

Strategies to address skilled worker shortages in rural areas

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Author: Hans Hercksen

Representing: Philipps-Universität Marburg

Summary

An adequate supply of skilled labor is a key factor for the development of small and micro enterprises as stabilizers of rural areas. Demographic change is currently leading to an ageing and sometimes shrinking population in northwestern Europe. In addition to this, young and talented people tend to move to the suburbs further aggravating the situation for rural areas. For small and micro enterprises in rural areas skilled worker shortages normally mean especially a lack of technically qualified people. Among the different policy options to address this issue, the present paper focuses on attracting young people as future workforce. The increasing shortage of skilled labor requires common strategies of administration, businesses and educational institutions with the objective of stopping the exodus of young people from rural areas. The model region Dithmarschen – supported by the German pilot project "LandZukunft" – shows how cooperation between small enterprises and schools can work. There, pupils are shown the opportunities for training and work within the region, and thus are incentivized to stay in their home rural areas.

Issue/Problem

Small and micro enterprises in the rural areas of northwestern Europe need young, well qualified people as future employees to ensure the continuance of their business and development. They face serious problems, as demographic change and migration into cities make the available labour resources decrease. In Germany, demographic change has already advanced quite far: Total population decreased by about 0.5% during the first decade of the ongoing century, despite of immigration. At the same time, the proportion of those over 65 increased from 16.7% to about one fifth. For most of the neighboring countries, a similar development is forecasted in coming years and decades.^[1] The fact that the young population tends to move to urban areas aggravates the situation for rural areas, where their hands and skills are missing. Not only the entrepreneurs (who normally form the economic basis of rural areas) suffer from this skilled worker shortage, but consequently the situation impacts upon the whole region.

Background

Demographic change means population ageing with the perspective of shrinking.^[2] Ageing is expected to continue in all EU regions, but at different paces. In almost half of the EU-27 countries it will be accompanied by a shrinking of population. Negative trends in the population structure in Europe have been observed in Europe since the 1970s.

Germany is one of the countries where the effects have already become increasingly visible. Especially in rural areas, more and more regions suffer from an ageing and shrinking population.^[3]

^[1] Vgl. Zentrum für Europäische Wirtschaftsforschung (ZEW), 2012, pp. 34, 38 and 50.

^[2] Tivig u.a., 2008, p. 8.

^[3] Vgl. Tivig u.a., 2008, pp. 2 and 8f.

Background (continued)

Young, talented people leave rural and peripherally situated communities in favour of the cities and urban areas.^[4]

For companies, the demographic change is expected to have a severe impact in the medium term. They have to deal with an ageing of their workforce as well as with a progressive reduction in labor supply. In coming years, it will become increasingly difficult to close the gap that the baby boomers generation is leaving behind upon retirement. The term “skills shortage” has been coined, because especially the well-trained professionals are becoming scarcer (while the demand for unqualified labour in some parts of Europe is on the decline).^[5] In some rural regions the recruitment of skilled workers already proves to be problematic.

For small and micro enterprises in rural areas, skilled worker shortage normally means more a lack of technically qualified people (e.g. master craftsman) than a lack of academics. Rural areas, where the small enterprises (and among them the craftsmen) normally form the economic basis, feel the consequences. Due to lower resources, recognition and attractiveness, small and micro enterprises rely more on the use of the regional labor supply than bigger companies, which can solicit skilled labour forces on a national or Europe-wide level more easily. This is especially true for small enterprises that are located in rural areas.

Rural Alliances – a new approach

The Rural Alliances project gives a high priority to the involvement of small entrepreneurs. Local communities and entrepreneurs are brought together to form enterprise-community alliances with the aim of strengthening the vibrancy and competitiveness of their region and shaping the future of its inhabitants.

In general, small and micro enterprises have a great importance for rural areas, because:

- they are normally the biggest driver of economic development in the region,
- they permit a regional value outside of the agricultural sector (diversification),
- they provide possibilities of employment and income generation for the local population,
- they train junior employees and pass manual skills and traditions of craftsmanship onto them,
- they often fulfill an important supply function with their products and services,
- they complete value chains, maintain intra-regional economic cycles and, in this way, help to obtain sustainable economic structures.^[6]

In order to continue their supporting role, entrepreneurs need to recruit young, skilled employees. Only in this way, techniques and knowledge can be passed on, traditional crafts can live on and, last but not least, added value can be held in the region.

Existing Policies

Politicians and economists are becoming aware of the increasing lack of skilled workers. Therefore, in Germany the Bundesagentur für Arbeit (The German Federal Employment Agency) has identified different fields of action where skilled worker shortage can be addressed.

