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# Rural Europe 2+2+: A conceptual framework for a rural employment policy

The four main ways in which rural employment creation can be grounded on the exploitation of natural capital can be structured by two complementary analytical directions. These are firstly, 'production' based on (a) renewable resources (agriculture, energy) and (b) depletive resources (energy, construction materials) and, secondly, 'consumption' by (a) non-residents (tourism and leisure) and (b) residents (incomers including the wealthy retired). This analysis forms the basis of a conceptual framework (Rural Europe 2+2+) which recognises that there is no simple definition of rural employment but that a sustainable approach to exploiting natural capital, together with the development of the other capitals of the territory via a place-based (i.e. territorial policy) approach, can create jobs and encourage working age people either to stay in, or relocate to, rural areas. Thus five Strategic Orientations which target the major driving forces for rural employment, namely natural, financial, human, physical and social capital, and the interactions between them, could be the focus for future rural employment strategies. They are as follows: SO1. Encourage the development of key growth sectors; SO2. Reinforce the local rural economy; SO3. Improve skills and labour market participation in rural areas; SO4. Develop infrastructure and services; and SO5. Ensure proper implementation of the strategy through support actions.

**Keywords:** rural employment, European Union, natural capital, place-based development, strategic orientations

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## Introduction

A 'one size fits all' approach across the European Union (EU) to promoting rural employment is not appropriate owing to the different spatial, social and economic circumstances existing in different areas. Rural areas of the EU-15 countries and post-socialist New Member States (NMS) differ in their socio-economic characteristics, not least due to the higher importance of farming and the historical legacy of socialism in the latter. In 'accessible' (to cities and to a lesser extent to market towns) rural areas, daily commuting to jobs in urban centres is more feasible than it is in 'remote' rural areas. In territories with low population densities, service costs are higher in rural areas and local authorities can lack the fiscal resources to meet expectations, thus impacting on both the availability of jobs and the attractiveness of such areas as places to live.

Cedefop (2010) provides a post-economic crisis prediction of medium-term (i.e. to 2020) trends in employment in the EU in the context of demand for skills. A continuing shift away from the primary sector (especially agriculture) and traditional manufacturing industries towards services and knowledge-intensive sectors is predicted. Although in many newer as well as some older Member States employment in agriculture and manufacturing is still relatively high, there are clear signs that this is changing rapidly. In the next decade the total share of jobs in the primary sector and utilities is expected to decrease from 6.5% to 5.1%. The dependence of the rural economy on the 'traditional' rural sector of agriculture has already declined in most EU regions (Copus *et al.*, 2006) and this trend seems set to continue.

Nonetheless, the results of the EU Framework 7 project 'RuralJobs' have demonstrated that 'natural capital' continues to characterise the profile of rural employment but that this effect now goes far beyond agriculture. Alongside the 'production' activities of rural areas, there has been a strengthening of the role of 'consumption'. Thus, Fieldsend and Kerekes (2011) concluded that there are four main ways in which rural economic prosperity, through rural employment creation, can be grounded on the exploitation of natural capital. These consist of two groups of two, from which they derive the name 'Rural Europe 2+2+':

There are two components of the 'production' role of rural areas:

- Production based on renewable resources. Foremost amongst these is land, which is used by the agri-food and forestry supply chains in a renewable way for the production of food, feed, fibres and fuel, and increasingly for new uses like pharmaceuticals. Other renewable resources include sunlight, wind, water and tidal power;
- Production based on non-renewable (depletive) resources. These include coal, gas, oil and other minerals including sand and gravel, clay, limestone, granite and marble.

The 'production' role of rural areas is particularly relevant to the agri-food and energy supply chains, but also provides raw materials for construction and other sectors.

The two components of the 'consumption' role of rural areas are as follows:

- Consumption by non-residents of the territory including visitors and those with 'holiday homes'. This is primarily via tourism and leisure but also includes the consumption aspects of agri-food chains such as geographical appellations, local products, animal welfare, environmentally-friendly production methods etc.
- Consumption by residents of the territory. This is a commonly overlooked driver of rural employment, but natural capital is an important factor in encouraging people to remain in, or relocate to, rural areas. Many people who locate to rural areas for 'consumption' reasons are entrepreneurs who set up their own

businesses and create jobs, as opposed to those that move from towns to rural areas to take up semi-subsistence farming, where the driver behind the move is production. The wealthy retired can also create jobs by being a market for leisure and care services.

