

Who is the rural entrepreneur?

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Abstract

This article develops a rural-urban classification of the Belgium territory that is used to define the economic profile of rural areas in Belgium, as compared to other territories. Who is the rural entrepreneur, is the central question in this respect. Is this the traditional farmer, or has the rural firm also evolved together with the overall economic transition?

The article shows that rural entrepreneurship exists, leading to an economy in rural areas that is far from being ignorable. The rural entrepreneur is engaged in a variety of activities much broader than agriculture resulting in an economic portfolio that mainly consists of activities in other sectors. Finally rural entrepreneurs are dynamic, but the importance of 'ambitious' start-ups remains rather low indicating that many start-ups have to be considered as a type of 'out of necessity entrepreneurship'. In defining societal views on urban-rural relationships and the role of and strategies for rural territories socio-cultural capital plays a crucial role. Therefore developing views and defining roles have to start from the socio-cultural and economic content of these territories. In this respect it should be a mistake to reduce the socio-cultural and economic content to the agrarian activities that are unmistakably important but certainly not the only expression of the rural entrepreneur.

Key-words

Urban, rural, entrepreneurship

1. Introduction

From an economic geography point of view it is always an intriguing exercise to characterize territories depending on their socio-economic characteristics. In this respect one can detect e.g. stronger and weaker regions, growth regions or regions in decline, regions with high or low added value, etc. .

In this article I want to focus on rural and urban areas in Belgium. I use this differentiation not so much to find the precise definition of rurality or urbanity as such. I want to focus on the economic profile of rural areas in Belgium, as compared to other territories, in order to define the rural entrepreneur.

Different views on countryside functions exist especially when urban-rural relationships and the role of rural areas come into play. For some a struggle of societal views for urban-rural relationships is going on (Asbeek, Brusse, Van dalen & Wissink, 2002). In planning models such as the Dutch 'compact city' or the Flemish contour planning (Ministry of the Flemish Community, 1997), there is a very defensive approach. The ultimate goal is to draw a demarcation line between 'dynamic' urban and 'protected' non-urban areas (Derynck & De Roo, 2002), virtually denying existing functional relationships and the socio-economic and cultural capital of these territories.

This struggle of societal views and the defensive approach of rural areas have much to do with the fact that rural renewal strategies are traditionally closely associated with the agricultural character of these areas. In this respect, pressure groups representing this sector as well as local politicians are its advocates, leading towards an urban-rural duality.

This article will not settle the ongoing struggle, but an important issue in this respect is how regional economic development of rural areas in the proximity of urban networks has to be assessed.

A quick check of the recent literature on regional economic development reveals that the bulk of it is not oriented towards the rural areas (Cabus, 2001). Recent models of local economic development, which are developed from the global-local debate, stress the role of the "local" in economic development. From this perspective, endogenous strategies are developed in which the main issue is the mobilization of local players. More recently, the focus has shifted to socio-cultural capital. However, the insights present within a rural territorial framework have much in common with the non-rurally oriented models. Indeed, the contemporary key concept is in both the existence, safeguarding and capitalization of socio-cultural capital (Ray, 2001, Van Huylbroek et al., 2006-2011). From this key concept, it appears likely that the traditional, agricultural character will not be sufficient as the starting point to conceptualise rural development strategies and urban-rural relationships.

When studying rural areas, it is clear that there is a whole variety of types. In general, it is possible to distinguish three main categories. Firstly, there is the core rural area, meaning well situated areas with a high potential for rural activities and no real pressure from urbanization or people deserting the area. Next, there are the remote and disadvantaged rural areas which are peripheral in the geographical as well as in the socio-economic sense. These areas often come under further pressure from migration – specifically from people leaving the area due to the lack of real opportunities.

Finally, there are the peri-urban rural areas, which are located in the vicinity of the urban areas and as a result, come under pressure from urbanization.

With an average population density of nearly 350 inhabitants per km², Belgium belongs to the countries with the highest population density. This is even more pronounced in the north of the country (Walloon Axis, Brussels and Flanders). Therefore it is not surprising that within a supra national frame of reference and starting from the parameters used by Europe or the OECD to measure rurality, only a few rural areas are found in Belgium. This fact does not prevent however that even within densely populated countries, a territorial differentiation exists from urban, via less urban to rural, of course based on appropriate variables and thresholds that take the specific context into account.

Therefore a first question is whether or not and what type of rural areas exist in Belgium.

