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# Aspects of Business Development in Rural Areas and Amenity Migration as a Potential for Economic Growth of Rural Area

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**Abstract:** *The concept of this article builds upon works dealing with current issues in the area of forms of business in rural areas, i.e. the theoretical background for research of rural areas from business perspective. Additional sources come from works regarding amenity migration, for it is particularly this group of new residents who can introduce new business directions to rural areas and creatively harness the potential for various economic activities. The objective is to assess the business development opportunities in rural areas and the related influence of amenity migrants. It is necessary to include other aspects in this debate, such as social cohesion, education and economic growth. The basis for the evaluation of the findings of this research consists of structured interviews with members of local and regional authorities, which serve to obtain in-depth and detailed information. The questionnaire is structured in such a way so as not to interfere with the overall quality and value of the research. The results of the research so far confirmed that there is a certain technological development associated with rural areas, be it in areas of transport, communication technologies, digitization, or transformation technologies (Binek, 2007). This fact translates not only into a larger number of job opportunities, but also into a larger space for business, economy, geoFigurey, and sociology (Pato, Teixeira, 2016).*

**Keywords:** *amenity migration, rural areas, business in rural areas*

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The concept of this article builds upon works dealing with current issues in the area of forms of business in rural areas, i.e. the theoretical background for research of rural areas from business perspective. Additional sources come from works regarding amenity migration, for it is particularly this group of new residents who can introduce new business directions to rural areas and creatively harness the potential for various economic activities. If there is an increased trend of amenity migration in the rural area, it may play a positive role in its sustainable development.

The majority of amenity migrants is comprised of educated people who are not limited by their economic situation and who also display certain creativity. The move to a rural area with a smaller number of job opportunities may represent a starting point for their new business activity. This activity may be related to agricultural activity and processing of agricultural products, or to crafts – using local resources (carvers, joiners, blacksmiths, etc.). Other business opportunities are in operation and management of sports and leisure centres which are suitable for the local area. Finally, there is also an opportunity to develop businesses in the area of information and communication technology (website operation, database administration, and various general programming services) (Novotná, 2013).

It is also essential to stress the importance of the inner connection between economic growth and social cohesion. Theoretical research in this issue had been largely overlooked and it has only experienced a rather dynamic development in the last 15 years (Pato, Teixeira, 2016). The objective is to assess the business development opportunities in rural areas and the related influence of amenity migrants. It is necessary to include other aspects in this debate, such as social cohesion, education and economic growth.

It has been proven in numerous works by researchers discussing amenity migration in America that there are similar migration models on the global scale (Nelson L., Nelson P., 2010). In their conclusions, sociological researches of amenity migration reflect the fact that the traditional patterns and habits which affect the migration of people from large urban centres to rural areas are changing, and that in turn alters the character of lifestyle in rural areas. This contribution deals with internal and external factors which have an impact on this issue. It not only explains their effect on rural area development, but it also mentions a critical discussion in relation to Czech rural areas.

The basis for the evaluation of the findings of this research consists of structured interviews with members of local and regional authorities, which serve to obtain in-depth and detailed information. The questionnaire is structured in such a way so as not to interfere with the overall quality and value of the research. The draft of the research is based on a large amount of available scientific literature, mostly from American authors (Deller, Kures a Conroy 2019; Nelson L., Nelson P., 2010).

The research was carried out primarily within Pilsen region, and it was followed by an empirical analysis. It shows that 85% of respondents assume that business in rural areas may have a positive influence on the living standards of the population in rural areas and that it will serve as an incentive for more potential amenity migrants from urban areas. Almost 60% of respondents associate business in rural areas with higher level of education, which corresponds with the tendency to focus the business activities on areas with higher added value. The survey also shows that decisions about business in rural areas are further influenced by other circumstances, such as transport accessibility, availability of cultural and leisure activities, as well as the role of grants and subsidies. Respondents see the lack of purchasing power as the greatest risk in business in rural areas.

The structure of rural society is changing in connection with the increasing urbanization of rural areas, including the elements that the amenity migrants themselves introduce to the area. As is to be expected, the research shows a distinct connection to tradition in rural areas – traditions that amenity migrants claim to identify with, even though it seems to be more of a fashion trend with an economic subtext rather than a historical connection. The results of the research so far confirmed that there is a certain technological development associated with rural areas, be it in areas of transport, communication technologies, digitization, or transformation technologies (Binek, 2007). This fact translates not only into a larger number of job opportunities, but also into a larger space for business, economy, geography, and sociology (Pato, Teixeira, 2016). The issue of amenity migration is discussed in detail in *Amenity Migration to Rural Areas of the Czech Republic* (2011), which forms the theoretical background upon which this article is based.