The 'consumption' role of rural areas is therefore relevant not just to the tourism sector but also to several others such as Knowledge Intensive Business Services (KIBS) and Knowledge Intensive Public Services (KIPS) including health and social work.

Clearly there are interdependencies between the four components of Rural Europe 2+2+. For example, between the production and consumption facets of the agri-supply chain, between the consumption facets of the agri-supply chain and tourism, and between consumption by residents (in terms of general 'quality of life') and leisure.

Fieldsend (2010a) used the driving force, pressure, state, impact and response (DPSIR) framework to show the link between '*driving forces*' which affect employment and economic prosperity, and policy *responses*. Rural employment represents the *state* in the model. This has an *impact* on economic prosperity and other issues such as social cohesion, which in turn influence policy responses. These responses may be targeted either at the *driving forces* which in turn influence the *pressures* on employment, i.e. supply of labour and supply of jobs. This approach was preferred to alternatives, such as the 'pyramidal model of regional competitiveness' described by Lengyel (2009), as it captures the 'feedback loop' whereby responses can be targeted (particularly) at driving forces.

*Driving forces* can be categorised in several ways. For example, van der Ploeg *et al.* (2008) refer to social capital, ecological capital, human capital, economic capital and cultural capital, all of which can be summarised in the broad notion of territorial capital. This study has used the broadly similar, widely recognised approach described in DFID (1999) as part of its 'sustainable livelihoods framework', namely human, social, physical, financial and natural capital. DFID (1999) provides comprehensive definitions for each 'capital'. Listed below for illustration are definitions of 'capitals' which are compatible with the DFID definitions, but simpler and employment-focused:

- *Human capital*: the skills and knowledge possessed by workers. Workers acquire these skills both through formal education and through on-the-job and life experiences
- *Social capital*: the networks of relationships among persons, firms, and institutions in a society, together with associated norms of behaviour, trust, cooperation, etc., that enable a society to function effectively
- *Physical capital*: any non-human asset made by humans and then used in production
- *Financial capital*: money used by entrepreneurs and businesses to buy what they need to make their products or provide their services
- *Natural capital*: a stock of natural resources - such as land, water, and minerals - used for production. Natural capital can be either renewable or non-renewable

Through the results of case study research, this paper shows how the sustainable exploitation of natural capital, linked with the development of the other capitals of the territory via a place-based approach, can assist rural employment creation. Rural Europe 2+2+ thus forms a conceptual framework for a rural employment policy that can support the Europe 2020 vision of a smart, sustainable and inclusive economy (EC, 2010).

## Methodology

Research on current employment patterns and opportunities for, and constraints on, rural economic diversification was conducted in five contrasting NUTS2 regions across the EU. There were two case study areas in France, Hungary and the UK, and one case study area in each of Bulgaria and Romania (Table 1). A brief description of each area is given by Fieldsend (2010b). The source material for the research consisted of (a) information gathered from the interviews with local actors/key experts, (b) quantitative data sets and (c) previously published (mainly local) studies. Approximately 20 interviews were conducted in each case study area, and interviewees included representatives of (a) decision makers; (b) local government experts; (c) community organisations / NGOs; (d) other experts (e.g. academics, consultants); and (e) the business sector (e.g. Chamber of Commerce, Farmers' Union).

In each case study area, a SWOT analysis of rural employment potential was conducted from the results of the field research. The *internal audit* i.e. the Strengths and Weaknesses, was based on the 'assets' of the case study area, i.e. the 'driving forces' which are internal to the DPSIR loop. The *external audit* i.e. the Opportunities and Threats was based on factors influencing change in the rural economy (and therefore rural employment) in the case study area. From the comprehensive lists of Strengths, Weaknesses, Opportunities and Threats, the most important factors with

