

Attractive rural municipalities in the Nordic countries

Jobs, people and reasons for success
from 14 case studies

By Michael Kull, Karen Refsgaard, Hjørdis Rut Sigurjonsdottir, Ágúst Bogason,
Mari Wøien Meijer, Nora Sanchez-Gassen and Eeva Turunen

NORDREGIO REPORT 2020:1



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Stockholm, Sweden, 2020

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Abstract

Why are some municipalities better than others at deploying their resources, attracting people and creating jobs? This was the key question considered in this analysis of the attractiveness of 14 rural municipalities in the Nordic Region.

The 14 areas selected are all defined as attractive in the sense that their populations and the number of people they have in work have both increased more than expected in recent years. The nature of the boost to employment in some sectors has been identified by means of shift-share analyses, in order to determine how much of this change is attributable to specifically local factors.

Interviews were then employed to probe key stakeholders about motivation, working conditions, job creation and living conditions. These interviews were with public sector representatives (e.g. mayors and heads of planning and development), business representatives and entrepreneurs, high school students and people from the education sector, as well as with young families.

Combined with analyses of other data and information, these interviews helped us to understand why some places do better than others in deploying their resources. The case municipalities we have investigated have shown to be successful in job development and with positive population changes. They made a variety of efforts to foster the attractiveness of their location. They invest in and mobilise the diverse natural, human, institutional and cultural assets that are often ingrained in an area over a long period of time. Our smaller and rural case-study municipalities use the advantage of a multisectoral approach by combining and bringing together skills and attributes from different sectors. Local administrations collaborate closely with locally rooted industries, as well as schools and educational institutions at different governmental levels. It is collective action that makes the real difference in many of the case studies.

I. Objective

Welcome to the final report of the "Rural Attractiveness in Norden"- project. The attractiveness project seeks to capture the underlying reasons for some municipalities showing success in employment and demographic development compared to other municipalities which have similar resources, including land, labour, capital, knowledge and infrastructure. In particular, we ask:

- Why some municipalities show success in employment, despite the expectations and prognoses indicating another picture?
- What municipalities do to foster attractiveness, e.g. through investment in natural and cultural assets and activities?
- What policies are in place (at different levels)?
- What do businesses do to flourish and attract people?
- Why people choose to leave sparsely populated/ remote and urban adjacent rural areas?
- Why people move to an area, or why they have always stayed there?
- What is the motivation for young people to leave rural areas, or to stay?

II. Studying Rural Attractiveness in the Nordic Countries

When trying to grasp differences in the economic development of a particular place, the work of Adam Smith is obviously worth looking at. His analysis of differences in economic development between nations focused firstly on land, labour and capital, and secondly on 'intangibles' within the market (Smith, 1776; Bryden, 2017). Michael Porter adds infrastructure and knowledge to these elements and argues (1990:76) that competitive advantage from the different factors depends upon how efficiently and effectively they are deployed. Porter also analyses the role of regions in national economic performance. Much less work has been done at subnational levels on uneven and long-term development among other factors, due to lack of (NUTS3) level data. Bryden (2017) argues that these local levels have in some senses become more important in the era of globalisation, centralisation and the development of transnational alliances such as the European Union (EU). This study takes up these thoughts and focuses in on regions and municipalities in the Nordic countries.

We are curious as to whether and how some municipalities are better at deploying their resources, and in that way attracting people better and creating more jobs.

Within economic development, the linkages between people and jobs are important. Traditionally, the perspective has been that people follow jobs and move to new places in order to generate income. In recent decades, and along with the rise of the knowledge economy and digitalisation, a contrasting trend is noticeable: jobs also follow people. Highly skilled and talented individuals, labelled the creative class, have the ability to choose where they want to live and then to create and attract companies. This is how Florida (2002) describes the process, although its focus is on cities. Østbye et al (2018) compared 250 economic regions across Sweden, Norway, and Finland, examining the degree to which the availability of jobs (or job density) attracts people and vice versa. They compared growth rates of both population and jobs. The study shows that a higher rate of

growth in job density results in a statistically significant increase in the growth rate of population density. The authors also found that a higher growth rate of population density does not lead to a statistically significant change in job density per se. In bringing together these seemingly contradictory trends, the study found that both people and jobs are attracted to natural and cultural amenities measured by what is known as 'the bohemian index',¹ and that such amenities increase the attractiveness of places for both people and industries. These findings are in line with earlier studies, and envisioned among other factors in analyses of rural areas by McGranahan (1999). Once knowledge-economy jobs are taken out of the calculation, the remaining, less-skilled major sector jobs no longer attract people – even though these less-skilled jobs follow people. In fact, overall, the two kinds of job perpetuate one another, with general jobs following higher-skilled jobs and vice versa, creating a cumulative cycle of economic growth.

However, the studies summarised above analyse single jobs and individual people. They do not look at the linkages between the resources and how different people (stakeholders and institutions) work together in order to deploy these resources within the community, making one area more attractive in comparison to other areas.

A number of approaches and models have been developed and applied in the Nordic countries and beyond to measure the "attractiveness" on the one hand, and the vulnerability of municipalities and regions (e.g. Hansen 2016) on the other hand. These approaches include supply and demand-driven migration in particular.

The OECD-work on territorial rural data carried out in the 1990s (OECD, 1994; 1996; von Meyer, 1997) opened up a whole new field of enquiry, showing that some predominately rural regions outperformed other types of regions in terms of employment growth. This also turned out to apply to

¹ See: <https://www.theatlantic.com/national/archive/2010/06/bohemian-index/57658/>

many other indicators, such as population dynamics, and GDP per head. It was not the kind of geography that determined whether or not any rural region was performing 'well' in relation to different economic, social and demographic indicators. The OECD-REMI work, for instance, used shift-share analyses to examine the role of local (as opposed to national or sectoral) factors in territorial employment dynamics. This work demonstrated that in all 15 OECD countries studied, positive local dynamics made the difference between 'leading' and 'lagging' rural regions. One major conclusion, which was to influence subsequent OECD work on rural policies, especially The New Rural Paradigm (2006), was that "development analyses and policies should focus much more on the territorial, local and regional, conditions and initiatives rather than the sectoral components and structures" (OECD, 1996: 56).

The OECD work inspired other research, such as the EU-DORA project on the Dynamics of Rural Areas in Europe, undertaken between 1999 and 2002. This project asked the question: why some rural areas perform 'better' than others (Bryden and Hart, 2004). The DORA research identified five 'tangible' and five 'less tangible' factors being decisive for the differences in performance. The territorial impact of these five (largely tangible) factors "depends on how efficiently and effectively they are deployed" (1990:76), which is in fact to say that less tangible factors determine the effects of tangible factors. The five tangible factors were Natural Resources, Human Resources, Infrastructure, Investment, and Economic Structures. The five less-tangible factors were Market Performance, Institutional Structures and Performance, Networks, Community and Culture, and Quality of Life. Adapting the word of a famous song: *"T'ain't What You Have, It's the Way That You Use It"*²

Studies in the Nordic region include those developed and applied by Vareide (2018), who has carried out shift-share analyses for Norwegian regions to answer the question *"why do some places grow and other shrink?"*. He looked into the structures behind and argued that places can impact their own development by getting attractive for settlement, businesses and visitors.

2 The two paragraphs above are largely based on a paper by John Bryden: International Conference on 'Territorial Inequality and Development' delivered in Puebla, Mexico, January 25-27, 2016. Bryden discusses the causes and consequences of medium- and long-term territorial inequalities in a European context, with a focus on rural regions.

Tillväxtanalys in Sweden (Tillväxtanalys 2014) also studied attractiveness and with the belief that globalisation and external factors have different consequences for the municipalities' or regions' own room for manoeuvre and what they are able to influence. A number of case studies investigated how different Swedish municipalities have worked to increase their attractiveness. The conclusions show that it is not enough to simply have job opportunities available. It also needs people living in a given municipality and that municipalities need to be attractive for potential new residents to finally move there. The authors of this study grouped the efforts into three factors, which the municipality can influence itself: 1) The physical environment – municipalities can be enablers, preventers or initiative-takers. 2) Services – establishing where municipal public/commercial services can be located and managed. 3) Cultures/attitudes, partly concerning the internal municipal culture with its own administration, and partly the culture prevalent externally in the municipality amongst inhabitants and businesses. The authors of that study concluded that there is not a single factor that defines attractiveness, and that it requires long-term work based on various prerequisites.

A project by RegLab from Denmark (Reglab 2014) is interesting in this connection as well. RegLab analysed why growth cases cannot always be explained by well-known institutional frameworks like infrastructure, taxation, regulation and nice programmes. RegLab concluded that the key for economic growth can be created by innovative businesses and entrepreneurial people working together. The most successful business clusters are connected to strong networks – often connecting different sectors and branches. Public authorities can strengthen the local growth culture by identifying, supporting and involving themselves as active players in these ecosystems. However, authorities can neither create, own nor control those ecosystems.

Finally, recent research by Refsgaard et al. (2017) and by Kaisu & Teräs (2017) on innovation based on bioresources emphasize the importance of local authorities and civil society for local and regional innovation. According to Refsgaard et al., a quintuple helix approach inclusive of local authorities, biomass/landowners, knowledge institutions, civil society and entrepreneurs brings both interests but also knowledge to the table. This approach is often the key for success.

III. Modelling Attractiveness

Our approach is built on the following rationale. First, jobs attract people, but there are also other reasons why people migrate to places — ranging from service availability to low housing prices, access to cultural and natural amenities, participation in local democracy or other quality-of-life issues. People also move to, or stay in, rural areas to create new businesses.

Second, people do not usually move alone as they have partners or families.

The attractiveness of a location is, in this model, a combination of

- how attractive a place is because of job availability;
- how attractive conditions are for business development (not just policies but also networks, entrepreneurial culture, etc), and
- how attractive the place is for living (with different dimensions as outlined below).

Figure III.1. shows our approach to how people, jobs and places are connected. On the left of the diagram we place job growth and business development.³ These are connected to the middle part—population development and net migration. Net migration also relates to a specific place as shown on the right.

The relations in our model are as follows:

■ **Demand-driven migration.** This is when jobs are the main reason for migration to a particular place. In somewhat simple terms, people move somewhere because a job is available.

- In addition, while this implies population growth, it has indirect impacts on job creation as well, because people and their families also create jobs as a result of the need for schools for their children, welfare support, housing, infrastructure, and so on.

■ **Supply-driven migration.** When people move to a place due to reasons other than jobs:

- Identifying somewhere as a good place to live because of good kindergartens, overall quality of life, and the availability of cultural and recreational amenities, safety, family support, and so on.

- Supply-driven migration is also related to business growth. A place can be attractive for business development, which creates jobs.

■ **Indirect supply-driven migration.** This is where the population is growing and has a positive impact on job creation — for instance when people and their families need schools for their children, welfare support, housing, infrastructure, and so on.

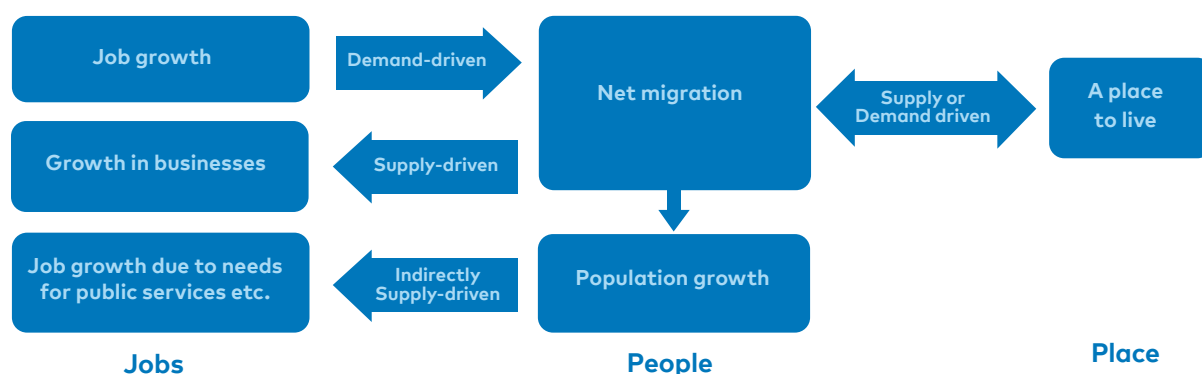


Figure III. 1. Nordregio's attractiveness approach: Migration for jobs and/or for living and the overall attractiveness of the place.

³ We drew inspiration from earlier research, such as that done by Telemarkforskning (e.g. Vareide et al, 2013; Vareide 2018) and the TOPMARD project (Bryden et al, 2008).

IV. Analysing Attractiveness

In our analysis of attractiveness, we have combined quantitative with qualitative approaches to capture the different and multifaceted dimensions of attractiveness. We put together analyses of population and migration development over time, shift-share analyses of job changes, interviews with key stakeholders about their motivation for work, job creation and living, and documentary analysis.

We also conducted interviews with public sector representatives (e.g. mayors and heads of planning and development), business leaders and entrepreneurs, high school students, and representatives of the education sector, as well as families, in order to understand why some places do better than others.

IV.1. Data analysis I: Development in Local Employment at Municipal Level

A shift-share analysis is a standard regional analysis method used to study the development of jobs over time, in order to determine how much municipal job change can be attributed to unique local factors. These analyses illustrate development at sectoral level. In this study they were conducted for the period 2007 to 2016, covering all areas and municipalities in the Nordic Region.

The Regional/Municipal Shift (RS), or competitive effect, is perhaps the most important component here. It highlights a local area's leading and lagging industries. Specifically, the competitive effect compares a local area's growth rate in a particular industrial sector with the growth rate for that same sector at the national level. A 'leading industry' is one where that industry's local area growth rate is larger than its national growth rate. A 'lagging industry' is one where the industry's local area growth rate is less than its national growth rate. Total growth is the sum of the expected change in jobs, plus the local shift. So $Y = X1 + X2 + X3$ where

- Y = the real change in jobs over a time period
- $X1 + X2$ = the expected change in jobs over a period based on
 - $X1$ = the average national growth for all jobs
 - $X2$ = the industrial mix
- $X3$ = the local shift (the local competitive effect)

From these comparative analyses across regions and countries at the sectoral level, we then investigated why some municipalities do better than expected, and which sectors are doing well or poorly, thereby providing input for targeted policies.

Figure IV.2. shows the relative local employment effect in Nordic municipalities, reflecting the change in jobs (growth or decline) at the municipal level for the period 2008–2016. The dark and light blue areas are municipalities where, compared to national or industry trends, the employment figures were the more positive. This can be attributed to local factors, such as local policies and local natural, cultural or institutional conditions.

These analyses allowed us to compare municipalities within the same region with the same overall institutional and natural conditions, and also municipalities across regions or countries. To understand the reasons underlying this development, we conducted interviews with different relevant informants (see next page).

IV.2. Data analysis II: Migration and population analyses

For the migration and population analyses, Nordregio's inward and outward migration dataset for the past ten years was utilised in order to identify those municipalities with highest outward and inward migration respectively, plus those with high levels of fluctuation from positive to negative and vice versa. These analyses covered the entire Nordic region. Figure IV.3 therefore shows considerable variations in terms of inward and outward migration in Nordic municipalities.

In each municipality, the following rules are applied to classify the migration history for the time period 2007 to 2016 (using net migration numbers):

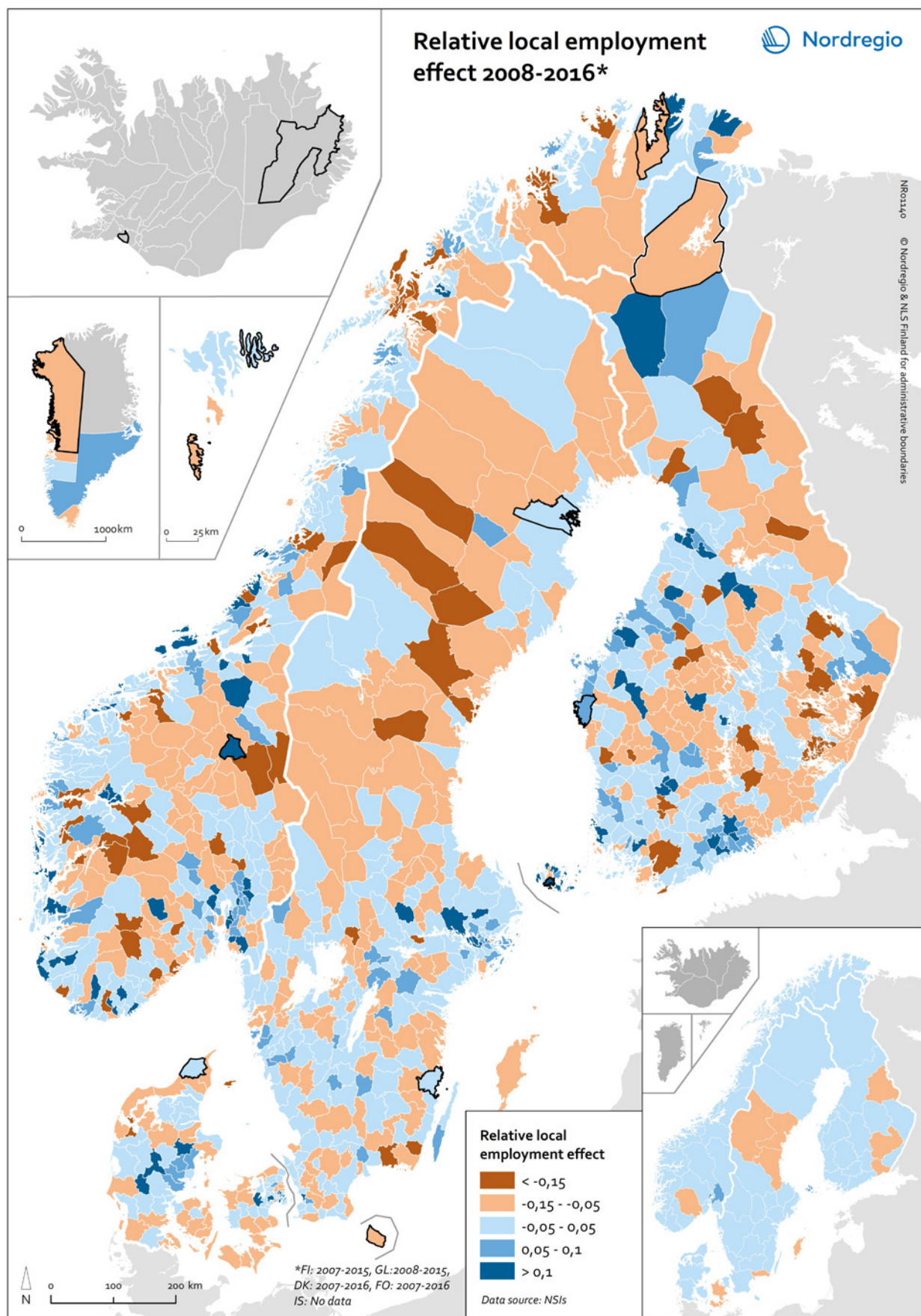


Figure IV.2. Relative local employment effect, 2008–2016.

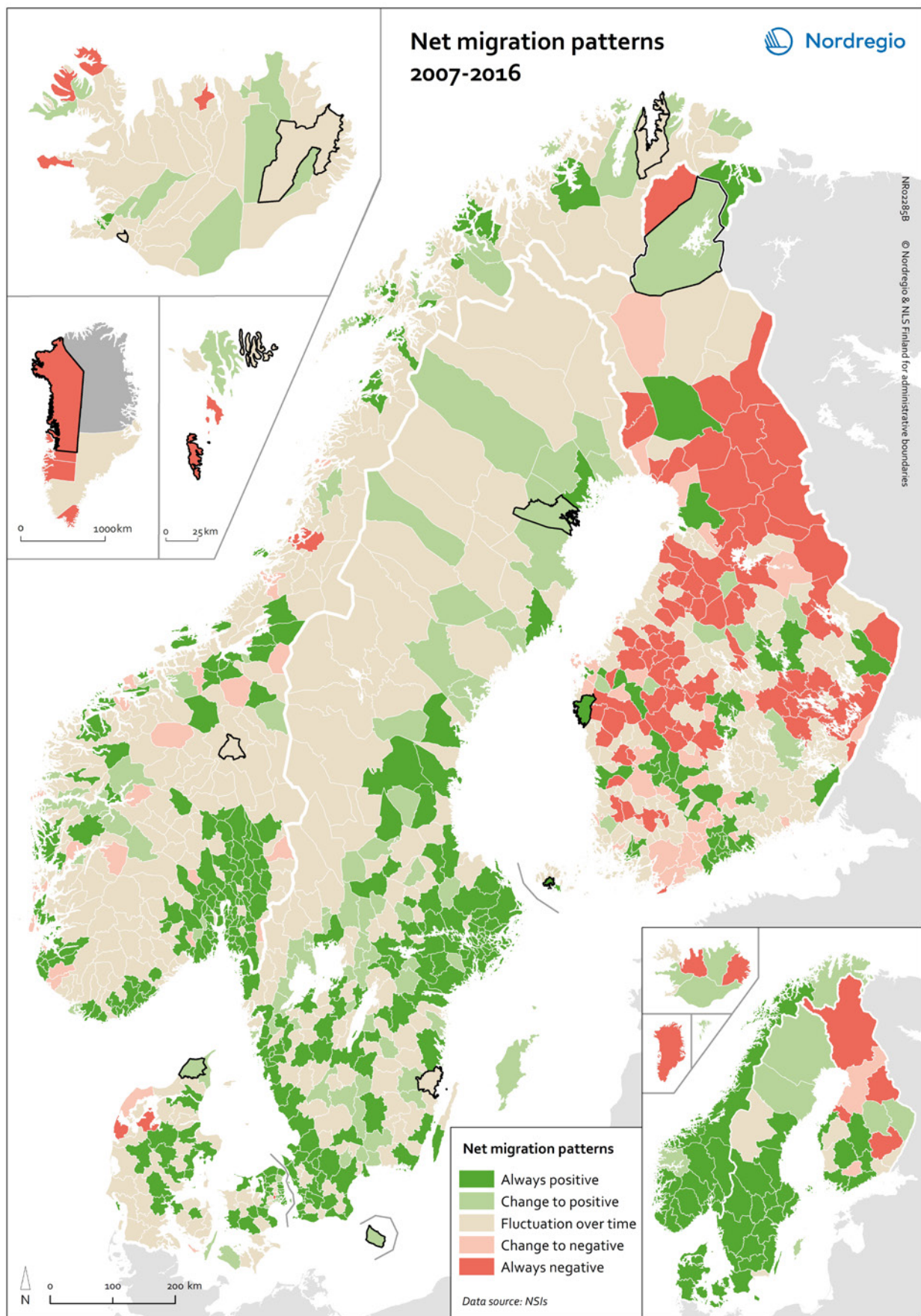


Figure IV.3. Net migration patterns in the Nordic countries, 2007-2016

- Dark green cases: Municipalities with positive net migration statistics for nine or ten out of ten years.
- Red cases: Municipalities with negative net migration statistics for nine or ten out of ten years.
- Light green cases: The trend change from negative to positive numbers. The ten-year time series has to begin with at least two years of negative net migration and has to end with at least two years of positive net migration. Somewhere in the middle of the time period, the shift from negative to positive numbers has to occur.⁴
- Light red cases: The trend change from positive to negative years. The same rules as for red cases apply (and vice versa).
- Grey cases: All municipalities that do not fit into any of the previous cases are defined as grey cases.

IV.3. Data analysis III: Selection of municipalities

The result of analysing changes in migration, population, and local employment effects was presented and discussed with members of the Nordic Thematic Working Group for Sustainable Rural Development. These representatives all possess the necessary local knowledge to help to select 14 municipalities from a menu of potential case study candidates. The decision was to select two municipalities from each of the five Nordic countries, one each from the self-governing areas of Greenland and Åland and two for the Faroe Islands. The rationale for the final choice of municipalities can be summarised as follows:

- Rural municipalities: Municipalities beyond commuting distance from towns or cities.⁵
- Net migration for the period 2007-2016: Either a positive trend throughout this timeframe or a trend change toward the positive.⁶
- Population growth at the municipal level in, for instance, nine or ten years during the period 2007–2016.
- Successful job development: A better relative municipal job development ratio than anticipated.
- Two cases within each of the five Nordic countries and the Faroe Islands, and one case in Greenland and Åland.

4 For calculations, please see appendix.

5 With the exception of Åland.

6 The approach and results are explained and visualised above.

- Diversity within each country, taking into account localisation.
- Final selection of cases: Discussion with key regional policymakers at the national and regional levels in each country, in order to choose the final interesting municipalities among a larger number fulfilling the criteria above.

The various and interrelated steps above whittled the field down to our 14 case studies (Figure IV.4).

Our 14 case studies are:

Denmark: Bornholm and Hjørring

Faroe Islands: Klaksvík and Vágur

Finland: Inari and Närpes

Greenland: Avannaata

Iceland: Árborg and Fljótsdalshérað

Norway: Alvdal and Lebesby⁷

Sweden: Oskarshamn and Piteå

Åland: Jomala

IV. 4. Data analysis IV: Interviews and document analyses in order to understand the reasons for success

To understand the reasons behind the particular developments in each municipality, several interviews were conducted with public authorities from the municipalities covered by each case study, including mayors and civil servants. To further explore the reasons underlying positive economic development and job growth, we also interviewed business representatives and local entrepreneurs. To capture the perspective of young people on what attractiveness means to them, and to get an idea of the future plans of young people in the Nordic countries, we went to educational institutions, where we talked both to headmasters of schools and to high school students. Finally, we interviewed younger families to gain their perception of the places researched. The main objective of these interviews was to understand some of the reasons underlying positive economic trends, to look at how some rural areas perform well and why, and also to try to understand what the future may bring and what challenges these locations

7 We originally had another municipality in Northern Norway in focus, which had a more positive demographic development and stronger local employment effect. Due to some difficulties and after several trials in getting in touch with potential informants from this municipality, we discussed with KMD for an alternative case. We then chose Lebesby and in order to have Northern Norway represented in this study.

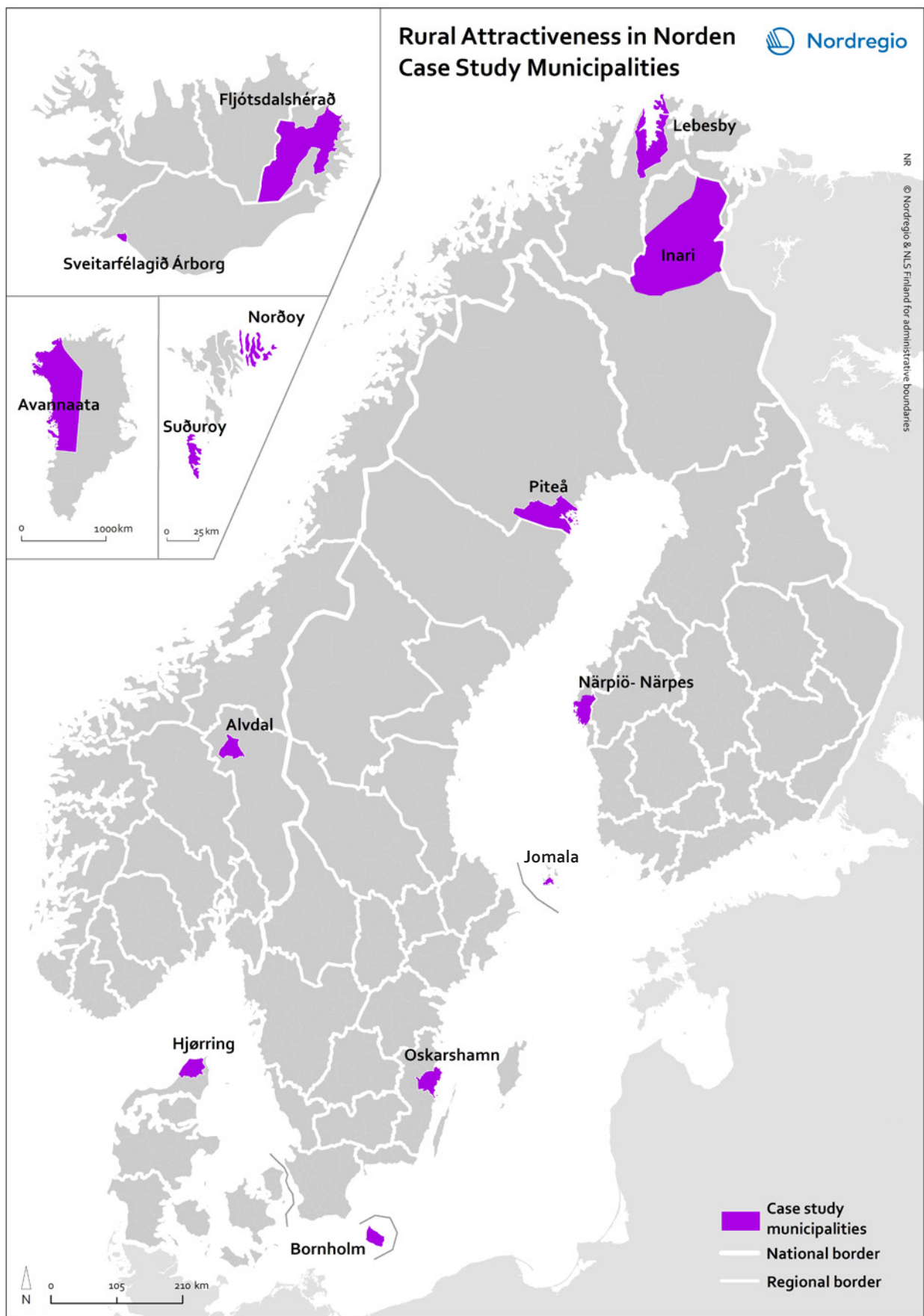


Figure IV.4. Rural Attractiveness in Norden Case Study Municipalities

face. From a large menu of questions, we covered the following issues:

Introduction

- What is rural?
- What is attractiveness?
- How do you understand performance?

Performance – looking at maps and data

- Migration patterns
- Population changes
- Industrial structure and jobs: Is the local economy growing or declining? What industries are doing well, or should do well?

Overview of the key areas that municipalities are responsible for

- What are the available resources, their price, their quality, and their use?
- Housing, public services (schools, health), business establishment, cultural and recreational services
- Commuting patterns and visitors

Why is the municipality doing well? Interviews with mayors and public officials:

- Why do people move here? What makes the place attractive? Why do people leave? Why do they stay?
- What has the municipality done? Which policies, support mechanisms, strategies have been implemented?
- What are the strengths and weaknesses in providing jobs, and in which sectors?
- Which sectors/industries are you emphasising?
- What are the attractive resources in the towns and their surrounding areas?
- How do the urban areas/towns connect with the surrounding rural areas?

Interviews with headmasters and high school students

- How do you see your future here in the municipality, and where will you be in five or ten years?
- What are the main factors required for you to stay?
- What do you perceive as the main obstacles to staying?
- Where you have decided to leave, what factors would potentially change your mind?
- What does the attractiveness of your location mean for you in practical terms?

Interviews with businesses

- Cultural traditions and social arrangements in the shift from state to market
- Peripherality and infrastructure
- Governance, institutions, and investment
- Entrepreneurship
- Economic structures and organisation
- Demography and human resources

Interviews with families

- When did you move here and what were the main reasons for this?
- What makes the place attractive for you (jobs, quality of life, etc.)?
- What do you perceive as challenges?

In total, more than 60 interviews were conducted all over the Nordic Region. The diverse interviewees helped us to better understand the reasons underlying positive economic and social development in their home region. We were able to identify a number of different challenges, particularly with regard to the prospects of young people and their ability to move back home after higher education, as well as the lack of skilled people.

We now invite the reader on journey through the Nordic Region and to consider the inspiring stories and analyses that lie behind the attractiveness of its rural areas. The descriptions of the 14 case-study municipalities – in addition to the quantitative analyses – mainly reflect the perspective of the interviewees. We also looked into municipal strategies, additional local employment and population data, and specific sectors of interest. The case-study analyses do not represent a 360-degree evaluation of the case-study area. The reason for this is that we wanted to investigate why municipalities with similar institutional, economic and natural conditions differ in their rates of success when it comes to population, business and employment, compared to other areas with similar conditions. This study is therefore about how the municipalities deploy their resources, more than it is about the actual resources they have.

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V.1. ALVDAL IN NORWAY: Building on an entrepreneurial spirit

By Mari Wøien and Karen Refsgaard, 2018/2019

Abstract

Why are some municipalities better than others at deploying their resources, attracting people and creating jobs? This was the key question studied in this analysis of the attractiveness of 14 rural municipalities in the Nordic Region.

The 14 areas selected are all defined as attractive in the sense that their populations and the number of people in work have increased in recent years. The nature of the boost to employment in some sectors has been identified by means of shift-share analyses to determine how much of the change is attributable to specifically local factors.

Interviews then probed key stakeholders about motivation, working conditions, job creation and living conditions. These interviews were with public sector representatives (e.g. mayors and heads of planning and development), business representatives and entrepreneurs, high school students and people from the education sector, as well as families. Combined with analyses of other data and information, the interviews helped us to understand why some places do better than others.

Description and overview of the municipality

Alvdal is a geographically large (but demographically small) municipality in the north eastern part of central Norway. The municipality borders Tynset in the north, Rendalen in the south and east, Stor-Elvdal in the south and Folldal in the west. Riksvei 3, national road number three, runs through the municipality, connecting the south of Hedmark to the county of Trøndelag. The county municipality renamed Riksvei 3 as the 'the Green shortcut'⁸ in June 2018 (Rv3, 2018). Alvdal is also served by Rørosbanen – the trainline connecting Trondheim to Oslo.

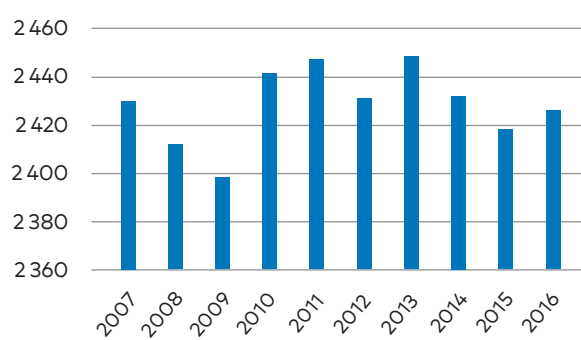
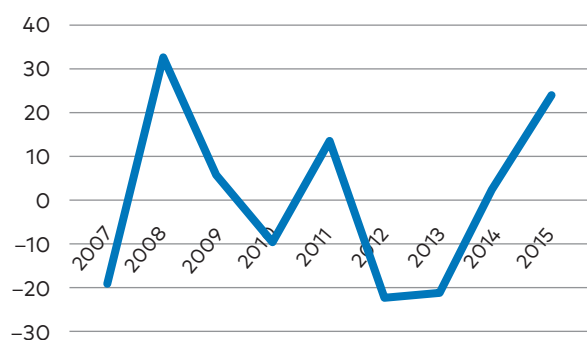
Alvdal is ideally situated, close to the regional centres of Tynset and Røros municipalities, which has probably helped maintain a relatively stable population throughout the last decade (figure V.1.1.). Though the projections indicated a significant out-migration, the municipality has in fact seen a small but steady increase in its population. According to Statistics Norway (SSB), 2,420 people currently live in Alvdal, with a slight increase expected to 2,446 in 2030 and 2,531 in 2040. The municipality is comprised of 16 mountain hamlets⁹.

Within the county of Hedmark, Alvdal is one of the municipalities with net in-commuting, sharing its labour market with Tynset especially, and also to a lesser degree with Hamar, Folldal, Tolga, Ringsaker, Elverum, Rendalen and Os (SSB in County for Hedmark, 2017).

Since 2003, Alvdal, Tynset, Folldal and Rendalen have been developing a well-functioning inter-municipal collaboration, including a focus on their internal ICT services, according to Alvdal Municipal Interviewees. Joint decision making helps to facilitate collaboration between schools, financial services and staff, and also helps when overcome the problems and drawbacks associated with running small municipalities. According to an interviewee in the Alvdal municipality, the decision to run joint systems also helps guarantee a critical mass of staff with sufficient experience and competence in child protection and other disciplines requiring particular levels of expertise. The municipality holding the position of chair of the collaboration delegates certain areas of expertise to other municipalities. This is a way of recognising and utilising the area of expertise held by the administrative manager (rådmann, or administrasjonssjef). Alvdal's expertise is in agricultural and environmental management.

⁸ The 'Green Shortcut' is a collaborative tourism project facilitated by the Visit Elverumsregionen- organisation, promoting a road through Østerdalen which takes 45 minutes less to travel as an optional way of reaching Trondheim through the traditional Gudbrandsdalen – the Gudbrand's valley. The organisation promotes events and attractions along the road, helping passers-by to find suitable accommodation, eateries and historic sites. Although Alvdal is not part of the organisation, events and sights are promoted on the Green Shortcut's websites.

⁹ Hamlets in Alvdal: Strand/Barkald, Plassen, Brandvålen, Plassmoen, Lian, Hauan, Huseidalen, Moan, Sjurdhusvangan, Baugen, Steivanglia, Tangensætra, Strand, Strømmen, Strømsøyen, Tronsvangene.



Figures V.1.1. and V.1.2. The change in population from 2007 until 2016. The total population from 2007 to 2016

Aldersfordeling

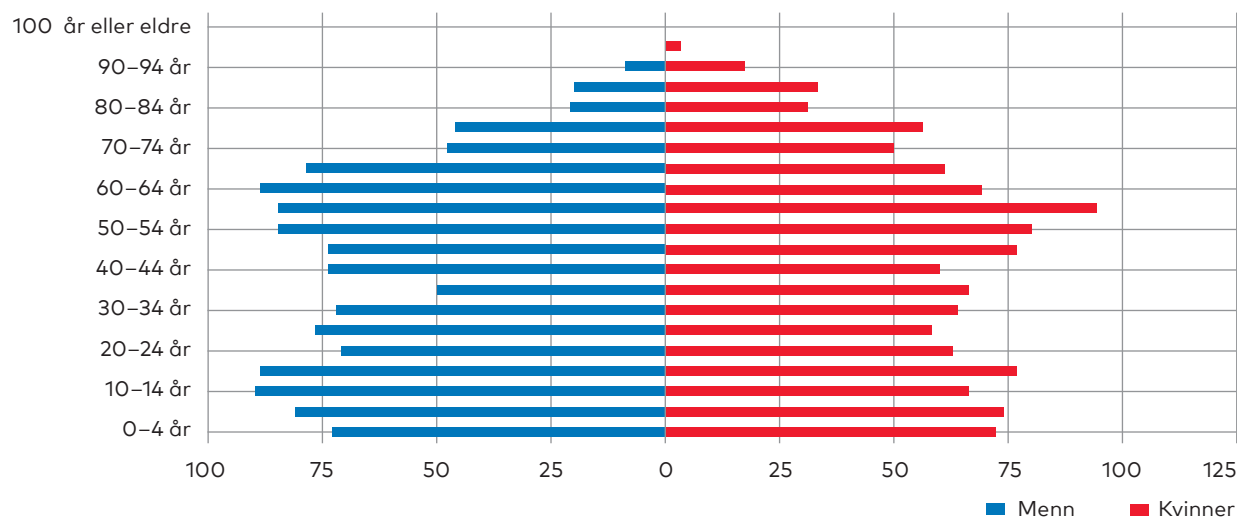


Table V.1.1. Age distribution in Alvda as per 1 January (Statistics Norway, 2019).

Kilde: Folkemengde, Statistisk sentralbyrå

Demographic trends

The municipality has observed a steady migration to and from Alvda each year (Alvda Municipal Interviewees). This is confirmed in the Figures V.1.1. and V.1.2., which show that the population remained stable over the last decade, starting at 2,426 in 2016 and ending with a slightly positive net change.

The majority of the population is aged 40–70, and there was a slight increase in the number of people aged 70+ a slight increase in older people (SSB, 2019; Alvda Kommune 2017). The number of people aged 40–67 suggests a steady supply of labour. This buttresses the perception of a relatively balanced population held by key actors in the municipality, despite the fact that there is a slight birth rate deficit of 20–30 per year (Alvda Municipal Interviewees).

Although the challenges associated with attracting new settlers to the municipality are real, Alvda's situation is similar to other municipalities in rural areas throughout Europe and the world (Alvda Kommune, 2017). Creating an ever more attractive municipality with real options and opportunities for all is necessary in order to keep and entice existing and prospective 'Alvdøler'.¹⁰

Labour market and employment

Alvda's labour market is relatively traditional, with the majority of women working in the public sector and the majority of men in primary or secondary industries (see <https://www.ssb.no/arbeid-og-lonn/statistikker/regsys> for further de-

¹⁰ Name for people living in Alvda.

tails). In Synnøve Finden, the gender distribution is 38% women and 62% men. Of the men, 85% are in the skilled employee bracket. Among the women, the number of unskilled workers is much higher. Although work roles are gender-neutral by nature, technical positions such as electro engineering, bioengineers, dairy plant production specialists (meierist) and automation technicians tend to draw either men with families or single men to Alvdal (Interview 10). On the other hand, skilled women tend to work elsewhere due to the lack of relevant jobs in Alvdal (Interview 10). Another trend seen in Synnøve Finden concerns people's unwillingness to move. Whereas job applications used to come from throughout the country, this is no longer the case according to our interviewee. That observation is also in line with Kann et al (2018), who document that the lower the unemployment, the more restricted the mobility.

The majority of the population work in secondary industry, hence the importance of the few large industrial sites in the area. Services also play a major role in the labour market, alongside the public sector, the largest one, which embraces jobs in healthcare, geriatric care, social services, and education (SSB, 2019; Alvdal Kommune, 2017b). In terms of gender, women make up 78.2% of the workforce in the public sector. About 50% of the adult population has completed upper-secondary school, and one-fourth has a higher-education degree. One-fourth of the population has completed lower-secondary schooling, and a minority either did not respond to this question (SSB, 2019).

Although 36.6% of the population live on farms, the primary sector, including fishery and forestry, is still only the fourth largest employer in Alvdal (SSB, 2019). The local business development plan also says that although the number of employees in agriculture is declining, productivity still remains high (Alvdal Kommune, 2017).

Existing opportunities

Figure V.1.3., looking at the distribution of jobs in 2016, shows the local employment effect and the predicted shift in employment for the period 2017-2016. The manufacturing, construction, transport and storage, education, human health and social work sectors all demonstrate a positive local employment effect, implying either a higher than expected growth in jobs, or else a smaller than anticipated decrease in jobs in the period 2008-2016. This notably positive local employment effect in

several sectors was investigated in greater depth and confirmed by interviews carried out in Alvdal. The vitality of the labour market was repeatedly mentioned by interviewees as one of the key success factors for maintaining a steady population. Whether it is the availability of jobs, the nature of the jobs offered or the ability to create new businesses through entrepreneurship, perceptions of the labour market are relatively positive (Interviews).

A few industries have emerged as dominant in Alvdal. They stand out because of their different and apparently unrelated nature. As industrial pillars they help create a stable labour market and economic diversity. According to the head of administration in the municipality Alvdal performed among the best municipalities for job security in the country in a Nationwide survey, the so-called Bærebjelkerapporten. In fact, Alvdal climbed all the way to the top in the Nord-Østerdalen area. Its performance may be connected to the availability of permanent jobs in secondary industries in the area. Drawing on existing competences in machine operations and transport, there seem to be signs of de facto smart specialisation centred around advantages that the national road, Riksvei 3, provides. This has allowed for diversification within areas of distribution and transportation, on account of its natural position as a connecting node between the cities of Oslo and Trondheim.

For the purpose of this case study, three of the largest employers outside the public sector were interviewed: Gjermundshaug AS, Espeland Transport AS and Synnøve Finden AS. Alvdal Skurlag, one of Norway's largest producers of lumber for external use as building material is another important local business.

Gjermundshaug AS is a family-owned construction company, established in 1949, with subsidiaries providing a variety of services along the construction value chain (Gjermundshaug AS, 2019). Its presence in the Alvdal labour market has contributed to a steady flow of recruitment to the business through apprenticeships and further education of its employees. This is part of a conscious strategy for the future. The fact that the company takes skills enhancement seriously has encouraged the local population to make the most of the opportunities available. The company's long history has produced a high level of expertise in the field of construction, which has clearly played in its favour. Gjermundshaug employs people in a variety of positions, ranging from machine operators to

Alvdal – employment 2008–2016

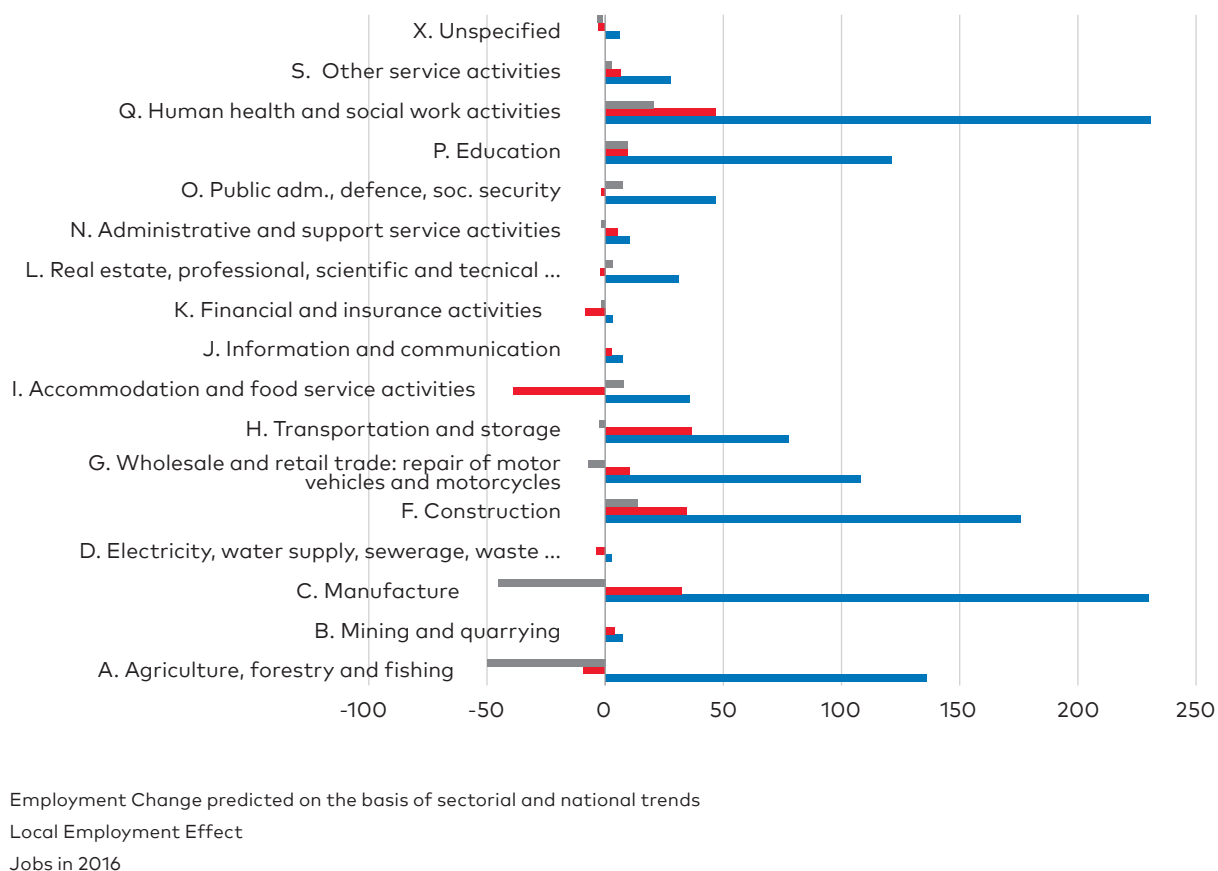


Figure V.1.3. Employment at sector level in 2016, the local employment effect, and the sum of expected national and industrial sector changes for the period 2008 to 2016.



Photo left: Karen Refsgaard. Photo right: Courtesy of Espeland Transport.

Jobs in Alvdal									
	2008	2009	2010	2011	2012	2013	2014	2015	Jobs in 2016
A. Agriculture, forestry and fishing	196	188	200	186	161	166	172	149	136
B. Mining and quarrying	3	3	3	3	3	4	5	7	8
C. Manufacture	243	239	226	211	202	209	221	222	230
D. Electricity, water supply, sewerage, waste management	6	9	9	6	9	5	4	7	3
F. Construction	127	136	145	165	179	196	195	200	176
G. Wholesale and retail trade: repair of motor vehicles and motorcycles	105	107	103	104	105	103	97	101	108
H. Transportation and storage	43	57	57	61	59	67	62	80	77
I. Accommodation and food service activities	67	34	31	28	25	30	36	37	36
J. Information and communication	4	3	3	3	3	3	4	5	7
K. Financial and insurance activities	12	15	11	7	9	6	7	4	3
L. Real estate, professional, scientific and technical activities	31	38	35	37	24	31	43	24	31
N. Administrative and support service activities	6	4	6	16	15	15	8	10	11
O. Public adm., defence, soc. security	41	41	42	53	55	55	48	46	47
P. Education	102	111	118	108	114	112	114	119	121
Q. Human health and social work activities	163	170	166	184	184	192	175	219	231
S. Other service activities	19	20	22	18	22	23	27	27	28
X. Unspecified	6	5	7	4	11	10	9	9	6
SUM	1174	1180	1184	1194	1180	1227	1227	1266	1259

technical and engineering operatives (Interview 1). Their expertise has also been deployed to develop autonomous dumpers that can also be adapted for military use, e.g. to prevent injuries caused by dud explosives on former artillery ranges (Interview 1).

Espeland Transport AS is a transport firm located along the national road Rv3 between Oslo and Trondheim. Since this road is the main trans-

port link for freight transport, nearly twice as many trucks use it compared to E6 (Europe Route 6) through Gudbrandsdalen in to the west of Østerdalen (Interview 1). The reason for this is its relatively flat topography, with no steep mountain climbs, stable weather conditions throughout the year, and a slightly shorter overall route.

The owner started out with a single lorry in the 1970s and the number of employees and business

opportunities has increased steadily. Although from an agricultural background, family circumstances led the owner to find alternative employment opportunities. Today, Espeland Transport employs 95 people, in addition to the CEO. There are 88 drivers, 75 lorries and eight people working in the administration. The company also has several subsidiaries, including Inge Espeland AS transport and equipment rental, and Paureng Eiendom (PE). PE is a real estate company responsible for the development of terminals for bus services, as well as renting out bus garages to external firms, running a tire shop and a truck garage, and maintaining office buildings on the premises. Espeland Transport employs drivers from Norway and from abroad, though the majority are Norwegian. Most of their services are provided in Norway and stretch between Stavanger in the south west and Tromsø in the north. It also has transport services commissioned from companies abroad in its portfolio, but due to relatively high labour costs these are few and far between (Interview 3).

Synnøve Finden AS plays an important role in the overall labour market in Alvdal. Establishing production in Alvdal in 1995, Synnøve Finden started production in Alvdal in 1995, moving into premises vacated by the major dairy producer TINE after a round of restructuring. It saw significant potential as a result of the dairy plant's location and the existing know-how. The municipality also came on board early on in the process and provided (Interview 10).

The scale of development in the dairy plant has been formidable. Starting out with 12 permanent positions in 1995, the Synnøve Finden branch in Alvdal has grown to host over 115 full-time equivalent positions. It now has a total of 120 employees. Synnøve Finden has several creameries, cheese factories and distribution centres across the central belt of Norway. The company also produces fruit and berry concentrates for both their own yoghurt production and that of others, as well as acting as a distributor and reseller of other types of imported goods and products (Interview 10). Despite recent automation, the company's growth has generated new opportunities for its employees. Synnøve Finden's ability to absorb employees made redundant in other businesses has also contributed to a low level of unemployment in the area. According to our interviewee at Synnøve Finden, by 2006 the municipality had lost a total of 60 jobs in various industries. But the presence and

growing strength of Synnøve Finden helped stem unemployment in Alvdal, which was as low as 0.6% in 2018 (Statistics Norway, 2018b).

Entrepreneurial spirit

In the examples of Espeland Transport, Gjermundshaug Gruppen and Alvdal Skurlag show that business start-up and development opportunities are important factors in the continued thriving of small municipalities like Alvdal. The inventive and entrepreneurial spirit was highlighted as one of the key characteristics of the Alvdal spirit by the majority of our interviewees. Alvdal's ability to thrive, despite being located in a sparsely populated area, is the result of its population's ability to adapt and specialise. As one of the interviewees said: *"Our biggest advantage [as a municipality] is the urge to create something. That spirit has always been here."* This relates not only to entrepreneurialism, but also to finding new, innovative solutions within existing businesses. Looking at statistics we can see that Alvdal was the municipality with the third highest increase in jobs 2010–2016. This was above the national average (See: <https://www.hedmark.org/globalassets/hedmark/statistikk/dokumenter/naringsliv-og-arbeidsplassutvikling-2017.pdf>). The region in which Alvdal is located actually has the lowest proportion of public sector jobs.

Moreover, the encouraging of entrepreneurialism starts at an early age. The local high school, Storsteigen, qualifies every other year to participate in the national contest organised by *Ungt Entreprenørskap* (Young Entrepreneurship), a non-profit organisation which is part of the worldwide Junior Achievement network. The ability to encourage young people in entrepreneurial activities is important for an overall sense of achievement among the pupils at Storsteigen. Their track record places the school at the very top in the county. Their most recent contributions to the contest were based around the repurposing of old boilers for alternative use, as well as products related to agriculture. As interviewees from the municipality said: *"You're allowed to be good at things in Alvdal. Doing a good job and persevering at what you do is highly regarded."*

Municipal and public policies to enhance attractiveness (from interviews with the mayor and municipal strategy documents)

In interviews with key players in the municipality, it was clear that the focus on creating a sufficient number of jobs with the skills and competencies required by employers has been an important component in ensuring that the municipality is attractive (Interview 1). That includes conversations with the existing businesses about the need to think consciously about their existing and future requirements for skilled labour, including a focus on attracting young people with apprenticeships. The municipality encourages such schemes and has been open for dialogue with companies in other ways, in an attempt to meet their needs. Industry itself is also active, connecting with the younger generation, creating new work opportunities, and developing processes and products. Alvdal is also home to several entrepreneurs. Overall it embodies the previously mentioned 'entrepreneurial spirit' which seems to have caught on with the local population.

Creating attractive rural areas includes both a favourable framework for business development and factors and conditions that minimise the difficulty of migrating to them. This means ensuring the existence of highly skilled jobs, a good primary and secondary education system and targeted marketing of the advantages of living in rural areas where people live and work close to nature. *"The municipality must be able to offer to a holistic and diverse locality,"* as one of the interviewees put it. *"We are also looking at bettering the fibre network connection. People bring their jobs with them to Alvdal from Oslo, or else they start new businesses here."*

Creating attractive spatial conditions for business development (interviews with business owners and public officials)

The municipal plan for business development clearly states that the municipality must play an active and enabling role for future development, with an emphasis on creating favourable frameworks for business. Moreover, the area and building plans, and social development plans, need to correspond with plans for business development, resulting in a holistic and interdisciplinary approach despite a comparative lack of resources for direct support. The municipality has established a business development fund for local companies (Alvdal Kommune, 2017b). Alvdal has also opted not to have a

business consultant so that companies can establish a direct dialogue with head of administration and mayor. Thus, the assistant administrative manager in Alvdal acts on an ad hoc basis in business development matters (Interview 1). That creates direct contact between all relevant departments involved in municipal planning. It provides a better overview of the state of play and avoids unnecessary bureaucracy. Such an approach is considered vital in a small municipality like Alvdal (Interview 1). Espeland Transport is one of the businesses which has benefitted from this direct contact. *"We have never received a 'no' from the municipality when it comes to investment"* (Interview 2).

Alvdal's business development plan embodies a clear vision of strength coming through dialogue and collaboration with local companies. Areas of special focus are decided on an annual basis as part of the overall action plan for the municipality (2017:5). However, significant time and resources have been allocated over the past five years in order to put in place good planning documents, infrastructure investment, and developing land ready for business establishments, according to our interviewees. This is an important measure, according to local companies.

However, the most important factor of all is that the municipality is willing to support new ventures by providing an arena for growth through planning processes and networks. For these purposes, Alvdal uses the local development company Rådhuset i Vingelen, based in the small mountain village of Vingelen, north east of the municipality. The company runs entrepreneurship schools, and its achievements show the benefits of a productive environment. Alvdal also frequently connects with the regional 'business garden' in Rørosregionen Næringshage, a concept developed at national level to support small businesses in regional business centres. The business gardens are backed by SIVA – the Industrial Development Corporation of Norway (Interview 1).

"How much money we contribute is not that important, but being a supportive party that provides an arena, a possibility, and being someone who listens – that is what is important."

Other businesses highlighted the fact that having a supportive municipality plays an important role in enabling business development in the region (Interview 2). Recognising that there is strength in numbers is something that one of our interviewees sees as unleashing further untapped potential, in

that all municipalities in the region need to work even more closely together to create a critical mass for investment from outside the region (interview). These investments are already happening to some extent, but there is potential for more:

"We are now receiving more venture capital and business investment, both from within and beyond the region. I choose to look at it through a positive lens; that it indicates that someone sees a potential in Alvdal, both in terms of the people and the area." (Interview 1)

Favourable framework conditions

The 'framework conditions were mentioned as highly important for local business development. According to the interviewee at Synnøve Finden, for example, the role of competitive prices on water and sewerage is very important. With a business that requires approximately 200 million litres of water per year and emits large volumes of waste products, these prices make a significant difference.

Another key national measure is differentiated payroll taxes across the country. These encourage businesses to consider less favoured regions and areas as having the potential to be main bases for production (Interview 1). Alvdal falls within band III, with a differentiated tax at 6.4%, compared with 14.1% in centrally located areas (The Norwegian Tax Administration, 2019). This tax differentiation was mentioned by all three companies interviewed as very important for local businesses. Other important factors such as raw material prices and plans at regional level can also enable or hinder future development. But these are beyond the scope of municipal jurisdiction.

Alvdal is subject to international labour market rules and regulations the same as any other municipality or region in Europe. International agreements (e.g. EEA and WTO) impact on Alvdal's engagement with local companies, e.g. with regards to procurement processes (Alvdal Kommune, 2017b). Attracting technical expertise to Alvdal is also challenging because of the formidable draw of the oil and gas industry in Norway. The fact that oil prices are dropping and wages becoming more competitive, may provide a positive opportunity for local businesses which generally operate with relatively high salaries and good employee conditions.

Ensuring that there is enough housing and facilities such as kindergartens is another important factor that needs to be attended to in order for

industry to thrive, according to the interviewee at Synnøve Finden. Assuming that jobs attract people to some extent, the right framework for people to start families, or to bring their families in, regardless of their age, is an important precondition for creating an attractive municipality. This is particularly important, because people pay municipal taxes where they live, not where they work. This can be an important source of income for the municipality and an important measure for creating an inviting municipality to live in (Interview 10).

Continuing education of employees

Ensuring that there is plenty of space and opportunity to develop as an employee was another significant factor pinpointed by key industrial employers in the area. Both Synnøve Finden and Espeland Transport offer continuing education for their staff. The local high school also runs an agronomic course for adults wishing to retrain as farmers, or who did not complete their formal high school degrees. The entrance requirement corresponds to the completion of the first year of high school. The two-year course is based on self-study and monthly get-togethers and corresponds to the final two years of a high school agronomics course. It is a useful option for migrants to Alvdal, and some of the interviewees have taken the course (Interview 8).

Synnøve Finden has a sizeable group of employees who are considered unskilled. According to the interview, approximately 90 people were unskilled workers, but 55-60 of these now have a Synnøve Finden-sponsored qualification. The company pays the majority of the cost for the course, supplemented by a small tuition fee paid for by the course participant. The voluntary programme is open to those with five years of work experience with Synnøve Finden. The programme is hosted by local education units in Tynset, with course specialisations aimed at enhancing existing and missing competences in specific business roles, such as terminal worker, industrial worker and other requirements within the food industry. Upon completing the course, employees receive a certificate and a pay rise. These qualifications are important for Synnøve Finden's future prospects. It is a cheap but profitable investment – one that creates and buttresses the existing local pool of talent.

Espeland Transport also invests in its staff. It used to recruit drivers from high schools across the region, but that is now less common. The compa-

ny is careful to provide good apprenticeships for young people, so that it will have enough drivers in the future. As a truck driver's licence is costly for an individual to obtain, Espeland Transport trains and pays for them in exchange for five years of service at the end of the apprenticeship. The company has also established a 'buddy' scheme for apprentices to learn more about the profession. There is great competition for young people these days, as the possibilities are endless. It is particularly difficult to attract female drivers, though there are some (see Interview 3). Nevertheless, transport is an important profession, albeit *"perhaps not the first job you want to have [...] Norway has many very long stretches, which means that you are away a lot of the time. Oslo to Tromsø...that is 1,800 km. You would reach France [if you drove south from Oslo]"* (Interview 3).

The workforce of the future

The local high school, with its focus on agriculture, is one source of workers. The local workforce has traditionally been rather divided, with the courses for mountain agronomists at the local high school being male dominated, and the horse and farrier courses being dominated by females. According to the headmaster, 60–70% of students on the agronomics course have some sort of link to a farm, either in the area or elsewhere, whereas the horse-oriented courses could be compared to generalist courses offered at other high schools. It is simply a way of combining interests and hobbies with education. The headmaster also said that although



Young students of agriculture and nature management at the local high school.
Photo: Karen Refsgaard

only one third of students continue in agriculture after they have completed their high school diploma, the 'ballast' the training gives them is nevertheless of great importance. Previous high school students are seen to be taking an active part in the local equestrian clubs, for example, and they contribute to the local community in various ways.

Areas of opportunities

Tourism

The number of jobs in the tourism sector in Alvdal fell by half between 2008 and 2016, when it was down to 36 (2.9% of the total). One of our interviewees identified three main areas from which new businesses can develop and thrive. These are property development for cabins, tourism, and national route three, known as Riksvei 3. For a long time Alvdal has had a ban on property development for cabins and holiday homes, which meant that the few cabins existing in the area were very expensive and almost unattainable, not least for the local population (Interview 2). This ban has recently been removed, and the municipality have become increasingly positive towards developing properties in this way. However, one interviewee involved in business development pointed to the recently devised municipal property tax on cabins as an additional impediment to further cabin construction, due to the extra cost involved.

The construction firm Gjermundshaug has a plan to build cabins on 85 plots, a proposal welcomed by the municipality. The proposal requires further development of existing infrastructure, including water and sewerage, access to a fibre internet connection, and maintained roads all year round. A development like this needs to take careful consideration of stakeholders along the whole of the value chain. There is great demand from the local population for cabins, and although the potential is not as great as Trysil or Oppdal, it is still a great opportunity. The proximity to Savalen (a lake, spa and experience centre between Tynset and Alvdal) also raises the prospect of further business synergy. (Interview 10).

Tourism holds significant potential, but the key to unlocking this would be to find a way to market the area in terms of what makes the Alvdal stand out as a destination – including land, hunting grounds and lakes (Interview 6). The local farmers are in possession of valuable resources and could benefit from alternative uses for their land (Interview 2). The proximity of Rv3, the national route,

BOX V.1.1. The Aukrust Centre

The Aukrust centre is a foundation and museum in Alvdal devoted to Kjell Aukrust's life, works and childhood in the area. The foundation was established in 1996, when the municipality was bequeathed the whole of Aukrust's diverse portfolio, including 1,400 illustrations, cartoons, inventions, films, radio programmes and drawings. The museum was very popular in the first few years following its opening, with between 100,000 and 130,000 visitors. This has steadily decreased and has settled at around 20,000 visitors throughout the museum's open season, stretching from 5 May to the middle of October. The majority of the visitors are people travelling along the national route three (Interview 4).

Aukrust's work is considered one of the greatest cultural treasures of recent history in Alvdal, and his illustrations, cartoons, books and stories are well known throughout Norway. The most loved Norwegian film of all times is the stop-motion animated feature film from 1975, *Flåklypa Grand Prix* (Pinchcliffe Grand Prix), with its

creative innovation, clever word-play and characteristic, familiar villagers. It is based on a series of cartoons by Aukrust. The protagonist Reodor Felgen's (Theodore Rimspeke) imagination and ingenious solutions to everyday problems include a pedal-driven shaving machine, plus the infamous racing car *Il Tempo Gigante*, with two speedometers to allow for extra high speed (the second takes over where the first speedometer ends), a blood bank with different blood types (including blue blood for the gentry), a radar system, and a barometer with sounder to check for fish in rivers they drive past.

The museum building is owned by the municipality and was designed by the architect Sverre Fehn, who also designed the Norwegian Glacier Museum and the Ivar Aasen-centre (Arch Daily, 2019). The building is intended as a multi-purpose house, with meeting and conference room facilities and a space for theatre productions. The building also functions as the municipal cinema, which screens films twice a week.

is of utmost importance. It means that Alvdal can become a natural stop-over for passers-by. Recognising the additional potential that this may bring to the area could also help frame Alvdal as a desirable destination, despite the long drive from both Trondheim and Oslo. *"Alvdal needs to find its niche,"* one of the interviewees said. *"We could sell particular sports equipment for hunting and fishing, for example, so that people would want to come here for a purpose!"* (Interview 2).

There are also opportunities to develop local farms. One of the interviewees has combined the role of being a farmer with a successful side-business, selling local produce sourced from the entire region. Sjøberg Gård has long family traditions with a history of strong women acting as the engine for change (Sjøberg gård, n.d.). The entrepreneurial spirit has a strong grip in the area, the owner explains. Though there are challenges posed by the infamous *'byggedyret'* – the idea that you should not get above yourself and that embodying there can be a sense of intimidation and jealousy amongst peers in small rural communities – when trying to create something new, the owner

stresses the importance of turning a blind eye to this, and continuing with your work regardless (Interview 5). Eventually, the local population will discover the benefit and pride in having entrepreneurs in the area, creating something positive and new for Alvdal. The owner of Sjøberg Gård adds that locals are now travelling to her farmstead in order to show it off to visitors as one of the many positives of Alvdal as place to live. *"You suddenly have a little group of cheerleaders,"* she says (Interview 5).

Young people and families (interviews with local high school pupils, headmasters, and families)

One of the most important and most recent changes in Alvdal is the new school, featuring a brand-new sports hall and a cultural centre. This will undoubtedly enhance the attractiveness of life in Alvdal. The municipality's priority was to build a school that young families could use during the long, dark winters for cultural pursuits that would to close the gap between smaller communities and bigger cities in terms of opportunities. It also helps to create an idea and sense of belonging to



On the left, Young mothers innovating in tourism. From the Kjell Aukrust Center with Il Tempo Gigante. On the right, local farm tourism. Photos by Karen Refsgaard

the community – not least for the young people who are about to move out of the area to take a further education. Encouraging a sense of loyalty towards the place in general, as well as creating a sense of rich opportunities, will eventually help when attempting to encourage young people to move back home, it is believed. According to the municipality:

"Creating a safe and good upbringing for the children and teenagers in the area is one of the most important things that we can do for Alvdal. It creates a positive identity, and this will eventually help bring young people with families back home."

Investing in building a new school sends an important signal for the future of Alvdal as a thriving community, despite heated debate about the actual site. Our interviewees in the municipality believe this merely illustrates the engaged and vital society that Alvdal is becoming. Allowing plenty of room for debate and discussion is important in small communities, as it helps to generate a better sense of unity when the conclusion is reached, either by majority or consensus. As an example, the community in Alvdal has now overcome earlier disagreements and united on a site for the school.

Why move to Alvdal

Alvdal is part of the what is commonly known as the 'Mountain Region' (Fjellregionen). With its mountainous surroundings, life in Alvdal speaks to the importance of outdoor activities (Interview 8). The production manager at Synnøve Finden also moved in to Alvdal as a result of taking up his job. He is positive about the future of the place, but highlights that the municipality needs to market its advantages and prospects more widely and better:

"It is a safe and good place to raise a family. People here make use of the nature that surrounds them. We need to highlight that better. The threshold for moving to a municipality in the mountains is quite high due to the great distances... but we can be competitive in other areas instead" (Interview 10).

For the purpose of this case study, a handful of families were interviewed about their relationship with Alvdal and their future prospects in the municipality. Speaking to them, we found out that it was first and foremost jobs that had brought them to the region. One of our interviewees, working at the Aukrust Centre, said that it was really the luck of the draw that they ended up in Alvdal:

"My husband and I had a deal that we would

move wherever the first one of us landed a job. I got the job at the Aukrust Centre, so we moved here from Oslo. My husband is actually from this area" (Interview 4).

This interviewee has a background in marketing and had worked in Oslo for ten years before moving to Alvdal. Her family is not planning on moving back to Oslo any time soon. She explained that although there are not many jobs in the arts in the area, this means people stay in their positions for longer. That creates a sense of job security, even though it can be argued that it may contribute to stagnation in terms of bringing in new ideas, because of the lack of new people coming in. With this in mind, individuals can be motivated to become increasingly creative in their work, which is a challenging but rewarding task (Interview 4). Moving to Alvdal for work was also the situation for another family interviewed for this report. This family, originally from Trøndelag and the west coast, moved to Alvdal in 1997, as a result of the husband taking up a job at Synnøve Finden as a coordinator at the dairy plant. The interviewee works part-time in Tynset at the maternity ward for the local branch of the Inland Hospitals ('Sykehuset Innlandet'). She can only work part-time because they have no extended family in the area, such as grandparents, to take care of the children (Interview 8).

Social aspects

The interviews stressed that the vitality of the Alvdal community is one of the main reasons people live and thrive in the area. Despite being a small community, the people in the local area make it interesting, although having children makes it easier to meet new people (Interview 4). One of the interviewees is still part of the maternity group, which meets on a regular basis for coffee and walks. The interviewees also listed a few informal meeting places for adults, such as the arts and crafts café, Huldra, toddler groups organised by the local volunteer centre, and pram-walking groups convened on Facebook (Interview 9). With children creating their own networks too, their roots in Alvdal are growing ever stronger (Interview 9). However, having a customer-facing job makes it easier for adults to meet new people and to create a bigger network (Interview 9).

Creating a social network in a small close-knit community can be challenging, but the sense of unity and of a duty to help make Alvdal a good

place to live remains strong (Interview 8). Several interviewees spoke of the strength of the *dugnad-sånd*, which translates roughly as community spirit and is based on the expectation of nothing more than the joy of working together towards a common goal. This helps to build strong relationships in an otherwise small community (Interview 8).

There are plenty of things for children to do, with short or no waiting lists for various spare-time activities in the art schools, or the chance of being part of the local wind band. In terms of sport, Alvdal resembles much of the rest of the eastern part of Norway, with cross-country skiing, football and handball (Interview 4). The school building is new, inaugurated in October 2018, and the education it provides is good (Alvdal kommune, 2019). It is a safe place to grow up. However, poor public transport is one price to pay for all this, and longer travel distances mean that the families are reliant on their cars.

A lack of public transport also means that most final-year school students have cars, paid for by part-time jobs and/or by summer jobs. Most of them borrow a car from their parents while they save up for their own. This lets them take part in local in social life, hanging out with friends and engaging in organised leisure activities.

As in most smaller communities, being young in Alvdal requires a great deal of self-organisation. Parties and events are mainly arranged by groups of friends, but there are also locally organised events such as pub nights. Socially, being a teenager in a small community has its limitations. One high school student said that being different and open to other perspectives is challenging. The students we talked to thought that this would be easier in bigger cities, where the number and diversity of likeminded people is greater. Social networks might be larger too, and there might be a wider range of opportunities to engage in a variety of different activities:

"Some people might just not like being in the mountains and in the forest – maybe this drives them away. It just might not be a place that feels open enough for some people" (Interview 6).

Speaking to local high school students, it became evident that there is a great sense of loyalty to Alvdal. Place-bound loyalty has also been experienced in other case studies, such as Lebesby. Though most of the students wanted to leave after their final year, the majority indicated that they would eventually return to the area. However,

they were also aware of the opportunities in the local job market and felt that there might not be the full range of jobs they need.

The places to which the students were planning to move were still largely undecided at the time of the interviews, but further education played an important role in the decisions they were about to take. With a large part of the student body coming from farms in the area, the inclination was eventually to take on the farm and to continue their parents' work. However, as one of the interviewees said: *"The most important thing is education, before even thinking about taking over anything at all."* This indicates that the students are aware of potential changes in their lives, and that preparing for the future means keeping an open attitude towards what is to come.

Conclusion

It is clear that there are multiple facets that make Alvdal an attractive place to live. Ideas and innovations are both appreciated and welcomed positively by the municipality, enabling local people and companies to develop and thrive.

An entrepreneurial spirit is encouraged from an early age. Smaller places tend to be graced by a shorter distance to the top of local structures, and the threshold for contacting those working in municipal management teams is low. This makes the municipality increasingly dynamic. It is also evident that the differentiated pay roll tax plays an important role in securing jobs. Alvdal is also capitalising on its strength and position as a main thoroughfare between the central eastern part of Norway and the north, reminiscent of local smart specialisation. Local companies are also committed to providing apprenticeships, which will help ensure that there are plenty of qualified staff in the area in the future.

Housing, good internet connections and job security are other aspects that make Alvdal attractive. The families we interviewed see Alvdal as a safe place to raise children, close to nature and with decent leisure activities. Although distances are relatively large, and the municipality is far from the centre of the country, those who leave tend always to want to come back.

Table V.1.2. Attractiveness of Alvdal and obstacles/challenges to overcome

Good practices and main reasons behind attractiveness	Obstacles and challenges
<p>Adaptive/participatory planning Increasingly dynamic municipality.</p> <p>Employment and jobs Stable employment situation. Local companies provide apprenticeships, which helps guarantee qualified labour in the future. Local smart specialisation centred around the advantages of the national road, Riksvei 3.</p> <p>Entrepreneurship culture Entrepreneurial spirit is encouraged from an early age.</p> <p>Governance and participation Small place = easier to communicate with the municipal management teams.</p> <p>Housing Plenty of housing available.</p> <p>Infrastructure and transportation Alvdal is a main thoroughfare between the central eastern part of Norway and the north. Good internet connections.</p> <p>Quality of life and local community Safe place to raise children, close to nature and activities.</p> <p>Taxation Differentiated pay roll tax in Norway helps to secure jobs in Alvdal.</p>	<p>Infrastructure and transportation Distances are relatively vast/municipality is far from the centre of the country; but those who want to leave tend always to want to come back.</p>

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Photo: Árborg municipality

V.2. ÁRBORG IN ICELAND: Creating downtown to increase attractiveness

By Hjördis Rut Sigurjonsdottir, 2018/2019

Introduction

Why are some municipalities better than others at deploying their resources, attracting people and creating jobs? This was the key question studied in this analysis of the attractiveness of 14 rural municipalities in the Nordic Region.

The 14 areas selected are all defined as attractive in the sense that their populations and the number of people in work have increased in recent years. The nature of the boost to employment in some sectors has been identified by means of shift-share analyses to determine how much of the change is attributable to specifically local factors.

Interviews then probed key stakeholders about motivation, working conditions, job creation and living conditions. These interviews were with public sector representatives (e.g. mayors and heads of planning and development), business representatives and entrepreneurs, high school students and people from the education sector, as well as families. Combined with analyses of other data and in-

formation, the interviews helped us to understand why some places do better than others.

One of two Icelandic municipalities in this case study is Árborg in South Iceland, with its fast-growing population. Árborg was formed in 1998 by the merger of four municipalities – Sandvíkurshreppur, Eyrarbyggð, Selfoss and Stokkseyrarhreppur. Of the three settlements, Selfoss is the largest urban area (with a population of 8,068), followed by Eyrarbakki (540) and Stokkseyri (515), according to Statistic Iceland (n.d.). Árborg is considered to be within the impact zone of capital area (Icelandic Regional Development Institute, 2016) and the distance from Selfoss to Reykjavik city centre is 59 km, or less than a one-hour drive.

Demographic development

Since 1999, the year after the merger, the total population of the area has been steadily increasing, from 5,508 people 20 years ago to 9,485 in

Sveitarfélagið Árborg

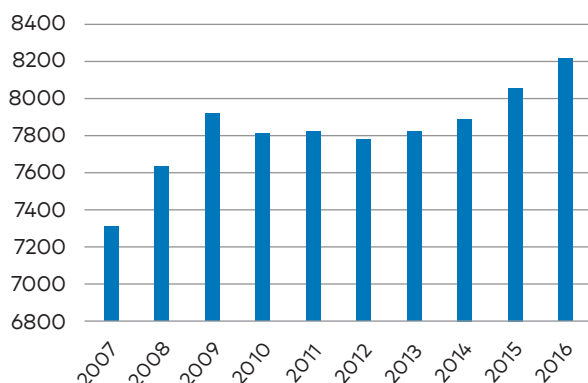


Figure V.2.1. Population change in Árborg, 2007–2016.

Sveitarfélagið Árborg

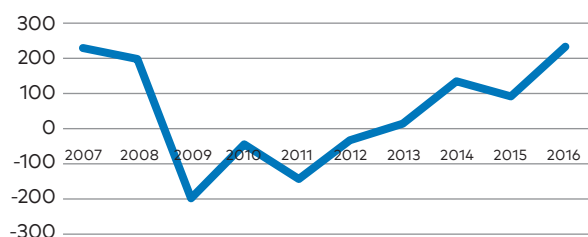


Figure V.2.2. Net migration patterns in Árborg, 2007–2016.

2019 (up 72.2%). A slight reverse was registered from 2009 to 2012 following the economic crisis, but the subsequent increase has been rapid from 2015. Before the recession in 2008 there was a considerable influx of new residents seeking less expensive and larger housing. These people wanted to keep their jobs in the capital region.

Labour market, employment and business development

Labour market

Over the decades Selfoss has grown from being a service centre for the heartland of agricultural in Iceland, to a service town for increased tourism in the region and for owners of second homes. Construction companies and a variety of other industries are among the largest in the area. These include building contractors, pipe production, a slaughterhouse, and a milk processing plant (MS) which is the largest of its kind in the country. In other areas of endeavour there are different significant employers such as the hospital, the prison in Eyrarbakki and educational institutions. The municipality itself is also a big employer. Despite

this range of employers, the labour market is still not considered diverse enough, according to the interviews we have conducted. Missing are what would be regarded as valuable jobs requiring high-level skills and university education.

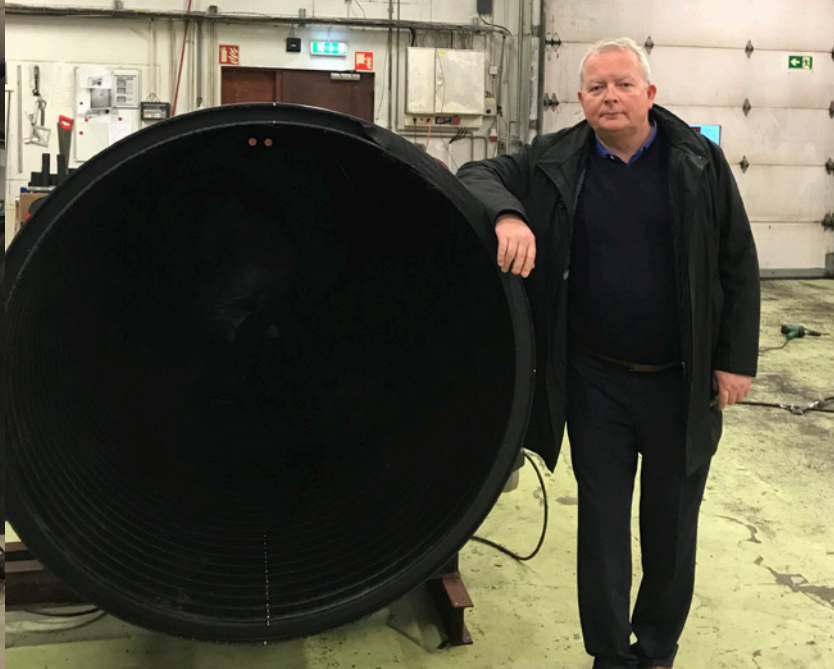
Data for the number of jobs at local level is not readily accessible for Iceland.¹¹ Labour market development therefore needs to be observed and calculated by income, and then divided into industries and regions. The largest sectors by income are education, industry, construction, health and social services, and public administration. From 2008 to 2016, employment income increased by ISK 3,503 million. Some 38% of that increase was from 2016 to 2017 – ISK 1,325 million (Icelandic Regional Development Institute, 2018).

Other considerations regarding the mismatch between employment and education were outlined in an interview with Bergsteinn Einarsson, a director of the prosperous Árborg company Set Pipes.¹² His concern was that the particular guidelines and emphasis on educational pathways is not consistent with labour market needs, an outcome that is not beneficial for anyone. This is a concern that applies not only to Árborg, but to the country as whole, and to other parts of Europe as well. Part of his company operates in Germany, for example. In Einarsson's opinion people with higher education are over-represented, and he believes that the educational system therefore needs to be reviewed. He says that this shortage of skilled labour is the main challenge for his company, along with having to use the Icelandic krona, a small and fluctuating currency, in international business. Einarsson believes that more needs to be done for the local labour market to be able to attract people. The current situation, however, is that expensive housing in the capital area is driving people to the municipality. To diversify and strengthen the labour market, the region needs to collaborate as one, with a focus on each area's specific strengths, he argues.

Steps have now been taken to respond to the needs of people for vocational education within the field of technology and industry, Einarsson mentions. In the Action Plan for South Iceland increasing the educational level in the region is

¹¹ For the development in the number of jobs in Iceland in 2008–2016, see appendix.

¹² Set Pipes produces a wide range of pipes and piping systems.



Bergsteinn Einarsson, director and owner at Set Pipes, is calling for more cooperation within the region to strengthen and diversify the labour market. Photos: Hjördís Rut Sigurjonsdóttir

emphasised. As a part of that, the Association of Municipalities in South Iceland held a jobs and education fair, for the third time, in the spring of 2019. The focus was on introducing both educational and professional links with industry, technology and vocational employment for students in the last years of grade school, and in the first years of upper secondary school. Initial evidence indicates that this can be a successful way of increasing interest, and the plan is to continue to have fairs like this to attract more students to these professions.¹³

The ratio of agricultural production to GDP is high in the region, as well as the level of knowledge in the food industry (VSÓ, March 2018). The importance of agriculture there has led to the headquarters of the Icelandic Food and Veterinary Authority (MAST) being moved to Selfoss. MAST serves as an inspection and administrative body. It is the Competent Authority (CA) in Iceland in the fields of food safety, animal health and welfare, the control of feeds, seeds and fertilisers, plant health, and water for human consumption (MAST, n.d.).

This transfer was an effort to bring public jobs to a more rural area. In the prelude to the relocation, several regulatory bodies merged to become MAST, which began operations in Selfoss in 2006.

¹³ Interview with Þórður Freyr Sigurðsson, project manager for the South Iceland's Action Plan. This is an unpublished part of the final report on the Job Education Fair in 2019.

The institution also has offices around the country. It has a total of 90 employees, half of whom are located in Selfoss. Jón Gíslason, the general director, says that around 90% of the employees have a university education. He believes that the institution is of great value to the municipality and to the region as a whole, both because of the jobs it creates directly for university graduates, and also as result of derivative jobs. Even so, the location can be challenging when searching for new employees with the right competences, according to Gíslason. He is sure that MAST would receive more applications when it advertises vacancies if it was based in the capital area. On the other hand, its presence in South Iceland is important for the region from a regional development perspective.

