

REPORT

KARIN DRDA-KÜHN

Association Culture and Work, Bad Mergentheim

DIETMAR WIEGAND

Vienna University of Technology

From culture to cultural economic power: Rural regional development in small German communities

ABSTRACT

This article reports on a study conducted by the Association Culture and Work (Bad Mergentheim) and the Vienna University of Technology. This study surveyed the conditions under which cultural economic effects can be generated as much as possible by local actors in small towns in rural areas. The main finding shows that networks such as continuous learning systems are central success factors in these processes. At present, there are only a few successfully working networks in Germany with a cultural economic focus that could possibly serve as a role model for small towns nationwide. Local actors from culture, business and local administration have rarely developed institutionalized ways of cooperation in order to generate income and economic benefit for all parties. Motivating local actors via networks to join cooperations with an economic focus offers enormous economic potential, which has not yet been sufficiently explored.

KEYWORDS

culture tourism in
rural areas
cultural economy
regional development
creative networks
network development
cultural
entrepreneurship

INTRODUCTION

Discussions on creative industries have a rather short history in Germany, compared with other European countries such as England or the Netherlands. While started being debated from 2004, the publication of the European Union study 'The Economics of Culture in Europe' in 2006 outpaced the German debate by providing the first definitional framework for cultural and creative industries at the European level. Following this publication, the federal Ministry of Economy and Technology and the Commissioner for Culture and Media created the German 'Initiative Kultur- und Kreativwirtschaft' in 2007. Its mission is to foster the competitiveness of German cultural and creative industries. Using broadly the definitions of cultural and creative industries proposed by the European study of 2006, the German Ministry of Economy and Technology produced a report looking at the state of the cultural and creative industries in Germany in 2009 (Bundesministerium für Wirtschaft und Technologie 2009). This report offered, for the first time, information on the economic relevance of the cultural and creative industries in Germany. Overall, they represent 238,000 enterprises, employ 1 million people and generate €132 billion in turnover. While, there is increasing research on the economic contribution of cultural and creative industries in Germany, most of the efforts concentrate on major metropolitan areas, and rural areas tend to be left out of the discussions.

This article reports on a study conducted by the Association Culture and Work (Bad Mergentheim) and the Vienna University of Technology. This study surveyed the conditions under which cultural economic effects can be generated as much as possible by local actors in small towns in rural areas. The main finding shows that networks such as continuous learning systems are central success factors in these processes. At present, there are only a few successfully working networks in Germany with a cultural economic focus that could possibly serve as a role model for small towns nationwide. Local actors from culture, business and local administration have rarely developed institutionalized ways of cooperation in order to generate income and economic benefit for all parties. Motivating local actors via networks to join cooperations with an economic focus offers enormous economic potential, which has not yet been sufficiently explored. The next section summarizes the main sections of the report.

PRECONDITIONS IN GERMANY

In Germany, the potential economic development of culture is in the very beginning stages – at least in small cities and rural regions. Many large cities, such as Berlin, Cologne and Hamburg, strive for more economic use of their cultural wealth and have started to implement strategies for generating additional revenue. However, small cities and their surrounding regions, which normally do not concentrate economic power like urban areas, seem to be left out of these developments.

Stimulating cultural economic power in small cities and rural areas does not necessarily transfer from existing urban strategies applicable to the countryside. This is notably obvious in culture tourism as one of the most interesting fields of cultural economic power. It was explicitly identified by a study of the Creative City Networks (2009), which clearly stated, 'Some researchers warn of the potential of introducing inappropriate frameworks to rural based cultural initiatives, and question the idea of transferring "urban-centric" creative economy policies and practices to rural locations' (Duxbury et al. 2009: 5).

Specifically, there are different problems to overcome, such as obsolescence, relocation of the economically active population, desertification of grown city centres, not enough people interested in cultural offerings, less available money, less interest and knowledge about ongoing discussions, insufficiently developed cooperation and network structures, and finally the constant need to overcome long(er) geographic distances. Additionally, fast broadband Internet access is not available everywhere, which results in limited access to data transfer and fewer opportunities to fully utilize new information technologies.

1. More information at <http://www.im-tal.de/>
2. More information at <http://www.haus-felsenkeller.de/>

THE CASE STUDY

The German city of Altenkirchen is a good example of the described pre-conditions: 24,000 inhabitants (in danger of decreasing), set in a stunning recreation area called Westerwald, between two strong economic regions (Rhine-Main-area and the Cologne-Bonn area). Altenkirchen is an associated city with 42 small boroughs. Well-educated young people are moving to the larger surrounding cities, resulting in a loss of purchasing power and tax income for the city and the region.