**Table 1:** Case study regions included in the research.

| Name of case study area | Region and country |
|---|---|
| 1. Pazardjik agglomeration area (AA) | South-Central Region, Bulgaria |
| 2. Pays de Tulle | Corrèze, Limousin Region, France |
| 3. Pays de Guéret | Creuse, Limousin Region, France |
| 4. Hajdúszoboszló Local Labour System (LLS) | North Great Plain Region, Hungary |
| 5. Karcag Local Labour System (LLS) | North Great Plain Region, Hungary |
| 6. Bistriţa-Năsăud county | North West Region, Romania |
| 7. The Chelmsford and Braintree Travel to Work Area (TTWA) | Essex, East of England, UK |
| 8. Thames Gateway South Essex | Essex, East of England, UK |

respect to sustainable economic prosperity were identified for use in a Strategic Orientation Round analysis (see Januszewska *et al.*, 2009 for methodology). The *importance re. the employment development potential* of each interaction between Strengths and Weaknesses on the one hand, and Opportunities and Threats on the other, was quantified on a 0 and 3 to scale, and for the most important interdependencies an 'operational objective' was formulated. Where possible, similar operational objectives were merged and then the remaining operational objectives were clustered into a set of 'strategic orientations' which could be the focus for future rural employment strategies in the case study area. These strategic orientations were then grouped into five 'composite' EU-wide strategic orientations for rural job creation which are aligned with the five 'capitals' identified by DFID (1999).

## Results

The 'composite' strategic orientations are centred on the mobilisation of the natural capital of rural areas and thus form the framework for the implementation of Rural Europe 2+2+. Each includes a number of components which are widely applicable across the case study areas (Table 2). SO1 focuses directly on the development of key growth sectors which mobilise natural capital while SO2-SO5 identify other targets for EU development programmes.

### SO1. Encourage the development of key growth sectors

Regarding ***production based on renewable resources***, it is felt that there is still potential for rural job creation in the agri-food chain, especially in the NMS case study areas. The strategic orientations include following suggestions: '*Development of fruit-, vegetable- and vine-growing*', including the production of high-quality and healthy foodstuffs, '*Support of the food processing enterprises' creation, growth and sustainability*', producing goods with high degree of added value and local characteristics, and '*Utilisation of the region's comparative advantages for high-quality processed food production, oriented to exports*' in Pazardjik AA; '*There are exceptional agricultural conditions but the competitiveness and range of local products can be increased*' in Hajdúszoboszló LLS; '*Promote the exceptional conditions of agriculture that provides great opportunity to create local products and develop local food industry*' in Karcag LLS; and '*Promote, encourage and develop agricultural production and marketing*' in Bistriţa-Năsăud county. Key themes for facilitating job creation thus include competitiveness, diversification, food processing development and value added.

In the EU-15 case study areas, much less emphasis is placed on job creation in the agri-food chain although this sector is mentioned in the Chelmsford and Essex TTWA and (as part of the green economy) in Pays de Tulle and Pays de Guéret. Also as part of the green economy, these latter are the only areas which identify, by implication, the forestry and renewable energy supply chains as activities for creation of new rural jobs. ***Production based on non-renewable resources*** is not included in the strategic orientations of any case study area.

In terms of ***consumption by non-residents of the territory including visitors***, all case study areas identify scope for rural job creation in the tourism and leisure sectors. Strategic orientations include "*Promote the tourism and leisure sectors*' in the Chelmsford and Essex TTWA; *Improve the tourist offer*' in Pays de Tulle and Pays de Guéret; '*Elaboration of local tourism endowments connected with cultural and natural capital*' and '*Providing transparency of the procedure and following up clear programme for tourism development*' in Pazardjik AA; '*The competitiveness and the range of local tourism products can be increased*' in Hajdúszoboszló LLS; '*Promote better utilisation and development of tourism based on rich cultural and historical heritage*' and '*Promote*

**Table 2:** Strategic orientations and their components arising from the Strategic Orientation Round analysis of each case study area. See Table 1 for identities of case study areas.

| Strategic orientations and their components | Case study area | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| ***SO1. Encourage the development of key growth sectors*** | | | | | | | | |
| • Production based on renewable resources | ● | ● | ● | ● | ● | ● | ● | |
| • Production based on non-renewable resources | | | | | | | | |
| • Consumption by non-residents | ● | ● | ● | ● | ● | ● | ● | |
| • Consumption by residents | | ● | ● | | | | ● | |
| ***SO2. Reinforce the local economy*** | | | | | | | | |
| • Improve business practices | ● | ● | ● | ● | ● | | | ● |
| • Improve rural business support services | ● | ● | ● | ● | ● | ● | | ● |
| • Improve the trading environment for rural businesses | ● | ● | ● | ● | | | ● | ● |
| ***SO3. Improve the skills balance and labour market participation in rural areas*** | | | | | | | | |
| • Improve skills in rural areas | | ● | ● | ● | ● | ● | ● | |
| • Promote labour market participation | | | | ● | ● | | | |
| ***SO4. Develop infrastructure and services*** | | | | | | | | |
| • Develop infrastructure in rural areas | ● | | | ● | ● | ● | ● | |
| • Develop rural services | | | ● | | | ● | ● | |
| ***SO5. Ensure proper implementation of the strategy through support actions*** | | | | | | | | |
| • Mobilise the population around the strategic plan | ● | | | ● | | | | |
| • Valorise rural areas as places to live, work and play | ● | ● | ● | | | ● | ● | |

