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Vitality policy as a tool to attract in-migration to rural regions

Keywords: migration, rural regions, vitality policy

New policy tools for attracting in-migration to rural regions are needed to counterbalance the global development trends favouring urbanisation. One such recent policy concept is that of “vitality policy” implemented in many Finnish municipalities. Vitality policy is a holistic development approach that aims at enhancing both the hard (related to traditional enterprise and industrial policy) and the soft factors (related to the wellbeing of citizens and communality) that shape the influx of migration to and from rural municipalities. Vitality policy also encourages municipalities to strengthen the horizontal cooperation between different policy branches, as concentrating only on certain aspects of rural development, such as enterprise and industrial policy for creating jobs, does not suffice anymore to guarantee in-migration. As a recent policy tool, the actual impacts of vitality policy remain to be seen in the (near) future but according to interviews with municipal officials, those in charge of the strategic development work in rural municipalities are optimistic on the benefits of the approach.

Introduction

Most academic literature continues to view the so-called “hard factors” (i.e. local economic structures that shape the labour markets and job opportunities) as the most significant reason explaining individual decision-making with regard to migration (Tippel, Plöger & Becker 2017). Recent studies on worker mobility — influenced for example by the works of

Professor Richard Florida (2002; 2005) — have, however, started to acknowledge that workplaces are not the only place-specific traits that influence people to stay or move suggesting that due to the importance of soft factors (such as amenities, services, leisure life, communality, etc.) jobs actually follow people rather than the other way around (Østbye et al. 2018). The accurateness of these statements has created a “booming” field of scientific inquiry, where the statements made in favour of the importance of soft factors have been empirically tested. While this literature is yet to reach a consensus, it seems logical to think that soft factors do matter, at least to a certain extent. The idea of the importance of soft factors in driving in-migration has, naturally, caught the eye of policymakers globally and in Finland. One of the more recent examples of this can be seen in the newly introduced concept of “vitality policy”.

Vitality policy

Demographic change is one of the key questions at the moment for development of rural regions. Generally, it is not only demographic change but also wider economic, social and institutional changes that are taking place within rural regions. The European Commission's (EC) 2020 Territorial Agenda has underlined the rapidly growing depopulation and outmigration — and their negative implications for the labour market, productivity and

economic growth – as main threats to European rural regions. Therefore, EC has launched a few short-term policy measures that are designed to meet the above-mentioned problems. However, these actions mainly belong to social, fiscal and labour market policies that Member States are responsible for.

The main tool in combatting demographic change in many municipalities has been to attract “replacement migration” to counteract demographic decline. However, many researchers have noticed that replacement migration cannot be the only policy tool for combatting demographic change: policy solutions should be grounded on tackling and considering wider economic, social and institutional dimensions as well as the interaction of these elements (Newbold 2018). It is rather obvious that demographic change reinforces core-periphery structures, but this perspective is relatively often too simplistic. It is important to acknowledge that disadvantageous regional development processes are not always limited only to geographically peripheral locations. Potential intervention for rural regions necessitates orientations indicated by a “new path development” that goes beyond conventional governance structures and traditional system-ic views (Tödtling & Trippel 2018).

Addressing successfully the challenges associated with demographic change, is not a problem to be solved by the market alone, but advanced public policy interventions are also required. Vitality policy may offer such a multi-disciplinary approach with a long-term perspective that calls also different actors to share responsibilities. There is a clear need to find new ways of relating demographic change to wider economic, social and institutional changes.

Thus, new policy tools are needed in rural regions to counterbalance the global development trends favouring urbanisation. This realisation has led to the coining of a new policy concept: vitality policy. The conceptual work behind vitality policy has been strongly influenced by the Finnish Ministry of Economic Affairs and Employment and the Association of Finnish Local and Regional Authorities, who have promoted a shift from policies concentrating on the hard factors (competitiveness, enterprise and industrial policy, etc.) towards a more holistic development approach including soft factors related to the wellbeing of citizens and communality. The approach has already been adapted in many Finnish municipalities as part of the strategic development work done by the municipality group (Huovinen 2017).

It is envisioned that vitality policy can trigger a virtuous development cycle leading to

in-migration and subsequent economic development. In-migration supports the growth of local firms via the improved availability of skilled workers leading to increased employment rates, which mean an expanded tax base. The increase in tax revenues can be used to improve the well-being of the citizens via improved service provision, amenities, hobby facilities etc., which, again, attract people to move into the municipality (Makkonen & Kahila 2020). As, such vitality policy rests upon the notion that the development of the municipality lies in the interplay between hard and soft factors: both are needed to attract in-migration (Figure 1). This virtuous development cycle can, therefore, be instigated and reinforced only via the horizontal cooperation between different policy branches in the municipality incorporating employment, educational, industrial and social policies together. Since urban areas are the natural agglomerations of hard factors (particularly jobs), the logical focus for rural regions is to underline their attractiveness in terms of the soft factors.