Tourism

South Iceland is the most popular part of the country among tourists all year round. It does not face the same seasonal fluctuations as other parts of the country (Icelandic Tourist Board, 14 May 2019). Many tourists only drive through Selfoss, often making just a short stop. The risk is that even fewer will stop when a new bridge over Ölfusá river comes in to use and the main road through South-Iceland then bypasses Selfoss. The hope is that ongoing developments in the downtown area will counteract this, and that they will make Selfoss a popular destination for tourists and owners of second homes, as well as being a meeting place for residents (Árborg, 28 April 2016). Tourism has



The bridge over Ölfusá river is over 70 years old and carries a heavy traffic load. Photo: Hjördis Rut Sigurjonsdottir

been a growing sector in Árborg and one where income increased most between 2008 and 2017 – that is by ISK 1 billion (Icelandic Regional Development Institute, 2018).

Policies and action supporting municipal attractiveness

No special policies or actions have been implemented to attract new residents to the municipality, apart from a discount on plot prices in selected locations, which might be regarded as an incentive. On the other hand, the municipality has been striving to keep its infrastructure in line with a growing population in recent years, according to Bragi Bjarnason, the Director of Sports and Culture in Árborg. It is evident that lower house prices, compared with the capital area, have been a significant pull factor (VSÓ, March 2018). These have occurred in parallel with the construction of a range of modest private homes and town houses. Most of the building of private homes has been in Selfoss. However, in recent years, such construction has also occurred in the two smaller towns, Eyrarbakki and Stokkseyri. The selected areas where the municipality offered a discount on plot prices were in these two towns. Until rather recently, almost no houses or apartments had been built there for many years.

Although special measures to increase attractiveness are not listed in any policies, a large-scale building programme is ongoing in the Selfoss down-town area. These major changes were ap-

proved by a residents' public vote in August 2018. In the past, different possible developments have been discussed, mainly arising from the perceived lack of a functional downtown area, and the fact that the route of the main road (the ring road/highway) through the centre of the town was going to need to change. The planned routing of this main road over a new bridge east of Selfoss would clearly risk the town receiving fewer visitors. In the end it was decided that the residents would need to vote on the propriety of such a large-scale and expensive downtown reconstruction. Of those who voted, 60% supported the change.

The Sigtún development company is responsible for the downtown project. It has secured funding for the first of two phases of work, and construction started in the autumn of 2018. Both phases will include building around 30 houses across 16,200 square metres. It is expected to be completed in 2021. The aim of this project is to create a meeting place for people, as well as space for business and cultural life. The design of these particular houses is inspired by that of other classic houses across Iceland. The Old Milk House in Selfoss will be restored in the centre of town, in collaboration with MS, the country's largest dairy production company. An exhibition is planned in the Old Milk House, with the main focus on Skyr, Iceland's most famous dairy product (Selfoss miðbær, n.d.). Criticisms of this overall development include the claim that it is will be too dense, that the buildings are mere reproductions of those



Not everything will be new in the new downtown area. The tree in the middle of this picture has been left in place, despite the heavy construction work. Photos: Hjördis Rut Sigurjonsdottir



From the music and town festival Kótilettan in the summer of 2019. The President, Guðni Th. Jóhannesson, and the Mayor of Árborg, Gísli Halldór Halldórsson, run a barbecue for charity (left). The relaxed town provides entertainment for young people (right). Photos: Courtesy of Kótilettan.is

from other towns, that the project is too extensive, and that it is taking too much of the existing green belt. There is also some dissatisfaction with the fact that no public-sector bid was made for the construction project (RÚV, 21 April 2018).

Although little has been done to attract people to Árborg, a regular town festival Kótilettan has attracted visitors and introduced the municipality to different people. Also, many people pass through Selfoss, which is on the main road, and the town has been a service centre for South Iceland as a result of the bridge over Ölfusá. The first bridge, built in 1891, was replaced by the current one over seventy years ago. Selfoss is also an important service centre for the largest second-home areas in Iceland, located in the neighbouring municipalities. The overall result is that many are now familiar with Selfoss.

Education

There is an upper secondary school in Árborg, as well as a university centre for distance learning and an earthquake research centre. The fast pace of population growth in the municipality has made it hard to keep pace with the overall increase. In response, one grade school and two kindergartens are now under construction. Additionally, there are two other grade schools and five kindergartens in the municipality.

A low level of education, especially among women, is considered a weakness for the South Iceland region. The proportion of people who have completed further education is 63%, which is somewhat lower than the national average (VSÓ, March 2018). Clear data on the educational level

in Árborg is not available, but in a residential survey among nineteen rural regions/counties it was deemed highest in Árborg and also highest in the South Iceland region (SSV þróun og ráðgjöf, May 2018).¹⁴ It is quite likely that the educational level has risen in recent years due to more people moving from the capital area, where educational attainment is highest.

Evidence from Statistics Iceland demonstrates an unusually high dropout rate at the upper secondary school level in South Iceland. A preliminary project is ongoing to obtain better data on how enrolment is distributed across municipalities and years. The project has a clear link to the regional action plan, which includes creating an inclusive educational environment (Sass.is, 16 August 2017). Along with a reduction in the years spent at upper secondary schools in Iceland as a whole, from four to three years, the number of students has decreased in the Árborg upper secondary school (FSu). The number of students used to be up to 1,100, but by 2018 there were only 750-800.

FSu offers vocational education for carpenters, electricians and mechanics, and basic education for hairdressers. The school management claims that it is difficult to offer specialised education in a region with such a small population. For instance, there was not enough interest to run a programme in hotel and food processing, despite the labour market's needs. Equally, only a basic hairdressing course is available. FSu is one of three

¹⁴ In this survey, Árborg is a part of Arnessysla. There are seven municipalities in Arnessysla, with more than half of the inhabitants in the region living in Árborg.

schools at the upper secondary level in Iceland that has a sports academy, and which offers such diversity. It has indoor athletics, basketball, handball, football and track and field events, as is appropriate for a town with such a positive attitude to sports. In addition, the school has also a shorter line of study in Horsemanship, which is unique at this level of schooling.

An attractive place to live: housing, amenities and infrastructure

Housing

Housing has been the greatest pull-factor for new residents settling in Árborg. The difficult housing situation in the capital area in recent years has pushed people to widen the scope of their search for a suitable place to live. Being close to Reykjavík makes Árborg a reasonable choice, along with the availability of larger and cheaper houses. That applies especially to families and those close to retirement age who want to free up capital for their retirement years. In Árborg's housing policy (Vsó, March 2018), it says that an increase in population has occurred alongside an increase in the supply of modest private homes, duplexes and townhouses.

Municipalities in South Iceland face a shortage of residential housing, not least with regard to rental housing and smaller apartments (Magnúsdóttir, 27 September 2018). Three-quarters of the housing in Árborg consists of detached houses. Almost half of all real estate purchases in South Iceland in 2017 were in Árborg. That is, 358 out of 733, of which around 35% were newbuilds. Prices have increased in Árborg by around 30% per square metre from 2016 to 2018 (Helgason, 27 September 2018).

Sport, culture and club activities

Selfoss is known for its sporting culture— a claim reinforced by the profile of recent sports events. The bulk of the men's national handball team for the World Cup in 2018 was from Selfoss, a fact which received widespread attention across Iceland during the tournament. Then the local men's team became Icelandic champions for the first time in May 2019. Bragi Bjarnason, Director of Sports and Culture in Árborg, says that Selfoss has drawn noticeable attention to itself through athletics *"We are active in praising them, and they are diligent in mentioning where they come from,"* he comments. Apart from handball, a variety of sports are available for children to practice and succeed in at a national level. In 2005, a basketball

academy was established at the upper secondary school, FSu, where there five different sports are now available: basketball, football, handball, gymnastics and track and field. Students get the opportunity to combine exercise with study and to make progress in their sports.

The number of sports halls and fields in Selfoss is the result of a decision that was made to continue development (rather than to delay) following the economic crisis in 2008. "During that time, we decided to go into the construction of sport facilities. This made it possible to build at a lower cost, and to keep sport and recreational activities going," notes Bragi Bjarnason. The municipality has a running and athletics track, a football field with artificial turf and another with real grass, a swimming hall, two general sports halls and a hall for gymnastics. Development of more sport facilities is planned in the near future. This will include an indoor football hall. The swimming pool in Selfoss was renovated in 2015. It attracts many visitors, some 316,000 in 2018.

The music school in Árnessýsla county has been noted as a quality factor for families living in the area, as recorded in interviews with family members. The music school operates in 12 locations across the county, of which six are in Árborg. They had 490 students in private lessons during the winter of 2017-2018 (Tónlistarskóli Árnesinga, October 2018). In a residents' survey, among activities for adolescents, opportunities for sports and leisure, kindergartens, grade schools and libraries had an above average rating in the 19 regions/counties covered in the survey. Many other factors the municipality is responsible for were ranked as average (SSV þróun og ráðgjöf, May 2018).

Regarding public services, Selfoss benefits from being on a transit route in the vicinity of the capital area, which carries both advantages and disadvantages. The town has a good supply of shops and services utilised by residents, by travellers passing through, and also by the many owners of second homes in the neighbouring municipalities. On the other hand, locals often travel to Reykjavík to shop. The main health institution in South Iceland is located in Selfoss. This is also important for the region, and for maintaining the overall level of services.

Transport

One of the main disadvantages for Árborg is the number of people who travel long distances to work in the capital (SSV þróun og ráðgjöf, May

2018). In Árborg's housing policy, the road between Selfoss and Reykjavík is described as good. However, the first 15 km of road from Selfoss has faced criticism for being unsafe for a long time, with only one lane in each direction and many intersections. According to the national transport plan, extensive road improvement on this road section, with 2+1 road and fewer intersections, is planned to be completed in 2022 (Vegagerðin, 2012), making travel to and from the capital area much more feasible than before.

The manageable size of the town

Árborg is a good municipality in which to have and raise children, according to family members interviewed in the survey. *"It was great moving here with kids, really good,"* was how one father expressed his experience. *"There is so much available for children – almost too much,"* was one comment by a couple with two children who had recently moved to Selfoss. The second part of the remark was intended more to underline the number of things on offer than anything else. Another parent said that it felt good to raise children in a community of this size, where people both know and support one other, which means everybody feels safe and secure.

Focus on sporting activities

Family members in particular noted the availability of different sports as well as good conditions for training and the presence of quality trainers. *"This town has some of the best sport facilities in the country,"* said a father of three children. In addition, the town is manageable in size for children to get around, at least for those in the older age bracket. It is also convenient for parents needing to run the kind of errands so common in modern life. To make sports and leisure activities more accessible, the municipality has recently provided a free bus service to transport children between school and their different activities. This is much appreciated. Such a new solution to a regular problem saves parents from taking time from work to drive their children to different locations.

Families are planning to stay, but students were in doubt

Few were planning to move away from the municipality, according to the survey covering nineteen regions/counties across the country. One specific question was about the possibility of moving with-

in the next two years. Árborg had the best outcome of all the municipalities on this (SSV þróun og ráðgjöf, May 2018). However, the students interviewed in the upper secondary school were uncertain if they would return to Árborg after their education, and even considered it unlikely that they would do so. They described the region as a low-income area with few opportunities for people with a university education. In 2018, the average income in Árborg was 89% of the national average (Byggdastofnun, 2018).

Nevertheless, they also recognised that it was the responsibility of them and their peers to help create employment. Starting and running a company might look even more realistic if the population kept growing, it was suggested. Unemployment is relatively low in Árborg compared to elsewhere in Iceland, and it can even be hard to find people for jobs with lower skills requirements, especially if the working hours are outside normal office hours. On the other hand, many people drive to Reykjavík for work due to a lack of employment opportunities that tie in with their education and experience. This was the situation described by one of the interviewees.

A desire for better public transport

The students interviewed felt dependent on owning a vehicle, or having a good access to a car, to fulfill all their obligations – notably school, work and social life. Students and others considered public transport inadequate. This was a complaint brought up in quite a few interviews. The lack of a local bus service in Selfoss was the main complaint. Students described the bus to Reykjavík as being too expensive. Also mentioned was the very limited number of routes to other parts of the South Iceland region, where many of the interviewees' fellow students live. This is something that can make social life complicated at times.

New downtown and cultural life

Most interviewees were quite positive about the new developments in the downtown area and some had hopes that it would increase the range of cultural offerings, becoming a more functional and practical meeting place. More green space, and even more services than are currently available, was considered desirable. Some family members mentioned that social occasions for middle-aged people were rather limited in Selfoss, which could be linked to a lack of cultural centre. A venue

for cultural activities has long been planned in the cellar of the Hotel Selfoss, but this project has been left uncompleted for decades, despite numerous campaign promises. Otherwise, there was general satisfaction with availability of facilities like grocery stores, hardware stores, pharmacies and restaurants in Selfoss.

Integration for new residents

Many people have moved to the region in order to be able to afford to live in a detached home or a chain house with a garden, instead of an apartment in the capital area. Views are divided among interviewees concerning how easily new residents are able to integrate into the community. A couple interviewed described their way into the community being through their children, as they did when they lived abroad. They did this through their children's sport activities and through getting acquainted with the parents of their children's friends. Examples were raised of people that have had a hard time making friends. This is often connected with not having a job in the area, and not having any real roots in the community. *"I think a lot depends upon yourself. We were very active and signed up to different clubs and activities. We are into horses, golf and other social activities,"* said a man who had moved with his family to Árborg without having any ties to the municipality before the relocation.

Challenges regarding location

Even though proximity to the capital area makes it possible to commute for work, commuting has its disadvantages, people reckon. *"I feel like I am risking my life when driving to and from Reykjavík for work,"* said one family member. Experiencing lack of safety was worse than the time factor involved in driving to Reykjavík five days a week, he said. Since neither he nor his wife had been able to find suitable work in the area, their plans were now to move to the city. However, when one person in a partnership can find an appropriate job in the region, the interviewee felt that it makes more sense to live in Árborg and enjoy living in a larger house.

Other concerns were expressed with regard to high real estate taxes, to kindergarten fees and to class sizes in elementary schools. A comparison between different settlements in Iceland, from the Icelandic Regional Development Institute, shows that real estate taxes (including property tax, land lease, sewage fees, water rates and waste collec-

tion fees) were the third highest in the country in Selfoss in 2018. Kindergarten fees are also relatively high according to a comparative assessment from the Icelandic Confederation of Labour (ASÍ), in 2018. The highest year-on-year increase in general fees (eight hours with food) was 2.9% in Árborg (ASÍ, 15 January 2018).

Discussion and conclusion

Different factors have been reported regarding what makes Árborg an attractive place to live (table V.2.1.).

The municipality has benefitted from being in the vicinity of the capital area, where high real estate prices have forced people to look further afield. The municipality has been keen and active in developing the infrastructure needed to keep up with population growth. This has proved to be more of a challenge than attracting people. However, a large and long-debated step has been taken to increase the attractiveness of the largest urban settlement in the municipality by approving large-scale construction in the downtown area. If everything works to schedule, it will be interesting to examine the effects of this over the next few years.

The strong focus on sporting activity seems to be greatly appreciated among interviewees, and it helps to support social cohesion. It is also a good brand for the municipality to display at national level, and it helps attract families with children. Completion of the cultural centre or another suitable meeting place for cultural activities could be an appreciable addition to the quality of life in the area. However, there is a question about how well such a facility would thrive in such close proximity to the capital city, the country's main cultural focus.

From this point, the main challenge in the coming years is for Árborg to develop and diversify its labour market. Increasing the number of employment opportunities for university graduates is of great concern, and will strengthen the municipality's position. There can be a mismatch between the supply of jobs and the skills required for them. Another possible way forward in addressing this issue is to work with prospective employees in developing and promoting different educational pathways.

Table V.2.1. Attractiveness of Arborg, together with obstacles and challenges to overcome

Good practices and main reasons underlying attractiveness	Obstacles and challenges
<p>Access to public services Not too large, and a very good availability of services.</p> <p>Adaptive / participatory planning Reconstruction of the downtown area is an interesting project.</p> <p>Culture, sport, recreation Strong sporting culture.</p> <p>Housing Cheaper housing than in the greater Reykjavik area.</p> <p>Location Located within the capital area's impact zone</p> <p>Quality of life and local community Good place for children and families.</p>	<p>Access to public services Service fees are at the higher end.</p> <p>Employment and jobs Salaries are lower, compared to the national average.</p> <p>Employment and jobs Job availability; too little variety (especially for those with university education). Lack of a sufficiently skilled workforce; shortage of employees with technical skills and vocational education.</p>

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Appendix

Development in the number of jobs in Iceland, 2008–2016									
	2008	2009	2010	2011	2012	2013	2014	2015	2016
A. Agriculture, forestry and fishing	6700	7000	7300	7400	7500	7600	7400	7500	7400
B. Mining and quarrying	100	100	100	100	100	100	100	100	100
C. Manufacturing	21400	19900	20100	20700	21200	21800	22000	22100	22600
D. Electricity, gas, steam and air conditioning supply	1600	1600	1600	1500	1400	1400	1400	1500	1500
E. Water supply; sewerage, waste management and remediation activities	800	800	800	800	900	900	900	1000	900
F. Construction	16800	10700	9000	8500	8600	9100	9600	10400	11900
G. Wholesale and retail trade; repair of motor vehicles and motorcycles	24600	21400	21200	21400	22000	22300	22700	23200	24300
H. Transportation and storage	9700	8700	8600	8900	9200	9600	10000	10600	12000
I. Accommodation and food service activities	7500	7200	7700	8300	9100	10000	11000	12400	14100
J. Information and communication	7800	7200	7200	7300	7300	7500	7600	7800	7900
K. Financial and insurance activities	8000	7000	6800	6700	6600	6400	6200	5900	5900
L. Real estate activities	1300	900	1000	1000	1100	1100	1200	1300	1400
M. Professional, scientific and technical activities	8400	7700	7500	7700	8000	8100	8300	8500	8800
N. Administrative and support service activities	5200	4500	4600	4900	5200	5600	6100	6900	8600
O. Public administration and defence; compulsory social security	12600	11500	11700	12000	11900	11900	11900	12200	11900
P. Education	17900	19000	18800	18800	18900	19200	19600	19600	19500
Q. Human health and social work activities	20300	20900	20300	19700	19800	20200	20500	20900	21000
R. Arts, entertainment and recreation	4100	4300	4300	4400	4400	4400	4600	4600	4600
S. Other service activities	4100	4000	3900	3900	3900	3900	4000	4100	4000
U. Activities of extra-territorial organisations and bodies	100	100	100	100	100	100	100	100	100
TOTAL	179000	164500	162600	164100	167200	171200	175200	180700	188500

V.3. AVANNAATA IN GREENLAND: A fishing-based society with tourism

By Karen Refsgaard

Municipality structure, multi-level policies and strategies – decentralising and democratising

Avannaata is a new municipality which is becoming increasingly aware of the importance of democracy following the municipal amalgamation that took place in 2008. This led, among other things, to a division of the earlier Qaasuitsup municipality into two distinct municipalities, Avannaata and Qwertalik, in 2018. It is why Avannaata has decentralised power to villages and towns along the coast, says Mayor Palle Jeremiassen.

The municipal council has 17 members elected for a period of four years, of which four are women. In addition, Avannaata has 11 village boards for its 23 settlements. These are also elected in direct elections for four-year periods, with between two and five members each, and nine boards cover more than one settlement. The boards have financial and operational responsibility for culture and public information, sport activities, technical

issues and provision, local business development and social activities. The council sets tasks for the boards, and in turn the boards are not allowed to spend money without permission from the council. The main objective of each board is to ensure more participatory power for all the settlement's citizens. In Ilulissat their remit only covers the communications, advisory, innovation and planning sectors, plus associated political tasks. People can ask for permission to build in the four centres (you are not allowed to own land in Greenland), and the central administration is only involved in larger cases. The municipal council meets twice in person, and five times via online a year. Avannaata municipality provides support to new start-up businesses, but it relies on Greenland Business and Greenland Venture to manage applications concerning support for ongoing business development. Over-arching business development plans are handled at municipality level.



Avannaata municipality and Mayor Palle Jeremiassen. Photos: Karen Refsgaard

Demography – dispersal, gender, young people, education, fishing and climate change

A dispersed and gender-biased settlement structure

Avannaata Kommunia (meaning the northern municipality) stretches more than 1,600 km from north to south. It is situated north of the Arctic circle and covers 522 700 km², which is larger than Spain. The population was 10,651 in 2017. Nearly 20% of Greenland's population is dispersed across four towns (7,501 inhabitants) and 23 settlements (3,150 inhabitants) along the coast. They are mostly concentrated to the south, on the eastern part of Disco Bay, while there are no longer any settlements between the northern habitations at Baffin Bay. For details see the map below (Avannaata Spatial Planning Portal, 2018). The central administration is situated in the largest town, Ilulissat, located by the Icefjord. The municipality is characterised by the midnight sun, dog sledging, icecaps, halibut, the original seal-hunting culture, a UNESCO heritage site, sea ice, the polar nights, the northern lights and a range of settlements (Avannaata.gl, 2019).

Some 70% of the population lives in four towns (Ilulissat, Uummannaq, Upernavik and Qaanaaq) while the remaining 30% are dispersed among 23 settlements. Since 2007, the population has fallen by 5.2%, which is higher than the figure for Greenland as a whole (minus 1.4%). The loss is greatest in the small settlements. The overall decline in population has been due to net relocation and migration, while the indigenous population has been growing since 2007. Net outward migration from Greenland during the period from 2007 to 2017 was minus 7.6%, and in Avannaata it was minus 12.9%. Danish nurses and those working for the *Selvstyre* (Greenland's government) are the main source of migration to the country. It is pensioners who tend to leave, according to architect Barfoed (an interviewee in Nuuk, and the former city architect there). The result of all this is that the number of people born in Greenland and now living in Denmark has increased from 14,537 in 2010 to 16,370 in 2017 (Greenland Statistics, 2018).

In 2016 there was net relocation from other municipalities. This contributed to growth in the Avannaata population. There is an under-representation of women (47.4%) in the municipality as a whole. This is even lower in its settlements (46.3%), but higher than it is in other settlements

across Greenland (44.8%). The age distribution in Avannaata Kommunia is very similar to the general age distribution in Greenland.

As Mayor Jeremiassen says: *"In the Northern villages there is a ratio of six women to ten men, and the women are leaving in order to seek further education, while the men stay and fish. Eventually many men follow their women during their education. When the women finish their education the men move back, as they don't want to stay in the city. In Ilulissat there is a college that trains social educators and it has a surplus of women, so there is no lack of teachers and social workers here."*



Figure V.3.1: Settlements in Avannaata municipality.
Source: http://kommuneplania.avannaata.gl/en/vision_and_main_structure/overall_main_structure/town_pattern_and_population_trends/.



Photos: From top left to bottom right: Ilimanaq village centre, houses in Ilimanaq, Ilulissat hospital, and the school in Ilimanaq. Photos: Karen Refsgaard

The decrease in population occurred particularly after the municipal amalgamation in 2009, Mayor Jeremiassen says. This happened when some functions were taken away from Upernavik and other towns. That year a change of government meant a halt to construction along the coast effecting all building activities, and people in vocational jobs moving to Nuuk. The governmental shift also led to strict regulation of fishing quotas, resulting in, for instance, that halibut quotas in Quaaasuitsup for 2009 already was being used up by June that year. In earlier years additional quotas would then have been allocated, which was not the case anymore. However, from 2013

a new change in government then again changed the regulation such that both quotas and building activities were being re-allocated along the coast, creating opportunities for fishing all year round. The population has now increased in towns (+75) and in settlements (+72) from 2016 onwards.

These demographic trends are linked to climate change, Mayor Jeremiassen argues – with fish moving further north, and with economic opportunities following suit. Today only the two most northerly villages, Siorapaluk and Savissivik, are settlements solely devoted to fishing. Ten years ago, 75% of the settlements consisted of fishing and catching communities.

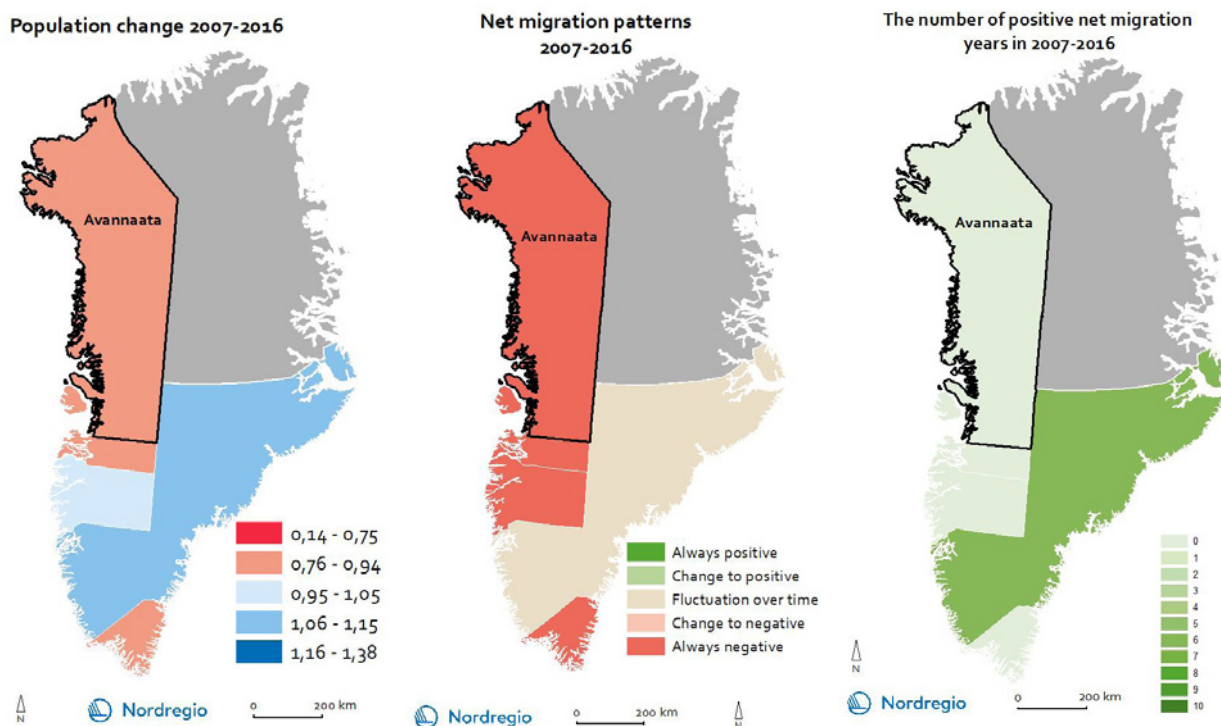
Young people, migration and education

A significant problem in Ilulissat is the lack of education for young people. Youngsters aged 15–18 need to move elsewhere for upper-secondary level education. This means that there is no teenage culture in town. Traditionally, many children from the villages move from ninth grade to town schools with full live-in facilities, and quite a number go to boarding schools in Denmark. As Mayor Jeremiasen observes: *"The active and smart leave, while the remaining group have social problems – this is a big challenge. The plan is to have an upper-secondary next year, along with some training in tourism, and we are now working towards this. In terms of sports, some northern Greenlanders are very good".*

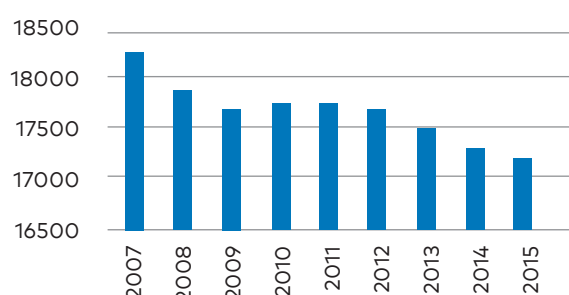
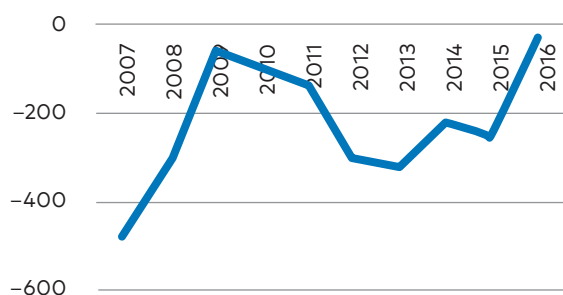
"We try to maintain links with our students in Denmark, not least at educational fairs. The problem is that the more education they get the less keen they are on returning, because they will have so few colleagues here – whether they are lawyers, teachers or medics. Professional networks are important."

Within Greenland, some 10% of the population moves from one place to another. This has significant implications because there are no roads and contact with your original settlement is more or less lost when you move. As representatives from Greenland Business, Wennecke and Olsen puts it: *"The first thing you are confronted with when you move somewhere new is that you will soon surely be moving out again. You find that your best friends are moving away, and you will now only have contact with them through Facebook."*

Traditionally, many of the children from the villages who move from ninth grade to town schools live in. Quite a number go to boarding schools. While Greenlandic is the language in primary and lower secondary schools, the use of Danish as a formal language in high school has a negative impact on school attendance (interviewee Olsen from Greenland Business).



Figures V.3.2a, V.3.2b and V.3.2c: Population, net migration and the number of years with positive net migration for the period 2007–2016 for Greenland municipalities. Source: Nordregio statistics.



Figures V.3.3a and V.3.3b: Population change and total population, Qaasuitsup municipality, 2007–2016.
Source: Nordregio statistics.

The labour market – employment, sectors and seasonal variation

The labour market in Greenland experiences major seasonal variations as a result of the climate and the large distances people have to navigate.¹⁵ For all sectors except public administration (with no seasonal variation) and "other activities", activity is highest during the fourth quarter of the year, and the number of people employed peaks in the third quarter. For almost all sectors employment is lowest during the first quarter. The seasonal effect is mainly noticeable in the fishing, hunting and agricultural sectors. In 2016 there were 1,141 fewer people working in fishing, hunting and agriculture during the first quarter compared to the third quarter. The manufacturing and construction sectors also endure quite high seasonal variations.

In Qaasuitsup, the average employment rate was 61% for men and 53% for women in 2016 (Statistics Greenland, 2016). This is significantly lower than the Nordic average. However, according to Mayor Jeremiassen these bare numbers present a somewhat misleading picture: He notes: "As soon as we are down to 5% or 6% unemployment, we need to import people from outside." The mayor explains that they have tried to modify the (un) employment statistics in recent years, in order to reflect the seasonality factor more realistically. "Due to the building boom we are now short of 200 people for vocational jobs, which is delaying various kinds of construction work," he adds.

During the course of the year, unemployment is highest in the first quarter and lowest in the third or fourth quarter for all municipalities. These seasonal variations are especially notice-

able for young people. The differences are much larger in Qaasuitsup, where the fishing sector, which accounts for 30% of employment, plays a very significant role in the regional economy, compared to the 17% who are employed in fishery for the country as whole. From 2010 up to 2014, there has been a decline in average employment from around 9,150 to some 8,700. But employment was up again in 2015, to an average of just under 8,900 people (Avannaata Spatial Planning Portal, 2018).

In Qaasuitsup, 29.9% of the working population were employed in the fishing, hunting and agriculture sectors in 2016, 37% in public administration and services, and 10.9% in wholesale (Statistics Greenland). While fishing is about fish only, the term 'catching' also include seals etc. According to Mayor Jeremiassen the settlements at Kullosuaq, Qeqertat, Savissivik and Siorapaluk are catching settlements, while the rest are fishing settlements. There is also an active tourism sector.

As the mayor explains: "We lack labour and recruit a lot of foreign workers from Nordjobb – especially Chinese, Filipinos and Indonesians. They run our factories. The general worker is involved in fishing, with his or her own boat." In Upernavik district there is also a labour shortage. Even in little villages with a small fish factory employing 40 people, more than half come from abroad. Mayor Jeremiassen continues: "At present a fisher gets DKK 20–30 per kilo of fish (halibut), which is DKK 7–10 more than ten years ago, so a 500 kg catch is worth DKK 10,000. So, the whole family is in fishing, including wives. It is also the case that fish here in the north has to be caught during summer, because it is just not possible in winter. The fish factory pays DKK 95 per hour, which means that you need to work two weeks to match the income from a single catch, as well as facing higher living costs. Everybody has their own boat." Or as the deputy director for Roy-

15 See <http://www.stat.gl/publ/da/GF/2018/pdf/Greenland%20in%20Figures%202018.pdf>, page 22.

al Greenland expresses it: “When a diligent person in a dinghy can earn a million kroner in a year, why work in a fish factory and earn maybe only a quarter of that?” (Atiagagdluutit, August 2018).

The employment rate in Greenland is significantly lower than the Nordic average. The highest employment rate is in Sermersooq (65%) and the lowest in Kujalleq (52%).

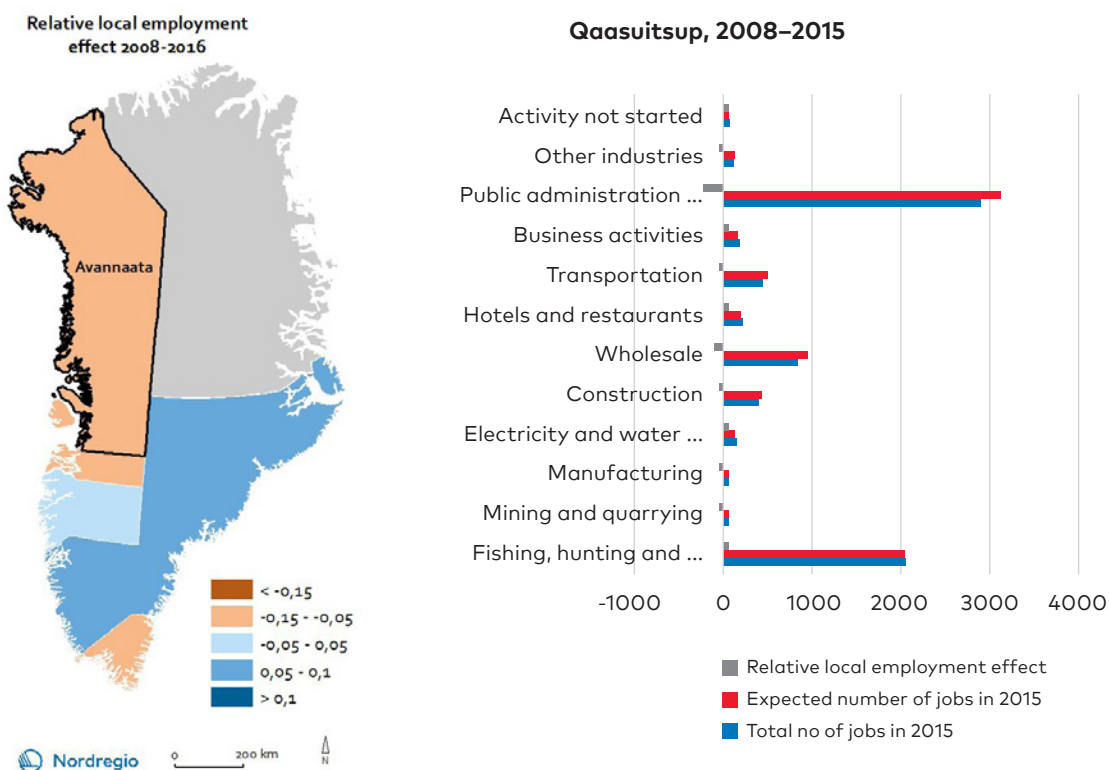


Figure V.3.4. The relative local employment effect at municipal level, and for each sector, in Qaasuitsup municipality, from 2008 to 2016. Source: Nordregio statistics.

Table V.3.1. Employment by sector, 2016 (annual average)

Employment by sector (%)	Total	Male	Female
Fishing, hunting & agriculture	17.3	26.0	6.4
Mining and quarrying	0.3	0.4	0.2
Manufacturing	1.1	1.5	0.6
Electricity and water supply	1.5	2.2	0.5
Construction	7.5	12.4	1.5
Wholesale	11.2	10.3	12.5
Hotels and restaurants	2.9	2.3	3.6
Transportation	9.4	12.7	5.3
Business activities	5.0	5.4	4.5
Public administration and service	39.2	22.6	60.1
Other industries	3.5	3.0	4.2
Activity not stated	1.0	1.2	0.7

Data source: Statistics Greenland.

Seasonal variation in employment, average 2013–2016

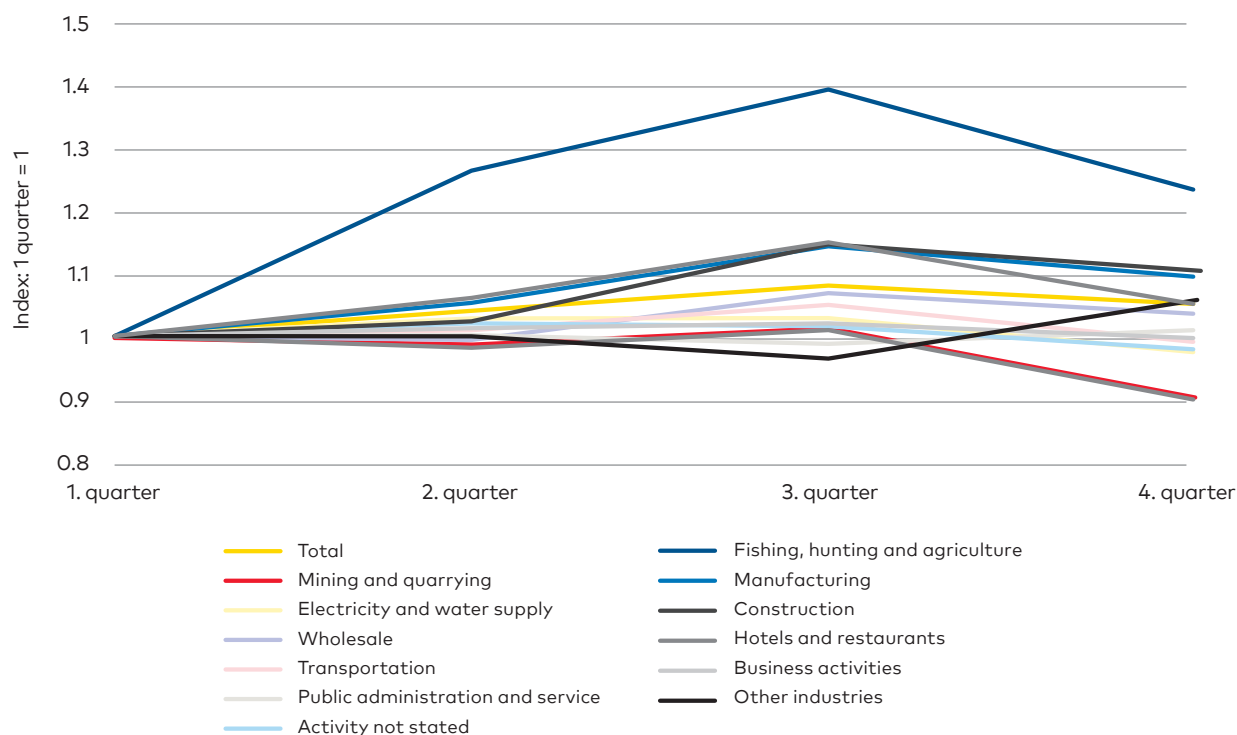


Figure V.3.5. Seasonal variations in employment – average 2013– 2016. First quarter = 1.
Data source: Statistics Greenland.

Table V.3.2. Employment by sector, 2016

Employment by sector	Total (incl. outside the municipalities)	Kommune Kujalleq	Kommuneqarfi Sermersooq	Quqqata Kommunia	Qaasuitsup Kommunia
Fishing, hunting & agriculture	17.3	13.9	8.0	20.3	29.9
Mining and quarrying	0.3	0.3	0.6	0.0	0.1
Manufacturing	1.1	0.1	1.3	2.1	0.5
Electricity and water supply	1.5	1.9	1.3	0.9	1.9
Construction	7.5	9.0	7.5	9.3	6.1
Wholesale	11.2	11.7	11.1	11.7	10.9
Hotels and restaurants	2.9	3.5	2.9	2.7	2.8
Transportation	9.4	8.0	12.5	9.5	5.7
Business activities	5.0	3.0	7.2	4.9	2.7
Public administration and service	39.2	44.6	41.3	34.6	37.0
Other industries	3.5	2.9	5.3	3.3	1.4
Activity not stated	1.0	1.0	1.1	0.8	1.0

Data source: Statistics Greenland.

Table V.3.3. Employment rate by gender, 2016.

Employment by sector	Total	Men	Women
Total (incl. outside the municipalities)	61	63	57
Kommune Kujalleq	52	54	51
Kommuneqarfik Sermersooq	65	67	62
Qeqqata Kommunia	63	66	60
Qaasuitsup Kommunia	57	61	53

Data source: Statistics Greenland.

Unemployment

The unemployment rate demonstrates the same seasonal pattern, being highest in the first quarter for all age groups. Seasonal variations are especially noticeable for young people. According to Statistics Greenland the *"unemployed portion of the work force has a high proportion of unskilled workers, and around 84% have no education at all apart from primary school."* (Statistics Greenland, 2018; p. 22).¹⁶ Part of the explanation for this can be found in the impact of fishing with large trawl-

ers and working on short-term contracts. Only 4.4% of people unemployed in 2015 had been without work for more than ten months. The pattern was the same for both men and women.

Unemployment is highest for all municipalities in the first quarter, and lowest in the third or fourth quarter. However, the differences are significantly larger in Qaasuitsup, where the fishing sector plays a much larger role in the regional economy.

Number of unemployed 2015

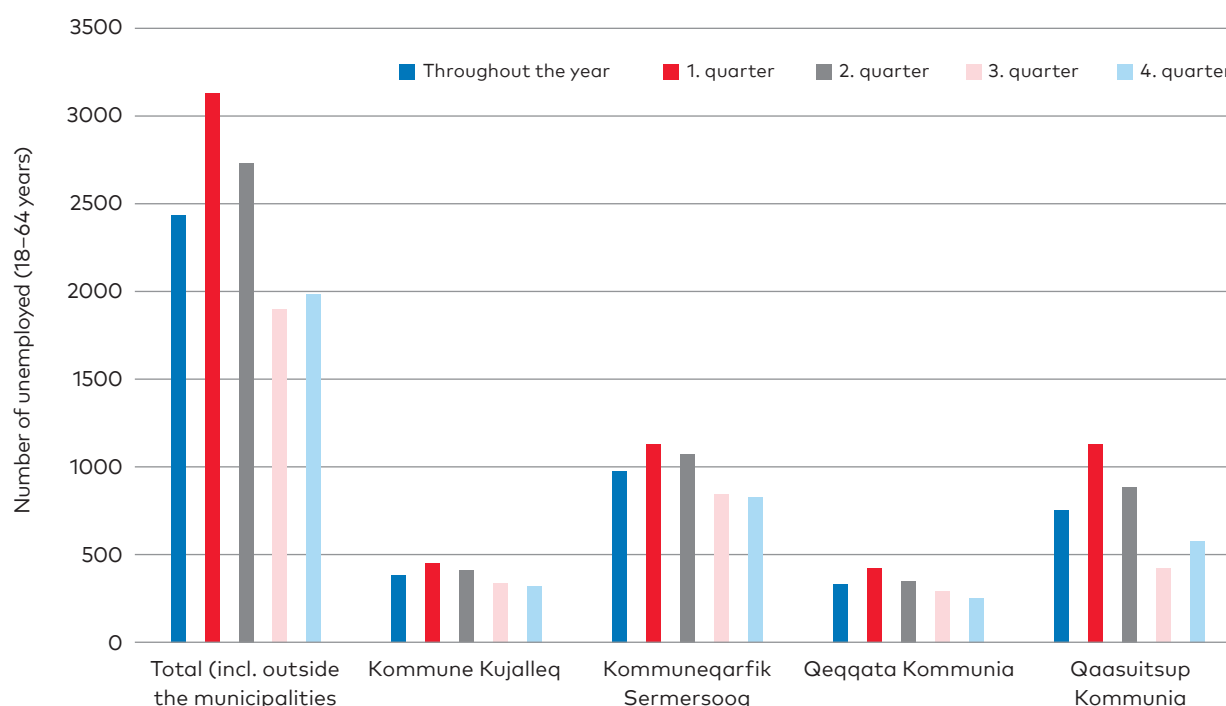


Figure V.3.6. Unemployment by quarter, 2015.

16 <http://www.stat.gl/publ/da/GF/2018/pdf/Greenland%20in%20Figures%202018.pdf>.

Seasonal variation in unemployment rate, 2015

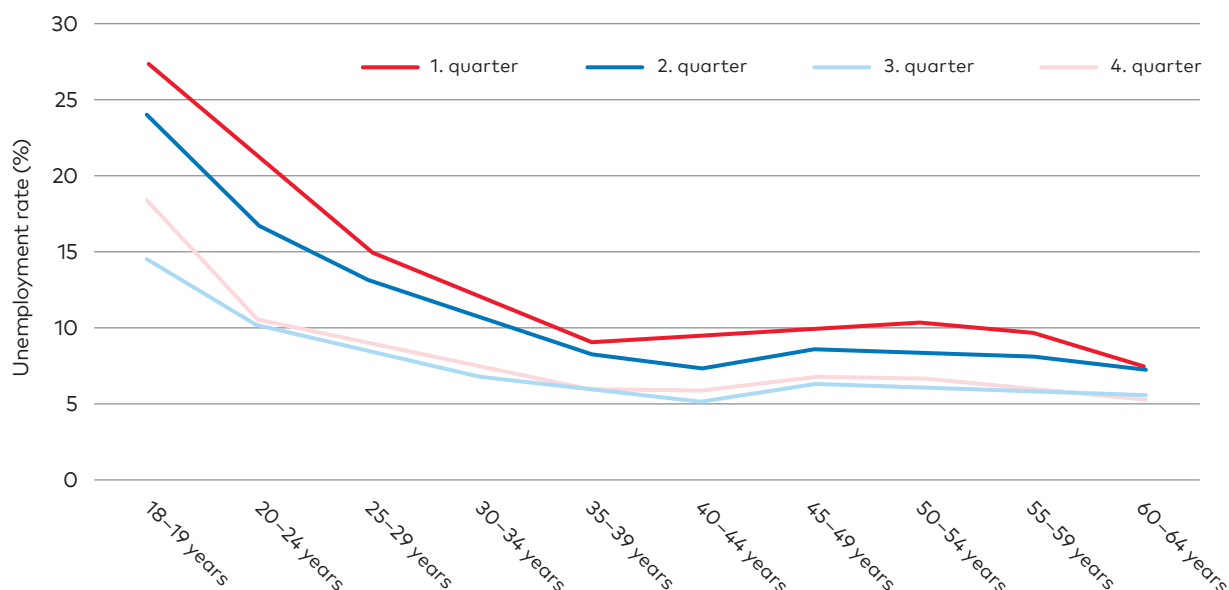


Figure V.3.7. Seasonal variation in the unemployment rate, 2015. Data source: Statistics Greenland.

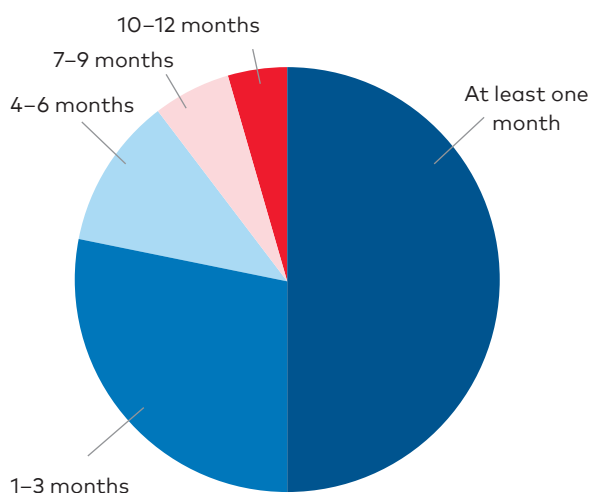


Figure V.3.8. Share of unemployment (18-64) by number of months. Data source: Statistics Greenland.

Business development – fishery, tourism and mining

According to Mayor Jeremiassen, a large proportion of Greenlandic exports, in terms of economic value, come from Avannaata – while the municipality is home to only 12% of the total population. Looking at the economic value of fisheries, Figure V.3.9 illustrates the fact that 44% of total landings in Greenland in 2018, measured in DKK, were in Avannaata.

Qaasuitup had 1,744 businesses in 2016, which was 41% of the total number in Greenland, an increase of 3.8% since 2012. However, salaries made up only 14% of turnover (Statistics Greenland, Table V.3.4, next page).

Interviewee Olsen, at Greenland Venture, explains that the lack of skilled labour means everybody with an education or training can find a job. The challenge is therefore to encourage entrepreneurialism. It is often Danes who are the entrepreneurs. Danes are also over-represented in terms of educational level. This created a number of disputes in the past, due to the differences in salary level between Greenlanders and Danes. It is still the case that people with the same education born outside Greenland have higher salaries.

Total landings of fish and shellfish in Greenlandic Municipalities, 1000 DKK

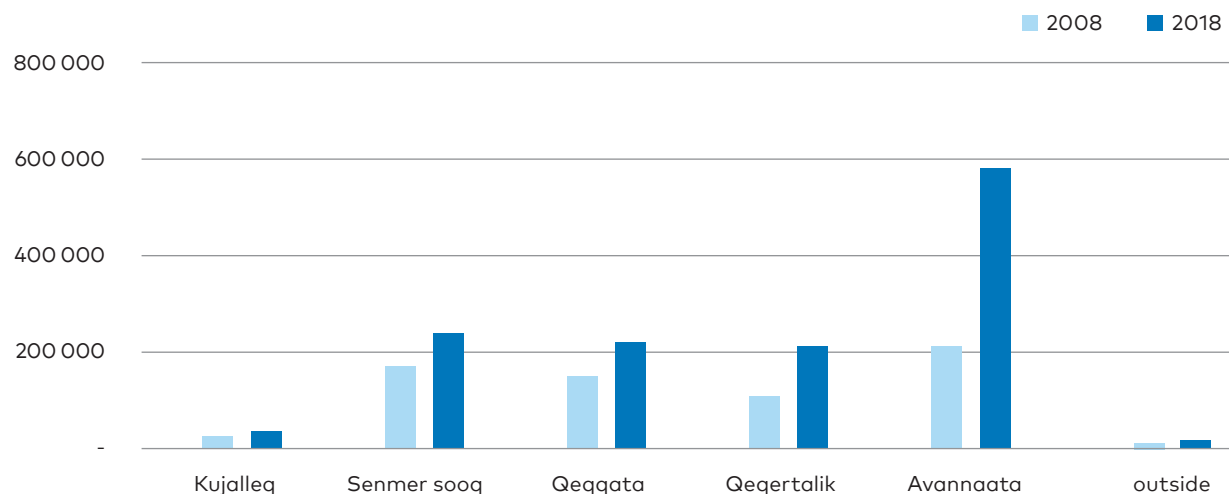


Figure V.3.9: Total landings of fish and shellfish in Greenlandic municipalities, 2008–2018.
Source: Greenland Statistics, 2019.

Table V.3.4. Number of businesses and percentage of salary at municipal level, 2012 to 2016

	2012	2013	2014	2015	2016
Antal virksomheder					
Kommuneqarfik Sermersooq	1,303	1,357	1,378	1,346	1,417
Qeqqata Kommunia	527	554	525	557	568
Kommune Kujalleq	392	376	386	352	369
Qaasuitsup Kommunia	1,680	1,680	1,642	1,660	1,744
Øvrig/uoplyst	122	110	86	140	114
Katillugit	4,024	4,077	4,017	4,055	4,212
Procentandel af løn					
Kommuneqarfik Sermersooq	60.2	63.9	64.0	66.8	65.6
Qeqqata Kommunia	12.9	12.7	13.5	11.2	11.2
Kommune Kujalleq	4.2	4.2	4.0	4.1	4.4
Qaasuitsup Kommunia	15.7	13.5	12.5	11.9	13.5
Øvrig/uoplyst	7.0	5.7	6.0	6.0	5.2
Katillugit	100.0	100.0	100.0	100.0	100.0

Data source: bank.stat.gl/esd3a.

Business development in fisheries and construction

The fisheries sector contributes significantly to the Greenland economy and is very important in Avannaata municipality. Taxation has also increased, with fees levied on many species (Fyden-dahl, 2018).

As the movement and location of fish is uncertain, it is difficult to plan for fish landing and processing plants, says Mayor Jeremiassen. Applications are continually sent to the municipality to establish new fish factories. For example, by the end of June 2019, there had been six applications for fish factories in the Upernavik district and two in the town of Uummannaq. Climate change also means that fish are moving further north, and while 75% of the settlements were catcher communities ten years ago, today only the two most northerly villages of Siorapaluk and Savissivik relay solely on catching. In the past cod was rarely caught in Qaanaaq, but over the past five years production has increased tenfold. Such villages were close to being abandoned, but people follow the fish – as in Qeqertat, which lost its village status in 1988. As a result of the development of fishing opportunities like this, more people have started to move back, either on a permanent basis or just during the summer. In 2014, the Selvstyre began researching the possibility of giving Qeqertat its village status back. Now a real village plan has been drawn up. This includes the establishment of telecommunications and power facilities. This example shows how earlier catcher settlements are now seeing new economic opportunities opening up, points out Mayor Jeremiassen.

According to the mayor it is difficult to benefit both industry and the settlements. He would prefer to have flexible seafood processing ships, functioning as floating fish factories, in order to ensure a stable and sufficient reception capacity. These ships would offer the opportunity of processing fish over a longer period of time, given that the settlements have limited capacity and may not be able to take the whole catch. Current legislation requires the owners of the ships to build processing plants in the area within two years; otherwise they are not allowed to use seafood processing ships. At present that is simply unrealistic, according to Mayor Jeremiassen. This is due to the cost of establishing factories, together with a limited supply of labour. As he says: “A seafood processing ship with eight to ten people working shifts is flex-

ible and can benefit small communities by providing jobs on the boat to its residents. I have to convince my ministers about this!” Fish is being exported whole from Ilulissat to either the UK or China.

Due to a boom within the building and construction sector, Ilulissat lacks 200 people. This is delaying work. In Ilulissat that includes a cooperative shop, the Icefjord centre, hotels, houses and a large re-housing project with 36 houses in the Umanaq-district, which was hit by a tsunami. In Upernavik it means school repairs and homes for the elderly waiting to be built, but at present the municipality cannot afford it. According to Mayor Jeremiassen: “We need to follow up on providing these facilities, even though the fishing is very good. This can be a significant problem”.

Brættet, in Nuuk, is where catchers and fishers sell their produce. There is a fee for selling the catch, and then there is a tax on the sale. The tax differs between municipalities. A small number of towns and villages also receive freshly-caught raw produce from recreational fishers and hunters. Everybody is allowed to buy raw Greenlandic products at Brættet. These raw products vary over the year and throughout the hunting seasons. It is the municipality which is responsible for operations and hygiene complying with the law. The veterinary authorities do not check the meat sold at Brættet. Nor are processed goods (like smoked or dried fish or meat) allowed to be sold there (Avannaata.gl).

Fish processing

Niels Thomsen, CEO of Halibut Greenland, tells the story in this way: “Halibut Greenland is a relatively new fish processing business founded by a number of local people in 2008, with the aim of establishing fish processing facilities. Today it has 120 local shareholders. The motivation was to be more competitive, and that also applies today. Royal Greenland was very dominant, a monopoly, only considering its own narrow interests. It adopted a bottom line with a low initial price for the fish. However, the fishing community knew that the Faroese, Icelanders and Canadians were getting higher prices.” He continues: “In 2010, the Halibut Greenland plant in Ilulissat started



Boats in Nuuk Harbour; seals for sale at Brættet, in Nuuk. Photo by Karen Refsgaard

processing halibut. Today the factory receives and processes Greenland halibut and cod, landed by local boats has 120 local shareholders (anpartsselskab). The people delivering their catch to us are self-employed and must provide his or her license number¹⁷ and a tax card. Halibut Greenland exports to the European and Asian markets through Royal Arctic Line. Restaurants are now also asking for supplies from us. The company also has plans for establishing two fish plants in the Upernavik area and in Ikerasak, and is pursuing this goal in 2018 and 2019."

Director Thomsen explains the fishing system. He says that the fish are landed by professionals, either through a self-operated quota (boats above six metres), or from those with a dinghy (below six metres) using a common quota. There are different fishing areas. Inside the archipelago the fishery is split into two quota segments determined by the Selvstyre (government) and with the common quotas published online. This split of the catch between dinghies and larger boats varies during the year, and between years, depending upon conditions. In 2019, at the time of writing, the split is about 50% to each group. Fishing requires a good deal of equipment and nets, but the municipality pays for cleaning all the gear. Due to the power of the ice flows, much of it is moved by the ice and lost.

Director Thomsen argues that there is significant unutilised potential in the north of the country in general, and in Avannaata municipality

The Halibut Greenland company's main owners are local fishers in northern Greenland. The company's main activity is the provision of seafood products for the international market. Our main products are Greenland halibut and Atlantic cod. We guarantee full traceability for all our products – from producer to customer. Halibut Greenland was founded in 2008, with the aim of establishing fish processing facilities. The key founders of the company were local people who wanted to improve their conditions. In 2010 the fish plant in Ilulissat started producing halibut. Today the factory takes and produces Greenland halibut and cod, landed by local boats. Halibut Greenland wants to pay fair prices. It also wants to show respect to suppliers and customers, and to adopt a service-oriented approach overall. *"The quality of our products is our pride, and we take pride as well in fostering social responsibility towards the communities in which we operate,"* the business writes on its website. Halibut Greenland has a fish plant in Ilulissat. Greenland Halibut is our main product. The boats land their fish at the plant, and skilled workers make the product.

specifically. However, there are big challenges in the current labour market. Although the statistics indicate a certain number of people applying for work, Halibut Greenland lacks staff for fish processing, and the same situation, Thomsen argues, applies to the construction and tourism sectors. He

¹⁷ The license documents for trading in fish for production and export (Director Thomsen).



Construction in Ilulissat; the Halibut Greenland company. Photos: Karen Refsgaard

thinks this is due to a combination of multiple factors. The recording of statistics is a problem, as is the legislation involved. At present, he argues that it does not pay to have a job, at least to a certain extent. For Halibut Greenland this has significant implications because it means that the company cannot rely on a stable workforce.

Thomsen continues: *"I have said loud and clear that we need to be better at synchronising our educational system with the needs on the labour market. Look at Iceland. People there have appropriate qualifications – and that matters. Here, we need to employ people who can barely be bothered working. I have a couple of people with relevant qualifications and a few who have done courses, but that's it. At Halibut we have tried all sorts, including training courses using a better job with a higher salary as a carrot. I have worked with the municipality on courses, training on hygiene, and filetting in order to secure higher production value – but that initiative fell apart. We must attract a different type of labour. My owners are local and they want to stay here. We are talking to the municipal and national government about funding. If there were people enough I could have 50 in the factory and two shifts. As things stand, we have to freeze catches!"*

Tourism – throughout the whole year and outside disco bay

Tourism is booming in Avannaata. There and in Qeqertalik the number of nights people spend in hotels has increased from under 10,000 in 2010 to nearly 40,000 in 2017 (Statistics.GL). There are also more tourists overall. Mayor Jeremiassen says this increase means that for the next few seasons there is a two-year waiting list for hotel rooms during summer.

In order to ensure a better balance in the labour market, the municipality is now aiming for all-year-round tourism. The 'shoulder seasons' from February to May and from October to December are part of this effort, e.g. encouraging flights from Iceland and Asia in the autumn, especially for Chinese tourists who are willing to spend a lot of money.

The municipality also has plans for moving tourism to other places in the Disco Bay area and further north – including building more hotel rooms and 30 to 40 huts. The municipality has also started up a project in collaboration with the social education college in Ilulissat, focusing on tourism and training service staff and guides.

Mayor Jeremiassen raises yet another issue concerning the future of tourism. Mass tourism, he points out, *"leaves little money and creates a lot of wear and tear on the natural environment. For the tourists the experience is poor, so regulated eco-tourism is needed. We also want to demand a certain standard of hotels and transport services. Switzerland shows the way with its multi-billionaire tourists who demand a certain level of service. This means that turnover from tourism has increased more than tenfold, but with far fewer people. These same people also often spend a lot of money at Svalbard and in northern Norway. In contrast, cruise tourism, where we have 16,000 cruise-ship guests at the moment, spend little money here. The ships have their own facilities, especially the bigger ones. So they are not reliant on local suppliers. The tax on cruise ships is charged at a national level in Nuuk – but not in Avannaata. By employing Julia Pars at Visit Greenland, who grew up in Ilulissat, we hope to be able to change some of these things."*

Hotel director Erik Bjerregaard is also worried about the consequences of the growth in tourism.

He argues that a requirement for local communities and related industry to increase tourism must be given careful consideration (Sermitsiaq, 36/2017). As Bjerregaard puts it: *"The natural environment in the Arctic is very vulnerable. With a larger runway planes now land more than 200 tourists at a time. In 2016, we had 10,000 tourists in town, which is more than the double the local population, and more will come."* Bjerregaard foresees the need for quotas on the number of tourists. He thinks that better infrastructure is the best way to regulate the flow of visitors, both through inflow and by diverting people to other destinations in the Disco Bay, for example with cabins in Egi and Ilimanaq. He also mentions conditions in the labour market, and the need to import workers in the high season. The problem is that there is a lack of housing for these workers, and the educational system is also not geared to their needs and those of their employer. Bjerregaard's preference would in fact be to employ mainly local people on a full-year basis.

Wennecke from Greenland Business says that they are also committed to the development of tourism. Wennecke characterises tourism as sea-

sonal work. This often means small businesses having an additional income, e.g. from cottage rentals or the sale of handicraft. He says that not many of these businesses are growing into large ones, although some do, like Ilulissat Water Taxi.

Director Pars of Visit Greenland explains that Visit Greenland has started to network with the different municipalities that consider tourism important. This includes Avannaata, where there are plans to establish a much-needed destination company. Pars says: *"The right way to move forward is responsible tourism, and for that it is important to have coordination. Among others, Ilulissat has the Icefjord, which is UNESCO-certified, and delivers both."*

Cooperation between Visit Greenland and the local destination/coordination company includes: network meetings, visits, a selection of relevant media, collaboration around marketing and product development within UNESCO, a dialogue around new products and actors visible via Visit Greenland and its website, and collaborative work to achieve synergies and common goals for growth in tourism according to Director Pars, Visit Greenland).

From top left: Ilulissat Water Taxi (a small tourism business), tourists on a whale safari, a humpback whale, sunset in Disco Bay. Photos: Karen Refsgaard



Mining

Another potential area for business development in Avannaata is the mining industry. The municipality is hoping for the development of significant extraction of minerals like titanium in Moriusaq, which is in the most northern part of Greenland. Titanium (black sand hoovered from the beaches) is among the hardest metals to find. According to Mayor Jeremiassen there is a 30-year plan for this, which includes foreign investment from an Australian mineral company. This involves creating an estimated 200 (mainly local) jobs in the Thule district, a place which suffers from unemployment at present. The mining industry is required to pay an export fee to the government for the quantity of minerals produced. Olsen from Greenland Venture says that there is a lack of understanding in Greenland about the need for investors to generate revenue commensurate with the risk involved. Wennecke at Greenland Business argues that mining is a temporary activity and should therefore leave a positive legacy. If investment and labour is not locally derived, the costs increase, although it also generates tax income. Wennecke argues for an approach that would see mining enhance local qualifications, for example in the processing and service industry, and with tax income invested in local infrastructure, education and training.

Olsen at Greenland Venture explains that the Ministry of Finance wants to consider these issues by conducting an Impact Benefit Agreement (IBA). One example is Rubin Mining around Nuuk. The IBA involves a promise from the mining company to employ local people, agreements about benefits to the local community, and in this instance a plan for processing in Nuuk.

Infrastructure - digitisation, communication and culture

Reliable infrastructure, not least with good communication, is very important for places and up in the north. That includes the physical and the digital infrastructure for communication. Transport opportunities, telemedicine, distance learning, and the establishment of industry are all important for achieving cohesion in and for communities. For example, the further north they are in the municipality, the more the communities concerned lack skilled labour. So, distance learning can become a major asset for these communities.

Ummaanaq is one such community. It wants residents to feel more integrated with the rest of

the world, whether because they know the latest scores from English football or because the primary schools use iPads. In 2019, it is planned that both Upernavik and Qaanaaq should receive improved links to the rest of the world. An Internet sea-cable with greater capacity and speed was hopefully going to be fully installed there by the autumn – with a single price for use, including by industry. At present these communities are connected via Satellite. This means it can take several hours to send large files. Mayor Jeremiassen comments: *"As an older member of parliament explained it, 'Everybody complains that nothing happens, but 80 years ago it took one-and-a-half days to go 30 km. Now, through the phone, I can see and talk to my grandchild in Denmark.' It is a huge step forward for him."* In January 2019, the new sea-cable was damaged near Maniitsoq, which decreased connective capacity for the whole northern Greenland coast for several months. This had a significant impact on both businesses and communities. The cable was not repaired until May 2019.

As Mayor Jeremiassen said to the national newspaper, *Sermislaq*: *"Many jobs today depend on a fast and stable internet connection. Nunagis has become a permanent part of our daily work, and we rely totally on it – to provide guidance to local people and industry and when giving permits for construction projects. Digital working is the future, and this is also the way the Selvstyre insists that we should work."* Such events show the vulnerability of the infrastructure in that area (Sermislaq 2019a and b).

Mayor Jeremiassen explains that there is a very varied cultural life across the whole municipality, e.g. up north at the Arna/Thule fishing and catching dominate. It is dark for nearly eight months of the year, so it is important that those with different backgrounds meet. There are also Inuit associations which hold general assemblies every four years. These alternate between Canada, Alaska, Russia and Greenland. The next event will be in Ilulissat in 2022. The whole municipality will be involved in a whole week comprising a variety of cultural activities. *"In general, we try to work with the small communities so that they have some funding for their cultural life,"* says the mayor.

The future

Mayor Jeremiassen is optimistic about the future. The municipal amalgamation has meant that, even though distances remain the same, small communities have become closer. The communities co-

operate better, they have an improved overview of the municipality, and they are not competing in the way they used to. Previously, politicians had been negative to each other. This has now been turned into a more positive culture, both politically and among employees. Another positive development is the re-introduction of local democracy for the communities, with both village and town councils. This has had a positive impact on local communities. The village councils have been given a wider remit. They are taking more responsibility, for example with regard to the environment and cleaning up. Overall it has meant a greater sense of local democracy and participatory decision-making.

The mayor continues: *"We have large plans with respect to business and urban development, but we are awaiting a decision about the expansion of the airport, which has taken years in the Selvstyre. Urban and business development depend on whether we have an international runway or not. For now we have to rely on the existing fishery and tourism sectors."*

The national Greenland Business and Greenland Venture organisations have been in existence for five to seven years. The municipalities each have a business development council. In some places there are associations where municipalities and the businesses are organised together. Olsen at Greenland Venture says that one such space for cooperation is within food-based processing for fish and land-based mammals. However, one problem is that fish are easily exported. Another is that regulation in the area is weak at the moment. The Faroes can provide a good example here. Wennecke at Greenland Business argues that more creativity and entrepreneurship is needed, and that this is improving. Last year (2018), the Foundation for Entrepreneurship added a new department in Greenland, with a focus on education. The SIUA is an incubator scheme established by the Selvstyre – Canadian-Danish company won the tender to create it, with courses, assistance for entrepreneurship and upskilling.

Obstacles and things to learning

- Closer, improved collaboration across the municipality and between settlements.
- The need to better connect the educational system with the needs of the labour market – skills enhancement.

- Related to the previous point, the lack of qualified personnel in different sectors.
- Business structures inclusive of, and reflective of, the needs of locals/ fishing communities, e.g. Halibut Greenland and Brættet.
- Seasonal unemployment.
- Huge potential for tourism and an awareness that this needs to be developed locally and sustainably.

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 Greenland Business in Nuuk: Christian Wennecke.
 Greenland Venture in Nuuk: Per Buhl Olsen.
 Halibut Greenland: Director Niels Thomsen.
 Visit Greenland: Director Julia Pars.
 Peter Barfoed: Arkitekt Nuuk – tidl. Byplanarkitekt.
 Tegnestuen Nuuk.
 Ilulissat Water Taxi: CEO Kaj Henningsen.

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V.4. BORNHOLM IN DENMARK: Turning sustainable development into attractive business

By Ágúst Bogason

Introduction

Why are some municipalities better than others at deploying their resources, attracting people and creating jobs? This was the key question studied in this analysis of the attractiveness of 14 rural municipalities in the Nordic Region.

The 14 areas selected are all defined as attractive in the sense that their populations and the number of people in work have increased in recent years. The nature of the boost to employment in some sectors has been identified by means of shift-share analyses to determine how much of the change is attributable to specifically local factors.

Interviews then probed key stakeholders about motivation, working conditions, job creation and living conditions. These interviews were with public sector representatives (e.g. mayors and heads of planning and development), business representatives and entrepreneurs, high school students and people from the education sector, as well as families. Combined with analyses of other data and information, the interviews helped us to understand why some places do better than others.

Bornholm is a Danish island in the Baltic Sea, home to some 40,000 people. The main industrial

activities have historically been fishing, agriculture and farming and machinery industries, along with a rise in arts and crafts in recent years. Most important is tourism, which today is their largest source of income. Bornholm lies to the east of the rest of Denmark, south of Sweden, north-east of Germany and north of the western-most part of Poland. It is therefore remote and not accessible except by boat or plane, and this has clear disadvantages. However, Bornholm can also be seen as strategically and centrally located in the middle of all these much larger regions, which provides other opportunities for the island.

The largest town on Bornholm is Rønne, which serves as the administrative centre of the island. It is located in the south-west, with a population of roughly 13,000. Nexø is home to some 3,500 people, and Aakirkeby around 2,000, while settlements like Hasle, Allinge-Sandvig, Gudhjem, Svaneke, Tejn, Snogebæk and other towns have populations varying from around 700 to 1,500. Around two-thirds of Bornholm's population live in towns, while the rest is spread among the more rural areas.

Gudhjem is a small town of around 700 people on the northern coast of Bornholm. Traditionally a fishing town, it is now very popular with tourists during the summer months. Photo: Ágúst Bogason



Demographic development

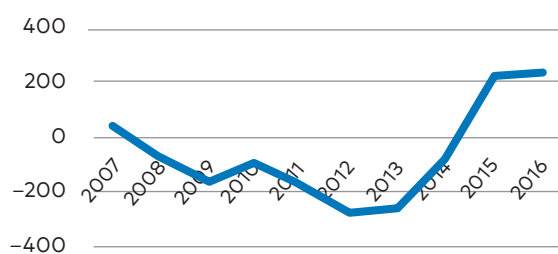
In 2007, the population was 43,040, but in September 2014 the population declined to under 40,000 for the first time in over a century. It has since stabilised around that number, and it was just under 40,000 at the beginning of 2019 (Statistics Denmark, 2019, see Figure V.4.1b).

"The possibilities for higher education are very limited here. Therefore, September is a tough month every year for our demography, since so many of our young people move away at the end of summer to start their post-high school education," explains Fredrik Romberg, director for Business Centre Bornholm, a publicly-funded service for businesses and those wishing to establish businesses. It provides guidance, offering networking options and organises events.

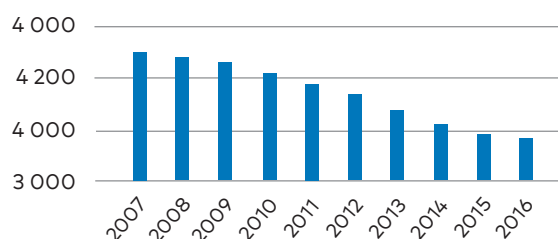
After many years in which there was a rapid decrease in population, this trend seems to have halted from around 2014, stabilising at around 40,000 (see Figure V.4.1a). While this is a positive development, the fact that the younger generations are moving away nonetheless causes Bornholm some worries, since their population is also ageing at a high rate. In 2007, 19.8% of the population was 65 or older, but that number rose to 28.5% in 2018. The proportion of younger people fell during the same period (ØIMs Kommunale Nøgletal, 2019).

"Births on Bornholm were around 600 p.a. in the mid-seventies, but that number had gone to fewer than 200 only a few years ago. We're seeing a slight increase again, which we hope will continue," says Fredrik, who is confident that things on Bornholm are turning around for the better. In 2008, there were 364 births on Bornholm, going down to as few as 221 in 2014, while they have steadily increased every year since, ending at 283 in 2018. Despite this development, population projections anticipate that the picture of a higher proportion of elderly people and fewer children will continue (Bornholms Regionskommune 2012). That would cause a further reduction in the labour force and is why the authorities on the island have made it a priority to stabilise the population and then gradually to increase it in the coming years, preferably attracting younger families to the island.

Bornholm, annual population change 2007–2016



Bornholm population 2007–2016



Figures V.4.1a and V.4.1b: The figures show that the population fell from 2008 and seems to have stabilised at around 40,000 since 2015.

Source: Nordregio's own calculations.

Labour market and employment

Until 1990, Bornholm was relatively stable economically. Traditional industries like fishing, agriculture, and some machinery industries, along with tourism, provided balance in the regional economy. But following the collapse of the Baltic sea fishery in the early 1990s that balance was interrupted, causing Bornholm to rationalise and restructure its economic activities and labour market (Bornholms Regionskommune, 2012). The region proved to be quite resilient following the fishery collapse and other industries soon absorbed the available labour force, ensuring that the island recovered quickly.

In recent years, however, after being pretty hard hit by the economic crisis in 2008, the number of jobs has followed the same trend as the demography. From 2008 jobs became fewer every year until stabilising in 2015, followed by a small increase in 2016. The total employment rate on Bornholm has decreased by more than 10% during this period, which is the among the most negative population developments of all the Danish regions (NCM, 2017).

In Figure V.4.2 the results of a shift-share analysis are shown, including the number of jobs in 2016 and the expected and real change in employment, from 2008 to 2016, within each sector. The sectors facing the greatest employment decline on Bornholm over that period were agriculture and food manufacture, construction, trade, transport, education and residential care. These same sectors are also among the largest when it comes to the share of jobs available on Bornholm. When the change in job sectors is compared to the trends of employment change in Denmark as a whole, over the same period, it can be seen that even though some sectors are in a decline, Bornholm is in fact doing better in other sectors than the national average predicts. The overall development of the job market in Denmark, however, has been that the tertiary sector and service industries have grown. Generally, this sector is more typically concentrated in cities. At the same time, the primary sectors of manufacturing industries, farming and fishery, which are usually concentrated in rural areas, have experienced a large overall decrease in Denmark (Nordic Council of Ministers, 2017). According to the sectoral and national trends, the reduction of available jobs within agriculture, food production, construction, residential care and wholesale should be even greater. The educational sector also stands out on Bornholm as being in more of a decline than the comparable national predictions would indicate. This is probably associated with the closing down of schools and kindergartens in recent years due to the falling population.

Over the same time period the municipality has done well within the sectors of machine manufacture, consultancy, public administration and human health activities. When looking at the accommodation and food sectors especially (which can be seen in direct relation to tourism) the figure shows that Bornholm is in fact performing worse than expected, when compared to the national and sectoral trends. However, taking a closer look at those numbers reveals that while the accommodation and food service sectors have been on a steady rise from 2014, the economic crisis of 2008 and 2009 caused such a significant reduction of jobs within each sector that over the entire period the numbers became pretty negative. In 2007 there were 1,209 jobs registered in the sector going down to 779 in 2008, while again rising to 873 in 2016. During this, period the overall number of jobs on Bornholm has shrunk by 10%. Today,

the accommodation and food service sectors are therefore a much larger proportion of the total job market on Bornholm, but have still not grown as fast as in Denmark as a whole over the period from 2008 to 2016.

As the population and number of jobs has decreased, many native Bornholmers have also retired. This has further reduced the total workforce. Another reason for the decrease in employment on the island is the lack of qualified labour. This has been linked both to a low educational levels and also to a lack of interaction between collaborating partners, suppliers and market. On account of this overall trend, there is a shortage of a wide range of competencies on Bornholm, and it is expected that the demand for people with specialised skills will increase even more in the coming years (CRT, 2013). For that reason, according to many of our interviewees, this is one of the areas where the municipality, along with businesses on Bornholm, has tried to establish more cooperation in order to improve the situation.

Apart from the shortage of skilled labour in certain sectors, investment in further labour market development is difficult, since it is considered riskier on Bornholm than in many other regions. This has partly to do with the tendency towards lower productivity in peripheral areas. Interviewees were all in agreement with the idea that many of the more traditional jobs in the region, for example in agriculture and fishing, would not return because the trend in those industries has been towards greater specialisation, improved efficiency through large-scale production and automation (interviews). More emphasis has therefore been put on existing industries which need labour and are already doing well, like machinery manufacturing and the tourism-related sectors. Providing established industries with an attractive environment to further expand has therefore been favoured. Other interviewees pointed out that, along with this policy expectation, it followed that related fields that support and provide services to the more established industries would also flourish more. Direct initiatives to create new, large-scale workplaces or industries have therefore been kept to a minimum. The focus has instead been on the characteristics of the island and its existing strengths: the unique natural environment, rich history and culture, renewable energy, the bio-economy and tourism.

Bornholm, 2008–2016

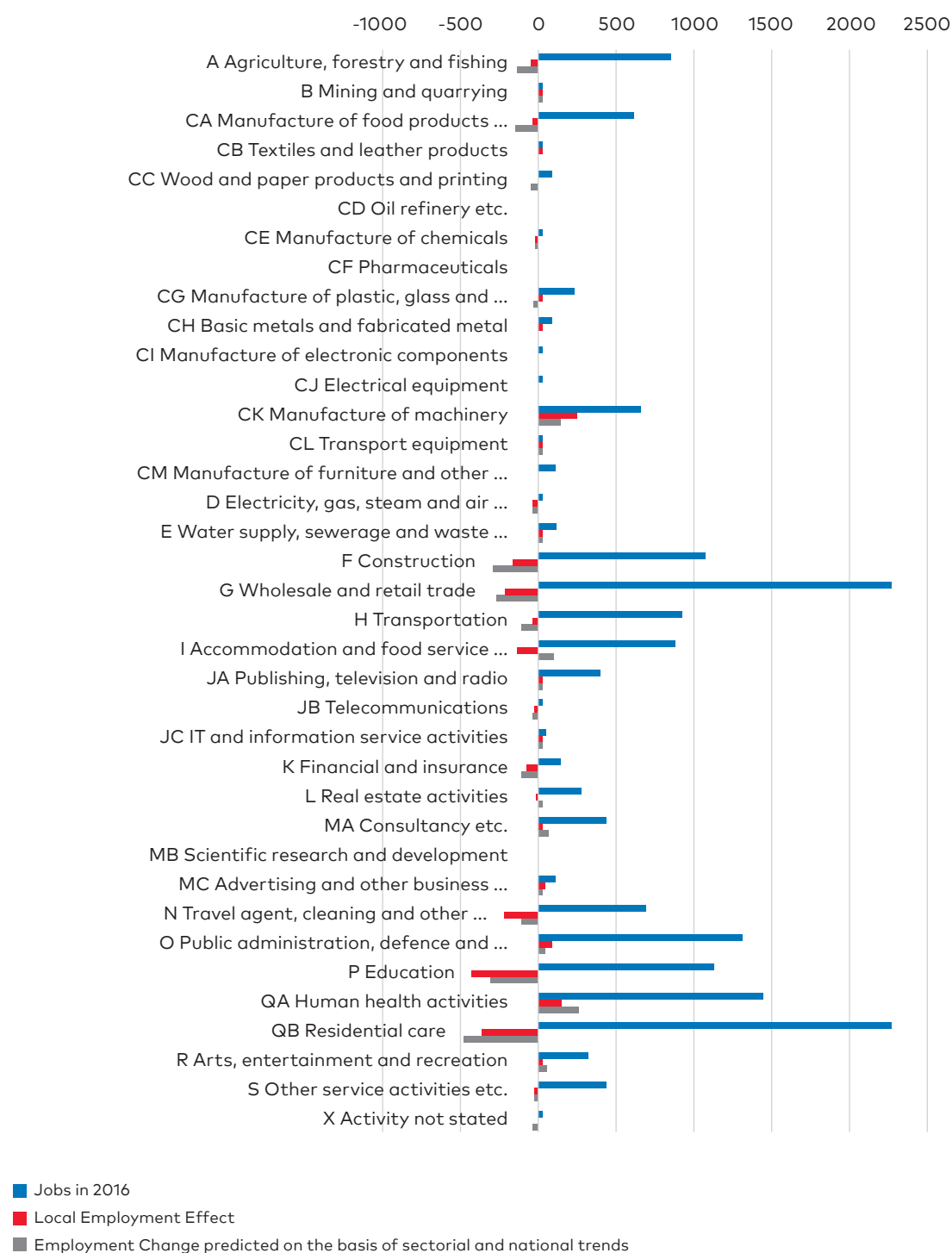


Figure V.4.2: Expected and realised change in jobs at sectoral level, 2008–2016, and the status of jobs on Bornholm 2016. Source: Own calculations at Nordregio.

Employed (end November) by region, industry (DB07) and time

SIC Industry name	2007	2008	2009	2010	2011	2012	2013	2014	2015	Jobs in 2016
A Agriculture, forestry and fishing	1025	999	951	916	902	916	919	906	902	854
B Mining and quarrying	31	18	19	21	38	33	26	26	22	22
CA Manufacture of food products, beverages and tobacco	873	774	765	668	640	608	594	602	584	617
CB Textiles and leather products	19	18	19	20	17	19	16	18	16	14
CC Wood and paper products and printing	93	125	103	84	86	67	73	71	70	73
CD Oil refinery etc.	0	0	0	0	0	0	0	0	0	0
CE Manufacture of chemicals	1	33	30	29	3	2	2	3	3	3
CF Pharmaceu-ticals	0	0	0	0	0	0	0	0	0	0
CG Manufacture of plastic, glass and concrete	372	273	196	213	188	175	159	174	211	231
CH Basic metals and fabricated metal products	75	84	76	78	76	73	71	72	72	75
CI Manufacture of electronic compo-nents	3	3	3	3	4	2	2	3	3	2
CJ Electrical equipment	7	10	6	5	6	5	5	4	5	7
CK Manufacture of machinery	534	518	395	414	479	511	494	515	559	652
CL Transport equipment	22	18	16	21	16	16	24	34	30	23
CM Manufacture of furniture and other manufacturing	102	120	113	104	106	109	95	96	99	105
D Electricity, gas, steam and air conditioning supply	121	65	72	113	116	122	123	112	109	19
E Water supply, sewerage and waste management	219	99	105	99	101	103	102	110	116	115
F Construction	1466	1354	1272	1169	1226	1085	1041	1033	1041	1071
G Wholesale and retail trade	2517	2538	2356	2318	2314	2265	2177	2201	2266	2270
H Transportation	1163	1046	972	1052	1030	908	878	938	842	927
I Accommodation and food service activities	1209	779	640	684	681	682	663	753	788	873
JA Publishing, television and radio broadcasting	386	367	398	401	391	417	425	416	410	392
JB Telecommunica-tions	63	66	58	53	46	41	33	19	20	23
JC IT and infor-mation service activities	39	32	36	36	30	24	38	32	32	47
K Financial and insurance	273	255	234	223	205	180	170	172	152	144

L Real estate activities	248	255	234	263	269	262	259	253	256	269
MA Consultancy etc.	285	361	352	336	328	333	359	364	350	432
MB Scientific research and development	22	2	1	2	2	1	0	1	0	0
MC Advertising and other business services	95	99	95	99	95	97	99	101	103	108
N Travel agent, cleaning, and other operational services	540	803	827	802	819	894	895	755	670	691
O Public administration, defence and compulsory social security	1300	1271	1130	1297	1324	1227	1300	1334	1296	1312
P Education	1524	1444	1421	1399	1316	1235	1177	1160	1138	1132
QA Human health activities	1125	1182	1253	1242	1268	1277	1201	1557	1592	1438
QB Residential care	2754	2755	2692	2550	2691	2542	2578	2136	2091	2269
R Arts, entertainment and recreation activities	319	271	296	281	321	282	285	304	275	317
S Other service activities etc.	479	452	438	432	421	433	416	437	450	432
X Activity not stated	93	54	50	33	22	27	27	23	28	20
SUM	19397	18543	17624	17460	17577	16973	16726	16735	16601	16979

Municipal and public policy supporting attractiveness

"We were dangerously close to becoming so small that all sorts of public services were simply becoming too expensive for each individual, and we need to overcome those barriers. The older we get the more the costs for the municipality rise, so it is important to attract younger people back," says Allan Westh, administrator at Bornholm's Centre for Jobs, Education and Recruitment. In order to counter rapid demographic decline and create a collective vision for the future of the island, Bornholm sought the advice of its inhabitants. After a series of town meetings, the main outcome was the will to become more sustainable. This was then developed into a policy, or rather a vision, that has from 2008 has been known as 'The Bright Green Island'.