## Migration in Rural Areas of the Czech Republic

Bartoš's *Amenity Migration to Rural Areas of the Czech Republic* deals with amenity migration, which is migration in pursuit of a better quality of life, well-being, beauty, comfort, fun and better health. Amenity migration was first discussed in connection with the United States in the 1970s. However, even Central European countries, including the Czech Republic, have experience with this phenomenon of a "second home". Migration is understood as a direct, regularly recurring or nonrecurring, spatial relocation of groups of objects, organisms of all kinds, including humans. In demographic terminology it is stated that when people migrate, the residence of a particular person is "usually" changed from one territory to another, and it is migration over long distances and often in large groups of people. There are economic, cultural and population consequences to migration. The safety aspect, which is currently widely discussed, is also a significant consequence of migration. Amenity migrants may be defined as people who move voluntarily and mostly with environmental motivation from the city to rural areas with the intention of permanently relocating most of their economic and non-economic activities. Amenity migration is accompanied by a change in lifestyle (Bartoš, 2011).

The population in rural municipalities in the Czech Republic is affected by the rate of natural increase and the net migration rate. As a result of urban migration, the age structure in rural areas has been deteriorating for a long time and the rural population has been naturally declining. The direction of migration from rural areas to cities prevailed in the Czech Republic until 2000. Nowadays, the situation is changing and rural areas with a quality natural or socio-cultural environment are growing due to migration. Suburbanisation is strongly reflected in this, but even small municipalities further away from suburbanisation centres have a positive net migration rate (Bartoš, 2011).

The following aspects contribute to this trend:

- savings of the urban population,
- social problems in large cities,
- growth of motorization,
- development of communication technologies,
- growth in the migration of pensioners to second homes,
- and changes in settlement preferences.

Research shows that people today have increased mobility and often actually live in multiple locations. It follows that it would be possible to consider changing the definition of migration in the Czech Republic (Bartoš, 2011).

## Methodology

This project focuses on socio-geographical, sociological, ecological and economic aspects. The analysis was based on a working definition of amenity migration which emphasizes the rural area and the environment with all its components. According to the methodology, amenity migrants are those who move completely voluntarily and mostly with environmental motivation from the city to rural areas, with the intention of permanently relocating most of their economic and non-economic activities. For them, it is a matter of overall experiences – they choose their new place to live with respect not only to the quality of the environment, but also to the quality of the socio-cultural environment (Bartoš, 2011).

## Definition of Rural Areas

Rural areas at the local level occupy 82.21% of the territory of the Czech Republic inhabited by 29.7% of the population. At the regional level, predominantly rural regions occupy 23.11% of the area of the Czech Republic and 9.10% of the population live in them, substantially rural regions occupy 63.12% of the area and 48.06% of the population live there and predominantly urban areas occupy 13.77% of the area and 42.84% of the population live there. If the criterion for defining rural municipalities is that the population is lower than 2000, then rural municipalities occupy 73.42% of the territory of the Czech Republic and 26.37% of the population live in them (Bartoš, 2011).

## **The Attitude of the Urban Population to Rural Life**

The basic reason for amenity migration to rural areas is the desire to live in a better environment, closer to nature and often in a different type of a community than the urban environment offers. The potential for amenity migration to rural areas is related to lifestyle and household characteristics (e.g. age structure, number of children, education, income level and wealth). The presented research raises the question of whether the current urban population in the Czech Republic feels the need to move to rural areas, what the potential reasons for migration are, and what the migration barriers are.

According to the research, satisfaction with the urban environment prevails, as this environment can also take the form of modern residential development of family houses with their own garden, away from environmentally and socially problematic parts of the city. In terms of the optimal choice of a place to live, the preferences of urban residents are relatively balanced. There is a prevailing preference for living in small towns (29.1%) and in suburban areas (28.1%). Small towns are preferred mainly by residents of district towns, which indicates that their inhabitants are satisfied with their current situation. A preference for living in suburban areas is generally strong, as expected. The suburban area generally combines the advantages of rural areas (house with a garden) and the city (availability of services, culture, work, etc.) to some extent. A fifth of urban residents (19.4%) state that they would like to live in rural areas, which may be considered a positive finding in view of the observed migration trends. At the same time, the strongest preference for living in a large city exists among Prague respondents, illustrating their satisfaction with their current housing status (Bartoš, 2011).