Impacts of vitality policy

While the vitality policy approach seems enticing due to the benefits it envisions, little is known about the actual impacts of this relatively new policy concept. Therefore – as a part of the *Muuttuvat yritystoiminnan muodot Pohjois-Karjalan maaseudulla* -project funded by the Rural Development Programme for Mainland Finland – municipal officials were interviewed to inquire their views on the novelty and feasibility of vitality policy in driving rural development (see Makkonen et al. 2019). The interviews (N=20) were carried out in the province of North Karelia (Finland). According to the interviewees the introduction of the vitality policy has brought along a rhetorical shift in the strategic work done by the municipalities. Soft development values are now underlined along the (traditional) hard factors as cornerstones to which municipal competitiveness and vitality can be built upon. This has required the municipalities to regard rural development as a comprehensive tool that incorporates all the different policy sectors and development work done in the municipal group for attracting in-migration. It has also brought to the fore the importance of a network of other organisations (educational institutes, Leader groups, development companies, etc.), in addition to the municipality, in driving rural vitality. However, municipalities are still the logical actors for coordinating the development work done in these networks of actors. The importance of citizens and the third sector has also been recognised as an

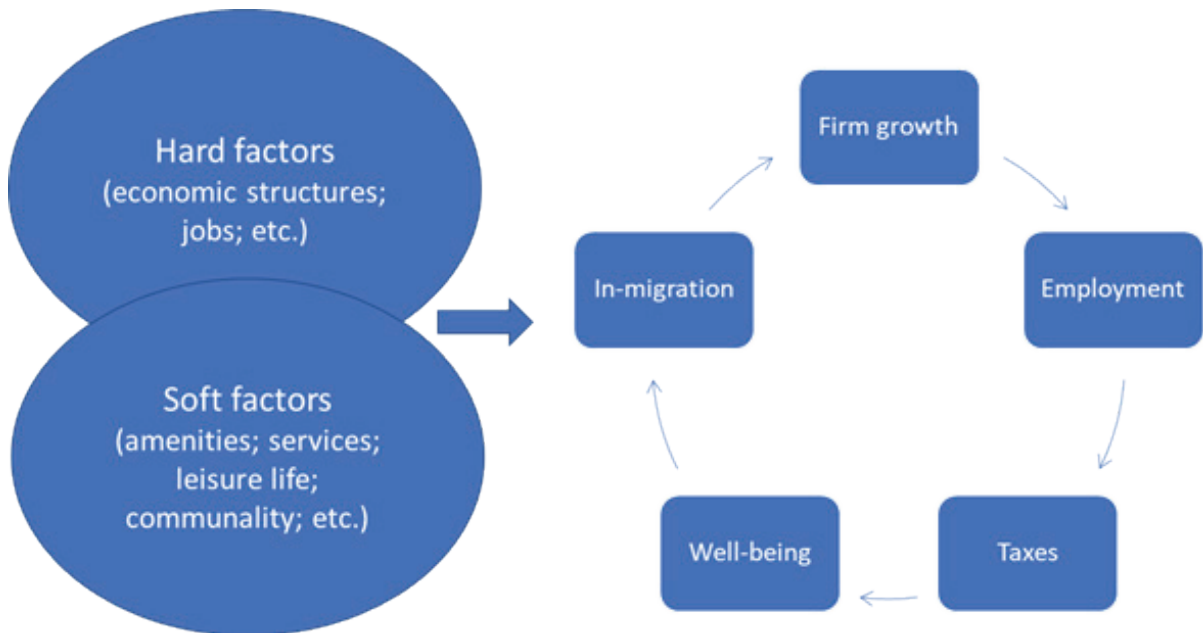


Figure 1. The vitality policy approach in a nutshell: virtuous development cycle triggered by focusing on both, hard and soft factors.

important source for rural vitality. In other words, communality is now understood as a source of development. Therefore, municipalities have increasingly started to involve citizens and third-sector associations in their strategic development work.

However, since the vitality policy approach is a new concept, a longer timeframe is needed before one could make definite statements concerning its feasibility. Nonetheless, municipal officials were optimistic in the potential of the approach as a tool to attract in-migration and to trigger the envisioned virtuous development cycle.

Conclusions

There is an evident need to develop new policy approaches to tackle negative development trends, such as outmigration, in rural regions. The introduction of one such novel policy approach, namely vitality policy, has indeed brought along a shift in the strategic work done by Finnish municipalities towards a more holistic outlook on rural development by underlining the importance of:

- Soft development values along the (traditional) hard factors
- Incorporating different policy sectors into the development work

- Other organisation engaged in rural development work
- Citizens and the third sector (i.e. communality)

as sources for rural vitality. While it is probably too early to discuss the actual feasibility of vitality policy to trigger a virtuous cycle of rural development leading to in-migration and subsequent economic growth, municipal officials are optimistic in its potential to help them achieve such targets. Therefore, vitality policy could very well become a prominent tool for attracting in-migration to rural areas as well as what Jean Hartley (2005) has defined as a “rhetorical innovation” (i.e. new discourse, language or concept) for relating demographic change to wider economic, social and institutional changes.

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Høgni Kalsø Hansen

Associate Professor

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Høgni Kalsø Hansen is doing research within the area of urban economic dynamics focusing on the match/mismatch between industrial structures and skills along with human capital innovation and labour mobility.



Rhiannon Pugh

Post doctoral researcher

Örebro University

Rhiannon Pugh is doing research in the governance of regional economic development, especially in the context of weaker, post-industrial, uncompetitive, and peripheral regions. She is interested in how key theories and approaches in economic geography are translated into policy actions, and how relevant and tenable these dominant approaches are when considered in non-favourable regional settings.



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