"We have this feeling and longing to be capable of sustainability, meaning that we can take care of ourselves. Whether it is electricity and warm water production, food production, transport or the creation of jobs – these things must be put in order. We feel we have to be able to take care of such things ourselves," says Louise Lyng Boiesen, a leader of

the Centre for Nature, Environment and Leisure at Bornholm municipality. From this and other interviews it may be gathered that Bornholm's sense of 'sustainability' has much to do with independence. The Bright Green Island concept has, for the past ten years, been the island's main vision for a more sustainable society, which from its inception has been an overarching vision which guides all policies and actions within the municipality. By putting sustainability in the forefront of everything the municipality does, Bornholm rebranded itself, while simultaneously trying to become more attractive for visitors and businesses.

The bright green island and other public development policies

Bright Green Island is the vision of a 100% sustainable and CO₂-free society by 2025. It aims for a society that creates sustainable and environmentally friendly local solutions for both residents and guests while being able to generate growth and attract new businesses. It is an ambitious goal to develop a society this way, and to show the outside world how it is possible for a small island to make

an informed attack on pressing global challenges such as resource scarcity and climate change. But Bornholm aims to do this in a durable way that embraces sustainability while considering the needs of Bornholmers, businesses, infrastructure and also visitors – hopefully turning some of them into permanent residents. Four main topics are particularly addressed in the Bright Green Island vision, all interconnected. They are sustainable business, the good life, green technology and Bornholm as a natural destination. The aim is to embrace every sector in the economy and society to create a new identity for the island.

The Bright Green Island concept and the general concentration on sustainability are visible in many places on Bornholm. By focusing on being a sustainable community Bornholm has managed to gain much attention from the outside, attracting more visitors and even some permanent new residents.

The Bright Green Island vision therefore effects all other policy on Bornholm and its goals manifest themselves in all areas of decision-making. That means the business development strategy, which is drawn up every four years by Bornholm's Growth Forum, as well as Bornholm's development plan, regional development plan, municipal strategy, and the Local Agenda 21 strategy. All these plans are regularly reviewed, while annual plans contain descriptions of the concrete tasks and initiatives that need to be put into action in

order to meet the municipal wishes and goals for development. All of them are related to the Bright Green Island vision and the policies are intended to complement each other. This means that businesses, educational institutions, social partners and the local council are meant to work together to determine objectives and priorities for development (Bornholms Regionskommune, 2009, and interviews).

As it has turned out, Bornholm's policies are now very much in line with those emphasised by the national government that came into power in August 2019. The new government, led by the Social Democrats, has put much weight on green business development, claiming that a green transition is not a burden on businesses but a gift to them. These new national policies contain many similarities to the development plans for Bornholm, which should provide the island with opportunities to disseminate their experiences and gain national support for their strategies.

Focusing on attractiveness

A long-term goal for Bornholm municipality has been to increase attractiveness, understood in a broad sense. Attractiveness has been viewed as a key factor to gaining visitors, and one which goes hand-in-hand with attracting new residents, jobs and businesses. As Louise Lyng Bojesen, who works at the Department for Nature, Environment



The Bright Green Island concept and the general concentration on sustainability are visible in many places on Bornholm. By focusing on being a sustainable community Bornholm has managed to gain much attention from the outside, attracting more visitors and even some permanent new residents. Photo: Ágúst Bogason



Preserving the old town's image in the settlements on Bornholm is considered important by the municipal authorities, and it contributes to its visual attractiveness, along with the traditional and iconic round churches.
 Photo: Ágúst Bogason

and Leisure at Bornholm, describes it: *"Attractiveness has a lot to do with the physical environment. Bornholm has clear strengths, not least its natural environment."* In a Danish context it is unique and geographically diverse: cliffs, sand, beaches, forest. This distinctiveness is Bornholm's strength and has been utilised as such for some time.

"Our cultural history is also valuable. Many archaeological finds have been made here, dating back to the iron and bronze ages. This, along with geography and nature, makes Bornholm special. We also have many well-preserved towns dating back many decades. We have been actively preserving these, and we have policy plans which are based on preservation of the old town designs. When you go around Bornholm you can clearly see that it is well preserved and that it has an identity. We have actively been preserving and keeping this image for a long time, for the sake of the attractiveness of the location. People want to live in a place where things happen, and things look good, where people can meet and make things happen."

Bornholm has, in this way, and in accordance with the emphasis on a sustainable society, focused on nature, tradition and history as part of an ecological way of thinking. This has been viewed as an important part of becoming a more attractive place. In many ways, this task can be seen to have been successful. Through their own initiative, and by participating in different projects along with other municipalities (e.g. Mulighedernes Land/ Land of Opportunities), the focus has been on local strengths and resources. Bornholm has therefore used a form of smart specialisation without adopting a smart specialisation tactic per se. But the strategy is similar in almost every way. So na-

ture has been made more accessible to further promote outdoor activities, for example by marking out mountain-bike trails and specifying sites for rock climbing, as well as turning harbours into year-round swimming facilities, and so on. The already well-established food industry has increasingly moved towards organic, high-quality, small-scale production, which is becoming ever more popular and makes the products more valuable. That this is a successful strategy seems confirmed by growth in jobs in sectors like food manufacturing, in accommodation and food services and in the arts and entertainment over the period from 2008 to 2016.¹⁸

"In everything the municipality does we take into account how we can make things more attractive while keeping our identity and preserving what our guests come to experience. All this contributes to the attractiveness of Bornholm as a place to visit, but also as a place to live," says Louise Lyng Bojesen. All of the aforementioned factors have then been used in relation to increasing tourism and in trying to attract new inhabitants to the island. However, doing all of the above is one thing, but getting the message out more widely is something totally different. In that aspect, Bornholm has actually succeeded very well, which has made all the difference according to our interviewees.

Getting the message out there – folkemødet

Bornholm has mainly relied on 'word of mouth' when promoting the island as a tourist destination. For such a strategy to be effective the most

¹⁸ Data underpinning the shift-share job analysis, 2008-2016.

important thing is to increase the number of visitors and to make sure that those visitors return having had what they can regard as a meaningful experience. In that way a snowball effect can be created, leading to an annual increase of visitors. Bornholm took a lesson from its neighbours on the Swedish island of Gotland when looking into ways to attract more guests.

Folkemødet (People's Meeting), Denmark's Democratic Festival, much like Gotland's Almedalen Week, was introduced in 2011. It is a gathering bringing together people and politicians. Bornholm provides the venue for Danish political figures to debate key current issues. During the first year around 10,000 people participated. But now it has developed into an event which brings in over 100,000 visitors. Naturally, *Folkemødet* also attracts much media attention and all of our interviewees agreed that this has played a vital role in promoting Bornholm in a positive way to the rest of Denmark and beyond (CRT, 2017). One of our interviewees described the development in media coverage on Bornholm from negative to positive in a relative short time, as follows:

"It has changed the way Bornholm is represented in the media, turning away from negative news and towards more positive stories. It used to be all about shrinking economy and population decline. Now it's more about sustainability and innovation. Folkemødet made all the difference by attracting all those people. And by making sure they have a positive experience; they also leave with the positive story of Bornholm to spread. This makes them want to come back and also encourages others to visit."

For the past five years, business trips and inspiration visits from people who especially want to hear about green energy, regional development, the People's Meeting and Bornholm's food production has increased significantly (CRT, 2017). All of this adds to the story of Bornholm that can be told at new places. By communicating in this way, the island has been able to introduce itself to new groups of people. The goal was to make people outside of the Island aware of its uniqueness and show that something progressive, new, innovative and exciting was happening here. The hope, however, is not only to promote Bornholm as an attractive place to visit, but also to live and work. This is confirmed through the number of jobs on the

island, something that was showing an increase again from 2015, after several years of decline.¹⁹

An attractive place for business development

Most of our interviewees expressed realistic optimism about the prospects of attracting new business to Bornholm. As described earlier, the focus has been more on existing businesses and the sectors that have done well in the past. Bornholm's business development strategy focuses on four strategic business areas. That is, developing Bornholm as a commercial island, an educational island, as a green test-island and as an experimental island. Developing synergies between these topics has been used as a way to boost the local economy by aiming to increase value and create more jobs. A significant part of this strategy has involved cooperation between different actors. Already closer links and more cooperative relationships have been made between local businesses and vocational schools on the island. It is also on the municipal council's agenda in the coming years to establish cooperation with universities, focusing more on the R&D environment (interviews and Bornholms Vækstforum/Growth Forum, 2014).

Not everyone is wholly positive, however. *"Although we would benefit from having more traditional industry businesses, our remoteness is impractical for reasons of logistics and transport. I'm therefore not so optimistic that much will change in that field in the coming years,"* says interviewee Erik, who moved to Bornholm with his wife and two sons a few years ago. He adds that change in this area is necessary for the survival of the island, since not everyone can be innovative, start their own company or work within the creative sectors. What Erik addresses here is something that authorities on Bornholm recognise but have not been able to react to successfully yet. It is a fundamental challenge for Bornholm to become attractive for larger companies. Since this has proved difficult, the smaller businesses on the island have worked together and been helped by the public sector. This has been viewed as a means to make the smaller companies larger and maybe even compete with similar sectors outside the municipality. Being more efficient through competing in larger markets is considered helpful in competing for more qualified employees to the local com-

19 Data underpinning the shift-share job analysis, 2008–2016.



Machinery industries are an important part of the economy on Bornholm. Jensen is a leading company in that sector. Photo: Ágúst Bogason

panies, thus attracting more skilled labour. A few sectors which have already been established and have parallel interests have therefore been targeted for further business development on Bornholm.

Agriculture and gourmet bornholm

The development of the regional food culture on Bornholm in the past few years has turned the focus to quality and cleanness, and has also turned food production into a craft as per contemporary trends. Bornholm has succeeded well in this task in a variety of ways. 'The Bornholm brand' is now mainly associated with organic food, sustainability, purity and quality. Traditionally, the island is known for pig farming and dairy products which, for a long time, have been exported to the rest of Denmark. These farms are relatively small compared to the rest of the country, which has made external influences and globalisation challenges for the farmers.

Although more traditional agriculture is still important on Bornholm, a large proportion of the sector chose to develop in a different direction to most of the mainland agricultural industry. Instead of monoculture, larger farms and mass production, which do not provide that many jobs, attention was switched to small-scale ecological food production within the gourmet area. This development has both created more jobs and generated more valuable products. In this way, Bornholm has made good use of the new trends and tendencies in the industry to develop quality products. The municipality has supported these small-scale food producers by buying their products and serving

them in their offices, schools, nursing homes, hospital, and so on.

In this way a cluster of actors involved in the food production industry has developed on Bornholm. The cluster has now become formalised, so that the different skills of the stakeholders –agriculture, the gourmet producers and the municipality – have been brought together to create further innovation, development and growth in the industry. Although there is no direct link, the food production and gourmet areas have had positive effects on tourism on Bornholm, which has been one of the most important sources of income for the island for quite some time.



Traditional agriculture still plays a vital role for the regional economy on Bornholm. At the same time, many have moved away from large-scale production, instead focusing on quality organic products that create more jobs and are more valuable on the market. Photo: Ágúst Bogason

Tourism

A similar method has been used in the tourism industry, where the focus has been put not on mass tourism but rather on sustainability through marketing unique experiences that revolve around local food, nature and outdoor activities. Bornholm, as with many other rural regions, sees tourism as a vital industry for the future. By attracting more tourists, and preferably making the season longer, the island authorities and industry stakeholders think it will generate more income and boost the whole of the regional economy. They argue that tourists can impact on and boost sectors not di-

rectly involved with tourism itself because visitors consume a wide variety of local goods and services. The overall feeling of interviewees was that the impact of this on the regional economy of the island was very positive, due to the close relationship tourism has with, for instance, food production, restaurants, museums, shops and arts and crafts. Some interviewees also point out, however, that the tourism arena is one with much more potential for the island than has been realised so far.

A further increase in tourism is seen as vital in order for the other sectors to be able to flourish more fully. Much of the effort of Bornholm has therefore been towards creating a good environment for the sectors that are already performing well, providing potential for the sectors that support and work in parallel with them. Formal tourism plans made by the municipality aim for a 10% increase in revenue from the industry in 2020, compared to 2015 (interviews and policy documents). Our interviewees were in agreement that gradually increasing visitor numbers, but also lengthening the tourism season, is vital for the future. Due to extreme seasonal differences in the industry, employment on Bornholm is at its highest during the summer. Innovative thinking and the development of activities outside tourism during the high season, including more options for outdoor sports, the arts, cultural events and other quality experiences, are therefore being targeted to attract a greater variety of visitors throughout other seasons of the year (interviews and Bornholms Vækstforum/Growth Forum, 2014). For this reason, tourism is a key component in the regional economy and one to which many expectations for the future are tied. However, due to the short season and external competition, other areas have also been targeted for the development of sustainable economic activities.

The jobs of the future

At first glance Bornholm has a varied and diversified business profile. There is a strong public sector, with the traditional police service, schools, kindergartens, some secondary schools, vocational schools and even a limited range of higher education offered in cooperation with universities. There is also a comparatively large hospital, considering the size of the island. There are even quite a few jobs in media. The public broadcasting company, DR, supplies both regional television and radio every day. Focussing on Bornholm issues. But taking a

closer look at the job market it becomes apparent that certain sectors are trailing behind or are non-existent in the region.²⁰

"We have the same problem as many other rural regions in the EU, where we are both lacking jobs and lacking labour," says Annie Thomas, Deputy Mayor of Bornholm. She further explains: *"There are jobs that we don't have and can't offer, while at the same time we are missing people to fill in many positions where we continue to experience high demand."* Bornholm needs carpenters, electricians, nurses, teachers and engineers, and the Deputy Mayor points out these are professions that are in high demand all over Denmark, as in fact they are across most of Europe. *"However, we have to fight extra hard to fill in those positions. On account of our remote position, commuting for work is not as optimal as it is in some other rural parts of the country. The free movement of people is not as much of an asset in our case as in many others. This makes it hard to create and maintain certain job sectors on Bornholm."*

Allan Westh at the Centre for Jobs, Education and Recruitment at Bornholm municipality says that they are preparing for further automatisation of the kind that has already caused many jobs to disappear. He mentions tourism, which will still need human resources, and says that by highlighting 'the Bornholm brand' and making the island more attractive, they are trying to attract the jobs of the future.

Westh continues: *"The jobs that are important for the future are the ones that connect with the digital economy. Our role is to make Bornholm attractive for the people who do these jobs. I'm talking about jobs that build upon an idea, and where the location from which you develop that idea into a product does not matter. Jobs in the digital world can be done in Copenhagen, Hong Kong or Bornholm. That is why we want to tell a certain story about Bornholm that makes it attractive to be associated with. This is about welcoming people who want to live and work in a sustainable society. In many instances associating a product to this story can help with marketing it, since Bornholm's image is mainly connected to cleanness, quality and creativity."*

Jobs which are made possible because of the growing digital economy are therefore seen as a

²⁰ See Figure V.4.2 for the data and shift-share job analysis, 2008–2016.

valuable source for future employment on Bornholm, especially for the more highly educated – while the tourism sector also needs to grow, because it relies on both specialised and untrained labour.

Entrepreneurship and innovation

One reason for establishing and focusing on training in entrepreneurship at all levels of the education system is the belief that the Nordic countries need more entrepreneurs and innovative employees in order to create more jobs, encourage new business ventures, and enhance productivity, all of which are particularly urgent for outlying geographical regions (NCM, 2017).

Today, the Nordic countries are experiencing a variety of socio-economic challenges, and the outlying geographical areas are especially marked by problems such as the lack of educational opportunities, along with labour market limitations, depopulation and economic stagnation. Bornholm, as with many other rural areas in the Nordic countries, is facing this problem in a range of ways mentioned above. The loss and lack of highly skilled labour, whereby young people with higher career ambitions leave the area due to a job shortage in their chosen sectors. People moving to urban areas with more diverse job opportunities. These are common problems that Bornholm knows all too well.

In an effort to go on minimising the effects of these difficulties, several local initiatives have been created to support new entrepreneurs. For example, Business Centre Bornholm, in cooperation with Campus Bornholm, has provided education about entrepreneurship for students, and 588.dk is an initiative partially funded through the EU Social Fund. It offers reasonably-priced office space facilities, business guidance and networking opportunities for new entrepreneurs. Meanwhile, *Bornholms Landbrug* offers consultancy services to entrepreneurs within the food and agriculture sectors. Speaking to Sören Fimmer Jensen, project leader at 588.dk, who has helped many different entrepreneurs in development, he confirms that 'the Bornholm brand' increasingly matters when starting something new and innovative; something that is located on the island but marketed internationally. *"For many ideas, location does not matter for the product development itself. It is rather how the product is perceived and marketed. In that respect, in many ways Bornholm can be seen to enjoy an advantage."*

There have been many indicators of increased

entrepreneurship and innovation on Bornholm in recent years. This is evidenced both by the feelings of local people spoken to during the fieldwork there, and additionally by the numbers of new companies and webpages registered in the region. Many of our interviewees also revealed that although independent workers, freelancers and entrepreneurs are considered important for the future of the job market on Bornholm, there are also concerns that this does not create too many jobs other than for those who develop them. *"Quite a few people have started companies here in recent years who not focused on growing and employing many others. Often, they are quite happy working by themselves and having their own projects. They are not so keen on being responsible for a larger company. While we are glad for their presence and activity, we are also aware that not everyone can be their own employer, so to speak,"* says Fredrik Romberg at the Bornholm Business Centre.

Quality of life

Overall, the monthly income level on Bornholm is around 20% lower than the average in Denmark, and the education level is among the lowest in the country (NCM, 2017). These factors impact on the number of people attracted to live in the municipality, according to our interviewees. However, they also point out that publicly funded jobs, regular rates and charges for business are all comparable. The cost of living on Bornholm is also often much cheaper than in mainland Denmark, especially when housing prices are compared with the larger urban areas. This is something Bornholm has emphasised when seeking to attract new people to the island. On top of that, people gain time and save money on transport costs, since the distances they need to travel are much shorter (BCB, 2019).

Speaking to some of the younger families on the island – including those who have always lived there, those who are newcomers, and those who have moved away and come back – all were in agreement that time and space were attractive factors in choosing to live on Bornholm. Time in the form of shorter distances to work, school, day care, recreation etc., and space in the form of being able to obtain larger houses or apartments for much less money than in other places. This also seems to have attracted a certain kind of newcomer to Bornholm – those who have lived and worked in an urban environment and who have an idea for



A cardboard cut-out of Rune Holm is part of meets and greets at the airport in Rønne. The real Rune Holm is a full-time consultant for newcomers. He helps newcomers settle in any way possible, and even travels to other places in order to promote Bornholm as a good place to live and work. Photo: Ágúst Bogason

a new business venture. They see moving to Bornholm as a way of turning that idea into reality.

"If one person gets a steady job that usually provides enough income for a family to live a decent life, since the housing prices are much lower than in Copenhagen or Århus," says Fredrik Romberg. He continues: "That leaves the spouse free to spend more time with the family, or on developing their own business idea. Our environment gives them the chance to do their own thing, to make their dreams come true."

Looking over the fence and speaking to some of the younger families on Bornholm, it seems that this is indeed the case in a number of instances. One partner gets a steady job that provides steady income, while the other can pursue an interest, whether that is freelance work done digitally on a global market, making art or brewing beer. Bornholm even has a full time 'recruitment agent' or counsellor, helping people to get settled in and providing assistance in finding a job, housing, day-care, schools, contacts for starting a small business, and so on. The website www.naestestopbornholm.dk (Next Stop Bornholm) is entirely devoted to newcomers. The newcomer consultant even travels to other regions in Denmark, promoting Bornholm as an attractive place to live. Through the strategic vision of 'Et godt og aktivt liv for alle' (A good and active life for all),

the island is promoted as a safe place to live, as easy going, with good welfare provision. There are different work options alongside a varied leisure life, a good health service and quality municipal services (Bornholms Regionskommune, 2012). In view of the answers provided by our interviewees on Bornholm, the island clearly has many things to offer beyond the job opportunities that will naturally attract people.

Education

Educational opportunities on Bornholm are limited, but there is a wide range of vocational options on offer, along with a small number of higher education possibilities. Since there is a shortage of skilled labour in many sectors where there is a demand for more qualified people, one strategy for growth and development on the island is based on enhancing management and employee skills through targeted courses. These initiatives have been aimed at Bornholm companies with growth potential, and have the purpose of improving competitiveness – especially in relation to increasing innovation and exports (BCB, 2019). Other policies, like 'Uddannelse til alle/Education for All', aim to motivate young people on the island to find work. The project goal is to increase the overall number of young people that finish secondary school before entering the job market, and that at least 60% of those who finish secondary school will then continue to get a higher education. The target audience is mainly young students, but also adults who are both employed and unemployed (UTA Bornholm, 2012).

The size and composition of the Bornholm workforce is also seen as dependent upon education and up the correct training of the workforce. It is a challenge when companies need to ensure access to the right skills, but then discover they are hard to find. As a result, closer interdisciplinary cooperation has been promoted by supporting the development of a business-oriented focus on competence, and through a better framework for coordinated enterprise-oriented efforts. In this way, the public actors and schools, along with businesses, have tried to work together more successfully in order to provide the job market with more competent employees.

On Campus Bornholm – the newly opened education centre that houses both the high school, vocational education and those forms of secondary education which are currently available – the

directors acknowledge that the needs of the current job market on Bornholm do not necessarily go hand-in-hand with the ambitions of students (interviews). A large number of students than at present would need to focus on vocational training in order better to meet the requirements of the job market. Efforts have been made, and are still being made, to introduce students to potential future jobs. However, another problem for Bornholm is the relatively small proportion of young people on the island. So, for the last few years, student numbers have been falling (Bornholms Regionsskommune, 2018).

Speaking to high school and vocational school students on Bornholm provides a clear illustration of one of the island's principal obstacles. Most of the students described their lives as safe and fun, they had a seemingly wide range of possibilities for fulfilling activity, and they liked living on Bornholm despite the lack of certain recreational opportunities present in larger urban settings. Nonetheless, each focus group of students we spoke with was planning on moving away from the island when they had finished their studies.

"I'm a Bornholmer from many generations back, but I will be going to Copenhagen or Århus to study when I finish high school. I have to if I am to become an engineer," said one student from campus at Bornholm's high school. *"But I will always come back here to work,"* he adds. When asked if he thinks he will find a lucrative job in line with his level of education, he replies that he has certain aims and ideas that he is confident will land him a fitting position on Bornholm when his studies are finished. Overall, the students spoke positively of their home region, and although everyone was planning on going away to study, many remained positive about moving back. *"That said, if you meet someone when you are away, you might have a hard time convincing them to come along with you. But my plan is to move back after going to university and gaining some experience in the work market somewhere else,"* said another student, also in the last year of high school.

While some of the people we spoke to on Bornholm seek improved higher educational opportunities on the island, others point out that this would not necessarily mean more specialised jobs. More educational options might, in that sense, only lead to Bornholm educating people further, only for them still to move away in order to find better jobs. Others also mention that moving away for educa-

tion provides the kind of valuable experience that can prove useful when moving back to the island. The challenge, however, is to convince people of the benefits of the place, and to provide an attractive environment, so that they seriously consider moving back.

Sports and culture

The municipality seems to be placing increasing emphasis on young people, and improving their sense of Bornholm as a good place to live and grow up. Three municipal workers mentioned the fact that if young people did not have fond memories of Bornholm, then the likelihood of them wanting to live there as adults, and to raise their own families on the island, was not particularly high. Over the last decade, the municipality has, therefore, prioritised providing more activities for the younger generations.

A part of focusing more on outdoor activities (like new bike paths all over the island, turning old harbours into swimming facilities, building a skate park, and specifying sites for rock climbing) has not only been to attract tourists, but also to encourage younger locals. This was seen by our focus group of youngsters as a positive thing, adding to the more traditional sports which are already available on the island.

"The sports teams have made an incredibly valuable contribution in providing more activities, as well as increasing available places for recreation activities. This is more or less voluntary work, and we have limited funds to distribute. But it has made a huge difference in making Bornholm more attractive for the younger people," says Louise Lyng Bojesen at the Department for Nature, Environment and Leisure. There is also a school of culture on Bornholm, offering education in music, theatre, arts and literature. The island has a rich tradition of ceramics and other artforms. These are also available for younger people who are interested. Rønne Theatre, one of Denmark's oldest, has been a vital establishment for the promotion of culture life, and it also offers courses for younger people interested in acting.

As mentioned earlier in this case study, all education after elementary school is now housed under one roof in the new Campus Bornholm building in Rønne, which some students found a good thing, while others said they missed being part of a smaller group and identifying as such. The new campus was only opened in the autumn

of 2018. That was a matter of weeks before we met up with the students for interviews and focus groups, so that perception might change as time goes by. The hope is that the new campus will at least create more of a unified student identity, and that it will contribute to further interdisciplinary cooperation. It has also been seen as positive for encouraging interaction among young people, regardless of their studies. The new campus can serve as a meeting place and lead to more diverse pursuits outside formal school hours. Additionally, the panel of young people agreed that there were plenty of things for them to do for recreation on Bornholm. They mentioned sports clubs, the music school and other art courses. Their main issue was perhaps a lack of places to meet outside school during the winter months.

Different demands in housing

Another attractive feature of Bornholm is the fact that housing there is cheaper than in many areas in mainland Denmark, and considerably less expensive than in the most urban areas. Although housing prices are similar in many of the more rural areas of Denmark, most more accessible than Bornholm, the relatively low cost of housing is seen by the Bornholm authorities as a way to get more younger people to move to the island. Housing in the larger cities is simply becoming too expensive for ordinary people and Bornholm is one of the regions trying to use this development to attract newcomers. The official policy of the island is to increase the population back to 42,000 within the next decade. Although that is the number of Bornholm's population less than a decade ago, the current housing situation is not considered capable of handle such an increase. Demographic developments and changes in family structure over the past few years has caused housing policies to change. Now there are fewer families with children on Bornholm, more homes that share custody of children, more single people and more older people.

Around one thousand new apartments are planned over the coming years along with 200 new family houses. These apartments are to meet the need for different types of housing provision. There are few smaller apartments for students, personnel within the armed forces and other single people on Bornholm at present, and since those groups are growing across the island, new homes will need to fill the gap. These will also have to comply with expectations for a higher standard

of living and with construction standards that say new buildings must fit the character of the current setting – with the focus particularly on architecture, the environment and energy considerations. This is also in line with the municipal vision of Bornholm as a green and sustainable island, and is an important factor in preserving the identity and visual attractiveness of the location (Bornholms Regionskommune, 2019).

Another factor affecting the housing situation on Bornholm is the fact that a substantial share of houses on the island are owned by 'part-time Bornholmers' who use them only as holiday homes. Some of them are Bornholmers who now live in other regions, while it has also become increasingly popular for financially well-off Danes to own a property on the island. This affects the overall housing situation and if the trend continues, it might do so even more in the future, causing housing prices to keep rising.

Safety and societal security

Another aspect that many mention when asked about the attractiveness of Bornholm is the feeling of safety it provides. A small community that has next to no crime is considered a draw, along with the fact that all public services are personal in quality and almost without waiting times. *"Although we have had to close down some elementary schools and kindergartens in recent years, both to save money and because of how few children there are on Bornholm compared to a few years ago, the service is excellent and there are no waiting lists,"* confirms Allan Westh, a director at the municipality office. He adds that because of the relatively small population, the provision of services has more of the personal dimension that people value. Fredik Romberg at the Bornholm Centre for Business goes even further, commenting drily: *"If you have an issue, you can book a time with the mayor and then take your bike to go and see her."*

Bornholm also has a large hospital considering its size, and it is part of the Copenhagen Health Region. This guarantees essential patient treatment. Unlike many other regions in Denmark, there is no waiting for healthcare appointments. Although it is sometimes difficult to recruit the right healthcare workers permanently on Bornholm, being linked to Copenhagen Health Region provides security, since staff can be appointed to Bornholm from other regions when needed. Equally, when it is not possible to perform required operations on Bornholm,

patients can be flown by helicopter to Copenhagen, where they will receive exactly what they need.

There is a common feeling among those we spoke to on Bornholm that people are willing to help each other out in whatever way they can, and that a small society is often more welcoming to newcomers. This was confirmed by those we spoke to who had moved to the island without any pre-existing social networks. Many of them spoke fondly of how they were both welcomed and helped to adapt to their new home by neighbours and work colleagues. *"I made friends in a few weeks. People were really helpful and willing to invite my family to social events when we moved over,"* one of our interviewees who moved to Bornholm a few years ago said. They added: *"I thought it would be harder and that I would feel more isolated here. Sometimes I do, but then it is just a short flight to Copenhagen if I need to see my family there, so this has proved to be no problem at all."*

When considering transport on Bornholm, people seem to be generally satisfied with the current arrangements. The island itself is very small, so getting around there by bus is quite easy, although most people still travel by car. Many mention this as one of the attractive aspects of the region: time spent commuting is very limited, which leaves more time available for family and hobbies. In recent years transport to and from the island has also got a lot better, especially when the new

fast ferries were introduced from Ystad, in Sweden, to Bornholm. Their arrival has made travelling by a personal vehicle to mainland Sweden, and from there to Copenhagen and the rest of Denmark, much easier. There are numerous flights to and from Copenhagen every day as well, and the trip only takes about 25 minutes. However, many complain that spontaneous and regular trips can be quite expensive. But most of the people we spoke to say that the situation regarding transport to and from the island is far better than it was a few years ago.

Opportunities for the future

When asked to consider further opportunities for the future of Bornholm, many of our interviewees mentioned the tourism industry as a starting point. Making tourism more of a year-round activity was emphasised by one interviewee, who talked of looking more closely into better developed services designed for tourists, pointing out that visitor surveys suggest that tourists are less than happy with the shopping opportunities on the island. Focusing more on cooperation between food producers, artists, cloth makers, store owners and others could be a valuable step towards making the experience of visitors even better. It would also benefit local residents and businesses.

Attracting people for the 'jobs of the future', as some call them, was also identified by quite a few

Rønne harbour is being developed so that it can accommodate more and larger vessels in the future. This will provide Bornholm with various new opportunities, due to its strategic position as a centre for transport in the Baltic Sea. Photo: Ágúst Bogason



of our interviewees. This means jobs where location does not matter, such as digital jobs, and ones that are creative and innovative. As mentioned above, this is already being done to an extent. But many considered that more attention needs to be devoted to this sector. There seems to be a tradition and culture of independent and innovative micro-businesses on Bornholm. In that sense, it could be considered one of the particular identities and specialities of the region – something which could perhaps be used to further advantage.

Considerable investment is due to be made in the harbour in Rønne in the coming years. This could potentially revolutionise the transport possibilities for Bornholm and make its strategic position even better. When finished, Rønne harbour will be able to welcome much larger vessels than it can today, which will provide better opportunities for becoming an even more vital hub for international shipping in the Barents. Some consider this a key improvement for the future, because it is directly connected to possibilities in relation to the Arkona wind farm in the Baltic, between Germany's Isle of Rügen and Bornholm. The wind farm was officially opened in April 2019 and has now been generating electricity for many months. Bornholmers are of course very positive about the expansion of this project, since their island is strategically well located for all kinds of services related to sea-borne wind farms. What is called Germany's Energiewende is a transition policy regarding energy production. It involves the gradual increasing of renewable energy sources. It is a large-scale project and a major investment, even for a big economy like that of Germany. The project therefore provides Bornholm with all kinds of possibilities for future development.

Conclusions

Although Bornholm has not been able to turn its demographic development from negative to positive, rapidly decreasing population numbers have now been arrested and stabilised. This is, in fact, a general trend for the rural areas of Denmark. But in Bornholm's case, that decrease has been among the most notable in the country as a whole during the first part of the decade. A gradual increase in population is therefore a realistic goal for the coming years. Providing an attractive environment to live in is naturally considered important for this to be possible on the island. Bornholm's remoteness makes commuting back and forth to

work less easy than it is in many other rural areas. Therefore attractive jobs need to be available on the island itself. Diversifying the labour market is another key issue for the future and linked to this.

In the past few years, Bornholm has done a remarkable job in turning its negative factors and negative press profile around, as well as creating a brand that is associated with sustainability, cleanliness and quality. This has in part been achieved by focusing on the visual attractiveness of the island, as well as thinking about how to be properly sustainable.

Louise Lyng Boiesen, who works on attractiveness for the municipality, nicely summed up how Bornholm views sustainability as attractiveness, and how important Bornholmers considered these aspects for the future development of their island. *"We consider it important to face the fact that nobody but ourselves is going to turn Bornholm's development around. Bornholmers themselves hold the key to Bornholm's future,"* she said, adding that visual appearance and identity is important when considering the overall attractiveness of a community. *"By having attractive and traditional houses present in our towns, lively culture life, things happening in the harbours, quality food and restaurants, interesting stores and art galleries – along with our unique natural environment on Bornholm – we have something really attractive to offer."*

The interviewees were hesitant in naming just one or two factors which could specifically be thanked for halting the negative spiral Bornholm's demographic development had previously been in. Instead, most of them considered the change to be reward for many years of effort whereby a succession of smaller changes have complemented one another and have together created a feeling of something happening, of innovative, new and sustainable thinking – which is considered by many to be attractive. This has been complemented by a more stable economic environment across the whole country, following the downswing in late 2008. All in all, Bornholm has therefore become a more attractive place to live and work.

Inherent attractiveness does not make a difference if there are no effective ways of presenting Bornholm to the rest of the world, however. Things like the Bright Green Island concept and the *Folkemødet* have served as great promoters for all the things that make Bornholm positive in the eyes of onlookers. This has contributed to the high level of media attention Bornholm has received. In this

way the island has introduced itself as an attractive place not only to visit, but also to live and work. Many opportunities lacking in other places are notably present on Bornholm. The goal has been to make people outside the Island aware of its uniqueness and to show that something progressive, new, innovative and exciting has been happening. In this overall task, Bornholm has succeeded.

Today, ten years after introducing the 'Bright Green Island' concept and leaving the effects of the 2008 economic crisis behind, Bornholm seems to at least have found some balance in its demographic development. Hopes are now high that the efforts of the past years in promoting the island are starting to pay off, and that the goal of reaching a population of 42,000 before 2025 can be realised. Some indicators also show that Bornholm has, in part, succeeded in attracting younger people to the island, often bringing their jobs with them or creating new ones. Consultancy jobs have steadily been increasing in numbers over the past few years, accompanying a significant rise in the registration of new companies and webpages. These are indicators of entrepreneurship and innovation.

Certain interviewees, working independently in the more creative and innovative industries, acknowledged that being associated with Bornholm was helpful in marketing their products and selling their work. Public funds have been devoted towards start-ups and innovative projects in recent years, in an effort to further shape an attractive environment to live, work and create new possibilities in. In some sectors "being from Bornholm" certainly seems to be helpful. Organizing support and investing in these new ideas, along with focusing on existing strengths and knowledge, now seem to be altering the way people outside the island perceive Bornholm. At the same time, this seems to be improving Bornholmers' own self-image. Many of them expressed a new-found optimism about the future; something that appeared non-existent only a few years ago.

Many factors therefore indicate that the migration into Bornholm in recent years is partly driven by features other than seeking a lucrative job. This supports the notion that migration can be both demand and supply driven.

Table V.4.1. Attractiveness on Bornholm and obstacles or challenges to overcome

Good practice and reasons underlying attractiveness	Obstacles and challenges
<p>Access to public services No queues for child day care or minor health services.</p> <p>Culture, sport, recreation Many amenities, including sports, history, culture and a unique character in a Danish perspective. Well preserved image; round churches and traditional houses kept in good shape, creating a strong, visually attractive identity. Closeness to nature and diverse outdoor activities.</p> <p>Education Guaranteed training positions for vocational education.</p> <p>Entrepreneurship culture Culture of entrepreneurship and cooperation among local companies. 'Bornholm Brand' valuable for food production and creative entrepreneurship. Green focus very much in tune with the goals for business development put forward by the new government: "Green transition is not a burden to business but a gift". Inexpensive commercial premises for start-ups and entrepreneurs.</p> <p>Housing Space = cheaper houses than in mainland Denmark. Infrastructure and transport Distances shortened = Transport between Copenhagen and Ystad in Sweden is now far more regular and better overall. During the summer, ferries operate to Poland and Germany.</p> <p>Location Distinctive: Bornholm is one municipality – no need to collaborate with other municipalities about, for instance, usage of the coastline</p> <p>Quality of life and local community A safe place to live, next to no crime, attractive physical environment. Cleanness, sustainable development and ecological lifestyles are all widely embraced. Time and distance = easy to get everywhere, both to reach jobs and recreation/amenities. Being an island (and one municipality) creates a common identity, helps to promote the region and makes it easier to turn policies into practice. Also creates a tradition for all daily activities to be on the island (shopping, working, leisure, etc.) <i>Folkemødet</i> (the People's Meeting) has made the rest of Denmark aware of Bornholm and put the focus on the island for at least one week every summer.</p>	<p>Access to public services In some instances, children go to elementary school or kindergarten outside their own town. Many have closed in recent years, due to fewer children on Bornholm. While there can be shortage of labour in health services, Bornholm is part of the Copenhagen Health Region, guaranteeing essential patient treatment and staff when needed.</p> <p>Education Limited availability of higher education.</p> <p>Employment and Jobs Lack of job opportunities in R&D and for certain sectors of skilled labour and more highly educated people. Shortage of skilled labour within other sectors, e.g. carpenters, electricians, social workers, teachers.</p> <p>Housing Although there is no lack of houses, Bornholm lacks 'the right houses', mainly smaller apartments, to meet today's needs; there is a certain mismatch between present demand and the quality and type of housing available.</p> <p>Infrastructure and transport Regular trips, and those planned with short notice, can be expensive.</p>

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Photo: Ingunn Bráinsdóttir

V.5. FLJÓTSDALSHÉRAÐ IN ICELAND: Good services and leisure activities primary factors for attractiveness

By Hjördis Rut Sigurjonsdóttir, 2018/2019

Introduction

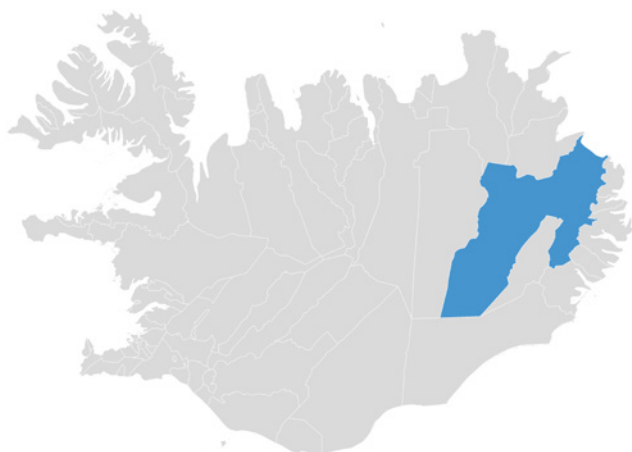
Why are some municipalities better than others at deploying their resources, attracting people and creating jobs? This was the key question studied in this analysis of the attractiveness of 14 rural municipalities in the Nordic Region.

The 14 areas selected are all defined as attractive in the sense that their populations and the number of people in work have increased in recent years. The nature of the boost to employment in some sectors has been identified by means of shift-share analyses to determine how much of the change is attributable to specifically local factors.

Interviews then probed key stakeholders about motivation, working conditions, job creation and living conditions. These interviews were with public sector representatives (e.g. mayors and heads of planning and development), business representatives and entrepreneurs, high school students and people from the education sector, as well as families. Combined with analyses of other data and information, the interviews helped us to understand why some places do better than others.

Fljótshádalshérað is located far from the capital city of Reykjavík (636 km), and from the urban areas in the south west corner of Iceland, where two-thirds of the nation lives. It certainly counts as the countryside. The rural areas in the Nordic countries have been threatened by urbanisation in recent decades, to the extent that not even a moderate population increase can be taken for granted. Population data the last 25 years, presented in the municipal housing policy, demonstrates that population growth has been positive, at around 27.4% (Fljótshádalshérað, April 2018, see Figure 1, next page). Statistics for 2017 and 2018 demonstrate a further increase, of almost 3% (Hagstofa Íslands, n.d.). In 2018, the gender distribution was healthy, while gender split is more evident in the seaside towns in the Austurland region (Viaplan. is, January 2016), with around 51% men and 49% women (Austurbrú, 2018).

Fljótshádalshérað covers a large part of the Austurland region and is the largest municipality in Iceland by area at 8,884 km² (Austurbrú, 2018) and with a population of 3,547 in 2018 (Hagstofa,



n.d.). Fljótshérað was formed in 2004 when Austur-Hérað, Fellahreppur and Norður-Hérað merged into a single municipality. A service centre developed in the town of Egilsstaðir, established in 1947, which was deemed a good location on the crossroads at the middle of the region. One of four airports in Iceland large enough for international flights is located in Egilsstaðir and serves as an alternative to Keflavík Airport, when another airport facility is needed as a result of bad weather or other adverse circumstances.

Demographic development

The largest segments of the population live in Egilsstaðir (2,464) and Fellabær (395) (Hagstofa, n.d.) on the opposite sides of the main bridge over the Lagarfljót river.

Fljótshérað's population increased by 27% over a 25-year period from 1993 to 2018. This was 1.08% on average per year, which is slightly under the national average of 1.14%. This development has not been in line with that in other urban sites in East Iceland, as seen in table 1 below (Fljótshérað, April 2018).

Labour market, employment and business development

The labour market

The total population of the region of Austurland is around 10,300, and despite being a sparsely populated area the economy is lively and relatively varied (Austurbrú, 2018). Economic activities are based on public services, contractors, the airport, power plants, and the aluminium smelter in the neighbouring municipality of Fjarðarbyggð. This variety in Fljótshérað has offset the fluctuation in economic activities that has been experienced in the seaside towns and villages of the region (Fljótshérað, April 2018). Both population development and economic activities have reached a balance, as Figure 2 shows, following periods of rapid economic growth around the large-scale construction of hydropower plants and the building of the aluminium smelter in Fjarðarbyggð, from 2002 to late 2007. Unemployment has been below the national average (which is generally low in any case) since 2003, and it was just above 1% in 2018 (Fljótshérað, April 2018).

Table 1. Population in East Iceland

	1. January 2018	1. December 1993	Change	%
Seyðisfjörður	676	878	-202	-23.01
Fjarðabyggð	4777	4662	115	2.47
Fljótshérað	3547	2792	755	27.04
Vopnafjarðarhreppur	655	886	-231	-26.07
Fljótshreppur	76	117	-41	-35.04
Borgarfjarðarhreppur	108	189	-81	-42.86
Breiðdalshreppur	185	332	-147	-44.28
Djúpavogshreppur	461	591	-130	-22
	10.485	10.447	38	0.36

Figure 1. Data on population in Fljótshérað's housing policy, published in April 2018, shows the population change in comparison with other municipalities in East Iceland.

Fljótsdalshérað population development

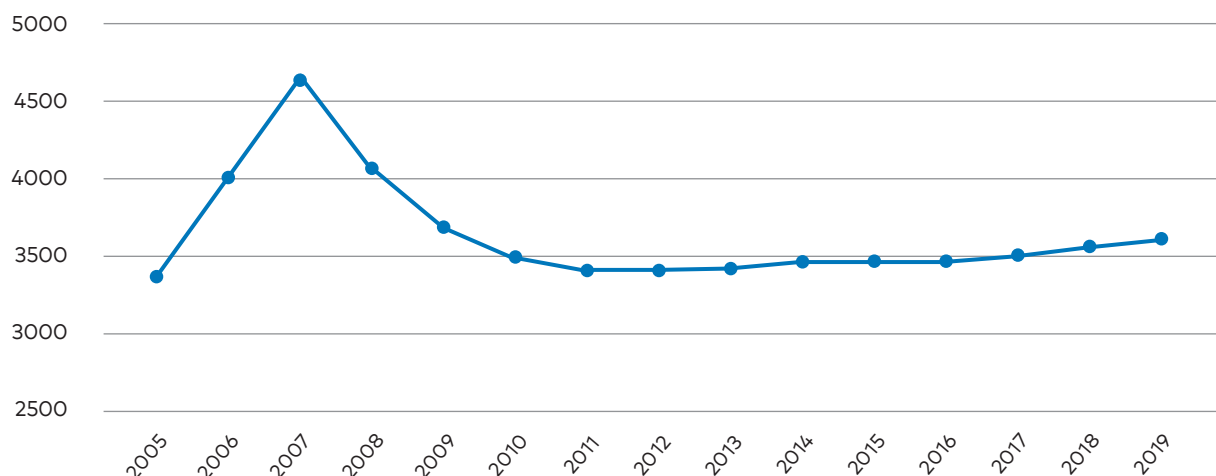


Figure 2. Population in Fljótsdalshérað has reached a balance, after a major influx of people following the large-scale construction project that came to an end in 2007.

Development data for the number of jobs at local level is not collated in Iceland.²¹ The labour market trend has to be discerned from income, divided by industries and regions. This shows that total income decreased in East Iceland from 2008 to 2017. That trend can be attributed to recession in the first years of the period – that is to the economic crisis, and to the fact that large-scale construction of both the power plant and the aluminium smelter came to an end. Differential income in the region has increased since 2011, and when looking at the northern part of the region, which includes Fljótsdalshérað, the largest growth was in sectors related to industry, public administration and education (Byggðastofnun, 2018).

Education

Although the labour market is comparatively diverse, given that this is a very rural part of Iceland, this case study sheds light on the rather limited opportunities that exist for people with a university education. These concerns are confirmed in the current action plan for the region, together with worries about the shortage of trained staff in the industrial and technology sector (Sóknaráætlun Austurlands 2015-2019). The opening of the aluminium smelter in Fjarðarbyggð has increased employment opportunities in industrial jobs in East Iceland (Nordregio, n.d.). But while the labour market for business in East Iceland relies heav-

ily on people with technical and vocational skills, there is a shortage of those with the required level of education, and it is difficult to get Icelanders to work in these professions (Halldórsdóttir, 14th February 2019).

Looking at the interviews it seems that employment opportunities were perceived as somewhat more limited for women than for men. Data from the Icelandic Regional Development institute (2018) demonstrates an unequal status for men and women in the region, in terms of employment income. Although that statistic does not take factors such as participation rates into account, it still shows that women in the region have the lowest share of total employment salaries in all of Iceland compared with men, just under 35% (Icelandic Regional Development Institute, 2018). When looking at average salaries, women's average salaries were 70% of men's in 2015 (Austurbrú, 2018).

Tourism as an important factor for development

Tourism is seen as one of the future pillars for communities in East Iceland, as Jóna Arný Þórðardóttir, the Managing Director for Austurbrú (East Iceland Bridge), expresses it in a Destination Management Plan for the region. This plan aims to increase income from tourism by attracting visitors who want authentic and tangible experiences in an unspoilt natural environment (Destination Austurland, 2018).

Tourism is growing in East Iceland, even though this growth has not been to the same extent as in

²¹ See the appendix for statistics for the number of jobs in Iceland 2008–2016.

the south west part of the country and remains highly seasonal. According to the Icelandic Tourist Board, the average uptake of accommodation in East Iceland in May 2018, as Figure 3 shows, was lower than in all the other regions (36.6 %, for comparison). The highest uptake was in the Suðurnes region (74.2%), where the international airport is located (The Icelandic Tourist Board, May 2019). Looking at statistics from August last year (2018), we can see how seasonal tourism is in East Iceland, where the uptake of accommodation was much higher than in May (73.4%, as Figure 4 shows, The Icelandic Tourist Board, 2018). Yet it is still the lowest in Iceland. However, tourism has nevertheless become a significant contributor to the local economy and is now one of the primary industries capable of providing numerous jobs in the area (Destination Austurland, 2018). A new spa destination, 'Vök', is opening in the summer of 2019. This is somewhere where guests can take a bath in hot, drinkable water that streams from hot springs deep under Lake Urriðavatn (Vök baths, n.d.). The appealing concept and design are expected to enhance other activities close to Egilsstaðir, and to attract more tourists to East Iceland.

Mai 2018

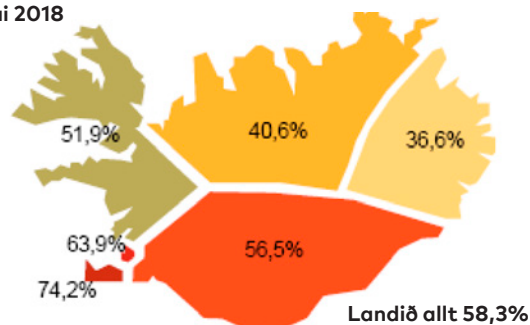


Figure 3. Uptake of accommodation in May 2018.

Ágúst 2018

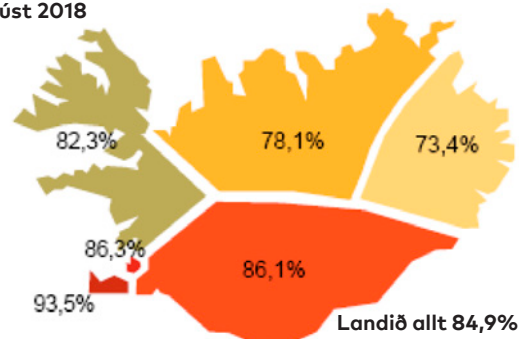


Figure 4. Uptake of accommodation in August 2018.
Source: The Icelandic Tourist Board, 2018



Austri Brugghús, a micro brewery linked with a bar, is one of the new businesses that have coincided with increased tourism in the region. Photo: Hjördís Rut Sigurjonsdóttir

The vision described in the Destination Management Plan is for the region “to develop into a strong and sustainable destination with all-year-round tourism.” (Destination Austurland, 2018, page 8). One of the prime factors in boosting tourism further in the region is establishing direct international flights to Egilsstaðir. Flights are regular between Reykjavík and Egilsstaðir throughout the year and the airport is located between one and one-and-a-half hours from most settlements in the region. Apart from being the alternative airport to Keflavík Airport (when bad weather or adverse conditions apply), international flights only occasionally land there. However, as seen in the statistics on overnight stays, Austurland, the region furthest from the international airport in Keflavík, has the smallest share of tourists and the domestic market is still very important for hotels and guesthouses in the area (Destination Austurland, 2018).

Policies and action supporting attractiveness

In the municipal plan (2009) it is stated: “To live in Fljótshálsa should always be seen as special, with a desirable quality of life, enjoyment of natural beauty, a safe environment, and the ability to participate in building a model society for current and future generations” (translation from infrastructure report Austurbrú, 2018, page 9). The labour market policy from 2008 specifies that it is not a goal in itself to increase the population. However, it is obviously seen as desirable that people and businesses want to settle in the municipality. The policy is under review and according to interviews with the town’s mayor and other officials, it is recognised that a slightly larger population would be good for economic sustainability.

Good services are seen as the main attraction

Despite a larger population being desirable, there are no active measures in place on the part of municipality to attract more people or businesses, aside from focusing on providing good services for the current population and the benefits that accrue from that. This includes focusing on kindergartens, schools, music schools and recreational activities for children and young people. To meet the recent population growth, a new kindergarten is being built. It is planned that this will open in 2020. An extension to the town’s sports hall has been another pressing task: one that had been on

hold for some time, because it was too costly for the municipality to begin construction in the conventional way. To prevent continuous delay, the town’s sports club was given the responsibility of managing the work. This new approach resulted in helpful savings, whereby the sports club’s goodwill meant it could offer both a lower cost and voluntary labour for the construction project.

A free bus runs in Egilsstaðir on weekdays, from 7am to 8pm, so that children can get to different recreational activities after school without their parents having to leave work to shuttle them around. The bus also crosses over to Fellabær, on the other side of the river, where the football field is located. It is estimated that 90% of the passengers are children.

Young people engaging in the region’s development

Maintaining a high level of services is challenging in a municipality with a population of just over 3,500 people. To be able to maintain this level it would be more cost effective if the population reached 5,000, according to the officials at the municipality. There is a low unemployment rate and more working hands are needed to continue development in the area. Young East Iceland (Ungt Austurland) has helped to attract people to the region. This Non-Governmental Organisation (NGO) was established in 2016, and is intended for young people from 18 to 40 years of age who are concerned about the region’s future and development. The aim is to strengthen the young people’s network in the region and to arise awareness among those who have moved away about opportunities and potential in East Iceland. In 2017, the organisation hosted a forum called ‘Að heiman og heim (Home and back) in order to increase the visibility of companies and businesses in the area for those thinking about returning to the region. The response was good. Around 50 companies, schools and entrepreneurs presented their activities, operations and possibilities. Young East Iceland has also taken up a role as an advocate for young people in the area, aiming to get them involved in local development – whether their concerns are politics, elections, transportation or other issues. In 2018, they offered a course on politics to encourage young people to actively take part in local politics and to take a seat on the one of the parties’ lists. The chair of the organisation, Margrét Árnadóttir says that the voice of the young people is both

necessary for the future and appreciated by many in senior positions in the municipality.

Pursuing a lively downtown environment

Tourism has changed the appearance of Egilsstaðir, in the form of the emergence of a variety of restaurants. Now both tourists and residents have four or five restaurants to choose from.

The increased number of tourists has had an impact on society, and highlights the lack of a viable city centre or downtown area in Egilsstaðir. This situation has been under discussion for over a decade now. Before the economic crisis in 2008 there were great plans to build a downtown area, including an 18-metres-wide street, in order to create a lively, thriving atmosphere. A new, modest local plan for the city centre was introduced at a meeting with residents in May 2019 (Fljótshálfraði, 23 May 2019). The goal has been to increase the attractiveness of the area for people and for businesses, by increasing the number of apartments and by making it more densely populated and livelier.

Fljótshálfraði is, together with another Icelandic town, currently involved in the project known as Attractive Nordic Towns and Regions, led by the Norwegian Ministry of Local Government and Modernisation. The purpose of this project is to identify key indicators for attractiveness, and then to develop specific strategies for towns to become more attractive in economically, environmentally and socially sustainable ways (Norwegian Ministry of Local Government and Modernisation 2018).



Downtown Egilsstaðir, mid-January.
Photo: Hjördis Rut Sigurjonsdottir

An attractive place to live: housing, infrastructure and quality of life

Housing and infrastructure

The building of power plants and an aluminium smelter in East Iceland generated a boost for the region. Initially, the construction of houses and apartments in Fljótshálfraði was not in line with demand, leading to oversupply. In October 2009, 218 apartments were empty in central East Iceland (Jóhannesson, March 2010). It took several years to fill the surplus, but all of them have been filled, so now there is a housing shortage. Due to demand and positive economic developments, real estate prices are now in line with construction costs for the first time in a long while (Fljótshálfraði, April 2018).

The housing market situation was an issue raised frequently during the case study. Few apartments are available on the rental market, making it difficult for young people – as well as working migrants – to find housing. Business owners in tourism have resorted to buying houses to provide homes for the employees they need for their businesses. This can influence potential residents who want to try living in the town before committing to buying real estate there. The municipality has assumed the responsibility for ensuring that enough plots are available for housing, as stated in the housing plan. But all construction of houses and apartments is determined by the market. As an incentive, a 50% subsidy is given towards infrastructure costs for those who want to build a house themselves. Rising real estate prices, which are now close to matching construction costs, have increased the prospect of private building initiatives, and some new houses are already under construction as a result.

Airbnb also influences the housing supply in Fljótshálfraði, as in many parts of Iceland, and the effects of this on the rental market are quite severe. In the housing plan (April 2018) it was estimated that around 60 to 70 apartments were being offered for rent on Airbnb. In 2017 a new law was passed to respond to the large number of apartments rented through Airbnb by individuals. Now private accommodation can only be rented for 90 days per year without obtaining a special licence (Sýslumenn.is, n.d.). Some participants in the case study thought that this 90-day period was too long in regions like Austurland, where the tourist season is short and largely confined to the summer, making the operational and development

basis for hotels and guesthouses difficult. Others believe that further restrictions are needed to give businesses in the tourism sector the opportunity to develop and to become a flourishing part of the labour market.

Transport

The region's main challenge is transport, whether it is domestic flights or winter services on roads. Both impact the mobility of locals and tourists. A domestic flight is expensive, and not everyone has the resources to take advantages of one, except occasionally. In a recent report, requested by the Minister of Transport and Local Government, it is proposed that airline tickets for people domiciled in selected rural area should be subsidised by 50% for four trips a year (both ways), with the change taking effect in 2020. The reasoning behind this measure is that it is a way to fulfil governmental policy, which sets out an intention to equalise access for all Icelanders to the public administration, centralised services and culture that is only offered in the capital area. The report also recommends a new fee to for the development of the three alternate airports in Iceland – both for security reasons and to open up the further possibility of international flights into the Icelandic countryside (Ministry of Transport and Local Government, 2018). The airport in Egilsstaðir is one of these three airports, and the hope is to attract more international flights to facilitate better and cheaper travel abroad for residents, as well as gaining a larger share of tourism for the region. Many of the participants in the case study had great hopes for subsidised airline tickets. They referred to this as the 'Scottish way', where domestic flights are seen as a form of public transport. In addition,



Hopes are that the government will provide subsidised airline tickets for residents. Photo: Hjördis Rut Sigurjonsdottir

they hope to add more direct international flights, to decrease the cost of flying overseas, which now also involves buying an expensive domestic flight as part of the arrangement.

Quality of life: A small town with all the essentials

Egilsstaðir is a good and safe place for raising children. This was the positive consensus among participants in the study. "There is a little need to worry about traffic, and children can go around the town freely. If they are not home when it is time for dinner, you just pick up the phone," said a mother of four children in one interview. Other participants with families shared similar experiences. The time factor was also cumbersome in larger urban areas, they said. Getting between different places and running errands is more time consuming, more stressful and leaves less room for quality time with family and friends. In Egilsstaðir, meanwhile, the level of services and recreational activities is high, and the town is large enough for not everyone to know everyone else, while still enjoying the good elements of a small community's life.

The schools were also praised by the interviewees, and a general level of satisfaction was repeatedly stated during the case study. Fljótsdalshérað runs three kindergartens and three schools (up to the age of 16) where an emphasis is placed on having well-trained teachers in most positions. The upper secondary school, in Egilsstaðir, is one of two schools in East Iceland where students can take matriculation exam. The number of students in these schools has decreased considerably following the shortening of education from four years to three years in 2015, with one cohort missing as a result. The small number of students (around 175) makes it difficult to provide all courses at upper level. This has been handled through distance courses run in cooperation with other smaller rural schools, or by starting courses only when enough of students are available to take them.

A focus group consisting of students in the upper secondary school echo findings from other participants in the study, describing the town as a good place in which to grow up. However, they feel it is rather unexciting for young people like them, naming a three hour drive to the next cinema as one problem. It can be difficult to maintain recreational activities suitable for everyone in a small community. Up to the age of 16 there is a good selection of activities for children, including different

sports, music and other planned activities. However, after 16 the activities are mainly linked to the upper secondary school. Aside from that there are few things happening for young people. Even in the upper secondary school it has become increasingly difficult to get young people to participate in recent years. Dances are the best attended events. But otherwise interactions through the Internet are becoming increasingly common, and the poor level of participation in events and activities discourages further initiatives.

All the students who participated in the focus group planned to continue education after leaving school, either immediately or following a one-year break. There is no university in the region, and all of the young people are therefore planning to move away, some to Reykjavik and Akureyri, but with most envisioning study abroad. Few imagined that they would return to Fljótshálsa, because they felt that their employment opportunities would be too limited there. Yet some said that there was some possibility that they would return when they decided to start a family.

The educational level in Fljótshálsa is below the national average; that is, 21% in 2013 locally, compared to 35% nationally. This proportion refers to those who have completed upper secondary education, either through a university entrance exam, a technical education or an equivalent (Austurbrú, 2018). The lack of a university in the region explains the small number of people aged between 24 years and 42 years in the area. This is a stated concern in terms of housing policy. Around the age of 20, a portion of the population starts to move away for higher education. However, the age pyramid indicates that many return afterwards, or that their place is filled by new people (Fljótshálsa, 2018; Austurbrú, 2018).

Universities in Iceland offer distance learning in some subjects, and facilities are in place in Egilsstaðir. Although a few courses and programmes are available for distance learning and facilities are in place, it is more common that people move away to seek education. Participants in this case study at the upper secondary school said that they would recommend people study on site for the social factor, especially young students. Even so, they consider the facilities for distance learning important to have, especially for those who are older, and those who have settled and want to pursue higher education without leaving the area. A survey among residents which Aus-

turbrú conducted and introduced in 2019, demonstrates that educational needs are mostly met with current educational provision. One-third of respondents (around 280) were aged 36 to 45, which is the most numerous age span in the student group (Halldórsdóttir, 14.02.2019).

Another important element for quality of life is the availability of sports and leisure facilities for children. Much importance is placed on sports, and the level of supply for this size of community is notable, and highly appreciated by inhabitants. It includes football, volleyball, basketball, track and field athletics, gymnastics, Taekwondo, swimming and more. In addition, there are three music schools operating in the municipality. A public transport facility has been provided to increase accessibility. This eases the daily life of parents, who do not have to leave work to drive their children between school and different activities.

Systematic efforts have been made to promote creativity in the Austurland region in recent years, particularly with art education in the upper secondary school in Egilsstaðir (ME), and at LungA, the art-based folk high school in the neighbouring municipality of Seyðisfjörður (Sóknaráætlun Austurlands, 2015-2019). Cultural activities like choirs, art clubs, amateur theatre, bridge clubs and other societies are another important factor binding people together socially in Fljótshálsa. A few big annual festivals take place in the Austurland region, as well a variety of artistic activities all year around (Sóknaráætlun Austurlands, 2015-2019). Some of these clubs are quite ambitious, e.g. the amateur theatres put on major productions like 'One flew over the Cuckoo's Nest'. In 2018, a symphony orchestra was established in East Iceland. This is important for the musicians living in the region, who are able to practice and play together. It also adds to the cultural variety on offer locally. Cultural vitality is perhaps partly a by-product of distance from the capital area, which encourages the need to be self-sufficient. According to the regional action plan, the main challenges for further progress are lack of financial resources, poor transport and a small population. These are the obstacles in the way of further cultural development and participation.

Some participants interviewed believed that it could be difficult for new inhabitants to feel included in the community, especially those moving there without having any prior social connections. Having no roots is particularly challenging. It was

often brought up in the case study that a proportion of the new residents chose to move back after a few years. Possible reasons identified were the difficulty involved in integrating into society, or the pressure of living far from friends and families, along with lengthy journeys and the high cost of transport. However, most believed that everyone who endeavoured to integrate would be able to do so, not least through participation in different activity-based clubs and their associated social life.

Discussion and conclusions

in the case of Fljótsháð, different factors have been reported as to what makes it an attractive place to live. But the municipality also faces parallel challenges in increasing the attractiveness of the town.

The statistics illustrate that Fljótsháð has managed to attract people despite being far away from the region where the bulk of the Icelandic population live, the greater Reykjavík area. Given the experience of the neighbouring municipalities, which have endured negative or very small population increases, positive population growth in Fljótsháð cannot be regarded as obvious or expected. It is recognised that part of this population increase can be traced to emigration from the neighbouring municipalities, due to a higher level of services and a more diversified labour mar-

ket. Egilsstaðir, the largest settlement in Fljótsháð, and in East Iceland as a whole, benefits from being within commuting distance from the aluminium smelter at Reyðarfjörður, which has also enlarged the labour market.

Not everyone is eager to live in larger urban areas, and this applies to the majority of interviewees in this case study. The simplicity involved in living in a smaller urban area where it takes shorter time to get between places and to run the routine errands involved in daily life attracts many people. When choosing to live in a smaller urban area it is necessary to recognise that certain requirements will need to be fulfilled, for all family members. The wide range of recreational activities available in Fljótsháð is highly appreciated by local people, and provides an opening for new residents to integrate and become part of society. The variety of sports on offer, especially for children and teenagers, is good for a community of this size and adds value for those considering settlement. Sports facilities and the availability of music teaching count for a large proportion of young people's social life, providing opportunities for worthwhile activities and personal development. However, participation in sport tournaments and competitions with others, both on an individual and team basis, often entails costly and time-consuming travel.

Future development depends upon success in

Attractiveness of Fljótsháð, and obstacles or challenges to overcome

Good practice and reasons underlying attractiveness	Obstacles and challenges
<p>Access to public services High level of services.</p> <p>Culture, sport, recreation Strong sport culture. Increased tourism has added to the availability of a variety of bars and restaurants.</p> <p>Education Upper secondary school on site. Employment and jobs Very low unemployment, around 1% only.</p> <p>Governance and participation Strong engagement in NGO's – also as an opportunity for integration.</p> <p>Infrastructure and transportation Regional airport, Egilsstaðir, located in the area.</p> <p>Location Located in the centre of the region</p> <p>Quality of life and local community Simpler life, easy to get around.</p>	<p>Demography Small population.</p> <p>Education Educational levels are low. No university-level education, apart from distance learning.</p> <p>Employment and jobs Lack of employment diversity. Low average salaries, especially for women. Shortage of employees with technical and vocational skills.</p> <p>Infrastructure and transportation Long distance to the international airport. No real city centre.</p> <p>Seasonality Many fewer tourists than in other Icelandic regions, and tourism is much more seasonal</p> <p>Young people – living, staying / returning Challenging to get young people back after higher education.</p>

dealing with challenges and taking advantage of opportunities. The challenges are connected with the housing shortage, mainly the shortage of rental housing. Plots are available, and a discount is given on infrastructure costs to attract potential house owners and builders. Higher house prices, now matching construction costs, promotes further development. If house building and positive developments in tourism go hand in hand, this can increase the attractiveness of the town. It will also be interesting to see how the municipality solves the problem of the lack of a vibrant downtown area in Egilsstaðir, and what impact this will have.

Fljótsháð provides the opportunity to live in a smaller urban area, but also to be able to access good services, along with recreational and cultural activities. It is possible to fulfil both wishes. There is an ongoing challenge in increasing the population further, however. This is something that could be approached in a more strategic manner.

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Appendix

Development in the number of jobs in Iceland, 2008–2016									
	2008	2009	2010	2011	2012	2013	2014	2015	2016
A. Agriculture, forestry and fishing	6700	7000	7300	7400	7500	7600	7400	7500	7400
B. Mining and quarrying	100	100	100	100	100	100	100	100	100
C. Manufacturing	21400	19900	20100	20700	21200	21800	22000	22100	22600
D. Electricity, gas, steam and air conditioning supply	1600	1600	1600	1500	1400	1400	1400	1500	1500
E. Water supply; sewerage, waste management and remediation activities	800	800	800	800	900	900	900	1000	900
F. Construction	16800	10700	9000	8500	8600	9100	9600	10400	11900
G. Wholesale and retail trade; repair of motor vehicles and motorcycles	24600	21400	21200	21400	22000	22300	22700	23200	24300
H. Transportation and storage	9700	8700	8600	8900	9200	9600	10000	10600	12000
I. Accommodation and food service activities	7500	7200	7700	8300	9100	10000	11000	12400	14100
J. Information and communication	7800	7200	7200	7300	7300	7500	7600	7800	7900
K. Financial and insurance activities	8000	7000	6800	6700	6600	6400	6200	5900	5900
L. Real estate activities	1300	900	1000	1000	1100	1100	1200	1300	1400
M. Professional, scientific and technical activities	8400	7700	7500	7700	8000	8100	8300	8500	8800
N. Administrative and support service activities	5200	4500	4600	4900	5200	5600	6100	6900	8600
O. Public administration and defence; compulsory social security	12600	11500	11700	12000	11900	11900	11900	12200	11900
P. Education	17900	19000	18800	18800	18900	19200	19600	19600	19500
Q. Human health and social work activities	20300	20900	20300	19700	19800	20200	20500	20900	21000
R. Arts, entertainment and recreation	4100	4300	4300	4400	4400	4400	4600	4600	4600
S. Other service activities	4100	4000	3900	3900	3900	3900	4000	4100	4000
U. Activities of extra-territorial organisations and bodies	100	100	100	100	100	100	100	100	100
TOTAL	179000	164500	162600	164100	167200	171200	175200	180700	188500



Hjørring harbour. Photo: Ágúst Bogason

V.6. HJØRRING IN DENMARK: Paying greater attention to what is already attractive and making it better

By Ágúst Bogason

Introduction

Why are some municipalities better than others at deploying their resources, attracting people and creating jobs? This was the key question studied in this analysis of the attractiveness of 14 rural municipalities in the Nordic Region.

The 14 areas selected are all defined as attractive in the sense that their populations and the number of people in work have increased in recent years. The nature of the boost to employment in some sectors has been identified by means of shift-share analyses to determine how much of the change is attributable to specifically local factors.

Interviews then probed key stakeholders about motivation, working conditions, job creation and living conditions. These interviews were with public sector representatives (e.g. mayors and heads of planning and development), business representatives and entrepreneurs, high school students and people from the education sector, as well as families. Combined with analyses of other data and information, the interviews helped us to understand why some places do better than others.

Hjørring is a Danish municipality in the North Jutland Region on the west coast of the island of Vendsyssel-Thy, at the top of the Jutland peninsula in northern Denmark. Hjørring municipality is

home to some 65,000 people. Hjørring town is by far the largest settlement within the municipality, with around 25,000 people or 40% of the total population. Around 20% live in the smaller towns – about 6,000 in Hirtshals, while Sindal, Vrå, Tårs and Løkken have between 1,500 and 3,000 each. Around 40% live in the more rural areas or smaller settlements of 100 people or fewer (Hjørring Kommune, 2018).

While Hjørring municipality is located in the far north-west of Denmark, and therefore by some definitions considered remote, others would say that it is centrally located near Vendsyssel, and is in fact right in the centre of Scandinavia and Northern Europe. With car and ferry connections to Oslo in Norway, Gothenburg in Sweden, Hamburg in Germany and the Danish capital of Copenhagen, all of these important centres can be reached within four to five hours. The main seaport is in the town of Hirtshals. It has ferry links to Norway, the Faroe Islands and Iceland.

Although Hjørring is by common definitions a rural area it also a hub for transport and travel between various regions and countries. Its geographical location, along with relatively close proximity to some of the larger urban areas in Denmark, provides Hjørring kommune with many opportunities.

The challenges Hjørring faces today are similar to those of many rural areas in the Nordic countries – a reduction in population, especially younger people, along with changes in the labour market that mean less employment in the more traditional industries of agriculture, fishery and other industrial activities.

The municipality has taken some initiatives to try and tackle these trends, making the region more attractive in the hope of attracting people to move there. Looking at demographic trends in the last few years, these efforts appear to have been fairly successful, although many challenges still lie ahead. Efforts are ongoing to try and attract more (and younger) people to the region, both by focusing on what makes it attractive outside the workplace while simultaneously seeking to appeal to businesses – by creating positive conditions for them to flourish.

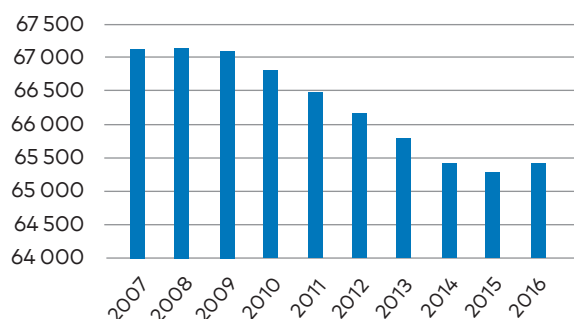
Demographic development

Overall, Hjørring municipality covers 929.58 km² (358.91 sq miles), making it the largest in Vendsyssel. It had a total population of 64,665 on 1 January 2019, compared with 67,121 at the start of 2008. After continued falls, a small population was detected from 2015 to 2016. However, over the last decade, the proportion of older people has gone up. The proportion of over 65s was 17.3% in 2008 but 23.1% in 2019 (Statistics Denmark, 2019).

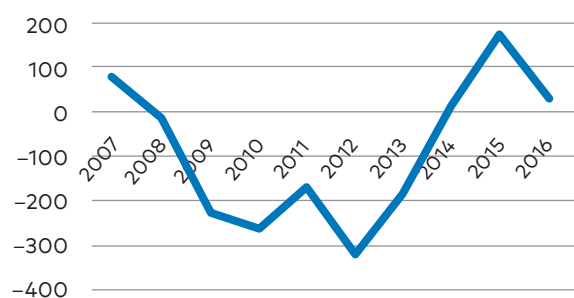
Hjørring, like so many other more remote Nordic communities, has to cope with an ageing population, while the younger generations move to the more urban settings for education and work (Andersen et al, 2017, and interviews). A new study conducted by the municipality and Erhverv Hjørring (Business Hjørring) shows that only one out of every seven people who moves away returns to the municipality before the age of 33 (Erhverv Hjørring, 2019). Even though the rapid population decrease has slowed down, overall the population of Hjørring dropped by 2.6% in from 2008 to 2018. On top of that, a population forecast from Statistics Denmark suggests that the population will fall by a further 4.2% in the next decade (Statistics Denmark, 2018).

According to specialists spoken to during the fieldwork for this case study in Hjørring, the outward migration numbers would be considerably higher (alongside the 'over-65 ratio') if younger people from abroad had not migrated into the region. This movement of people to Hjørring, mainly

Hjørring



Hjørring



Figures V.6.1a and V.6.1b: These figures show that from 2008/9 a trend of outward migration started, and a larger number of people moved away from Hjørring. This resulted in the population falling until around 2015, when the population seemed to stabilise and then to go up slightly.

Source: Nordregio's own calculations.

from other European countries, has countered outward migration by young people. This has curbed the overall outward migration trend for the municipality as a whole. A top priority for the next few years is, therefore, to attract some of those younger people back to their home communities. However, in order to do so, an attractive social, working and living environment must be created, one that meets the standards of the younger generation in terms of both employment and recreational opportunities.

Labour market & employment

Historically, Hjørring municipality has been dependent on traditional industries, fishing and agriculture. Those sectors are still noticeably visible in the region and play a particularly important role in the identity of some areas within it, especially smaller settlements on the coast and in rural areas. These sectors still contribute to the local economy while employing a relatively smaller

Hjørring, 2008–2016

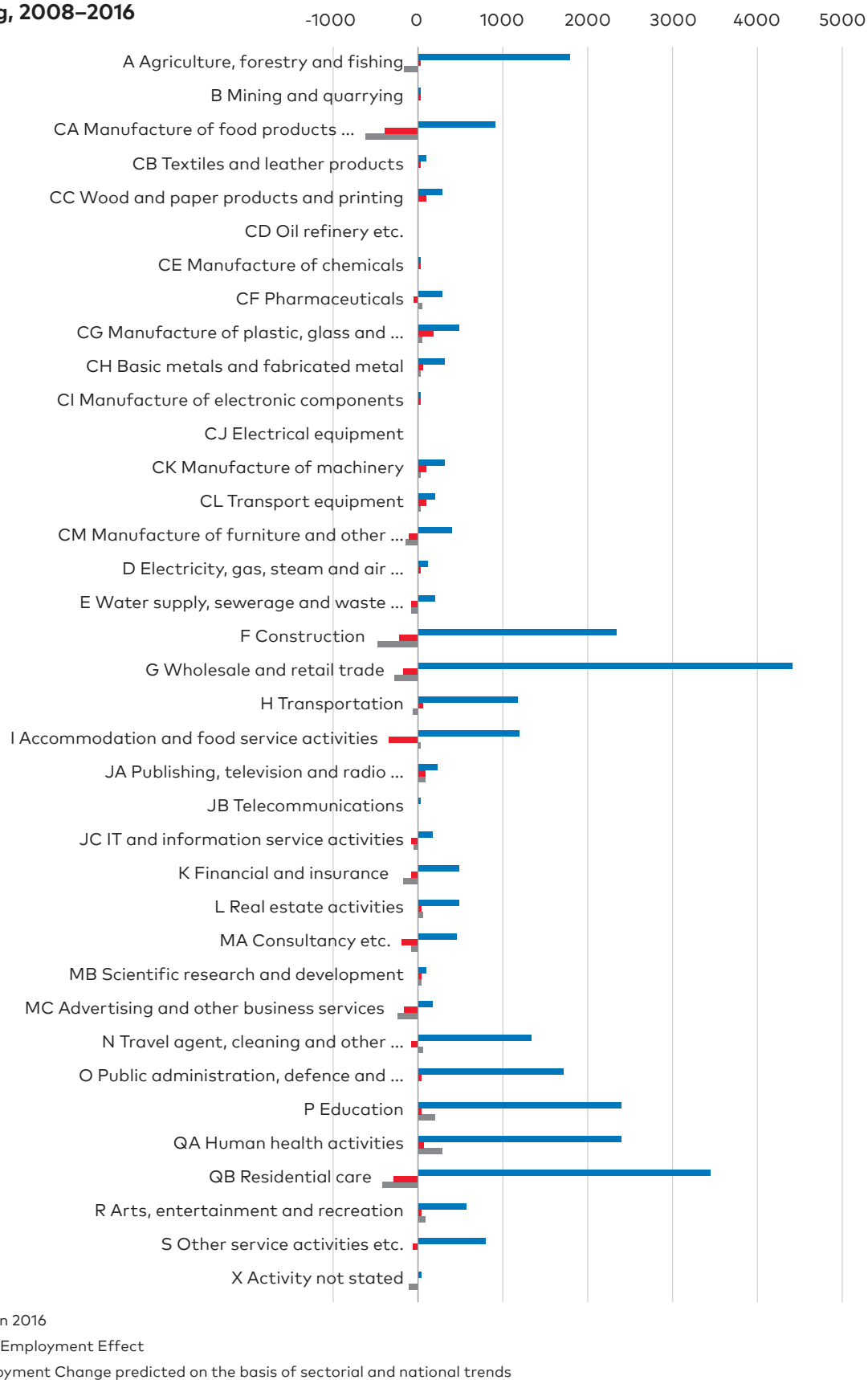


Figure V.6.2: The development of anticipated and realised changes in job availability at a sectoral level from 2008 to 2016, and the status of jobs for Hjørring in 2016. Source: Own calculations at Nordregio.

Employed (end November) by region, industry (DB07) and time

SIC Industry name	2007	2008	2009	2010	2011	2012	2013	2014	2015	Jobs in 2016
A. Agriculture, forestry and fishing	2008	1949	1891	1846	1842	1881	1907	1907	1880	1798
B. Mining and quarrying	3	4	4	5	12	10	9	7	6	4
CA. Manufacture of food products, beverages and tobacco	1507	1546	1227	966	1142	1069	1034	890	808	924
CB. Textiles and leather products	50	93	84	75	75	75	71	76	79	82
CC. Wood and paper products and printing	394	323	302	273	262	295	269	300	299	303
CD. Oil refinery etc.	4	1	0	0	0	0	0	0	0	0
CE. Manufacture of chemicals	5	0	0	0	0	0	0	0	0	1
CF. Pharmaceuticals	203	239	234	238	237	225	227	259	285	289
CG. Manufacture of plastic, glass and concrete	369	430	397	439	424	441	469	518	495	494
CH. Basic metals and fabricated metal products	290	307	260	255	219	260	276	287	289	322
CI. Manufacture of electronic components	23	0	0	0	0	3	7	6	4	4
CJ. Electrical equipment	1	1	0	3	0	0	1	2	0	0
CK. Manufacture of machinery	333	289	274	251	290	304	337	340	306	309
CL. Transport equipment	211	176	112	63	50	74	69	90	105	192
CM. Manufacture of furniture and other manufacturing	488	542	503	462	461	434	433	405	401	398
D. Electricity, gas, steam and air conditioning supply	108	132	120	117	154	133	129	124	131	126
E. Water supply, sewerage and waste management	280	298	308	339	361	263	259	225	203	212
F. Construction	3050	2817	2257	2373	2253	2244	2257	2084	2227	2345
G. Wholesale and retail trade	4559	4671	4451	4558	4410	4414	4307	4262	4329	4398
H. Transportation	1480	1230	1134	1158	1154	1099	1144	1279	1016	1182
I. Accommodation and food service activities	1311	1193	1083	1030	1093	1069	1147	1203	1207	1204
JA. Publishing, television and radio broadcasting	97	142	117	131	123	118	113	114	224	231
JB. Telecommunications	30	57	59	61	43	27	28	27	28	23



JC IT and information service activities	179	231	229	213	200	223	199	173	167	187
K Financial and insurance	658	656	608	631	607	574	515	500	469	492
L Real estate activities	431	414	442	441	467	434	459	475	473	481
MA Consultancy etc.	498	547	534	494	512	519	483	463	474	459
MB Scientific research and development	88	87	90	87	94	104	99	90	99	94
MC Advertising and other business services	473	420	410	407	411	375	332	165	193	183
N Travel agent, cleaning, and other operational services	1142	1270	1140	1163	1381	1306	1297	1311	1360	1342
O Public administration, defence and compulsory social security	1779	1731	1699	1674	1799	1662	1522	1422	1432	1716
P Education	2134	2184	2225	2211	2133	2193	2340	2417	2411	2394
QA Human health activities	1982	2109	2298	2340	2330	2326	2245	2232	2291	2386
QB Residential care	3812	3857	3942	3819	3769	3929	3649	3547	3390	3428
R Arts, entertainment and recreation activities	478	495	503	536	553	585	639	595	616	586
S Other service activities etc.	881	824	794	796	804	766	769	795	807	791
X Activity not stated	117	129	72	59	54	53	42	46	42	35
SUM	31456	31394	29803	29514	29719	29487	29083	28636	28546	29415

proportion of the workforce than they did decades ago. Overall, employment has declined in Hjørring by around 1% from 2010 to 2017. However, unemployment has also fallen significantly over the same period – from 7.2% in 2010 to 5.0% in 2017 (Hjørring Kommune, 2018).

When looking at the shift-share analyses for Hjørring kommune, taking into account the predictions for changes based on sectoral and national trends in Denmark as a whole, a slight increase in agriculture is detected compared with forecasts. This means that, despite fewer jobs in the agricultural sector in 2016 compared to 2008, there would have been even fewer if Hjørring had followed the trend in the rest of Denmark. Food manufacturing saw a substantial fall in overall jobs, with employment down from more than 1,500 jobs in 2008 to less than 1,000 in 2016. Again, based on share-shift data, the decrease would have been greater

if Hjørring had followed the national trend. Compared to the country as a whole, sectors like agriculture, forestry and the fishing industry are, therefore, proportionally larger in the Hjørring region, even though they produce fewer jobs than they did a decade ago.