## **Housing Preferences by Age, Gender and Education**

Among the respondents aged 20-29, the preference for living in a large city or a suburban area is more prevalent, which can be explained by the fact that in that phase of the life people focus on their career, without the necessity to run their own family. Young people also want to avoid the “boredom” of rural areas. According to the results of the survey, housing preferences change with age, which is probably influenced by growing life experience, caring for one’s own children and increasing income levels.

In the 30-39 years category, the interest in living in a small town is increasing and the interest in living in a suburban area is culminating. The percentage of people interested in living in the village is also gradually increasing. There are more significant preferences for living in a village rather than in a large city in the 40 years and over age group. With the transition to retirement age, people prefer living with affordable social services (preferably in a small town), without the need to take care of their own house, which is reflected in an increase in preferences for apartment buildings and tower blocks in both small towns and large cities (Bartoš, 2011).

Links to the respondents' gender and education were also monitored in the responses. The link to gender is less conclusive, as there is only a slightly stronger preference for a family house among females compared to males. The link to education proved to be more explicit, as there is an increasing preference for living in a suburban area as well as a decreasing interest in living in a village or small town corresponding with the level of education. Young childless individuals or couples, in particular, move to Prague – they prefer living in the city for economic reasons and due to different demands on housing and lifestyle. Residents of small towns value nature around towns and social contacts the most. Small towns seem to be the most preferred because they combine the above-mentioned benefits of rural life with the still sufficient facilities and services, cultural offers and job opportunities (Bartoš, 2011).

### **Migration Potential of Rural Areas of the Czech Republic under the Supervision of Local Players**

The Šumava Region, the “Inner Periphery of the West” and the Elbe Region, which represents the fringe of the Prague suburbanization zone, were chosen as model areas for this research. This area offers a quality natural environment with many historical gems that can attract urban residents. The housing stock and the well-developed second home represent a very significant potential. Regarding immigration, it is the conversion of holiday housing into permanent housing. It may be assumed that in this case it will involve a physically fit resident of retirement age. The migration of younger people is very specific. The only exception is the Elbe Region, where suburbanization is involved. In certain locations, real estate and land are bought more frequently due to their lower price. This may be considered the beginning of amenity migration. Non-existent spatial plans of small municipalities and the related lack of plots of land can be a limiting factor to amenity migration (Bartoš, 2011).

In terms of lifestyle, it can be stated that a third of respondents has adopted the rural way of life. The combination of urban and rural ways is employed by half of the respondents. And almost one-fifth of them would not give up their urban lifestyle. The rest of the respondents stated that they spent part of their childhood in rural areas and so they had an idea of what life in rural areas entails and they did not glamorize anything. Amenity migration is becoming an alternative to constant traveling in pursuit of a better environment for a certain group of people.

The research shows that amenity migrants in model areas really prefer the natural values of the area over the cultural ones. If the group of amenity migrants who could be described as “socially disadvantaged” was excluded – because the predominant reasons for their migration were economic reasons, i.e. interest in lower costs of living with a persisting inclination towards



urban lifestyle – then it can be stated that the surveyed amenity migrants are predominantly educated people who are not limited by their economic situation and who also manifest a certain creativity. This creativity is often reflected in their ability to revitalize the existing and often dilapidated or declining housing stock in rural areas. In this way, they make a positive contribution to slowing down depopulation of rural areas and marginalization of individual settlements (Bartoš, 2011).

Amenity migration can lead to extensive change in land use, which in turn can be conducive to degradation of ecosystem services, and fragmentation and reduction of open space, natural habitats, agricultural land and landscape aesthetics. It can also bring socio-cultural changes. The basis of these changes lies in fundamentally different systems of values, norms and behaviour among newcomers and local residents. The difference between them is also due to the fact that newcomers are usually financially independent of the local environment and have more extensive connections that extend far beyond the boundaries of the locality in which they have settled. The relationship of the local community to newcomers, as agents of change, is thus ambiguous.