According to a study from the Rostock Centre for Research on Demographic Change entitled 'Zentrum zur Erforschung des Demografischen Wandels', young people and especially young highly qualified women leave German rural areas mainly due to few opportunities to find an adequate job in the countryside (Westphal 2010). Fewer career opportunities, lower salary levels, fewer chances for further education and qualification, fewer possibilities for culture and leisure activities, and fewer chances to find an adequate partner represent the reasons that young people leave their hometowns and villages and move to large cities or metropolitan regions. Large cities already provide a shaped infrastructure for young women, specifically for those who need to combine their ambitions in gainful employment with children and family life, whereas in German rural areas all-day childcare is still an exception. However, the bond of young people from rural areas to their home towns is quite strong, and many of them would come back if the infrastructural and employment conditions were more attractive.

Interestingly enough, cultural activities play an important role in keeping rural areas attractive for inhabitants as well as visitors. During the last twenty years, in Altenkirchen two local initiatives developed a kind of 'cultural climate' by establishing high-quality cultural events that attract people from outside the region. The well-known German artist Erwin Wortelkamp created a sculpture park¹ in the rural setting of a valley, which is open to the public and presents more than 40 sculptures from leading international sculptors. In addition, the 'Haus Felsenkeller',² a cultural initiative, has for many years offered prominent high-quality cultural events in the region of Altenkirchen.

From January to May 2009, a study was conducted in order to determine what kind of relationships could be established between culture, tourism, economy and local/regional policies to support economic activities (Kultur und Arbeit e. V. – Association Culture and Work, TU Wien and media k 2009). The study focused on the following questions:

- What are the cultural and economic strengths and weaknesses of the city of Altenkirchen?

- Where are the points of intersection between culture and economic sectors such as tourism, food and beverage industry, hotel businesses, local service providers?
- How can local and regional actors in the cultural sector (artists, cultural entrepreneurs, designers, IT professionals) better participate in economic activities and what kind of political support is necessary for motivating them?
- How can employment opportunities be promoted for as many actors as possible (with a special focus on women and potential returnees to the region)?
- What kind of networks between culture, business, tourism and municipal administration are feasible and where are the limits?
- What kind of organizational structure is necessary for promoting the sustainability of any initiative?
- In which capacity could the municipal administration promote bottom-up initiatives of local and regional actors?
- Which of the already existing urban concepts can actually be successfully transferred to the much smaller and economically less attractive contexts of a small city in a rural area?

The study was divided into two areas, a cultural-economic part and a cultural-touristic part, and was finished in May 2009 by a consortium including the Institute for Urban Development, Landscape Architecture and Designing at the Vienna University of Technology; the Association Culture and Work (a non-profit organization that focuses on initiatives in the field of employment in culture and operates the leading German-speaking cross-sector portal for cultural employment www.vertikult.de); and media k GmbH, a consultancy with many years of experience in cultural economy. The umbrella organization 'German Association of Small Cities and Municipalities' (Deutscher Städte- und Gemeindebund – DStGB) was included in the project via the mayor of Altenkirchen, who is a member of the board.

RESULTS OF THE STUDY: COOPERATION AS A LEITMOTIF

To the best of the consortium's knowledge, this was the first Germany-wide study with a focus on supportive actions for the cultural economy and creative industries for small towns in rural areas. Moreover, according to the DStGB, the Altenkirchen study seems to be representative of the majority of German cities comparable in size and setting. The evidence of the study is that the initiation, creation and professional monitoring of networks are of essential importance in the cultural economy for municipalities in rural areas. 'Cooperation' seems to be a kind of leitmotif for stimulating resources. These networks serve as continuous learning systems that lay the foundation for securing and developing the attractiveness of the living and working environment of small cities.

At present, there are only a few successfully working networks with a cultural economic focus in Germany that could possibly serve as role models for small towns nationwide. Local actors from culture, business and local administration have rarely developed institutionalized ways of cooperation in order to generate economic benefit for all parties. The few successful examples that were identified in Germany do not have specific model characteristics, but are based on the initiative of especially talented people. However, what these few

examples clearly illustrate is that motivating local actors to create economically focused networks possesses an enormous economic potential that has yet to be exploited and capitalized on.

ORGANIZATION OF THE NETWORK

As an outcome of the study and due to the Altenkirchen situation, a network between public administration, the tourism industry and local cultural industry was founded with the aim of bringing resources and ideas together (<http://www.akultour.net/>). This network is currently developing products and services in a cooperative way, and is monitored by the Technical University of Vienna with the aim of creating a functioning cultural economic network.