Jobs within the construction sector, as well as the public sector, also constitute a larger proportion of the total job market in Hjørring than in Denmark as a whole. The biggest employers in Hjørring are in the public sector, mainly the health service and social care. In the private sector, jobs are mainly in the trade and service sectors, light industry, construction and transport-related activities. As mentioned before, overall jobs have decreased in most sectors over the past ten years, but hotel and restaurant businesses have had a proportional rise – a trend seen in many regions in the Nordic countries. Despite these tourism-

related sectors now making up a larger share of the overall job market in the Hjørring region, the municipality is still underperforming in the sector compared to forecasts based on sectoral and national trends. In other words, while tourism is growing and becoming more vital for the regional economy, there is still room for considerable improvement based on national and sectoral trends (Nordregio's own calculations).

The total number of companies in Hjørring feel by almost 9% from 2010 to 2015 – a trend also registered nationally and for the whole North Jutland region. The fall in the number of companies has been most evident in the fishery, agriculture and forestry-related industries as well as in transport. Hjørring also has a tradition of small companies. In fact, very few large companies are located in the region. More than 40% of registered companies in Hjørring have only one employee, and almost 70% have fewer than five. Companies with more than 100 employees make up less than 1% of the total (Hjørring, 2018 & interviews).

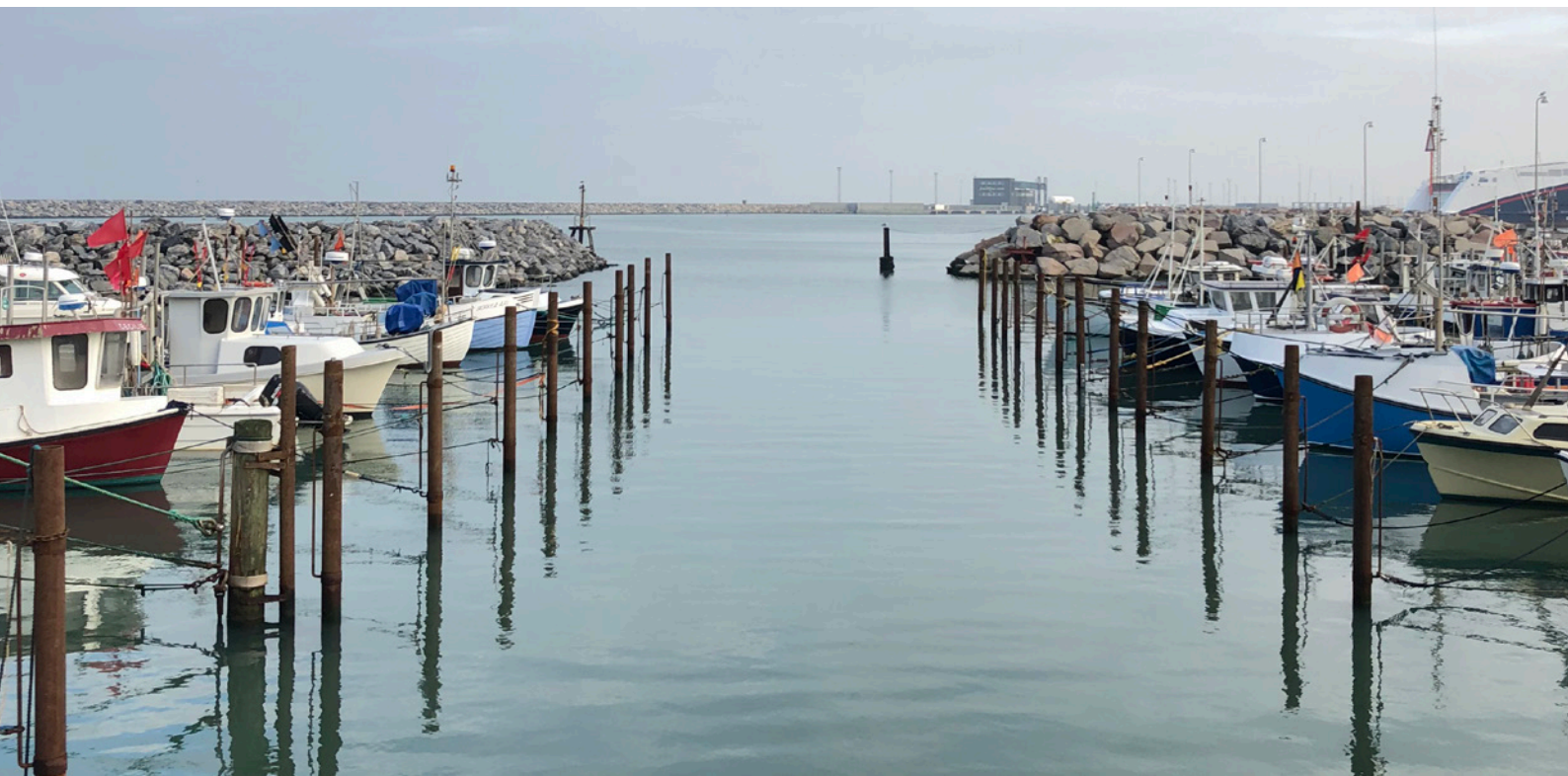
Some indicators of increased entrepreneurship and innovation can also be seen in the number of new companies and websites registered in the region. On average, 2.6 new companies per 1,000 people have been founded each year in Hjørring from 2015 to 2017, which is an increase of 0.5% compared with the three previous years (Hjørring, 2018).

Tourism and retail on the rise

Hjørring's geographical location is, and has been, utilised to a certain degree in furthering economic opportunities. With the increase in tourism and travel, retail in Hjørring municipality has strengthened its position in recent years. Measurable growth has occurred since 2010, despite the fact that stores and service providers are now fewer in number than previously. Hjørring town has enjoyed a relatively positive increase, with this growth being particularly concentrated on Frederikshavnsvej, which is located in the town on the way towards the city of Fredrikshavn (interviews). In this way, Hjørring town has strengthened its position as a shopping destination in the region, taking advantage of many tourists coming south from Norway through Hirtshals on their way to the rest of Europe, and other Europeans (mainly Germans) travelling in the other direction.

Hirtshals has also improved its position and is now the second largest trading centre within Hjørring municipality. It is estimated that tourists account for around 25% of the city's turnover in retail and other services (Hjørring, 2018). Looking at the town of Løkken, the number of shops there has grown by nearly 20% since 2010 and the revenue generated from these activities has also increased. Tourism is of great importance for positive economic and social development in Løk-

Traditional industries like agriculture and fishing are still important in the region. The smaller fishing boats in the smaller towns along the coastline are also a visually important aspect of the attractiveness of the physical environment. Photo: Ágúst Bogason





Tourism and transport are prominent in Hjørring. Many interesting sites are found in the area, for example those related to the Second World War. A challenge for Hjørring is to get those who pass through the region to stop longer, generating added value for the local communities. Photo: Ágúst Bogason

ken, with hotels, restaurants, grocery and clothing stores and tourism-related services becoming more important every year. In the coastal towns of Tversted and Lønstrup, tourism has also increased, and it is estimated that almost half of the revenue there is generated by tourists (interviews). While this development may be seen as a positive one, most of the tourism sector is limited seasonally to the midsummer period. Some initiatives have been taken by locals in the area to try to extend the season and provide different types of experiences during the whole year. They have had some successes. Even so, much tourism-related work is still limited to the summer, especially in the smaller villages on the coast.

Overall tourism in Hjørring municipality has increased by around 5% from 2008 to 2017. Hjørring is now Denmark's fifth most visited region, measured by overnight stays. There has been a decrease in domestic tourism, but visitors from abroad have raised the overall numbers (Hjørring, 2018). Norwegians are by far the largest group of visitors. Some 130,000 Norwegians visited Hjørring in 2017, compared to almost 80,000 Germans and 35,000 Swedes. Of those staying for a longer period in the area, Germans were the largest group. This perhaps indicates that Norwegians mainly pass through, or simply prefer short trips over the water to do some shopping before return-

ing home. As mentioned before, the municipality has tried to exploit, by strengthening its position as a retail and service region, locating services along the main roads used by tourists and travellers (Hjørring, 2018).

"We have experienced an overall increase in tourism, but many feel that the increased traffic in our region is not reflected in what is being left behind economically by our guests. We feel that we should be benefiting more. Our main challenge is to make more from all these people passing through by encouraging them to stay longer in the region," said one of our interviewees working at the municipality. Others made similar comments. This is in accordance with the share-shift data mentioned earlier, which shows an increase in the tourism sector, even though that increase has still been considerably smaller than for Denmark as a whole.

Development – double urbanisation and inward/outward commuting

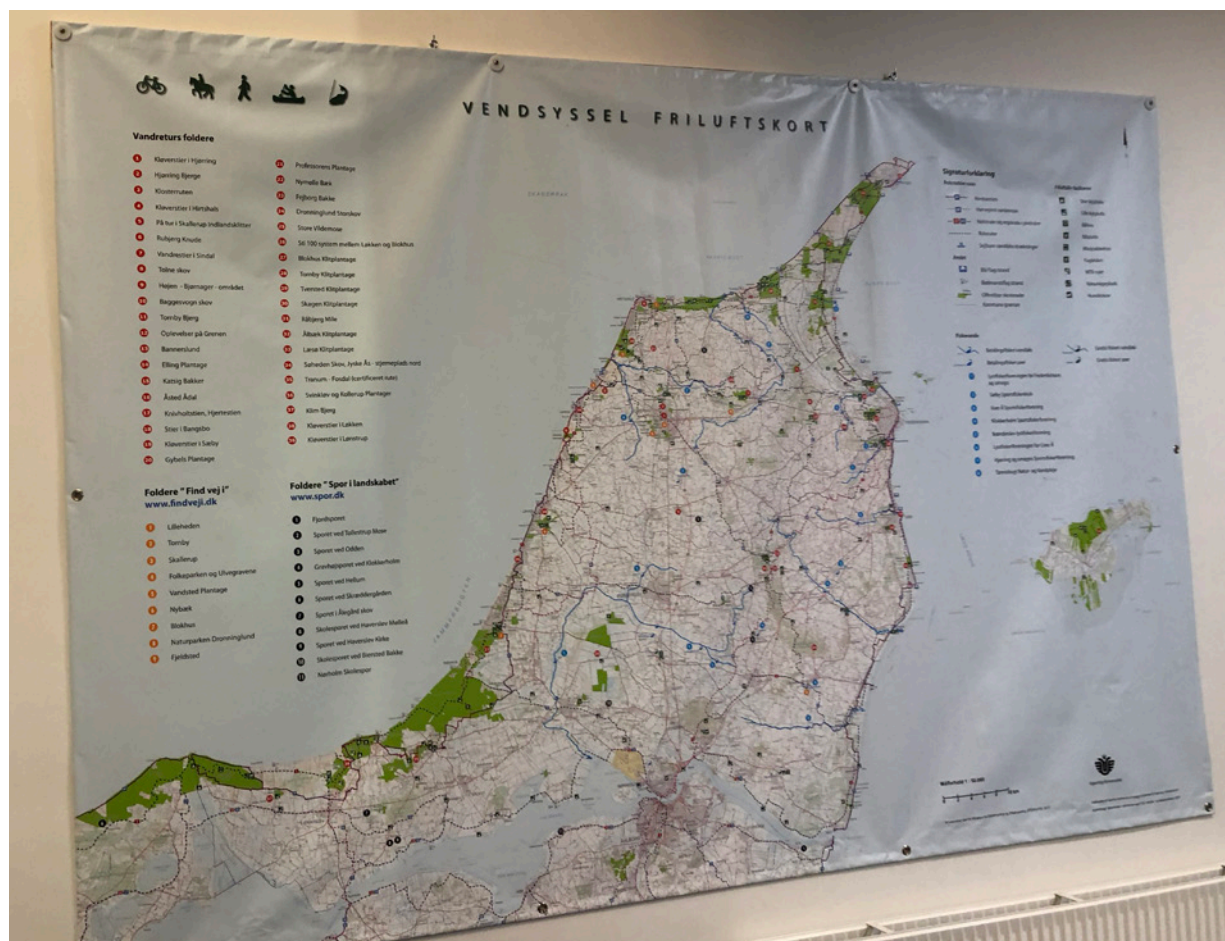
Hjørring's municipality's location and its relative proximity to the much larger urban area of Aalborg, located only 40 minutes away, has produced a healthy challenge in terms of competition for residents and businesses. Being located so close to a much larger urban area can also have benefits when trying to present it as an attractive place in which to live.

"Ideally, it would be good to be able to provide people living in Hjørring with appropriate jobs. But many of those working in specialised employment find more opportunities in the larger neighbouring regions," said one director in the municipality. He added: "We are therefore realistic in preferring to focus on the attractive things we can offer; things that the larger towns and cities cannot provide."

Naturally, Hjørring would very much like to be able to offer a more diverse job market. But since many more specialised positions are available in the larger neighbouring regions, it also wants to attract people from those places, even though they may still work outside the municipality. Speaking to people working on business development in Hjørring, and with people in different departments at the municipality, confirms the assumption that a significantly large portion of the population commutes for work into other municipalities. Statistics show that, in total, outgoing commuting has

increased from 2010 to 2015. Indeed, outgoing commuting is greatest to the neighbouring city of Aalborg and to Frederikshavn municipality, while there is also some inward commuting from those same areas, as well as from Brønderslev (Hjørring, 2018, and interviews). The whole of Northern Jutland is, in this way, an interconnected job market.

The movement of people in and out of Hjørring for work is a definite reality. Smaller municipalities like Hjørring have, therefore, increasingly focused on the things they can offer which are harder to come across in larger cities. However, migration in the past few years has not just been out of Hjørring, causing the declining population. On top of that there here has been substantial internal migration within the region as well. In its own way this has caused additional problems. The more rural and remote areas are experiencing the largest internal outward migration in recent history, as people are moving towards the towns –



Hjørring municipality spans a rather large area and is close to the urban area of Aalborg. Many people commute in and out of Hjørring for work each day, and the closeness to a large urban area produces healthy competition for attracting nre residents. Photo: Ágúst Bogason

mainly Hjørring, but also other towns within the municipality (Hjørring, 2018 & interviews). Hjørring needs to deal with what has sometimes been described or referred to as 'double urbanisation'. The outcome of this is that the municipal development plan has placed greatest emphasis on strengthening the towns of Hirtshals and Hjørring, while other more urban settlements have received less attention.

The university towns of Aalborg and Aarhus, as well as Frederikshavn, take the largest share of migrants out of Hjørring municipality. Almost three out of every four who move away do so to study. There are about 7,500 people living in Aalborg who are originally from Hjørring, more than half of them aged 20–29. In Aarhus there are close to 2,700 people from Hjørring, the majority under 30. In official surveys conducted by the municipality, fewer than half of these people say that they are considering moving back at some point. In fact only 10% are sure about moving back. (Hjørring, 2018).

In our interviews with people who had moved back to Hjørring, or who had migrated from other areas, the main obstacles that were mentioned in relation to moving was the lack of cultural life and other urban characteristics, and also paucity of relevant job opportunities. However, when asked why they had taken the initiative to move back, the main arguments for relocation from those who had done so were reasonable house prices, good service provision for children and families, the peace and quiet of the place and being close to nature.

Policies related to attractiveness

When it comes to creating a pleasant environment for people to live and work in, some of the municipality's initiatives have not necessarily been part of an actual attractiveness campaign. Instead, the focus has been placed on things that are functioning well in the region and trying to make them even better. The idea is to promote these positive aspects and then introduce them as particularly attractive in comparison to other regions. This includes highlighting the good quality of schools and daycare facilities, along with other public services, the visual and natural environment, short travelling distances, the feeling of safety, peace and quiet and a far less stressful everyday life than in the big cities.

Assistance to companies and to those developing business ideas has increased. Some public funds have been devoted to this, in an attempt

to promote Hjørring as an ideal place to start a small company. Generating more accessible public spaces, supporting cultural activities and focusing more on sustainable development are also public policies that can be categorised increasing attractiveness. Recently, a special campaign to try to get younger people from Hjørring to consider moving back has been planned. The campaign is called *'Husker du Hjørring?'* ('Remember Hjørring?') and it will run on social media. It is primarily aimed at young people who have been raised in Hjørring municipality and who are studying elsewhere or have graduated recently. These people are considered to be in the most important age-bracket, because they are close to the age where most people think about starting a family. The business community and the municipality are working on this project together. It will be three-year pilot.

The background for the project is that both private and public sector workplaces in Hjørring municipality have a high demand for qualified labour, and this will continue. At the same time, Hjørring municipality is struggling with a falling population and a rising average age. The business community and the municipality face a common challenge which requires action – getting young people to return after they graduate.

"The main advantages our municipality offers are, of course, safety, short distances, public services, sports, outdoors activities, nature and beaches – in many ways a good deal of what young families seek. Equally, housing here is much more affordable than in the cities, which makes a huge difference for many people," said one of the officials interviewed at the municipality. This focused on many different things valued by young people, but not including job opportunities. By concentrating on the things that work well in Hjørring, the plan is to make young people who have left aware of the municipality's many opportunities, plus the improvements made in recent years, in order to try to change what they think of the municipality. It is hoped that this will attract back some of the people with roots in the region and convince others to move there.

Given that Hjørring is a municipality which covers a large land area by Danish standard, and especially considering the size of its population, more attention has been paid to creating an attractive environment in the larger towns. Since the municipal reform a little over a decade ago, Hjørring has worked on a 'transition and adaptation' strategy. This has included bolstering the position

of the largest urban settlement, Hjørring town, as the main settlement, while Hirtshals has developed as the second largest. Great effort has been put into connecting these two towns, and into the links from them to other regions, including in Sweden and Norway. This has been done in part to meet trends within the municipality and the reality of the 'double urbanisation' mentioned earlier. The trend for the last decade has been that people are moving from more rural areas to the towns and cities. Now, however, the municipality has also included four other towns as cornerstones in its overall development plan, adding Løkken, Vrå, Sindal and Tårs to Hjørring and Hirtshals as the major focus areas.

Although a certain emphasis has been placed on developing larger settlements within the municipality, there has also been a strategy of trying to have "the best of both worlds" for the area. This means that Hjørring is also keen to highlight its more rural and remote qualities as attractive, pointing out to people that you can indeed live in the more remote areas of the municipality and enjoy the positive features of rural life while only traveling a short distance to Hjørring town or other larger towns for work, culture and social life. The municipal authorities have also promoted Hjørring as a nature-oriented region in recent years. This will probably increase in the next few years, with the added green policies of the new national government and the more sustainable trends preferred by younger generations.

Quality of life

"Hjørring is relatively close to larger places that have everything that is lacking here. At the same time, Hjørring has a lot to offer that is not provided in the cities; things which people value when raising a family. This includes short walking distances to schools and kindergartens, good and personal public services, nature and less day-to-day stress," said one couple who had moved to Hjørring after becoming parents. The things they highlighted are in accordance with what those working at the municipality have focused on, and which they consider to be Hjørring's most attractive features.

Similar answers were quite common when our focus groups were asked about what it was in their minds that makes Hjørring an attractive community in which to live. Safety, reasonable housing costs and good public services were considered the most important factors by many, while others

also mentioned job opportunities. That was particularly noticeable when speaking to people who had moved to Hjørring from other European countries. They highlighted the working environment and conditions as well as opportunities and considered both the labour market and society as a whole to be welcoming. In many ways the younger generations from other countries have filled in the demographic gap in Hjørring and have provided local businesses with much-needed employees who could not be recruited locally (Andersen et al, 2017). People from countries other than Denmark also valued highly the public services provided by the municipality, and the safety of life in a smaller community. They spoke positively of how welcoming the community had been towards them when they first arrived. This was definitely considered attractive in their minds.

"The quality of living here rests on the opportunity to build a decent life. There are plenty of opportunities for children to get an education. They can take part in sports, enjoy outdoor life without worrying, and there are plenty of jobs," said one family who were originally from another country, and who had lived in Hjørring for a little over three years.

Speaking to people involved with local business development, and at the municipality, they further confirmed the importance of immigrants for the community. "Without people moving here from outside the country our situation would be very different and a lot more serious. Companies in need of staff would have fewer options. That would mean less productivity, less revenue and less taxes for the municipality," said one director from the municipality. Others told similar stories.

Housing

Hjørring municipality is characterised by a high proportion of family homes and farmhouses, while the proportion of apartments is smaller than the North Jutland region as a whole. Many of the smaller towns are almost entirely made up of detached houses and have no apartments. The demand for housing has changed in Hjørring, as in other areas. In the larger towns, mainly Hjørring town, these new demands are being met effectively. That includes building more apartments – and smaller apartments at that, since the number of older people is going up, as well as the number of people living alone. The expansion in construction, both of commercial and residential homes,

was substantial in the years before the financial crisis of 2008. After that, it almost ground to a stop. In its own way, this can be seen in the shift-share data shown in Figure V.6.2, when looking at how important construction is for the regional job market. In 2007 there were just over 3,000 jobs in construction, but that number went down to almost 2,000 in 2014. Since then a growth in construction work has been noted. Employment is increasing, new construction projects too, again mainly in Hjørring town, with some in Løkken and also some commercial building in Hirtshals. Most of these new apartment buildings have been required to meet predicted increases in population, but also to satisfy the demand for different kinds of housing, and particularly for smaller, quality buildings, instead of larger family houses.

Solving problems: training unskilled employees to take on more responsibilities

The lack of people with the right competences, training and education for many companies in Hjørring has created a problem that the Business Development Centre has tried to solve in an innovative way, in cooperation with local companies.

Since it has proved hard to fill certain positions that require special skills, initiatives to educate and train existing untrained employees – those with some experience in the workplace – have been developed. In some companies, training programmes aimed at experienced workers capable of taking on more responsibilities have been created to solve the problem of not being able to find workers with the right competences. In this way, some companies have moved many of their employees one step up the chain of command, so to speak.

"By training an experienced employee to take on different tasks (which in an ideal situation would be filled by a person who has received formal education or training in that field), we have solved the problems of some workplaces, at least for the time being. This also opens up paths at the lower levels for people without any formal training to come in and to start working from the ground up," said one of our interviewees working with the Business Development Centre.

In the business development plan for Hjørring it is made clear that close cooperation between the Job Centre and local companies is crucial for the success of finding jobs for unemployed people. Training existing employees and making them take on more responsibilities also contributes to

this larger goal, because the unemployed can take the jobs left behind. Unemployment in the region has fallen from 7.2% in 2010 to 5.0% in 2017. Along with a better economic outlook this initiative has played its part, according to our interviewees (interviews and Hjørring Kommune, 2018).

As far as the private sector is concerned, some interviewees also expressed the view that cooperation with the public Job Centre and Hjørrings' Business Development Centre has created fresh value for them and has proved beneficial in expanding and growing their businesses.

Education

In general, people in Hjørring municipality have lower levels of education than in the North Jutland Region and in Denmark as a whole. More people only have a basic and vocational education here than in the region and nationwide. The number with a higher education is also lower (Hjørring Kommune, 2018). In 2016, 22% of young people aged 25–29 in Hjørring municipality had no education other than lower-secondary school. This number is higher than in the north of Denmark (18%) and in Denmark (16%) (Region Nordjylland, 2016).

Some initiatives to reach out to young people who lack education and training, to encourage them to learn have been developed in recent years. The idea is to enhance the competences of the potential workforce in the area. *'Brobygning til uddannelse'* (A bridge to education) is one such initiative. It was first tried in 2017, and the experience of putting inactive youngsters on the path to an education was positive, so the project was continued in 2018. This initiative is a link between the Job Centre and educational institutions. It supports the desire to give more young people an education that meets the needs of local businesses (Hjørring Beskæftigelsesplan, 2018).

EUC Nord consists of the combined technical schools in Hjørring and Frederikshavn, with four departments located in Hjørring town. EUC is a Vocational Education Centre, offering a wide range of learning opportunities that meet the needs of the regional labour market in many ways. However, as in many other regions, the ambitions of a number of youngsters lie in directions other than what the local business market needs. Therefore, a situation exists in which people move away to educate themselves in sectors that are under-represented or non-existent in their home region. This causes quite a number of young people to



EUC Nord technical school offers a wide variety of vocational education and training opportunities in Hjørring. However, many young people move away from the municipality to go to university, and few of them return after they have completed their studies. Photo: Ágúst Bogason

continue living in the larger towns and cities, where they have more opportunities to find work directly related to their field of study.

Young people's perceptions

A panel group of young people in Hjørring provided some insight into how these youngsters view their home region, and how they see their future, whether inside or outside of Hjørring. Most of them were enrolled in programmes at the vocational EUC school or the high school. They came from different places in the municipality. One was raised on a farm and was determined to continue living there, eventually wanting to take it over from his parents. He said: *"Living here is the only thing I can think of. Of course, there are many things in Aarhus or Aalborg which are fun, but for the everyday life I know and want to continue living, this is the place for me. It only takes an hour to drive to Aalborg if I want to go out, to shop, to go to a concert, or whatever. Being here I can enjoy the best of both worlds."*

Others were determined to move away for university and were uncertain if they would return. *"I like living in Hjørring. But I have to move for uni-*

versity. Commuting every day isn't possible, but being close to home is also an advantage; being able to go home at weekends, and so on," a girl in her last year at high school told us. When asked whether she would move back after university, she was not sure: *"I have not put much thought into that. It depends on what happens. Thinking about it now, I guess that I would have more opportunities to find relevant, interesting work in a larger place. But you never know."*

Most of our focus group of youngsters considered growing up in Hjørring a positive experience overall. They were quite happy with the opportunities for recreation outside school. A common discussion point was that the distance to larger cities was not that great, so if events interested them it was not too much hassle or too costly to get there. The overall impression from the young people was that they appreciated their home region and were open to moving back. They praised activities like sports clubs and opportunities for outdoor activities. However, in neighbouring larger towns and cities, the possibilities would be greater for finding interesting work and social life. Moreover, being close to home was also seen as an advantage.

Conclusion

The variety of problems that Hjørring municipality faces is very familiar to those in any Nordic rural setting: a decreasing and ageing population, limited job opportunities for people with skills and a higher education, and difficulty in finding competences for other sectors. The rapid decrease in population has, however, halted in recent years. A vital part of that development has been increased migration of people from outside Denmark to Hjørring. Families with children from other countries have filled an existing demographic hole in part, while providing much needed labour for both the private and public sectors.

Emphasis has now been put on attracting back emigrants from the area, focusing on reaching younger people who have moved away to study. Some of the more attractive aspects of Hjørring are highlighted in this campaign. Things like affordable housing, a more stress-free life, proximity to nature and the quality of public services seem to attract at least some people to the region, while the lack of job opportunities seem to be a hinderance in the eyes of others.

While the municipality has focused on developing the largest towns in the region, others have expressed a feeling of being left out. In some ways the authorities have tailored their policies to demographic trends caused by double urbanisation, so the spotlight has been on the areas that are thriving well, making them attractive for people to stay in, and hopefully attracting newcomers. It will always be a difficult task to manage such a complex situation, developing particular areas while others are in decline. But this is the path Hjørring

has chosen in its efforts to sustain (and ideally grow) its population.

Promoting itself as a region for nature, with close ties to outdoor activities, and emphasising the need for green business transition, is something that seems to suit the national policies of the new Danish government. This might be beneficial for the municipality. In recent years, the state has moved a great many public-sector jobs from the larger cities like Copenhagen to more rural regions. Some of those positions have been moved to Hjørring, although the effects are relatively small in the bigger picture. Nevertheless, it creates a much-needed new culture of introducing more specialised work for highly skilled people into the community. While outside competition for residents is great from the larger neighbouring communities, every little initiative that diversifies the labour market counts for a municipality like Hjørring. So even more opportunities in the labour market would improve Hjørrings' competences and ability to attract substantially more people to live there.

While that would be the ideal development for Hjørring, people within the municipality are also well aware that the things that already make the area attractive in the eyes of many people must be nurtured carefully. That is why they continue to focus on the values that so many of the local people appreciate, such as an attractive physical environment, safety, outdoor activities and nature, personal public services and an overall friendly atmosphere. They do this in the hope of making the place even more attractive in the future.

Table V.6.1. Attractiveness in Hjørring and obstacles or challenges to overcome

Good practice and reasons underlying attractiveness	Obstacles and challenges
<p>Access to public services Hardly any waiting lists for child daycare, good schools within short walking distance.</p> <p>Culture, sport, recreation Many amenities, including sports, history, culture, unique beaches.</p> <p>Education Guaranteed training positions for vocational education and a variety of opportunities at EUC.</p> <p>Entrepreneurship culture Many small companies and workplaces create a tradition of entrepreneurship, and can help increase resilience.</p> <p>Employment and Jobs Opportunities for job advancement through training programmes supported by Business Hjørring and the municipality.</p> <p>Housing Housing is less expensive, both residential houses and those designed for possible business ventures.</p> <p>Infrastructure and transport Reasonable distances by car to more urban areas makes commuting in/out for work possible. Good links to Norway, mainland Denmark, Sweden and the rest of Europe through Germany. Even ferries to Iceland and Faroe Islands.</p> <p>Location Reasonable distances by car to more urban areas, makes commuting in/out for work possible.</p> <p>Quality of life and local community A safe place to live. Attractive physical environment = proximity to nature and outdoor activities.</p>	<p>Employment & Jobs Shortage of labour in specialized sectors, e.g. carpenters, electricians, social workers, teachers. Lack of job opportunities for many higher educated sectors, shortage of labour in others. Lack of larger companies - pillars for regional and local economies. Lack of employees possessing the right skills and necessary training for certain jobs.</p> <p>Housing Lack of smaller apartments to meet today's needs.</p> <p>Education Limited availability of higher education. Universities in Aalborg and Aarhus are relatively close, but not ideal for daily commuting.</p>

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Photo: Juha Kauppinen

V.7. INARI IN FINLAND: Attractiveness and Arctic Advantage – People, nature and smart specialisation

By Michael Kull, 2018/2019

Introduction

Why are some municipalities better than others at deploying their resources, attracting people and creating jobs? This was the key question studied in this analysis of the attractiveness of 14 rural municipalities in the Nordic Region.

The 14 areas selected are all defined as attractive in the sense that their populations and the number of people in work have increased in recent years. The nature of the boost to employment in some sectors has been identified by means of shift-share analyses to determine how much of the change is attributable to specifically local factors.

Interviews then probed key stakeholders about motivation, working conditions, job creation and living conditions. These interviews were with public sector representatives (e.g. mayors and heads of planning and development), business representatives and entrepreneurs, high school students and people from the education sector, as well as families. Combined with analyses of other data and information, the interviews helped us to understand why some places do better than others.

Inari is located in Northern Finland, close to four other municipalities – Enontekiö, Kittilä,

Sodankylä and Utsjoki. Inari also shares a border with Russia and Norway. In terms of scale, the city of Rovaniemi, for example, is located as far away as the City of Murmansk in Russia.

Inari is the largest municipality in Finland and has a surface area of more than 17,000 km². The water area is over 2,000 km², of which Lake Inari accounts for around half (inari.fi). In itself, Inari is therefore as large as two average Finnish counties. Seventy two percent of the municipal area is protected wilderness, while 13% is water. Its distinctive, pristine Arctic nature is key to the attractiveness of the area – both as somewhere to live, but also in terms of the development of business opportunities. This includes traditional activities like reindeer herding and tourism, but also 'new-comers' like cold climate testing.

The population density is 2,5 km² per inhabitant. The population fell in the late 2000s. However, net migration patterns changed from negative to positive in 2012 (Figure V.7.1), and that was one of the reasons why we selected Inari as a case study.

"We get migration from neighbouring municipalities, too", Toni K. Laine (Inari's mayor) explains. He believes that in the future, while some areas

Inari, net migration patterns 2007–2016

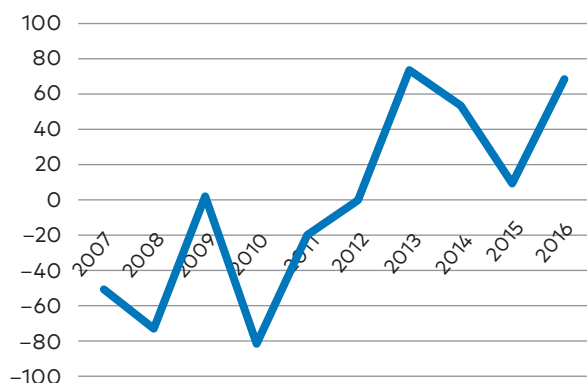


Figure V.7.1. Net Migration Pattern in Inari.

will suffer from further outmigration, Inari will grow. *“There are people who moved to the cities, but they will come back and we want to encourage that,”* he says. Overall, Laine sees the municipality “back on the growth track” with 6,875 people living in Inari in 2017 and 6,908 in 2018.

In this context, the age profile of the population in 2017 was as follows:

- 0–14 = 855 people (12.5 % of the population)
- 15–64 = 4,425 people (62.6 % of the population)
- 65+ = 1,535 people (24.9 % of the population)

The unemployment rate varied greatly from 2009–2018. It fell from 14.5% to 9.5%, but peaked during 2013 and 2014 (17.4% and 17.2% respectively).

The population in Inari is multicultural and includes three Sámi cultures. There are four official languages spoken – Finnish, North Sámi, Inari Sámi and Skolt Sámi. All official documents are in four languages.

Inari is one of the most prosperous municipalities in Finland. It has a low tax rate, and, according to Laine, a very strong economy. There are business properties owned by the municipal-owned companies, including electricity suppliers. The municipality also owns a fish farm to maintain the fish stocks of Lake Inari and the rivers nearby. The farm is run by the Natural Resources Institute of Finland. Overall, the negative years of economic decline have given way to a positive era of growth.

Ivalo is the administrative centre of the municipality. It is also the traffic hub and has an international airport. The company Test World is based there, too. Its activities involve testing cars and tyres in arctic conditions year-round (see below). A number of companies have their own testing cen-

tres in the area as well.²² Ivalo is also an important destination for people heading to the North Cape, with many staying over there. Companies in the area are thus motivated to provide better summer activities, including angling, canoeing, mountain biking, other outdoor activities and wellness in order to encourage people to stay longer and extend the seasons.

Saariselkä in the Southern part of the municipality is a traditional ski resort. Its growth is especially due to more customers coming from Asia and a variety of European countries. Finns and other Europeans are also investing in real estate and new plots are being developed. Overall, investors are showing high interest in Saariselkä. This includes some multinational funding over the past two to three years.

The area of Inari located north of Ivalo is known for Siida, “a window on Sámi culture and the diverse nature of Northern Lapland, with changing exhibitions on culture, art and nature” (http://www.siida.fi/contents?set_language=en). Thirty million Euros were invested into the Sajos Sami cultural centre (<http://www.sajos.fi/>), including conference facilities. The motivation was to develop the centre into a conference hub. Inari also saw an increase in artisans and entrepreneurs producing handicrafts. Mayor Laine is particularly glad that young and “artist-minded” people have been moving to Inari. Lake Inari as such is important for summer tourism and commercial fishing. The Urho Kekkonen National Park (situated in a sizeable area including Inari) is popular with hiking tourists. Parts of it are also accessible for mountain biking. A gold village and museum attracts more tourists to the area. *“Without Ivalo airport and tourism, we would not be here”,* says Laine.

One important building block in the development of Inari as an attractive location is the vision and strategy that underpins this. In this case study we look at the development of cold technology and the aim of becoming a global tourism destination, both aspects of the overall vision and important building blocks in the economic structure of the municipality. Strong, organised female entrepreneurs are also part of the positive profile and the attractiveness of the place. Interviewees have provided insights into what it is that makes Inari an attractive place in which to live and what the

²² The names of these companies cannot be mentioned here.

challenges are. The former includes nature, safety trust, sport and cultural amenities. Transport is problematic for younger people in terms of availability of buses, but the international airport is a key aspect in the economic development and used by locals for leisure activities. Housing and jobs for highly qualified people is an ongoing challenge. The concluding section of this study looks into the life plans of high-school students. Will they stay or will they return after studying?

Public policies: developing a Vision and Strategy

Developing a vision and strategy

The initial consideration for developing a vision and strategy, Mayor Laine explains, was carefully to reflect upon *"where we get our wealth from in the future and what are the sectors and topics from which jobs will be derived"*. Equally important is jointly to consider how to *"distribute the services, including stakeholders and the people in the process. There are different ways of doing this, such as public hearings to form opinions together. However, this is harder when things are going well, because people do not necessarily participate then."* For Laine it is important also to include stakeholders from outside the area, as they see opportunities locals do not necessarily perceive. This *"increases the value, helping us to see the things that make us special and that we cannot see. You have to involve people that don't live here,"* Laine stresses.

THE VISION OF INARI MUNICIPALITY:

"In 2020 Inari is a prosperous, international and versatile business centre with Arctic nature and cultural tourism, cold technology and utilisation of natural resources in Northern Lapland, utilising its northern location in a successful and sustainable way."

Inari was also the initiator of the Council of Border Municipalities in the North. This Council works to improve local level cooperation across borders – both between municipalities and between people. The focus is on improvement of the quality of life and attractiveness of the northern territory. The Council works with, and implements, an annual action plan. This currently focuses on culture, tourism, education, youth and sports. The promotion of transport connections and easier

border crossings are among the core tasks (see <https://northcouncil.net/>).

The Council consist of, and promotes, collaboration between 15 municipalities. These are:

- Finland : Enontekiö, Inari, Utsjoki, Sodankylä
- Norway: Karasjok, Kautokeino, Nesseby, Porsanger, Sør-Varanger, Tana
- Russia: Kola District, Lovozero District, Nickel City, Pechenga District,
- Sweden: Kiruna.

Mayor Laine stresses that, *"We are not alone, and we are effectively one area, for instance with regard to tourism development and as regards tourists visiting from Asia and others from overseas."* There is cooperation and ongoing discussion with Norwegian partners and mayors from other neighbouring countries.

Ivalo is the hub for some of those areas as well. International and inter-Nordic collaborations are very important for Laine. *"There are huge opportunities and we all want our share"*, he comments. Among the next things to tackle is to Owork more closely together on tourism promotion and visa issues.

Returning to the vision for Inari, Laine explains that the place is dark in the winter, there are large distances to cover, and the area may be regarded as exotic in other respects too. *"You can choose between either tourism or mining. We chose tourism,"* he says. The mayor sees considerable differences between Inari and other rural areas in Finland, owing to *"the Arctic advantage"* allowing the place to be smart by specialising in tourism and cold climate testing. As Laine explains, *"Maybe in future, if more sustainable opportunities for mining emerge, then this might change, but currently it is tourism and cold testing that brings people here. We have pristine nature, while other communities that face challenges have strong agriculture. And we have always been international, which adds to our attractiveness. Tourism brings attractiveness."*

Public transport and getting around

Public transport, notably bus connections, do not work properly according to the high school students. One of the interviewees bluntly said: *"It has a crap schedule. One bus goes in the morning and one in the evening"*. All interviewees stressed that a car and a driver's license are needed unless you live in the centre of Ivalo. Students from remoter

villages tend to move to the centre to attend school and bought property for that reason – some of their home villages being more than 180 km away from the high school.

Putting Ivalo on a larger map, and looking at connections to other parts of Finland and beyond, Helsinki was perceived as being very close; only one hour away by air travel. Also travelling abroad was, in the perception of many interviewees, much easier when compared to other rural areas in Finland.

Housing

After the recession, new apartments were built, and old ones renovated to tackle a housing shortage. The rather poor housing situation was made visible by the media. *"We have been growing but there are no houses available"*, one interviewee explained. *"Then private investors started to come... and found a rather profitable market."* While there were a number of record years in terms of building and construction of new housing, Mayor Laine has pointed out the shortage of affordable accommodation, especially for workers and "normal people" with modest incomes. One of the first missions when he took office was to mobilise private builders to build new houses. In Inari village, a substantial amount of new private housing is being built. The situation is now improving around the area of Ivalo, but it remains challenging in Saariselkä, where a high demand for affordable rental apartments from seasonal workers in the tourism industry needs to be answered. However, new flats and terraced houses will be made available to construction workers building hotels and to keep commuting time down.

House prices depend heavily on where the house is located. Some interviewees argued that Airbnb has also led to a shortage of available longer-term rental apartments.

Overcoming challenges and investing in the future – public infrastructure and public services

Among the challenges related to the school was the state of the old building. A new campus is now planned and should be ready for use around 2022. The mayor was glad that the municipality was able to afford to make this €20 million investment, one of the largest in the municipality's history. The municipality is also planning to build a new school in Inari village.

Laine and other interviewees argue that the health service works quite well, too. The costs for special care, according to Laine, are rather low. Good basic health care is available. According to Laine, there are also plenty of general practitioners. He also explains that, *"the salary is quite good compared to many places in the south. We get personnel from all around the country and they are mostly outdoor-minded people."*

In addition, the size of the municipality and the long distances also protect some basic services to be kept in the area, such as the police. According to Laine, the police can react rather quickly, at least in the most populated areas. *"The service building is getting old, but we can afford to do some renovations."*

An attractive place for business development – zooming in on tourism, cold climate testing and strong organised female entrepreneurs **Businesses and the labour market – structures and transformations**

Inari is an attractive place for business development. Table V.7.1 (next page) shows the positive trend for the number of companies between 2013–2017, including start-ups and businesses that wound up their business.

Figure V.7.2 (next page) shows the employment structure and local employment effect in Inari in 2015. Figure V.7.2. reflects the fact that the largest employers in 2015 were public-sector bodies, such as the municipality of Inari, the Border Guard and *Metsähallitus*²³. These jobs are in administration, defence health and social work. In 2017, according to municipal data, Inari Municipality employed 581 permanent and fixed-term employees, 100 men and 481 women. The average age was approximately 45. Laine also stressed the increase in construction and building activities, as reflected in Figure V.7.2.

There are many jobs in agriculture, forestry and fishing, and the local employment effect of these is strong. In this connection, it is important to consider that the numbers in sector A include breeding, care and slaughtering in reindeer husbandry, as well as the production of hides, skins and horns. *"Reindeer herding"*, Paula Mikkola from North Calotte Council stresses, *"is still an impor-*

23 *Metsähallitus* is a state-owned enterprise, responsible for the management of one-third of Finland's surface area, and for developing land and water regions, especially forests.

Table V.7.1. Number of companies in Inari

	2013	2014	2015	2016	2017
Number of companies in Inari	554	558	561	567	577
Start-ups	4	8	7	13	16
Companies wound up	16	18	10	7	10

Source: Statistics Finland.

Inari, 2008–2015

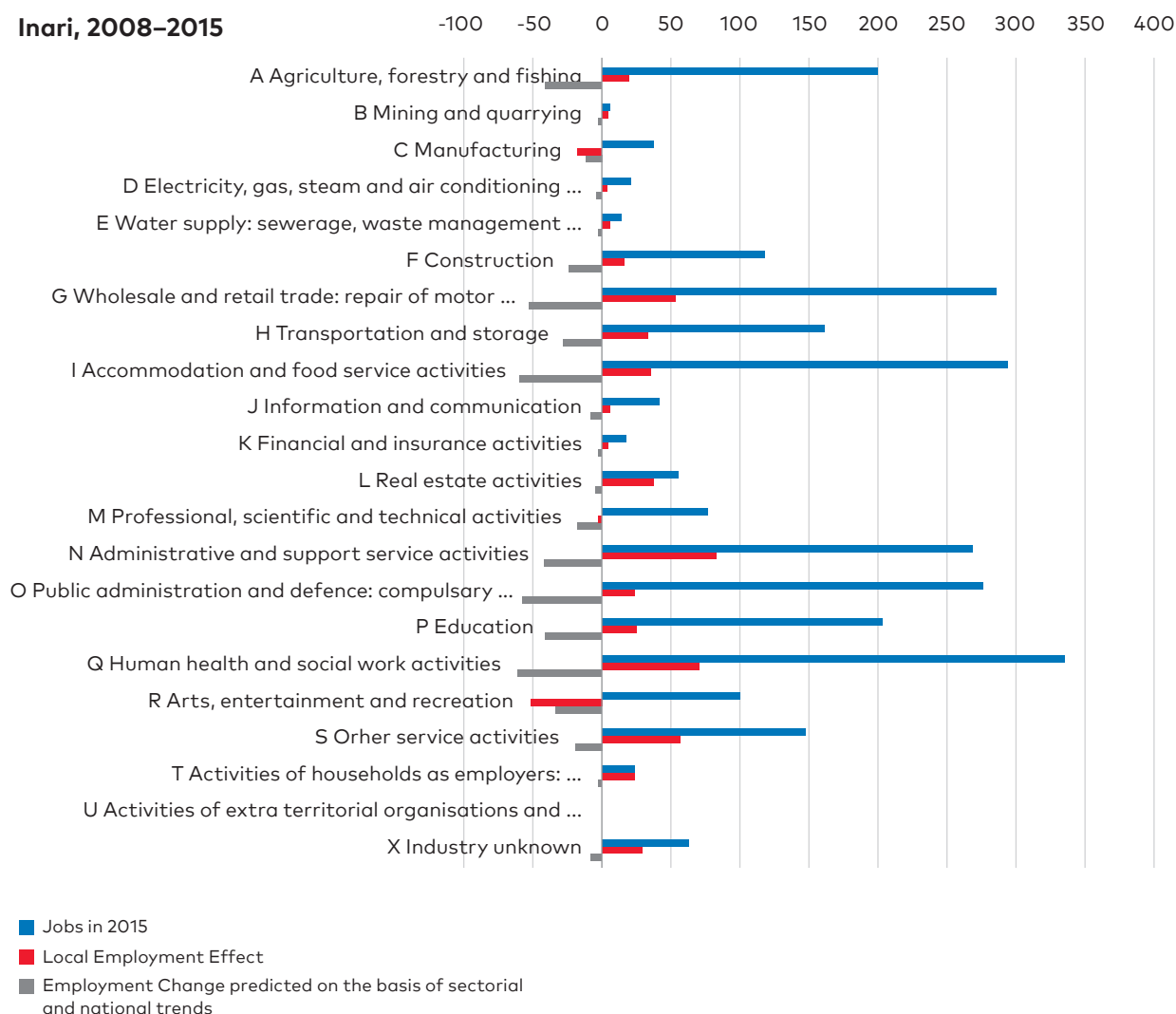


Figure V.7.2. Employment and local employment effect in Inari. The **blue bar** shows the number of jobs in the area in 2015. The **grey bar** shows the employment change as predicted on the basis of sectorial and national trends. The **red bar** shows the local employment effect, a reflection of the change in jobs (growth or decline) at municipal level and over a period of time, attributed to local factors (e.g. local policies and local natural or institutional conditions). In cases where it is positive, the local development in that particular industry is better than would have been predicted based on national and sector trends. This means the industry in the area is stronger, or specific policies are in place. Qualitative methods of data collection (e.g. interviews) help us to understand what underlies these figures.

tant occupation in Inari municipality. It helps make the area attractive to tourists. It is also an integral part of Sámi culture, and in order to maintain and develop that culture, the conditions for reindeer herding must be maintained.” Mikkola feels, however, that reindeer herding is not a very high priority in the municipality development strategy and adds that “it causes some friction/conflicts of interest with other types of development (forestry, mining and transport) in some parts of Lapland.”

While the local employment effect of tourism-related activities (accommodation and food services) is smaller than predicted on the basis of national and sectoral trends, the huge increase in tourism activities and overnight stays between 2015 and 2017 (see below) has to be taken into account. Most interviewees argue that the local employment effect in this sector is now stronger.

Overall, future business opportunities and jobs also depend upon new technology, e.g. in the field of cold and Arctic testing and the potential to move beyond tyre testing and car testing.

As far as diversification is concerned, water bottling was tested in response to the growing demand for fresh water. This has not yet emerged as a fully-fledged business, but work is ongoing, and it may do so in the future.

Among the mechanisms for support from the municipality, Laine highlighted industrial project

funds. These have been largely based on EU structural funds. The municipality is in charge of the administration of this type of funding, which, according to Laine “works very well.”²⁴

Tourism

Inari has always been a special destination, and it can look back on a long history of foreign tourists visiting the area.²⁵ English nobles, for instance, came for fly fishing as early as the 1900s. This was to the Paatsjoki and Juutua rivers. It was the first summer tourism activity in the area. Winter tourism was first developed mainly around the area of Saariselkä. Finnish companies and business organisations invested and owned lodges and flats and the ‘company elites’ came for skiing and ‘having a good time’ there, Laine documents. However, at the time of the economic crisis that began in the mid-2000s, dramatic changes took place. There was a remarkable decline in Finnish tourists coming to the area, partly due to changes in property taxes. After the recession, the nature of tourism also changed, particularly after 2010. It became much more international. Businesses rethought their strategies and were highly successful in marketing Inari as an attractive destination. Customers started to come not least because of the opportunities afforded for photography and sharing experiences via social media, including Instagram

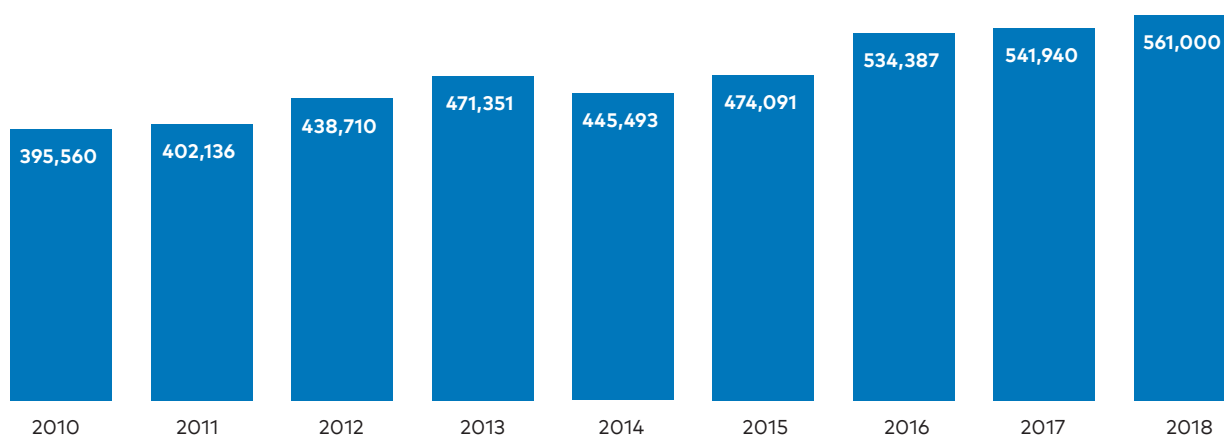


Figure V.7.3. Tourism in Inari and Saariselkä – Overnight stays, 2010–2018. Source: Municipality of Inari.

24 Laine adds that, in the past, municipalities were allowed to sign contracts (‘industrialisation agreements’) under which, for example, a company owned by the municipality built or owned properties or businesses and then rented them out to other companies with an agreement that they would pay and redeem the properties for themselves over a fixed period. However, current legislation does not allow this practice any more.

25 Note that the first summer tourists headed to the Utsjoki area North of Inari as early as the 1800s.

and Facebook. The municipality recovered, and as shown in Figure V.7.3., more tourists came to visit Inari and overnight stays increased. This trend still continues.

In 2018, according to municipal figures, there were 343,000 overnight stays by visitors from abroad. The largest group of tourists was from the UK, with 61,500 overnight stays.

The increase in numbers of visitors is mainly due to good air links with Southern Finland, other parts of Europe and beyond, through Ivalo International Airport. Between 2015 and 2018, the number of passengers at Ivalo airport grew from around 150,000 to 242,000.

In addition to the northernmost airport in the European Union, interviewees stressed the importance of a good road network, including Highway 4/E75, with connections to northern Norway and north-western Russia. All of these links help increase tourist numbers.

The municipality has an ambition of being the centre for Arctic tourism in Europe. Mayor Laine explains: *"We want to be special. Here it is more about nature and cultural tourism. People want to see the Northern Lights. The price level is high, so there is no mass tourism"*. There are differences between villages and centres, too. But overall, tour-

ism has grown enormously (Figure V.7.3.), and new areas of opportunity are emerging.

As an example, Saariselkä is the northernmost ski resort in Europe and offers different types of services. It attracts greater numbers of visitors and enables them to be concentrated in one place. A new village plan, and the availability of more plots could facilitate additional growth.

Visitors also choose to visit Inari for cultural reasons, to get to know and experience Sámi culture. Inari village is the centre of Sámi culture in Finland. Both the Siida-Sámi Museum and Northern Lapland Nature Centre and the Sajos-Sámi Cultural Centre are located in the village. Artisans and entrepreneurs producing handicrafts also live there. The Skolt Sámi village Sevettijärvi is located close by, too.

Lake Inari and its surrounding villages is another attraction. There are a number of wilderness areas in different parts of the region, including the UKK and Lemmenjoki National Parks.

According to Mayor Laine, one of the most popular tourist attractions, especially for Asian tourists, are the Northern Lights (the aurora borealis) visible during the winter months. There are plans to further develop tourism both for the summer months and to extend the season into the

Photo: Tytti Bräysy



Table V.7.2. Tourism activities in Inari

Winter activities	Summer and autumn activities
<ul style="list-style-type: none"> ■ Observing the Northern Lights ■ Skiing ■ Motor mobile safaris ■ Dog sledge rides ■ Reindeer sleigh rides ■ Snowshoe tours ■ Winter and ice fishing ■ Photography 	<ul style="list-style-type: none"> ■ Hiking and Nordic walking ■ Mountain biking ■ Canoeing and kayaking ■ Gold panning ■ Fishing ■ River rafting in a rubber raft ■ Lake and river cruises ■ Horse-riding

autumn. Other opportunities which could be developed relate to activities on the rivers and lakes. Small steps are being taken, but seasonality – according to Laine – remains a challenge. Table V.7.2. lists some of the activities available for tourists in the different seasons.

Russians and Norwegians also visit the area to shop and to use other services. For instance, the small village of Näätämö in north-eastern Inari, 180 km from Ivalo, has three markets, garages and various tourism activities. It is mainly visited by Norwegians. High school students interviewed for this study noted that Russians purchase specific and better-quality products, which they may sell again back home. Students from Ivalo High School, coming from more remote parts of the municipality, argue that in some of those remoter villages Russians and Norwegians are important contributors to the local economy. Students also pointed towards seasonality issues and changing opportunities. In a good-humoured way, they also categorised the different types of tourists. *“Germans and Brits like to see the whole area and don’t just stay in the tourist areas like the Asians, who mainly move in groups. But it is the Germans who have an impact on summer traffic and cause traffic jams with their caravans.”*

Mari Lappalainen, the owner of four hotels and the company Nellim Wilderness Hotels and Safaris, is one of the successful female entrepreneurs in the area. (On female entrepreneurship, see below.) Currently employing over 100 people in all four hotels, and 20 people all year round, she started her first business aged 21. Lappalainen had experience in the restaurant and hotel sector, as well as being a tourist guide. When Inari municipality sold the old school in Nellim she bought

it with her husband, renovated it and brought it back into operation as a restaurant and hotel. The idea was to offer day trips and escapes into the wilderness of Nellim. In 2008 she started working with a travel agency, offering a range of activities. *“We had to be better than the rest”*, Lappalainen explains. *“People are interested in our beautiful nature. They come here to experience the wilderness, the Northern Lights and the midnight sun.”* Her four hotels range from 49 beds to 200.

Summer tourists often come in their own cars and continue on to Norway, or vice versa, combining activities in Norway with activities in Inari.

The clear advantage for Lappalainen is the international airport, with flights and tourists arriving from all over the world, including the UK and Asia. She is convinced that airline companies believe in the place, as huge investments were made in 2017 and new ones are due. Hotels and tourism operators now have to follow suit and get on board with the growth, she says.

In a similar way to Mayor Laine, Lappalainen also believes that the area needs to develop a different type of greener and more sustainable tourism. This involves avoiding food waste, bringing customers to specific places in the forest, bringing rubbish back with them, purchasing snow mobiles with low energy consumption, and the use of geothermal heat in most of her hotels. Her businesses try to offer local food where possible, and they contribute to local employment. Lappalainen’s love for wood is reflected in the interior design of her properties, with local artists used as much as possible. Additionally, seasonal workers return, and are, according to Lappalainen, happy to work for her. Local residents are helpful, such as a guide who started to work for her with his husky business.

The mission for 2020 is not to build more hotels, but to make changes to the reservation system, improve and develop of webpages, enhance social media presence, and employ someone to work on marketing. Overall, social media impact is very high. Photos taken from Northern Light trips and shared via online platforms have helped make the company well known. Two of the hotels have the top ratings in Finnish Lapland and on the influential Trip Advisor site.

Lappalainen, herself a Sámi, sees important links between her success and her native culture, for example *Siida* and the further development of *Sajos* as meeting places and cultural centres in

Inari. Her hotel in Inari was also designed to accommodate larger groups, e.g. conferences. Overall, she concludes, there are huge opportunities for Inari in this field.

Lappalainen's business has also contributed to the development of the local economy and infrastructure in other relevant ways. Affordable housing has to be bought or built for workers. Nellim road was renovated, which was good for her business and the local people alike. Lappalainen reckons that Nellim would probably be dead without this. Now younger people are coming in, due to the new road enabling them to commute more easily.

When asked about access to support mechanisms from regional and municipal authorities, Lappalainen stresses the positive patterns of collaboration with the municipality. *"It is easy to find people to talk to, but it is important how you act yourself. We want to do our work, we do not just need money, but infrastructure that works well."* She believes that tourism creates a win-win situation for businesses, for the municipality and for local people. *"When tourists come, the service level is also raised for local people. For instance, new apartments are built."* Overall, she characterises Inari as a well-integrated community with a positive culture of working together.

Utilising the cold climate – testing winter tyres, cars and scientific instruments

Another economic activity based on the Arctic climate consists of testing tyres and cars. It all started in 1991, when four journalists from the technical magazine TM (Tekniikan Maaailma) came to Ivalo in order to test winter tyres – as explained by Susan Vuoriaro, the Operative Director of Test World, a company specialised in vehicle and tyre testing in winter conditions. They developed a business idea based on their experience; a business offering the opportunity to test winter tyres and vehicles in Arctic conditions. Vuoriaro, who has worked for the company since 1998, first as a coordinator of winter driver training and now as the Operative Director, is glad to share the success story. Sold to Melatracks in 1993, the demand for testing cars and tyres in Arctic conditions kept growing and developed further. After another change of ownership, the current owner, Milbrook, a UK-based test and engineering company, bought Test World in 2015. Vuoriaro explains the many reasons behind the considerable growth of her company's customer base and its continuous growth from year to year.

She says: *"We were able to invest in more tracks. We offer vehicle and tyres rent facilities to our customers. We have our own test department and test programmes particularly for EU labels. For R&D purposes factories send us their tyres. We are able to tailor tests for each specific request of our customers, and as instructed by EU regulations for label tests."* Teams of engineers test tyres in both winter and summer conditions, all year round. Test World offers jobs to automotive engineers, technical engineers, people majoring in business administration, technicians and test assistants. There are around 28 people employed year-round, and 50 or 60 during the high season, which lasts from November until the end of March. The company tests vehicles on purpose-built snow, ice and asphalt tracks. Seasonal workers coming only for the winter are recruited from different occupations, including construction workers, taxi and truck drivers. According to Vuoriaro, some come here to *"take time off, some even to take time out."*

Test World also developed the world's first indoor winter test facilities to make testing on natural snow available twelve months of the year – which makes it a pioneer in indoor winter testing. Natural snow, brought indoors in the spring, is used to give an accurate representation of winter conditions. Kept in sheltered tracks, customers benefit from repeatable winter test results, whatever the weather outside.

The Arctic location is unique, and due to the gulf stream not too cold. In other areas, according to Vuoriaro, it would be much more challenging to operate. In addition to favourable climatic conditions, Vuoriaro also stresses the infrastructure and the international airport as important positive aspects for developing her company. *"Our customers can fly via Helsinki, to and from Asia. They can have breakfast in Asia, lunch in Helsinki and dinner here with us"*.

Customers also make use of the availability of service buildings nearby, and from a wide range of accommodation and hospitality options. There are *"good networks of operators providing services, programmes and events for our customers"*, Vuoriaro stresses. Overall, she has a positive outlook on the future and for testing scientific instruments. *"There will always be a market and it is a growing one, probably expanding into other areas. As new technologies are developed, I remain very positive. Meteorology and weather equipment have been partially tested already to see whether they survive"*



Photo: Test World Oy

in cold environments. This and clothing are among the prospective areas the company may develop in the future."

Finally, she stresses good collaboration with the public sector and universities. Together with Oulu University and Oulu University of Applied Sciences, a special training course is being offered, tailored for winter testing and tyres. This enables people to become test assistants and measurement technicians.

Strong and organised female entrepreneurs

Vuoriaro also acts as the chair of the female entrepreneurs in Inari municipality, organised together with the neighbouring municipalities of Utsjoki, Sodankylä and Karigasniemi. With more than 50 members, the organisation is quite large compared to other places. Active members arrange local meetings. Exchanging knowledge on the opportunities, the up and downs of self-employment – such issues are frequently on the agenda. Through the national association, lobbying work focuses on the national parliament and is conducted around different issues which are seen as important and need to be fixed urgently. This currently includes maternity leave and improved opportunities for meaningfully combining family-life and entrepreneurship, touching upon social security issues, e.g. the division of maternity leave costs. Vuoriaro criticises the fact that, as of 2018, companies that employ mothers often pay the largest share, which acts as a barrier to small companies hiring women.

The area also offers "fun events, including Christmas parties". Importantly, with view to the

new generation of entrepreneurs and to provide young people with a perspective about working opportunities in the area, there is a Day of Entrepreneurship, organised in collaboration between schools and entrepreneurs. *"It is important to meet and talk to students"*, Vuoriaro stresses. Among the challenges are tailoring education and training to the various needs of small entrepreneurs. The situation is improving as IT technology and webinars replace travel to other places where schooling is offered. Public sector support has come through Nordika (a company owned by the municipality) among others, which has been active in organising such events. Another example of collaboration between the public sector and entrepreneurs in the field of further education is the special license for operating boats as personnel transport, where the costs are now shared between entrepreneurs and the municipality.

Small-scale artisan and handicraft activity is also on the rise. Vuoriaro stresses that there are many family entrepreneurs and self-employed people in Inari. They operate on a small level and are not necessarily able to grow, but they *"work hard and do a lot."* The challenge is to find young people to start businesses with creative ideas. At the same time, Vuoriaro observes, another positive trend is that *"entrepreneurs want to buy from fellow entrepreneurs. They buy from small shops as well."*

One of the attractive elements of entrepreneurial life pointed to by many interviewees is the opportunity to "shift down" – being able to work from home, to look at Lake Inari and to make use of fast internet connections.

Inari Municipal Business and Development Nordica provides basic business start-up consultation on practical issues related to establishing a company. This includes finding funding options, development activities, networking and internationalisation (inari.fi).

An attractive place to live

Many interviewees stressed the high quality of life and the natural environment²⁶ making Inari an attractive place to live. *"It is a small place where it is easy to take care of things, and there is flexibility with, and availability of, services,"* Ulla Hynönen, head teacher at Ivalo's High School, reflects. Mayor Laine adds that *"people are tired of commuting and life is much easier up here. It is the quality of life, which is high here, that attracts. You can get to a city like Helsinki, which is really close by plane, quite fast"*. Among those people who chose Inari are wealthy migrants from Helsinki and other larger cities. They are people building second homes in Inari, people who need peace and quiet for their work and those who are able to do work remotely. Many people who move to the municipality are outdoor enthusiasts, attracted by special fishing and hunting rights. This also includes foreigners, people who come from other EU member states.

One of the high school students also highlighted closeness to nature, being able to go out hunting and fishing. *"My dad carried me in a backpack before I could even walk, and I was shooting with a bow from that backpack!"*

For Lappalainen, the pristine natural environment is also one of the most attractive features of the place. In addition, there is the Sámi culture, including the Sámi Education Institute (<https://www.uarctic.org/>) and the artisan school. *"People can be proud of what we have here,"* she says. The link to Helsinki via Ivalo airport is also important. It makes the place much more international and cosmopolitan and enables locals to show visitors how proud they are of the area.

For Vuoriaro it is nature, the people and the way they interact with each other that makes the place highly attractive. *"People know and trust each other. These are honest and hard-working people up here, down to earth, who also enjoy life."* With a twinkle in her eyes she adds, *"don't tell everyone to move here!"*

Another young high school student stressed both the availability of sports and cultural amenities and the simplicity of life overall, so that *"here you can do anything... even without makeup"*.



Photo: Jan-Erik Paadar

²⁶ The slogan of the municipality is "Voimakas Luonnostaan", or "Mighty by Nature".

Safety and trust

All of the interviewees identified safety and trust as core aspects of the attractiveness of the place. One exemplified safety and trust as *"nobody steals your bike when it is here for a week, or you leave your keys in the car and go. There is simply trust."*

Sport and cultural amenities

Many interviewees stressed that there are many cultural resources available in the area for those who wish to use them. Inari/Ivalo has a theatre and cinema. Mayor Laine adds that the cultural scene is strong and libraries are doing well. There is a position at the municipality for cultural services, which involves organising a variety of cultural events.

When it comes to recreation and amenities, high school students stressed the fact that there are really good opportunities for outdoor sports, especially in the winter. Indoor activities are more restricted, though volleyball and ice hockey were considered good. Laine adds that an indoor sports facility will be built as part of the new campus. While he also considers skiing and ice hockey opportunities pretty good, the municipality is thinking about long-term developments, probably around expanding facilities to motivate international teams to train in the area. For young people there are opportunities for playing ice-hockey in different leagues and in a range of age groups. Yet *"it is an expensive hobby"*, as interviewees highlighted. Football is of considerable interest to the young people as well. However, one interviewee reflected critically on the different settlements in the municipality and argued that *"nothing great comes to Inari, it all goes to Ivalo"*.

Challenge – more jobs for highly educated people

The mayor, the school principal, high school students and entrepreneurs all stress the need to create more jobs for highly educated people. Mayor Laine stresses the importance of living and studying elsewhere, including abroad, but also of returning. While local statistics show that there is indeed return migration, more is needed. He sees a somewhat similar phenomenon in Iceland, with people changing careers and switching to tourism. Another opportunity, as discussed above, lies with companies specialising in cold and Arctic testing, not just for tyres and cars. The municipality is pushing forward on that. *"We are, for example, trying to push 5G network development in the area*

to promote autonomous vehicle testing", Laine explains. Also, avionics testing is seen as a potential new area.

Extending the availability of vocational and higher education is one option envisaged. An education centre for Sami, with more intensive partnerships with universities and polytechnics, is another vision. A particular challenge in relation to education is to find qualified teachers, as there is competition with larger cities, as Hynönen explains. The re-introduction of extra payments for specific groups working in the public sector moving North (abolished in mid-1990s) is one recommendation to overcome this challenge. Another challenge in the education sector is finding qualified teachers in Sámi, since they often prefer Norway or Sámi Radio because they pay better.

Leaving the municipality for higher education after school – but will they return?

Ulla Hynönen is the head of Ivalon lukio, with 83 students at the moment. In 2018, the first-year cohort was the smallest in her twenty-year career. She senses that students are more willing to return, but it difficult to find jobs in certain fields. Former students keep telling her that they would like to come back, but cannot find suitable jobs. One of her current students stresses that everyone who is not in reindeer herding or tourism moves away to obtain a higher education, while the local vocational school is good and needed. One of the interviewees, who attends both the vocational school and the high school, emphasises that he basically has everything he needs. *"I have my reindeer herd and would like to be a reindeer herder. But there are many things that could be improved in our municipality. I will also stay as a critical journalist."*²⁷

Interviewee A, plans to do teacher training in Oulu, following in the footsteps of her mother. Like some of the other interviewees, she expressed a wish to return because the *"place has everything that is needed ... Of course, there might be better shops elsewhere. But you get used to what is on offer here and don't miss anything. I really appreciate the place!"*

Interviewee V stresses that he would like to stay in Lapland and already MISSES his home village. He wants to study law in Rovaniemi, although it is

27 At the end of the interview we briefly started to talk about racism towards the Sámi population. However, we decided not to reflect upon that issue in this report.



Students from Ivalo Lukio with Nordregio researcher M. Kull. Photo: U. Hynönen

"hard to get in there and you have to move South". Returning up North, probably working in Norway, "would be a dream, maybe for the customs authorities". He also remarks, more critically, that "national policy favours centres and not rural areas".

Interviewee S had similar views. Attached to the place and fond of the lifestyle and the natural environment, she nevertheless feels that she has to move for education and that there *"will be no suitable jobs here"* afterwards. *"I don't belong to a big city and I will come back some day"*, she concludes.

Interviewee N, who was born in a very remote part of the municipality, more than 180 km away from Ivalo, stressed that he will miss both nature and his friends; also, the different lifestyle in the area and his home village. But *"to be honest, I might not be back before turning 80. I will head to Helsinki and study sciences. There are not many jobs available here. My family is already spread across many places."*

To showcase opportunities and enable people to return, Hynönen stressed the need to work with local entrepreneurs in the school and forge closer links with them. In 2018, 15 local entrepreneurs came and talked about their companies, which was seen as positive on all sides. Hynönen emphasises that, in addition to looking for jobs, it is important to create your own work, finding new fields and innovative forms of entrepreneurship, and building up support networks. In 2019, a new law was passed to foster knowledge of local entrepreneurship among school students.

In conclusion, and in spite of various challenges discussed above, all interviewees believed that

young people should experience different places, bring that knowledge and experience back to Inari, and create something new. Importantly, they should act as ambassadors for the place, sharing information about the attractiveness of life in Inari.

Conclusion

This study combines quantitative analyses of demographic and local employment patterns with interviews of business representatives, people from the public sector, headmasters, school students and families. Through this mixed method, we have been able to identify the different reasons underlying the positive trends outlined, the attractiveness of the place, and a number of the challenges that lie ahead.

Table V.7.3. summarises good practices and the reasons for the attractiveness of Inari as well as the obstacles and challenges faced (next page).

Interviewees provided many different examples of the attractiveness of Inari, as well as different explanations of factors underlying positive socio-economic developments there. People are attracted to move to the area as a result of the quality and simplicity of life, being close to nature and the social bonds (trust) between people. The interviewees also said that they are able to influence local life and policy. One important aspect of the quality of life for them is the availability of public services, including the Sámi vocational school for, for instance. However, finding teachers was perceived as rather challenging. Public transport within the very large municipality was perceived as problematic by some interviewees, especially bus services.

An important contributor to the positive economic trend in the area is the international airport at Ivalo. This is particularly important for the business sector, linking rural and Arctic Inari to the wider world.

Smart specialisation in cold climate activities, such as cold climate testing and winter tourism provides jobs. These sectors also benefit from good transport facilities through the airport. Tourism is seasonal, however, and there is competition with other destinations. However, the municipality is trying to promote tourism for all seasons.

All of the interviewees perceived Inari as a highly attractive place to live. This particularly matters to young high school students. Most of the latter, albeit a small sample, wish to return after going to university or completing another type of degree. However, they worry about the availability of jobs

Table V.7.3. Attractiveness in Inari and obstacles/challenges to overcome

Good practice and reasons underlying attractiveness	Obstacles and challenges
<p>Access to public services Availability of various public services, including schools.</p> <p>Education Investment in education and good resources in schools. Vocational school fosters Sámi culture, handicrafts, reindeer herding, etc.</p> <p>Employment and jobs Smart specialisation in tourism and cold climate testing.</p> <p>Entrepreneurship culture A strong network of female entrepreneurs. Governance and participation Possibility of influencing "local life, governance and policy".</p> <p>Infrastructure and transport Transport – Ivalo international airport, with connections to Helsinki and international destinations.</p> <p>The municipality's economic situation Inari is one of the most prosperous municipalities in Finland, with a low tax rate and strong economy.</p> <p>Quality of life and local community Quality and simplicity of life, being close to nature. Social trust between people.</p> <p>Young people – living, staying/returning Young people studying outside of the area can act as "ambassadors for the place".</p>	<p>Access to public services Public services are located in the main villages. People from more remote villages have to travel longer distances in order to access public services.</p> <p>Culture, sport, recreation Limited leisure activities for younger people and teenagers.</p> <p>Education Finding qualified teachers/competition with big cities. Re-introduction of extra payment for specific groups working in the public sector (abolished in mid-1990s) is seen as a potential trigger for change. Finding qualified teachers in Sámi because they often prefer the better wages in Norway.</p> <p>Employment and jobs Difficult to find jobs in certain fields and sectors for people with higher education. Further development/diversification in cold climate testing could improve this situation. Competition with other tourist destinations; seasonality.</p> <p>Infrastructure & transport Transport within the municipality: availability of bus services. Poor/non-existent collective transport system.</p> <p>Location Feeling of being detached from central politics: "Helsinki doesn't understand local life"</p> <p>Quality of life and local community Sometimes "you know too much about your neighbours".</p> <p>Seasonality Competition with other tourist destinations and seasonal factors.</p>

for people with a higher education. Going forward, a mix of new technology in cold climate testing, a sound understanding of the needs of the rural Arctic region, and suitable public-sector policies will all be needed to support the positive trends outlined in this case study.

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Photo courtesy of the municipality of Jomala.

V.8. JOMALA AND THE ÅLAND ISLANDS: Positive migration, high quality jobs, services, amenities and time as key resources

By Michael Kull & Hjördis Sigurjonsdottir, 2018/2019

Introduction

Why are some municipalities better than others at deploying their resources, attracting people and creating jobs? This was the key question studied in this analysis of the attractiveness of 14 rural municipalities in the Nordic Region.

The 14 areas selected are all defined as attractive in the sense that their populations and the number of people in work have increased in recent years. The nature of the boost to employment in some sectors has been identified by means of shift-share analyses to determine how much of the change is attributable to specifically local factors.

Interviews then probed key stakeholders about motivation, working conditions, job creation and living conditions. These interviews were with public sector representatives (e.g. mayors and heads of planning and development), business representatives and entrepreneurs, high school students and people from the education sector, as well as families. Combined with analyses of other data and information, the interviews helped us to understand why some places do better than others.

The municipality of Jomala is located in the Åland Islands. Åland is an autonomous, self-gov-

erning demilitarised, and Swedish-speaking region of Finland. The archipelago consists of more than 6,700 islands. Yet, most of the population of 29,789²⁸ "live on only 65 of them. Over 40% of the inhabitants live in the only town, Mariehamn, which is one of Åland's 16 municipalities" (Ministry of Foreign Affairs of Finland 2019). The main island of Åland makes up 70% of the archipelago's total land area and is home to 90% of the population. The longest distance from north to south is 50 km and from east to west 45 km. Despite its relatively small size, there are 912 km of public roads in Åland (Government of Åland). Of the total area of 13,325 km², more than 11,000 km² is water (Statistics Åland 2019). Jomala, our case study municipality, is neighbour to Mariehamn, the capital of Åland. The distance to the capital is only around 10 kilometres. Covering 142 km², Jomala is the second largest by size (Jomala.ax., n.d.). There are 32 villages in the municipality. In 2019, 5,055 people lived in Jomala (Statistics Åland, 5 April 2019). Åland's main airport is in Jomala.

²⁸ Official figure from Statistics Åland, as of 31st December 2018.

There are several reasons for this positive overall picture according to our interviewees from the public and private sectors, both families and high school students. The labour market offers many opportunities, not least for those with high qualifications (working in banks, insurance companies, IT, etc.). People are attracted to move to Åland and enjoy living there on account of the high quality and availability of services, such as schools and kindergartens. Interviewees stress the open-minded and welcoming society, with more time available compared to urban areas due to shorter travelling distances between job, home and leisure time activities. Most islands in the archipelago are also covered by high speed internet. Jomala's mayor, John Eriksson, explains: "People come from everywhere. They are often Swedish speaking and they find good jobs here in Åland".

Looking at Jomala, development there, according to some interviewees, is helped by good local government – "quick and easy decision-making and processing of building applications", as one of them puts it. Progress in Jomala also relates to the structural limits of neighbouring Mariehamn, which is running out of space, both for housing and for companies. As a result, new buildings and businesses, including company chains, are opening in Jomala. This, of course, has an impact on smaller stores and companies and on Mariehamn as well.

Development in Åland should probably be viewed as a whole. For some interviewees it was not too easy to single out any one municipality. Instead they suggested seeing the benefits of the islands in a holistic perspective. Moreover, small archipelago municipalities and islands are all affected by a trend towards outmigration. As a result of this, we will also need to reflect on the overall pattern this generates.

Positive migration and demographic development – in Åland overall and Jomala in particular

Demographic statistics for the period 1980 to 2018 show an overall population growth for Åland, for the capital Mariehamn, and for its rural areas. During that period, the population in the six archipelago municipalities decreased by nearly one-fifth (Table V.8.1).

In Jomala, the population increased every year between 2007 and 2016 (Figure V.8.1). Between 2016 and 2019 the population increased by 407, from 4,648 to 5,055 (Statistic Åland, 5th April 2019).

Table V.8.1. Population development in Åland*

	1980	2000	2018
Åland in total	22,783	25,776	29,789
Females	11,509	13,076	14,919
Males	11,274	12,700	14,870
Mariehamn	9,553	10,488	11,743
Rural municipalities**	10,778	12,940	15,973
Archipelago municipalities ***	2,452	2,348	2,073

*Figures (Statistics Åland 2019a).

**Eckerö, Finström, Geta, Hammarland, Jomala, Lemland, Lumparland, Saltvik, Sund.

***Brändö, Föglö, Kumlinge, Kökar, Sottunga, Vårdö.

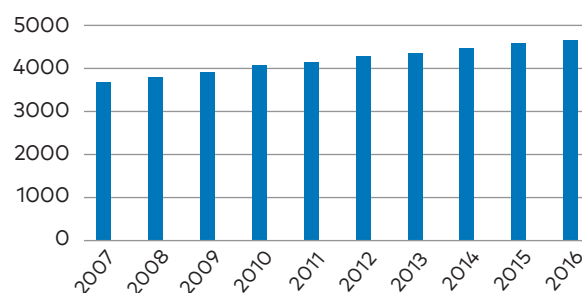


Figure V.8.1. Population in Jomala, 2007-2016.

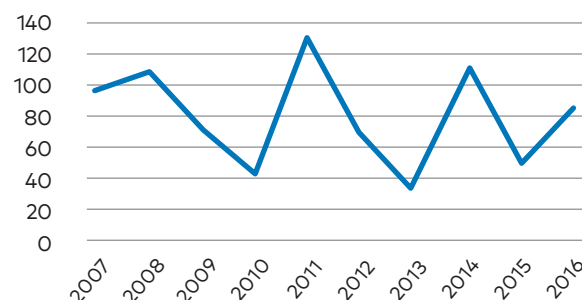


Figure V.8.2. Net migration in Jomala, 2007-2016.

Between 2007 and 2016 net migration in the municipality was always positive, allowing for fluctuations between 40 and 130 newcomers p.a. (Figure V.8.2).

Interviewees explained the fluctuations in terms of the changing availability of houses and plots (see also below). Mayor John Eriksson stresses that the vision of 'framtidskommun' ('future municipality') worked well as a basic stimulus to growth. Further, the area is not a "busy place".

Availability of time is a dimension of its attractiveness, too. It is fairly easy to get everywhere, both to reach jobs and access recreation and amenities. It is also a safe place to live, many interviewees stressed.

A significant number of young adults come to the islands. Studies show that it is easier to integrate as a migrant in Åland compared with Sweden and mainland Finland. The employment rate is relatively high, even among migrants from outside the Nordic countries (Statistics Åland, 2017a). Not least on account of the centuries' old shipping tradition, people have learned to be open minded. Another reason for the openness of the islands towards immigrants is the relatively small economy. *"You have to link to other cultures,"* Katarina Fellman from Statistics and Research Åland (ÅSUB) stresses. Therefore almost 40% of the population are born outside Åland. John Eriksson stresses that while the islands are open for migration, there is also a common perception that immigrants have to learn Swedish, the only official language in the Archipelago (Självstyrelselag för Åland 1144/1991). According to ÅSUB, in 2018, 86.8% had Swedish as mother tongue, 4.7% Finnish and 8.5% other languages. The comparison with 2000 is interesting, i.e. 93.8% Swedish, 4.8% Finnish and 1.4% other languages (Statistics Åland, 2019). Some interviewees expect that, in the future, the Finnish language will become more important for finding qualified jobs. Regarding languages (using Swedish and Finnish) and digitalisation, it was important for interviewees to keep a specifically Åland identity and not become locked into solely Finnish systems. They stressed that IT systems are not necessarily localised into Swedish. Hence it was felt that the government of Åland should raise the Swedish language issue in a Finnish political and institutional context. Overall, interviewees stressed a strong Åland and Swedish-speaking identity.

Looking at migration and demographic trends in Åland overall, the number of inhabitants in the archipelago has been decreasing. According to Fellman some public sector representatives are even going abroad to attract people to move to the islands.

The Åland Government's Labour Market and Study Service Office also operates a service called 'Åland Living', with the purpose of increasing Åland's status as an attractive place for both working and living. Åland Living forges a link between migrants and the authorities, companies

and organisations (<https://www.alandliving.ax/en>). In addition to information about living and working in Åland, or starting a business there, the portal lists available jobs and has space for uploading your resumé.

Refugees and asylum seekers are present both in the archipelago and in Jomala. According to one interviewee the quota is very (if not embarrassingly) small. Yet, apart from one MP in Mariehamn, politicians are in favour of refugees.

An attractive place for business development

The labour market – structure and transformation

Åland has an open economy and is dependent on trade with neighbouring regions. It is located midway between southern Finland and the Stockholm region in Sweden (Åland.ax, 27th August 2013). The service sector is the leading one. Also particularly strong is the maritime industry, which accounts for about 20% of local GDP. It is close in size to governmental and financial services/real estate (Table V.8.2.).

Table V.8.2. Åland's Gross Domestic Product in 2016.

Industry	MEUR	%
Agriculture	26	2,3
Manufacturing	87	7,4
Construction	58	4,9
Trade, hotels	102	8,7
Shipping	229	19,5
Other transports	46	4,0
Information and communication	37	3,2
Financial services, real estate	245	20,9
Professional, scientific and techn.	22	1,8
Public services	10	0,8
Pers. services	39	3,4
Industries, total	901	76,9
Government services	252	21,5
Non-profit institutions	20	1,7
GDP at basic price	1172	100
Indirect taxes	159	
Subsidies	-56	
GDP at market price	1276	

Source: Statistics Åland (2019a).

Changes in the shipping industry could pose a threat to the island's economy. The tourism sector is also important, with around 2.1 million visitors a year according to statistics from 2018 (Statistics Åland, 2018a). Many tourists arrive and stay in their sailing or motorboats in harbours around the islands. Åland also has an interesting high-tech plastics industry which maintains worldwide exports, as well as metals, engineering, carpentry, printing and electronics businesses. The employment situation has been good since the mid-1990s. Due to the large influx of tourists during the summer, the islands are dependent upon seasonal workers during that period (Åland.ax, 27 August 2013, Statistics Åland, 2019b).

Based on the labour market survey for 2018, developments in the market through to 2019 appear to have been characterised by positive volume growth and a relatively high recruitment level. This year, the need corresponds to 681 jobs or 5.8% of the workforce, compared with 772 (6.6%) a year ago (ÅSUB, 2018:4).

Table V.8.3. Employed persons

Industry	Total	F	M	%
Total	14598	7319	7279	100
Agriculture	525	130	395	4
Manufacturing	1106	263	843	8
Construction	989	62	927	7
Trade, hotels	2022	1028	994	14
Transport	1629	511	1118	11
IT and communication	527	164	363	4
Financial services	614	340	274	4
Professional, scientific and techn.	871	431	440	6
Public services	4778	3700	1078	33
Personal services	1020	559	461	7
Unknown	517	131	386	4
Employment rate, %	1276			

Source: Statistics Åland (2019a).

Looking further into Åland's labour market, high paid jobs, such as those in the banking, insurance and IT sectors, are also available (Table V.8.3.). Since Åland is an autonomous Finnish region with its own government, many qualified jobs are also available in the public sector.