*the development of thermal water use and related high level spa services*' in Karcag LLS; and '*Create a rural tourism network*' in Bistriţa-Năsăud county. The link between rural tourism and cultural and natural capital is clearly stated here. Some of the strategic orientations listed above for the agri-food chain also allude to the consumption dimension via topics such as local characteristics, healthy foodstuffs and local products.

The ***consumption by residents*** component of Rural Europe 2+2+ is only advocated in the EU-15 case study areas. In the Chelmsford and Essex TTWA, '*Promote the establishment, growth and sustainability in rural areas of businesses (including home based businesses/consultancies) with low environmental impacts, particularly in the knowledge based services*' is suggested. Such businesses are recognised to be a key component of the 'genuine growth dynamic' of rural areas there. As the creation and transfer of knowledge is their main activity their impact on the environment is minimal and the 'attractiveness' of the environment is not compromised. As part of the process of creating such jobs in rural areas, it is suggested to '*Encourage farm diversification projects which lead to sustainable, low environmental impact, preferably knowledge-based, rural employment*'. Teleworking, by '*Promoting, particularly in the public sector, arrangements which allow employees to spend a greater proportion of their work time working from home'* is also suggested. All of these processes are already happening in the Chelmsford and Essex TTWA but could be encouraged further. All are equally applicable to rural areas of Thames Gateway South Essex and teleworking, at least, is beginning to develop in Pays de Tulle and Pays de Guéret.

Also relevant to 'consumption by residents', in Pays de Tulle and Pays de Guéret it is suggested to '*Take advantage of the characteristics of the population to develop the silver economy*' which covers the demand for products and services, and mobilisation of savings and of human capital of retired people. This suggestion could also be applied to the Chelmsford and Essex TTWA. In England, employment in KIPS has already 'increased rapidly' over the period 1998-2005 (CRC, 2008), with the greatest growth of KIPS plus KIBS jobs occurring in 'Rural 50' (24.3%) and 'Rural 80' (22.1%) regions.

### SO2. Reinforce the local rural economy

This strategic orientation, to some extent, develops the synergy between natural capital and financial capital. Several actions were identified which could help the establishment, growth and sustainability of rural businesses, as well as their competitiveness, thereby promoting job creation, either in employment or self-employment.

Firstly, there are several ways in which ***business practices can be improved***. In Thames Gateway South Essex it was suggested to '*Set up a rural-urban private sector-led entrepreneurial learning network*' in which key private sector business 'champions' should, either by themselves or in partnership with universities and public agencies, establish learning networks to stimulate entrepreneurship through a range of business-focused activities. Other suggested examples of business cooperation are '*Encouragement of new forms and business initiatives' creation in the rural areas*' in Pazardjik AA; and '*Spread good cooperation practices between multinational companies and small rural enterprises*' and *'Promote the cooperation/ clusters of SMEs to be competitive on the market*' in Hajdúszoboszló LLS.

Recognising the elderly profile of rural business owners in some sectors, which may be linked to lack of innovation and increased risk of closure of the company, '*Emphasise takeovers of existing businesses*' is suggested in Pays de Tulle and Pays de Guéret. '*Provide opportunities for diversification, knowledge on entrepreneurship and for becoming self-supplier*' was a suggestion from Karcag LLS. '*Promote local ideas to develop local products, agriculture and other sectors linked to rural development which can absorb unemployment among less educated people*' from Karcag LLS and '*Support of the development activity for high-quality and healthy food products*' from Pazardjik AA were points specifically targeting product innovation whilst '*Education improvement in relation to the products and services' marketing*' suggested in Pazardjik AA implies a need for marketing innovation. From Pazardjik AA, '*Reinforcement of the local capacity for EU funds assimilation*' recognises that businesses need to use EU (and other) funding more effectively.