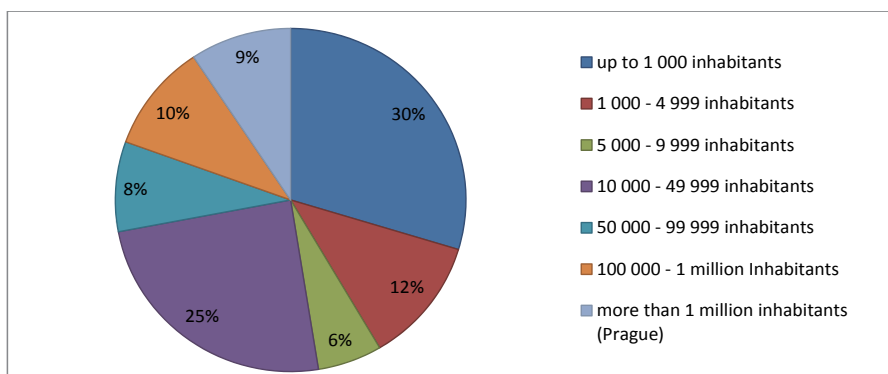
Some perceive them as the cause of “loss of community” or “loss of authenticity”. On the other hand, there are those among the locals who welcome the new ideas, know-how and capital that amenity migrants bring to the territory. The presence of amenity migrants contributes to the parallel existence of “two worlds” in the territory, often leading to socio-cultural tensions (Bartoš, 2011).

## **Questionnaire Survey**

In the questionnaire survey, students were the most widely represented group, accounting for 32.2% of the total number of respondents, followed by 29.66% of respondents from local government and 20.34% of respondents represented by working people. Other groups of respondents did not reach even 10%. Entrepreneurs, who are very important in this survey, represent less than 6% of the total number of respondents.

In terms of the respondents' residence, there is no significant prevalence in the population size of the municipality. The distribution is shown in Figure 1. As much as 30% of respondents live in a municipality with a population of up to 1,000 so they have the capacity to objectively assess life in rural areas from their own experience. Another significant group of inhabitants lives in municipalities with a population of 10,000–49,999, which represents a larger towns, and these respondents may idealize rural life. Other respondents are more or less represented by an equally significant share.

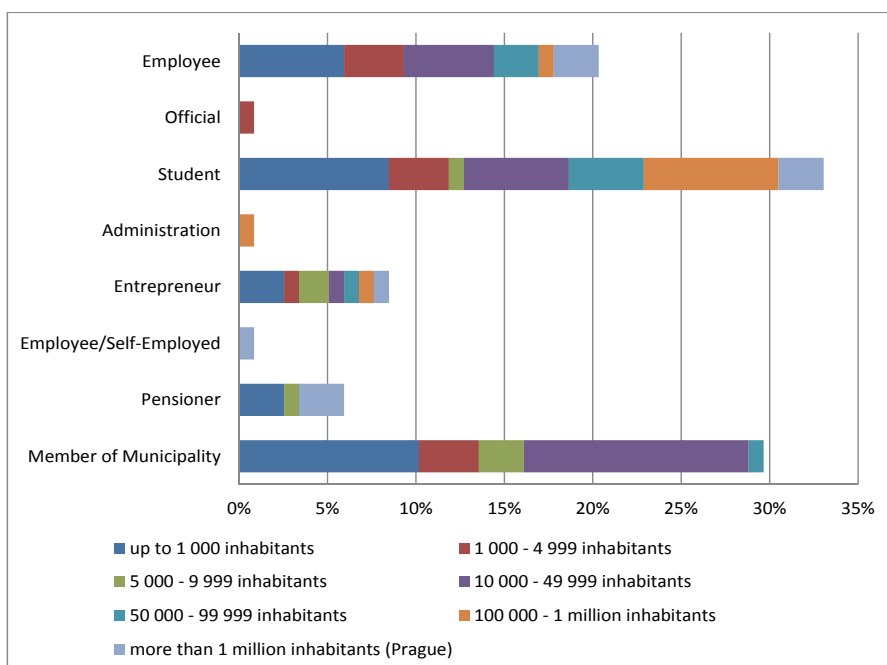




**Figure 1. Distribution of respondents according to the population of municipalities in %.**

Source: compilation based on survey results.