Home office working is increasing in Åland. People also work outside the islands on some days, while spending others in Mariehamn. Ålanders work on ferries connecting Finland and Sweden, with a stopover in Åland, too. There are also high-quality jobs available in the justice and medical fields. It is important to recognise that Åland is a small place. The island cannot maintain the full range of specialist care facilities at the hospital in the region, and therefore patients are sent to top specialists in Turku and Uppsala University hospitals in severe cases – as is common with other smaller regions. While there is a shortage of labour in the health services, different investments have been made in telemedicine and further education for health personnel to counterbalance this (Statistics Åland, 2018b).

Employed in Åland by sector and sex 2016

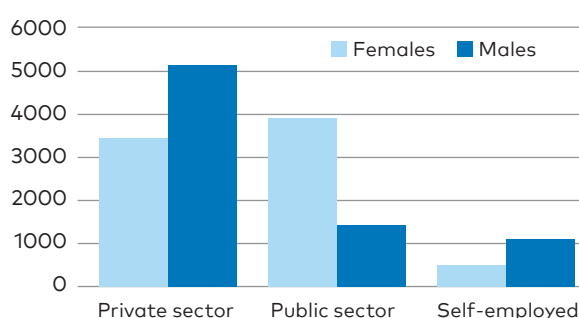


Figure V.8.3. Employment in Åland by sector and sex, 2016. Source: Statistics Åland (2019a).

Figure V.8.3. also shows that the majority of women work in the public sector and public services, while the majority of men work for the private sector and in transport (with almost as many as in trade, hotels and public services).

Shift-share analysis for Jomala – visualised in Figure V.8.4 (next page) – shows that the wholesale and retail trade, along with vehicles, transport and storage, remain the two largest sectors in the municipality. Together, these sectors created close to 800 jobs in 2015. This is far beyond the growth predictions based on Finnish sectoral and national trends. Other large sectors in Jomala, also growing beyond expectations measured against na-

tional and sectoral trends, are those involved with construction, the arts, entertainment and recreation, health, social work, education and manufacturing.²⁹

There are many industrial areas, including Viking Line's storage, the postal depot and the airports. The strong numbers in the construction sector are substantially in line with the growth of the municipality overall, and the high demand for housing (see also below).

The municipality is one of the largest employers in the region, with some 195 employees (at the end of 2017). Other large employers are Åland Telephone Cooperative, Åland Post, the gaming company PAF (operating with a license from the Government of Åland), Medimar healthcare clinic, and Oasen home care centre (Jomala.ax, n.d.).

Mayor John Eriksson emphasises the fact that most people in Jomala have jobs that pay well.

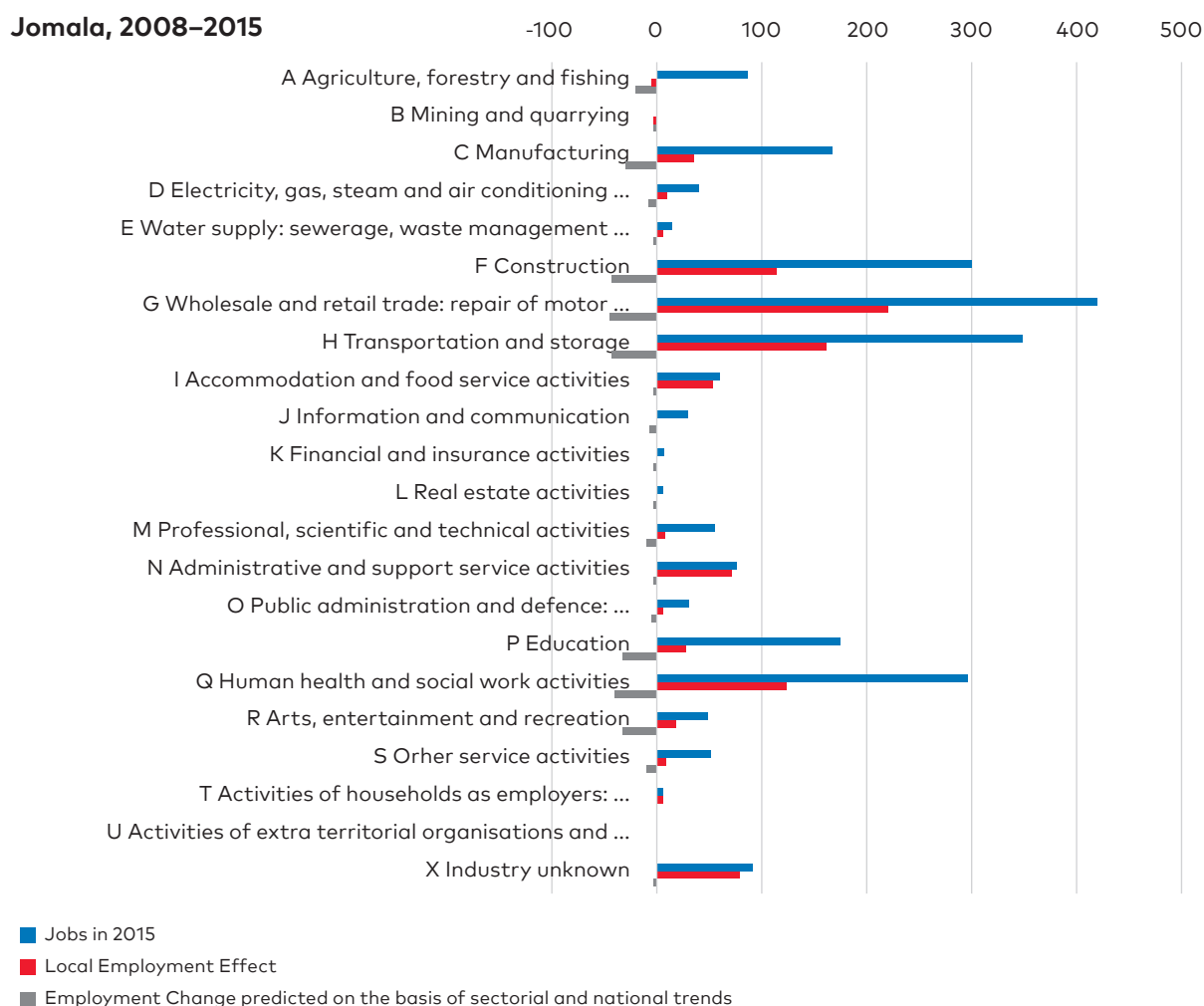


Figure V.8.4. Employment and local employment effects in Jomala. The blue bar shows the number of jobs in the area in 2016. The grey bar shows the employment change as predicted on the basis of sectoral and national trends. The red bar shows the local employment effect, a reflection of the change in jobs (growth or decline) at municipal level over a period of time, which can be attributed to local factors (e.g. local policies, and local natural or institutional conditions). Where it is positive, the local development in that particular industry is better than would have been predicted based on national and sector trends. This means that industry in the area is stronger, or else that specific policies are in place. Qualitative methods of data collection (e.g. interviews) have helped us to understand the reasons underlying these statistics.

²⁹ For changes in the number of jobs in Jomala from 2007 to 2015, please see the appendix.



The largest shopping centre, along with most car or vehicle dealers, is located in Jomala. Photo courtesy of the municipality of Jomala.

Another positive development is the number of start-up companies (nystartade) in Åland (Statistics Åland 2018c)³⁰. Following the 2007/8 recession, and in 2010, the fall in their numbers stopped, started to rise again and reached a peak in 2013 (Figure V.8.5.). The number of companies that closed (nedlagda) also fell during the recession, but in 2012–2014 it rose sharply. The average figure for companies wound up 2013–2014 was actually higher than the number of start-ups. In 2014, the number of start-ups and closures was almost identical – 211 start-ups and 210 businesses wound up. In 2016, 202 new companies were set up, 141 closed. Following a peak in the latter part of 2015, the number of start-ups has remained steady (just over 50 per quarter).

One interviewee mentioned that, as well as working on attracting more qualified jobs, there is also “a need to get the message across to the young kids that something is going on here, that there are good jobs”.

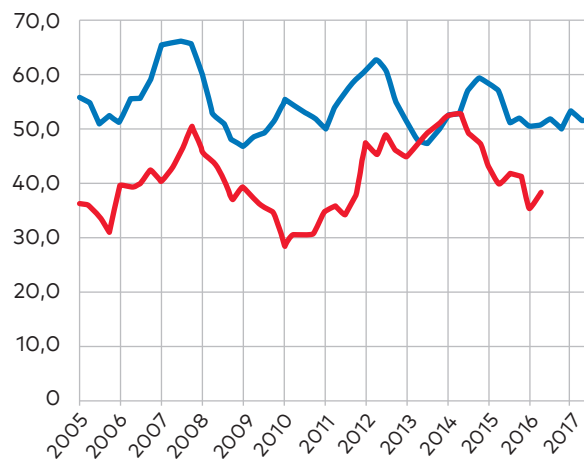


Figure V.8.5. Number of start-ups and closures, 2005–2018.

Figure source: Statistics Åland (2018c).

³⁰ For a comparison with mainland Finland, please visit Statistics Finland at: http://pxnet2.stat.fi/PXWeb/pxweb/sv/StatFin/StatFin__yri__aly/statfin_aly_pxt_11yq.px/.

A strong culture of entrepreneurship – what and how to improve, including returns on investments and “getting the brains and talent back”

The tradition of local entrepreneurship is a long one. At the end of 2017 there were around 2,600 businesses on the islands. The majority of these enterprises were in the trade, hotel and restaurant business (595), in finance, insurance and real estate (539) and in construction (502). Most businesses employed up to four employees (2111) and only four companies employed more than 250 people. (Statistics Åland, 2018c).

Interviewees describe the culture of entrepreneurship in Åland as both “strong” and “special”. Mayor John Eriksson explains the essence of the entrepreneurial spirit in this way: *“People are looking for solutions not problems; you need to think globally and cooperatively. There is a willingness to take risks and to be flexible.”* Another interviewee added that people are able to combine three or four roles at the same time, as well as taking on different roles altogether. There is a tradition and a mentality which enables people to do different things simultaneously. Interviewees also talked about the trend towards starting your own company. They said that the many entrepreneurs start businesses that require lower skills levels.

Qualitative information about the current

state of entrepreneurship, the future needs of the business sector and the overall attractiveness of the area was provided by interviewees from Eriks-son Capital and Optinova Group, two examples of locally-based companies which operate globally (Info Box V.8.1.).

One interviewee made specific reference to statistics concerning returns on investment, suggesting that the Åland Islands are not as good as mainland Finland in this respect. *“We shouldn’t simply lie down and see what happens next. We should tackle this issue head on,”* she argues. Info box V.8.2. (next page) contains further practical recommendations made during the interview.

From the perspective of running a business, energy and infrastructure (including electricity, water, waste and food) are all fairly expensive. For instance, electricity comes from Sweden and is taxed more highly. This is because Åland is not a country on its own, but at the same time it is also not part of the subsidised Finnish grid.

Information (in Swedish) about entrepreneurship, aimed at those planning to start a business in Åland is available at <https://www.naringsliv.ax/startaagetax>. This page comes from a collaborative project involving Åland University of Applied Sciences, the Government of Åland, Företagarna på Åland (Business Åland) and Confederation of Åland Enterprise.

INFO BOX V.8.1. EXAMPLES: Companies based in Åland that operate globally

Eriksson Capital AB is a family-owned company which began in the construction contracting business. Over several years the company has invested in a broad range of business sectors and enterprises. It aims for long-term ownership in the companies in which it invests. There are some 34 subsidiaries and 11 associated companies included in the overall group. They employ eight people at the main office in Mariehamn and around 1,300 people across the whole group, including its subsidiaries.

Among these subsidiaries is the Optinova Group, one of the leading global suppliers of advanced tubing solutions for the global medical device industry, as well as fluoropolymer

tubing for challenging industrial applications. Optinova (including ScanTube since 2015) is a Finnish group of companies with manufacturing bases on the Åland Islands in Finland, Minnesota in the USA, and near Bangkok in Thailand.

Another subsidiary is ViskoTeepak Holding AB, a world leading international manufacturer of cellulose, fibrous and plastic casings for the food industry. Its headquarters are in Mariehamn. Six production and conversion plants, together with five sales offices, are located around the world.

Source: <http://www.erikssoncapital.com/en/>.

INFO BOX V.8.2. Recommendations from companies based in Åland that operate globally*

Tourism

The Nordic countries should team up to develop strategies for improving concerted action to encourage and guide Asian tourists towards remote(r) areas. "Tourists come to Helsinki and Stockholm, but they should also visit Åland," Höglund argues. There is a need to develop more Chinese language material for social media, and to incorporate more references to rural areas in the literature, she says.

Nordic internship programme for entrepreneurship

One concrete recommendation which would help companies in Åland is a Nordic internship programme for entrepreneurship. Companies signing up could offer opportunities for talented students to visit them. Companies would also be encouraged to join forces. Such a programme should be supported by Nordic cooperation.

Improve the risk capital system and mentorship on investments

Eriksson also stressed the need to improve the risk capital system, which is *"challenging on Åland"*. There is some focus on *"families, friends and fools"*. The situation for those who do not come from the islands getting investment is different. The money available is sometimes used for social development, rather than being based on calculations about a return on investment and outcomes. A clearer understanding is needed about the purpose of investment. Additionally, Eriksson suggests mentorship on the use of investments and risk capital, especially when funding start-ups, and guidance for ambitious people who want to do more than simply earn enough for their own family, but who don't want to grow too large (a fine balance). But it is also important to attract (and attract back) those individuals who really do want to grow and make a difference – *"people that want more, not just comfort, yet who fear that growth could be painful"*.

*Recommendation from Annette Höglund and Rebecka Eriksson.

Public policy, infrastructure and high-level public services

The government of Åland, as per its autonomous status, is responsible for the following:

- Health and medical care
- Upper secondary and tertiary education
- Trade and industry
- Local road and ferry traffic
- Police
- Postal services
- Radio, television, culture and museums.

Municipalities are responsible, among other things, for comprehensive schools, for childcare and for care of the elderly. The quality of such services in Åland is high. Schools, for instance, are among the best in the world (Harju-Luukkainen et al, 2014; Nya Åland, 2014). Kindergarten services are similar to those in Sweden and mainland Finland. By law, municipalities have to offer a place for each child. *"Good kindergartens and good schools attract people,"* John Eriksson argues. The school system in

Åland and Finland gets positive coverage in the news and in published articles (e.g. Nya Åland, 2014). This even extends as far as China (Lifeweek China, 2017).

The "Jomala model" for organising public services *"resembles that of a company which has done away with unnecessary committees,"* John Eriksson explains. Its sleek organisational model is great for quick decisions but would probably not work in a larger municipality where, as result of democratic decision-making and the sheer number of issues being handled, more people inevitably need to be involved. So far, *"Jomala is the only municipality in Finland with this style of organisation,"* Eriksson says. The municipality also has a stable economy and the lowest municipal tax rate in Finland. It finally managed to become debt-free in 2013 (Jomala.ax, n.d.). While the municipal board and council director are influenced by different political parties, collaboration works very well, according to Eriksson. He explains that over 90% of his suggestions go through the board to the council. Schools perform well, as seen in the Pisa studies. There are 1,011



Photo: Hjördís Sigurjonsdóttir

children in the various schools and kindergartens. The municipality offers many other amenities, including cultural services (Jomala.ax). The reminder of this section will examine the public services highlighted in our interviews.

Transport

Public transport is the responsibility mainly of the government of Åland, while school transport is a municipal task. Many interviewees, especially those who commute to Mariehamn for work, or who are attending school, said that public transport leaves room for improvement. Hence, many people still own a car to commute to work.

Connections to mainland Finland can be expensive. As a professional in the public sector who relies on public transport to mainland Finland, Koskinen-Hagman says: *"Transport provision is okay, but not good. Flying is bad and expensive. The boat is all right, but it's rather time-consuming to get to appointments in Helsinki. More flights are needed. There used to be three or four flights a day to the mainland. While Skype can be used, you need face-to-face meetings as well."* Other interviewees added that plane connections can prove problematic if people from Central Europe are not able to reach Åland within a single day. On the other hand, it is possible to reach Nordic countries and other locations if you leave early in the morning via Arlanda airport.

Families stressed that for visitors Stockholm is a good place for shopping and cultural activities.

It was seen as easy and cheap to get to, but travel needs some planning. Most interviewees were satisfied with the connections, especially the cheaper ferry ones. As far as connections to Helsinki are concerned, there were different perceptions. But everyone agreed that it is fairly time-consuming to get there.

"You need to plan your vacation according to the ferry timetable, and Arlanda airport is the main international hub for Ålanders," John Eriksson explains. He sees transportation to and from the islands as pretty challenging, too, especially vis-à-vis mainland Finland. While the government tries to support air travel, this is *"an ongoing struggle, with Air Åland going bankrupt and being succeeded by a start-up company."*

One idea was to treat flying as service of general economic benefit, and therefore to subsidise it. Other interviewees said that, based on business needs, they would want a railway/metro connection between Stockholm and Kapellskär in Sweden, connecting goods and people with the ferry line between Sweden and Åland.

Concerning transport on the islands themselves, a somewhat speculative but innovative alternative to buses raised by some of the interviewees was self-driving vehicles (on rails). While cycling infrastructure is well-developed, according to Höglund it needs to be better used. *"People are spoilt for short distances; they need to change their habits."* What about car-sharing? In the view of some interviewees *"people don't want to be de-*

pendent on others, so they usually use their own cars. Many people drive between Jomala and Mariehamn, so it should be easy to drive together. Yet they prefer not relying on others for this."

Housing and infrastructure

The municipality of Jomala is located approximately 10-15 minutes' drive away from the island's capital, Mariehamn, where many high-quality jobs (and the high school) are situated. Living space in Mariehamn is limited and various kinds of apartments and houses are in high demand. As a result, "many people live in Jomala and go to work in Mariehamn", Fellman explains. At the same time there is business development in Jomala, partly due to the lack of space in Mariehamn.

Jomala benefits from the fact that, in terms of building space, Mariehamn cannot grow much more. Jomala has planned areas for building and even larger plots of land. Building activity includes single family houses, terraced houses and apartments. "People who want to live in a house come to Jomala," as one interviewee stressed, adding that "you can't even buy an apartment in Mariehamn for the price of an entire older house in Jomala."

In order to explain particular fluctuations in population distribution, and positive net migration overall (Figure V.8.1. and V.8.2.), we need to remem-

ber that the new settlement areas in Jomala are mainly for single family houses. The pace of planning also seems slower than demand, which probably explains why there has been a smaller increase in new settlement in some years than in others.

Looking at the current situation in Jomala overall, Mayor Eriksson believes that there is a good mix of different housing types. He notes that people do not have to pay land tax, and that the area has the lowest municipal tax rate in Finland, at 16.5%. According to Eriksson, people are aware of this, along with the low water rates. Water comes from Åland. Most electricity comes from Sweden, and about 20% of it is from Åland. Eriksson sees the availability of land and a well-ordered planning process, together with the presence of entrepreneurs, as among the most significant drivers of growth. "We have good entrepreneurs as drivers of these developments," he says. "They're building streets and infrastructure, kindergartens and more. They need to follow buildings standards, and fines are levied if they don't. Our technical chief monitors the situation closely, but the actual level of investment is minimal." The main challenge is therefore to keep up with high demand and developing liveable areas which meet the demands of people moving here, Eriksson says. He adds that "we seem to keep on growing fast".

Photo courtesy of the municipality of Jomala.



Looking at the general situation in Åland, some interviewees are concerned that there are empty buildings at the same time as there are people needing to find flats for rent for a couple of days or weeks – especially serviced apartments. Better use of buildings and improved provision would help to open things up for those coming into the area. According to some interviewees, it is not easy to find housing when moving to Åland. There is a shortage of rental housing for new residents. Overall, however, interviewees stressed that housing is generally cheaper compared to Helsinki and Stockholm.

People moving to Åland usually make their first home in Mariehamn. They might then move again locally if they need a larger house or more space.³¹ When relationships break up, people face the problem of finding suitable alternative living space. Large apartments are more expensive than houses, while new houses are also costly (Statistics Åland, 2019c).

Interviewees also pointed to a mismatch between people thinking that it was impossible to buy land or housing in Åland, and the actual reality. According to the regulations, "Real estate and land ownership on Åland usually requires a so-called right of domicile. To obtain this you need to be a Finnish citizen, to have lived in the islands for five years, and to have an adequate knowledge of Swedish. However, it is still possible to buy property, even if you do not have a right of domicile in Åland, provided that the property is part of an approved planning area" (Åland.ax).

Health Services and care of the elderly

Interviewees describe the availability of health services as generally good. Åland has a decent hospital, considering that it is a relatively small place. Compared to other locations in mainland Finland and Sweden, waiting times for getting an appointment in one of the healthcare centres are fairly short. There are specialists available in some medical fields, but not in all.

Care of the elderly in Jomala is provided through cooperation between different municipalities, and at different stages it can be established as a joint venture with those other municipalities.

31 Statistics concerning relocation in Åland's municipalities, including migration to and from other parts of Åland, Sweden, Finland and beyond, are available from Statistics Åland (2018d, 33).

The University of Applied Sciences – Högskolan in Åland

Högskolan in Åland provides education in four main subject areas – business and politics, technology, health and welfare, and services. Table V.8.4. lists the number of male and female students per subject area.

Table V.8.4. Students at University of Applied Sciences – Högskolan in Åland

Industry	Total	Female	Male
Total	455	183	272
Business, adm., law	95	64	31
Info., comm. techn. (ICT)	69	17	52
Technology	120	4	116
Health and welfare	49	44	5
Services	122	54	68
Home Country			
Åland	292	142	150
Finland	112	29	83
Sweden	48	12	36
Other	3	-	3

Source: Statistics Åland (2019a).

Figure V.8.6. (next page) shows the changing student numbers from 2003 to 2017, differentiating between students from Ålanders and those from outside.

Some interviewees were concerned with the educational reform process, including the issue of offering shorter courses and being what they called "to-the-point" and "hands-on". They felt that it was not wise for Högskolan to try to compete with universities or to offer topics found in curricula elsewhere. "We should make education happen in a distinctive way, not repeat something that is already done elsewhere," Höglund suggests. One example is in marine and navigation education and research. Considerable amounts of money have been invested on research into these areas in mainland Finland. They need to be looked at specifically in Åland, too. Both interviewees suggested strong international connections, shorter courses

Students at Åland University of Applied Sciences by residence

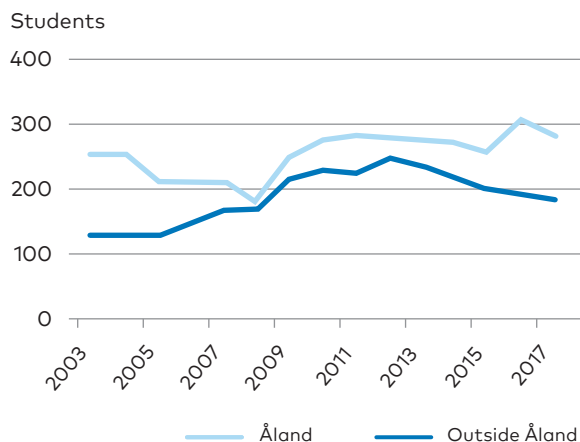


Figure V.8.6. Students at Åland University of Applied Sciences, 2003-2017.
Source: Statistics Åland (2019a).

and guest professors as potential positive strategies. People in Åland are somewhat torn about the future of the Högskolan, and so a futures study has been carried out by Djupsund, Wolff & Karlsson (2018).

Municipal mergers

There have been discussions about the possible merging of municipalities, including how to deal with certain challenges and questions that could be solved together with, or through cooperation between, different municipalities. According to Fellman, the principal issues concern location, the infrastructure in Jomala, and services delivered in Mariehamn. According to a survey by ÅSUB, a significant proportion of those who simply want to make everyday life easier do not care too much about which municipality they live in. (For further reading on this, see Statistics Åland, 2017b.) For politicians opposing such mergers, things might look rather different. The 'Kommunernas socialtjänst' service reform would be to their disadvantage, reckons John Eriksson. He explains: "There are higher costs and fewer services in Jomala. Hence, we would probably need to raise taxes, as we would still have increased costs for schools and kindergartens that are not included in the reform."

Eriksson is also rather critical of the way the planned municipal reform ('Kommunstrukturreformen') is not being carried out in sufficiently close coordination with the service reform, 'Kommunernas socialtjänst' – or indeed through discus-

sions involving the municipalities and their inhabitants. "Are both reforms really necessary at the same time? Or are the purposes of reform best met through just one of the reforms? Another question is about whether the municipalities in Åland have the actual resources and personnel to carry out both reforms at the same time," he says.

Overall, municipal mergers were pretty controversial, based on discussions with a number of interviewees. For some, they were not acceptable. Those opposing mergers also highlighted public sector cooperation in the fields of schools and care of the elderly, and the fact the government of Åland finances Åland's Gymnasium. Another said: "I want to live in the countryside, and Jomala should remain rural but with functioning services. Merging with another rural municipality would be OK". It is important to note, in this connection, that according to the law on mergers adopted by parliament, Mariehamn cannot merge with Jomala or any other municipality. Jomala would instead need to merge with other rural municipalities.

Other interviewees, surveying the situation in Åland overall, see improved operations and funding as the beneficial outcomes of any potential merger. The thinking goes that service levels could be improved, and "the right people" recruited. Another argument was that a merger might improve the functioning of democracy. The contention here is that, in the past, it was people from different areas of a municipality and its villages who were represented on municipal boards. Nowadays, the interviewee argued, party political thinking tends to dominate.

Investing in the future

From the perspective of environmental and economic sustainability, Jomala has decided to become fossil-free. According to Eriksson, it is the only municipality in Åland to set this goal and to follow it. The aim of becoming fossil fuel free was taken in 2017 and Jomala has now set new environmental targets for the future. Work has been based on a government project, the goals "seemed simple to reach", and as a result the municipality has already made substantial cost savings.

Among the upcoming infrastructure projects under consideration are renovation of schools, a meeting house, kindergartens, new sports facilities, and a library. Some of these services will be offered in one building. Mayor Eriksson recognises that investment is really needed, especially be-

cause the school needs to be rebuilt, and also because of the increasing demand for services. When more people move to Jomala, there are inevitably greater demands. Eriksson sees some similarities to other parts of the Nordic Region here. There is an increasing expectation in terms of what public services should be able to deliver to the population.

In this connection, one interviewee criticised the municipality for being too focused on keeping its taxes low and suggested moving the focus on to improving care for elderly people.

An attractive place to live – amenities, nature, island time and young people's perspectives

Perceptions of locals

What makes Jomala attractive? What is the competitive advantage of Åland over other parts of Finland (and Sweden) and why do people move there? These questions were put to all of our interviewees.

One of them, working for the government and collaborating closely with the municipalities, stressed that she is happy that people move to Åland. She believes it is both good for jobs and for high quality schooling and kindergarten provision for children. *"If you are from Sweden or from Finland, you know the language and can work in Swedish,"* she says. Compared with a larger city in Sweden, where one of the interviewees lived for 15 years, there are better services, including more staff and a higher quality of food in the day-care centre, she believes. *"There is much less traffic, it is less stressful to arrange your days,"* the interviewee adds. She and other people we talked to also reflected on long commuting times from the suburbs to the centre, and back. For her, moving back was clearly positive, but decent job openings for her and for her Swedish husband had to be found first.

What makes Jomala particularly attractive? *"We have very good schools and kindergartens. It is easy to live here, as everything is close at hand, including the cultural and sports amenities."* This is how Mayor Eriksson summarises the desirability of the place for many. Other interviewees stressed the municipality's good day-care and schools' facilities. As an example of another appealing resource, Ålanders have very good sports options. Hockey and football are especially strong. *"Overall, we have quite an impressive array of possibilities,"* one of the interviewees said. *"Football does quite*

well, but also martial arts and boxing. There are three gyms in Mariehamn, and one in most municipalities. There is at least one team sport for everyone, at least one football team in each of the municipalities," another interviewee added.

Among the other notable sports and leisure activities in Jomala are riding and riding schools. *"You can even afford your own horse,"* one person observed. People are also able to attend dance classes, and similar. The natural environment and the sea are always close by, too. *"I take my boat, have a swim, sail, and head off to a small cottage in the archipelago. When I was a young boy, moving to Åland, the sea was not seen as freedom, but it soon turned out to be just that,"* another interviewee said. There is rich cultural life here too, including music, arts and crafts, those we spoke to stressed.

Interviewees also highlighted political participation. *"You can make things happen here and influence the development of the place. There are active NGOs with different activities and focuses".*

"It's easy to live here, as you have more time on account of shorter distances to travel," another person noted. The drawback, interviewees explained, is that you need to own a car, and cars are expensive. Also, there is no subsidy for electric cars (yet). Overall, the place is *"close to town but still in the countryside, conveniently located but remote, so you have more space."* With a twinkle in the eye, another interviewee added: *"You need more space in order to have a big garage for two cars, but at least you get building permission more easily here than elsewhere!"*

These comments neatly summarise the combined impact of good jobs and services, the ability to influence the development of the municipality, and a sense of being close to nature – enabling people to wind down after work.

Another key resource which helps people to make the most of this combination of advantages is, as Höglund puts it, *"island time"*. Short distances to work and the proximity of leisure activities mean that more time is available to appreciate what is on offer. Even with long working hours, people have spare time. That is, they might have tough and lengthy days at work, but they still have time to enjoy themselves. Koskinen-Hagman similarly sees time as one of the most attractive dimensions of life here – based on comparatively short distances between work and leisure activity, as many mentioned in their interviews. *"This is one of the reasons that you choose to move here."*

Interviewees also argue that people moving here become part of “social networks”. Integration takes place both at work and in private life, where newcomers and returnees also meet up with other migrants.

Integration in Åland

The biggest reason for the population increase in Åland between 2000 and 2013 was immigration from beyond the Nordic countries. This amounts to around 1,400 people. As a proportion of the population, that is an increase from less than 2% to over 6% of those living here (Åland Statistics, 2014). In 2018, 8.5% of the population in Åland had a language other than Swedish or Finnish. The highest ratio was among those between 25 and 49 years of age. Åland Statistics (2014) conducted a survey among the foreign-born outside the Nordic countries, in order to better understand their experience of moving to Åland. Almost every respondent felt safe, or fairly safe, living in the islands.

Most said that they had Ålandic acquaintances, and the most common place to get to know these new contacts was at work or in the neighbourhood. For women, it was also common to meet Ålanders through their children, while men named hobbies as a good place to meet local people. However, one third of the respondents had found it difficult to get acquainted with native residents. More men than women said that they did not have any native acquaintances (Åland Statistic, 2014). A Master’s degree thesis on refugee’s integration in Åland shows that there is a welcoming atmosphere for people newly arriving. Neighbours, pensioners

and the local Red Cross are seen as an asset, helping to establish friendship and social networks in the community. Measures to encourage integration, building bonds with other community members: all of this creates a real feeling of inclusion. However, despite the warm welcome, refugees claimed that they did not actually have much contact with other groups in society, and that it would take a long time to be accepted as part of the local community (Lindman, 2017).

Young people’s perspectives – life in Åland and life after high school

To understand the current situation of young people, seven students from Ålands Lyceum in Mariehamn were interviewed as a group in August 2018. Ålands Lyceum and Ålands Yrkesgymnasium (the vocational high school) are part of the administrative unit known as Ålands Gymnasium, with a total of 1,000 students in both schools.

Marcus Koskinen-Hagman, the principal of Ålands Lyceum, says that roughly 80% of young Ålanders attend Ålands Gymnasium (including both Ålands Lyceum and Ålands Yrkesgymnasium). The Lyceum had 432 students enrolled in 2018, more than 40% of young Ålanders.

What makes Åland and Jomala attractive for young students from the Lyceum, what are their plans for the future, and what are the challenges of the place for them? These were key questions posed.

Only one out of seven students interviewed was born in Mariehamn. The others either commute by bus or by moped (or, if older, by car) from the nearer municipalities. If they previously lived in the archipelago, then they moved to Mariehamn for school. Fellman points out that students from the six municipalities in the archipelago region, especially, might need to move to Mariehamn, because it has the only high school in Åland. *“Everyone from the archipelago has done that,”* one of the students noted.

How is social life as a student? *“Everybody knows everyone, there are no secrets, in a sense we are fairly rural,”* one of the students said. *“Among younger students everyone has a moped, but you cannot be that spontaneous here. Winter changes things quite a bit,”* another added. They tend to think that there is much more to do than there was a few years ago. Many now work on Åland, especially during the summer break, when a lot of tourists come, and there are more events taking



Photo: Hjördis Sigurjonsdottir



Photo: Hjördis Sigurjonsdottir

place. While it is a small community built on trust, things “gets dramatic” during the annual rock festival, ‘Rockoff’ – “a bit of drama for nine days, when we find ourselves doing stupid things and enjoying the fact that the ‘big shots’ are coming!”

There was some disagreement about the overall convenience of the location and its connections to mainland Finland and Sweden. Some felt it was easy to travel abroad, while others said that when flying to Helsinki it was necessary to plan a long way in advance, especially if you wanted to keep costs reasonable. Boat tickets, in contrast, are often free. “The boats are our life-line”, one student said, and with a smile his friend added, “Yes, and we have the highest snus consumption in Finland”.

All of the students emphasised Åland as a good place for raising a family. It is a very safe area, there is decent day care provision, and the educational facilities are very good. Spare time and leisure activities are easily accessible, too, including sport and culture.

What about their own future after high school, both as students and as returnees to the islands?

When it comes to studying for a higher degree, most Ålanders were enrolled at Swedish universities in 2018, according to ÅSUB. Since 2008 the proportion of students choosing to study at Finnish universities has increased by 14% to 33% in 2018. At the same time, the proportion of students in Sweden has decreased from 76% to 63% (Statistics Åland, 2019d).

Koskinen-Hagman refers to statistics showing that a majority of young Ålanders leave to go to Sweden for study. In relation to this trend, he stresses that it has become harder to gain entry to Swedish universities. One reason is that, if going to Sweden, the mean of all 75 courses attended is looked at. In Finland, it is the final grade that

counts. Depending on individual universities, the entrance exam applies to roughly half of the students.

When considering studying for a higher degree, all students from our small interview sample emphasised that the current (very positive) availability of jobs does not solely define the choice of subject matter for their studies. Some want to study law or economics in Helsinki. Some also wish to study in Finnish, but stress that their classmates might be of a different opinion, because many are more interested in studying health-related subjects or engineering in Sweden. “Overall, Finnish people are more fun to hang out with, so I would like to study in Finland”, one of them says – and all the others nod. On the other hand, another student argues that “many people are also scared about Finland, with the language and so on.”

What about returning after your studies? “If you want to make a difference you shouldn’t be here”, one of the high school students declared. The place was simply too small to offer good opportunities, this person thought. According to others, those opportunities, such as working as a journalist, are best found in a larger city, such as in mainland Finland or in Stockholm. However, almost all interviewees said that they might eventually come back. But they added that, as a young person, you want to see the world first. “You will encounter a different culture, recognise that it is probably less safe and more stressful, and then you might choose to return”, one student explained.

Discussing the issue with families in a group interview – some of whom also had children finishing high school soon – there was general agreement that it can be important to move away, to learn and to experience life in different places. Also, many families we interviewed said that they had “bigger plans for bigger cities” when they left to study abroad. Later they thought life on Åland, with a family, “is more attractive, due to its safety, the security of employment, the small distances to cover, and strong social bonds”. One interviewee believes that the life planning of young people might have changed a fair bit compared to when she left the islands in the mid-1990s. According to her, “for the majority it is clear that they will return”. Koskinen-Hagman was among those who thought about not returning, especially as he got a good job offer elsewhere after completing his PhD. Yet, for family reasons, he went back to Åland, as did 90% of his friends. He is also convinced that young people should see the world and then return. He

strongly recommends an active policy to motivate young graduates to return and adds that *“there are good companies here, people find the infrastructure good, and it is cheap – especially sports amenities and participating in team sports.”* When compared with many other rural areas in mainland Finland and the Nordic countries, there is virtually no unemployment. *“Young people get the jobs they want,”* Koskinen-Hagman says.

Attracting people with a good level of knowledge and skills – both returnees and new residents – is one of the concerns that Mayor John Eriksson agrees needs to be tackled. *“While people study abroad and come back, maybe we should go out and make a stronger pitch for the place, following the Faroese example,”* he says.

According to Höglund and Rebecka Eriksson, one of the keys to the future of Åland is attracting people (back), especially “people who want to make a difference”. This means attracting not only those who want to return for “a more peaceful life (the ‘step-down society’)”, but particularly those individuals who are up for “big challenges”. Several initiatives have been established to “get the brains back” and to prevent further attrition of “the best people”. In this regard Höglund stresses one special event – an Entrepreneur Day which involves going directly to the school. He says it is important to talk to young people shortly before they leave Åland to study, making them aware of the advantages and job opportunities that will exist for them when they come back. Åland has a very good school system and considerable investment is made in the area, so it is a real pity to lose talent and brains. Creating an alumni link is another opportunity to form lasting bonds. Interviewees said there was, in their view, a fairly high return rate, but added that there is a continuing need to improve it, not least in those sectors that require people with a higher level of educational attainment. *“We always need people to move back and pay taxes,”* Eriksson added, admitting that he is a bit scared about the future in that respect.

Distance learning is probably not the best option for most, and if distance learning is undertaken then this is preferably done after basic university education. As interviewees emphasised (and this perception was widely shared with others), it is important that young people want to move away for a time and that they do so. Equally, they can and should be encouraged to return.

Conclusion

This study has sought to combine quantitative analyses of demographic and local employment patterns with qualitative interviews involving business representatives, the public sector, headmasters, school students and families. Through this mixed method, we have been able to identify different factors underlying positive economic trends and the attractiveness of the place generally, as well as a number of challenges that lie ahead.

Our case study of Jomala, and the Åland Islands as a whole (with the exception of some of the archipelago municipalities) demonstrates very positive demographic developments and job growth over recent decades. This growth in the municipality of Jomala is due both to a high standard of services and job availability, and also its close location to Mariehamn, a place of work for many who live in Jomala. In contrast to other case studies, jobs are also available for people with a higher level of education – such as those working in banks, insurance companies, Information Technology (IT), justice and the medical science field. There is a mismatch between job opportunities and the perception of young high school students about those opportunities. But positive initiatives are in place to showcase the real prospects and possibilities that exist, and to “get the brains back” to the area. Except for public transport, families in the group interview said that “services are fine and very good; those who complain have never seen other places.” Moreover, there is a lack space for housing and for certain types of businesses in the capital, Mariehamn – space that is available in neighbouring Jomala. Overall, there is good provision of culture and sports facilities. The place is perceived as a safe one and nature and the sea are close at hand. We can see that there are already many attractive resources to attract new islanders and to encourage young people to move back after they leave for a period in higher education.

Table V.8.5. (next page) summarises a variety of good practice and key factors underlying the attractiveness of Jomala Åland, as well as a number of obstacles and challenges which have been identified through interviews and through an examination of the secondary literature.

Table V.8.5. Attractiveness of Åland/Jomala, and obstacles or challenges to overcome

Good practice and reasons underlying attractiveness	Obstacles and challenges
<p>Access to public services Availability of different public services, including schools.</p> <p>Education Kindergarten services are of a high standard, similar to mainland Finland and Sweden. Schools are among the best in the world.</p> <p>Culture, sport, recreation Many amenities in the fields of sports, recreation and culture are available in Jomala and nearby.</p> <p>Employment and jobs Attractive jobs are available for people with a higher education, e.g. in banks, insurance companies, IT, justice and medical science. Åland is an autonomous territory, so senior and other positions are available in the public sector.</p> <p>Entrepreneurship culture Strong culture of entrepreneurship and local companies operating globally.</p> <p>Immigration Good integration of migrants.</p> <p>Location Closeness to capital Mariehamn providing jobs and amenities.</p> <p>Quality of life and local community Perception of safety and the absence of criminality.</p> <p>Young people – living, staying and returning The public and private sectors work together to “get the brains back”, i.e. to inform students about opportunities to return after studying outside the islands.</p>	<p>Education Perceived understaffing of education administration, and aligning teaching plans to both Finnish and Swedish systems</p> <p>Employment and jobs Perceived shortage of labour in health services but cooperation with Uppsala and Turku hospitals for more severe cases Negative perceptions of young people about their job opportunities after higher education.</p> <p>Housing Living space in Mariehamn is limited and there is a lack of housing > this benefits Jomala, as building plots are available.</p> <p>Young people - living, staying / returning Further effort is needed to “get the brains back”, especially those who are willing to take risks as entrepreneurs. Negative perceptions of young people about job opportunities after higher education.</p>

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Appendix

Jobs in Jomala, 2007–2015									
	2007	2008	2009	2010	2011	2012	2013	2014	Jobs in 2015
A. Agriculture, forestry and fishing	120	112	110	114	104	96	102	95	87
B. Mining and quarrying	3	3	0	0	0	0	0	0	0
C. Manufacturing	144	162	162	166	195	194	177	196	168
D. Electricity, gas, steam and air conditioning supply	36	38	38	36	36	37	42	38	41
E. Water supply; sewerage, waste management and remediation activities	12	14	10	12	12	12	11	23	16
F. Construction	232	228	231	238	264	297	276	293	300
G. Wholesale and retail trade; repair of motor vehicles and motorcycles	227	248	263	268	310	332	385	408	421
H. Transportation and storage	241	230	333	338	352	316	308	331	349
I. Accommodation and food service activities	13	10	7	21	22	17	8	27	61
J. Information and communication	28	35	33	36	34	32	38	37	31
K. Financial and insurance activities	3	8	4	1	1	2	15	10	7
L. Real estate activities	4	5	4	4	6	6	6	8	6
M. Professional, scientific and technical activities	42	60	66	47	54	51	54	53	55
N. Administrative and support service activities	6	4	7	13	21	37	33	27	75
O. Public administration and defence; compulsory social security	29	32	34	44	46	47	51	33	30
P. Education	160	180	116	186	180	169	182	201	175
Q. Human health and social work activities	187	212	200	224	267	258	328	316	295
R. Arts, entertainment and recreation	150	178	143	136	146	143	151	206	215
S. Other service activities	35	52	52	57	61	65	68	70	51
T. Activities of household	0	0	0	0	0	0	6	6	5
U. Activities of extra-territorial organisations and bodies	0	0	0	0	0	0	0	0	0
X. Industry unknown	19	17	42	35	28	23	25	86	91
SUM	1691	1828	1855	1978	2139	2134	2266	2464	2479



Photo: Petur Martin Solmunde

V.9. KLAKS VíK AND THE FAROE ISLANDS: Structural Transformations and Adaptation – Boosting attractiveness through engaged citizens and local companies based on a growth plan

By Michael Kull and Karen Refsgaard, 2018/2019

Introduction

Why are some municipalities better than others at deploying their resources, attracting people and creating jobs? This was the key question studied in this analysis of the attractiveness of 14 rural municipalities in the Nordic Region.

The 14 areas selected are all defined as attractive in the sense that their populations and the number of people in work have increased in recent years. The nature of the boost to employment in some sectors has been identified by means of shift-share analyses to determine how much of the change is attributable to specifically local factors.

Interviews then probed key stakeholders about motivation, working conditions, job creation and living conditions. These interviews were with public sector representatives (e.g. mayors and heads of planning and development), business representa-

“ We are an enterprising lot. We want to create a good place to live and seek opportunities, and we stand united to reach our goals

JÓGVAN SKORHEIM, MAYOR OF KLAKS VíK

tives and entrepreneurs, high school students and people from the education sector, as well as families. Combined with analyses of other data and information, the interviews helped us to understand why some places do better than others.

Among the reasons to choose Klaksvík for a case study was the positive change in terms of net migration and population, along with positive

economic trends of recent years.³² Klaksvík is located on one of the northern Faroe Islands. It is the major township in Norðoyar county. There are approximately 12 others, plus some small villages. All together they have a total population of approximately 5,920.

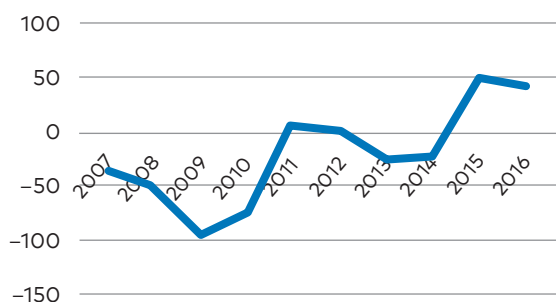
When the fishing industry emerged in the late nineteenth and early twentieth centuries, Klaksvík comprised some rather scattered farming settlements. This changed dramatically (Klaksvíkar Kommuna, 2017). Klaksvík became a municipality in 1908 and from then until 1970 the population increased from 700 to 4,266. Population growth peaked in 1989, at 5,000. The economic crises that the Faroe Islands endured in the 1990s hit Klaksvík hard. The municipality, like Norðoyggjar county as a whole, then saw its population fall (Figure V.9.2.). During the economic recovery (and on account of a growth plan with a range of socio-economic implications, plus the construction of a sub-sea tunnel – more of which below), the demographic situation in both Klaksvík and the county as a whole improved. Population figures became positive once more (Figure V.9.2.).



Figure V.9.1. Map of the Faroe Islands.
Source: https://da.wikipedia.org/wiki/F%C3%A6r%C3%B8ernes_regioner#/media/File:Map-kommuna-2005new-color-caption.png.

32 For the different steps involved in data collection and case study selection, see the 'Methods' section.

Norðoyggjar – Net migration patterns, 2007–2016



Norðoyggjar – Population change, 2007–2016

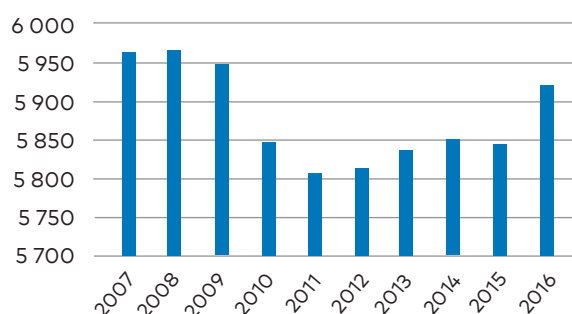


Figure V.9.2. Norðoyggjar – Net migration and population, 2007–2016.

For many years, there were fewer women than men in the municipality.³³

The municipality's financial situation also improved after 2009. While the tax level was higher that year than in 2017, the municipality has nearly doubled its overall income during this period. The years 2013 and 2014 saw the fastest growth, Mayor Skorheim³⁴ explains. However, compared to Tórshavn, where the economy grew steadily, he

33 Looking at the situation in the Faroe Islands as a whole, the islands have had fewer women (approximately 2,000) for some time. During the Second World War, many young women married British soldiers. Since 1950, a large number of them have moved abroad to seek education, and many have started families abroad.

From the 1960s and for the next two to three decades, there were numerous marriages between young Faroese women and Danish/NATO soldiers deployed on the islands during the Cold War. These factors may all have played a role in producing a gender imbalance. Recent figures, however, show a greater proportion of women coming to the Faroese community. There are several policies in place to motivate students to return, which will be discussed below. This has also had an impact on the overall balance.

34 Skorheim was born in Klaksvík. Prior to becoming mayor, he had his own company (soap and cleaning). He became deputy mayor aged 26, and mayor in 2013 at the age of 30. Skorheim is also member of the Faroese parliament, the Løgtingið.

Norðoyggjar, 2008–2016

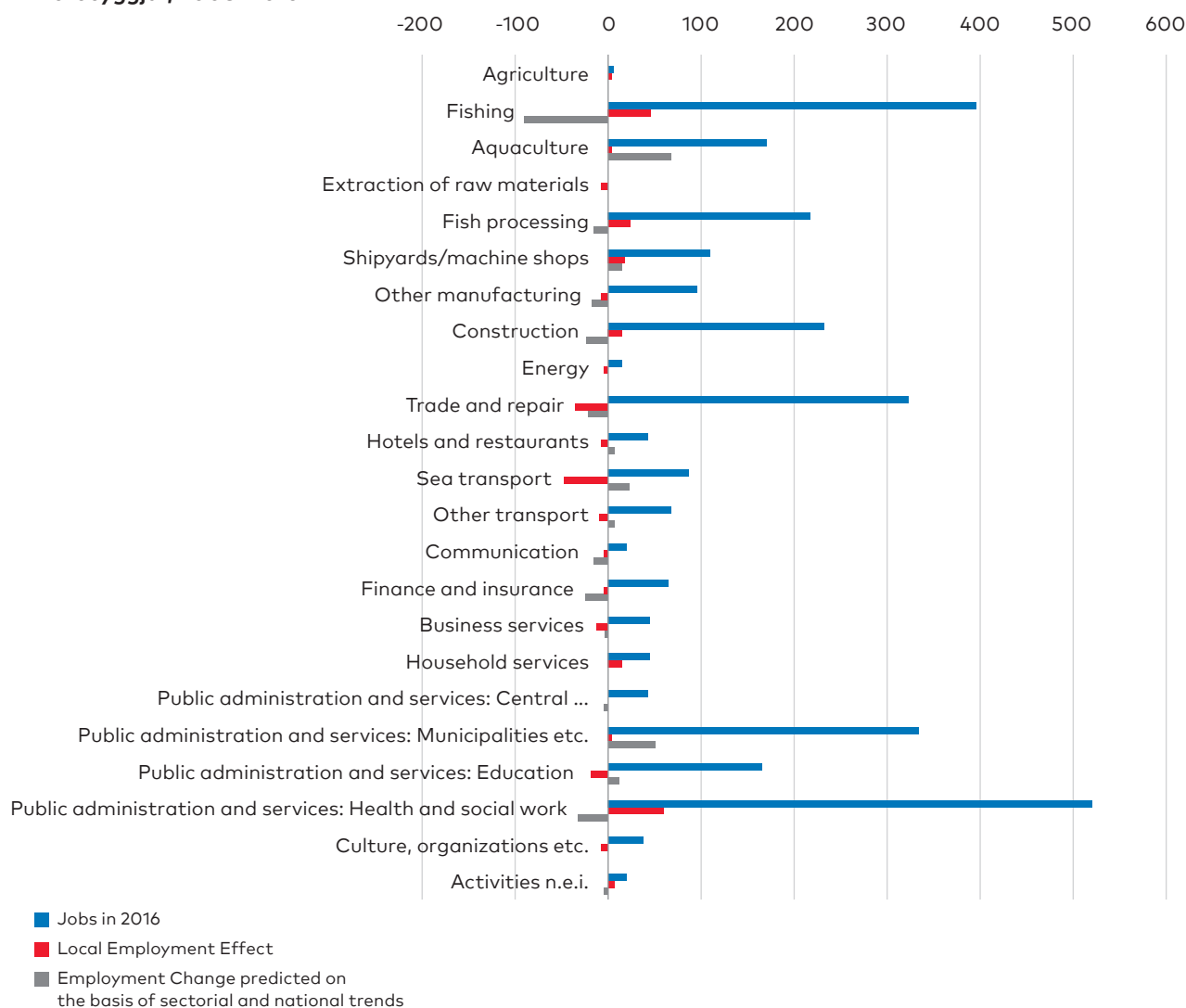


Figure V.9.3. Employment and local employment effects in Norðoyggjar. The blue bar shows the number of jobs in the area in 2016. The grey bar shows the change in employment levels as predicted on the basis of sectorial and national trends. The red bar shows the local employment effect. Where it is positive, local development in that particular industry is better than would have been predicted on the basis of national and sector trends. This means either that industry in the area is stronger, or that specific policies are in place. Qualitative methods of data collection (e.g. interviews) help us to understand the factors underlying these figures.

reminds us that that Klaksvík's specific situation is more fragile and that it is still dependent on the fishing industry. The second largest sector for employment in Norðoyggjar county and in 2016 – after public administration – is fisheries. But trade and repairs, fish processing and construction are also important (Figure V.9.3.).

The proportion of jobs provided in the fishing sector (and in related fish processing) in Klaksvík, as part of Norðoyggjar county, is continuously high and the local employment effect is stronger than average for the Faroe Islands. Overall for the Faroes, some 370 jobs were lost in fishing between

2008 and 2016. In Norðoyggjar county there more jobs remained than would have been expected on the basis of national trends.³⁵ Compared to the national trend, the expectation would have been that by 2016 only around 350 jobs would be left in fishing, while there were actually still around 400 jobs in the sector (down from 441 jobs in 2018 – see Table V.9.1. next page).

³⁵ This shift-share analysis for the period from 2008-2016 shows that public administration (health and social work) especially, plus fishing, fish processing, household services and the shipyards have done better than expected, when compared with the national and sectorial trends.

Table V.9.1. Jobs in Norðoyggjar county

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Agriculture	3	3	2	3	2	2	3	7	8	9
Fishing	494	441	433	421	389	389	367	392	385	398
Aquaculture	89	98	120	131	136	153	160	174	200	171
Extraction of raw materials	6	8	8	7	6	4	4	4	4	4
Fish processing	263	208	85	205	203	205	202	222	214	219
Shipyards/machine shops	78	77	72	61	71	93	95	105	108	112
Other manufacturing	119	120	117	84	87	91	87	85	95	98
Construction	252	238	186	198	190	186	194	204	218	232
Energy	18	16	16	16	16	15	17	19	19	16
Trade and repair	350	377	328	295	293	304	318	311	335	325
Hotels and restaurants	40	41	34	23	27	25	25	44	45	43
Sea transport	80	107	92	88	106	84	92	92	91	88
Other transport	68	70	57	43	43	67	58	69	64	69
Communication	40	39	49	48	42	29	25	25	19	23
Finance and insurance	96	91	83	84	85	73	69	65	68	67
Business services	66	59	54	54	41	36	41	45	42	46
Household services	23	27	37	38	42	39	42	40	48	47
Public administration and services: Central administration	40	43	43	41	43	38	37	39	43	44
Public administration and services: Municipalities etc.	280	279	261	263	284	287	284	296	314	337
Public administration and services: Education	176	170	171	169	168	165	171	173	165	166
Public administration and services: Health & social work	479	491	479	488	469	493	482	467	499	521
Culture, organizations etc	41	42	39	37	32	33	37	36	39	38
Activities n.e.i.	22	18	20	18	-	13	18	17	20	23
SUM	3123	3063	2786	2815	2775	2824	2828	2931	3043	3096

Bearing in mind the continuing importance of the fisheries sector, this study aims to shed light on the transformations that have taken place over the past few years. Moreover, since there is also a strong commitment to the development of what is sometimes called the 'experience economy' – which is part of the municipal growth plan for Klaksvík – we will also explore this, alongside other sectors of the economy.

A robust basis for boosting the attractiveness of the islands and their economic prospects

has been provided by the municipal growth plan published in 2010. Working with the local people in Klaksvík, the municipality analysed the economic situation and its development needs, the demographic trends, and the policies needed to boost the attractiveness of the place for both the existing population and for prospective incomers. Elements of this growth plan, along with an analysis of structural transformations that have taken place, will be discussed in the following pages.

Public policy: involving people and their perspectives in the development of a growth plan

According to Mayor Skorheim nobody really believed that the population in the municipality of Klaksvík would ever recover again, following the economic crisis at the end of the first decade of the 2000s. However, the municipality succeeded in rebuilding growth and it now has a population of over 5,100. One of the key reasons for Skorheim – what explains this change – is the municipal growth plan which was created with and for local people. In the process of developing the plan, people in the community were actively engaged. They shared their views through focus group interviews, for example. This formed part of a government-led strategy in 2012 to fight back against the ‘exit Føroyar’ trend. Government, local communities, businesses, labour organisations and student groups worked together to inform people about opportunities in the Faroes. Among other channels, this was achieved through the annual job-match initiative, which had started back in 2010. Events and activities were held on the Faroes, in Denmark and in a number of other countries. They focused on encouraging Faroese students living abroad to become interested in returning home once more. The views of these students was naturally seen as important.

The focus groups conducted for the Klaksvík growth plan first sought to identify obstacles to development. Issues concerning what needed to be done better were discussed as well. These common reflections on both obstacles and enabling factors formed the basis for the growth plan. That plan was finished in 2010. Three key areas emerged. First, the experience economy. Second, building rental and terraced houses to facilitate affordable living. And third, making Klaksvík attractive for students and young families – as well as for young people looking to return after studies abroad.

Encouraging young people and students to move back to Klaksvík

One of the key areas in the municipal growth plan is attending to young people, with specific strategies designed to motivate people to move to the area, and to move back after a period of study abroad. In addition, students were listened to in the development process for the plan as a whole. Representatives from the municipality also went to

Denmark to inform students about the opportunities in Klaksvík, in order to attract them to returning. Tróndur Leivsson (CEO at the Búnaðarstovan Agricultural Agency) stresses the importance of cooperation between different levels of government and related institutions in this endeavour. As a response to the decline in population, and in order to motivate students to return, the House of Industry, together with representatives from various Faroese municipalities, went to Faroese students studying abroad with the purpose of trying to convince them to return home after studying. The focus was on Danish towns and beyond. *“During Christmas holidays when students were back,”* Leivsson explains, *“they arranged different events for them here as well.”* Information was provided about job opportunities, childcare, health, building or buying houses, and the training opportunities offered by local companies.

According to Marita Rasmussen from the House of Industry, around 50% of young Faroese are currently studying abroad, and roughly half of those will not return. Keeping young people for two to three years after their graduation increases the probability that they will return home again. This contrasts to the scenario where they left right after high school, for example, Leivsson adds., More students tend to return now than in the past. Among the reasons for this is higher unemployment in Denmark and good job opportunities on the Faroe Islands. Another important factor was better marketing of job and life opportunities on the Faroe Islands.

In order to make the Faroe Islands more attractive for young people to come back to, and to inform them about employment opportunities, a government consultative committee was set up. It developed 30 recommendations. Some of them were implemented, some were not. An important aspect of this was raising awareness. Another was to improve housing policy, focusing on the availability of rental apartments. *“Young people do not want to buy expensive houses. There is a need for rental houses to enable students to return,”* Marita Rasmussen explains.

To facilitate a higher rate of returnees, the Faroe House of Industry also set up a ‘dating page’ for students and companies, for example on apprenticeships. They also began marketing campaigns, including ‘Choose FO’, highlighting other attractive features of life on the Faroes, such as a sense of security and the childcare facilities.

For those willing to start a new business, Klaksvík has invested in a Centre for New Entrepreneurs, providing information about starting a new company and patenting new products. A number of support schemes are also available (see Info Box V.9.1.).

INFO BOX V.9.1. Establishing companies in the Faroe Islands

There are a number of public support schemes for establishing a company. These include venture capital, Vaekstfonden (the Danish Growth Fund), the state investment fund and private investment. More information is available under <https://vf.dk/en/>. There are also six venture funds and crowd-funding is also an option.

Overall, according to Rasmussen, *"it is fairly easy to establish companies. You need 1 króna to establish a company and to receive support and advice."*

Leivsson reckons that there is still some work to be done to develop equal job opportunities for all.³⁶ Overall, he believes that these combined activities involving different institutions have had a positive impact, and a positive new trend is discernible, with a net influx to the Faroe Islands and more job opportunities for better educated people.

Housing and infrastructure

Klaksvík now has *"a new face"* as a result of the impact of the growth plan, according to Skorheim. He reckons that *"it is easier to live here and commute, even to Tórshavn."* While there have already been efforts to tackle it, housing remains one of the key challenges. Consequently, in May 2018, a new apartment house was built, involving collaboration between the Faroese government and the municipality. There are plans to build more of these in order to tackle the housing problem – with

the aim being, above all, to make affordable living space available for young families. In this connection, Skorheim talks about an interesting new cultural trend related to the relationship between housing and life planning. Traditionally, young Faroese were motivated to buy their own houses. This has changed. Housing is expensive and there is now a higher demand for apartments and terraced houses. Skorheim says that the culture and tradition up to the 1980s was that, after marriage, young couples would build their own houses. But with an increasing number of students receiving university education in Denmark, this goal also started to change. Young people have become more interested in apartments, and owning a house is not the key objective any more. The new demand is for diversified and mixed housing provision (both owning and renting, traditional houses, terraced houses and apartments). In order to be able to respond to this demand, Skorheim is suggesting, and working for, legislation that would give councils the right to build apartments, not just to sell land. While in his view many municipalities are in favour of changing the legislation in this way, there are also different needs in different municipalities. Again, the private sector is an active and collaborative partner for the public sector in this area, e.g. fisheries companies are building apartment houses that municipalities can rent.

An energy production plant is being built, and a shift toward renewables is planned up to 2030. It is a fossil fuel based backup to safeguard energy supplies. However, a green energy plan (involving wind turbine development, for example) has also been chosen. Water pump storage is another trend in energy production. Klaksvík municipality has an ocean-based thermal heat converter too. This is expected to replace five million litres of oil with sustainable, green energy. For now, just the town centre is included. Later in 2019, the whole school area will be included as well. This is also a part of the 2030 growth plan, but it is financed by the municipality alone.

Overall, this transfer of resources towards a green energy future has also had an influence on land ownership and land prices. In this context, Leivsson stresses the high demand on land and the need to develop proper planning procedures for current ongoing activities. Buying and developing land must be conducted in accordance with the local planning law and culture. For the future, *"We want to avoid what happened in relation to*

³⁶ The greater issue now, in developing equal job opportunities, involves focusing more on the challenge of being able to present interesting employment opportunities for both spouses in a relationship. For some years there was a very polarised debate about improving civil rights for homosexuals, with some extreme religious people opposing this. As a result, gay people left the islands. According to Leivsson this debate is much more settled on the side of equality now.

aspects of aquaculture, such as river draining", Leivsson comments. He explains that the planning objective for his organisation is to be in charge of the administration of around half the land area in the Faroes. Overall, he emphasises, the question of land ownership and land use will become ever more important in years to come.

Infrastructure investments to boost labour mobility has also contributed to positive demographic developments in Klaksvík. Until 2006 people had to take a ferry to Klaksvík, but since then a sub-sea tunnel has connected the town to the main islands. High hopes also accompanied the creation of the Eysturoy sub-sea tunnel – "the largest ever infrastructure expansion on the Faroe Islands" – connecting Skálafjørður and Tórshavn and reducing the driving time from Klaksvík to Tórshavn from around one hour to around half-an-hour (Eystur- og Sandoyartunlar, 2016). This tunnel is expected to have a further positive impact on the overall attractiveness of Klaksvík, acting as an enabler of population growth and an engine of new activity.

The third aspect of the municipal growth plan – the experience economy – is discussed below, as part of a broader analysis of infrastructure and services and as one aspect of the attractiveness of the Faroes. As a prelude to that, we will examine the Faroese labour market and transitions in the primary sector, fisheries, as well as tourism.

Business development and the structural transformation of the labour market

The labour market – structure and transformation

Looking at the Faroe Islands as a whole, most jobs are provided by the public sector (Offentlige). The number of jobs almost doubled from 5,636 in 1985 to 10,191 in 2017. By comparison, growth in the service sector (Tjenester) was fairly moderate – from 5,447 jobs in 1985 to 6,858 jobs in 2017.

Fisheries and fish processing combined were still important job providers for the Faroe Islands in 2015 (Figure V.9.5.). In terms of a single sector, most jobs are found in commerce, if you exclude the public sector.

Figure V.9.6 shows jobs in fishing, aquaculture and fish processing from 1985 to 2018. As fisheries and fish processing has more than halved over the last 30 years, fish farming has increased fourfold, resulting in the three sectors employing between 1,170 and 1,446 people in the Faroe Islands in 2018.

Fishing and the fishing industry contribute approximately 20% of gross value-added for the Faroese economy (according to Visit Faroe Islands).

Women are mainly employed in the public sector, in areas such as in education and health. Medical scientists are, according to Marita Ras-

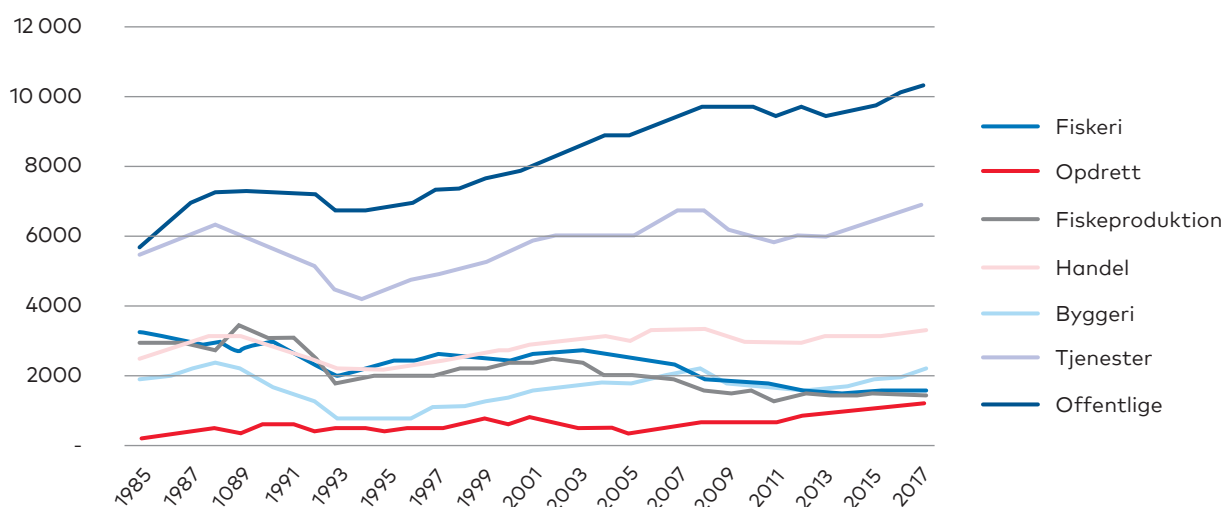


Figure V.9.4. Jobs per sector, 1985–2017.
Source: Faroese House of Industry

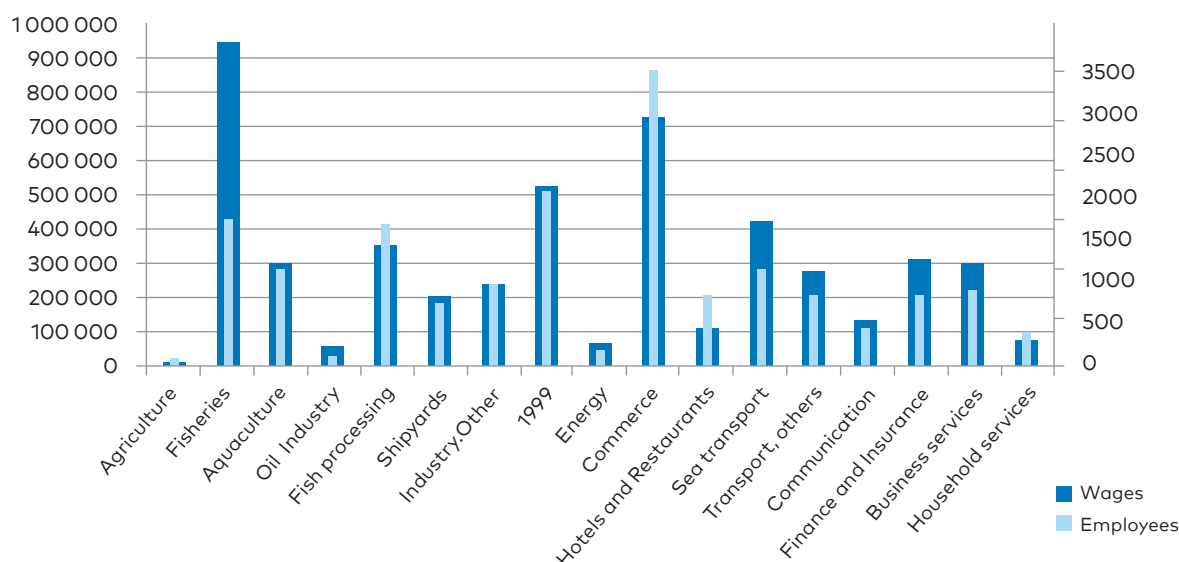


Figure V.9.5. Number of employees and wages (in DKK 1,000) in the Faroe Islands, 2015
Source: Faroese House of Industry

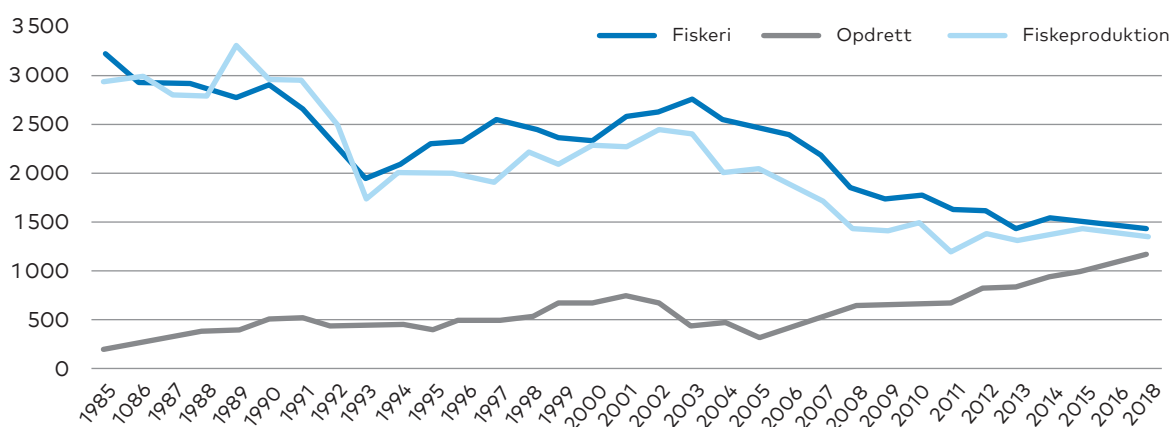


Figure V.9.6. Number of jobs in fishing, aquaculture and fish processing, 1985–2018
Source: Faroese House of Industry

mussen from the Faroese House of Industry,³⁷ mostly “older men and younger women”. Fisheries has traditionally been a men’s business, but also engages women. Transformations are ongoing in this sector. According to interviewees from the Rasmussen family and owners of CIG, there is no problem for women wanting to find jobs in the

fishing industry. “Everyone who wants to find a job will get one. While there are not that many women employed yet, there is a growing place for them in the maritime industries.” There are now about 15 to 20 students enrolled annually in the maritime college, including female students. In aquaculture, especially in relation to research, employment is “predominantly women, and overall it is much more equal than fishing”, Tróndur Leivsson from the Agricultural Agency of the Faroe Islands reflects.

In practice, men are often away from home for prolonged periods. This is true in the fishing, oil and transport sectors, and also relates to working in other countries. Rasmussen reminds us that the Faroe Islands have the highest levels of labour

37 The House of Industry is the community of business associations in the Faroe Islands and is managed by the Faroese Employers Association (FEA). The FEA is the main representative body for Faroese employers, with a current membership of over 550 companies. These range from small family-owned businesses to multinational companies. The House of Industry brings together five employers’ associations and eight sectoral organisations (See <https://www.industry.fo/international-edition>).

mobility in Europe. She points out that there is high demand for Faroese labour in other countries, especially in the maritime sector, because *“Faroese people are flexible and are used to working in companies that require multiple skills. They are very informal and flexible”*.

The oil industry and the supply sector for the oil industry operate in different parts of the globe. There is also a business cluster in the maritime sector and a service hub for floating equipment.

Employment in the faroe islands

Unemployment in the Faroe Islands has gone down drastically from the 12.9% rate of the mid-1990s, with some fluctuations over time. During the global financial crisis, the unemployment rate rose from 1.3% in 2008 to 7% in 2010, and then fell again to 2.1% in 2018.

In 2018, just 610 people were unemployed, and 436 were in a scheme for unemployed people. So there was very little unemployment overall. At the same time, there were 150 job openings, many of which were in the tourism sector. For EU residents, if unemployment is below 3.5%, a fast track system is in place to integrate them into the labour market. More than 80% of people are actively working (figures for men are slightly higher than for women). The proportion of part-time work is the third highest globally.

Transformations in the fisheries sector

Developments in the fisheries sector have had a fundamental impact on Faroese municipalities outside the capital. Up until 2014, pelagic fisheries boomed, and wealth was created through pelagic catchment areas. The history of Christian í Gróttinum, a Klaksvík-based fishing company, also reflects the transformation of the fishing business in the Faroe Islands as a whole (Info Box V.9.2.). The company focuses on catching, processing and selling herring, mackerel, blue whiting and capelin for the European and East Asian markets. One of the largest employers in Klaksvík, it employs more than 100 people – most working on fishing boats and eight to nine in the office.³⁸ Christian í Gróttinum has 25% of pelagic quota in the Faroe Islands and a turnover of DKK 450 million.

The Faroe Islands are also in a special position as a result of EU sanctions against Russia. Faroese companies can sell to Russia, while EU-based companies cannot. After the dispute over the fishing quota for herring and mackerel between the EU and the Faroe Islands in 2013, and an export ban on the Faroese catch in 2013–2014, the Faroes' share of the total mackerel quota was almost tripled. Skorheim explains that pelagic fishing became *“big here”* and the sector *“did well economically”*. Over time, interviewees by the Rasmussen family add, a lot of fishing rights moved North.

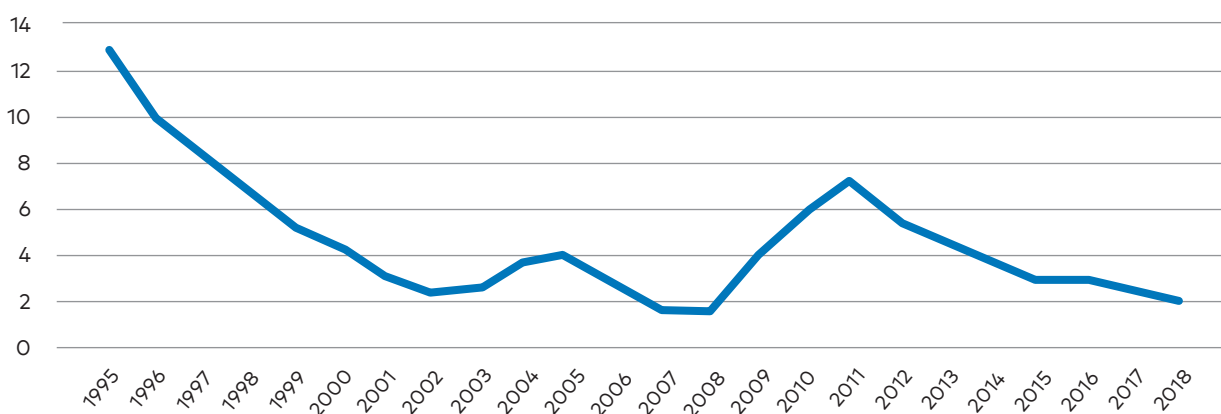


Figure V.9.7. Unemployment rate in the Faroe Islands, 1995–2018. Source: Faroese House of Industry.

38 According to the Rasmussen family, it is always possible to hire people to work on boats. Nowadays there are fewer people on board, but they are still more in comparison with other countries. This is due to stricter regulations in the Faroe Islands regarding the minimum crew size.

INFO BOX V.9.2. Christian í Grótinum, a Klaksvík-based fishing company

The company started with its first fishing vessel, a salt fish long-liner, in 1971. People worked 12 hour shifts and sailed for about five to six months away from home. In 1975, a new boat, built in a Faroese shipyard, began to sail for the company – the first M/S Christian í Grótinum. It played an important role in the early days of the pelagic industry on the Faroe Islands, and it became part of a long family tradition – operating until 1997 and being followed by ships that also carried the name Christian í Grótinum. During a crisis for the pelagic industry in the 1980s, the boat was moved to South Africa. It was there until 1992. A successful blue whiting fishery and growing belief in pelagic fishing led to the order of a new ship. The new M/S Christian í Grótinum started operating in 1998, and, according to interviewees, *“Changed the pelagic industry completely, resembling a floating factory.”* In 2009, the M/S Nordborg was taken into operation, with complete onboard facilities also available for producing fishmeal and fish oil. The sailing time these days is around two weeks. The Eastern bloc market, especially Poland, Russia and the Ukraine, are as important now as the French market.



MS Nordborg in Faroese Waters.

Source: <http://grotinumenskt.weebly.com/press-photos.html>



Two generations involvement in Faroese fishing, and important contributors to the local economy – members of the Rasmussen family. Photo: Karen Refsgaard

However, a new fishing act came into force in December 2017. The reform was based on the principle that *“all living marine resources in Faroese waters are the property of the people of the Faroe Islands, and as such, fishing licences can never become private property, neither by law nor by practice. Furthermore, fishing licences cannot be traded directly between private buyers. To change hands, licenses must go through a public auction”* (Government of the Faroe Islands, 2017). The law also stipulates that fishing licences *“may only be granted to Faroese-owned operators. In order to take part in Faroese fisheries activity, the company or individual must be registered and pay taxes in the Faroe Islands, as well as paying their crew in accordance with Faroese labour market rules and agreements.”* Moreover, a six-year period for the phasing out of foreign ownership³⁹ was laid down. Challenges to these latest reforms, are, according to the Rasmussen family, political in nature. *“The pelagic industry has been a high income one in later years, but in the political system the common view is that so-called ‘super profits’ should belong to the public, not to the fishing companies.”* The Rasmussens also raise the criticism that quota system reforms have made planning more difficult. *“It would have been better to have created a profit-based tax system, instead of putting a large share of fishing*

³⁹ Special rules apply to Icelandic ownership, involving a seven year plan.

rights into auction, where prices are so high that the fishing companies can make no profit and therefore cannot plan investment for the years ahead."

The Rasmussen family also contribute to local development in other ways, both in Klaksvík and elsewhere, they say. The family talks of having "a local heart", as they explained in their group interview. This means backing various sports clubs, supporting building projects and buying a bakery in Klaksvík. This is "not a profitable business, but it would have been sad if the bakery had disappeared", they explain, adding that they strongly believe in the future of Klaksvík.

According to Leivsson, investment was also made in fish processing factories, such as those in Suðuroy, and to provide jobs for unskilled workers. Investing in local communities has also been good for the construction sector. Leivsson estimates that a significant proportion of building activity is based on money from the big fishing companies. Another incentive related to the fishing sector is a fund for economic activities related to fishing – for instance, support for shipyards. Skorheim sees links between this fund and job creation in the sector; namely an increase from 17 to 60 people working in shipyards. Moreover, investments in the local area, according to Marita Rasmussen, are often not just economic ones but ones aimed at showing politicians that those involved are strong supporters of the local area.

To sum up, primary sector jobs are located outside the capital, Tórshavn. Pelagic fisheries are the most profitable segment of the fishing industry at present. Fishing companies have also bought and constructed fish processing plants and have established pelagic plants. One of the reasons for this was the boycott of EU pelagic fish factories, as part of the mackerel war, preventing Faroese fishermen from landing fish in the EU. At the same time, the government also hoped that the fish industry would contribute more to the public finances – which did happen because of fish processing activities in the Faroe Islands.

Fish farming in the Islands has been developing since the 1980s, and has been seen as a new opportunity to link up with local farming. Economic development is similar to that in Norway, with ups and downs over the ensuing decades. Now there are four major companies operating on the Faroe Islands. The largest is from Norway, and one is wholly Faroese-owned. Overall, one-third are owned by Faroese. The law states that no company can control more than 50% of the available licenses, but one company has pushed that limit. Regarding aquaculture development in Klaksvík, an investment was made in 2017 into the largest salmon smolt farm in the world. The farm aims to reduce breeding time and to recycle 99.9 % of its water, minimising water consumption.

A new generation of land-based aquaculture is

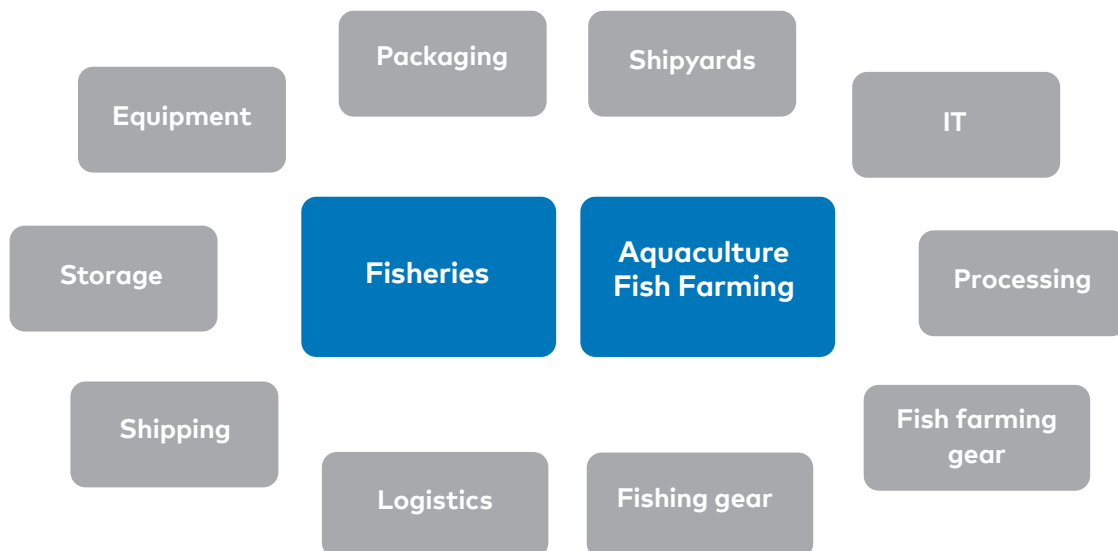


Figure V.9.8. Development of fishing and aquaculture – related sectors.
Source: Faroese House of Industry



*A sheep with a perfect view over Klaksvík.
Photo: Eyðbjørn Jacobsen*

currently in development, involving the Agricultural Agency of the Faroe Islands as the landowner. For the future development of fisheries and the aquaculture/fish farming sector, a number of related industries will be important, as illustrated in figure V.9.8.

Tourism

The tourism sector is growing. As in other parts in the Faroe Islands, the numbers of tourists visiting Klaksvík and the northern islands are on the increase. There is also a growth in visiting cruise ships (Klaksvíkar Kommuna, 2017). The Visit Faroe Islands company is the main marketing channel for this. Among the various needs of the sector is extending the season. This could be achieved through conference tourism, for example. A new strategy has been developed by Visit Faroe Islands for local service and infrastructure development. Among the innovative ideas to showcase the islands is the Sheepview project (<https://visitfaroeislands.com/sheepview360/>).

Responding to increased demand for quality and traditional foods in rural areas – the Heimablíðni concept

In 2004, the New Nordic Food Manifesto was signed and adopted by some Faroese chefs and gourmets. Three or four influential people (e.g. Leif Sørensen and Gutti Winther [chefs], Johannes Jensen [hotel director] and Johan Mortensen [food enthusiast]) embarked down this avenue and began to foster modern ideas around local food production and traditions, as well as fighting against the loss of local food identity. Furthermore, it was found that tourists wanted to experience local food. Finally, in 2011, the law changed. Prior to

that it was not permitted for private individuals to serve meals and sell traditional foods, including fermented specialties.⁴⁰ The new law allowed and effectively encouraged 'Heimablíðni' (dining with a Faroese family) and 'Heimaframleiðsla' (home butchering). Preparing local and traditional foods for tourists now became possible. According to Leivsson, the food authority was opposed to the change, but politicians decided in favour of it. In the meantime, says Leivsson, agencies from Greenland, Norway and Iceland became interested in the concept.

Conflicts between residents and tourism companies

Leivsson emphasises that until recently, and prior to the influx of tourists, there were no significant tensions between the needs of tourism and those of residents. But he is critical about recent developments, raising some serious points, especially concerning cruise tourism. One of the problems, he claims, is *"invading local spots and then moving on."* He adds that *"we used to have tourist authorities, which would act to ensure free access to land. But this is not the case now. Roads, and paths between roads, are public. But access beyond these paths requires permission from the land owner."* Leivsson says that the money available for financing infrastructure is not sufficient. He adds that foreign companies now organise trips to the Faroe Islands, and people hike both on public roads and across private land, without the owners getting a share of income from this activity.