A second question evolves from the continuous and overall transition in economy, first from a rural to an industrial and later to a more service and knowledge oriented economy. In comparison with other economic sectors, the economic value of agriculture *senso strictu*¹ is relatively modest. Between 1974 en 2006² the economic share of agriculture in the Gross Regional Product fell from 4.6% to 0.9% in Belgium. If one considers the whole production chain, where also indirect activities in supplying and manufacturing industries are taken into account, one can estimate the economic value of the 'rural' chain in Flanders at 5 to 7% of the GRP (Cabus & Vanhaverbeke, 2004³). One can certainly not ignore this economic share, but at the same time this also means that at least 93% of the Belgian economy is not agriculturally related.

From this economic transition the question is raised who is the rural entrepreneur. Is this the traditional farmer, or has the rural firm also evolved together with the overall economic transition?

In order to answer these two questions, the article deals first with the detection of rural areas in Belgium. Next it studies the economic characteristics of these areas.

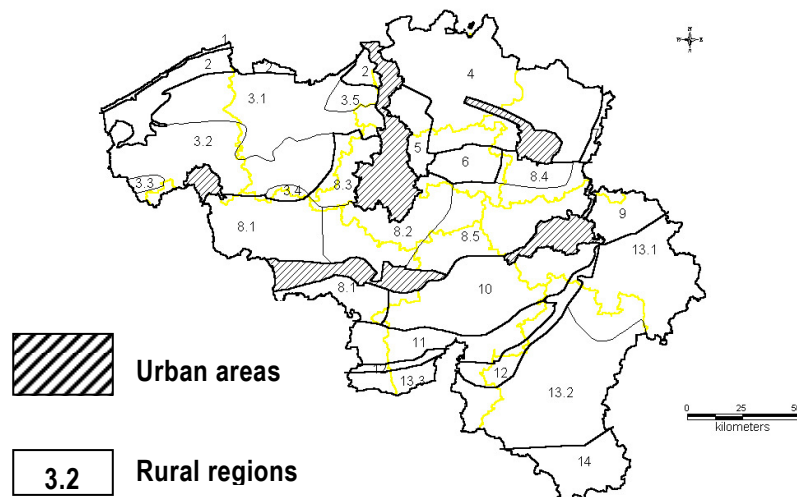
2. Urban-Rural differentiation in Belgium

2.1. Approach

It is certainly not the first time that Belgium is divided from urban to rural. The urban regions (Van der Haeghen & Pattyn, 1979, Van der Haeghen, Van Hecke & Juchtmans, 1996, Van Hecke & Luyten, 2001) are a known geographical urbanisation model with degrees of urbanity based on presence and density of urban functions and relationships of territories with these urban functions. As such urban layers are defined from the urban core, via agglomerations and suburban banlieues, to commuter zones. As urban regions only exist above a certain population threshold, only 18 urban regions exist in Belgium (Van Hecke & Luyten, 2001) leaving also a lot of non-classified territory. Because no rural indicators are used, this non-classified territory cannot be assigned as rural. Furthermore, especially in de commuter zone, but also in the suburban fringe, it is probable that territories exist with rural characteristics.

From a rural perspective there exists e.g. the classification of the Belgian territory into regions based on landscapes and soil conditions for agriculture (Mérenne et al., 1997, Van Hecke et al. 2006). This classification is complemented with the most important urban and industrial landscapes. It is clear however that this map thus not reflect a realistic picture of urban vs. rural areas in Belgium, knowing the high population density and the (sub)urban sprawl beyond the pictured urban areas.

Figure 1: Geographical regions and sub-regions in Belgium



In the same work Van Hecke et al., (2006 - Annex) define rural areas based on specific rural variables (importance of agriculture, characteristics of farms, variables expressing dynamics in agriculture) and indicators expressing external pressure on rural areas (population density and its evolution, share of urbanised areas and its evolution).

This exercise was performed to develop strategies for a multifunctional agriculture in a context of peri-urban areas and resulted in 11 territorial clusters, where two clear rural areas could be defined. The first is almost entirely located in central part of the Province of Western Flanders, with the exception of the coastal area and the corridor Brugge- Roeselare. The second is the vast rural area of the Ardennes. Other areas are more under pressure and have a peri-urban position.

The approach of Van Hecke et al. (2006) was developed in order to design agricultural strategies. In this respect more detailed information on farm characteristics and crop yields in relation to (urban) pressure are important.