^[4] Vgl. *Institut für Raumordnung und Entwicklungsplanung (IREUS), 2011, p. 64.*

^[5] Vgl. *Institut für Mittelstandsforschung Bonn (IfM), 2008, p. 22f.*

^[6] Vgl. *Hercksen, 2013, p. 22.*

Existing Policies (continued)

Accordingly, possible options among others are: better training of the youth, longer working continuance of older employees, the greater involvement of women and the increased recruitment of foreign workers.^[7]

The companies themselves try to counteract skilled worker shortage, too. The Chamber of Crafts in the mainly rural Oberfranken asked 444 small enterprises what measures they are implementing to address this issue. The survey shows that:

64% of the surveyed companies focus increasingly on the training of junior staff,

58% intensify the further training of their existing workforce,

31% try to hold older workers for a longer time in the company,

29% have introduced family-friendly measures.^[8]

Policy Options

The increasing shortage of skilled labor requires common strategies of politics, administration, businesses, educational institutions and other stakeholders. One aim is to stop the exodus of young people from rural areas. On the one hand the youth is in search of attractive and interesting jobs, on the other hand they are looking for a livable and pleasant living environment. Regarding to their native region, the latter one can be judged by them very well. But do young people know enough about local business traditions and job opportunities in the rural areas, where they grow up? Thus, promising strategies to address skilled worker shortages in rural areas are closer integration of school education and job training as well as acquainting the local youth with the small and micro entrepreneurs of the region.

How skilled worker shortage in rural areas can be dealt with – with special reference to future junior staff – is currently demonstrated by the model region Dithmarschen in the German Land of Schleswig-Holstein. The region is supported by the Federal Ministry of Food and Agriculture within the framework of the pilot project "LandZukunft" ("Future for Rural Areas"). "LandZukunft" was initiated in 2011 and is scheduled to last until the end of 2014. Similar to Rural Alliances, "Land Zukunft" focuses on leveraging the potential of local entrepreneurs for regional development. The administrative district of Dithmarschen is one of four model regions within "LandZukunft".

The administrative district of Dithmarschen situated in the very north of Germany, on the west coast of Schleswig-Holstein. It covers 1 404.82 km² and has about 134,500 inhabitants. It has only two towns: the administrative headquarters Heide (20,894 inhabitants) and the port city Brunsbüttel (12,758 inhabitants). Apart from that it has a strong rural structure. The unemployment of young people is among the highest in Schleswig-Holstein.

For its activities under „LandZukunft“ the model region Dithmarschen created the thematic title "Dithmarschen – Coast of Talents" ("Talenteküste Dithmarschen"), because the main focus is on the development, promotion and retention of the regions' own skills. In a next step three fields of action have been defined. Concrete projects in these fields have been developed in cooperation between the advisory board (called Beirat) and other local stakeholders.

The advisory board consists of the usual actors of regional development, local entrepreneurs and

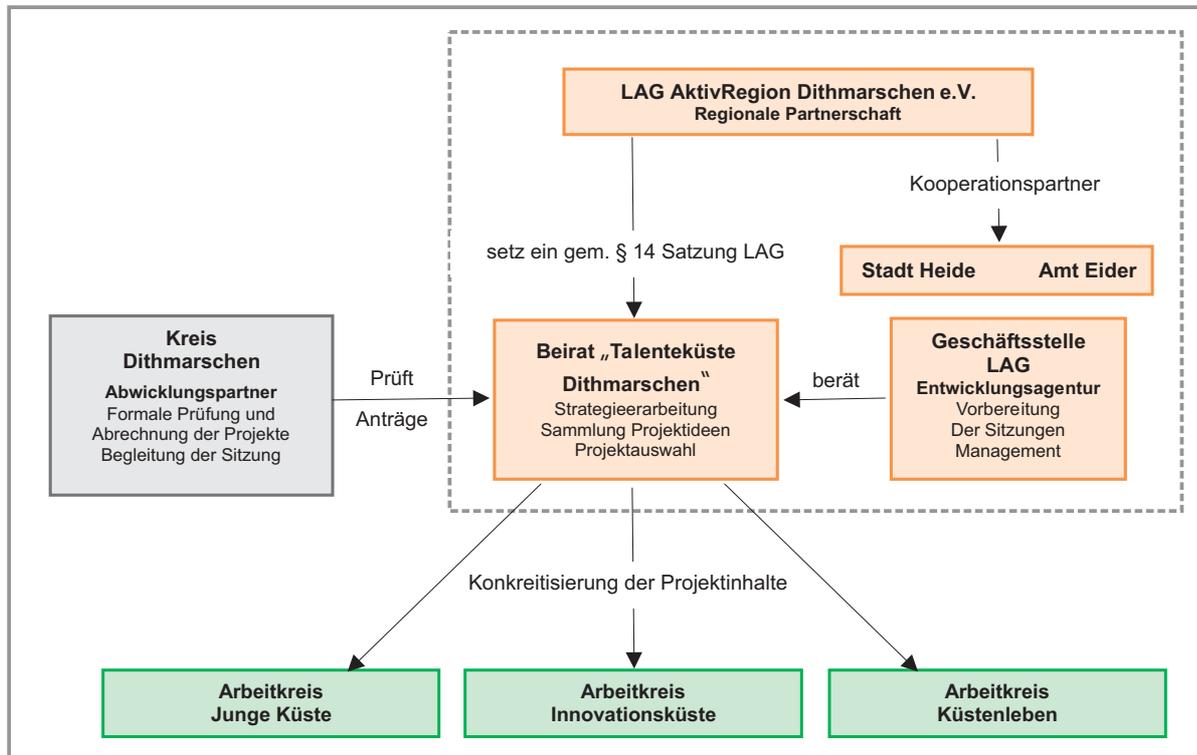
^[7] Vgl. Bundesagentur für Arbeit, 2011, p. 12f.