In 2017 and 2018, discussions about allmen-srett (the right to roam) were about these access problems – with a focus on allowing landowners to forbid people to access land, and eventually to charge money if they crossed it. One case in point is on the island of Mykenes, the most western isle in the Faroes. There are seven or eight people living there (a significant decrease from the 160 people in the 1930s). It has old houses and holiday homes, but it is hard to make a living on the island. Many tourists visit the place and islanders are now allowed to charge them, and can also require them to have a guide.

⁴⁰ The fermenting traditions of the Faroe Islands have recently expanded to also include, for example, Danish ham fermentation (Danish Crown) and Danish cheese fermentation (Arla Unika).

Overall, Leivsson argues, income from tourism should not go into the pockets of landowners alone, but should be re-invested into infrastructure. This would help to increase tourism without overburdening the Islands.

The tourist industry, Leivsson explains, is mainly based on the Smyrill Line, Atlantic Airways, hotels, incoming companies and the re-established tourist agency, Visit Faroe Islands. VFI is operated as a private company, with the government as a shareholder. Its earlier focus was on getting people to the islands, not so much on accompanying infrastructural development, Leivsson argues. He adds that *"now this is changing, but fears remain."*

An attractive place to live – the advantages of the experience economy, infrastructure and services

The experience economy

One important contributor to Klaksvík's economy is what is called 'the experience economy'. This involves many entrepreneurs from different sectors. Skorheim makes reference to good ideas coming in about this, from local people and from 'the doers', that is, what we would call 'active citizens'. They are engaged in arranging, for example, the Days of Torri – celebrating the increasing daylight, the arrival of spawning fish, the Northern Isles Festival and the Summer Festival. Sailors Day is another big event that combines municipal action with private company engagement. These companies are involved in its organisation and they provide important financial support for it – for instance

by providing or sponsoring free food, and so on. Another major event in Klaksvík is a dance festival, which has people from all the Nordic countries attending. The municipality also awards a prize for cultural events, so connecting businesses with local culture. Organisationally, business development and culture are under one roof, being the responsibility of the municipality. The municipality has a fund of DKK 200,000, and it supports events along with businesses.

Mayor Skorheim explains that the need to improve cultural life was raised in focus group interviews with local residents prior to the development of the growth plan. In the past, he says, "you would only have one item on the shelf, and there was only one type of life available. People wanted to have more items on their shelves. Part of this was creating a more fulfilling life for women, for instance through more lively cultural activities and cafés, 'the experience economy'. Back in 2010 we only had one café." Accordingly, these issues were taken up in the growth plan. The organisation of different cultural events brought more people to Klaksvík and enabled new restaurants and cafés to open up.

Among the other attractive elements of life in Klaksvík are the various sports facilities. They include the Aqua Centre (with pools, saunas and waterslides) as well as general sports and gymnastic halls and an outdoor football pitch. Overall, the mayor stresses that social life is important alongside jobs.

Summer Festival. Photo: Eyðbjørn Jacobsen



Services and activities for the elderly

Concerning policies for the elderly, the municipalities collaborate in the Syssel area (Nordoya). Hugni, the first senior citizens' association in the Faroes, was established in 1971. Klaksvík also has a senior citizens' council. There is a day care home and an activity centre for the elderly offering things like aerobics and swimming. There is also a meal distribution programme. In addition to five residential homes for the elderly, the municipality also has a number of senior citizens' apartments.

Health care

One of three hospitals in the Faroe Islands is located in Klaksvík. It is state owned and employs around 120 people – some of them from abroad. Residents registered in Klaksvík can choose one of three general practitioners. They are the first port of call for health and medically related issues, and it is then possible to transfer to specialists or to the hospital if that is needed.

Daycare and education

Klaksvík has six daycare centres offering services for eight to nine months a year for seven-year-old children. The costs are fairly low and range between DKK 1,100 and 1,500 per month, including food. As in other parts of the Faroe Islands, all schools are free for everyone. Students will find in Klaksvík a primary and middle (early secondary) school, upper secondary schools, a school for home economics and a technical college, which also offers courses in gastronomy and nutrition. Around 150 pupils are enrolled into the technical school, the majority being boys. The Sailor Schools offer nautical studies, and people can also take courses at the town's evening and arts school, or at the long-distance learning centre.

Being a student in klaksvík and future prospects

For this study we visited the Miðnám á Kambsdali High School, which serves as the district high school for the Klaksvík/Norðoyggjar region. It is one of three high schools on the Faroe Islands – allowing students to specialise in languages, the natural sciences and economics. There are around 200 applications annually. The school educates one-third of all pupils from the Faroe Islands, mainly from Eysturoy and Norðoy. The school system is influenced by the Danish one, and some interviewees perceived it to be “somewhat conservative”.

In their first year, students usually travel by bus. They are both cheap and easy to use because they offer a good service. Commonly, students gain a driver's license later on. Cars are needed for flexibility, but are expensive to buy and to maintain. Students often have additional income from jobs at the shops, in petrol stations or in the fish factories. Nærmiljö (contact with local businesses) is important and the school has a youth enterprise scheme. In addition to nærmiljö, the school sees itself as part of the global context. The UN Sustainable Development Goals (SDGs) are part of the programme, and in order to make them tangible “life in the oceans” plays a specific role in its projects.

Will students return after studying abroad? For Páll Isholm, the headmaster, this is not an easy question. The tunnel is important, and so is the development of housing and reasonable house prices. Overall, he stresses that the place has changed a lot. All the students interviewed said that they wanted to leave the islands in order to study abroad. Danish universities, because of their special application procedure for Faroese students, and because of existing social bonds (other students are also there) proves to be one of their primary choices. Before leaving, some of the students want to work in the fishing business to earn money and to build a good financial basis for their studies. What about returning? All four interviewees plan to return to the Faroe Islands. In addition to job availability – and the students were very much aware of the local economy and job development – some pointed to their parents as role models, because they also left and then re-



Students at Miðnám á Kambsdali high school. Photo: Karen Refsgaard

turned. Moreover, family bonds and the perceived high level of security on the islands act as positive enablers to returning. One big question mark remains the development of suitable housing availability, and the price structure of housing.

In 2018 ideas about a new growth plan were developed, and discussions began in Klaksvík. Mayor Skorheim emphasises that it is good to hear directly from the people once again. Maybe the topics and issues of concern to them have changed, while new, larger investments will be required. Also, in relation to infrastructural development, people continue to talk about making the place more attractive.

Conclusion

Table V.9.2. summarises different kinds of good practice and the factors underlying the attractiveness of Klaksvík, plus the obstacles and challenges.

The positive demographic and economic developments of recent years are accounted for by a number of different factors. Planning to adapt to structural changes based on the municipal growth has been conducted in an inclusive manner. Engaging locals in the process has created a high level of ownership of the resulting reforms. The municipality has deliberately paid attention to the perceptions of those outside the area, in order to increase its attractiveness and encourage outsiders to move in and students to return. Engaged citizens and local companies with "a local heart" have invested energy and money into creating better infrastructure and amenities. Developments in housing and infrastructure are responsive to the changing needs of younger families. As interviewees remarked, more has to be done in this area, including a change in national legislation to allow municipalities to build apartment housing. The

Table V.9.2. Attractiveness of Klaksvík, together with obstacles and challenges to overcome

Good practice and reasons underlying attractiveness	Obstacles and challenges
<p>Access to public services Good provision of different public services, as well as cultural and sport amenities.</p> <p>Adaptive/participatory planning Joint development of the municipal growth plan – listening to people from the area and also outside the area/abroad. Citizens and companies committed to implementing the goals of the plan.</p> <p>Culture, sport, recreation The experience economy, providing opportunities for recreation, sports facilities and a more vivid cultural life. Employment and jobs The development of the experience economy, providing new jobs.</p> <p>Housing Transformation and development towards making terraced houses and apartments available.</p> <p>Infrastructure and transport Sub-sea tunnels shorten the travel time between Klaksvík and Tórshavn. Municipality's economic situation Consolidation of municipal finances over the past few years.</p> <p>Quality of life and local community A feeling of safety about the place / no criminality.</p> <p>Young people – living, staying / returning New trend – students return to the islands after studying abroad. This is also fostered through information campaigns and events organised by the public and private sectors jointly.</p>	<p>Employment and jobs Positive development in tourism in terms of numbers, but conflict with locals over land access and cruise tourism, mainly in specific portions of the northern part of the Faroes. Somewhat fragile economic situation, dependent upon the fishing industry.</p> <p>Housing Continuous need for affordable living space for young families/rental houses/apartments.</p>

most traditionally strong economic sector – fisheries – remains strong, due significantly to adaptations in technology, to new markets and to skills development. Moreover, new economic activities, described as 'the experience economy' by the interviewees, have emerged. In summary, interviewees are optimistic about the future, believing that by working together on inclusive planning, the attractiveness of the place will be maintained and increased.

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V.10. LEBESBY IN NORWAY: A natural hub for fishing and aquaculture and with roots in coastal Sami traditions

By Mari Wøien & Karen Refsgaard, 2018/2019.

Abstract

Why are some municipalities better than others at deploying their resources, attracting people and creating jobs? This was the key question studied in this analysis of the attractiveness of 14 rural municipalities in the Nordic Region.

The 14 areas selected⁴¹ are all defined as attractive in the sense that their populations and the number of people in work have increased in recent years. The nature of the boost to employment in some sectors has been identified by means of shift-share analyses to determine how much of the change is attributable to specifically local factors.

Interviews then probed key stakeholders about motivation, working conditions, job creation and living conditions. These interviews were with public sector representatives (e.g. mayors and heads of planning and development), business representatives and entrepreneurs, high school students and people from the education sector, as well as families. Combined with analyses of other data and information, the interviews helped us to understand why some places do better than others.

At first another municipality in Northern Norway with a stable population over the decade 2008–2018, and with positive local employment patterns was selected as case study. Due to difficulties in getting this municipality engaged in our study Lebesby was instead selected as case in Northern Norway being recommended by KMD-officials (KMD is the Ministry for Local Development and Modernisation) in Norway as a successful local case.

41 At first another municipality in Northern Norway with a stable population over the decade 2008–2018, and with positive local employment patterns was selected as case study. Due to difficulties in getting this municipality engaged in our study Lebesby was instead selected as case in Northern Norway being recommended by KMD-officials (KMD is the Ministry for Local Development and Modernisation) in Norway as a successful local case.

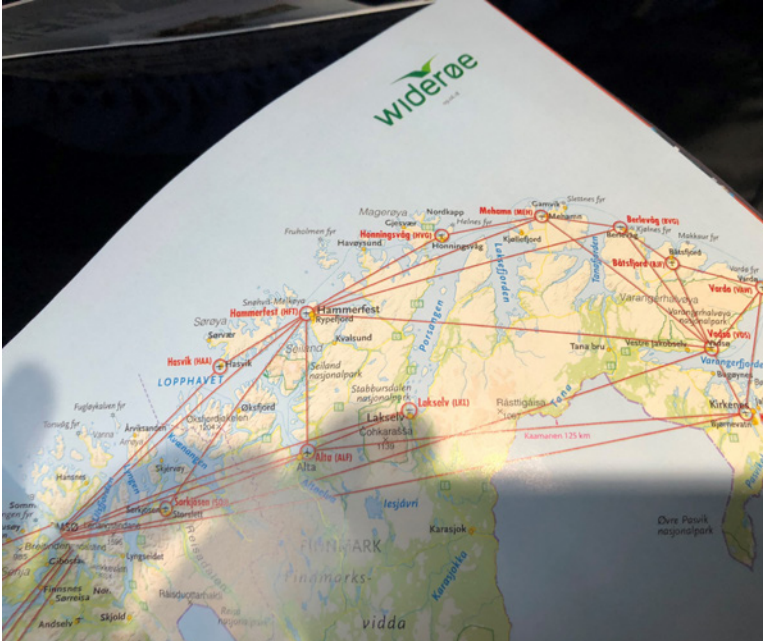
Description and overview of the municipality

Lebesby is around Laksefjord in north east Norway. Stretching from the northernmost continental point in Europe at Kinnarodden (71°8'1") to the mountain Rasttigai'sa (1067 m.a.s.l), Lebesby is home to a varied natural environment, tough weather conditions and beautiful scenery. Lebesby is one of the geographically largest municipalities in Norway, covering 3,462 km² (Lebesby Municipality, 2013). The population is 1,312, spread across villages such as Ifjord, Lebesby, Veidnes, Kjøllefjord, Dyfjord/Kifjord, Bekkarfjord and Kunes (Statistics Norway, 2019). The largest villages are Kjøllefjord and Lebesby (Lebesby Municipality, 2018).

With precarious weather conditions in winter, unreliable infrastructure for people and communications (air, sea and road), and a small population, it should come as no surprise that some people pack up and leave the area. But some people also stay, and some people move in. What makes living in a municipality so far to the north viable and attractive? The freedom to roam, high levels of trust and the connection to nature – these were some of the answers given during the interviews for this case study (Interview 2, 7, 8). This case study delves further into the mechanics of Lebesby municipality's desire to create a happy, healthy and strong community and attract people to the area from all over the world.

Demographic development

Despite the negative trends in recent years (Vareide & Nyborg Storm, 2010), the population of Lebesby has remained stable and even risen slightly since 2016 (Figure V.10.1). The municipality is struggling with a low birth rate, an ageing population and the majority of the inhabitants in the area being men – see Figure V.10.2 (Lebesby Municipality, 2018). According to the municipal plans, there is some uncertainty related to conjecture about the demographic composition of the area. Changes to settlement patterns may greatly influence the availability of municipal services and may also af-



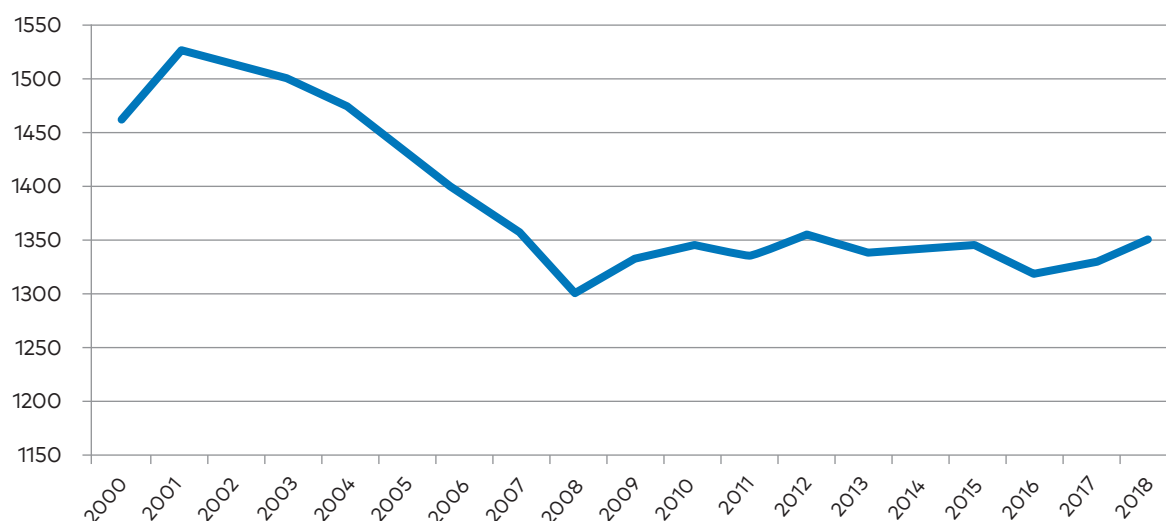
Infrastructure – communication with Widerøe in Northern Norway; the view to Kjøllefjord. Photos: Karen Refsgaard.

fect education structures. They may also impact on the structure of the labour market and, by extension, the possibility of attracting people to the municipality (Lebesby Municipality, 2018). Creating an attractive rural municipality is therefore of the utmost importance.

This demographic trend linking a low birth rate, lack of women, and the overrepresentation of men is a generic one in many rural communities. This was also the headline of a news article by the national broadcasting service, NRK, in which men were urged to 'hold on to their women' – espe-

cially in Hasvik, Gamvik and Lebesby (NRK, 2017) where the number of men aged 20–24 is nearly double that of women (Statistics Norway, 2019). The women who follow their partners to Lebesby, due to the seasonal work in the fishing industry, are not staying, either (Interview 1). The demographic structure and the job opportunities at the moment are therefore closely interlinked. This was confirmed by one of our interviewees: *"There are no women left of my generation (...). It's a small community, you know who is here"* (Interview 1).

Folketallsutvikling i Lebesby kommune 2000–2018



Kilde: Folkemengde og befolkningsendringar. Tabell 06913 i Statistikkbanken (SSB 2018).

Figure V.10.1. Population of Lebesby municipality, 2000–2018 (Statistics Norway, 2019).

Aldersfordelning

(per 1. januar)

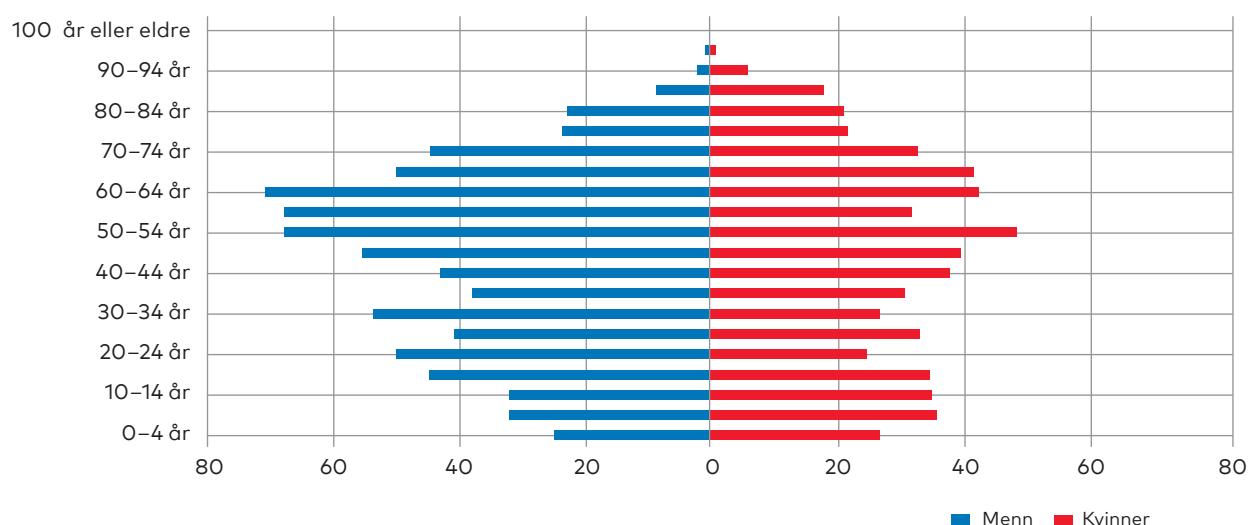


Figure V.10.2. Age structure in Lebesby (Statistics Norway, 2019).

On a grid level (See Figure 1), it is possible to see that the areas around Kjøllefjord and Veidnes and Ifjord have experienced the most positive trend in migration flows, with between three and 24 new residents in the area in the period 2008–2017 (Stjernberg & Penje, 2019). By contrast, Lebesby and Kunes experienced an outward migration of between three and 24 people in the same time-frame. However, whether this is inter-municipal migration, or migrants to or from the municipality, cannot be determined from this map.

Immigration – part-time or full-time residents

The stable population figures in recent years are primarily linked to the increase in foreign workers and refugees. With the increasing popularity of aquaculture and fishing, due to the sector's formidable profitability, foreign workers are becoming part of the Lebesby community for the greater part of the year. According to the Directorate for Integration and Diversity, immigrants made up 15.7% of the total population in Lebesby in 2019 (Integrerings- og mangfoldsdirektoratet, 2019). This number has steadily increased since 2015, and the total number is now 209, with a slight majority of the immigrant's female (Integrerings- og mangfoldsdirektoratet, 2019). According to the the Directorate the majority of immigrants are from Lithuania, but since 2016 there has been an increase in refugees, especially Syrians during the



Figure 3. Lebesby municipality migration flows on a grid level* (Stjernberg & Penje, 2019).

*Population change explained (Stjernberg & Penje, 2019): **Outward migration:** Light orange = 3 – 24; Orange = 25 – 100; Red = >100

Inward migration: Light blue = 3 – 24; Blue = 25 – 100; Dark blue = >100

Grey = Change frequency less than 3.

years 2017 and 2018 (Integrerings- og mangfoldsdirektoratet, 2019). It is clear that in a municipality experiencing a high influx of refugees, such as Lebesby, there might be a drastic demographic shift again if refugees with larger families decide to leave. As one respondent said: *"If there is a school class with [few] children, and [some] of these are children of refugee parents who decide to move south...it affects the dynamics. [...] You are very vulnerable"* (Interview 8).

It is clear that integrating immigrants into society in Lebesby is a critical factor in upholding the settlement structure in the years to come. However, due to national and international policy developments, it is unlikely that Lebesby will see this scale of influx in the coming years.

Labour market and employment

The municipality of Lebesby is a natural hub for fishing and aquaculture, and it has deep roots in the coastal Sami traditions (interviewees). The shape of the labour market is defined by the fishing industry and by the recent positive surge in the sector drawing people and capital to the area. Despite the success of fishing and aquaculture, the municipality still reports a labour market gap in areas such as education and healthcare (Interviews 6 & 4 & 8). This is in line with the interviews from a large number of small municipalities in Northern Norway. These indicate that there are several successful businesses around, but not a stable supply of labour (Vinsand, 2018). At the same time, the majority of our interviewees reported on the potentially negative dynamics a bigger population could cause, referring to the benefits of existing low unemployment rates and the burden that could otherwise be inflicted upon the municipal economy. *"We don't need more people than what we have jobs for"*, was one response (Interview 6). Finding a balance between attracting enough people to ensure a viable and sustainable society, while at the same time ensuring low levels of unemployment, is a general challenge in otherwise sparsely populated areas.

At the same time, with an industry that is heavily dependent and exposed to the global economy, being able to offer steady employment in the fishing industry has proved difficult (Interview 1). The overall dependency on a male workforce is typical of areas heavily reliant on natural resources. Dependency on older people, often men, also brings with it a need for an eventual generational change,

which is the position facing industries in Lebesby. However, they still remain optimistic about their future: *"I usually say that the graveyard is full of irreplaceable people, but the world goes on nonetheless"* (Interview 1).

An upsurge in the number of younger people seeking employment in the fishing industry, coupled with the influx of migrant workers (albeit seasonally) means that the industries are not overly concerned about the future. An interviewee at the municipality even pointed to a steady decrease in the average age among fishermen in the municipality: *"[...]at one point it was declining by one year every year"* (Interview 6).

Creating a sustainable labour market and employment structure is important for the municipality, as this is evident both from the recent municipal reports on social strategies and throughout the interviews conducted for this report. Being able to provide a varied (multi-faceted) labour market in order to attract workers is one of the main challenges recognised by the municipality (Lebesby Municipality, 2018, s. 12). Moreover, being situated in one of the peripheral areas of Norway, the municipality has also been challenged by the increased centralisation of public sector jobs (Interview 4). In particular, jobs in the Tax Office and in the Food Safety Authority are among the issues of concern mentioned by the interviewees (Interview 4). The increasing number of public sector jobs relocating away from the immediate surroundings of Lebesby has, according to our municipal interviewees, had wider implications for the sustainability of the demographics of the area. The majority of the women in Lebesby are working in either the public or the private sectors, the latter primarily meaning retail, services and trade (Interview 6). Strides are also being made to recruit future staff for the healthcare sector more systematically, by offering summer or holiday jobs to students in order to generate a sense of belonging and loyalty to the area, and hopefully to entice them to apply for jobs after graduation (Interview 4).

Municipal and public policies supporting attractiveness

The municipal strategy on societal development, Lebesby towards 2035, pointed not only to the centrality of ensuring a varied labour market, but also to the importance of ensuring excellent social services – such as childcare and good educational institutions (Lebesby Municipality, 2018, s. 12). The

municipal strategy also takes on board the importance of creating meaningful meeting spaces across a variety of social and cultural activities in order to lay the foundation for a safe community and (ibid) states that: *"If we want to see people moving to Lebesby, we need to focus on our reputation and makes sure that we are communicating the good stories"* (Lebesby Municipality, 2018, s. 12).

This was also identified in the part of the planning process that involved citizens in what was called a 'workshop of ideas', back in January 2018. Speaking positively about Lebesby is recognised as a prerequisite for incentivising others to settle in the municipality (Lebesby Municipality, 2018).

According to the municipal strategy, Lebesby has acted tactically in setting up a buffer fund which will contribute towards unforeseen developments in the municipality – the so-called 'disposisjonsfond'. It is planned that the fund will eventually equate to at least 15% of the overall gross municipal turnover and is a clever buffer against potentially negative developments. Lebesby municipality has generally posted positive annual financial results in the last few years. This is attributed to property tax income and also income from concessionary powers in the municipal plans (Lebesby Municipality, 2018). Nevertheless, in the light of wider governmental austerity measures

there is uncertainty in relation to municipal frameworks from a central government perspective, for example in terms of changes in property taxation policies – a major income source for the municipality. As a result, the future can feel somewhat uncertain (Lebesby Municipality, 2018, s. 4).

However, when drawing up municipal strategies associated with the overall attractiveness of Lebesby, the municipality has hosted public meetings in order to encourage dialogue with a range of stakeholders. (Lebesby Municipality, 2018, s. 5). Taking onboard the views of local people via participatory consultations sends an important message about trust and influence on the community at large. It creates a stronger foundation for making the cause of generating interest in Lebesby as an attractive place a community-wide effort. It puts the ball back at the feet of the local people and generates a sense of shared responsibility.

Citizen participation

Citizen involvement and citizen engagement were both mentioned by most interviewees in Lebesby. They were mentioned in relation to both top-down and bottom-up initiatives, and to the entrepreneurial spirit of the place (Interview 8 & 5). The 'dugnadsånd', which translates roughly as community spirit, and informal volunteering struc-



Lebesby Town Hall and library. Head of Planning, Hege Johansen, and Business Development, Toril Svendsen, in Lebesby municipality. Photos: Karen Refsgaard

tures, were also mentioned as a principal foundation for the community, bringing people together to help with continuous improvements to the community; improvements aimed at those currently living there, and also at future generations. One example of top-down actions driving community improvement are the public meetings hosted by the municipality. The issue of local engagement and local initiatives has also been highlighted as a key ingredient for success by our interviewees. Funding exists for town and village attractiveness projects, but the initiative has to come from the grassroots in order to be eligible for funding (Lebesby Municipality, 2018).

From the families interviewed for this case study it was evident that both interviewees and their partners and friends were heavily involved in creating cultural meeting spaces and festivals. Working in a cross-disciplinary way to find new cultural expressions that suit the community in Lebesby is an important way of creating a deeper sense of belonging. *"Trying to recreate an urban culture is not relevant in this context,"* said one of the interviewees. *"We need to engage people in different ways"* (Interview 5 & 8). This interviewee went on to say that someone living in Lebesby needs to be in charge of their own happiness. Encouraging entrepreneurialism and being prepared

to spot new opportunities is an important way to survive and thrive in the area.

Of the various initiatives in the area, the Skábma-festival, an annual cultural event focusing on contemporary Sami-culture and arctic questions, promises a 'nomadic, interdisciplinary festival at the top of Norway'. The festival is hosted by the locally-based Arctic Cultural Lab, and it has been running since 2016 (Arctic Culture Lab, 2018). There is also the voluntary organisation in charge of the Nordkyn Winter Festival, with its focus on winter activities for the family, and also village days in Veidnes (Veidnesdagan) and Kunes (Kunesdagan), as well as an annual music festival, the Chrisfestival (for more, see Lebesby Municipality, 2017).

Lebesby can be characterised as a municipality built on local 'champions' and enthusiasts, called 'ildsjeler' in Norwegian. It is home to. All sorts of voluntary organisations, associations and sports teams (Interview 6). In view of the report from the municipality's public 'workshop of ideas', it is evident that the public is fully engaged in creating a safe and attractive municipality in which to live. One of the interviewees even said that there is a strong sense of public will and drive to make positive changes in the municipality as people move in (Interview 5). However, another of the interviewees commented: *"We are a bit vulnerable though. There*

Young swimmers having breakfast at the local hotel in Kjøllefjord. Photo: Karen Refsgaard



are only so many 'mavericks' in this area. If no-one follows in our footsteps...[we will find that] quite a lot of people are used to being given things, rather than giving themselves. I hope the younger generation learn from us" (Interview 8).

Although there are many volunteers in the area, interviewees said that it tends to be the same people volunteering for most of the social and community initiatives in Lebesby. Voluntary groups in the arts and culture sector, and in sports, are also involved in municipal measures to get children active from an early age, as well as preventing isolation and loneliness among at-risk people by providing plenty of meeting spaces and activities to prevent any decline in the general health of the local population (Lebesby Municipality, 2018).

Education

According to the municipal plans, the overall educational attainment level appears lower than for the region and country at large, although the number of people finishing high school and higher education (long and short) has been on the rise since the 2000. It is currently at 57.6% (SSB, 2019) (Lebesby Municipality, 2018). There is a causal link between educational attainment and the likelihood

of finishing upper secondary school, and the educational level of parents. This makes it increasingly important to focus on improving education in the area (Lebesby Municipality, 2018, s. 16). It should be noted that there has been a small influx of immigrants into the municipality, and that the extent and nature of their education have not been considered in this equation, as figures for these are not available at present (SSB, 2019). There has recently been an effort by the municipality to integrate immigrants via Norwegian language courses, as well as courses about Norwegian society. This is seen as something that would positively impact the community as a whole (Interview 4).

The focus on education is at the core of municipal strategies, both in terms of attracting settlers and in encouraging people to move back to Lebesby. But it is also about ensuring a viable and strong labour force that corresponds to current labour market needs. There is a difference here between different kinds of public sector jobs. It is difficult to find doctors and nurses, while jobs with lower requirements for skills are proving easier to fill. Due to the thin population base, combined with the vast distances in Finnmark, the municipalities and the regional authority have developed an alterna-

Høyeste fullførte utdanningsnivå for personer 16 år og over

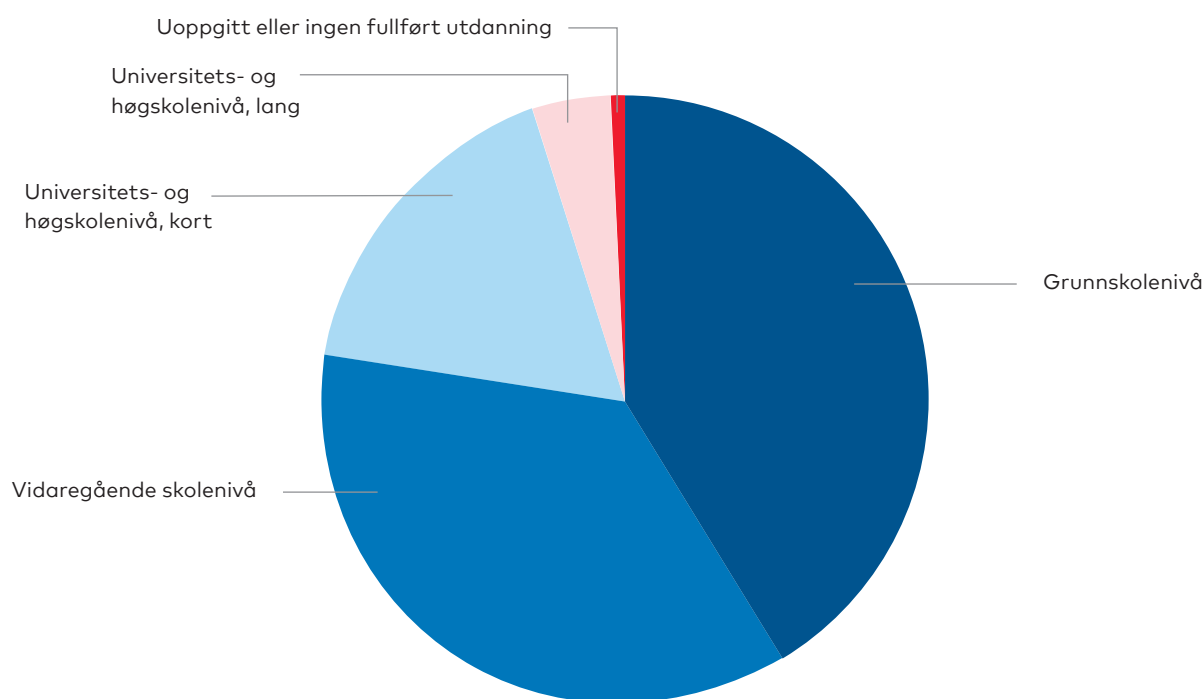


Figure V.10.4. Educational attainment of people aged 16+ (Statistics Norway, 2019)



Students in the LOSA educational scheme. Photo: Karen Refsgaard

tive structure – the so-called LOSA model⁴². This is a cooperation agreement between local businesses and the county (which is responsible for upper secondary education in Norway). The LOSA model allows pupils to remain in their home municipality for their first year of high school. The LOSA school is run by the maritime technical college in Nordkapp and the high school in Honningsvåg, in close collaboration with the host municipalities (Lebesby Municipality, 2015). According to municipality websites, teaching happens via teleconferences and all schoolwork is submitted and communicated via the *Fronter* platform (*ibid*).

According to one interviewee, this model offers students a more flexible educational training, especially within the vocational studies. They are able to mix traditional training with practical work in local companies and industries (Interview 7). They also have the opportunity to spend approximately 17 out of 38 school weeks in a local company. The idea is to give them a better starting point for choosing their future vocational stream within the upper secondary school system (Lebesby Municipality, 2015). It also creates stronger ties to the area where students live, and demonstrates that there will be opportunities in Lebesby after they

graduate. However, as the LOSA model is financed by the county, the model's existence is constantly subject to downscaling or closure due to aggregated costs connected with the system (Interview 7). Another interviewee points out that quite a few students find motivation to continue their education through the LOSA system, and that the municipality is fighting alongside the business sector to retain it (Interview 4). LOSA is an important measure, and uses follow up procedures to provide a buffer against increasingly higher drop-out rates among young people in vocational training, (Interview 4).

Housing

Housing is a major issue in Lebesby, and although the population is relatively low, guaranteeing homes is an important way of preventing high numbers of inward commuters who live elsewhere and are not taxable within the municipality. It was referenced by interviewees from the municipality that this was a concern brought up in public meetings by people living in Indre Laksefjord. The municipality is aware of these periodic challenges due, among other things, to short-term contracts in the fishing industry. It is providing local inhabitants with initial loans to build new houses (Lebesby Municipality, 2018, s. 11). However, the location of Lebesby makes it quite expensive to build homes. Shipping materials there is more expensive than to Alta and Hammerfest, two of the bigger towns in

42 LOSA – Lokal opplæring i samarbeid med arbeidslivet (Local training in collaboration with industry). This structure is available in six municipalities in Finnmark: Berlevåg, Båtsfjord, Gamvik, Hasvik, Lebesby, Loppa, Måsøy and Tana (Lebesby Municipality, 2015).

Finnmark, for example. That said, the housing plot prices are somewhat lower (Interview 1).

The issue of housing is complex, and it is considered to be a bottleneck across Lebesby municipality. According to the municipal strategy, *Lebesby towards 2035*, there are an increasing number of single households.⁴³ Seasonal workers, alongside settlements of refugees, are also considered to be a challenge. This is not necessarily due to the lack of houses *per se*, but is rather due to the conditions they are in. The municipal public meetings have also called for a greater variety of housing to be made available, including a greater variety of flat sizes, house sizes and forms of temporary housing (Lebesby Municipality, 2018, s. 11). According to Statistics Norway, there are 538 detached houses in Lebesby and 29 flats. Some 8.7% of the population lives in cramped household conditions.⁴⁴ The municipality has been urged by its citizens to help stimulate more housebuilding in the area (Lebesby Municipality, 2018).

Business development

In figure 5 the level of employment in 2016, the anticipated change between 2008 and 2016, and the actual change brought about by local effects is shown. The major employers in the municipality are the construction industry, the service sector, manufacturing, fishing and the public sector. Considering the shifts in employment at local level that may be attributed to local factors, it is clear that the fishing, agricultural and forestry sectors have been positively impacted by local strategies, alongside other local factors and conditions⁴⁵ which affect business employment in the area in general. By contrast, manufacturing and the public sector are predominantly affected by national and sectoral trends. Tourism falls under the category of administrative and support service activities and is also positively affected by local conditions and strategies.

Traditional fishing, the fish processing industry and fish farming are central to life in Lebesby.

Drawing on the natural advantage provided by the fishing industry is still considered to be the principal lifeline for remaining and flourishing in the area. Energy and agriculture are also part of the industrial make-up of Lebesby, and the oil and gas exploration fields in the Barents Sea are considered the possible source of a positive ripple effect for settlements in the area in the foreseeable future (Interview 6). The ability to influence the pathway of different industries is not within the municipal jurisdiction, and depends rather on regional, national and international framework agreements, strategies and price fluctuations (Interview 6; Lebesby Municipality 2018). In order to utilise these conditions, the municipality has invested in harbours so that it can improve the economic conditions for the fisheries locally. Nevertheless, the municipality is considered an active and engaged party by several of the interviewees, both with regards to recruitment and infrastructure projects (Interview 7; Interview 1).

While agriculture, for example depends upon, and is protected by, the national subsidy framework and favourable conditions to incentivise food production, the fishing industry remains highly exposed to global economic fluctuations. These global fluctuations determine and influence the ability to secure feedstock for fish farming, trading schemes and global fish prices. Unsurprisingly, the debate on sustainability of fish farming has also reached Lebesby but is generally understood to be an integral part of the overall labour market in the area (Interview 6), that is, Gamvik municipality. With perfect conditions for fish farming and smolt production, the prospects for the fish farming industry are bright (Interview 6). Two of the largest hatchery plants for fish in the country are located in the bay of Laksefjord. They hold concessions to produce up to 21.5 million smolt per year (Lebesby Municipality, 2018). The hatchery plants play a pertinent role in shaping the employment structure of the municipality, since the seasonal variation involved in fishing signifies a precarious situation for its employees (Lebesby Municipality, 2018) (Interview 1). One of our interviewees from the municipality said that the average age amongst fishermen has steadily been declining over the past few years. At one point the average age was declining by one year every year

"You used to tell your sons and daughters that they should never consider becoming fishermen, but

43 The average number of persons per household was 1.99 in 2019 (Statistisk Sentralbyrå, 2019).

44 Cramped households are defined as "people living in households where: 1) The number of rooms in the house/flat is fewer than the number of persons dwelling in the space, or one person living in a single room flat/house; 2) Below 25m² per person." (Statistisk Sentralbyrå, 2019).

45 These factors can be due to, for example, access to markets, the predominant industrial culture, municipal facilitation, etc (Turunen, 2018).

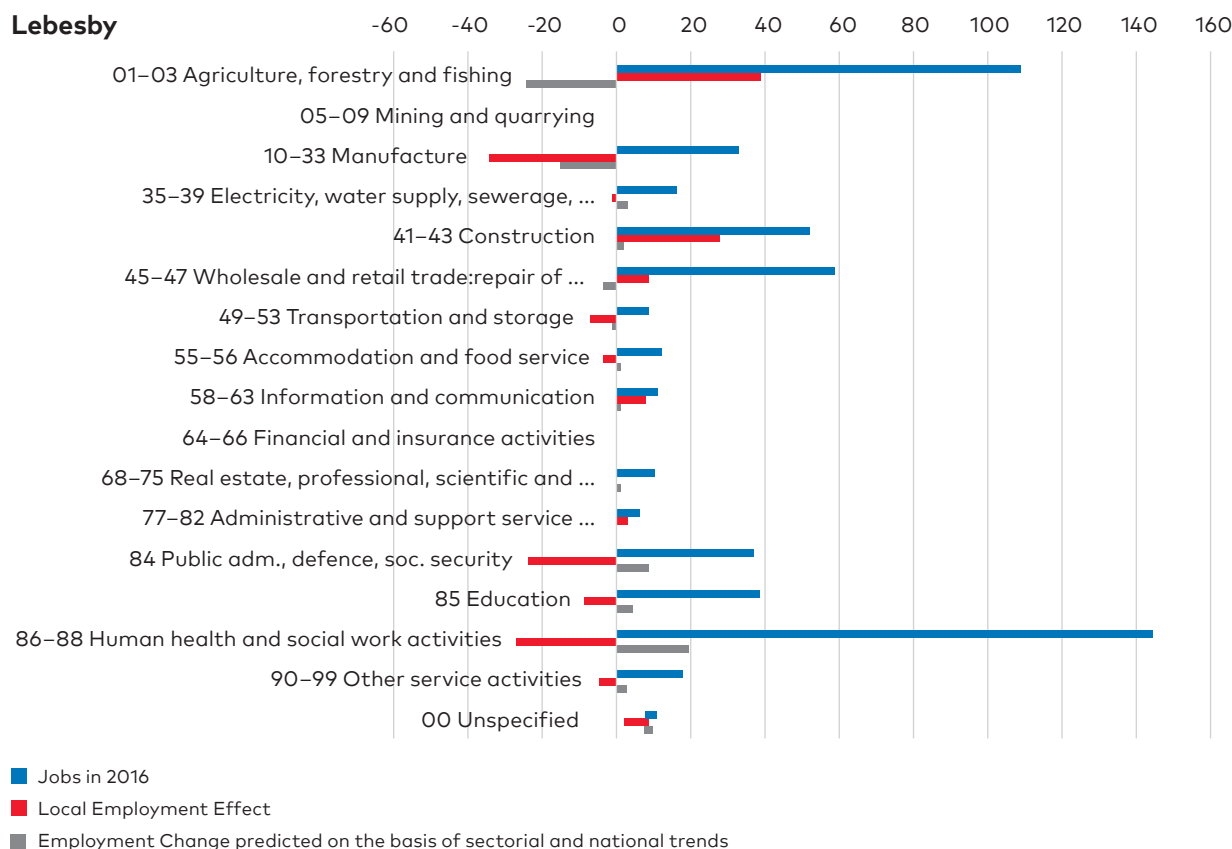


Figure V.10.5. Relative local employment effect, 2008–2016 (Turunen, 2018)

that has changed. It's the fishermen who currently earn the most in our society" (Interview 6).

The differentiated payroll tax, otherwise known as employers' national insurance contributions, was also mentioned as an important mechanism for developing and maintaining local industry in Lebesby. Lebesby falls within band V, which means the complete absence (0%) of payroll taxes for the industries in the area (Skatteetaten, 2019). The interviewees therefore stressed the importance of pushing industries and businesses to have their employees registering in the municipality or moving to the municipality in order to benefit from the taxable income they would contribute towards, and in that way contribute towards the development of the municipality (interview). However, payroll taxes, alongside regional development plans and the framework conditions for primary sectors, all fall outside local jurisdiction.

Another national scheme, 'Tiltakssonen i Nord-Troms og Finnmark', which has important implications for industry and settlement, is concerned with the geographical differentiation of personal transfers and tax releases as part of the district

policy set up in 1990. Comment from a KMD official also highlights the exemption from social security payments as one of the most important financial measures, in combination with others. An evaluation by Angell et al (2012) concluded that these personalised measures did indeed have an economic effect.

Safeguarding natural and renewable resources in a sound manner is important for a society such as Lebesby's. As one of the interviewees stated, "the primary sector is the most important one, and it allows our community to thrive" (Interview 6). But the need to move with the times is also significant for industrial survival. The municipal plan, Lebesby towards 2035, explicitly mentions the need to bring new ideas, research and development into the existing industries, focussing on how to maximise existing resources and finding new potential avenues for development (Lebesby Municipality, 2018, s. 22).

Increasing levels of digitalisation were also mentioned in the interviews, both as a trend which has become a lifeline to industries in the area, but also as a threat to jobs as automation gradually

Jobs in Lebesby									
	2008	2009	2010	2011	2012	2013	2014	2015	Jobs in 2016
A. Agriculture, forestry and fishing	95	94	86	106	114	97	103	97	109
B. Mining and quarrying	0	0	0	0	0	0	0	0	0
C. Manufacture	83	73	28	51	77	68	47	35	33
E. Electricity, water supply, sewerage, waste management	15	15	12	17	15	15	15	17	16
F. Construction	22	25	17	22	13	26	51	51	52
G. Wholesale and retail trade: repair of motor vehicles and motorcycles	54	59	61	59	54	60	51	49	59
H. Transportation and storage	17	17	15	14	12	10	11	13	9
I. Accommodation and food service activities	14	14	10	16	12	16	15	7	12
J. Information and communication	3	0	0	10	6	8	7	5	11
K. Financial and insurance activities	0	0	3	3	3	3	0	0	0
L. Real estate, professional, scientific and technical activities	10	8	8	8	8	9	6	11	10
N. Administrative and support service activities	3	0	3	3	6	7	6	6	6
O. Public adm., defence, soc. security	52	50	44	44	157	74	49	43	37
P. Education	44	50	50	54	7	35	41	30	39
Q. Human health and social work activities	151	152	152	159	106	134	142	150	144
S. Other service activities	20	19	15	17	11	13	13	19	18
X. Unspecified	6	0	3	3	0	0	3	5	3
SUM	589	576	507	586	601	575	560	538	558

secures a foothold in the local community (Interview 4). In a small place where the municipality is the largest employer and industry is prone to robotification, it is clear that digitalisation is a double-edged sword. Ensuring that the municipality has access to a robust and excellent digital network plays an important role in municipal plans (Lebesby Municipality, 2018). For that reason, the municipality contributed financial support to the development of a 4G network (Interview 4). This development was particularly argued for with regard to fish farming plants but was also considered important from a rural development perspective (Interview 4). According to one interviewee, the state has placed a demand on the Norwegian telecoms company, Telenor, to provide a 72-hour back up mechanism for the digital network. This is in order to safeguard coverage throughout the year and the seasons (Interview 4).

Tourism

Tourism is another interesting sector in Lebesby, and efforts has been made to increase the municipality's visibility by connecting with those involved in fishing tourism, outdoor enthusiasts and the cruise ship Hurtigruten, creating a 'step off-step on' offer between Kjøllefjord and Mehamn, organised by local companies (Lebesby Municipality, 2018, s. 18) Interview 4). Although it is a challenge to create a proper breakthrough in tourism, the efforts to do so largely depend upon volunteers and local 'champions' (Interview 4). The drive and enthusiasm shown by these locals demonstrates the main resource in the area and the source of a thriving community: *"Human resources are our primary strength"* (Interview 4).



*Hurtigruten stops, and the passengers take a tour with Vida Sami Camp on the way to Mehamn.
Photos: Karen Refsgaard*

The municipality has been a multicultural hub for centuries, incorporating the Sami, the Kvens⁴⁶, and the Norwegians. According to the municipal strategy devised by Lebesby in 2018 there has been an increased interest in the Sami people's culture and language in recent years (Lebesby Municipality, 2018). This is reflected in the upsurge of Sami-related industry, with tourism being one example (Interview 2 & 5). The Sami parliament's subsidy framework for business development in Sami areas acts as a positive incentive here (see more, Sámediggi, 2018). The subsidy is aimed at business development in and around reindeer husbandry, as well as cultural and handicraft (duodji) businesses and tourism initiatives in the Sámediggi's action zones across municipalities, and across the country more widely (Sámediggi, 2018). These action zones do not include all parts of the municipality. For example, Kjøllefjord is not part of this zone, although other areas in Lebesby municipality are.

Tourism in the northernmost region of Europe naturally involves presenting the best of the natural environment in Lebesby municipality. Various tourism activities have been put in place, such as fishing opportunities on the Laksefjord plateau and bird watching tourism in Veidnes. As the tourism industry also includes Sámi culture, food and design. The Arctic Coast was initiated by local

enthusiasts in 2008 (Arctic Coast, n.d.) and offers bookings in conjunction with the Hurtigruten stopover in Kjøllefjord and Mehamn. Supported by Innovation Norway, the municipality and the Sámi parliament, the business is going well, with 300-400 visitors during the summer months (Interview 2). Preserving Sámi culture is important to the area of Lebesby, with its notably strong roots in the Sámi sea culture. Paying increased attention to the Sámi people is a relatively new initiative, and since the inauguration of the Sámi parliament in 1989 it has become somewhat easier to keep the culture alive (interview). The Sámi parliament provides funding towards, for example, business investments promoting Sámi culture or the Sámi lifestyle, as well as the aforementioned fishing trading schemes for Sámi areas (Interview 2).

The fishing industry – seasonal issues

The fishing industry plays an important role across most of eastern Finnmark, and Lebesby is no exception to this rule. Optimism is felt across the industry, and the number of fishermen has gone up in recent years (Interview 4; Lebesby Municipality, 2018)). The fishing industry is a highly profitable business and draws in seasonal workers, predominantly men, from all over Europe. The industry started importing migrant workers, mainly from Lithuania and Poland, in 2005 (Interview 1). Few of the foreign workers settle permanently, but companies such as Lerøy Norway Seafoods and the municipality are both insisting that efforts, such as organising language courses in Norwegian, need to be introduced in order to improve the integration of foreign workers into Lebesby society. Taking steps to ensure decent wages and good liv-

46 The Kvens ('Kvener' in Norwegian) is a Finnic population group originating from the Bothnian Arc and the area between Lofoten (Norway) and the Kola peninsula (Russia). The Kvens have been living in Norway since the late middle ages, with a greater influx of migration happening in the 1700-1800s (Norske Kvenser Forbund, n.d.). According to Lane (2011), the number of people of Kven-origin in Norway is roughly estimated to be around 50,000.

ing conditions, including low rental prices, are also important measures to ensure that foreign labour chooses Lerøy Norway Seafoods over its competitors. Despite the general understanding that a generational shift is potentially detrimental to many companies, businesses and the municipality are highly positive towards the younger generation taking over in time. The main concern is holding on to young people, especially as the stability of work differs greatly throughout the year, with high risk and unpredictability negatively impacting the industry.

One interviewee put it this way: *"If you cannot offer people stable job and work every day, it affects your ability to attract the best. But we've been lucky. We have a few very capable young people who work here. We try to keep them busy and to prioritise them"* (Interview 1).

Dependency on fisheries also influences the availability of so-called 'blue stream specialisations'



Fishermen preparing their boats in Kjøllefjord.
Photo: Karen Refsgaard

INFOBOX V.10.1. Lerøy Norway Seafoods AS

Lerøy Norway Seafoods AS exemplifies the close connections between the traditional fishing profession, the impact of global trade and the reality of being at the mercy of seasonal changes. All of this impacts on the labour market. The differentiated pay roll tax is therefore an important measure for remaining profitable, or at least making ends meet (Interview 1).

Lerøy Norway Seafoods AS is one of the largest companies on the scene, and holds a concession to fish across all of eastern Finnmark. The trawling concessions adhering to the eastern part of Finnmark oblige the concession holder to offer their catch to landing sites in the area, and ensuring that their department in Kjøllefjord has the necessary capacity. The fishery in Kjøllefjord also has an "activity obligation". One of the interviewees underlined the importance by saying that *"it is crystal clear to me that without the activity obligation at our fishery, the fishery would have been decommissioned"* (Interview 1). Competition from Nergård Polar Kjøllefjord AS, for example, is also warmly welcomed, despite challenging Lerøy Norway Seafoods' activities with a new, modern fishery (interview). The plans and location for the new fishery were carefully devised so as to link up with potential tourism from the cruise ship Hurtigruta AS (NRK, 2016). According to the interviewee at Lerøy Norway

Seafoods AS, this meant that their focus on services has improved, especially with regards to offering longer general opening hours, as well as weekend opening hours (Interview 1).

Product development is also part of creating a stronger profile, and the interviewee at Lerøy Norway Seafoods was highly positive as to the attention the company pays to its staff with regard to potential projects. Although it is a big company, strides have been taken to develop new products. For example, the company has developed king crab products in eastern Finnmark, which is a highly profitable business. With the existing know-how and technology in-house, the potential for a new and innovative take on products is within the company's capacity. *"I usually compare Lerøy with a train. It takes a while before it gets up to speed, but when it does it can do anything. And what is done is done quickly"* (Interview 1).

The quota scheme for king crab fishing is open to all, conditional on the fulfilment of certain criteria (Fiskeridirektoratet, 2019). According to the municipal business consultant, this an excellent stepping stone for getting the younger generation into the fishing sector. It is profitable and it helps to establish smaller businesses on the scene (Lebesby Municipality, 2018).



Fishery fleet in Kjøllefjord and with three fish factories. Photo: Karen Refsgaard

in high school and in the technical colleges, focusing on fisheries and aquaculture. Recognising competencies outside mainstream education, such as those developed during the workers' time at either the fisheries or at sea is another important measure. According to one interviewee from the municipality, a number of young people are eligible to take a competence-based diploma from a technical college, usually in smolt and fish farming or ship mechanics. Similar measures have also been introduced at Lerøy Norway Seafoods AS, with the diploma leading to a pay rise. However, the symbolic effect of attaining the certification is arguably more important: *"Those who have worked here over five years are eligible to take a technical college diploma. I did it myself [...] It really means something to you personally. It's a recognition of your skills. It's important for people to have something to show, something that says you have a certain competence and certain capabilities"* (Interview 1).

Young people and families – current and future perspectives

It is not readily evident that people move to wherever there are jobs. The need to live in an area surrounded by the promise of freedom in the nature that surrounds you, being close to your roots, and the yearning to make a difference: these are other aspects that might entice people to move back to their home areas. Some come back to help reduce

their student loans⁴⁷ or to seek an area full of the promise of new adventure. *"You often end up going because of the feeling you get. You just do it then"* (Interview 5). The above-mentioned aspects were all part of the families' rationale for settling in Lebesby.

As another interviewee said: *"There was never any doubt about returning [home]. I was away for a while, for eight years, studying. But I missed home and being able to contribute to something bigger than one's own life. I have always been involved in volunteering and 'dugnad'"* (Interview 5).

The municipality is actively engaging with ways of encouraging permanent settlement in Lebesby, something which is clear from the section on society in the municipal plan for Lebesby (Lebesby Municipality, 2018). According to the business consultant in Lebesby, a primary marketing tool for the municipality is demonstrating the positive and comfortable surroundings that exist for raising children (interview). According to the families interviewed, having children in Lebesby is easy. Those families interviewed list ready access to all of the services that they need, along with the closeness and security of the local environment for their children to grow up in. This was echoed by one of the young people from the local upper secondary school. *"I think it is a good place to grow up*

⁴⁷ Students loan in 'Tiltakssonen for Northern Norway' are on better conditions than elsewhere.

in. I think it is, at least. The distances to things aren't 'big.' You're quite free to do whatever you'd like."

At the centre of the municipality's work in creating an attractive and viable place to live is the conundrum of how to ensure that young people return to Lebesby after their studies. This is one of the most important concerns of the municipality's attractiveness plans. Ensuring enjoyable living conditions for young people is part of the strategy to retain or incentivise young people to return to Lebesby. Indeed, *"It is the most important measure we have"* (Interview 6). According to the interviewees, this reality is exemplified by the municipality's focus on creating a good and varied list of courses in the local School of Arts, as well as youth activities, sports and events. For example, the School of Arts is working in an interdisciplinary way to create a positive environment; one where children are allowed and encouraged to develop their cultural interests. Some of the children's shows have even been held for passengers on Hurtigruten.

One interviewee noted that *"the children were very proud"* (Interview 5). Creating an environment to thrive and to be creative in is important, both for stimulating intellectual curiosity (Interview 5) and arguably also for encouraging job creation at a later stage in life. Due to the difficulty of attracting applicants to jobs in the public sector, these jobs remain stable. and the ability to create something new is always on the horizon. According to one of the interviewees, *"you need to be a bit of an entrepreneur to live here."* Both of the families interviewed were actively engaged in either informal or formal volunteering, creating their own businesses or cultural initiatives.

The interviewees also mentioned an array of different activities which are either free or cheap to use, for both young people and families. With a cinema, concerts, the occasional theatre production and festivals, family life in Lebesby can be pretty active. *"We have always thought that we have what we need for living a good life. We have*

Baby meeting at the local library. Photo: Karen Refsgaard



what we want. We almost have too much, actually. We almost don't have time to do everything we want to do. We have to choose."

The sports arenas are free, and the municipality has invested in floodlit skiing tracks and hiking paths. *"It is meant not only to be a good place to live, but also an affordable place to live as well,"* said one of the interviewees. *"No sports teams or other associations cost more than NOK 500 a year."* The local swimming club is also popular. It has a contract with the local hotel, where the swimmers eat breakfast after their morning practice (Interview 6). This further emphasises the role of the local community in creating a safe and tight-knit community in the north.

Another important initiative is the youth club, which is open every weekend and supported by a youth leader. The local Lebesby Youth Club is one of the last remaining youth clubs in all of Finnmark. Prior to Facebook, the municipality also organised 'Welcome home' meetings for young people attending schools elsewhere. The municipality is actively using Facebook to stay in touch with both the younger generations and the adult population in Lebesby.

The future

Among the young people interviewed for this case study, there is a shared sense of freedom in living in the north. Although words such as 'boring' cropped up during the interview, the majority of boys were positive towards the idea of returning to Lebesby after completing degrees or professional diplomas – provided there are jobs available. The girls were more reluctant, and listed the lack of variety among people and the possible lack of jobs as some of the reasons. The possibility of creating your own workplace was seen as a positive by both groups. *"Not every profession has job opportunities available...there is work, you just need to do what you're able to do"* (Interview 3).

At the moment, it is easy for upper-secondary school students to find jobs, and quite a few of our

interviewees had part-time ones outside school – or through school and the LOSA model. The LOSA model holds some promise as buffer against out-migration. According to interviewee 4, the current centralisation of politics at national level, due to the merging of potential public sector jobs, makes it more difficult to retain younger people. Another challenge is to entice younger healthcare personnel to come to the area, as the healthcare profession is too small, and the nearest hospital is 400 km away (Interview 4). This interviewee also said, *"those in the village who get a medical degree find it hard to come back, as it is too close for comfort – they know everyone."* However, the intimate environment could be seen as a good starting point for gaining experience. That is the case for doctors, physiotherapists, teachers, police officers, healthcare workers or just those wanting to try something new, according to the municipal business consultant (Interview 6 & 4). The scope and foundation for building something of your own – in terms of work or business – remains plausible and tenable.

Smaller municipalities have to fight for their survival on several fronts, it might be argued. Lebesby has taken action in order to help them continue to thrive. It has done this by focusing on future generations. Efforts to create a sense of belonging by investing time and money in ensuring safe, and strong communities not only having coming generations in focus. The various efforts to include local people in participatory processes, and by allowing for spurs and flares of both formal and informal volunteering aimed at nurturing a strong local identity. When preserving local identity, spatially bounded idiosyncrasies become increasingly apparent, of course. Indeed, a sense of local pride may already be firmly manifested in young people's perceptions of Lebesby: *"You're always proud to be coming from somewhere, or from here. I am proud of it. Why shouldn't you be proud?"* (Interview 3).

Conclusion

Table V.10.2. Attractiveness of Alvdal and obstacles/challenges to overcome

Good practices and main reasons behind attractiveness	Obstacles and challenges
<p>Education LOSA-model allowing for mixing training with practical work, while also allowing for staying at home during the first year at upper secondary school, and closer follow-up.</p> <p>Employment and jobs Positive local employment trends in fishing and smolt production and construction, including investments in harbours. Sami parliament subsidy for business development.</p> <p>Entrepreneurship culture Companies and the municipality are working together to concentrate on young people, with summer jobs, diplomas, etc. in fishing and aquaculture.</p> <p>Governance and participation Societal development strategy: LOSA idea workshops/ citizen involvement, distributable reserve</p> <p>Infrastructure and transportation Municipal efforts to ensure connections between tourism enterprises and Hurtigruten, including pride in Sami culture. Construction and investments in harbours.</p> <p>Immigration Positive initiatives from enterprises with language courses, also providing decent working and living conditions for foreign labour.</p> <p>Housing Cheap loans for housing.</p> <p>Quality of life and local community Municipality providing good environments for children. As motives for re-migration or inward migration quality of life is cited more often than jobs. In particular, the creating of opportunities for youth, leisure activities and summer jobs. A strong sense of community ownership, with voluntary organisations and "firebrands".</p> <p>Taxation Norway's differentiated payroll tax is important for local businesses.</p>	<p>Education Low educational attainment. LOSA-model is dependent on annual decisions from the county council.</p> <p>Employment and jobs Creating a sustainable (stable and multi-faceted) labour market and employment structure is a challenge for the municipality. This became evident both from recent municipal reports on social strategies and in the interviews conducted for this report. Being able to provide a multi-faceted labour market in order to attract people is one of the main challenges recognised by the municipality – another is the gender balance. Relocation of public sector jobs and decision-making posts (police, public administration, postal offices). Attracting younger healthcare personnel.</p> <p>Housing Housing is scarce and expensive for building, due to periodic commuting, increasing number of single households and location issues.</p> <p>Infrastructure and transportation Ensuring a robust and stable digital network.</p> <p>Immigration Integration of immigrants into local communities is a critical factor in maintaining positive settlements.</p> <p>Young people – living, staying/returning Girls more reluctant to move back than boys after education, due to lack of variety in people and jobs. Attracting younger healthcare personnel.</p>

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Interviewees in lebesby

1. Lerøy Norway Seafoods AS
2. Davvi Siida
3. Young people
4. Business consultant
5. Parents
6. The municipality
7. Comments by Benedikte, KMD



Photo: Tomas Salinka

V. 11. NÄRPES IN FINLAND: Where “Green Growth” contributes to attractive and inclusive development, for and with the people

By Michael Kull, 2018/2019

“ It is the ideas of the people that made this place successful. It might have been hard at the beginning, but now you can find products from Närpes even on international markets.

MAYOR HANS-ERIK LINDQVIST

Introduction

Why are some municipalities better than others at deploying their resources, attracting people and creating jobs? This was the key question studied in this analysis of the attractiveness of 14 rural municipalities in the Nordic Region.

The 14 areas selected are all defined as attractive in the sense that their populations and the number of people in work have increased in recent years. The nature of the boost to employment in some sectors has been identified by means of shift-share analyses to determine how much of the change is attributable to specifically local factors.

Interviews then probed key stakeholders about motivation, working conditions, job creation and living conditions. These interviews were with public sector representatives (e.g. mayors and heads of planning and development), business representatives and entrepreneurs, high school students and people from the education sector, as well as families. Combined with analyses of other data and information, the interviews helped us to un-

derstand why some places do better than others. Närpes (Närpiö in Finnish) is on the Finnish West Coast, in the region of Ostrobothnia. Of the 9,473 inhabitants (31.12.2018), around 80% have Swedish as their mother tongue. 5.5% speak Finnish and 14.9% other languages.

Närpes covers 970 km² of land. The length of the coastline is 45 km, but the many sea bays and the islands mean that the shoreline's length is about 700 km altogether. The city centre has dozens of general and specialist shops and supermarkets. In addition to the centre, there are nine bigger villages, offering basic services such as a school, shop and post office. The population is concentrated partly on the coastal villages, partly on the river valley around Närpes river. The distances to bigger cities are as follows: Vaasa 80 km, Pori 120 km, Helsinki 350 km and Turku 270 km.

Administratively, Närpes is part of the Regional Council of Ostrobothnia, consisting of 15 municipalities and four sub-regions. Several state and municipal institutions are in the immediate vicinity of the centre. Essential services including schools and childcare are growing. This had led to construction projects, as has the influx of immigrants. The age structure is as follows:

- 0–14 = 5.2%
- 15–64 = 56%
- 65+ = 28.8%

Närpes has had a continuous positive net migration pattern since 2010 (figure V.11.1.).

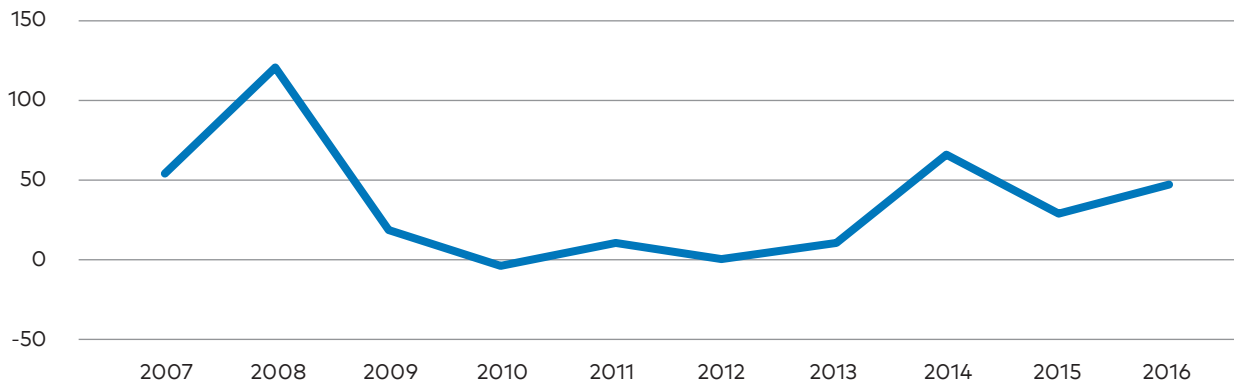


Figure V.11.1. Närpiö – Närpes Net migration 2007–2016

The employment rate in 2017 was 81.6%, compared to an average 70.5% for Finland as a whole (Statistics Finland). The unemployment rate is very low, too, only 3.1% compared to a national average of 9.1%.⁴⁸ There is also a strong local employment effect⁴⁹ in the fields of agriculture, manufacturing and other sectors, with most of the jobs in the agriculture and manufacturing sector (Figure V.11.2.).

To better understand the factors underlying these quantitative findings, we conducted several interviews with a long-term developer, the mayor, businesses, heads of schools and pupils, and an immigrant family. This gave us an enhanced appreciation as to why Närpes had developed in this positive way. Among the reasons behind these positive indicators are:

- An immigration policy that works well and what could be called 'Model Närpes'
- A good education system/vocational school – answering the needs of businesses and integrating immigrants
- Healthcare provided in cooperation with neighbouring municipalities
- Närpes seen as an attractive place for developing and maintaining businesses – the greenhouse sector is worth looking at here
- A collaborative and entrepreneurship-related culture
- Being an attractive place to live – culture, sport and healthy 'social spaces'

48 These figures are for March 2019; Source: Municipality of Närpes.

49 The local employment effect reflects a change in jobs (growth or decline) at municipal level and over a period of time, attributed to local factors (e.g. local policies, local natural or institutional conditions). Compared to national or industry trends, this development was more positive.

- Related to the previous point, young people's perception of the place as an attractive one, inclusive of immigrants
- Being a safe place.

Some of the challenges are:

- Road and rail connections to access other parts of Finland and beyond
- Switching jobs from the greenhouse to other sectors
- Availability of jobs for more highly educated people
- The feeling of being 'overlooked' by decision-makers in Helsinki and Brussels.

This chapter starts with a reflection about the current situation and the challenges, as seen through the eyes of a long-term developer. We will then seek to shed light on public policies supportive of attractiveness, including healthcare, education and particularly the way the vocational school answers the needs of businesses and integrates immigrants. Immigration policy a-la-Närpes, and the perspectives of an immigrant family, will be outlined next. We will then look at Närpes as a place for developing and maintaining businesses with a specific focus on the greenhouse business, and the culture of collaboration and entrepreneurialism. The third section discusses Närpes as an attractive place for living, including culture, sport and social spaces. The viewpoints of young people and consideration of their future plans play a key role in this section.

Närpes-Närpio 2008–2015

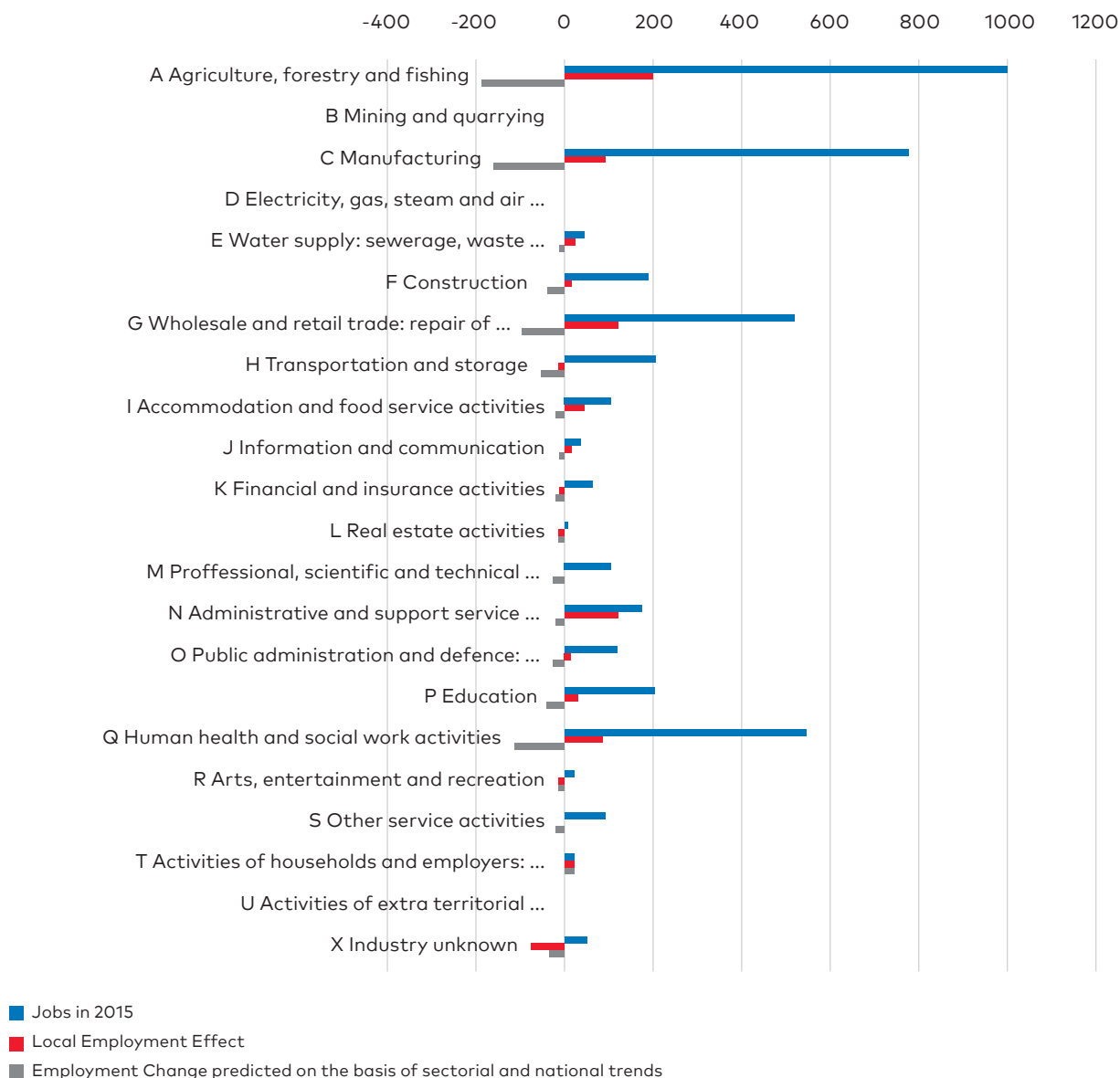


Figure V.11.12. Närpes: Employment and local employment effect. The blue bar shows the number of jobs in the area in 2016. The grey bar shows the employment change as predicted on the basis of sectorial and national trends. The red bar shows the local employment effect, a reflection of the change in jobs (growth or decline) at municipal level and over a period of time, attributed to local factors (e.g. local policies, local natural or institutional conditions). Where it is positive, the local development in that particular industry is better than would have been predicted based on national and sector trends. This means that industry in the area is stronger, or that specific policies are in place. Qualitative methods of data collection (e.g. interviews) help to understand what underlies these figures.

Current situation and challenges, as seen through the eyes of a long-term developer

Håkan Westermark has worked in the field of business development for private companies for more than 20 years, and in city development for around six years. Twenty-five years ago, he reflects, there were more than 400 greenhouses in operation. Now there are about 130. Yet the number of square metres used in this way is actually the same as 20 years ago. Many younger people were in a position of not wanting to take over greenhouses. Investment was needed, including in the types of energy to use. Some took the risk, others did not. In the late 1980s, the first wave of incoming refugees came into employment (see below). Many of them found jobs in the metal industry later on.

The biggest change was when Finland joined the European Union (EU) in 1995. Most owners opposed joining the EU because they feared a lowering of prices for their products. After 1995, the EU single market brought about real change. More employees were needed, and different types of contracts were able to be offered. Jobs in the greenhouse business and in the metal industry have been well-paid for people with a comparatively low educational level, according to Westermark. Jobs in the greenhouse business require better knowledge and experience, but not higher levels of education overall.

Can this positive development, with low unemployment and positive net migration, be sustained? Håkan Westermark points to innovation statistics being rather low for the two core sectors in Närpes – greenhouses and the metal industry.

Photo: Tomas Salinka



Moreover, there are many small companies and it can be a challenge if they lack a long-term perspective and vision for how they intend to grow. Since there are no larger companies, no big schools or universities, *"We have to show that we believe in the place"*, Westermark argues.

Collaborative networks are also needed, and people need to be using them. Håkan Westermark refers to one factory producing beds and employing around 100 people, as an example. One individual was particularly active and received investment from the region, from the government and from abroad. Attracting investment often depends on very small factors. In this case it was also due to good connections with a German, who helped to sell their products to a larger retailer in Finland and in Germany. Another good example is the LEADER programme, which funded the planning of a multi-use building in Närpes (see below).

According to Håkan Westermark, foreigners do pretty well in the greenhouse sector, some of them opening shops and starting up new companies. In that sense, he also perceives differences between Närpes and other places. An important question concerns what the situation will be for their children in the future? Will they stay in Närpes or move elsewhere?

Many people, including those with a higher level of education, commute from Närpes to Vaasa to work, travelling by bus for example. Physical infrastructure still requires improvement, according to Westermark. He and his company Dynamo, together with the Regional Centre for Economic Development, Transport and the Environment (ELY-Centre), have supported the development of digital infrastructure and have fought for investment for broadband facilities. *"If the market mechanism is not sufficient, the town needs to step in"*, he argues.

Public policy and public-private collaboration to foster attractiveness Healthcare – provided with neighbouring municipalities

The provision of healthcare and care for the elderly is working quite well, according to Mayor Hans-Erik Lindqvist. To provide these services, a new organisation was established in 2009. This is the K5 Social and Primary Healthcare Council of Coastal Ostrobothnia. K5 organises social and primary health care in the municipalities of Malax, Korsnäs, Närpes, Kaskö and Kristinestad.

In consultation with its member municipalities, K5 determines the scope, quality and production method for each service. Most of the services are ordered by the member municipalities. In addition, the municipal council can arrange services through procurement involving third parties. The joint municipality is bi-lingual, with Swedish as the administrative language. K5 organises a service centre for the elderly. Psycho-social facilities, drug advice, psychotherapy, and so on, are also organised under the auspices of K5. Telemedicine has been in use for several years already. Serviced apartments were built in various villages to enable elderly people to go on living where they are, instead of being forced to move to the centre. (This is currently under evaluation.) Overall, according to Lindqvist, the per capita costs are fairly low compared to the quality of service provided.

Among the concomitant challenges is a shortage of doctors. At the end of 2018, four out of six positions were filled. Sometimes doctors come from Sweden. There was an expectation that if healthcare and regional reforms (known as SOTE – which were not implemented in the end) were placed under the auspices of regional councils, the situation might improve, it is believed. Mayor Lindqvist fears that decision-making might suffer in these circumstances, but that, correspondingly, things might improve from an organisational perspective.

Infrastructure and housing

A recurrent issue raised by most interviewees is the need for maintaining and improving road and rail infrastructure. Both of these are of vital importance for the economy. *“We need good connections for a living rural area and all investments will come back”*, Hans-Erik Lindqvist, Närpes' Mayor, stresses. Many interviewees referred to highway 8/E75 and to the train connections to Seinäjoki, both in terms of commuting and for the transportation of products produced in Närpes. The former needs to be improved and there is collaboration across regions to raise the funds. Proposals by the former Centre-party led government to discontinue the train link to Kaskinen harbour was met with a great deal of misunderstanding by many interviewees.

While school bus services are good, the bus system could still be improved, according to Mayor Lindqvist.

Elderly people have been moving to centre, while immigrants buy their houses in less central areas of Närpes. Families are also finding plots on which to build houses for themselves.

Education and the vocational school – answering the needs of businesses and integrating immigrants

There are seven primary schools, one secondary school and one upper-secondary in Närpes. Further education is also provided by a vocational school, the Närpes Adult Institute, and the Legato Music Institute.

The Vocational College of Ostrobothnia has around 2,200 students, with 400 at the Närpes campus. The curriculum includes logistics, metalwork and welding, construction, business and administration, information technology (IT), and homecare. Students can apply all year round, but the courses on offer vary. For example, logistics is offered twice a year, while other courses are provided almost every week. There is also a dormitory attached to the school. Study programmes last two to three years. One out of the three years will usually be spent on practical work and/or at companies. The timetable is made as flexible as possible, and students have individual study plans. Around half of students are in adult education and this proportion is expected to grow.

With around a quarter of students foreign-born, the school also plays an important role in integrating immigrants into the local labour market and community. Many of the adult students work in the greenhouses and are preparing for a new profession. While non-EU residents have a work permit to work in greenhouses, and cannot work in other professions, they are allowed to take an education in another area. Also, while language issues were a potential problem in the past, the school has now started to offer fast-track education and students are not required to master Swedish anymore. In late 2018, a pilot project on welding techniques was initiated by the national government. The purpose was to satisfy high demand from the Närpes Trä & Metall (NTM) company, which was in urgent need of welders. So, while national legislation and language have been initial obstacles, there are high hopes that the pilot study will help in overcoming these problems, and that this will enable people employed in greenhouses to find alternative jobs.

This pilot study was the result of close collaboration between the school, Närpes municipality, the Regional Centre for Economic Development, Transport and the Environment (ELY-Centre) and the company NTM. The ELY-Centre helped with the development of the pilot and the Finnish government has supported it financially. The pilot will last for a year and will be evaluated afterwards by the government. It was designed for 30 people, and all the available places were filled almost immediately. Instruction will be in both English and Swedish, with the assistance of an interpreter. In 2018, a delegation from the school visited other schools in Bosnia and Croatia in order to build networks with the places where many of the immigrants who are now in Närpes were originally born. An initial idea has been to develop an EU project enabling Bosnians and Croatians to work in teaching, as well as additional courses being taught by native speakers of these languages. Various departments are also working on particular projects. International student exchange programmes are also an option.

According to head teacher Kjell Langels, the number of people in adult education is growing and the future therefore looks bright. However, there is a continuing trend of lower demand and lower applications from younger students. *"While five years ago we had around 100 applications, now there are around 60. The low birth rate is one explanation,"* says the head teacher. But the reality is that most students find a job after the school.

Among the things that need improving is a good highway connection and better rail links to and from Närpes in order to connect with the ports in Vaasa and Turku.

What about the future? According to Kjell Langels, the greenhouse business will probably grow. The other two larger companies, NTM and Närko, have found their own niches, producing high-tech garbage trucks and trailers respectively. While the two metal companies are focused on (and depend on) exports, greenhouse businesses mainly concentrate on domestic markets at the moment.

Immigration policy –the Närpes model

What researchers describe as 'Model Närpes' (e.g. Ivars, 2012) refers back to a long history of immigration and the institutionalisation of integration activities. This includes the conscious integration of children in daycare facilities and schools, as well as bringing their parents into the cultural life of their new home municipality. Närpes was the first

municipality outside the largest city regions to receive immigrants after the late 1980s, and it has continued to do so ever since.

Immigration Timeline:

- 1988–1992, Vietnamese refugees.
- 1992–2002, Bosnian refugees.
- 2002–Serbo-Croats.
- During the 2000s, labour immigration (greenhouses – see below)
- 2014–2015, Sudanese refugees.
- 2015–Asylum seekers from Syria and the Middle East.

The way the first refugees were received some 30 years ago has laid the foundations of today's situation, with over 14% of Närpes' residents having a background overseas. The structures for the integration of incomers have been developed since the 1980s and 1990s.

In the early 2000s, employers began to consider the need for labour immigration. Närpes is a small place. This is good for cross-sectoral cooperation between the local authorities, employers and the third (voluntary) sector. The integration structure and model consists of several different elements: work, housing, language training and the provision of a social infrastructure.

Children from an immigrant background are integrated into the normal daycare activities of the area. People with different cultural and national backgrounds support the children. There is continuous staff training to manage daycare on a multicultural basis.

For older children, language classes are offered during their first year of arriving at school. After that, students participate in regular classes, but support teaching and assistance with interpretation offered when needed. Åbo Akademi University's pedagogical faculty in Vaasa is responsible for the continuing education programme for teachers, including a module entitled 'Our Multicultural School'. There is also provision for immigrants at Ostrobothnia's folk high school, SÖFF, which is for young adults.

In addition, Närpes opened a new 'Welcome Office' in 2012. This is an advisory and guidance centre for immigrants and others who might need a variety of information, including:

- Information during the initial stages/step-by-step guide to a new country
- Providing information on which authorities are responsible for what
- Language courses, vocational training and further education
- Additional information provided to employers.

The municipality can now look back at more than two decades of immigration policy, implemented (and recently further institutionalised) through a specially dedicated immigration unit and the Welcome Office. The municipality helps with an integration course, which is organised during the winter months, while most activities are in winter hibernation. Courses offer Swedish language training and lectures about Finnish society, rules and norms. Day care centres and local schools are welcoming to the children of greenhouse workers.

Researchers have spoken of the 'Närpes Model' in this regard (e.g. Mattila and Björklund, 2013). This model builds on the reliable availability of jobs, the infrastructure of a small community, and the positive attitude of the local population. Throughout its immigration history, most of Närpes' residents have been welcoming towards immigrants. Another recent study (Ekberg and Östman 2017) concluded that integration in line with the Närpes model generally works pretty well, but the situation is more complex than the official image, and mutual acceptance was lacking in some of the interviews conducted for this study.

Consequently, and for this case study, we interviewed an immigrant family from Bosnia to discover what their perspective and experience has been.

What makes the place attractive – insights from an immigrant family

In the family we interviewed, the husband's sister had informed him about jobs in the greenhouse business in Närpes. He started working there in 2012, commuting in three-month intervals between Närpes and Bosnia. The husband's job has not changed much since coming to Finland. He still works in the largest greenhouse. Work there, according to him, is *"not so hard, but sometimes the place is too warm. Also, women are working there."* The reason he gave for immigration to Finland was working in the greenhouse business. Immigrants are required to work for five years there, as their visa is specifically connected to greenhouse work-

ing. This man would be interested in switching to another sector, but he considers his language skills insufficient at present.

His wife's story is quite different. She worked as a teacher in Bosnia, where the families' oldest son was also born. She came to Närpes in 2014 and worked in a greenhouse for a year. The work was hard for her. Until the birth of their youngest child and her maternity leave, she attended language school for around six months. Later, she also attended a course for foreigners at the vocational school, learning about Finland and its society. Two months after finishing this course, and through the support of one of her teachers, she found a job as an after-school teacher. Later, she was able to work for the city of Närpes as a religion teacher focussing on Muslim studies, commuting between five different schools. She has between two and 15 pupils.