In line with earlier research in a context of Flanders (Cabus, 1999) I have confined myself to parameters that have the potential to discriminate between urban and rural areas. To this end I used straightforward but still traditional variables to examine which geographic differentiation emerges separating 'rural' and 'urban' areas from each other: number of people employed in agriculture, share of farmland in total surface, population density and evolution in population density the last 10 years. Finally also the share of 'other open space' is brought into the exercise⁴.

The choice of these variables is rather obvious. With the first two the importance of rural activities is measured as well as from the economic (labour force) as the landscape (surface) point of view. The next two, especially the population density, indicates (urban) pressure where high densities indicate urban conditions and high growth rates indicate suburbanisation pressure. Finally the variable 'other open space' is complementary with the open space associated with farmland. It is clear that

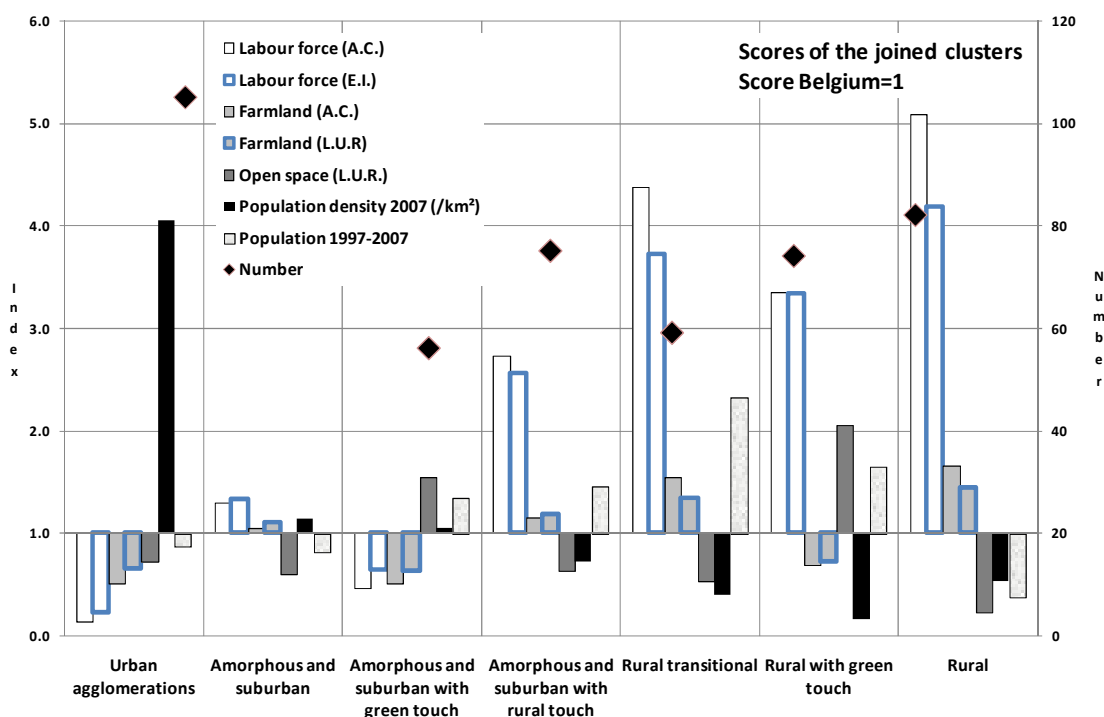
situations can exist with few farmland and a high share of non-rural open space, or a combination of different types of open spaces.

2.2. Urban and Rural areas

As it is the case in the work of Van Hecke et al., (2006), clustering the Belgian municipalities results in 11 clusters⁵ and the overall picture is very comparable. There is especially a match in the location of the two main rural clusters in the province of Western-Flanders in the north and the Walloon rural cluster of the Ardennes, in the south. The analyses in detail indicates the existence of four rural clusters, three urban clusters and four ‘amorphous and suburban’ clusters.

The overview of the basic characteristics (Figure 2) is performed on a reduced number of clusters. The urban clusters are joined together. Also the two amorphous and suburban clusters with similar ‘average’ scores are merged. Finally within the rural clusters, the rural clusters with a green touch are merged. As such we arrive at 7 clusters, of which 3 rural ones. The next graph presents the scores per variable. In this graph the scores of the variable on the Belgian level is set to 1. Scores above the x-axis indicate higher scores than average and vice-versa.