Secondly, to support the above, ***rural business support services should be improved***, including support provided at municipal level, particularly for small businesses. Rural businesses outside agriculture have almost the same needs as urban ones but isolation is an issue and rural businesses have less of an understanding and ability to access available support. '*Develop specific business support for rural enterprise*' is suggested in Thames Gateway South Essex to focus on rural issues such as access to and integration with urban markets, diversification, ICT adoption etc. The need to '*Strengthen existing support schemes*' is noted in Pays de Guéret while similar suggestions are '*Support from the side of the local authority and governmental regulation bodies*' in Pazardjik AA and '*Active employment policy tools have to be used on supporting SMEs*' in Hajdúszoboszló LLS.

Support for innovation includes '*Realisation of projects to ensure an increase in local employment and to widen the market presence of local endogenous products and goods*' and '*Reinforcement of the control authorities' effectiveness at a local level; support for the creation of products with declared origin*; *direct sales development*' in Pazardjik AA.

Regarding funding, the suggestion from Karcag LLS to '*Enhance the opportunities of rural settlements to attract capital with local policies*' and therefore support businesses, for example via tax reduction, low rents, free land, etc., recognises that the problems caused by the lack of capital further strengthen the negative effect of the international economic crisis. European Agricultural Fund for Rural Development (EAFRD) '*Investments and marketing support in the food-processing sector*' is suggested in Pazardjik AA. Help with absorbing funding is needed in Pazardjik AA ('*Development of municipal level administrative services related to EU funds absorption*') and in Bistriţa-Năsăud county ('*Develop local advisory services for accessing the EU rural development fund'*, including private consultancies funded by the beneficiaries and from public funds). Gorton

*et al.* (2009) note that absorption of EU funds has been a particular problem in Central and Eastern Europe because of rules on co-financing.

Thirdly, there is a need to ***improve the trading environment for rural businesses*** in several different ways. '*Strengthen economic synergies in Brive-Tulle*' (i.e. linking two urban areas so as to create an enlarged market (including activity areas, clustering) through collective and coherent governance) was suggested in Pays de Tulle to reduce territorial competition by giving them slight specialisations according to their assets. '*Optimise economic synergies with neighbouring areas*' is a similar proposal from Pays de Guéret. In the Chelmsford and Braintree TTWA the suggestion to '*Increase flexibility of spatial planning*' is intended to promote more economic activities with low environmental impacts in rural areas, for example via more small serviced office units and live/work units, more tourist activities/ accommodation etc. Coupled with this, in Thames Gateway South Essex it is suggested to '*Promote rural localities as places to accommodate new business enterprise*', emphasising that such areas can offer access to urban-related benefits without the associated diseconomies such as congestion and higher local taxes, and to '*Conduct an audit of rural premises in the sub-region*' to identify structures and areas that could accommodate future business growth, particularly amongst business service activities. A similar suggestion from Pays de Tulle is to '*Promote reserved land*' for the development of agricultural structures and local production (short supply chains, organic production), for the development of the green economy (biofuels, green chemistry) and for the development of the silver economy.

In Pazardjik AA, '*Support of the agricultural farms' consolidation and market institutions development; creation of market-places, markets and stock markets*' was suggested. Regulation and bureaucracy need to be reduced, especially in the NMS. Suggestions are '*Regulatory framework improvement, alleviation of permissive regimes, one stop services and development of e-services*' (via Internet) in Pazardjik AA; and '*Reduce bureaucracy linked to SMEs and civil organisations*', in order to reduce transaction costs of the economy and to make better allocation of funds, and '*Reduce labour costs*', so as the labour market demand can be increased, in Hajdúszoboszló LLS.

### SO3. Improve skills and labour market participation in rural areas

Here, the synergies between natural capital and human capital are developed. Through its aim of more *and better* jobs, job quality is central to EU Cohesion Policy (EC, 2005). In areas where there is a high proportion of low-paid, low skilled jobs, including part time and/or seasonal labour (such as many rural areas), children often have low aspirations. This can lead to a 'low skills equilibrium' where employers do not relocate to an area because of lack of skills, and young people do not seek to acquire skills owing to lack of skilled job opportunities.