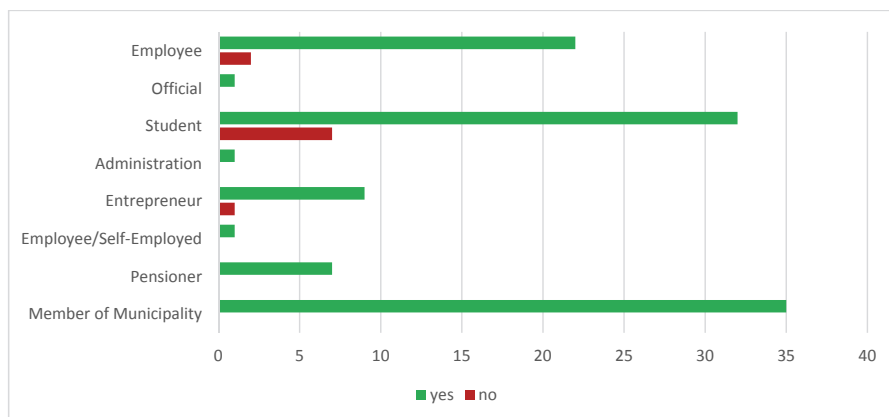
Figure 2 shows that students, members of the municipality and employees participated the most in the survey. Most of those live in a village of up to 1,000 inhabitants. A significant number of them live in municipalities with a population of 10,000-49,999. The distribution of respondents is optimal for objective assessment. Almost a third of the respondents are young people – students who have the opportunity to move to rural areas and build their home, start working, support local services and use infrastructure.



**Figure 2. Distribution of respondents according to occupation and place of residence in %.**

Source: compilation based on survey results.

As illustrated by Figure 3, the vast majority, i.e. almost 92% of the respondents, think that state promotion of entrepreneurship in rural areas is in the interest of the population. 10 people out of a total of 118 respondents believe that this support is lacking in rural areas. Most entrepreneurs agree that the promotion is sufficient. But then students had the most negative responses (7 out of 35). These students stated that the promotion was insufficient. Research shows that it would be beneficial to focus more on young people who are studying and can build their facilities in rural areas.



**Figure 3. Predominant opinion on promotion of entrepreneurship in rural areas according to the number of respondents**

Source: compilation based on survey results.

When asked why respondents think that the promotion of entrepreneurship in rural areas is in the interest of the population, the following were the most frequent responses:

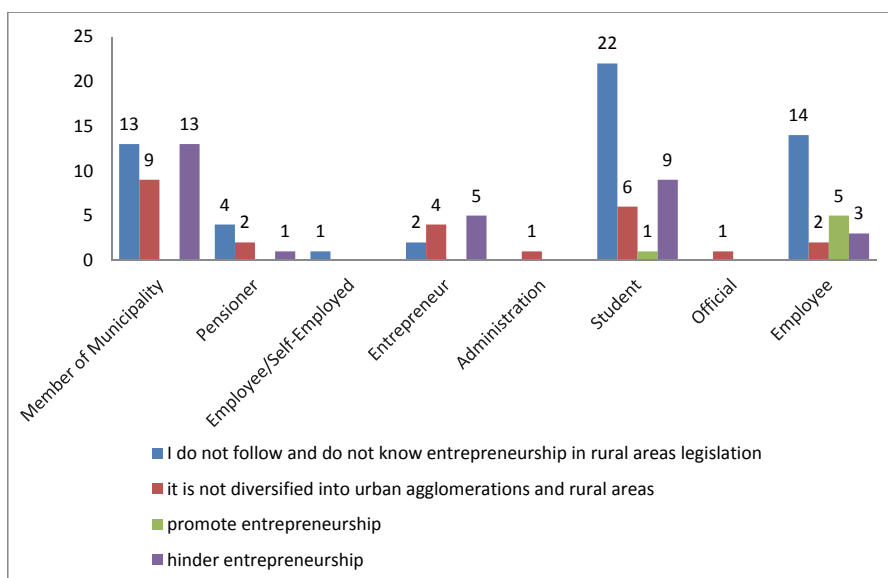
- to prevent rural depopulation;
- to emphasize the importance of rural areas for environmental stability;
- to develop agriculture (food self-sufficiency of the Czech Republic);
- to foster rural development and a better standard of living for the rural population (health, education, infrastructure, employment)
- to reduce the dependence of municipalities on cities;
- to create more affordable housing for young people;
- to increase tourism;
- to restore dilapidated buildings from the past.