The wife says: *"It may seem nothing special, but the most important thing is financial security, to ensure that our kids are fine and able to learn fast. Our oldest is the best pupil in the whole third class."* Her hopes for the future are that she can continue to work in the school system and that her language skills will improve further. Her husband hopes to learn Swedish and eventually to be able to switch jobs. Overall, they see their future in Närpes. *"We like smaller places. It also feels safe for our kids. They can go to the shops on their own and traffic is not a problem."*

Both refer to the welcoming environment they experienced when they came to Närpes. Right from the start, people were helpful. *"Finnish people are kind,"* they say. Their oldest boy likes to go to school. He enjoys drawing, which is his favourite subject. He takes a taxi to school (8 km from their home). The youngest son (who is six) started in a special language group for five weeks, after which he will attend pre-school. He has friends who speak Swedish as their mother tongue.

Critique and things to improve

The father in this family has worked in the same greenhouse for five years and only receives the minimum salary. There has only been one wage increase in the past five years. This is due to the fact that the greenhouse pays the minimum wage. This family would like to see a higher proportion of the successful company's profits put back into its workers' payslips. This is particularly important

due to inflation, higher rents, living costs, and so on. *"We have less income because of the minimum wage,"* the father says. However, changes in the Aliens Act, which came into force on 1 June 2019 will make it easier for foreigner workers, including those in the greenhouse sector, to move on to the metal sector.⁵⁰ In the case of Närpes, this is a positive step forward in response to local needs.

An attractive place for developing and maintaining businesses – green smart specialisation

The case of Jonathan Nordberg and the närpes vegetable cooperative

Looking at the structure of business in Närpes for 2018, 56% of all jobs are in the service sector combined, 20.3% are in manufacturing and construction, and 22.2% are in agriculture and forestry (Source: City of Närpes – see also Figure V.11.3., for individual sectors). Agriculture stands out as a particularly significant sector. We will, therefore, focus in on greenhouse cultivation before shedding further light on the culture of entrepreneurship in Närpes.

Närpes Vegetable Cooperative was founded in 1957 to market the region's greenhouses. The cooperative is owned by 37 growers, with many farmers continuing a long family tradition and many farms being family run.

Farmers are able to learn from each other and do not have to compete. Profits are shared between the members of the cooperative. Närpes Vegetable Cooperative is the country's leading supplier of domestic tomatoes. Its produce includes different varieties of tomatoes, cucumbers, peppers and chillies. Between 80 to 90 % of tomatoes and 60 to 70% of cucumbers produced in Finland are from Närpes. More than 95% of vegetables grown by the cooperative are produced using renewable, local thermal energy. The company also cultivates indigenous vegetables. The average distance from each farmer to the packing centre is 13 km.

Jonathan Nordberg, who was interviewed for this case study, is part of the third generation in greenhouse crop cultivation.

On 14,500 m², he cultivates steak tomatoes and bead tomatoes. Jonathan currently has seven em-

ployees, but in busier periods he hires more people. Since his parents own a greenhouse, it was fairly easy for him to go into the business himself, although he started his career differently. After 11 years in the business and a good deal of learning Jonathan has witnessed many transformations, with just four growers starting business and 250 growers closing down. Twenty years you needed to go to the greenhouse for everything, but Nordberg explains: *"Now you more or less take the house with you and receive feedback via your smartphone. In fact, there are many things measured in relation to the plants which can now be reported to you in real time."*

Among the enablers for, and transformation of, the greenhouse business in Närpes are:

- Marketing and selling through the cooperative
- Smarter greenhouses.
- Advanced packing technology
- Automation
- Cooperation, alongside healthy competition
- More specialisation on specific products.

Branding proved to be a crucial step in the development of the cooperative. Prior to the beginning of active branding about five years ago, a consumer survey was conducted. This showed that fewer than 10% of Finns knew about Närpes. Now this figure is over 50%. Branding, improved production quality and shelf-life and new distribution channels – these all had a huge impact on the quantity of sales. While five years ago about 200,000 units were sold, the cooperative went on to sell more than 10 million units in 2018. One person is now employed full-time for marketing purposes and *"to show that our products are better than others"*. One challenge in the development strategy is to convince those who are sceptical about producing in the far North to understand the advantages.

Sustainability Challenges and Opportunities

While Jonathan Nordberg believes that the future of agriculture looks bright, and that more people will be eating more vegetables (reinforcing the need for additional greenhouses), there are a number of challenges to solve.

Location is both a challenge and an advantage at same time. On the one hand, the location *"is great because it has lots of opportunities and possibilities"*. According to Nordberg, the carbon emission is lower compared to other parts of Europe,

⁵⁰ For instance, "if a foreign employee who has worked in Finland with a residence permit as an employee for at least one year wishes to change occupation, the Employment and Economic Development Office will no longer carry out labour market testing". See Finnish Immigration Service information (2019).



A greenhouse in Närpes. Photo: Tomas Salinka

for example. Shortage of water is not a problem in Finland, either. As with other farmers, Nordberg uses biological (organic) substances for disinfection and for pest management. There is no great need for pesticides, and most of those used are organic. From a sustainability point of view, the use of plastics for packaging needs to be looked at further. According to Nordberg, there is good plastic and bad plastic. He also reminds us that the use of plastic keeps products fresh for longer a longer period and increases shelf-life.

Logistics are something of a challenge too, and better access to rail services and main roads is needed, especially to facilitate better access to the larger cities. "National politics does not take care of that".⁵¹ In spite of this, Nordberg says that Närpes remains several steps ahead of the domestic competition – for instance in terms of direct delivery to a large German-owned supermarket chain, with no long storage requirement. "We sell directly. They are very flexible. We can call on Friday and get our products onto their shelves during the following week", Nordberg explains. Flexibility is highly valued, as there is no way of reliably predicting the harvest. A quick response on the part of the retailer is therefore required.

From an economic and environmental sustainability perspective, production patterns have changed over the years. According to Nordberg, subsidies to support production are not necessary. Instead, farmers need support for making investments, especially in greener technology. Most

greenhouses in the cooperative are heated with biowaste and renewables. The goal here is to have 100% renewable heating. Fuels include wood, bio-energy and peat.

The workforce is mainly recruited from outside Finland, including from countries outside the EU. A labour law exemption makes this possible. In the late 1980s, it was refugees coming in with their families who were finding work in the greenhouses. According to Jonathan Nordberg, integration was more difficult then compared to now, especially because of the language barrier.

In addition to foreigners, greenhouses also attract a few Finnish workers, not least from neighbouring municipalities. But overall, because wages are not high, interest among Finns is rather limited. Nordberg compares the situation of workers



Jonathan Nordberg (left) introduces Nordregio researcher M. Kull to his business, and to tomato growing. Photo: A-S. Backgren

⁵¹ A reference to the Sipilä government, which was in power until 2019.

here to the attitude of employers in other parts of Europe and argues that Finns are now ready to pay more. According to him, there is *"pride and understanding that we are bringing jobs to Finland."* He continues: *"The Dutch are very good at cutting costs. But I don't want to follow that model. I'm happy with things as they are, knowing that workers have better conditions here."* In fact, Jonathan Nordberg sees his workers as long-term investments. *"I want people to like to work here. I want to have a good reputation, as this attracts new staff."* Currently, 19 out of 24 of his employees are from Vietnam.

Food for thought for political decision-makers

Much depends on who sits in government in Helsinki and Brussels. Politicians at this level, when asked to help with solving local problems, often choose "the path of least resistance," according to Nordberg. *"We are in the front line and we are detached. Local politicians are more accessible. Others seem to lack responsibility for people here (...) and have their own agendas. Populism is not the solution,"* he says. With regard to the EU, Nordberg feels that you should be able to "decide locally what is good for us." He does not want to see a similar development to the Netherlands, where there are huge greenhouses. Instead, he is proud to see the cooperative work with much smaller units. He also criticises what he sees as "the strong Spanish lobby in Brussels and the EU institutions" and being able to conduct "bogus marketing and labelling" for organic products.

Håkan Westermark thinks that agriculture will remain an important part of Närpes' economy. In the future there may well need to be other types of farms, he says. Potentially, new types of products will be produced in the fields. Production costs are higher in Finland when compared to the Netherlands, for instance. While a lot of manual work is required in the greenhouses at the moment, the nature of the work in the future remains a big question, especially due to increasing automation.

A culture of collaboration and entrepreneurialism

"Here in Närpes we work together and find ways to suitable for our needs. It is a lively city and always 'on the go'," Cisse Grönholm from the Hotel Red and Green explains. As in other case studies, one ingredient for a thriving and attractive place to live and work is a particularly entrepreneurial culture. "We do things ourselves and we collabo-

rate", Grönholm adds. The hotel is part of a new multi-purpose building with many different types of services and amenities "under one roof". With the support of an EU LEADER project, the city built the building to satisfy a variety of needs. It provides a good hotel, venues for cultural events and films, medical and dental services, office and meeting space in the heart of the city, as well as a venue for art exhibitions. Of course, there was also some opposition to the building.

For the hotel, the city looked for a genuine entrepreneur to run the business. Cisse Grönholm, interviewed for this study, was engaged for that purpose in 2012 and was able to open the hotel and restaurant in 2014. She was able to influence the design, and the city's openness to her own ideas "was a fantastic experience". She invested about €1 million in the project and employs around 15 people. The hotel has 30 rooms. Most of the guests are business people. The hotel has filled a niche, because Närpes previously lacked new hotels that were easily accessible and had meeting rooms.

Grönholm also refers to some of the challenges involved, such as the degree of acceptance of outsiders. So, as an entrepreneur from outside Närpes, she decided *"to win and convince one person from Närpes every day. It took time, about a year, but then I was accepted."* One idea was to offer special lunch deals for elderly people. This improved her image and word spread.

Another challenge is to find the right people to work in services, especially people able to communicate in three languages (Swedish, English and Finnish). Grönholm has high hopes that the latest reforms in education will help. These allow vocational schools to customise teaching to suit the needs of both entrepreneurs and pupils. A minimum of five people is needed for this purpose, and the teaching can be adapted to the schedules and needs of both groups, integrating education and teaching into the enterprise itself to a greater extent. Since it is particularly challenging to attract young people, *"You need to teach them; which is why people have high expectations of these reforms."*

Overall, Grönholm believes that the city can look to the future with an optimistic attitude. *"We are in Närpes and people realise that we exist, that we do good things, and that maybe we are different to what you would get in the larger cities. But people are always positively surprised."*

Other than the challenges above, she had no real criticism. *"I want to be here, as you can have a*



Photo: Tomas Salinka

positive impact. There is no 'det går inte' (this does not work). We look for solutions together. After all, it is a small place and we have to work with each other."

An attractive place for living – culture, sport and healthy social spaces, plus youth perspectives on the future

To understand the current situation of young people, students from Närpes Upper Secondary School were interviewed in October 2018. What makes the place attractive for them, what are their plans for the future and what are the challenges of the place from their viewpoint? In addition to the students, Mikael Snickars, the headmaster of Närpes Upper Secondary School, was also interviewed.

Around 140 students are studying at the school, including young people from Kristinestad and Kaskinen. The students interviewed all live close to the school, but they pointed to the fact that the municipality operates a school bus for students who need to commute. Most of the older students have driving licenses. "Everyone owns a car, but we should change that thinking. Rather than using cars, we need to change our attitude. But the reality is that since everyone owns a car, nobody is using the bus anymore."

All the students said that they had very good opportunities for after school activities. The orchestra, which has been playing for more than 60 years, was especially praised. In their spare time,

students like to play football, ice hockey, or take/run dancing courses in their school.

"It is a small place, and it is modern", one student stressed. An important element in the quality of life of the place is what students and Westermark called 'social spaces'. This includes cultural amenities like theatres, sports provision, and other facilities people need, such as gyms (Table V.11.1. next page).

The city of Vaasa is also fairly close by, offering additional cultural and other amenities. Asked about how they see the integration of immigrants, students said that they thought the municipality treats them well. The greenhouses provide many jobs, including for refugees. The students think it is mainly immigrants who work in them. They meet immigrant children in school, but also during leisure activities and because of shared hobbies. "Immigrant children have good opportunities here. They take part in leisure activities, but they also have their own groups. The cultural café in the city square is one meeting point but we also meet privately," the students explained.

Asked about their future, all of the students interviewed wanted to move to other parts of Finland to study. The Swedish speaking Åbo Akademi was referred to frequently. One of the students said that it is "very common to go there; you are not alone there."

The problem for some is coming back and finding jobs after higher education. It has proved dif-

Table V.11.1. Culture and Sports in Närpes

Cultural Activities	Sports Activities and Facilities
Närpes Art Club	Swimming and sports halls
Photo Club Focus	Mosedals sports field
Närpes School music classes	Ice rink
Närpes Theatre	Bowling
Active youth associations	Tennis
Local folklore	Gym
Museums	Vargbergets fritidscentrum
Focus Photo Club	Twenty sports clubs

difficult for people with higher levels of education to find jobs in Närpes. Some choose to live in Närpes and commute to Vaasa. Another interviewee saw the 'brain drain' Närpes is facing as a challenge but said that if she wants to find a job here, she will be able to return. But first she wants to travel, see the world and study. Then she will be return at some point after that.

Another student stressed that a lot depends on the type of job you find. As an "economist it might be harder, and I may be better off staying in a larger company and not returning." Another student wants to be an interior designer and does not see many opportunities for her profession. But she would consider moving back when starting a family. Students do see their parents as a model in this regard – people who went abroad to study and work, and then returned enriched by the experience.

In a situation like this, when students are undecided, strategies to attract them back are important. A member of the Nordic Thematic Group for Sustainable Rural Development, Ann-Sofi Backgren, emphasises that many municipalities in the region of Ostrobothnia have discussed ways of attracting young people to return. *"The culture and spirit of entrepreneurialism are among the qualities that might convince students to come back to the place"*, she explains.

Asked about what he sees as the most attractive resources in Närpes, Snickars adds that one advantage of living in here is the family connec-

tions and bonds. It is a safe place to live and the cultural amenities, including the theatre and the orchestra, are good. There is a lively sports scene and the integration of foreigners seems to work well. *"We are growing, we enjoy a range of possibilities, and the world has become smaller through infrastructure development, job hopping and so on,"* Snickars adds. Overall, he believes that Närpes has invested well in its future.

Conclusion

This study has combined quantitative analyses of net migration patterns and local employment patterns with qualitative interviews featuring business representatives, the public sector, headmasters, students and families. Through this mixed method, we have been able to identify the different reasons underlying various positive trends and the overall attractiveness of Närpes, as well as a number of the challenges that lie ahead.

We found that there is a good education system and close collaboration between businesses, with the vocational school providing customised education to suit the needs of the local economy. The public sector – both at municipal and regional level – is able to support this. To integrate people from various cultures, a distinctive immigration policy, known to some as the "Närpes Model" has been developed over the past few decades. Healthcare is provided in collaboration with neighbouring municipalities. Interviewees stressed that the place is an attractive one for quality-of-life due to a good menu of cultural and sporting activities.

The availability of jobs for more highly educated people is a particular problem, and many of them travel to nearby Vaasa. Another challenge was switching jobs from the greenhouses to other sectors. However, amendments to the Aliens Act that came into force on 1 June 2019, make it easier for foreigner workers, notably in the greenhouse sector, to move to the metal sector. Many interviewees also felt that there was a need to maintain and improve road and rail links to other parts of Finland, particularly for the purposes of exporting local products. There was also a feeling that the previous government had overlooked Närpes because it is a Swedish-speaking rural area.

Table V.11.2. summarises good practices and the main reasons underlying the attractiveness of Närpes, as well as the obstacles and challenges it faces. These enable us to see drivers for both demand- and supply-driven migration.

Table V.11.2. Attractiveness in Närpes and obstacles/challenges to overcome

Good practices and reasons underlying attractiveness	Obstacles and challenges
<p>Access to public services Availability of different public services, including schools. Health care provided in cooperation with neighbouring municipalities.</p> <p>Culture, sport, recreation An attractive place for living – good cultural and sporting amenities.</p> <p>Education Good education system/vocational school – answering the needs of businesses and integrating immigrants.</p> <p>Employment and jobs An attractive place for developing and maintaining businesses, especially the greenhouse sector. Recent changes in the Aliens Act, making it easier for foreigner workers to move to other sectors.</p> <p>Entrepreneurial culture A collaborative and entrepreneurial culture.</p> <p>Housing Immigrant families buying houses from elderly people in the villages/elderly people moving to the centre. Immigration A well-functioning immigration policy – the 'Närpes Model'.</p> <p>Quality-of-life and local community An attractive place to live due to 'healthy social spaces' and the perception of it being a safe place.</p> <p>Young people – living, staying/returning Young people's perception of the place as an attractive one, inclusive of immigrants.</p>	<p>Employment & jobs Lack of availability of jobs for more highly educated people. Switching jobs from greenhouses to other sectors perceived as not easy by some interviewees, but support mechanisms (schooling, legislation change) are in place. The latter includes changes in the Aliens Act as of the beginning of June 2019.</p> <p>Infrastructure and transport Road and rail connections to access other parts of Finland and beyond.</p> <p>Location Feeling of being 'overlooked' by decision-makers in Helsinki and Brussels.</p> <p>Young people, staying/returning Lack of availability of jobs for more highly educated people.</p>

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Photo: Hjördis Rut Sigurjonsdottir

V.12. OSKARSHAMN IN SWEDEN: Positive spirit, liveliness and cultural activities on the rise

By Hjördis Rut Sigurjonsdottir, 2018/2019

Introduction

Why are some municipalities better than others at deploying their resources, attracting people and creating jobs? This was the key question studied in this analysis of the attractiveness of 14 rural municipalities in the Nordic Region.

The 14 areas selected are all defined as attractive in the sense that their populations and the number of people in work have increased in recent years. The nature of the boost to employment in some sectors has been identified by means of shift-share analyses to determine how much of the change is attributable to specifically local factors.

Interviews then probed key stakeholders about motivation, working conditions, job creation and living conditions. These interviews were with public sector representatives (e.g. mayors and heads of planning and development), business representatives and entrepreneurs, high school students and people from the education sector, as well as families. Combined with analyses of other data and information, the interviews helped us to understand why some places do better than others.

The case of Oskarshamn illustrates that jobs alone are not enough to attract people. The local

labour market's need for skills and competences is a challenge for the municipality, and there is a danger of companies relocating if it is not addressed. The local authorities are aware of this and have in recent years placed increased emphasis on promoting Oskarshamn. They have established a close dialogue with actors on the local labour market. A good working environment, services, culture, sport and club activities, along with the attractions of the archipelago, are all seen as important factors for regional development and migration.

Located on the east coast of Sweden, 250 km south of Stockholm, Oskarshamn municipality does not look too remote on a map. However, the interviews with the municipality's employees reveal that Oskarshamn has been left behind by recent public transport reforms, and because of that commuting to major destinations is time-consuming. The perception is that the long travel time is connected to low trip frequency to important destinations such as Stockholm and Gothenburg. At present it takes "too long a time", people feel. So travel time, speed and frequency are important and interlinked.

Demographic development

The largest urban area is the port city of Oskarshamn, which is also the municipality's administrative seat. It has a population of 18,471, or 69% of the total municipal population of 26,928 (SCB, 2018). The population has been increasing from 2011, following previous decline since the early 1980s. The negative trend stopped in early the 2000s, but the population began to increase in 2014 and then took a leap in 2016 due to refugees (Figures V.12.1 & V.12.2).

This moderate increase means that the municipality anticipates that the population will rise to 30,000 by 2030. An increase in population is vital to overcome the municipality's main challenge, which is to match competences and skills to its development needs.

Oskarshamn, population change 2007–2016

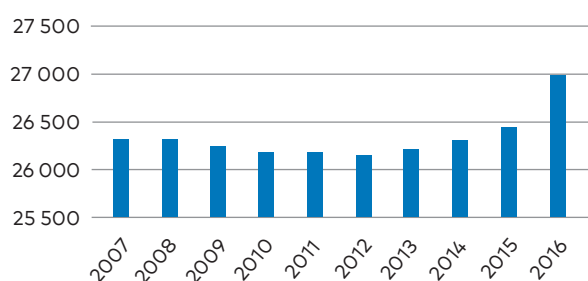


Figure V.12.1. Population Change in Oskarshamn 2007–2016

Oskarshamn, Net migration patterns 2007–2016

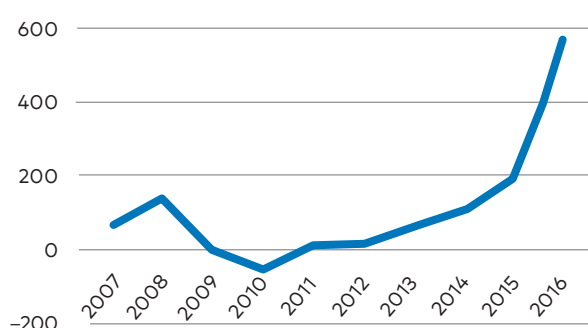


Figure V.12.2. Net migration patterns in Oskarshamn, 2007–2016

Labour market, employment and business development

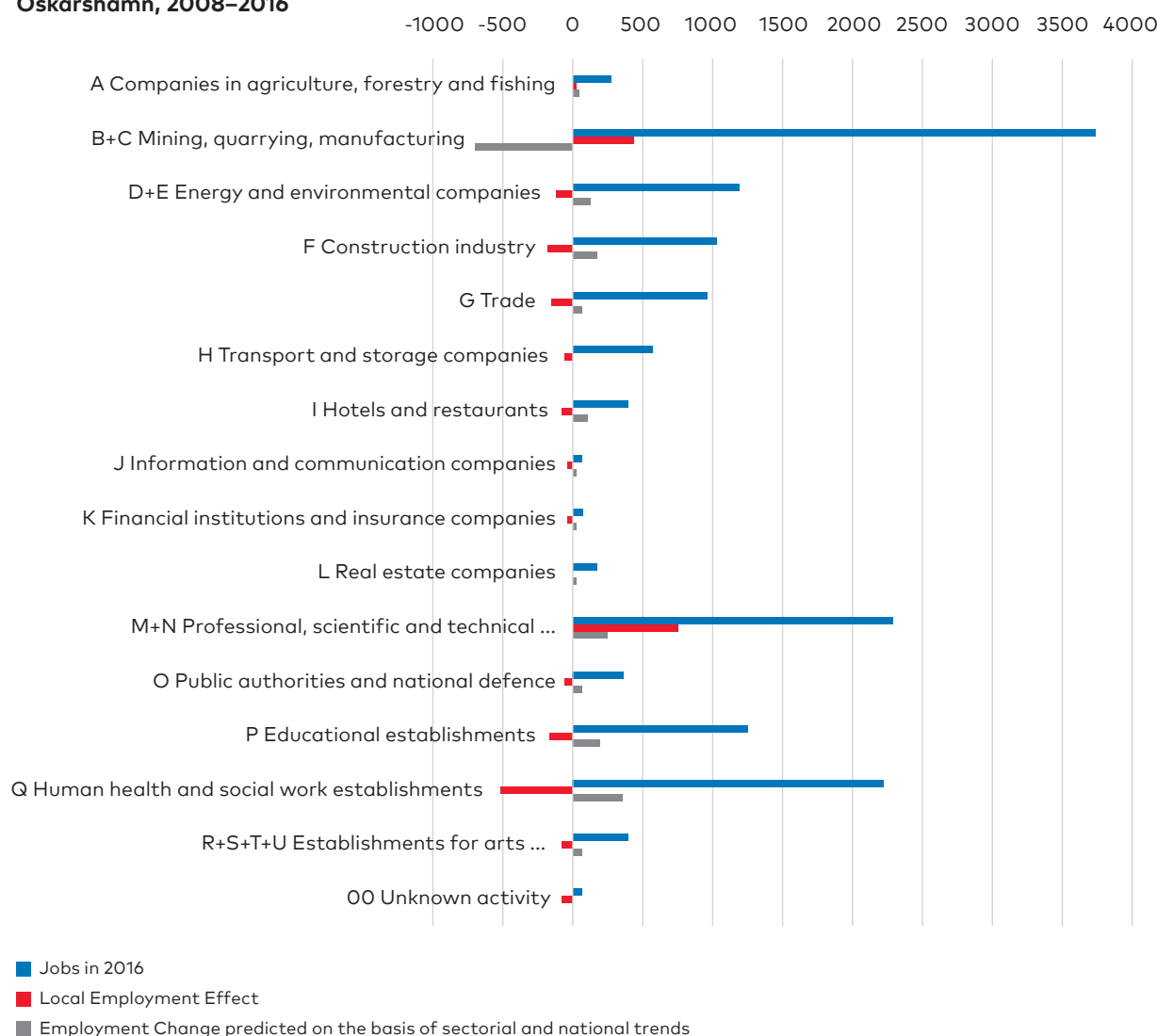
Industry and manufacturing are the labour market's backbones

In industry it is manufacturing, as well as, scientific and technical companies that have been the key to progress and job creation (Figure V.12.3) in Oskarshamn from 2008 to 2016. These companies are for example Scania cab factory, OKG Nuclear Power Plant, Be-Ge seating and vehicle company, and Saft Batteries. In that time the number of jobs increased by almost 500. This is notable because the manufacturing sector had been expected to face a decrease in the number of jobs. During the same period, nuclear reactor in the local Nuclear Power Plant were shut down (2015). Since then, another reactor has been closed (OKG, 26 July 2017). Together this has caused a loss of over 600 jobs in the nuclear plant and in companies that had provided services to the plant. However, other strong industrial sectors in the municipality, such as the Scania cab factory with almost 2,000 employees (FCO.se, n.d.), and other companies have been able to recruit many of those who lost their jobs. The impact of the nuclear closures was not as damaging on employment numbers in the municipality as expected due to the number of people who had been commuting to work there from outside the municipality.

Large industrial and manufacturing companies are the backbone of Oskarshamn's strong labour market, and the reason why the municipality is sometimes referred to as among the most powerful motors driving the county's labour market. These companies, which employ close to 40% of the workforce⁵², seek many of the same (or similar) competences, and benefit in many ways from proximity to each other. At the same time, all these companies need to work on attracting employees with the right competences on a regular basis, a challenge that the municipality has been working on in recent years. Since the labour market is relatively concentrated within industry and technology, both high and low tech, there are fewer opportunities in other professions. This adds to the challenge of securing sufficient labour. It might, therefore, be argued that a couple trained in different sectors might, for instance, find it difficult to find employment in Oskarshamn for both of

⁵² Interview with Mats Johansson, Managing Director of the Municipality's Growth and Business Office

Oskarshamn, 2008–2016



*Figure V.12.3. Employment and local employment effect in Oskarshamn. The **blue bar** shows the number of jobs in the area in 2016. The **grey bar** shows the employment change predicted on the basis of sectorial and national trends. The **red bar** shows the local employment effect, a reflection of the change in jobs (growth or decline) at municipal level and over a period of time, attributed to local factors (e.g. local policies, local natural or institutional conditions). In cases where it is positive, the local development in that particular industry turned out to be better than would have been predicted based on national and sector trends. This means that industry in the area is stronger, or specific impactful policies are in place. Qualitative methods of data collection (e.g. interviews) helped us to understand the reasons behind these statistics.*

them. Shift-share analyses also show that developments in the human health, social services and education sectors are less positive than expected. This is not the case in many of the other successful rural municipalities studied by this project. Mayor Rolf Persson says that it is important for the municipality not only to promote and provide educational opportunities in industry and technology to meet labour market needs, but also to create the

foundations for a more diverse labour market.⁵³ Nova Centre for Education has an important role in this development offering different education options working in the interface of academia, businesses and the public sector.

⁵³ For the development in the number of jobs in Oskarshamn in 2007-2015, please see the appendix.

However, while shift-share analysis demonstrates growth beyond expectation in manufacturing sectors, the Swedish Agency for Economic and Regional Growth (2016) ranks Oskarshamn as one of Sweden's most vulnerable municipalities, ranking 269 of 290. The employment rate is the only category out of six forming the basis for the ranking which is considered comparatively strong in the municipality (72). By contrast, Oskarshamn's position is considered weak when it comes to dependency on one or more large companies (232), the opportunities to commute from the municipality to work (283), the local business environment (268), increasing the number of businesses and enterprises (209), and entrepreneurial activity (248). Furthermore, it can be added that the Swedish parliament has decided that nuclear power should be phased out of the energy system by 2040. This, of course, will sincerely affect a municipality which defines itself as an international energy centre based on hosting a nuclear power plant.

Competence supply is a challenge

The relatively strong labour market, characterised by large employers and plenty of available jobs, faces a significant challenge in attracting a workforce with suitable competences. This is important to ensure the presence of the large companies and continued job development. A better dialogue between the municipality and labour market actors was recommended in an audit of municipal work and administration, focusing on labour market issues, in 2015 (Sweco, 2015). As a result, a special Department of Growth and Business Development was established in January 2018 to combine resources within the municipality and to coordinate measures for developing the labour market. The company Attractive Oskarshamn⁵⁴ is responsible for development projects in the municipality to improve the business environment and to promote a more diverse labour market. This also involves nurturing various features that enhance the municipality's attractiveness, by highlighting its benefits and by providing support for residents, visitors and entrepreneurs (Attraktiva Oskarshamn, n.d.). The level of entrepreneurship has been rather low, and is one of the factors adding to Oskarshamn's vulnerability (Swedish Agency for Economic and Regional Growth, 2016). In in-

54 Owned by different actors within the municipality and concentrating on its future development.

terviews this is explained by the successful entrepreneurship of previous periods, which made the labour market strong and made it appear that the need for further initiatives was limited.

Mats Johansson, the Managing Director for the municipality's Growth and Business Development Department, says that there is a danger of large companies relocating if they fail to find employees with the right skills. Håkan Hjalmarsson, CEO for Be-Ge, one of the larger industrial companies⁵⁵ in Oskarshamn, claims that the main struggle is to attract well-trained staff. This is a problem not restricted to this company, but a result of being based in a small and remote region, he suggests. Recruiting departmental managers is a great challenge too, resulting in many commuting to Oskarshamn because the labour market is not diverse enough for people's partners to find suitable work as well. On the other hand, the loyalty among the employees is valuable and beneficial, Hjalmarsson explains. In return Be-Ge, which is a family-owned company, is loyal to its staff and to the place, having rejected redundancies as a solution during the economic crisis. A strategy which also safeguarded the company's interests in the long term as it would have been problematic to re-fill the jobs when conditions improved. However, it is hard to rely on loyalty alone. If shortage of staff makes the location less desirable, some companies might still relocate, especially large international ones.

Hjalmarsson feels that the municipality has supported the labour market effectively in recent years. To further strengthen the operating environment, he believes that it would be beneficial to cooperate more with the neighbouring municipalities and to view the area as a whole, working together towards creating a more attractive region.

55 Be-Ge group is a family-owned business group with operations in Sweden, Denmark, Great Britain, Lithuania, the Netherlands, Germany and Belgium. The Group covers different business areas – the seating division, the component division and the vehicle division.

Policies to supporting attractiveness and face challenges

To deal with these challenges and to avoid the risk of companies relocating due to labour shortages, the municipality's representatives⁵⁶ consider it important to provide an attractive community and quality of life. The organisation Attractive Oskarshamn promotes the municipality in this way, attracting people who might be interested in settling. This is part of the endeavours to support the labour market. It involves offering useful information all in one place to individuals, businesses and tourists – for example about opportunities in Oskarshamn, mentorship for new residents, and lists of things to do in the municipality.

Cultural and recreational offerings are also seen as important factors in making Oskarshamn an attractive place. In 2016, Oskarshamn earmarked 2.3% of the municipal budget for culture, or SEK 1,241 per capita. This was above the national average of SEK 1,091 (SVT, 2018). Peter Ekberg, cultural director in the municipality, says⁵⁷ that greater emphasis has been placed on culture from a political perspective since 2016. Policy is being developed to look at how cultural life can be made more active and visible to attract people. Good opportunities exist in the music scene, Oskarshamn's strongest cultural scene. There is good access to music schools and decent quality choirs, and a range of musicians live in the municipality. *"People want to be on the winner's team,"* says Peter, when clarifying the importance of creating meeting places for cultural activities and different events, and how this can generate a positive feeling.

So far, more emphasis has been placed on sports which is also important. It provides a reason for people to come together, to cheer for the same team and to have a good time. Ice hockey and football are the most popular competitive sports. A large number of people also play football, and the men's ice hockey team is quite successful at national level, qualified for Swedish Hockey League (SHL) for the first time 2018/2019. There are also opportunities for the public to use various outdoor facilities such as gyms, golf, run-

ning tracks, cross country skiing trails, a disco golf course and bike trails.

Low educational level

The educational level⁵⁸ in Oskarshamn is low compared to the Swedish average, with the percentage of people aged between 25 and 65 with at least three years of post-secondary education 17.1%, compared to 27% in 2017. Almost 12% have only completed grade school, compared to an 8% average in the country as whole (Ekonomifakta, n.d.). In the interviews this is explained by the amount of jobs with relatively high salaries despite the lack of a higher education.

Nova is Oskarshamn educational platform and addresses the need for skilled labour, one of the municipality's most pressing issues. Educational capacity needs to meet the needs of the labour market, and so there is a specific need for more vocational education, especially in health-care and in production technology. Some courses at university level are available in cooperation with universities and colleges (Nordregio, 2018). There is no university in Oskarshamn, so those who seek higher education move away. This has both advantages and disadvantages. It is positive that people obtain both education and experiences outside the municipality, but it also entails the risk of them not returning.

According to Nordregio's analysis there is general satisfaction with Nova, which is very much focused on local demand. While the Oskarshamn region is an industrial region with its special need for competence development, the southern part of the county is mainly focused on agriculture and tourism. In this way, they complement each other, but at the same time have different needs in terms of skills provision and training. In addition to technical education, Nova has chosen to invest in health care education. Here, too, the need is great and stable in the long term. There is a large shortage of trained nurses and elderly care staff in the region.

A wider range of educational programmes would be desirable in the area, and this has proven to be challenging. Despite several approaches, no higher technical academic education has been established in Oskarshamn. The search pressure has simply not turned out to be large enough. The

56 Interviews with Rolf Persson, Mayor of Oskarshamn, and Mats Johansson, Managing Director of the Municipality's Growth and Business Office.

57 Interview with Peter O. Ekberg Culture director in Oskarshamn.

58 Share of people with a least 3 year post-secondary education in the agegroup 25-64 years.

training of nurses is outsourced from Linnaeus University, and even though there is local demand the number of graduates in Oskarshamn is lower compared to similar programmes in other places. Ideas to change this involve improving the campus spirit to attract external students. Higher education in technology reflecting the composition of the labour market is still an ambition, although based on past experience, there is a continuing risk of low participation levels (Nordregio, 2018).

Having educational opportunities in Oskarshamn is not only important to serve the needs of the labour market, it is also important to enable people to gain formal skills and competences later in life. The local labour market often attracts people at early stage of their lives, which prevents them from obtaining further and higher education. Once people have both family and financial obligations, returning to education and training can be complicated, especially when educational opportunities in the area are limited. This can serve as an obstacle to personal development and the ability to change career path. Many expressed this in the interviews. Some also believe that low educational levels and the absence of educational opportunities have detrimental effects on attitudes towards pursuing post-secondary school education.

The housing market

While it is unlikely that the population will reach the 30,000 target by 2030, things are moving in the right direction and so the issue of housing shortages has been addressed. The municipality led on construction, and with higher housing prices private construction companies have followed. In 2018 and 2019, close to three hundred new apartments are expected to be completed. According to SCB (n.d.) this is a significant increase from 2017, when just twelve new apartments were built. Some interviewees believed that even more are needed to improve the chances of the population growing. According to a Swedish real estate statistic, condominium prices in Oskarshamn rose sharply from 2011 to 2018, and for private houses from 2004. However, in the first month of 2019 this trend has been reversed slightly (Svensk Mäklarstatistik, n.d.).

Immigration

The arrival of refugees to Oskarshamn in 2016 is clearly reflected in the population statistics.

Around 500 refugees have been settled in Oskarshamn since 2016, and little over 200 asylum seekers are now housed in the municipality⁵⁹. The local government has underlined the importance of welcoming immigrants to Oskarshamn, both to increase the population and to counteract looming labour shortages. How new arrivals are received is not the only issue. It is also important that they thrive in the local community. It is already clear that not all new arrivals to Oskarshamn will end up staying in the long term. A considerable number of the refugees have moved from Oskarshamn to other parts of Sweden. Various initiatives have supported the integration of new arrivals in Oskarshamn. A special integration guide is provided to newcomers. This is to offer support and help newcomers connect with the local community, with local associations, and/or with local people willing to help with language learning and local knowledge.

The municipality has attracted positive attention for labour market measures aimed at newly arrived immigrants. It is being called 'the Oskarshamn model', and it is known nationwide. The model is based on cooperation between the municipality, companies, recruitment agencies and the Employment Service on how the labour market can quickly take advantage of the skills and competences immigrants bring with them. This has resulted in 397 unemployed foreigners finding work in 2018, up from 324 in 2017.

Transport

Bumps on the road for Oskarshamn's development, according to representatives from the municipality⁶⁰, is poor connections to main train services, with no improvements in the pipeline. The responsible state authority, Trafikverket, considers the population in the county too small, and therefore it has low priority. This creates a vicious cycle, since it is a hindrance to population growth. The Swedish Agency for Economic and Regional Growth (2018) notes that E22, an almost 200 km road along the coast, provides possibilities for commuting and therefore to expand the labour market. However, in practice the numbers com-

59 According to interview with Lena Saksi manager for the municipal planning department and Rolf Persson Mayor of Oskarshamn in October 2018.

60 Interviews with Rolf Persson, Mayor of Oskarshamn, Lena Saksi Director for municipal and environment planning and Mats Johansson, Managing Director of the Municipality's Growth and Business Office.

muting from Oskarshamn has reduced. Further road improvements are restricted by how sparsely populated the area is, and this in turn limits access to the labour market in the hinterlands. In terms of outward commuting, Oskarshamn is ranked low and considered very vulnerable – number 268 out of 290 on the comparative scale mentioned above. Commuting to Oskarshamn is high on the other hand. According to Statistic Sweden there were 3,627 incoming commuters in 2017, compared with 1,486 who commute out of Oskarshamn (Statistic Sweden, 2017).

Opportunities: commuters and tourism

Oskarshamn's potential for increasing its population involves close to 4,000 thousand employees who commute to the municipality for work. Within the municipality commuters are not only valuable for the local labour market by providing skills and competences, but they are also potential residents. People who already have ties to Oskarshamn through employment might want to settle in the town if an opportunity arises.

The municipality sees the tourism as another underexplored possibility in the area, and as something that could add to employment diversity. The target is to double the number of tourists in Oskarshamn between 2016 and 2025. (Oskarshamn, 12.12.2016). Its Oskarshamn archipelago has the potential to attract tourists instead of mainly being seen as a transit area, due to its role as departure port for Gotland and Öland. The tourism strategy states that Oskarshamn is a relatively undeveloped visitor destination compared to other strong tourism brands across the county, such as Västervik, Vimmerby, Kalmar and Öland. Being part of such a strong tourist region should be an advantage, and therefore it is important for Oskarshamn to find a clear role in terms of collaboration with others and competition for the attention of visitors (Oskarshamn, 12.12.2016). A few of our interviewees mentioned that Oskarshamn needs to create its own tourist attractions, and identified the Astrid Lindgren theme park in Vimmerby (around 70 km away) as an example of how one good idea can change everything.

Tourism might not appear to go to well together with the legacy of over 150 years of industrial activities that have scarred the harbour, leaving a good deal of polluted sediments in the bottom of the basin (renhamn.se, n.d.). The cleansing of the harbour started in 2016, and since then around half

a million cubic meters of polluted sediments have been removed (Environmental Protection Agency).

An attractive place to live: quality of life – an increasingly positive spirit

The positive spirit in Oskarshamn has been increasing in recent years, according to the group interview with family members living in Oskarshamn. Their perception was that significant efforts were being made to make it a better place to live – by promoting an increased level of services, more events, and a livelier downtown area than before. A few years earlier it was seen as more of a sleepy town where residents' demands did not extend beyond having a job, as one in the group interview described the situation.

Some mentioned that after starting a family in the larger cities it was often seen as complicated to take advantage of all the cultural offerings there, due to long distances, insufficient time or lack of the necessary support network. In Oskarshamn, however, less time is spent on the challenges presented by daily life, and more on more time to enjoy life. The interviewees valued living in a town with a manageable population, short travel distances, and (when applicable) being closer to their families and support networks. Closeness to nature was also often mentioned as advantage of life in Oskarshamn. This included the forest and the large archipelago, and having time to enjoy them. Also mentioned was that most of what a family needs on a daily basis is available in the municipality. What is missing is mainly a wider range of shops, including one with products that people only buy from time to time, such as electronics and furniture.

Oskarshamn is a good place to be a child and to raise children, according to participants from different groups. *"My twelve-year-old can ride her bike to most places she wants or needs to go to, and I feel comfortable with it. The bike lanes are good, and I feel that she is safe,"* said one woman who was part of the group interview with family members. Moving from a large city in Sweden, another interviewee said he noted a difference in how living in Oskarshamn allows his children to be children for longer. He explained how the peers of his eight-year-old played together more, instead of focusing on their smartphones and clothes labels. *"Moving here was like jumping ten years back in time, in a good way,"* he noted.

Short distances, proximity to nature, a safe environment and a simpler life were factors re-

peatedly mentioned as advantages of living in Oskarshamn. They were especially appreciated by people with families. *"I am a person who wants to be comfortable and I don't want to spend a lot of time travelling between different places,"* is how one of the interviewees explained it. This seems to be the case not least after starting a family. It was also observed by students that the size of population felt appropriate, making it comfortable and quite easy to get around. However, they complained that when teenagers stopped participating in regular sports training in the town it seemed rather quiet, with not too much going on. Still, positively, there are sport events, cinema and the gym, which are quite popular among the students at the upper secondary school.

Other factors involved when raising children, and noted as important and positive in Oskarshamn, are access to after-school activities in sports and music without long waiting lists. This is often not the case in larger urban areas. Practice is also available in all the major sports, though opportunities in fringe sports are more limited. Participants thought that was acceptable for a municipality of this size.

After secondary school, the bulk of education takes place outside Oskarshamn. According to the group of students interviewed many appear to be heading for universities not too far away, such as Växjö and Linköping. Within the student group it was notable that there were quite positive attitudes to returning after education, due to the sense that there will be job opportunities and other ties to the area. The most likely time to return in their minds was when starting a family. This is because they see Oskarshamn as a good and safe place to grow up, something that they had experienced and would want for their own children. In many interviews it emerged that it is fine that young people move away to obtain an education, despite the risk of them not returning. Most, whether it was parents, students or municipality staff, did not see this as all bad, but more as a part of growing up and gaining valuable experience. As one participant in the family group explained, she never intended to return, but by living elsewhere and gaining experience her perspective changed. Another point of view was that it was important to have more educational opportunities locally, not least for adults who have settled and who want to continue with their education later in life.

The municipality's main reaction to young people moving away for education is a determination to leave them with a positive impression, so that they will want to come back. One of the participants pointed out that, in her opinion, the most important way to get more people to be interested in living in Oskarshamn was to make the current population feel satisfied. That will make them good ambassadors for the municipality. Still missing, interviewees noted, are commercial opportunities to buy the goods that people only buy from time to time. Some felt the number of restaurants, while increasing and satisfying for some, could be better for both local people and tourists.

Discussion and conclusions

Different factors make Oskarshamn an attractive place to live (table V.12.1, next page).

Despite facing challenges and being identified in the ranking as vulnerable on certain indicators (The Swedish Agency for Economic and Regional Growth, 2016), Oskarshamn has a relatively strong labour market, which would nevertheless benefit from greater diversity. The housing demand, and the fact that housing prices have been going up, indicates positive development along with employment availability. The municipality is aware that action is needed both to retain the existing population and to see further growth, which is its stated goal.

Oskarshamn municipality has taken initiatives, with help from the Swedish Agency for Economic and Regional Growth, to analyse imminent challenges in an endeavour to promote further positive progress. Evaluations of how the labour market is organised have led to a more active dialogue between companies and the municipality on how to deal with challenges related to the supply of skills and competences. The municipality has also asked for a forward-looking evaluation of the Oskarshamn educational platform, Nova. Attractive Oskarshamn is also working on making the area more attractive to individuals, families and businesses alike.

The sports scene has been quite strong in the municipality and in recent years the importance of the cultural aspect of living there has received more attention. The interview participants representing families and students declared that it is a livelier town than before, and it is clear that the efforts made to improve things are both noticed and

Table V.12.1. Attractiveness in Oskarshamn and obstacles/challenges to overcome

Good practices and reasons underlying attractiveness	Obstacles and challenges
<p>Adaptive/participatory planning Emphasis placed on increasing attractiveness.</p> <p>Culture, sport, recreation Cultural activities – Strong musical scene. Strong sport clubs.</p> <p>Demography Trend is now positive.</p> <p>Employment & jobs Strong labour market/available jobs. 4,000 people commute to work from neighbouring municipalities.</p> <p>Quality of life & local community Simpler life. The place is "livelier than few years back". Safe haven for kids to grow up in. Affordable housing.w</p>	<p>Demography Struggles to attract people.</p> <p>Employment & jobs Rather homogenous labour market. Difficult to get competences to meet labour market needs. Low tourism activity.</p> <p>Entrepreneurship culture Weak entrepreneurship culture.</p> <p>Infrastructure & transportation Rather remote location in terms of connections to Stockholm and Malmö.</p>

appreciated. The target of doubling tourism in Oskarshamn by 2025 can both increase the variety of cultural activities and the job opportunities open to residents. However, it is not obvious how the municipality intends to achieve this goal, and it is important to find a way to promote entrepreneurship. Oskarshamn's assets include a strong industrial and manufacturing sector, and this strength holds the greatest potential for development.

The task of getting the right skills and competences to the area is a difficult one and a challenge that many other municipalities in Sweden also face. However, a good supply of jobs is not something that can be taken for granted in a relatively remote municipality, and its presence in Oskarshamn and provides a good foundation for the future. More direct approaches to attracting incomers and enhancing skill levels in the region would definitely be worth trying.

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V.13. PITEÅ IN SWEDEN: Striving to attract former residents back home

By Hjördis Rut Sigurjonsdottir, 2018/2019

Introduction

Why are some municipalities better than others at deploying their resources, attracting people and creating jobs? This was the key question studied in this analysis of the attractiveness of 14 rural municipalities in the Nordic Region.

The 14 areas selected are all defined as attractive in the sense that their populations and the number of people in work have increased in recent years. The nature of the boost to employment in some sectors has been identified by means of shift-share analyses to determine how much of the change is attributable to specifically local factors.

Interviews then probed key stakeholders about motivation, working conditions, job creation and living conditions. These interviews were with public sector representatives (e.g. mayors and heads of planning and development), business representatives and entrepreneurs, high school students and people from the education sector, as well as fami-

lies. Combined with analyses of other data and information, the interviews helped us to understand why some places do better than others.

The municipality of Piteå is situated on the coast of Norrbotten, 40 km south of the regional capital Luleå, and almost 700 km north of Stockholm. It was formed in 1967 when the rural municipalities of Hortlax, Norrfjärden and Piteå were merged with the city of Piteå, as part of the 1971 municipal reform, with a total area of 4 460 km² (Statistics Sweden, 2015). The largest urban area is the city of Piteå, which is also the municipality's administrative seat. Just over 23,000 inhabitants, or roughly 55% of the total population of 42,116 in 2018 (Statistics Sweden, 2018), live here. Other urban areas include Bergsviken (population approx. 2,200), Rosvik (population approx. 1,800), Norrfjärden (population approx. 1,500), Roknäs (population approx. 1,200) and Hortlax (population approx. 1,100). All of them are located within a 15 km

Photo: Hjördis Rut Sigurjonsdottir



radius of Piteå city centre, together enlarging the functional urban area (Statistics Sweden, 2015). Since 2000, the population has steadily increased, going up from just over 40,000 to more than 42,000. This growth has exclusively been centred around Piteå (Statistics Sweden 2019b).

Piteå rapidly demonstrates its importance as one of two Swedish cases for the Attractiveness Project. Before the case study in late November 2018, Piteå's labour market was given an award for the best growth in Norrbotten county during 2018. The award was based on the share of companies that had both new employees and increased profit and turnover figures (Pitea.se, n.d.). Also, the city centre in Piteå was ranked in eighth place out of 62 Swedish city centres in the City Climate Index, which is based on measured sales, market shares, activities and number of jobs (WSP, 2018).

Demographic development

The population has been increasing in recent years, but it is an ongoing battle to keep the net figures positive. It is unlikely that the goal of reaching 43,000 by 2020 will be achieved, judging the trend in recent years. Figure V.13.1 shows the population change from 2007 to 2016, in which there was an increase of 943 people. The population has continued to grow, according to the latest statistics, by an additional 212 (SCB, 2018). However, the pace of growth is perhaps slower than desirable.

The proportion of foreign-born residents is relatively low in Piteå, only 6.5%, compared with 19% in Sweden as a whole (SCB, 21.02.2019). The bulk of population growth in 2015 and 2016 can, however, be traced to immigration, dating to when Piteå was obliged to take its share of refugees ar-

iving in the country. Jan Johansson, Director of Piteå's Urban Environment, says that immigrants have enriched the community and that Piteå has succeeded quite well in persuading them to stay. According to information from the municipality, 79% of the 709 refugees who arrived in 2015 were still resident in Piteå at end of November 2018 (Table V.13.1).

Table V.13.1. Refugees in Piteå 2015–2018

Year	Registered	Still left	Rate
2015	110	77	70%
2016	178	147	82%
2017	271	201	74%
2018	150	136	90%
Total	709	561	79%

Labour market, employment and business development

Labour market and economic activity

No single industry has clearly dominated the labour market in the municipality. Nevertheless, with industrialisation, forestry became the main economic activity in the area, and has continued to be so. Paper industry company SCA, together with the paper packaging manufacturer Smurfit Kappa, together employ around 1,000 people (Regionfakta, 2019). In addition, local companies Stenvalls and the wood/timber building constructor Lindbäcks employ around 500 people between them. Otherwise, the largest overall employers are the municipality and the Norrbotten Region, with nearly 6,000 employees in total (Regionfakta, 2019). In 2018 there were 1,498 active companies in the municipality that had up to 200 employees, and six that employed 200 or more (Statistics Sweden, 2018).

The forest and the forestry have long formed a stable base for Piteå's business community. The shift-share analysis (Figure V.13.2) shows that local efforts have had a positive impact on the agriculture, forestry and fishery sector. The manufacturing sector is also doing better than expected. The pillars of this growth are the two large paper industry companies mentioned above, SCA and Smurfit Kappa. In addition, leading sawmills, metal and engineering industries, house construc-

Piteå, annual population change 2007–2016

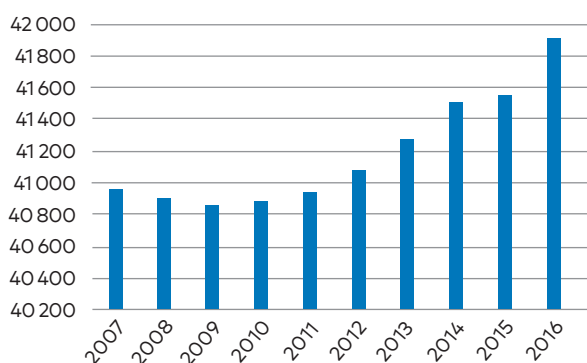
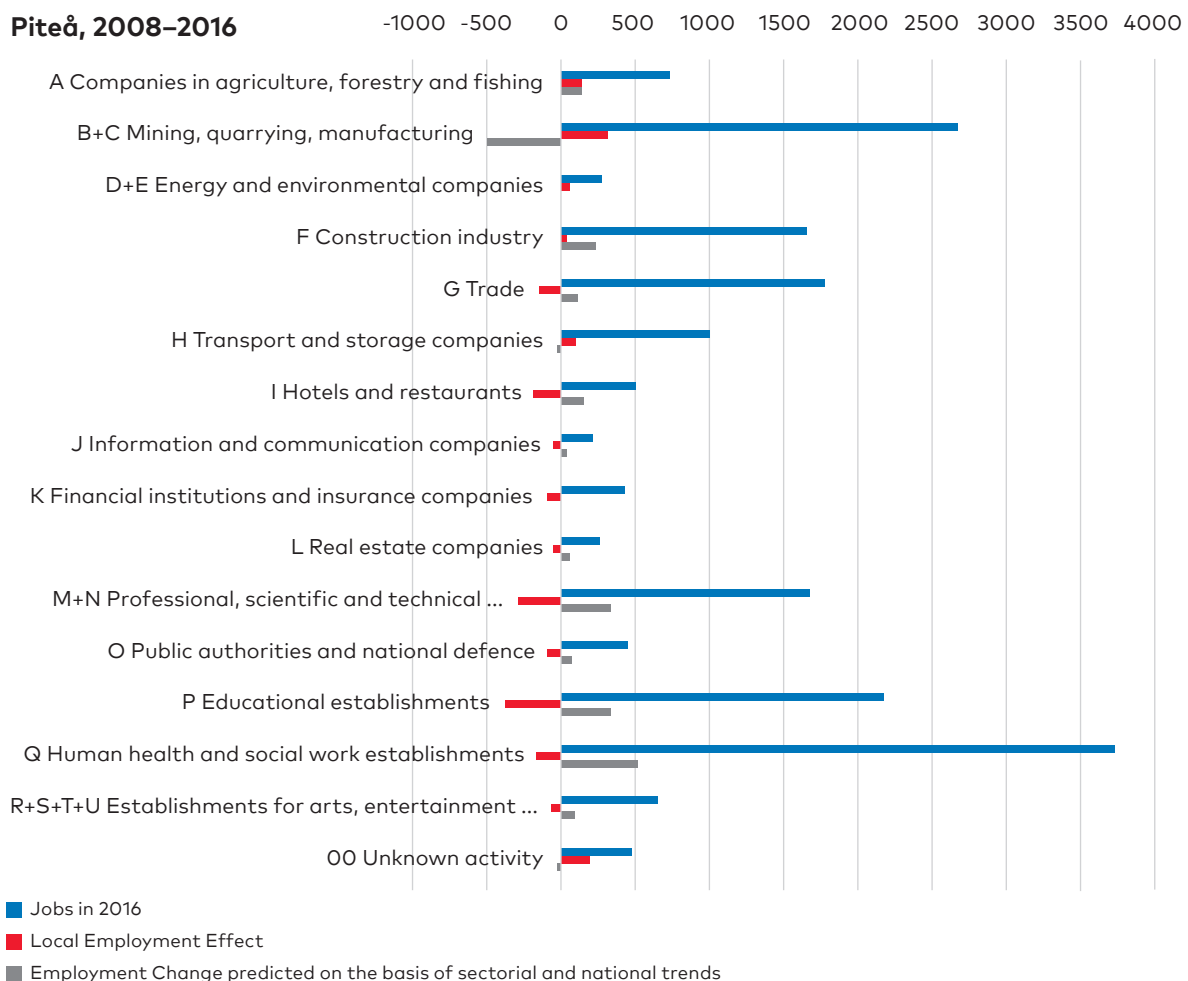


Figure V.13.1. Population Change in Piteå 2007–2016

tion companies and a wind power farm are being constructed. The harbour in Piteå is important for these industries and the labour market in general. However, job growth in health, social work and education sector, has been lower than expected.

One substantial boost to the labour market is a huge wind park, where 1,100 wind turbines are being built. Construction started in 2018 and, by the end of 2019, 179 turbines will already be in use. This is creating 500 jobs the first two years, which will largely be filled by foreign labour. Fifty permanent jobs are expected to be created in the wind park from 2020, which will be the largest such facility on shore in Europe when it is completed.

(Piteå, n.d.). Peter Palmqvist, Labour Market Director for the municipality, points out that all the extra electricity produced will create potential for further developments, such as energy-intensive businesses. His hope is that Piteå will prove so attractive to business that the municipality will be able to choose what kind of business it wants. The preference, in relation to the existing timber and paper industries, is some kind of environmentally friendly industry, since it is important to preserve the unique and untouched natural environment in the area. This is a resource that Palmqvist believes will increase further in value, attract tourists, and create more jobs.



*Figure V.13.2. Employment and the local employment effect in in Piteå. The **blue bar** shows the number of jobs in the area in 2016. The **grey bar** shows the employment change predicted on the basis of sectorial and national trends. The **red bar** shows the local employment effect, a reflection of the change in jobs (growth or decline) at municipal level over a period of time, attributed to local factors (e.g. local policies, local natural or institutional conditions). In the cases where it is positive, the local development in that particular industry is better than would have been predicted, based on national and sector trends. This means that industry in the area is stronger, or specific impactful policies are in place. Qualitative methods of data collection (e.g. interviews) helped us to understand the reasons behind these statistics.*

Job development in Piteå, by number of jobs

	2008	2009	2010	2011	2012	2013	2014	2015	Jobs in 2016
A. companies in agriculture, forestry and fishing	479	442	489	690	743	774	755	757	740
B+C. mining, quarrying, manufacturing	2835	2670	2548	2559	2545	2484	2490	2550	2663
D+E. energy and environmental companies	193	216	233	220	229	252	289	267	278
F. construction industry	1378	1383	1464	1508	1549	1598	1649	1631	1653
G. trade	1789	1674	1726	1787	1826	1789	1770	1737	1763
H. transport and storage companies	902	874	929	913	947	982	1025	997	986
I. hotels and restaurants	515	431	496	477	485	530	551	515	495
J. information and communication companies	222	204	215	206	218	214	198	222	216
K. financial institutions and insurance companies	490	488	445	435	430	425	421	429	424
L. real estate companies	251	268	260	260	263	263	271	270	260
M+N. professional, scientific and technical companies; administrative and support service companies	1615	1475	1520	1513	1636	1671	1641	1644	1662
O. public authorities and national defence	454	403	475	433	427	429	434	438	454
P. educational establishments	2185	2104	2051	2023	2054	1997	2006	2069	2167
Q. human health and social work establishments	3378	3315	3257	3268	3409	3416	3461	3681	3719
R+S+T+U. establishments for arts, entertainment and recreation; other service companies etc.	608	620	626	598	592	626	638	636	644
X. unknown activity	278	265	374	482	485	511	520	528	467
	17572	16832	17108	17372	17838	17961	18119	18371	18591

Tourism

Summer is the main tourist season in Piteå, with domestic tourists representing the largest group, or 80% of the 1.1 million overnight stays in 2017. Half of Swedish tourists stayed in commercial accommodation, and Norwegians accounted for 77% of the overnight stays by tourists from abroad. The largest group of tourists are campers. The camping sites, 15 in total, account for more overnight stays than the 12 hotels on site put together. Tourism generates around 372 jobs a year, but significantly more during the summer.⁶¹ Many

people come to enjoy the coast and the archipelago and Pite Havsbad, the largest tourist and conference centre in northern Sweden is an important attraction. Tourism during the winter has been on the rise because the cold climate, the space, the peace and quiet and nature attract people from heavily populated areas, often in central and south Europe. According to Jan Johannsson, Director of Piteå's Urban Environment, various companies involved in winter activities have been established specifically to respond to this particular growth in interest. Test driving inland in Arvidsjaur and Arjeplog has also led to some more winter tourism.

⁶¹ Tourist information in Piteå in 2017, sent by e-mail from the municipality.

Competence matching

Matching competences to requirements is a challenge that applies for the whole Norrbotten region, according to Peter Palmqvist, Labour Market Director for the municipality. "It is indeed a problem to provide the skills and competences that the labour market needs," confirms Jan Johansson, Director of Piteå's Urban Environment. There is great need for nurses and assistant nurses in the municipality, but the challenge is even larger than that in fact, because the municipality lacks almost all the established academic professions. Construction, technology and industry struggle with competence matching meeting demand from growing businesses and replacing older cohorts that soon will retire. According to Jan Johansson, labour shortages can also influence population growth, since too few employees are in place to manage the building permits and processes required to facilitate further urban development. The demand for space on which to build has been steadily rising from 2016 and exceeds the municipality's capacity. This creates bottleneck and is likely to delay population growth.

Piteå Science Park

Piteå Science Park is a development company for the creative industries, for clean tech, and for digital service industries. Its aim is to support entrepreneurs, companies, students and researchers, in order to create growth throughout the region. The operation involves particular cluster initiatives and development projects, creating attractive meeting spaces and offering support for business development and new businesses. The Concert Hall Studio Acusticum has been part of Piteå Science Park since 2016. The multifunctional concert hall offers customisable premises, the latest technology, and world class acoustics (Piteasciencepark n.d.).

Municipal and public policies supporting attractiveness and facing challenges

Attracting and reaching out

The Department of Urban Environment and Community has, in accordance with political decisions, played a larger role in Piteå than in many other municipalities⁶². In addition to physical planning and social development, it has responsibility for



Photo: Hjördis Rut Sigurjonsdottir

62 According to Jan Johansson, Director of Piteå's Urban Environment.

competence matching, adult learning and post-secondary school education. It also has responsibility for receiving refugees. All of these activities are important for Piteå's development and progress.

Piteå works consciously on getting people to move to the municipality, not least encouraging emigrants to return. A special fair has been held in Stockholm, together with neighbouring municipalities, to attract people emigrating from the northern part of Sweden and 'longing for home'. The fair, entitled Hemlängtan (a longing for home), aims to show the job opportunities, affordable accommodation and quality of life that will attract people back to the area. In November 2018, Piteå worked together with Skellefteå, inviting over 500 people to the fair in Skansen, in Stockholm. An event was also held for students at The Royal Institute of Technology (KTH). In April 2019 another dual fair was held in Junebacken in Stockholm. This time it was held along with different neighbouring municipalities – Luleå, Boden and Kalix och Älvsbyn.

The municipality also makes an effort to encourage its young people to maintain links with the area⁶³. It pays an 80% subsidy on bus trips for students studying in Luleå and pays for one trip home per month for those studying in Umeå. No data is currently collected on the results of this, admits Jan Johansson, Director of Piteå's Urban Environment. However, this is seen as a long-term investment to support students, both to promote education and also to retain and nurture their ties to Piteå.



Photo: Hjördís Rut Sigurjonsdóttir

63 According to Jan Johansson, Director of Piteå's Urban Environment.

Education

Access to tertiary education in Piteå is limited to Luleå university of Technology campus for its School of Music, which is based on the long tradition of music in the municipality. Its programmes attract students from elsewhere to Piteå and diversify educational options for locals, as well as enriching the cultural life of the town.

Strömbackaskolan is the larger one of two upper secondary schools in Piteå, with around 1,500 students. This institution attracts more than 90% of young people in Piteå, following graduation from grade school – where almost half of the students are in vocational training, according to the Principal, Britta Dahln. Vocational education provides great opportunities for students, and most find a job directly after they leave the school. *"Ten years in a row, we have been among the schools in Sweden with the highest proportion of students to complete their education,"* notes Britta Dahln. She claims that companies in the municipality have contributed to this success by encouraging young people to complete their education. It would be better to attract more students to the school's science section in the future, which is a good preparation for Luleå University, since the need for trained civil engineers is consistent in Piteå. In terms of tertiary education, the closest universities are in Luleå and in Skellefteå. Umeå University is also a popular option and is in about 200 km away.

An attractive place to live

Housing and infrastructure

House building has increased along with the population. This has consisted mainly of detached homes and apartments for rent, as the tradition of the condominium is limited in Piteå. In 2017, 138 apartments were built, and according to the interview with Jan Johansson, this trend continued in 2018. The main problem involved is delays in processing all the necessary permits required by the Planning Department. Housing shortages have also plagued neighbouring cities. This impacts the situation in Piteå, where prices are considerably lower overall, even though they have been rising. Johansson says that a particular challenge involves older people being reluctant to downsize to relatively expensive newly built apartments in a municipality where the tradition is to live in a detached home. He hopes that uplift in the city centre will support such a transition and attract the older generation to live in a lively city centre with a high level of services.

Transport

Running a local public transport system in Piteå is another significant challenge. It is presently caught in a vicious circle of few trips and few passengers. In the past two years the number of passengers has increased. This is mainly attributable to new residents of foreign origin, many of whom do not have access to a car or to a Swedish driving licence. For Piteå to meet the Global Covenant of Mayors target for energy and the climate 2030, use of public transport and bikes needs to increase. *"People do not gain much time by using the car; it is mainly a bad habit,"* says Jan Johansson, Director of Urban Development. A car culture is prominent in Piteå, where people often drive for relatively short distances, Johansson adds. Free bus rides were offered in October 2018 to familiarise the public with the use of buses as an alternative. Johansson adds that proposals to reduce the number of parking places in central Piteå but have not been well received. This 'car culture' interpretation is supported by a residents' survey showing that people who live there feel that roadworks should be prioritised. It also demonstrates that they think pavements and bike lanes should be a lower priority (SCB, 2017).

Peter Palmquist, Director of the Labour Market, says that better train connections within the region would definitely be a significant infrastructure improvement for Piteå. Most importantly they would connect Piteå, Skellefteå, Luleå, and Umeå. This matters not least because the latter two are university cities. A Norrbottenbanan line from Umeå to Luleå along the coastline is now being constructed, across a total distance of 270 km. This addition to the Swedish railway system will improve transport for passengers and goods to, from and within the region. However, it will take many more years until it becomes operational. The current railway line has many twists and turns, creating limited opportunities to improve speed, weight and train length, and it does not include Piteå (Norrbottenbanan, n.d.).

Sport, culture and club activities

Spending on culture amounted to SEK 1,292 per head of population in 2016, corresponding to 2.4% of the municipal budget. This places Piteå above the national average of 1,091 per person. The budget was increased by 24 SEK per capita from 2014 to 2016 (Sveriges Radio, 15 January 2018).

The School of Music, a branch of the Luleå University of Technology (LTU), is located in Piteå, training music teachers and musicians in a variety of genres, as well as researchers in music pedagogy and musical design. The Academy of Music was founded in 1978 and is a further development of the music activities at Framnäs Folk High School. Under the same roof there are also courses in journalism sound engineering and dance teaching. This provides good opportunities for collaboration, both within existing programme boundaries and at a more personal level. In the same building there is also the university's Studio Acusticum, which is one of northern Europe's most modern concert halls (LTU, n.d.).

Sporting culture is quite strong in Piteå, and the women's athletics victory in the Swedish Championship 2018 was a great accomplishment for a team from a municipality of this size. Mona Lundström, Director of Culture and Recreation, says it is remarkable how successful women athletes in the municipality have been in recent years. Apart from the football they have also been successful in other sports, such as in skiing, horse riding and hockey. Lundström claims that this success really adds to a sense of unity among people in the municipality.

There are many different sporting facilities in Piteå. There are eight larger sports halls, halls for gymnastics, two ice rinks, an indoor football hall, a swimming pool, and a course validated for the Swedish Championship in football. Outdoor facilities include a running track, an outside gym, ice rinks created in various places during the winter, cross-country skiing trails, to name but a few.

Quality of life

A cold climate is not for everyone. Maybe this is one of the reasons why the municipality places the greatest emphasis on attracting former Piteå residents back home, to increase the population and to bring the competences and skills needed to local business. In the project interviews many of the interviewees expressed the view that the consistently cold climate in the municipality is much better than the kind of instability in temperature which characterises the winters further south in Sweden. *"I would rather have cold than slush,"* as one interviewee put it! The darkness during winter is, however, more challenging. This issue emerged at the group meeting with the students. But on the positive side students pointed out how the snow



Photo: Hjördís Rut Sigurjonsdóttir

during winter made up for short days by making everything brighter. That is in addition to the many who appreciate the bright summer nights in the charming and comparatively warm summer in the Swedish archipelago.

The social ties

For Piteå it is valuable to bring former residents back after education and employment elsewhere. Various local features attract people back, according to the project interviews. One major factor is social networks, family and friends, especially when people are starting a family on their own and their need for support grows. The longing for closeness with grandparents and other relatives increases in particular, since many people have little other support in the larger cities. Many of the interviewees indicated that people who have strong families are attempting to come back in order to enjoy living closer to their wider family. On a few occasions this was linked to the large role played by interaction within families as a part of social interaction in Piteå as a whole.

The relationships and interaction within families and old friends can restrict opportunities for incomers to integrate into the community. It was mentioned more than once in project interviews, both with family members and with the municipality's employees, that although the number of res-

taurants and other meeting places has increased, the social life of many is largely tied to invitations to other people's homes. This can serve as an excluding factor for people who do not have established relations in the area. One interviewee gave an example of two presentable and well-educated women who had moved to Piteå to take up jobs. However, they ended up moving away because they found it really hard to integrate into the community. This concern (and examples of it) was brought up several times during the case study, and is therefore mentioned without any generalisations being made about it.

Affordability

The cost of living is another important factor mentioned by interviewees, not least when compared with larger urban areas. Many people are unable to afford to live in a detached house in the metropolitan areas and enjoy short commuting distances to work or school. By contrast, for the price of a rather small apartment in the metropolitan areas, you can enjoy a nicely renovated home in a good location in Piteå.

The lower cost of living also has a great influence on regular family life. A single mother explained in one interview how she can make ends meet and have some money left over to treat herself and her child, as well as owning a house and

a car. She says that living in Piteå improves the family's quality of life, because they can go to restaurants every now and then and holiday abroad almost every year. She is convinced that in Stockholm, for instance, she would not be able to do these things, and would actually struggle to make ends meet.

Outdoor activities and recreation

In recent years, access to outdoor activities has been more and more important for the people of Piteå, according to the municipality's Director of Culture and Recreation, Mona Lundström. This was confirmed in interviews with family members, where the ability just to go outside, start training and enjoy nature at the same time was brought up. *"I just see so much more of the sky here,"* said one interviewee who had recently returned to Piteå. For those who want to exercise indoors, a training centre and other sport facilities are within reasonable distance for most people.

Interviewees regard good access to outdoor and health-promoting activities as an important factor in enhancing life quality and reducing overall stress level. Good logistics like this are important for many participants, because they make everyday life and family duties easy (or easier) because of the shorter distances to work, activities, schools and most services.

Participants were in general pretty satisfied with the range of sporting and cultural events in the municipality, considering the size of the town. As one family member noted, it would not be fair to compare Piteå to much larger places. Rather the region should be seen as a whole, a place where advantage can also be taken of the offerings in the neighbouring cities of Luleå and Skellefteå. In addition, many children enjoy support from their families in the area, helping them use the available facilities more than would be the case if they lived far away from such support networks.

A reason for special emphasis on gender equality

Interestingly, and a matter frequently raised in interviews, a real emphasis is placed on having beautiful homes, hosting fine dinner parties and being well dressed. *"Even the windows should be attractive and inviting when seen from the outside,"* as one family member commented. Also mentioned in this regard is the relatively large proportion of women in Piteå who are do not work due to infirmity. Some

think that there might be a link between this and the emphasis on making a good domestic impression, adding extra pressure on women who in most cases are the primary care-givers for keeping their homes presentable. The municipality takes this seriously and has placed special focus on gender equality because of the differences between men's and women's health and income outcomes in Piteå. These inequalities are greater than in Sweden as a whole, and also compared to other municipalities in Norrbotten region, according to Anette Christoffersson, Process Leader in the municipal council (Pitea.se, 13.11.2018).

The Piteå spirit

The definite sense of civic pride in the area is often called the 'Piteå spirit'. This was repeatedly mentioned in project interviews, and in various contexts. This term is most often associated with self-sufficiency. Local people are often accustomed to taking care of themselves. This is related to Piteå being the second largest town in the region, and younger siblings wanting to do things on their own and in their own way. It was also suggested by some participants that pride in being from Piteå might give a greater sense of belonging – a mutual feeling of being part of something that can possibly influence former Piteå residents to consider returning, and which may encourage others not to leave.

Good place to grow up in

The group of students participating in group interviews were positive about living in Piteå in the future. Before that, most felt that it was important to explore other places and to broaden their horizons. But four out of six were quite sure that they would return to Piteå after finishing their education, some when starting a family and others due to job opportunities in the area. A large proportion of the group did not plan to travel too far to obtain a higher education. They mentioned Umeå (215 km) or Luleå (55 km), saying that they like the north of the country.

Many students think that Piteå is a good place to grow up. For children it involves the freedom to roam about, rather than being in pre-determined places all the time. They also expressed satisfaction with the moderate population size, and having lower stress levels than they imagined might be the case in Stockholm and Southern Sweden. They also noted how life in the countryside can

create closer bonds between people (social cohesion), and they think it would be harder to make friends in larger urban conurbations. Despite more cultural opportunities in bigger cities, they were quite satisfied with what was on offer in Piteå. They named, bowling, the cinema and the range of sporting events as positives. Their main complaint was limited public transport to smaller towns and villages in the municipality. This problem is mainly solved by the use of scooters, and parents driving them around.

Discussion and conclusions

Different factors reported that make Piteå an attractive place to live (table V.13.2).

With a thriving labour market, Piteå's main challenges are matching skills and competences to the needs of employers and avoiding labour shortages. The municipality's population has been on a slow and a steady rise since 2009, even though it will probably not reach the target of 43,000 by 2020. Piteå has made interesting moves to increase its population. The main emphasis has been on attracting back people who have previously left, with several events in Stockholm where the municipality and companies in the region show po-

tential immigrants or returnees what Piteå has to offer. The municipality also has good educational facilities, and supports connectivity by subsidising trips to the universities in Luleå and Umeå.

Piteå has not received large numbers of immigrants compared to many other regions in Sweden, and immigration has been the main or only reason for population growth in many regions in the Nordic countries in recent years (Grunfelder et al, 2018). According to information from the municipality quite a large proportion of refugees arriving in 2015 and later have subsequently settled in the area. Only time will tell if that trend continues. It is worth noting that some interviewees believe it can be difficult for new residents, with no roots in region, to be and feel included in a close-knit community. This is an element of the overall challenge that might be worked on and improved. In addition, a more gender-equal environment has been noted as something to emphasise in future development work. It will be interesting to see how this pans out, since lack of gender equality can impact how women feel about settling and staying in Piteå.

The 'Piteå spirit' has both advantages and disadvantages. It nurtures local pride and supports

Table V.13.2. Attractiveness in Piteå and obstacles/challenges to overcome

Good practices and reasons underlying attractiveness	Obstacles and challenges
<p>Culture, sport, recreation Piteå is a popular tourist destination during summer – including also Pite Havsbad.</p> <p>Employment & jobs Good job opportunities.</p> <p>Entrepreneurship culture Innovation and entrepreneurship cultures are strong. People want to find own solutions. Many new companies set up every year.</p> <p>Housing Relatively cheap housing compared to other parts of the country.</p> <p>Young people - living, staying/returning Young people positive on moving back after their education</p> <p>Quality of life & local community Tight-knit community (can be a problem for incomers to Piteå or Norrbotten). Piteå spirit = civic pride. Pride and confidence in Piteå and in being from there. This encourages people to not move away from Piteå. It also encourages former Piteå residents to return. A safe place to live.</p>	<p>Entrepreneurship culture The will to find new solutions can sometimes be perceived as a negative.</p> <p>Infrastructure & transport Options of public transport between Piteå and the smaller towns in the municipality are limited. Owning a car is therefore popular and necessary.</p> <p>Quality of life & local community It may be difficult for incomers to integrate into the local community if there is no one to introduce them. A high proportion of women with infirmities. A rather gender divided society.</p>

entrepreneurship and initiative, but can also stop people working together (particularly with newcomers). Many of the participants were aware of this and efforts have been made to work more closely with neighbouring municipalities. This is based on a realisation of how working together and looking at the region as whole can be beneficial for all stakeholders. The 'Piteå spirit' also creates a genuine feeling of belonging. Local people seem proud to be part of community and of living in the north.

In addition, it is worth mentioning affordability and quality of life in Piteå. Although the climate or the dark may be challenging at times, this did not seem to have too much influence on interviewees, who were also able to see the advantages of these local conditions.

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Photo: Dennis Holm

V.14. VAGÚR AND THE FAROE ISLANDS: Improving attractiveness through a change of image – Joint collaboration, infrastructure development and new business opportunities

By Michael Kull and Karen Refsgaard, 2018/2019

Introduction

Why are some municipalities better than others at deploying their resources, attracting people and creating jobs? This was the key question studied in this analysis of the attractiveness of 14 rural municipalities in the Nordic Region.

The 14 areas selected are all defined as attractive in the sense that their populations and the number of people in work have increased in recent years. The nature of the boost to employment in some sectors has been identified by means of shift-share analyses to determine how much of the change is attributable to specifically local factors.

Interviews then probed key stakeholders about motivation, working conditions, job creation and living conditions. These interviews were with public sector representatives (e.g. mayors and heads of planning and development), business representatives and entrepreneurs, high school students and people from the education sector, as well as families. Combined with analyses of other data and information, the interviews helped us to understand why some places do better than others.

Among the reasons to choose Vágur was a positive change in terms of net migration and

population, inclusive approaches to (re)building a sense of community, and the stimulation of new economic activity.⁶⁴ Vágur is located on Suðuroy, the southernmost island in the Faroese archipelago. There are seven municipalities on Suðuroy altogether (Figure V.14.1, next page).

In 2018, 4,612 people lived on Suðuroy and 1,370 in Vágur. Vágur is the only place on the island where the population grew between 2013 and 2018 – from September 2013 the increase was from 1,295 to 1,370. This was higher than the average for the Faroe Islands as a whole (Table V.14.1, next page).

Interestingly, the population increase in Vágur was also higher than on the Faroe Islands (growing from 48,005 to 50,710 between 2013 and 2018).

The largest sectors for employment in 2016 were public administration, fish processing and fisheries, sea transport, trade and repair and construction (Figure 3). The shift-share analysis for the period 2008-2016 (Figure V.14.2) shows that municipal administration, fish processing, and sea transport have done better than expected, based on national or sectoral trends. The proportion

⁶⁴ For the different steps in data collection and case study selection see “Methods” section.



Figure V.14.1. Map of the Faroe Islands.
Source: https://da.wikipedia.org/wiki/F%C3%A6r%C3%B8ernes_regioner#/media/File:Map-kommuna-2005new-color-caption.png.

Table V.14.1. Population development in the Faroe Islands, Suðuroy and Vágur

Population	2013*	2018**	Development
Faroe Islands	48,005	50,710	5.6%
Suðuroy	4,637	4,620	-0.1%
Vágur	1,295	1,370	5.7%

*These figures are from September 2013. In that month, the population in Vágur was the lowest in recent times (probably since the 1920s).

**The population in Vágur has declined a little since January 2018.

of jobs provided by the fish processing sector in Suðuroy remains high, and the local employment effect is stronger than average on the Faroe Islands.

In Suðuroy the number of jobs in fish processing in 2007 was 286. This increased to 341 in 2016 (Table 2).

This has proved to be different from the general trend in the Faroe Islands, where the number

of jobs decreased from 1,482 to 1,387 during the same period (see figures 4 and 6 below). Hence, on the following pages, we will reflect in greater depth on the structural conditions of the Faroese labour market. We will also discuss one of the particular success stories in Vágur, a sports high school.⁶⁵

Prior to the positive trends of the past few years, and especially between 2004 and 2012, the municipality of Vágur faced a variety of negative developments. There was declining population, because few children were born, and young people moved away from Suðuroy. The students and others who moved did not return. Vágur, as Mayor Dennis Holm⁶⁶ explains, has also had a bad reputation in the news. He talks of *“one-sided headlines, crises, jobs losses, workplaces closing in the pelagic industry, and so on”*.⁶⁷ In one television show an elderly woman from a small village in the northern part of the Faroes said that she would not dare to travel to Suðuroy, because there was *“civil war on Suðuroy”*. This was an image she had gained from those one-sided, negative headlines about the place. The issue in this case was the choice between maintenance of an upper secondary school or, alternatively, a home for the elderly. Disagreement led to local conflict, which even broke out on the streets. In the end, the school moved out and the home for elderly was built.

According to Mayor Holm, many of the local people also have a rather poor self-image. *“They almost had to excuse themselves for still living on the island,”* he explained. Holm was not mayor at that time. There was a lack of local leadership and no adequate plan for where the municipality was heading. This led Holm to get involved in politics. When he came into office, he says, *“it was like Alice in Wonderland at a crossroads. Which way should we go? While it may not be important to move in the entirely right direction immediately, clear movement is needed to change the situation.”* The Town Council decided to try to put down into words its thinking on:

65 The sports high school and tourism developments after 2016 are not reflected in Figure 3.

66 Holm is an Aalborg-educated social scientist. He worked at the research centre on local and regional development across the Faroe Islands. His main focus was on rural and peripheral areas.

67 The television show Ymisk lív (Different Lives) came up with this slogan: *“Visit Suðuroy? No I would not dare, because there is a civil war there!”*

- Which way we should go in the future?
- What values are important to us?
- How do we recreate a sense of community?
- How can we change local feelings of impotence to a shared feeling of pride?

One of the first steps that needed to be taken in this regard was a change of image for the place. Related to this was *developing infrastructure for*

and with the people. Reflecting structural transformations of the labour market, a sports high school was initiated. Finally, further action was taken to prevent the further outward migration of young people and to create an attractive environment to encourage students and young families to return. This case study aims to shed light on these transformative processes.

Suðuroy, 2008–2016

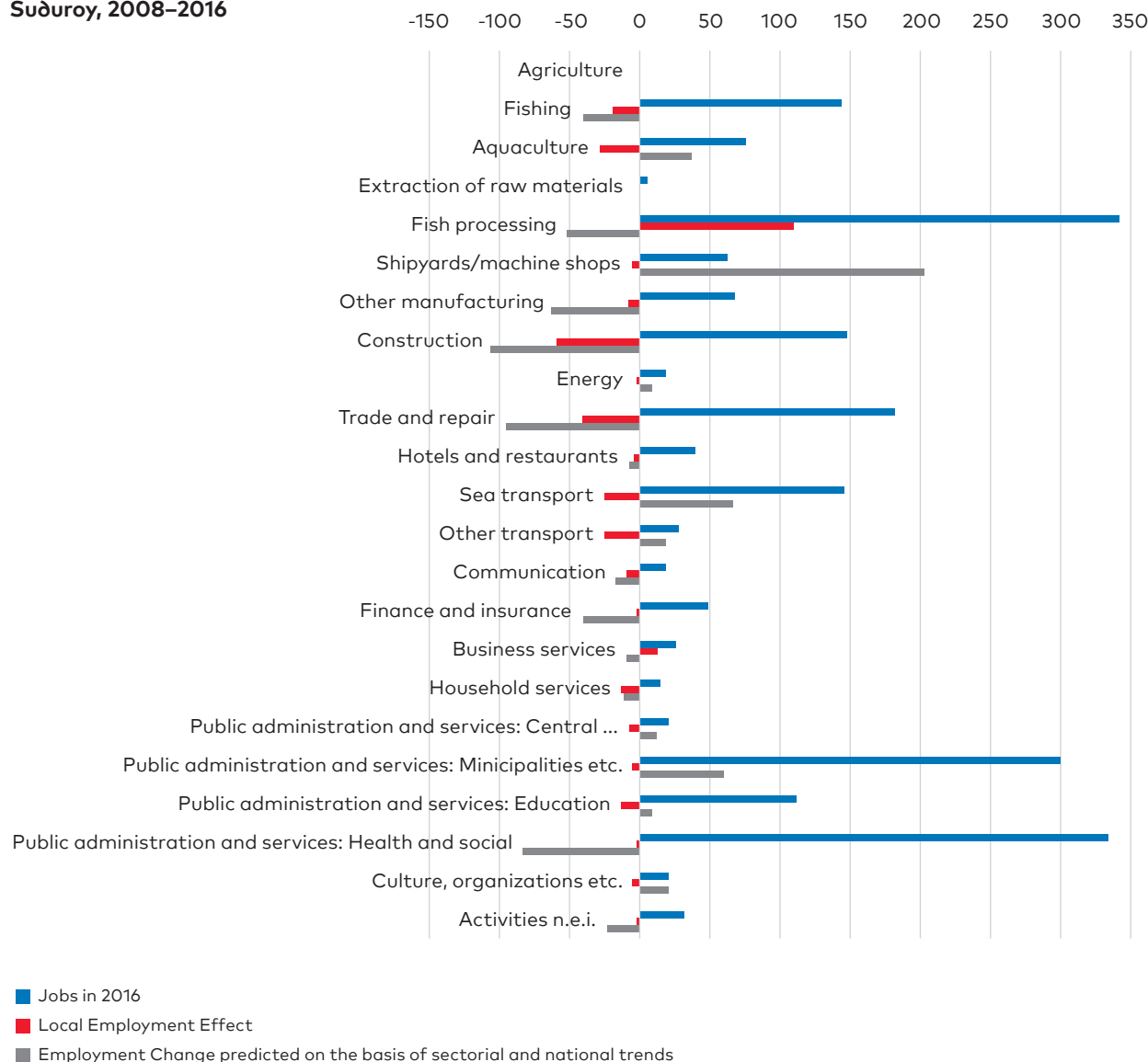


Figure V.14.2. Employment and the local employment effect in Suðuroy. The blue bar shows the number of jobs in the area in 2016. The grey bar shows the employment change as predicted on the basis of sectorial and national trends. The red bar shows the local employment effect. Where it is positive, local development in that particular industry is better than would have been predicted based on national and sector trends. This means that industry in the area is stronger, or that specific policies are in place. Qualitative methods of data collection (e.g. interviews) helped us to understand the underlying issues behind these figures.