One of the main problems is finding the adequate electronic tools in order to organize and support the working processes of the network on one hand, and to distribute and communicate the services of the network to interested parties on the other. All network partners, for example, have access to an electronic calendar with cultural as well as other events. They are now encouraged to include their own events and to create touristic services. Services include innovative 'products' such as packages for tourists for different target groups: families, 50+ people, groups. This can be, for example, packages containing accommodation, dinners with regional specialities, vouchers for museums and cultural heritage sites, guided tours through the forests around Altenkirchen, creative courses, shopping vouchers or cinema visits. The future aim is to offer modules that can be created individually via the Internet by the target groups themselves. This approach takes into consideration that there is still an interesting potential for broadening online bookings in tourism.³

Consequently, the network approach will be translated to the communication of products. Therefore, the activities of the network will be communicated and evaluated by new electronic social networks that are characteristic of Web 2.0. Facebook, Twitter, blogs and others play an important role in these communication processes, and are currently being tested regarding their applicability for Altenkirchen cultural tourism.

FINDING A COMMON LANGUAGE

There are difficulties to overcome, however, and the networking process needs to be continuously supported. According to the experiences of the network, finding a common language between the cultural and the business groups is a challenging process.

Culture institutions lack information about working processes in tourism and show fear regarding contact with local business representatives. They do not consider their own work – music, theatre, literature – as 'products or services', and have difficulties in assessing the business potential of these activities. The requirements of the tourism industry and of tourists are not transparent to them. There is no clear insight as to how events and services need to be drafted in order to attract tourists, or as to how partners from tourism and the business can be identified.

Restaurant owners, hoteliers and other service providers from the tourism industry often find it hard to identify the marketing potential of cultural events and offers like music and dance courses, theatrical or cinema performances. In principle, they are open-minded with regard to cooperation, but find it difficult to get in touch with cultural institutions. Therefore the development of common products and services as well as a common sales structure are at the very early stage.

3. According to a representative opinion poll of 4,000 people in Germany from the age of 14 years, online booking has a market share of 20 per cent. In particular, 32 per cent of families and 34 per cent of singles use the Internet for bookings (Stiftung für Zukunftsfragen (ed) (2010) *Tourismusanalyse 2010*, Hamburg, Germany, p. 13).

CULTURAL ECONOMIC NETWORKS – STIMULATION OF MUTUAL BENEFIT

Business networks and clusters represent comparatively new topics in business administration. According to Gummesson, networks are not tangible objects, but rather social constructs. They incorporate 'people, activities, thoughts, emotions, etc. and their operations are most often not limited to one specific location [...]' (Gummesson 1994: 5). In contrast, according to Porter (2008), clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers and associated institutions 'in a particular field that compete but also cooperate' (Porter 2008: 215). In this study cultural economic networks are, according to Lynch and Morrison (Lynch and Morrison 2007: 43), defined as micro-clusters of small business operators in the fields of culture and tourism, enhancing by networks and the process of networking their ability to offer competitive products within a local region. The terms 'network' and 'cluster' are used synonymously in this study.

A differentiation is made in the literature between three forms of clustering (Michael 2007: 24–27):

1. horizontal clustering: the co-location of competing companies operating at the same stage in the value chain, for example, hotels that cooperate with each other
2. vertical clustering: the co-location of companies operating at different stages of the value chain, for example the automobile industry and its suppliers
3. diagonal clustering: cooperation between companies and the creation of a pool of previously separate products and services that the consumer perceives as one product.

The studies carried out by the Verein Kultur und Arbeit e.V. (Association Culture and Work) in Bad Mergentheim in Germany and the Vienna University of Technology showed that diagonal networks can be very successful in providing cultural-tourism products and services in rural areas. Competing companies, for example in the hospitality sector, and non-profit-oriented organizations, for example in the area of culture, and, in some cases, state establishments, e.g. involved in sales or passenger transportation, cooperate in these networks. According to Gibson et al. (2005: 88), these networks are either formal or semi-formal exchange networks, i.e. the network partners regulate their exchange relationships through bilateral agreements or establish a separate association, a limited company or similar structure, for the network organization.

The temporal and spatial density of cultural-tourism products and services that is lacking in rural areas and the associated inconveniences for customers are compensated in organizational terms by the network in different manners, e.g.:

- Through the temporal coordination and pooling of products and services
- Through spatial and temporal clustering of products and services
- Through the organization and integrated provision of transport services
- Through the pooling of the booking and billing of products and services.

The abovementioned organizational services, in particular the temporal, spatial and accounting-based pooling of products and services, are provided by

the network and taken away from the customers. The network also relieves customers of the comparatively demanding task of searching for temporary products and services.

