further developed.

For the interviewed migrant workers negative factors included difficulties getting to know local inhabitants, municipalities making cut backs in public services, the climate, long distances and bad communications limiting travel and shopping, and few social events and places to go out. For the second home owners on the other hand the lack of information about the administrative procedures and various regulations to take into account when buying a house was problematic.

According to both groups the major problem for Övre Norrland is the depopulation process. However many persons of the second group saw great potential for development of tourism in the region.

¹ FHO – Foreign Home Owner

Family background and social networks of international migrants

The majority of the respondents had a partner and some of them had children. Most of these partners and some of the children lived in Övre Norrland with the interviewees. However, most of the second home owners spend their time in the region without their children. In one case the respondent moved to Övre Norrland because their daughter already lived in the region. While most of the migrant workers did not know anyone in the region prior to arrival almost all of the second home owners found their second home through friends already living in the region.

Today all of the migrants have a circle of friends in the region and the majority of the interviewees are members of local clubs or associations.

Future plans of international migrants

Regarding plans for the future some differences can be seen between two groups interviewed. Among migrant workers five out of thirteen had no plans to move, and wanted to stay in Övre Norrland. Seven were planning to move back to their home country or elsewhere within a few years and one had already left but was planning to return. Five of those planning to leave worked in the mining industry. For people employed in the mining industry, the choice of places to work is very limited which is why they moved to Övre Norrland initially. Most of the migrants who are planning to move are satisfied with their situation in Övre Norrland but they are still considering moving.

Among second home owners all respondents were intending to stay in Övre Norrland and had no plans to move from the region. The part time residents in general considered spending more time in their second homes, and some pointed out that purchasing a second home could be the first step towards moving permanently to the region. Those who were already permanent residents had no explicit plans to leave Övre Norrland. Some mentioned that they would not sell the second home but rather pass it on to the next generation.

Satisfaction of migrants with overall situation in the region and their suggestions for the region

All of the respondents, both migrant workers and second home owners stated that they are 'quite satisfied', 'satisfied', or 'very satisfied' with their current situation. Although there are some negative factors, the positive factors about the overall situation outweighed the negative. One of the migrant workers believed that she shared the dissatisfaction of certain situations with other foreigners. When moving abroad you become a stranger – both in the home country and in the country of destination.

The interviewees had many suggestions for improving the situation for immigrants in Övre Norrland, most focused on increased information. One example is the creation

of a 'to do list' containing information regarding what to remember to do when you move to the region, covering everything from contacts with the authorities to TV and telephone. Another example is more information in English or other languages and improvement of opportunities to learn Swedish.

5. SOME CONCLUSIONS ABOUT POLICY

A key policy conclusion from DERREG WP1, and the Övre Norrland case study in particular, is that business networks are a key to adaptation to the new, faster moving, information-rich and globalised economic environment within which all European regions, (even the rural, the sparsely populated, and the geographically peripheral) must operate. This applies both to SME's (the subject of this workpackage) and to large vertically integrated businesses which may need to be 'deconstructed' in order to become more agile.

In many regions (especially urban ones and the more dynamic and diversified rural ones) the various 'actors' and organisations involved in supporting local business development are fully aware of the vital and increasing role of networking. In others there is great scope for the transfer of good practice. Progress in this will depend upon addressing a number of preconditions. These include:

- A weakening of the close association between rural economic development and agriculture, to reflect the opportunities of the New Rural Economy.
- A wider recognition and comprehension (among both the policy and business communities) of the way in which geographically dispersed 'value adding partnerships' can extend to, and incorporate, rural SMEs. This in turn implies a wider acceptance of the fact that organisational proximity can be separated from, and become independent of, geographical proximity.
- Network brokerage with sensitivity to commercial confidentiality constraints, the need to allow time and opportunity for trust to develop, and the need to recognise those situations where competition limits the potential for cooperation.
- Network brokerage approaches which take care to respond to the express needs of businesses, rather than just imposing (irrelevant) calls on entrepreneur's time and resources in order to meet programme targets.
- Attention to, and where necessary, support for, the information 'absorption capacity' of SMEs and entrepreneurs within networks. Access to new information sources through networks must be utilised, necessitating certain minimum levels of human capital.

With regard to WP2 the Övre Norrland pattern of labour migration is quite obviously not very much like the (academic) stereotype of mass movements of low-skilled workers from regions with high unemployment to expanding urban labour markets. However it is nonetheless a fascinating 'backwater' in the global division of labour process.

Furthermore the challenges (for the migrants) are in many senses of a lower order of magnitude. The migrants themselves tend to be well equipped to deal with the

bureaucratic, practical and social demands of the move, and the adjustments associated with 'settling down'. Consequently the interviewees raised very few issues, and made few recommendations for improving the reception of migrants and making their adaptation easier. The main points related to simplification of administrative paperwork, and guidance through the variety of uncoordinated bureaucratic paths, and language issues (more translation into English, and more opportunities to learn Swedish).

This leads to the rather simple recommendation that:

- Public policy in remote, sparsely populated and depopulating regions such as the Swedish case study area should not be solely concerned with trying to stem the flow of out-migration, but should seek to understand better and facilitate the small and distinctive flows in the opposite direction. There may, for example be new opportunities for 'distance working' by people who place a premium upon the natural environment and outdoor recreation opportunities.
- There are also (as examples from some Finnish municipalities illustrate) opportunities to develop service industries associated with retirement migration. In this way it may be possible to cooperate with, and maximise the benefits associated with, an inevitable rural restructuring and adjustment process. In the longer term this seems a more rational response than trying to fight change, or to in some way restore a distribution of population which was generated by a very different period of economic history, with different technological and market conditions.

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