Figure 2: Scores of the basic variables per cluster (Score Belgium=1)



Source: Own calculations

Notes: A.C.: Agricultural Census; E.I.: Employees and Independent workers; L.U.R.: Land Use Register

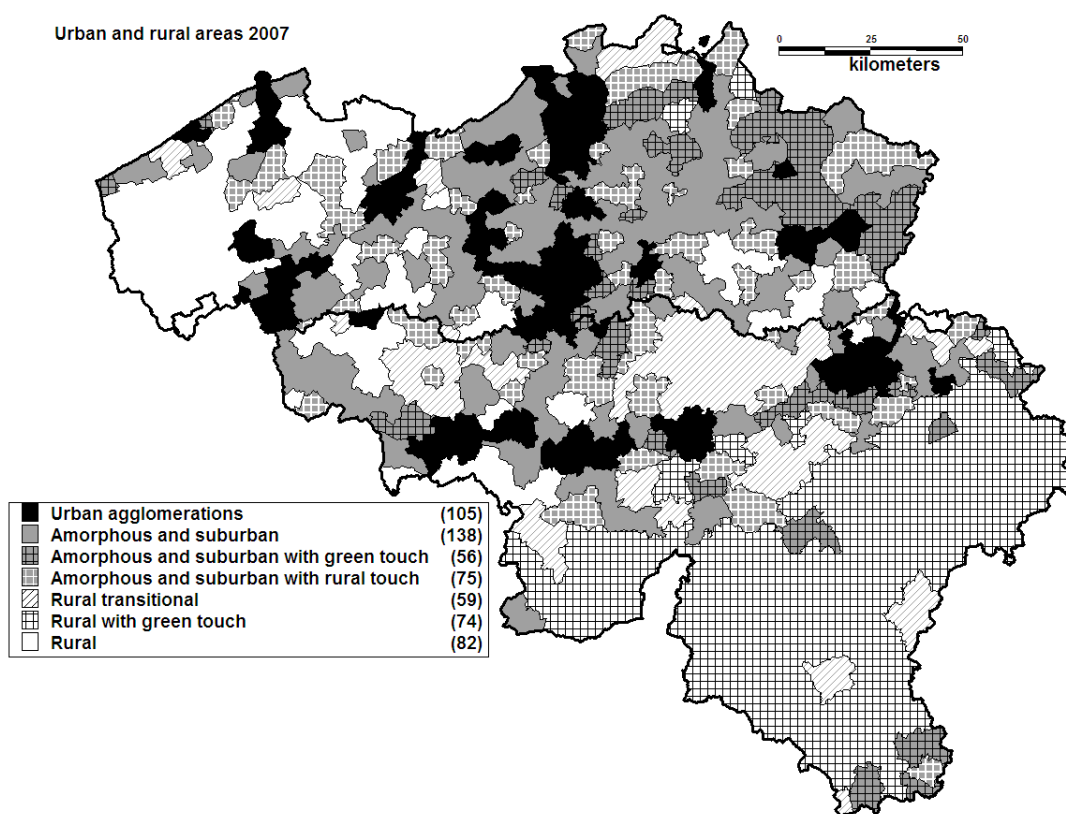
The rural cluster is especially found between the coast with its urban and tourism nodes and the urban and suburban axis from Gent to the Kortrijk-Roeselare region. Also some smaller areas are found in the region surrounding Oudenaarde and Zottegem, the north-western corner of Hainaut at the north of Tournai, a part of the ‘Pajottenland’ in the south-west of Vlaams-Brabant, some municipalities in the Hageland and the south of Limburg and finally a small strip between the French border and Mons-Charleroi.

The rural cluster with a green touch is mainly found in the south of the Walloon region. The rural transitional cluster is located to the north of the Walloon Axis, especially to the north of Namur, and the region surrounding Soignies.

The amorphous and suburban clusters are dominant in Flanders in between the bigger cities. This also is the case for the non-urban municipalities or urban municipalities with a vast territory (e.g. Tournai) of the Walloon Axis.

A suburban cluster with a green touch is characteristic for the region from Mol to Lanaken in the north-east of Flanders and an axis between Antwerp and Turnhout. Finally suburban and amorphous municipalities with a rural touch are located in transitional areas between suburban and rural areas, especially in Flanders.