^[8] Vgl. Handwerkskammer für Oberfranken, 2011, p. 15.

^[9] How rural areas can work on improving their image as attractive residential locations should be addressed in a separate policy paper.

Policy Options (continued)

specifically invited external contributors. The following organisational chart shows that the advisory board is integrated in the existing regional structures. An important basis forms the Local Action Group (LAG) "AktivRegion Dithmarschen e.V.", active within the European Leader-process since 2008. Special Working groups on the three fields of action of the "Coast of Talents" are convened when needed.^[10]



Organisational chart: advisory board of "Coast of Talents" within regional development structures

The first field of action, called "Young Coast", is dedicated inter alia to network building between local enterprises and educational institutions, in order to facilitate an early contact between young and business people. Therefore a regional network of companies has been built up, the so called "Praxispool Coast of Talents", which are ready to cooperate with educational institutions. The partners develop a range of touchable and tangible opportunities for young people of different ages. Amongst the opportunities on offer are field trips, lectures, internships, action days, supplementary teaching materials etc. By this means, pupils can see and experience directly how the local entrepreneurs work.^[11] Ideally, local employer become more attractive and the possibilities of staying on in the region are shown. On the other hand, the entrepreneurs of the "Praxispool" have opportunities to build up a personal contact to their prospective future employees.

A concrete example is the cooperation between the company Meldorfer Flachverblender (35 employees) and the Meldorfer Community School. Together, they developed a plan that goes far beyond an occasional company visit: Pupils of the 9th and 10th classes stay two hours a week in the factory, in order to get to know the design and production of surface layers, as part of the subject "from raw material to finished product".

The company Meldorfer Flachverblender also intends to develop a sustainable attraction of future employees. Meanwhile, a first former pupil of the Meldorfer Community School started his training as "specialist for warehouse logistics" at Meldorfer Flachverblender. Other trainees will follow and fill the gaps of the retiring employees.^[12]

^[10] Kreis Dithmarschen, 2012, Anlage 6, n. p.

^[11] Vgl. Kreis Dithmarschen: TalenteKüste Dithmarschen, 2012, Anlage 2, n. p.

^[12] Vgl. BMEL: Modellvorhaben LandZukunft, <http://www.land-zukunft.de/foerderphase/dithmarschen>.

Recommendations

Given the increasing skilled worker shortages, new strategies are needed in rural areas. Not only the local small and micro enterprises need to present themselves as attractive employers. In fact, strong cooperation between local administration, entrepreneurs, educational institutions and other stakeholders is also needed. They need to establish new alliances in rural areas, in order to ensure attractive places of work and living. A valuable asset is the local youth. To delineate the young people perspectives for working and staying in the region, is an important aim. How this can be achieved, shows the example of the „LandZukunft“ model region Dithmarschen. In a cooperation between schools and companies the pupils and future trainees are shown perspectives of training and work in the region, and thus are incentivised to stay in their home rural region. The crucial step is to make use of the capacity and creativity of local entrepreneurs, and bring them together with the educational institutions in the respective rural areas.

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Contact Details

Hans Hercksen

Deichmanns Aue 29, D-53179 Bonn, Germany

E: hans.hercksen@ble.de T: +49 228 6845 2935

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