The need to ***improve skills in rural areas*** through higher quality and more accessible education and training programmes is widely recognised. In the Chelmsford and Braintree TTWA the suggestion to '*Improve rural delivery of education and training, including entrepreneurship/ business skills, to reduce the dependence on low-skilled jobs and/ or urban centres*' recognises that the access to and suitability of training courses are bigger problems than the quantity of training that is available. Suggestions from other areas are '*Support key sectors through training; forecasting tools; and by networking the actors*' in Pays de Tulle; '*Encourage training courses specifically tailored to the needs of the area*' in Pays de Guéret; '*Education and professional training have to be improved to match labour market need*s' in Hajdúszoboszló LLS; '*Support tradition based agricultural education that is more suited to the needs of the labour market*', for creating local products, establishing local food industry etc. and '*Tailor education and professional training more to labour market needs*' in Karcag LLS; and '*Improve the low level of education and skills*' in Bistriţa-Năsăud county.

The low rural activity rates in the NMS case study areas show the need to ***promote labour market participation***, particularly amongst vulnerable sectors of society. Suggestions are to '*Support the reintegration of disadvantaged people, e.g. Roma, young people, etc.*' and '*Promote job creation for young and disadvantaged people at EU and national level*' in Hajdúszoboszló LLS, where '*The main target of the active employment policy tools has to be the high rate of generations growing up in a passive environment*'; and to '*Promote non-discriminative employment of rural people, particularly Roma*' in Karcag LLS.

### SO4. Develop infrastructure and services

The focus here is on developing the synergies between natural capital and physical capital.

In both the EU-15 and the NMS, the need to ***develop infrastructure in rural areas*** is noted. The following suggestions apply to transport and communications infrastructure: in the Chelmsford and Braintree TTWA to '*Promote the universal coverage of Next Generation Access Broadband*' via all available technologies and to '*Improve transport links to improve access to jobs and education/training, to rural service 'nodes' and for leisure/tourism activities*'; in Pazardjik AA to implement '*Transport infrastructure improvement (roads etc.)*' to facilitate access to quality services; in Hajdúszoboszló LLS '*The tourism and the area's infrastructure have to be developed at the same time and built on*'; in Karcag LLS to '*Promote infrastructural development in the most disadvantaged settlements*' to boost the local economy; and in Bistriţa-Năsăud county to '*Develop physical and ICT infrastructure*'. The high price of houses in the Chelmsford and Essex TTWA (and also in Thames Gateway South Essex) makes it necessary to '*Provide substantially more affordable homes in rural areas*' so that residents of all ages have the option of living and working in their community.

There is also a need to ***develop rural services*** across the EU, particularly services which are traditionally provided by the public sector such as healthcare, ensuring adequate service levels by adopting innovative solutions where possible in view of the increasing costs of such services. '*Promote the co-location of retail with other businesses (such as tourism and leisure attractions) and services (e.g. healthcare)*'

to create rural service 'nodes' and '*Improve service (such as healthcare) delivery to the locality or to the home*', where possible via new forms of integrated delivery, are suggested in the Chelmsford and Essex TTWA; '*Optimise access to local services'* is a suggestion from Pays de Guéret; and the need for '*Development of public services in rural areas*' exists in Bistriţa-Năsăud county, covering health, education and social assistance to the elderly.

### SO5. Ensure proper implementation of the strategy through support actions

Here the link between natural capital and social capital-related issues is explored.

There is a need to ***mobilise the population around the strategic plan*** which is particularly evident in the NMS. In Pazardjik AA, the suggestions for '*Projects realisation on the base of local initiatives*' ("Leader" approach) and for the '*Increase of activity of local inhabitants and facilitation of the administrative barriers on the concession procedure of tourism sites and natural favourites*' recognise the potential contribution to rural job creation of 'bottom-up' initiatives arising from the community. In Hajdúszoboszló LLS the need to '*Ensure continuous communication between rural development experts and residents*' is recognised.