Table V.14.2. Job development in Suðuroy

	2007	2008	2009	2010	2011	2012	2013	2014	2015	Jobs in 2016
Agriculture	1	1	8	3	3	3	4	2	2	2
Fishing	315	204	222	214	212	188	156	176	178	143
Aquaculture	51	62	64	64	68	83	81	86	82	76
Extraction of raw materials	3	3	-	4	1	4	5	10	7	5
Fish processing	286	247	245	232	185	307	345	367	336	341
Shipyards/machine shops	62	58	57	61	52	50	55	59	60	63
Other manufacturing	90	87	86	81	73	64	60	70	74	67
Construction	244	227	150	144	134	123	119	120	137	147
Energy	18	17	21	19	18	16	18	18	16	18
Trade and repair	232	232	213	194	179	178	179	177	179	181
Hotels and restaurants	34	37	26	17	24	34	33	26	30	39
Sea transport	106	139	122	133	146	158	151	158	152	145
Other transport	38	48	27	30	25	22	22	22	20	27
Communication	50	45	30	39	28	21	18	19	19	18
Finance and insurance	73	67	63	55	52	52	48	42	43	48
Business services	20	13	20	13	17	17	18	16	20	25
Household services	26	25	23	23	19	16	20	12	15	14
Public administration and services: Central administration	28	30	31	25	37	29	28	21	28	21
Public administration and services: Municipalities etc.	214	257	259	259	278	274	283	286	282	299
Public administration and services: Education	117	116	121	123	115	111	110	110	105	111
Public administration and services: Health & social work	372	356	321	319	322	324	297	311	329	334
Culture, organizations etc	29	27	37	37	27	30	35	26	34	21
Activities n.e.i.	30	40	42	43	-	30	27	36	34	31
SUM	2439	2338	2188	2132	2015	2134	2112	2170	2182	2176

Improving attractiveness through a change of image

Holm's research background in community building also inspired him when he took up office as mayor. *"It is important to create good memories"*, he explains. This can happen through community activities – such as public breakfasts, joint cleaning days, local bonfires and so on. Importantly, the renewal of the place should also be based on the common sense of locals, and ideally on people who are convinced that *"our town looks good"*.

In this situation, it is also important to come to a shared understanding of the direction you are heading in, and how to (re)build a sense of community. Holm did this through the involvement of the municipal council and administration, which also worked on rebuilding the image and pride of the place. In 2013, a number of positive press releases were put out, and good stories about change appeared in the media as a result. It was all about going out and telling positive news stories to the media, systematically, every two weeks at the beginning. *"Now we do this once a month. And I think we have succeeded in switching from a poor image to a good one,"* Mayor Holm explains.

Holm also sees a transformation in the people themselves. *"They are happier and prouder,"* he says. *"We have successfully transformed from a fishing community to something new. Fresh companies started up, people can get an education here, and even people living abroad now have Vágur on their radar."*

In very concrete terms, as will be discussed below, a number of new businesses began operating in different sectors, including the new sports high school, which will be looked at in more detail.

Part of changing the image of the place was a 'face-lift' for the town. This included the renewal of the town centre and other places in the municipality. These transformations also contributed to a growing local sense that *"our town looks good!"*. Several infrastructure investments contributed to this changed image, too.

Public policy, infrastructure development and adaptive planning – for and with the people

Municipalities on Suðuroy are fairly small and, in comparison to other Nordic countries, have fewer areas of responsibility. Schools, for instance, come under the responsibility of the Ministry of Culture, while the municipality only takes care of the buildings. However, as part of a lighthouse project, new services were able to be offered in kindergartens and schools. For instance, while schools are a national responsibility, coaches with a degree in sports could be hired locally. Afternoon services to support pupils with homework are provided by the municipality, as well. There is also a department for pupils with special needs, which means they do not have to leave for Tórshavn anymore but can get their education in Vágur. *"We try to focus on there being room for everybody here,"* Mayor Holm explains.

Attractive Vágur. Photos courtesy of D. Holm.





School children in the new youth centre in Vágur. Photos courtesy of D. Holm.

Some of the students interviewed suggested that people move to Hvalba on Suðuroy because they have established new kindergartens, and other places are doing the same in order to attract people.

A newly established distance learning centre enables the provision of higher education in Vágur. For instance, kindergarten student teachers are able to follow lectures provided at Danish universities. At the same time, locals can stay for selected courses. Even people from other parts of the Faroe Islands travel here for that opportunity. *"The provision of the building and a student guiding system was Important",* Holm explains. He adds that *"students can become part of a community here, and now there are about 30 of them."*

A number of other infrastructure investments and projects helped to foster change. One example is the indoor swimming pool, Páls Höll – the first 50-metre pool in the Faroe Islands and one of the community projects part-financed through a combination of crowdfunding, the government and municipal funds. However, interviewees critical of this argued that there will be no direct benefit in terms of a 'surplus' coming from the operation of the swimming pool. Mayor Holm, in contrast, says that there will be a surplus in relation to the *"feel good factor"* (trivsel). This, according to him, is an extremely important surplus. *"People today choose their future home, their future 'place to stay', based on the possibility to thrive (trivsel) in the community. They are willing to commute to jobs in neighbouring communities",* he explains. The municipality is focusing on this 'thriving experience'/trivsel as an important element of its attractiveness.

A new sports hall opened in January 2018, featuring a half-size football pitch (60 x 40 metres), the first indoor facility for athletics in the Faroe Islands, and a large climbing wall (also the first of its kind in the Faroe Islands).

Public infrastructure also received sponsorships from Klaksvík-based CIG⁶⁸ and other local donors. Among the additional amenities that will be created through the input of local residents and funding from a variety of different sources is a new adventure and obstacle course. This creates inviting opportunities for an active walk through the town.

A new service centre features both a library and a tourist office. *"Public well-being and business development in one new exciting building,"* Mayor Holm argues. Moreover, a new youth centre has been established in a closed office building purchased by the municipality. This offers a place to spend time together after school, and it is open four or five days a week. *"The youngsters have helped with decoration",* Holm notes.

Elderly care is seen as an opportunity in Vágur. It used to be a state responsibility until 2015, when the municipalities became responsible, and it is now organised jointly by the seven municipalities on the island.

The overall housing situation on Suðuroy is, according to some interviewees,⁶⁹ a problem. New apartment buildings have been constructed to

⁶⁸ For more information about CIG, see the Klaksvík case study.

⁶⁹ The interviewee was from Vágur High School.

respond to the demand for new types of housing. There is also a high demand for housing in Vágur, according to Holm. *“Most of the ‘good’ houses that were available two to three years ago have now been sold – and an additional 10 to 12 houses were sold during the last five to six weeks (during the summer of 2019).”* In response to demand, the municipality is now planning to build apartments in collaboration with a local company and with local people who want to buy such apartments.

Transport

Roads between towns are a national responsibility, while the municipality is responsible for roads within each town and village. Bus connections to and from the high school are available, but students interviewed for this case study still consider owning a car to be important. Ferries between the islands connect to national roads. Some interviewees consider a sub-sea tunnel connecting Suðuroy with the main island as a game-changing development. They are convinced that new jobs can be created as a result of this tunnel, which made commuting to the capital easier and therefore motivated highly qualified people to live in Suðuroy and to work in Tórshavn. On the other hand, a tunnel might also lead to a situation where public services like the hospital could be moved north, and *“we do want these services to stay here,”* says one student. Right now there is a difficulty for pregnant women, as they need to go to Tórshavn two weeks before birth, and with their family. This means that the father will likely be without a salary for that period. Overall, the potential tunnel has its pros and cons, and this reality was well reflected in the interviewees’ opinions.⁷⁰

Business development and the structural transformation of the labour market – questions and answers from Vágur

The labour market – structure and transformation

Looking at the Faroe Islands as a whole, most jobs are provided by the public sector (Offentlige). The number of jobs almost doubled from 5,636 in 1985 to 10,191 in 2017. Compared with this trend, the

growth in the service sector (Tjenster) was fairly moderate – from 5,447 jobs in 1985 to 6,858 jobs in 2017. However, interviewees stressed that during the past two to three years the tourist industry has created new jobs within the service sector, mainly in Tórshavn.

Fisheries and fish processing combined were still important job providers in the Faroe Islands in 2015 (Figure V.14.4, next page). As a single sector, most jobs are found in commerce, if you exclude the public sector.

Figure V.14.5. (next page) shows the number of jobs in fishing, aquaculture and fish processing, 1985–2018. While fisheries and fish processing have more than halved over the past 30 years, fish farming has increased fourfold, meaning that the three sectors employed between 1,170 and 1,446 jobs each in the Faroe Islands in 2018.

However, as shown in Figure V.14.4., jobs provided in the fish processing sector in Suðuroy have remained high, and the local employment effect is stronger than average on the Faroe Islands. This is because of recent investments in fish processing factories, such as in one of the largest and most advanced pelagic plants in the world based in Tvøroyri and owned by Varðin P/F and Delta Seafood P/F (<https://vardin.fo/production-capacity/>; <https://www.faroeislands.fo/the-big-picture/news/rebuilt-fish-factory-brings-new-optimism-to-tvoeroyri/>). Fish processing also provides an opportunity for students to work while at school.

Fishing and the fishing industry contribute approximately 20% of the gross added value to the Faroese economy (Visit Faroe Islands).

Women are mainly employed in the public sector, in areas such as education and health. Medical scientists are, according to Marita Rasmussen from the Faroese House of Industry,⁷¹ mostly *“older men and younger women”*. Fisheries has traditionally been a men’s business, but also engages women. Transformations are ongoing in this sector. According to interviewees from the Rasmussen family and owners of CIG, there is no problem for women wanting to find jobs in the fishing in-

⁷⁰ Students also pointed at the rather politicised and controversial debate about moving the international airport to Streymoy, and the construction of the tunnel between Streymoy and Eysteroy.

⁷¹ The House of Industry is the community of business associations in the Faroe Islands and is managed by the Faroese Employers Association (FEA). The FEA is the main representative body for Faroese employers, with a current membership of over 550 companies. These range from small family-owned businesses to multinational companies. The House of Industry brings together five employers’ associations and eight sectoral organisations (See <https://www.industry.fo/international-edition>).

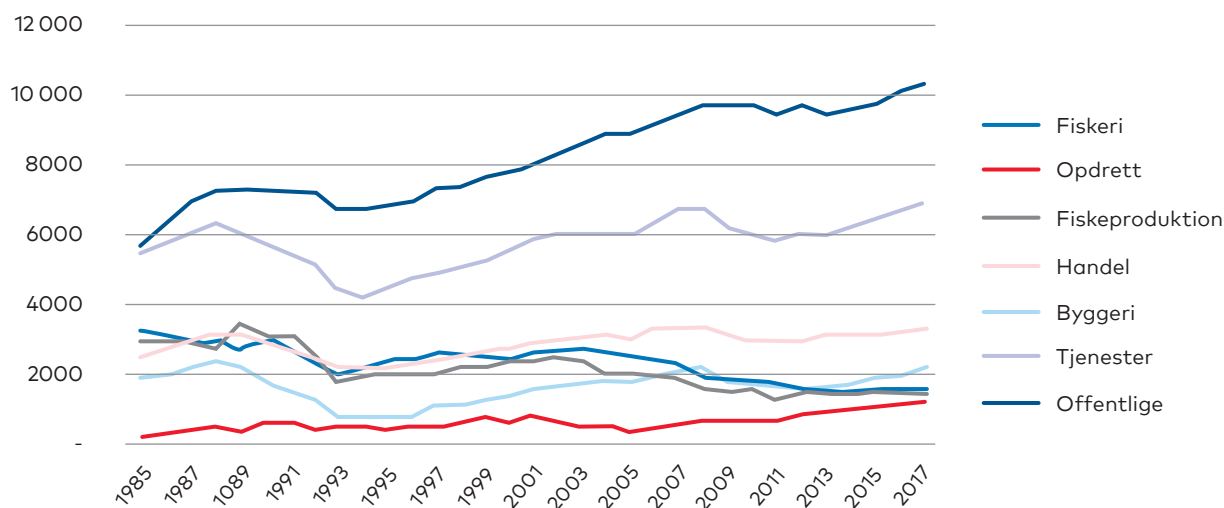


Figure V.14.3. Development of jobs per sector, 1985–2017. Source: Faroese House of Industry

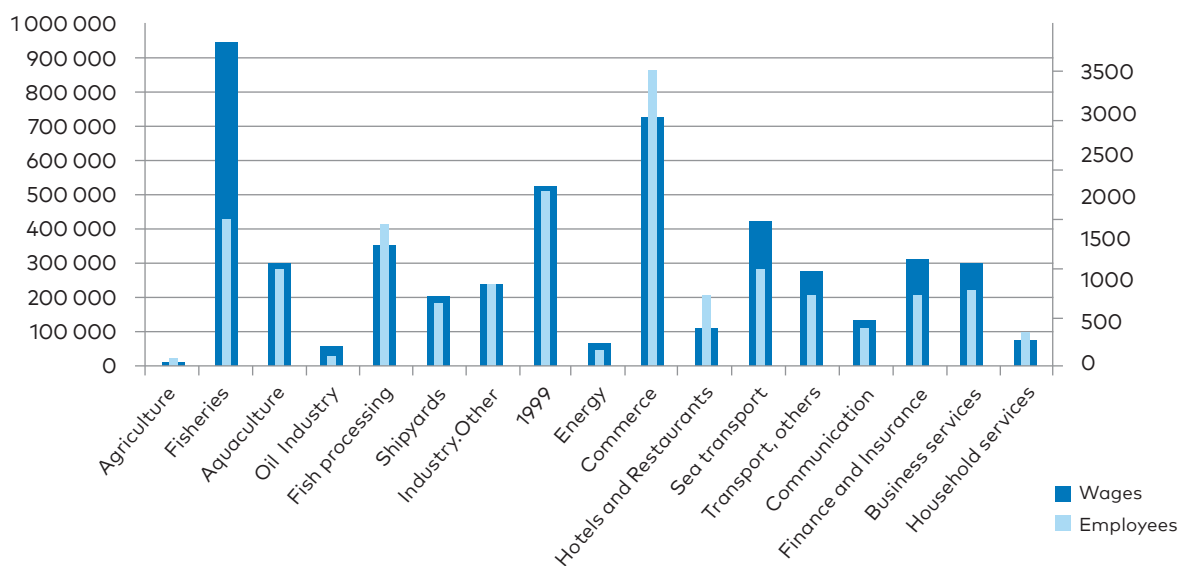


Figure V.14.4.. Number of employees and wages (in DKK 1,000) in the Faroe Islands, 2015
Source: Faroese House of Industry

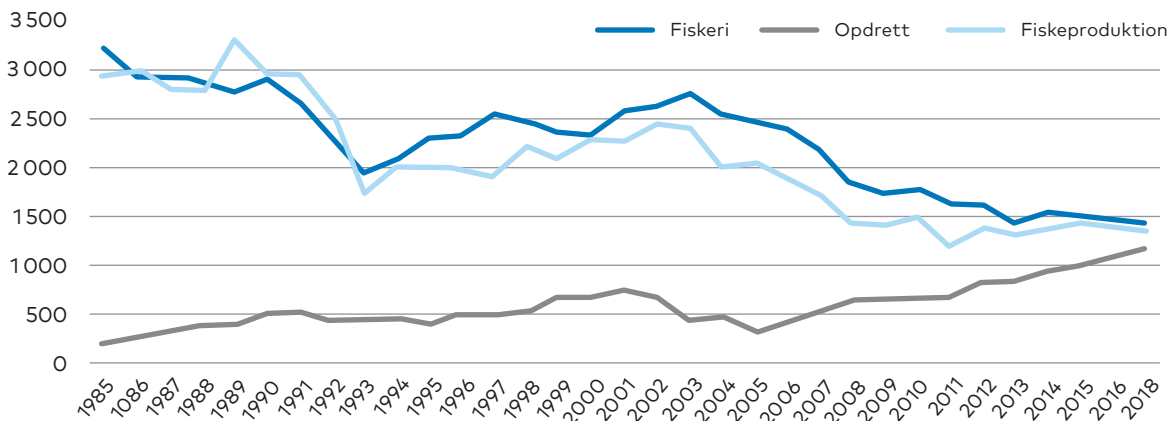


Figure 5. Number of jobs in fishing, aquaculture and fish processing, 1985–2018
Source: Faroese House of Industry

dusty. "Everyone who wants to find a job will get one. While there are not that many women employed yet, there is a growing place for them in the maritime industries." There are now about 15 to 20 students enrolled annually in the maritime college, including female students. In aquaculture, especially in relation to research, employment is "predominantly women, and overall it is much more equal than fishing", Tróndur Leivsson from the Agricultural Agency of the Faroe Islands reflects.

In practice, men are often away from home for prolonged periods. This is true in the fishing, oil and transport sectors, and also relates to working in other countries. Rasmussen reminds us that the Faroe Islands have the highest levels of labour mobility in Europe. She points out that there is high demand for Faroese labour in other countries, especially in the maritime sector, because "Faroese people are flexible and are used to working in companies that require multiple skills. They are very informal and flexible".

The oil industry and the supply sector for the oil industry operate in different parts of the globe. There is also a business cluster in the maritime sector and a service hub for floating equipment.

Employment development in the faroe islands

Unemployment in the Faroe Islands has gone down drastically from the 12.9% rate of the mid-1990s, with some fluctuations over time. During the global financial crisis, the unemployment rate rose from 1.3% in 2008 to 7% in 2010, and then fell again to 2.1% in 2018.

In 2018, just 610 people were unemployed, and 436 were in a scheme for unemployed people. So there was very little unemployment overall. At the same time, there were 150 job openings, many of which were in the tourism sector. For EU residents, if unemployment is below 3.5%, a fast track system is in place to integrate them into the labour market. More than 80% of people are actively working (figures for men are slightly higher than for women). The proportion of part-time work is the third highest globally.

A place for business development in Vágur – setting up a new sports high school

In the 1970s, Vágur used to be one of the largest fishing communities in the Faroe Islands, and it was home to the most modern fish factory there. In 2016, in Suðuroy as a whole, most jobs outside the public sector were still provided by fish processing (Figure 3 above). New business activities have been started by the Bakkafrøst company. However, fish processing is seasonal, and while in 2005–06, there were around five or six fish companies, now only one (small employer) is left. There used to be some 250 to 300 jobs within fisheries in Vágur, but those numbers have declined to between 25 and 30 today. Moreover, in the Faroe Islands as a whole, more than half of all jobs in fish processing disappeared between 1985 and 2018, going down from 2,937 to 1,354 (source: Faroese House of Industry). Among the group of people who left Suðuroy due to structural changes in the labour

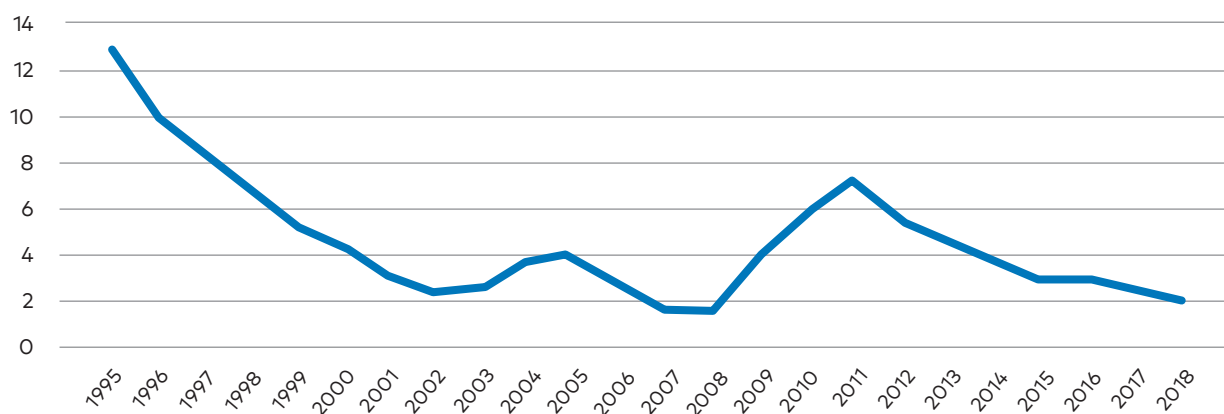


Figure V.14.6. Unemployment rate in the Faroe Islands, 1995–2018.
Source: Faroese House of Industry.



Students at the sports high school in action. Photos: Jóni Brandsson Christiansen

market,⁷² the greatest impact was on unskilled workers. They did not return during the economic upturn, or as a result of the positive transformations in the past few years. Many students have also found jobs in the fisheries sectors, but consider it a fairly short-term employment opportunity.

Vágur has seen pretty vibrant times in terms of business development over the past few years. Five new restaurants and cafes have opened, and three new tourism companies set up. Two of those deal with accommodation for tourists (13 new holiday homes so far) and one on trips and adventures. A new company will open a new hotel/bed and breakfast facility in 2019. The owners are people who have moved back. A new electrical company employs five or six electricians – it is also run by people who have moved back. Returnees have started a new building company as well. Another new company sells various items for home care. Last but not least, Bakkafróst has expanded its business by increasing the number of employees – and it will start to build a large smolt station in 2019/2020.

One of the undoubted success stories in terms of starting a new enterprise is the sports high school. It was founded in 2016 and offers a range of activities, including football, handball and swimming – in addition to a large menu of outdoor adventure pursuits. The former vice-chief of a swimming pool became its first headmaster, and was supported by a former Navy SEAL. The very first task to be tackled was scoping opportunities to mobilise and receive students. Hardly any money

was available for this scoping phase. Government support was conditional upon getting enough students enrolled. For the first course, which lasted 15 weeks, 18 students were enrolled. The infrastructure included cabins for living accommodation and a house for eating together and "having fun", as well as a lecture room. Bicycles were made available, too. Students were instructed in outdoor activities such as kayaking, snorkelling and abseiling and "got hooked".

At first, some people, including politicians, were rather sceptical about the financial implications of running the school. According to the organisers of the school project, these politicians now ask about the school's requirements and how they can support it. As the school was unable to provide enough money for all the instructors it needed, one of them started a company running outdoor activities.

The founders of the school stress that they were in the right place, with the right people at the perfect time. *"All the guys had similar interests"*, the required qualifications to teach, and tourism on the Faroe Islands started to boom. In addition, their own family situations were suitable to starting up the operation. At the beginning, the students were mainly Faroese. The teachers believe that a particular video attracted students from Sweden, Denmark and Iceland for the second course. For this course, new ways of teaching and operating were required. A suitable house was found, and students and teachers refurbished it together. An advertisement resulted in 32 students signing up for 2017, and also fully booked semesters for 2018. Demand is now much higher than the supply of places. There has been some reflection about in-

⁷² For a more in-depth reflection of transformations of the first sector including fisheries, see the Klaksvík case study.



New buildings for the sports high school. Image courtesy of the municipality of Vágur.

roducing quotas. In 2018, course fees were DKK 850 per week, all-inclusive, and there have been plans to raise the price. The government provides some funding as well.

A company known simply as Outdoor was started up by one of the instructors, because the school did not offer a sufficient income base for him. The company offers outdoor activities and a café providing food and drink, and it is therefore a place to go to after these pursuits. This has proved a welcome addition in the Suðuroy and Faroese setting overall. Customers are mainly foreigners arriving during the summer. The business will now be further developed, and an old building has been bought to be refurbished for this purpose. However, the founder emphasises that the school comes first. Advertising it is important, the operator says, mainly due to the remoteness of the island and the perception that the larger advertiser, Visit Faroe Islands, *"does not sell Suðuroy so much."*

Mayor Holm emphasises that setting up this school was one significant element in increasing the attractiveness of the place overall. It is, in his view, a huge success. The demand is higher than the current available space, which is for 40 pupils. As a result, in April 2019, the national housing company Bústaðir started to build a new dormitory to be rented by the sports high school and provide room for 72 students. This dorm will open in 2020.

This new building, says Holm, will be a *"new landmark, and it is architecturally exciting."* According to the Mayor, the new facilities will also contribute to the building of community.

With a view to the sports high school, and vis-à-vis more traditional economic activities, Holm says that if you compare education versus working in the fish factories, it is "some of the older generation who are not so happy with the transformation of our image." According to Leivsson, the sports school offers a good option for young people to move to Suðuroy, and he reminds us that the pelagic fish factory also provides jobs and motivates people to move. Moreover, a number of support schemes are available for people willing to establish a company themselves (Info Box V.14.1).

INFO BOX V.14.1. Support schemes for establishing companies

There are a number of public support schemes for establishing a company. These include venture capital, Vaekst-fonden (the Danish Growth Fund), the state investment fund and private investment. More information is available under <https://vf.dk/en/>. There are also six venture funds and crowdfunding is also an option, too.

Overall, according to Rasmussen, *"it is fairly easy to establish companies. You need 1 króna to establish a company and to receive support and advice."*

Tourism

The tourism sector is growing in all parts of the Faroe Islands (Table V.14.3). While in the capital area the number of overnight stays increased from 88,000 to 121,000 in the period 2013 to 2018, in areas outside the capital the numbers went up from almost 4,000 to 62,800.

To respond to the increasing demand from tourists, and an insufficient supply of beds, a new cottage area was built in Vágur. This enables tourists to stay longer than one night and therefore to spend additional money in the municipality. In addition to accommodation, new services are also being offered. Holm explains that, *“as a basis for our focus on the experience economy, you need places to stay. But new business ventures have started as well, including restaurants, cafés, outdoor activities, and so on.”* He expects more growth within the field of the experience economy and more new companies starting activities. A proportion of these activities will be seasonal, from June to September. There is a joint project involving all of the municipalities to market tourism on Suðuroy island.⁷³ The slogan reminds people that you really need to have been on Suðuroy to be able to say you were on the Faroe Islands. It is typically Faroese tourists so far, especially to attend the New Year's festival. Although there are not many foreigners yet, the numbers are growing year by year. More places to stay are

therefore needed. In discussion, high school students pointed to the potential development of tourism and at the need to do this in a sustainable manner.

Responding to increased demand for quality and traditional foods in rural areas – the Heimablídni concept

In 2004, the New Nordic Food Manifesto was signed and adopted by some Faroese chefs and gourmets. Three or four influential people (e.g. Leif Sørensen and Gutti Winther [chefs], Johannes Jensen [hotel director] and Johan Mortensen [food enthusiast]) embarked down this avenue and began to foster modern ideas around local food production and traditions, as well as fighting against the loss of local food identity. Furthermore, it was found that tourists wanted to experience local food. Finally, in 2011, the law changed. Prior to that it was not permitted for private individuals to serve meals and sell traditional foods, including fermented specialties.⁷⁴ The new law allowed and effectively encouraged 'Heimablídni' (dining with a Faroese family) and 'Heimaframleiðsla' (home butchering). Preparing local and traditional foods for tourists now became possible. According to Leivsson, the food authority was opposed to the change, but politicians decided in favour of it. In the meantime, says Leivsson, agencies from Greenland, Norway and Iceland became interested in the concept.

Conflicts between residents and tourism companies

Leivsson emphasises that until recently, and prior to the influx of tourists, there were no significant tensions between the needs of tourism and those of residents. But he is critical about recent developments, raising some serious points, especially

Table V.14.3. Overnight stays in the Faroe Islands (2013–2018)

	2013	2014	2015	2016	2017	2018
Capital area	88,432	93,147	102,537	101,988	117,239	121,288
Outside capital area	43,833	46,103	57,214	59,236	59,407	62,824

Source: Statistics Faroe Islands https://statbank.hagstova.fo/pxweb/en/H2/H2_TB/.

⁷³ Concerning the Faroe Islands overall, the Visit Faroe Islands company is the main marketing channel. Among the innovative ideas to showcase the islands is the Sheepview project (<https://visitfaroeislands.com/sheepview360/>). One of the needs of the sector is broadening the season, at least in some parts of the Islands. This is thought to be achievable through conference tourism, for example. Currently, a new strategy is being developed by Visit Faroe Islands for local service and infrastructure development.

⁷⁴ The fermenting traditions of the Faroe Islands have recently expanded to also include, for example, Danish ham fermentation (Danish Crown) and Danish cheese fermentation (Arla Unika).

concerning cruise tourism. One of the problems, he claims, is *"invading local spots and then moving on."* He adds that *"we used to have tourist authorities, which would act to ensure free access to land. But this is not the case now. Roads, and paths between roads, are public. But access beyond these paths requires permission from the land owner"*. Leivsson says that the money available for financing infrastructure is not sufficient. He adds that foreign companies now organise trips to the Faroe Islands, and people hike both on public roads and across private land, without the owners getting a share of income from this activity.

In 2017 and 2018, discussions about allmenrett (the right to roam) were about these access problems – with a focus on allowing landowners to forbid people to access land, and eventually to charge money if they crossed it. One case in point is on the island of Mykenes, the most western isle in the Faroes. There are seven or eight people living there (a significant decrease from the 160 people in the 1930s). It has old houses and holiday homes, but it is hard to make a living on the island. Many tourists visit the place and islanders are now allowed to charge them, and can also require them to have a guide.

Overall, Leivsson argues, income from tourism should not go into the pockets of landowners alone, but should be re-invested into infrastructure. This would help to increase tourism without overburdening the Islands.

The tourist industry, Leivsson explains, is mainly based on the Smyrill Line, Atlantic Airways, hotels, incoming companies and the re-established tourist agency, Visit Faroe Islands. VFI is operated as a private company, with the government as a shareholder. Its earlier focus was on getting people to the islands, not so much on accompanying infrastructural development, Leivsson argues. He adds that *"now this is changing, but fears remain."*

An attractive place to live: attracting young people and students, including moving back to Vágur

A disadvantage for high school graduates is the lack of jobs that require higher education – especially on the more remote parts of the Faroe Islands, such as Suðuroy. However, Mayor Holm perceives a change in this trend, particularly owing to an increase in activities related to the experience economy. The sports high school and the related company for adventure tourism are two examples.

New jobs related to wellbeing are also being created, such as physiotherapy and a variety of other job opportunities that emphasise people rather than products.

According to Marita Rasmussen from the House of Industry, around 50% of young Faroese are currently studying abroad, and roughly half of those will not return. Keeping young people for two to three years after their graduation increases the probability that they will return home again. This contrasts to the scenario where they left right after high school, for example, Leivsson adds., More students tend to return now than in the past. Among the reasons for this is higher unemployment in Denmark and good job opportunities on the Faroe Islands. Another important factor was better marketing of job and life opportunities on the Faroe Islands.

Tróndur Leivsson (CEO at the Búnaðarstovan Agricultural Agency) stresses the importance of cooperation between different levels of government and related institutions in this endeavour. As a response to the decline in population, and in order to motivate students to return, the House of Industry, together with representatives from various Faroese municipalities, went to Faroese students studying abroad with the purpose of trying to convince them to return home after studying. The focus was on Danish towns and beyond. *"During Christmas holidays when students were back,"* Leivsson explains, *"they arranged different events for them here as well."* Information was provided about job opportunities, childcare, health, building or buying houses, and the training opportunities offered by local companies. To facilitate a higher rate of returnees, the Faroe House of Industry also set up a 'dating page' for students and companies, for example on apprenticeships. They also began marketing campaigns, including 'Choose FO', highlighting other attractive features of life on the Faroes, such as a sense of security and the childcare facilities.

In order to make the Faroe Islands more attractive for young people to come back to, and to inform them about employment opportunities, a government consultative committee was set up. It developed 30 recommendations. Some of them were implemented, some were not. An important aspect of this was raising awareness. Another was to improve housing policy, focusing on the availability of rental apartments. *"Young people do not want to buy expensive houses. There is a need for*

rental houses to enable students to return," Marita Rasmussen explains.

Leivsson reckons that there is still some work to be done to develop equal job opportunities for all.⁷⁵ Overall, he believes that these combined activities involving different institutions have had a positive impact, and a positive new trend is discernible, with a net influx to the Faroe Islands and more job opportunities for better educated people.

Students from the Miðnámsskúlin í Suðuroy high school serving all Suðuroy, including Vágur, argued that it is quite normal these days to move back to the Faroe Islands after studying abroad. The place is especially attractive for a family with children. It is a safe environment, with no criminality. New jobs have also been created, as discussed above. The high school has both a natural science and a humanities branch, with a 50/50 split. Pupils are from Suðuroy only.

Distance learning is seen as an opportunity in higher education, and some subjects are taught in Tórshavn, at least at Bachelor of Arts (BA) level. The distance learning centre is an option now chosen by 30 students. One of the girls, who is in the natural science stream at Miðnámsskúlin, has considered studying medical science in Denmark. Whether she will move back depends upon whether she gets a job. There is a shortage of medics in many rural areas, she says, and there are many seasonal Danish medics to fill these gaps. It also needs young people like her to occupy vacancies in certain sectors, such as in health. Another female student tells a similar story. As with many other young people, she has attended boarding school in Denmark. The students say that it is a tradition to go to Denmark or Tórshavn, and that the network there is strong among the Faroes. As an example, the Øresund student home in Copenhagen is considered as "*almost a Faroese ghetto*", Leivsson suggests.

The four students say that kindergartens are used extensively as an attraction for the small municipalities in Suðuroy to attract families to the Island.

75 The greater issue now, in developing equal job opportunities, involves focusing more on the challenge of being able to present interesting employment opportunities for both spouses in a relationship. For some years there was a very polarised debate about improving civil rights for homosexuals, with some extreme religious people opposing this. As a result, gay people left the islands. According to Leivsson this debate is much more settled on the side of equality now.

Rector Lauridsen of the high school, who is Danish, explains that earlier there were many Danish teachers at the high school, but that is not the case anymore. He has been there since 1980. For him, it was an attractive place on account of the natural environment, the low crime rate, and the friendly inhabitants. He says that the school is very important in providing a sense and place of being for young people. The general trend, though, is that the girls leave while the boys stay. Until now it has been possible to attract sufficient qualified labour.

One possible option discussed by the interviewees is that of a sub-sea tunnel connecting Suðuroy to Tórshavn, enabling people to live in Vágur but to work in the capital, Tórshavn. For Rector Lauridsen this would lead to increases in local house prices.

Conclusion – working together for a bright future

The highly positive demographic trend in recent years can be put down to a number of different factors. Planning has adapted to structural changes based on a commonly implemented plan. This plan was put to work in an inclusive manner, by engaging locals, by taking them on board and creating a high level of ownership of the changes in infrastructure and 'face', or image, of the town.

“Working together is a very important aspect of Faroese life and the economy and public-private partnerships are strong.” **MARITA RASMUSSEN**

There is competition on the islands and "*it is much to do with personalities*", Holm explains. "*Some have had negative opinions on the way we are going, but this is improving*". Attitudes are shifting over time, in fact. "*People now tend to say that they are from Suðuroy and not necessarily from a specific place anymore*", Holm adds. At political level, he sees closer collaboration by younger mayors and politicians, who have a more holistic viewpoint and see the island as a whole. In this regard, Mayor Holm also sees amalgamation with neighbours as a possible solution for the future.⁷⁶ One interviewee stressed, in connection with this possibility, that

76 There was a referendum in 2012 on decreasing the number of municipalities, which failed.

Holm himself had introduced a positively collaborative culture, but also said that there are debates (sometimes tensions and even fights/disputes too), particularly between those in the centre and those at the periphery.

Looking at the experience of co-creation and the challenge of changing the municipal image, Mayor Holm believes that it is important to see that everybody can, and has been, able to “make a difference”. People lend money without charging any interest. They make financial donations or offer their knowledge (for example, as engineers) for the good of the local community, thereby reducing costs and making their home area a more attractive one. In Vágur, a combination of municipal projects and private ones, public funding combined with crowdsourcing and crowdfunding, plus the in-kind contribution of residents, has led to a successful transformation and has increased the perceived attractiveness of the place.

It also takes youngsters with great ideas and the energy to see the potential of the place, and

to bring creative “crazy ideas” with them. Mayor Holm is supportive of this. Visitors’s viewpoints can also be wise and helpful, he adds. His conclusion is that “the future looks bright”.

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Table V.14.4. Attractiveness of Vágur and obstacles/challenges to overcome.

Good practices and reasons underlying attractiveness	Obstacles and challenges
<p>Access to public services Availability and creation of public services, including distance learning and multi-purpose service centres.</p> <p>Adaptive/participatory planning Attempt to bring everyone “on board” when changing the image of the place, making it more aesthetically pleasing and attractive. Changing the image of the place through co-creation and joint planning. Engaged citizens, local companies as sponsors and individuals working pro bono to increase attractiveness through buildings and cultural/sports events. Closer collaboration among the younger mayors and politicians in Suðuroy. They have a holistic view of development on the island, and not a preoccupation with their own municipalities.</p> <p>Culture, sport, recreation Sports high school – new infrastructure also benefits locals.</p> <p>Employment and jobs Setting up and developing the sports high school – new jobs, new infrastructure also benefits locals. Positive trend in tourism, in terms of both numbers and jobs.</p> <p>Quality of life and local community A feeling of safety/no crime.</p>	<p>Access to public services Some health services are only available in Tórshavn; e.g. pregnant women have to move there prior to giving birth.</p> <p>Adaptive/participatory planning While planning in Vágur is inclusive and participatory, there are perceived disputes between the central and peripheral parts of the islands. There are diverging interests as to the development pathway to address the need for structural transformation in the economy.</p> <p>Housing Availability of rental housing is somewhat challenging, but not as much as ‘up north’. There are houses available for rent on Suðuroy – but more and more houses are also being rebuilt for the tourist industry (owned both by locals and people from Tórshavn, for example).</p>

VI. Attractiveness across cases—findings from cross-case study analyses

The findings presented in this chapter reflect both quantitative analyses of migration and employment development and mainly reflect the views of the selected interviewees in each of the case studies. We identified different kinds of good practices and factors underlying the attractiveness of the place as well as the obstacles and challenges each municipality is facing. Comparing these different dimensions across case studies, a number of similarities (but also noteworthy differences) were identified – both in relation to good practice and to the reasons underlying attractiveness, as well as with regard to obstacles and challenges. This chapter provides a comparison and discussion of these findings across case studies, including reflections on how challenges were overcome throughout the four sub-chapters. Each sub-chapter contains a summary table with findings from each of the cases. Municipalities are listed in alphabetical order.

Sub-chapter 1 focusses on issues of public governance and cooperation and looks also at adaptive/participatory planning and participation. It also reflects on the provision of public services in general, as well as issues of education, housing, infrastructure and transport in particular. Obstacles and enablers based on the perceptions of our interviewees are highlighted.

Sub-chapter 2 sheds light on some of the reasons underlying positive business development in the case-study areas, and highlights our findings in relation to employment, jobs and cultures of entrepreneurship.

Sub-chapter 3 highlights the quality-of-life aspects described by our interviewees, together with the importance of local community building. Interviewees also often referred to different types of amenities in this context, including culture, sport and other recreational activities.

Sub-chapter 4 takes a look into the future and summarises how young people and families per-

ceive their prospects in the case study areas, as well as the need or incentive to return after gaining a higher education elsewhere.

VI. 1. Access to, and provision of, public services, adaptive/participatory planning, governance and participation

Access to public services

In most of our 14 cases, people describe good access to public services (Table VI.1.). Interviewees from Inari, Närpes and Jomala stressed the availability of public services, including schools.⁷⁷ Bornholm, for instance, has no waiting lists for child day-care or queues small-scale health services. There are examples of health care provided in cooperation with neighbouring municipalities (Närpes) or with hospitals outside of the region (Bornholm, Jomala).

In spite of the overall positive picture painted by most interviewees, a number of obstacles and challenges were also identified. Some cases revealed challenges regarding the general availability of services in more remote parts of the municipalities considered (e.g. Inari), in the centralisation of key functions (e.g. issuing working permits in Lebesby), and in the availability of health services in particular. The closing of schools and kindergartens due to fewer children, along with shortages of labour in local health services, were reported from some parts of Bornholm, too. Yet municipalities have also found solutions to overcome the challenges they face, such as enabling children going to schools or kindergartens outside their own town (Bornholm) or collaboration with other municipalities in the field of health care (Bornholm, Jomala and Närpes). The decentralisation of specific tasks to settlements within towns improved the situation in Avannaata.

⁷⁷ For specific services, such as education, infrastructure, transportation etc., please see subsequent chapters below.

Table VI.1. Access to public services in case study municipalities

Good practice and reasons underlying attractiveness	Obstacles and challenges	Overcoming challenges
<p>New school with children doing well and different leisure activities (Alvdal).</p> <p>Not too large, and very good availability of services (Årborg).</p> <p>No waiting lists for child day-care or queues for small-scale health services (Bornholm).</p> <p>High level of services (Fljótsháðs).</p> <p>Hardly any waiting lists for child day-care, good schools within short walking distance in Hjørring town (Hjørring).</p> <p>Availability of various public services, including schools (Inari, Jomala, Närpes).</p> <p>Health care provided in cooperation with neighbouring municipalities (Närpes).</p> <p>Good provision of different public services (Klaksvík).</p> <p>Availability and creation of public services, including distance learning and multi-purpose service centres (Vágur).</p>	<p>Service fees are at the higher end (Årborg).</p> <p>No high school, implying that there is a lack of youth and youth culture (Avannaata).</p> <p>Many schools and kindergartens have closed in recent years, due to fewer children (Bornholm).</p> <p>Shortage of labour in health services (Bornholm).</p> <p>Distances to school/kindergarten are greater for the more rural areas in Hjørring.</p> <p>Public services are located in the main villages. People from more remote villages have to travel longer distances in order to access public services (Inari).</p> <p>Centralisation due to relocation of public sector jobs and decision-making posts - police, public administration, postal offices (Lebesby).</p> <p>Some health services are only available in Tórshavn; e.g. pregnant women have to go there to give birth (Vágur).</p>	<p>Decentralisation of tasks to settlements within towns (Avannaata).</p> <p>Children going to elementary school or kindergarten outside their own town (Bornholm).</p> <p>Bornholm is part of the Copenhagen Health Region, guaranteeing essential patient treatment and staff when needed (Bornholm).</p> <p>Health care provided in cooperation with neighbouring municipalities (Närpes).</p> <p>Parents are sent to specialists in Turku and Uppsala University hospitals in severe cases (Åland).</p>

Education

Well-functioning educational institutions are of fundamental importance for motivating people to move and/or not to leave rural areas. For example, in the Finnish and Åland case studies, both kindergartens and schools were highlighted as important contributors to the attractiveness of the place. In Alvdal, the school, different types of leisure activities and the well-being and functioning of children was the pride of the municipality. Good vocational school education was highlighted in the Danish and Icelandic cases. In Närpes, close collaboration between local businesses and the vocational school was seen as a contributory factor both to job growth and to the successful integration of immigrants. This is similar to the Norwegian cases. In Inari, the vocational school for indigenous Sámi people was seen as an important element of fostering and maintaining the Sami culture in the

area. It also serves as a basis for job training in specific skills needed for the local economy, such as reindeer herding.

Despite the overall positive picture painted by most interviewees, our case studies also highlight a number of challenges in the field of education.

The limited availability of higher education (Bornholm), the fragility of the vocational high school option LOSA (Lebesby) and the lack of a high school in Ilulissat (Avannaata) are among these challenging issues. Interviewees from the latter case study also stressed the need to improve the links between educational structures and opportunities (in Ilulissat) with needs in the labour market. This is also related to the development of appropriate skills.

In the Åland and Finnish contexts, where schools are ranked among the best in the world, the educational administration nevertheless faces

Table VI.2. Education in case study municipalities

Good practice and reasons underlying attractiveness	Obstacles and challenges	Overcoming challenges
<p>A boarding high school with a focus on utilisation of the natural resources (Alvdal).</p> <p>Guaranteed training positions for vocational education (Bornholm and Hjørring).</p> <p>Upper secondary school on site (Fljótsháð).</p> <p>The vocational school fosters Sámi culture, handicrafts, reindeer herding, etc (Inari).</p> <p>Investment in education and good resources in schools (Inari).</p> <p>Kindergarten services are of a high standard, similar to mainland Finland and Sweden. Schools are among the best in the world (Jomala).</p> <p>LOSA-model[*] allowing for mixing training with practical work, and for staying at home during the first year at upper secondary school (Lebesby).</p> <p>Good education system/vocational school – answering the needs of businesses and successfully integrating immigrants (Närpes).</p>	<p>No high school in Ilulissat, implying that there are no young people (Avannaata).</p> <p>Need to improve the links between educational structure and opportunities (in Avannaata) with the needs in the labour market. Not least the development of skills, e.g. in fish factories (Avannaata).</p> <p>Limited availability of higher education (Bornholm).</p> <p>Educational levels are low (Fljótsháð).</p> <p>No university-level education, apart from distance learning (Fljótsháð).</p> <p>Limited availability of higher education. Universities in Aalborg and Aarhus are relatively close, but not ideal for daily commuting (Hjørring).</p> <p>Finding qualified teachers (competition with big cities) and qualified teachers in Sámi because they often prefer better wages in Norway (Inari).</p> <p>Perceived understaffing of education administration and aligning teaching plans to both Finnish and Swedish systems (Jomala).</p> <p>Low educational attainment. LOSA-model is dependent on annual decisions from the county council (Lebesby).</p>	<p>Possible, but not realised, re-introduction of extra payment for specific groups working in the public sector (abolished in the mid-1990s) as a potential trigger for change (Inari).</p> <p>Distance learning (Fljótsháð) and distance learning combined with multi-purpose service centres (Vágur).</p> <p>Developing special Masters-level courses with visiting professors and staff for a limited period of time (Vágur).</p>

**LOSA stands for Lokal opplæring i samarbeid med arbeidslivet (Local training in collaboration with industry in English). LOSA is available in six municipalities in Finnmark: Berlevåg, Båtsfjord, Gamvik, Hasvik, Lebesby, Loppa, Måsøy and Tana (Lebesby Municipality, 2015).*

problems, including the understaffing of said administration, as well as aligning teaching plans to both Finnish and Swedish systems (Jomala) or finding qualified teachers (Inari).

Among the enablers in overcoming these challenges are initiatives already in place and some worth considering for the future, including the boarding option at the high school in Alvdal. Possible but as yet unrealised solutions include the re-introduction of extra payments for specific groups

working in the public sector (Inari).⁷⁸ The lack of university-level education (Fljótsháð) or its limited availability (Hjørring) was seen as a challenge, too. Distance learning, and distance learning combined with multi-purpose service centres, were paths chosen in Iceland and the Faroe Islands in providing access to higher education. In Vágur,

⁷⁸ In Finland, extra payments were provided for specific groups working in the public sector moving North. This was abolished in the mid-1990s. Interviewees recommended to re-introduce this scheme to overcome recruitment challenges.

special master's-level courses taught by visiting professors and staff are currently being developed to enable higher education on the spot.

Housing

Relatively cheap housing, compared to other parts of the countries where the case studies are located, was reported by many interviewees. This applies both to areas located further away from capital regions, and to more remote areas (such as Bornholm, Hjørring, Närpes or Bornholm) as well as to greater capital areas (Årborg). In Lebesby, interviewees identified cheap loans for housing as significant in enabling people to move into the area and to build houses.

Obstacles in the field of housing are similar across case studies. In Bornholm and Hjørring, interviewees pointed to the lack of 'the right houses' (that is, mainly smaller apartments), and to a mismatch between present demand and the quality and type of housing available. On the Faroe Islands, there is a continuous need for affordable living space for young families, such as that offered by rental houses and apartments. To overcome these challenges, the housing market is currently being transformed through construc-

tion of terraced houses and apartments – some interviewees described this as almost a cultural change, departing somewhat from the tradition of one-family houses. In Närpes, a positive development on the housing market is that immigrant families are buying houses from elderly people in the villages, while elderly people are moving to the centre, closer to the services and shops they need.

Immigration policy

Interviewees in Hjørring put it straightforwardly: migrants are essential for achieving positive demographic trends and for filling jobs in the area. Entering the labour market directly was perceived as beneficial in assisting adaptation to change. Other case studies illustrated the gains to be made from a well-functioning immigration policy, such as that in Jomala. The 'Närpes model' and the 'Oskarshamn model' were both considered a success in terms of integrating immigrants into local labour markets.

Infrastructure and transport

Infrastructure – both physical and digital – and transport connections are of fundamental importance in all case study areas. They are neces-

Table VI.3. Housing in case-study municipalities

Good practice and reasons underlying attractiveness	Obstacles and challenges	Overcoming challenges
<p>Plenty of housing available (Alvdal).</p> <p>Cheaper housing than in the greater Reykjavik area (Årborg).</p> <p>Cheaper houses than in mainland Denmark (Bornholm).</p> <p>Housing is less expensive, both residential and provision for possible business ventures (Hjørring).</p> <p>Transformation and development towards making terraced houses and apartments available (Klaksvík).</p> <p>Cheap loans for housing (Lebesby). Immigrant families buying houses from elderly people in the villages/ elderly people moving to the centre (Närpes).</p> <p>Relatively cheap housing compared to other parts of the country (Piteå).</p>	<p>No overall lack of housing, but lacking 'the right houses', mainly smaller apartments, to meet today's needs, plus a certain mismatch between present demand and the quality and type of housing available (Bornholm and Lebesby).</p> <p>Lack of smaller apartments to meet today's needs (Hjørring).</p> <p>The continuous need for affordable living space for young families/rental houses/apartments (Klaksvík).</p> <p>The availability of rental housing is somewhat challenging, but not as much as 'up north' (Vágur).</p>	<p>Transformation and development towards making terraced houses and apartments available (Klaksvík).</p> <p>Rental houses available on Suðuroy and more houses also being rebuilt for the tourist industry (owned both by locals and people from Tórshavn, for example) (Vágur).</p>

Table VI.4. Immigration policy in case-study municipalities

Good practice and reasons underlying attractiveness	Obstacles and challenges	Overcoming challenges
<p>Migrants essential for demographic development and filling vacant positions. Entering the labour market directly is positive for adaption to change (Hjørring).</p> <p>Good integration of migrants (Jomala).</p> <p>Positive initiatives from enterprises, offering language courses and providing decent working and living conditions for foreign labour (Lebesby).</p> <p>A well-functioning immigration policy – the 'Närpes model' (Närpes).</p> <p>'The Oskarshamn model' is considered a success in integrating certain groups of immigrants into the labour market (Oskarshamn).</p>	<p>Integration of immigrants into local communities is a critical factor in maintaining positive settlements (Lebesby).</p>	<p>Initiatives from local businesses offering language courses and providing decent working and living conditions (Lebesby).</p> <p>Local immigration policies and models (Närpes, Oskarshamn).</p>

sary for maintaining local businesses (particularly those with global connections), for supporting public communication, and in enabling people to commute. We identified positive issues and enabling developments on the one hand, while interviewees also pointed to several challenges on the other. In Inari, it was the international airport, with connections to Helsinki and to international destinations, that was highlighted as being essential for positive economic development (tourism, businesses operating globally). In Avannaata, upcoming plans for an international airport were seen as key for future development. Similarly, interviewees in Fljótsháðir stressed the importance of the regional airport in Egilsstaðir. Ferry and ship transport between Bornholm, Copenhagen, and Ystad, as well as to Poland and Germany, remain very important for Bornholm.

Sub-sea tunnels have shortened the travel time between Klaksvík and Tórshavn, enabling swift commuting as well as linking local businesses to and from the capital area. Alvdal is a main thoroughfare between the central eastern part of Norway between Trondheim and Oslo, and it enjoys the further advantage of good internet connections. The municipality of Lebesby is working on securing the connection between tourism enterprises and Hurtigruten. It also invests in har-

bours, linking the area to other parts of Norway and to the wider world through marine transport.

Despite the availability of ferry and air connections, regular trips and those planned with short notice can be expensive (e.g. Bornholm, Inari, Jomala).

Road/rail connections to access other parts of the country were perceived as a particular challenge in Närpes and Oskarshamn. Limited options for public transport between Piteå and the smaller towns in the municipality was similar to the challenge described in Inari. Public transport within these municipalities and poor or non-existent collective transport systems were seen as challenging for people in the remoter parts of these municipalities. Interviewees from Avannaata and Lebesby were particularly concerned about the lack of stable infrastructure, especially digital networks. The long run stability and security of good quality digital infrastructure was strongly emphasised in the remote municipalities of Lebesby and Avannaata.

Location

Location of and accessibility to regional or national centres was a significant factor for most interviewees, both as a challenge and as one of the reasons underlying the overall attractiveness of the

Table VI.5. Infrastructure and transport in case-study municipalities

Good practice and reasons underlying attractiveness	Obstacles and challenges	Overcoming challenges
<p>Alvdal is a main thoroughfare between the central eastern part of Norway and the north. Good internet connections (Alvdal).</p> <p>Transport between Bornholm, Copenhagen and Ystad (SE) is far more regular. During the summer, ferries operate to Poland and Germany (Bornholm).</p> <p>The regional airport, Egilsstaðir, is located in the area (Fljótsháð).</p> <p>Reasonable distances by car to more urban areas make commuting in/out for work feasible. Good links to NO, mainland DK, SE and the rest of Europe via DE. Ferries to IS and FO (Hjörri).</p> <p>Ivalo international airport, with connections to Helsinki and international destinations, is essential for positive economic development (Inari).</p> <p>Sub-sea tunnels shorten the travel time between Klaksvík and Tórshavn (Klaksvík).</p> <p>Municipal efforts to ensure connections between tourism enterprises and Hurtigruten. Construction and investment in harbours (Lebesby).</p>	<p>Lack of stable infrastructure – especially digital (Avannaata). Regular trips, and those planned with short notice, can be expensive (Bornholm).</p> <p>Long distance to the international airport (Fljótsháð).</p> <p>No real centre (Fljótsháð).</p> <p>Public transport within the municipality: poor/non-existent collective transport system (Inari).</p> <p>Ensuring a robust and stable digital network (Lebesby).</p> <p>Road/rail connections to access other parts of Finland and beyond (Närpes).</p> <p>Connections to Stockholm and Malmö (Oskarshamn).</p> <p>Limited options for public transport between Piteå and the smaller towns in the municipality (Piteå).</p>	<p>A new harbour is under development and will be able to accommodate larger vessels in the future, providing opportunities for growth in tourism and in freight transport (Bornholm).</p> <p>Construction and investment in harbours (Lebesby).</p>

Table VI.6. Location

Good practice and reasons underlying attractiveness	Obstacles and challenges	Overcoming challenges
<p>Located within the capital area's impact zone (Árborg).</p> <p>Bornholm is one municipality – no need to collaborate with other municipalities about use of the coastline, for instance.</p> <p>Located in the centre of the region (Fljótsháð).</p> <p>Reasonable distances by car to more urban areas make commuting in/out for work feasible (Hjörri).</p> <p>Closeness to the capital, Mariehamn, provides jobs and amenities (Jomala).</p>	<p>Feeling of being detached from central politics: "Helsinki doesn't understand local life" (Inari).</p> <p>Feeling of being 'overlooked' by decision-makers in Helsinki and Brussels (Närpes).</p>	<p>New harbour (under development) will provide further opportunities for Bornholm to become a central transport hub between Germany/Poland and Denmark/Sweden (Bornholm).</p>

place. Respondents reflected on the advantages of being located close to capital or larger cities, as with Árborg and Jomala, or with the close distances to more urban areas by car, as in the case of Hjørring. Fresh infrastructure developments, such as the new harbour in Bornholm, are expected to further improve the situation for people and businesses. Many respondents referred to the specifics of location as an attractive feature, for instance in relation to transport, the natural environment, amenities and the availability of natural resources as a basis for economic success. Alvdal was prospering, among other places, as a direct result of its location along the main road between Trondheim and Oslo.

Some of the Finnish interviewees stressed that their region is located at a significant distance from the capital area – not just geographically, but also in terms of access to social and political networks and decision-makers. They expressed a feeling of being ‘overlooked’ and detached from decision-making processes, both in Helsinki and in Brussels – partly also for linguistic and cultural reasons.

Adaptive/participatory planning, governance and participation

One of the key aspects of creating and maintaining an attractive area was seen as inclusive governance structures and the ability for different types of actors to participate in the development of their locality through joint and adaptive planning and other forms of socio-political influence. Alvdal, which is a small place, was perceived as providing easy access to municipal management teams in an increasingly dynamic municipality. Interviewees from Bornholm stressed processes of public participation and stakeholder involvement in creating the Bright Green Island policy. In Vágur, there was an attempt to bring everyone ‘on board’ in relation to changing the image of the place, making it more aesthetically pleasing and attractive through co-creation and joint planning. Engaging citizens, local company sponsorships and individuals working pro bono to increase the attractiveness of the area through better buildings and cultural/sports events have been recognised as important in the development of Vágur. In Klaksvík, the municipal growth plan has been developed by listening to people from the area, from outside the locality, and also from abroad. Citizens and companies are committed to implementing the goals in the plan.

In Lebesby, the municipality works with the social development strategy known as LOSA.

Closer and improved collaboration across the municipality and between settlements and increased self-responsibility among the settlements and towns themselves, was an important feature observed in Avannaata.

In Inari, the possibility of influencing local life, governance and policy was highlighted in the case study. Similarly, in Fljótshálsa, respondents described the strong engagement of NGOs as a positive feature.

There are certain perceived disputes between the central and peripheral areas of the Faroe Islands, as well as diverging views and interests concerning the appropriate development pathway for addressing structural transformations in the economy. The intention is to overcome these frictions through inclusive and participatory planning in both Vágur and Klaksvík.

VI.2. Employment, jobs, entrepreneurship cultures and business development

Employment and jobs

As discussed in more detail above, almost all the municipalities chosen for these case studies were selected on the basis of their positive demographic and employment trends.⁷⁹ Interviewees from different sectors, including businesses, were able to shed light on the reasons underlying strong labour markets, good job opportunities (e.g. Oskarshamn and Piteå) and low unemployment (e.g. Fljótshálsa, Jomala, Närpes etc.). In many cases, we identified forms of de facto smart specialisation in the locality. Examples include Närpes in relation to the greenhouse sector, Inari in relation to cold climate testing and tourism, and Alvdal in terms of activities linked to road transportation. Interviewees from Avannaata stressed the huge potential for tourism and highlighted an awareness that this needs to be developed locally and sustainably. The development of tourism (Klaksvík and Vágur) and the experience economy (Klaksvík) were also part of the positive trend of recent years on the Faroe Islands. In Lebesby, fishing, smolt production and investment in harbours are some of the factors underlying positive local employment trends. The Sámi parliament there offers subsidies for busi-

⁷⁹ On the selection procedure and the additional step for Lebesby, see sub-chapter III.3. above.

Table VI.7. Adaptive/participatory planning, governance and participation in case-study municipalities

Good practice and reasons underlying attractiveness	Obstacles and challenges	Overcoming challenges
<p>Small place = easier to communicate with the municipal management teams. Increasingly dynamic municipality (Alvdal).</p> <p>Reconstruction of the downtown area (Årborg).</p> <p>Closer and improved collaboration across the municipality, between settlements, and increased sense of responsibility within settlements and towns (Avannaata).</p> <p>Devolved governance for a number of functions to settlements and small towns implying increased local responsibility, for example for local environmental issues (Avannaata).</p> <p>Public participation and significant stakeholder involvement in creating the Bright Green Island policy (Bornholm).</p> <p>Strong engagement in NGO's – also as an opportunity for integration (Fljótsháðsgrói).</p> <p>Possibility of influencing local life, governance and policy (Inari).</p> <p>Joint development of the municipal growth plan – listening to people from the area and also outside the area/abroad. Citizens and companies committed to implementing the goals of the plan (Klaksvík).</p> <p>Social development strategy: LOSA idea workshops/citizen involvement (Lebesby).</p> <p>Emphasis placed on increasing attractiveness (Oskarshamn).</p> <p>Attempt to bring everyone 'on board' when changing the image of the place, making it more aesthetically pleasing and attractive. Changing the image of the area through co-creation and joint planning. Engaged citizens, local company sponsorships and individuals working pro bono to increase local attractiveness through better buildings and cultural/sports events (Vágur).</p> <p>Closer collaboration among younger mayors and politicians in Suðuroy, especially those with a holistic view of development on the island who are not solely preoccupied with their own municipalities (Vágur).</p>	<p>Perceived disputes between central and peripheral parts of the Faroe Islands. Diverging interests: development pathway to address the need for structural transformation in the economy (Faroe Islands).</p>	<p>Inclusive and participatory planning (Vágur and Klaksvík).</p>

ness development, too. Also noteworthy is the story of the sports high school in Vágur – providing new jobs and fresh infrastructure for local people. A significant national policy providing positive local impact was highlighted both in Alvdal and Lebesby – the differentiated pay roll tax in Norway, helping to secure jobs in rural areas across the country.

Despite the positive situation overall for employment and business development, many case studies highlighted as a challenge the lack of availability of quality jobs for people with higher education in places like Bornholm, Inari, Närpes or Hjørring. At the same time, and by contrast, interviewees also stressed the shortage of skilled labour and the difficulty of filling vacant posts. Examples of this observed trend can be found in Avannaata, Bornholm, Hjørring, Jomala, Lebesby and Oskarshamn. Providing a sustainable (stable and multi-faceted) labour market capable of attracting new people is one of the main challenges recognised by the municipality of Lebesby.

While tourism is a key element in the local economy in some of our case studies, the sector also faces some obstacles, as in the case of Inari. There, competition with other tourist destinations and seasonality are the two big issues. While there is positive development in the tourism sector in terms of numbers on the Faroe Islands overall, interviewees reported that there is some conflict with locals over land access and cruise tourism, specifically in areas of the northern part of the archipelago. Jomala provided an interesting case study, because there are many different jobs available for people with higher education, but at the same time a somewhat negative perception among young people about their job prospects after higher education. Information campaigns and job fairs have been started to try to overcome these communication challenges. To overcome difficulties related to a lack of skilled labour in the health sector, Bornholm and Jomala have been cooperating with hospitals from outside the islands. The further development and diversification of cold climate testing activities, together with intensified collaboration between companies and educational institutions, may improve the job situation for more highly educated people in Inari. Vágur is collaborating with five other protagonists⁸⁰ from Greenland, Iceland and Norway in

80 Balestrand kommune in the West of Norway, Sermersooq Business Council in Nuuk in Greenland, Austurbrú/Austurland in

developing the 'In Residence in the Arctic' internet platform. This platform will be established during 2020 to attract new residents and people with a high level of skills, competence and experience, both for shorter and longer periods of time.⁸¹ This initiative could serve as a model elsewhere.

Entrepreneurship culture

Almost all our case studies highlight a strong, collaborative and entrepreneurial culture as the bedrock of sound economic development. Närpes is a case in point. In Alvdal, the entrepreneurial spirit is encouraged from an early age. In Piteå, people are described as having become 'solutions oriented', and many new companies are being established every year. In Inari, there is a strong network of female entrepreneurs. In Hjørring, many small companies and workplaces are working to create a tradition of entrepreneurship, and to help enhance resilience. In the other Danish case study, Bornholm, a culture of entrepreneurship and cooperation among local companies has been related to the 'Bornholm Brand', which is valuable for creative entrepreneurship and food production. The green focus is also in tune with the central government's goals for business development.

VI.3. Quality of life, local community and the availability of culture, sport, and recreational amenities

Quality of life and local community

A high quality of life was mentioned by all interviewees as a key factor in either moving to the area, in staying put, or in coming back after studying elsewhere. What does this mean practically? All case-study areas were described as safe places to live and good places for children and families. People from case-study islands referred to safety as well and stressed that there was next to no crime (Bornholm, Klaksvík, Vágur, Jomala). Interviewees appreciated cleanness, the sustainable development of the locality and ecological lifestyles (Bornholm). An attractive physical environment, including proximity to nature and to outdoor activities

Iceland, AIR Træna, Træna Kommune in the north west Norway and Blábankinn i Thingeyri/Samfélagsmiðstöðin á Þingeyri in Þingeyri in the Westfjords of Iceland.

81 This digital platform is a tool whereby communities can invite/make calls for people, be it individuals or families, to join in and become visible to the world. Communities may also, via the platform, invite people with the specific education, competence and experience needed in the community.

Table VI.8. Employment and jobs in case-study municipalities

Good practice and reasons underlying attractiveness	Obstacles and challenges	Overcoming challenges
<p>Stable employment situation. Local companies provide apprenticeships, which helps guarantee qualified labour in the future. Local smart specialisation centred around the advantages of the national road, Riksvei 3 (Alvdal).</p> <p>Differentiated pay roll tax in Norway helps to secure jobs in Alvdal. Huge potential for tourism and an awareness that this needs to be developed locally and sustainably (Avannaata).</p> <p>Very low unemployment, around 1% (Fljótsháð).</p> <p>Opportunities for job advancement through training programmes supported by Business Hjørring and the municipality.</p> <p>Smart specialisation in tourism and cold climate testing (Inari).</p> <p>Attractive jobs for people with higher education: banks, insurance companies, IT, justice, medical science, senior and other positions in the public sector (Jomala).</p> <p>The development of the experience economy, providing new jobs (Klaksvík).</p> <p>Positive local employment trends in fishing and smolt production and investments in harbours. Sami parliament subsidy for business development (Lebesby).</p> <p>An attractive place for developing and maintaining businesses, especially the greenhouse sector (Närpes).</p> <p>Recent changes in the Aliens Act, making it easier for foreigner workers to move to other sectors (Närpes).</p> <p>Strong labour market/ available jobs = 4,000 people commute to work from neighbouring municipalities (Oskarshamn).</p> <p>Overall good job opportunities (Piteå).</p> <p>Setting up and developing the sports high school – new jobs, new infrastructure also benefits local people (Vágur).</p> <p>The positive trend in tourism, in terms of both numbers and jobs (Vágur).</p>	<p>Job availability; too little variety, especially for those with university education (Árborg).</p> <p>Lack of a sufficiently skilled workforce; shortage of employees with technical skills and vocational education (Árborg, Fljótsháð).</p> <p>Salaries are lower, compared to the national average (Árborg).</p> <p>Seasonal unemployment (Avannaata).</p> <p>Low average salaries, especially for women (Fljótsháð).</p> <p>Lack of job opportunities in and for certain sectors of skilled labour and more highly educated people (Bornholm).</p> <p>Shortage of skilled labour within certain sectors, e.g. carpenters, electricians, social workers, teachers (Bornholm).</p> <p>Lack of job opportunities in many sectors that need a highly educated workforce, shortage of labour in others (Hjørring).</p> <p>Shortage of labour in specialised sectors, e.g. carpenters, electricians, social workers, teachers (Hjørring).</p> <p>Lack of qualified personnel in different sectors (Avannaata).</p> <p>Lack of sufficient employees possessing the right skills and necessary training for certain jobs (Hjørring).</p> <p>Lack of larger companies able to act as pillars for regional and local economies (Hjørring).</p> <p>Difficult to find jobs in certain fields and sectors for people with higher education (Inari, Närpes).</p> <p>Competition with other tourist destinations; seasonality (Inari).</p> <p>Negative perceptions among young people about job opportunities after higher education (Jomala).</p> <p>Positive development in tourism in terms of numbers, but conflict with locals over land access and cruise tourism, mainly in specific sections of the northern part of the Faroes (Klaksvík and Vágur).</p> <p>Somewhat fragile economic situation, dependent upon the fishing industry (Klaksvík and Vágur).</p> <p>Providing a sustainable (stable and multi-faceted) labour-market in order to attract people is one of the main challenges recognised by the municipality.</p> <p>Rather homogenous labour market / difficult to find competencies to meet labour-market needs (Oskarshamn).</p> <p>Low tourism activity (Oskarshamn).</p> <p>Relocation of public sector jobs and decision-making posts (police, public administration, postal offices). Attracting younger healthcare personnel (Lebesby).</p> <p>The perceived shortage of labour in health services (Jomala).</p>	<p>Further development/ diversification in cold climate testing could improve the situation in Inari.</p> <p>Cooperation with hospitals outside the islands (Bornholm and Jomala). Information campaigns and job fairs (Jomala).</p> <p>While switching jobs from greenhouses to other sectors was perceived as difficult by some interviewees, support mechanisms such as schooling and a legislative change in the Aliens Act are intended to improve the situation (Närpes).</p> <p>Portal for jobs for skilled people (Vágur).</p>

Table VI.9. Entrepreneurship culture in case study municipalities

Good practice and reasons underlying attractiveness	Obstacles and challenges	Overcoming challenges
<p>Entrepreneurial spirit is encouraged from an early age (Alvdal).</p> <p>Culture of entrepreneurship and cooperation among local companies (Bornholm).</p> <p>'Bornholm Brand' valuable for food production and creative entrepreneurship. The green focus is in tune with the goals for business development of the central government: "Green transition is not a burden to business, but a gift" (Bornholm).</p> <p>Inexpensive commercial premises for start-ups and entrepreneurs (Bornholm). Many small companies and workplaces can create a tradition of entrepreneurship and help increase resilience (Hjørring).</p> <p>Strong network of female entrepreneurs (Inari).</p> <p>A strong culture of entrepreneurship, local companies operating globally (Jomala). Companies and the municipality are working together to concentrate on young people, with summer jobs, diplomas, etc. in fishing and aquaculture (Lebesby).</p> <p>A collaborative and entrepreneurial culture (Närpes).</p> <p>Strong innovation and the development of an entrepreneurial culture. People want to find own solutions. Many new companies set up every year (Piteå).</p>	<p>Lack of entrepreneurship culture (Oskarshamn).</p> <p>Will to find solutions instead of using existing ones sometimes perceived as a negative (Piteå).</p>	<p>Bornholm brand, creation of networks and other examples from the good practice column</p>

(Alvdal, Hjørring, Inari, Jomala, Piteå), was also mentioned. Saving time and short distances enabling the combining of work with leisure activities was highlighted specifically in Bornholm, Jomala, Lebesby and also in Inari (as the largest municipality in Finland) to a degree. Some of the interviewees had consciously chosen rural life over life in hectic larger cities. In the case of Lebesby, quality of life was referred to as an even more important motive for re-migration or inward migration than jobs. In particular, the creation of opportunities for youth and leisure activities was mentioned in this context. A strong sense of community ownership, with voluntary organisations and local 'firebrands', was also perceived as enhancing the overall quality of life.

Local Amenities: Culture, sport and recreation

One key element of the quality of life overall is the availability of local amenities and facilities related to culture, sport and recreation. Good provision of cultural and sports amenities was found in Bornholm, Hjørring, Klaksvík, Lebesby, Närpes and Jomala. Árborg and Fljótsháðsfalli also have a strong and established sporting culture. Many amenities are also related to the culture and history of a place, such as in Bornholm (round churches and traditional houses), Alvdal (Kjell Aukrust and the entrepreneurial spirit) and in Hjørring. Good outdoor activities are available in all of these case-study areas, something that also motivates people to move. An increased focus on tourism and the experience economy has added to the availability of sports facilities, and has contributed to a more

Table VI.10. Quality of life and local community in case-study municipalities

Good practice and reasons underlying attractiveness	Obstacles and challenges	Overcoming challenges
<p>A safe place to live (Alvdal, Årborg, Fljótshálsa, Hjerring, Klaksvík, Oskarshamn, and Piteå).</p> <p>Good place for children and families (Alvdal, Årborg, Fljótshálsa).</p> <p>Safety, next to no crime (Bornholm)</p> <p>Cleanness, sustainable development and ecological lifestyles (Bornholm).</p> <p>Time and distance = easy to get everywhere, both to reach jobs and recreation/amenities (Bornholm and Lebesby).</p> <p>Attractive physical environment (Bornholm).</p> <p>Being an island (and one municipality) creates a common identity, helps to promote the region and makes it easier to turn policies into practice. Also creates a tradition for all daily activities to be on the island (shopping, working, leisure, etc.) (Bornholm)</p> <p>Folkemødet (the People's Meeting) made Denmark aware of Bornholm and puts the focus on the island for at least one week every summer.</p> <p>Easy living (Fljótshálsa, Oskarshamn). Attractive physical environment = proximity to nature and outdoor activities (Hjerring, Inari, Jomala, Piteå).</p> <p>Quality and simplicity of life, being close to nature. Social trust between people (Inari).</p> <p>A feeling of safety about the place/no criminality (Klaksvík, Vágur, Jomala).</p> <p>Municipality providing good environments for children. As motives for re-migration or inward migration quality of life is cited more often than jobs. Creating of opportunities for youth, leisure activities and summer jobs. A strong sense of community ownership, with voluntary organisations and local 'firebrands' (Lebesby).</p> <p>An attractive place to live due to 'healthy social spaces' and the perception of it being a safe place (Närpes).</p> <p>The place is "livelier than a few years back" (Oskarshamn).</p> <p>Tight-knit community (sometimes problem for incomers to Piteå or Norrbotten). Piteå spirit = civic pride. Pride and confidence in Piteå and in being from there, encouraging people to not move away and former Piteå residents to return (Piteå).</p>	<p>Sometimes "you know too much about your neighbours" (Inari).</p> <p>It may be difficult for incomers to integrate into the local community if there is no one to introduce them (Piteå).</p> <p>A high proportion of women with infirmities (Piteå).</p> <p>A somewhat gender divided community (Piteå).</p>	<p>See examples from the good practice column</p>

Table VI.11. Local Amenities: Culture, sport and recreation in case-study municipalities

Good practice and reasons underlying attractiveness	Obstacles and challenges	Overcoming challenges
<p>Strong sporting culture (Árborg, Fljótsháð).</p> <p>Many amenities related to the culture and history of the place (Bornholm, Hjørring)</p> <p>Well preserved image; round churches and traditional houses preserved in good condition, creating a strong, visually attractive identity (Bornholm).</p> <p>Closeness to nature and diverse outdoor activities (Bornholm).</p> <p>Good provision of cultural and sports amenities (Bornholm, Hjørring, Klaksvík, Närpes, Jomala).</p> <p>Increased tourism has added to the availability of a variety of bars and restaurants. (Fljótsháð).</p> <p>Unique beaches (Hjørring).</p> <p>The experience economy, providing opportunities for recreation, sports facilities and a more colourful cultural life (Klaksvík).</p> <p>Cultural activities – Strong musical scene. Strong sports clubs (Oskarshamn).</p> <p>Popular tourist destination during summer (Piteå).</p> <p>Sports high school – new infrastructure also benefits locals (Vágur).</p>	<p>No high school implies a lack of youth culture and activities (Avannaata)</p>	<p>Planning for a social pedagogy training college (Avannaata).</p>

colourful cultural life. That includes quality restaurants, such as those in Fljótsháð and Klaksvík. The sports high school set up in Vágur provides new infrastructure for the benefit of locals, too. A new social pedagogy training college may help to level out inequalities in the provision of youth culture and activities.

VI.4. Young people and their futures in the case-study areas

One of the key issues this research as a whole has set out to explore is the situation of young people in the case-study areas, and in particular whether they want to stay where they have come from, or return after studying outside the area. While the previous sub-chapters were also based on interviews with young people (e.g. amenities, quality of

life, etc.) and reflect their views as well, what we wish to highlight here are observations regarding the specific issue of staying and returning. Positive and encouraging factors included the perception of a place as an attractive one, being inclusive of immigrants (in the case of Närpes), and young people feeling motivated to move back after higher education elsewhere (Piteå). In Alvdal some of the businesses are focusing on tying young people to their place or industry through summer jobs and providing other benefits. There is a trend change on the Faroe Islands, too. Students there tend to return after studying abroad. This development has been fostered through information campaigns and events organised by the public and private sectors jointly (Klaksvík). Also, in the Åland islands, the public and private sectors work to-

gether to 'get the brains back'; that is, proactively to inform students about opportunities to return after studying outside the islands. Further efforts are needed both in Åland and elsewhere, such as in Fljótshálsa and Lebesby, for instance, where girls are more reluctant to move back than boys after education. This is often due to the perceived lack of local variety in people and jobs. Information

campaigns such as the ones carried out in Åland and the Faroe Islands, as well as joint efforts from different levels of government and operational governance, constitute one such attempt to overcome obstacles. Joining forces with neighbouring municipalities to motivate those people who have moved away to return, is another good example of what Piteå is trying to achieve.

Table VI.12. Young people – living, staying/returning

Good practice and reasons underlying attractiveness	Obstacles and challenges	Overcoming challenges
<p>Young people studying outside of the area can act as "ambassadors for the place". (Inari).</p> <p>Businesses trying to tie young people to the place and industry through summer jobs and other incentives (Alvdal).</p> <p>Public and private sectors working together to 'get the brains back'; to inform students about opportunities to return after studying outside the islands (Jomala).</p> <p>New trend – students return to the islands after studying abroad. This is also fostered through information campaigns and events organised by the public and private sectors jointly (Klaksvík).</p> <p>Young people's perception of the place as an attractive one, inclusive of immigrants (e.g. Närpes).</p> <p>Young people are positive about moving back after their education (Piteå).</p>	<p>It is challenging to entice young people back after higher education (Fljótshálsa).</p> <p>Further effort needed to 'get the brains back', especially those who are willing to take risks as entrepreneurs. Negative perceptions of young people about job opportunities after higher education. (Jomala).</p> <p>Girls more reluctant to move back than boys after education, due to lack of variety in people and jobs (Lebesby).</p>	<p>Public and private sectors work together to 'get the brains back'; that is, to inform students about opportunities to return after studying outside the islands (Jomala).</p> <p>Piteå, together with neighbouring municipalities, works actively on getting people who have moved away to return (Piteå).</p> <p>Promote the connection between young people and the locality by subsidising trips (Piteå).</p>

Conclusions

This analysis of attractiveness has identified a range of factors accounting for the reality that some Nordic municipalities have been more successful in generating employment and strengthening the positive demographic development of their areas, in contrast to other municipalities which appear to possess similar resources— be it land, labour, capital, knowledge or infrastructure. The rationale behind our approach is shown in Figure 1 above, assuming both supply-driven and a demand-driven migration, an investigation of both migration types, and attention to the reasons underlying positive job trends. In each of the cases analysed, we have found much good practice', spanning the range of public policy initiatives, private business activities and other beneficial features of living in a local community. In addition, we also encountered and highlighted specific challenges that need to be tackled in the future, both at municipal and national levels of governance.

We have seen municipalities making a variety of efforts to foster the attractiveness of their location – by investing in and mobilising the diverse natural, human, institutional and cultural assets that often ingrained in an area over a long period of time. Our smaller and rural case-study municipalities continue to use the advantage of a multisectoral approach their local administrations, combining skills and attributes from different sectors. This means that they are collaborating closely with locally-rooted industries, such as the greenhouses in Närpes for example, as well as schools and educational institutions at different governmental levels. These findings on how local businesses and municipalities work together, often in platforms and to ensure local development, are similar to what was found in recent studies on innovation and green growth by Nordregio (Refsgaard et al. 2017; Kaisu and Teräs 2017) and on successful business networks (RegLab2014).

Municipalities selected for our case studies were able to gather people together from different backgrounds and sectors, so that they could 'brand' their area (as in Bornholm) or seek to change negative impressions to positive ones (as

has happened in Vágur). Last but not least, despite the areas concerned being remote, some of our case studies had built-in infrastructural advantages, such as Alvådal in Norway (internet and road connections), Klaksvík (the sub-sea tunnel) or Inari in Finland (the international airport).

In summary, we can see that it is collective action that makes the real difference in most of these case studies. A flourishing business may just be an island unto itself, but a flourishing enterprise culture can only be created by collective activity and the cultivation of the right spirit and approach. We found that positive attitudes to new start-ups, helping entrepreneurs to get up on their feet again after failure, organising female entrepreneurs, providing information, and a welcoming network (in Inari, or instance) all made a positive difference. In other words, and as stressed by Bryden and Hart (2004) and Porter (1990), the territorial impact depends on how efficiently and effectively a sound combination of tangible and non-tangible factors are deployed by local actors.

We also witnessed a good deal of *de facto*, localised smart specialisation in most of our case studies, in fact. While they are not always labelled as such, it is clear that various local types of smart specialisation can have a major impact on the attractiveness of rural areas in the Nordic countries.

This report was written to enable the reader to learn from a wide variety of local experiences, and thereby to gain inspiration for her or his work in rural policy and governance. To achieve this, we consciously adopted a very localised approach, seeking to open the 'local black box', inviting local people to explain the reasons they perceived as underlying positive trends, all based on local action and interaction. For sure, exact replication of these ideas and contexts elsewhere will not be possible. However, we do hope that some of the initiatives and elements of the successful examples we have been able to highlight will inspire further action elsewhere and can be transferred with customisation to other specific local contexts.

"It ain't what you have, but how you use it!"

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Appendix

Trend change from negative to positive migration in Nordic municipalities

The trend changes from negative to positive migration have been calculated as follows. The plus-signs indicate years with positive net migration numbers, the minus-signs indicate years with negative migration numbers:

We also allow for exceptions: the sequence of years with negative net migration statistics may be interrupted *once* by a year with positive net migration, or the sequence of years with positive net migration statistics may be interrupted once by a year with negative net migration. Both cannot occur together. If a year with positive net migration falls into a sequence of negative net migration, there have to be at least two years with negative net migration remaining, either before or after the exceptional year. Otherwise, the municipality is not classified as a 'light blue' case. The exceptional year may appear at the beginning or at the end of the time period, that is in 2007 or 2016, if at least the two following or proceeding years fit with the overall trend-change pattern. Zeros are consid-

ered neutral. To give a few examples, the following cases contain exceptions, but would still be classified as 'light blue' cases:

These cases, on the other hand, would not fit to the rules, and would not be 'red' trend-change cases:

In the first case, there is an exceptional year with positive net migration (2008), but only one year with negative net migration before (2007) and one year after (2009). There would have to be at least two years with negative net migration statistics before or after the year with positive net migration.

In the second example, there is one exceptional year with positive net migration statistics (2008) in a sequence of otherwise negative net migration statistics. But there is also an exceptional year with negative statistics in a sequence of years with otherwise positive statistics (2014). We only allow for one exception.

In the third example, there are two years with positive net migration statistics (2008 and 2010) in a sequence of years with negative net migration. We allow for only one such exception.

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
-	-	+	+	+	+	+	+	+	+
-	-	-	-	-	-	-	-	+	+
-	-	-	-	-	+	+	+	+	+
-	-	-	-	+	+	+	+	+	+

Example 1.

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
-	+	-	-	-	-	-	-	+	+
-	-	-	-	-	+	+	-	+	+
-	-	-	-	+	+	0	+	+	-

Example 2.

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
-	+	-	+	+	+	+	+	+	+
-	+	-	-	-	+	+	-	+	+
-	+	-	+	-	-	+	+	+	+

Example 3.



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