When asked why respondents think that the promotion of entrepreneurship in rural areas is not in the interest of the population, the following were the most frequent responses:

- to conglomerate business only in larger municipalities;
- to avoid the destruction of rural areas by new factories and excessive traffic;
- to prevent negative impact on relations between neighbours (envy due to good entrepreneurship).

When addressing the respondents in relation to their awareness and interest in the current legislation on entrepreneurship in rural areas, the predominant share claimed that they do not follow and do not know the legislation – see Figure 4.

The survey shows an alarming finding that most students are not interested in legislation and do not know it. Among students, who create future potential, the prevailing opinion is that entrepreneurship is made more difficult by the current legislation. This finding is very worrying because it is the young and educated people who can start a business in rural areas and thus develop them.



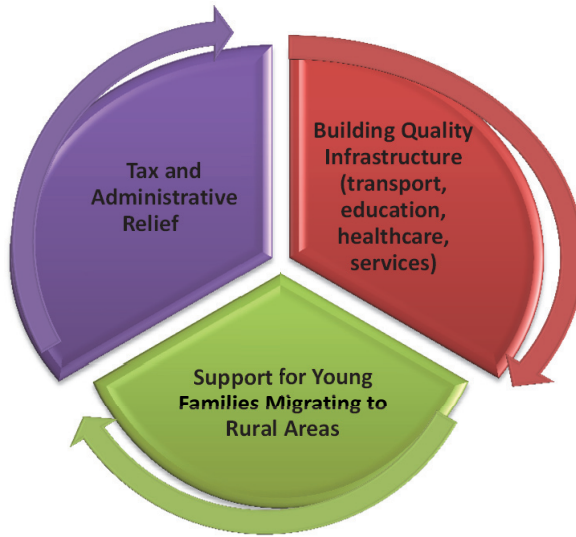
**Figure 4. Overview of responses to the awareness of entrepreneurship legislation question.**

Source: compilation based on survey results.

According to the survey, entrepreneurship in rural areas is most negatively affected by:

- administration,
- electronic registration of sales (EET),
- withdrawal of authorization from municipalities with delegated powers
- complexity of laws,
- bureaucracy (increasing number of reports).

The survey further deals with the important role of grants and subsidies, with almost 84% of respondents saying that they play a significant role in the promotion of entrepreneurship in rural areas.



**Figure 5. Most important ways of promotion of rural entrepreneurship according to the survey.**

Source: compilation based on survey results.

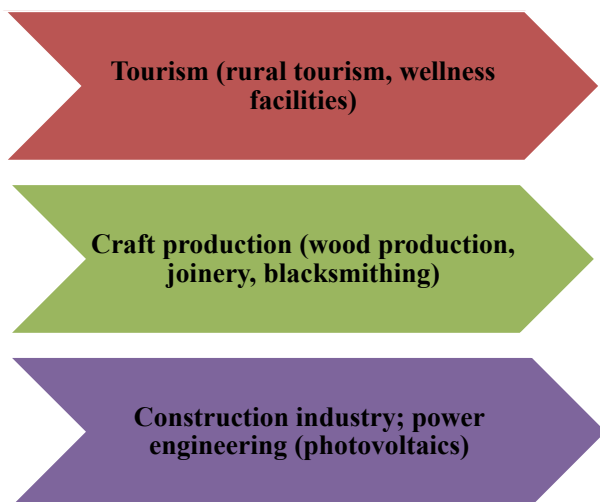
Respondents' opinion on the influence of education on the direction of business in rural areas was also a part of the survey. The responses show that less than 72% consider this factor important. However, it is necessary to take into account that in response to an earlier question in the survey most students claimed not to be interested in the legislation.

According to the respondents, entrepreneurship in rural areas is very risky (85.6% of respondents agreed with this opinion). The main risks are considered to be as follows:

- transport accessibility,
- insufficient infrastructure,
- lack of clients (low demand),
- shortage of skilled labour,
- higher risk of business failure.

The benefits of rural entrepreneurship following the results of the survey are:

- more personal contact and knowledge of the mentality of local people,
- quiet and peaceful environment,
- preservation of family traditions,
- lower wage demands,
- more space, own space (e.g. parking).



**Figure 6. Possible areas of entrepreneurship development in rural areas.**

Source: compilation based on survey results.

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