There is also a need to ***valorise rural areas as places to live, work and play*** which is at present mainly recognised in the EU-15 case study areas only, although an even bigger perception problem seems to exist in the NMS. This is linked to the development of the 'consumption dynamic' associated with rural areas. In the Chelmsford and Braintree TTWA it is suggested to '*Promote rural areas as a place for high quality, short-break tourism and leisure*' on the basis of their good accessibility from urban centres and their built, cultural and natural heritage including their biodiversity, coast and estuaries, and to '*Promote rural areas as a source of high quality, healthy foods*' (and related services, e.g. restaurants). Two ideas in Pays de Tulle are, firstly, to '*Value local direct selling*' and, secondly, to '*Mobilise the local population to improve the attractiveness of the territory*' by working on the image and the quality of life of the territory and by calling on local investment. In Pays de Guéret it is necessary to '*improve the image conveyed by the territory*' and to '*encourage local sales and value creation, and promotion of products and short supply chains*'. '*Concentration of the efforts for synergic valorisation*' is suggested in Pazardjik AA. '*Stimulating the settlement of young and middle-aged population in rural areas*' could be done in Bistriţa-Năsăud county by providing cheap houses and building land for urban young people with town-based jobs whilst '*Crisis situation management*' would deal with flood control etc.

## Discussion

Any attempt to define 'rural employment' by sector would be both fruitless and misleading as such a definition can lead to a restricted view of the potential for rural job creation. A common theme across the EU, however, is the continuing importance of natural capital to rural employment, and therefore to creating jobs. In line with Rural Europe 2+2+, this employment, whether through farming, mining, rural tourism or by attracting incomers who set up new businesses, can be based on the 'production' or 'consumption' roles of rural areas. Thus, policy approaches to 'rural' should not be constrained to agriculture and related sectors but should address the broader topic of sustainable development of natural capital.

Policy responses can be targeted at the *pressures* of working age population or number of jobs. For example, government proposals in several EU Member States to raise the retirement age will lead to an increase in the supply of labour. The supply of jobs can also be directly increased by government intervention, such as through subsidies for job creation (the 'Út a munkához' (Road to Employment) programme in Hungary (Anon., 2008) being an example of this) although in many such schemes the jobs are not economically sustainable after the funding ends. The strategic orientations proposed here do not include any policy responses targeted at directly manipulating supply of labour or jobs.

Policy responses can also be targeted directly at the *state* of employment (i.e. employment rate and associated factors such as underemployment) by connecting the 'offer' with the 'demand', one approach being through the funding of job centres. By their very nature, in rural areas there are fewer job opportunities available at any one time in the immediate geographical locality of the worker. Experience in, for example, Pays de Guéret, that a concealed labour market exists in rural areas and operates by word of mouth, confirms reports in the literature (e.g. Defra, 2005). Thus, while rural areas (particularly sparsely populated areas) have the biggest need for measures designed to connect the 'offer' with the 'demand', the cost of delivery means that it is here that the biggest cutbacks are occurring. Delivery of such services over the Internet is not an adequate solution, particularly where broadband speeds and/or computer ownership rates are low. SO4 specifies the need for innovative solutions such as co-location of services in rural service 'nodes' as a means of maintaining adequate levels of such services in rural areas.

However, the strategic orientations for new sources of employment in rural areas are mainly targeted at the *driving forces* in the DPSIR framework, namely natural, financial, human, physical and social capital, and to the interactions between them. An approach which integrates exploiting natural capital in a sustainable way with the development of the other capitals of the territory (i.e. via a place-based or territorial policy approach as advocated by Barca, 2009), such as through improved business practices, business support services and trading environment (SO2), skills development and an inclusive labour market (SO3), infrastructure and service development (SO4) and community engagement (SO5) can create jobs, and encourage working age people either to stay in, or relocate to, rural areas.

This integrated approach should also apply to the utilisation of funding. A consequence of a separate rural development programme (EAFRD) is that many rural development actors tend to only target this funding stream instead of the larger sources of 'mainstream' funding (such as Structural Funds and, in the case of many EU-15 countries, national funding) which could be used to the benefit of rural areas.

For example, the improvement of human capital, skills and adaptability, as described in SO3, is necessary in support of rural job creation. This should be funded not only from the vocational training measures of the EAFRD but also from the European Social Fund, via 'mainstream' training programmes which are properly designed to ensure that their delivery in rural areas is effective. In view of the linkages between urban and rural areas, eligibility of funds should not be constrained by urban-rural boundaries. Individual projects would define their territories of intervention.

In conclusion, natural capital strongly characterises the profile of rural employment and underpins the central contribution of rural areas to the functioning of the regional economy. Through an employment strategy based on the principles of Rural Europe 2+2+, rural areas in the EU can be part of a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion in line with the priorities of Europe 2020.

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