The deficits that exist in relation to cultural-tourism products and services in rural areas from the perspective of customers can be eliminated in the above-described way through the establishment of diagonal exchange networks. The time spent by customers in the region increases as a result, with corresponding positive effects on regional value-added and employment. Products and services that are completely unattractive when considered in isolation suddenly become highly attractive to customers in a temporally and spatially 'condensed' form. In addition, products and services can be provided in rural areas – in particular in association with the landscape – that enable a differentiation from the products and services provided by urban cultural tourism – to name but a few examples, art in the landscape or products and services in the fields of agriculture and the experience of nature.

The transition from the social networks that often exist in rural areas to diagonal exchange networks represents an enormous obstacle that involves financial risks. This obstacle can be overcome through the provision of third-party support and consultancy in the initiation and promotion of the networks in the start-up phase, and through further training of the actors involved. Alliances of state actors that extend beyond municipal boundaries are a possible solution here. In Central and Eastern Europe, private foundations or alliances of actors from the private sector sometimes assume the role of the state – including in providing start-up assistance for cultural-tourism networks.

REFERENCES

- Bundesministerium für Wirtschaft und Technologie (Federal Ministry of Economy, 2009), *Gesamtwirtschaftliche Perspektiven der Kultur- und Kreativwirtschaft in Deutschland* (Economic perspectives of cultural and creative economy in Germany), Forschungsbericht 577, Berlin, Germany.
- Duxbury, N., Campbell, H. and Keurvorst, E. (2009), *Developing and Revitalizing Rural Communities Through Arts and Culture: a Literature Review' – Summary Overview*, Vancouver, Canada: Creative City Network of Canada.
- Gibson, L., Lynch, P. A. and Morrison, A. (2005), 'The local destination tourism network: Development issues', *Tourism and Hospitality Planning & Development*, 2: 2, pp. 87–99.
- Gummesson, E. (1994), 'Making Relationship Marketing Operational', *International Journal of Service Industry Management*, Vol. 5, No. 5, pp. 5–20.
- Kultur und Arbeit – Association Culture and Work, TU Wien and Media k (2009), *Förderung von Unternehmen der Kulturwirtschaft und des Handels in der Raiffeisenregion und Identifizierung des kulturell-touristischen Potenzials der Verbandsgemeinde Altenkirchen* commissioned by the city of Altenkirchen and co-funded by the Rhineland-Palatinate Ministries of Economics and Culture, Germany, at www.kultur-und-arbeit.de. Accessed 21 June 2010.
- Lynch, P. and Morrison, A. (2007), 'The Role of Networks', in: E. Michael *Micro-Clusters and Networks: The Growth of Tourism*, Netherlands: Elsevier, pp. 43–62.
- Michael, E. (2007), *Micro-Clusters and Networks: The Growth of Tourism*, Netherlands: Elsevier, pp. 24–27.

- Porter, M. (2008), *On Competition – Updated and expanded ed.*, Boston: Harvard Business School Press.
- Westphal, C. (2010), 'Die Jugend wandert ab', *LandInForm*, 1, pp. 14–15, at www.rostockerzentrum.de. Accessed 21 June 2010.

SUGGESTED CITATION

- Drda-Kühn, K. and Wiegand, D. (2010), 'From culture to cultural economic power: Rural regional development in small German communities', *Creative Industries Journal* 3: 1, pp. 89–96, doi: 10.1386/cij.3.1.89_7

CONTRIBUTOR DETAILS

Dr Karin Drda-Kühn has a Ph.D. (1989) and an M.A. (1987) from the University of Darmstadt (Germany) in art history and German and English language and literature studies. Since 2006, she has been the Managing Director of Association Culture and Work (www.kultur-und-arbeit.de) and a member of numerous cultural economy committees. Her responsibilities in the Association are research and application projects in cultural economy and culture tourism, policy development, and operation of the portal www.ver-tikult.de, an employment and service platform for cultural workers.

Contact: Association Culture and Work, Goethestr. 10, D-97980 Bad Mergentheim, Germany.

E-mail: kdk@kultur-und-arbeit.de
info@kultur-und-arbeit.de

Professor Dipl.-Ing. Dietmar Wiegand: Architect, head of division Real Estate Development and Management at Vienna University of Technology. Research of the division focuses on appropriate players and organizations for projects aiming at urban and regional development, and on the life cycle of the built environment and organizations (wiegand@tuwien.ac.at). The Akultour network can be contacted via moderator Peter Müller: info@akultour.net

Contact: Real Estate Development and Management, Vienna University of Technology (TU Wien), Gusshausstrasse 30/E260-P, A-1040 Wien, Austria.

E-mail: wiegand@tuwien.ac.at
www.red.tuwien.ac.at

Copyright of Creative Industries Journal is the property of Intellect Ltd. and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.