Figure 3: Urban and rural areas: joined clusters



Source: Own calculations

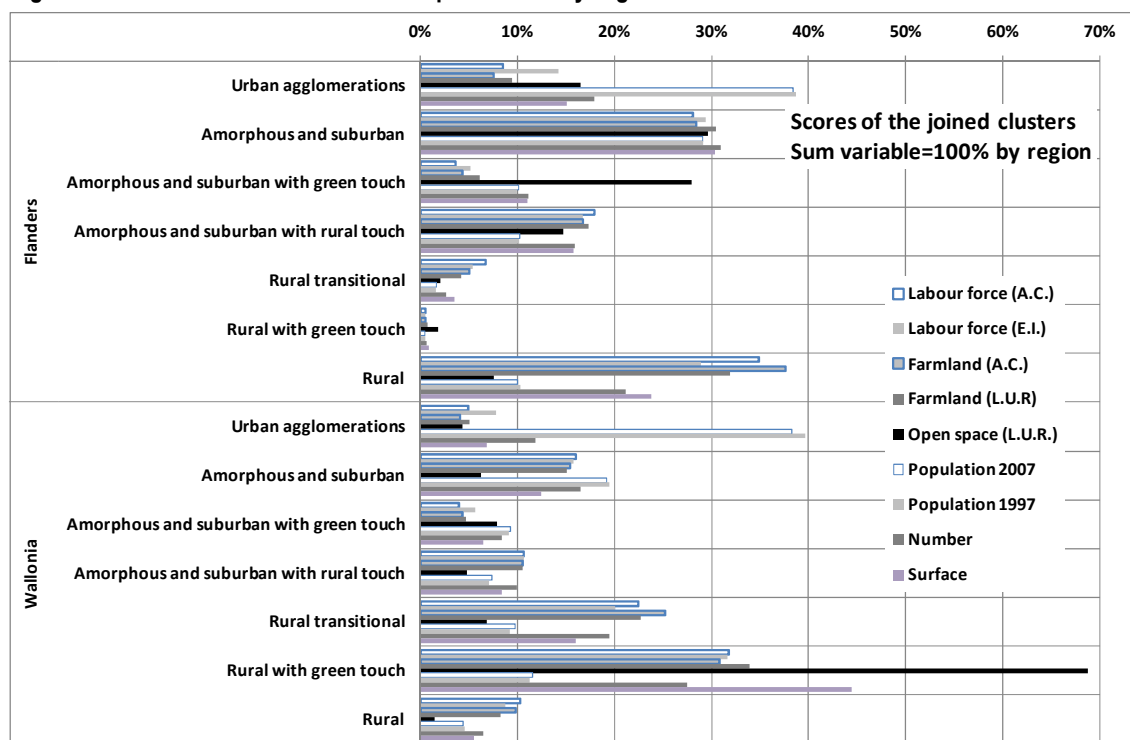
Table 1 shows some basic figures for the three regions in Belgium. They are useful to understand the overall picture as well as to position of the different clusters. It is clear that the majority of rural activities in terms of labour force (70%) is located in Flanders. The Walloon region has higher shares in terms of total surface, of farmland and certainly of open space (74%). This results in a picture of a densely populated Flanders with an overall intensively used farmland. The reverse conclusion goes for Wallonia.

Table 1: Regional figures

Region	Labour force (A.C.)	Labour force (E.I.)	Farmland (A.C.)	Farmland (L.U.R.)	Open space (L.U.R.)	Population 2007	Surface	density (pop./km ²)
Flanders	70.2%	69.4%	45.4%	47.9%	25.9%	57.8%	44.3%	437
Wallonia	29.7%	29.8%	54.6%	52.0%	73.6%	32.4%	55.2%	197
BCR	0.1%	0.8%	0.0%	0.1%	0.5%	9.8%	0.5%	5906
Belgium	100%	100%	100%	100%	100%	100%	100%	334

Source: Own calculations based on: A.C.: Agricultural Census; E.I.: Employees and Independent workers; L.U.R.: Land Use Register

Figure 4: Scores of the basic variables per cluster by region



Source: Own calculations based on: Statistics Belgium: Population; A.C.: Agricultural Census; E.I.: Employees and Independent workers; L.U.R.: Land Use Register

Together with these overall differences between Flanders and Wallonia, the presence and the importance of the different clusters is also very different (Figure 4). As already established the rural cluster is dominantly a Flemish feature, while the rural cluster with a green touch and the rural transitional cluster is dominant in Wallonia.

Interesting to notice is that the amorphous and suburban cluster in Flanders is also important in terms of rural activities. From this point of view this cluster is almost as important as the rural cluster. Of course this has also to do with the fact that this cluster counts the most members (30% of all municipalities).

3. Economic value and characteristics

In order to detect the economic profile of rural areas in Belgium and to determine who the rural entrepreneur is, there are different exercises. It is of course impossible to give a complete overview

of the economic characteristics of the rural areas in Belgium. Therefore I focus on some major features.

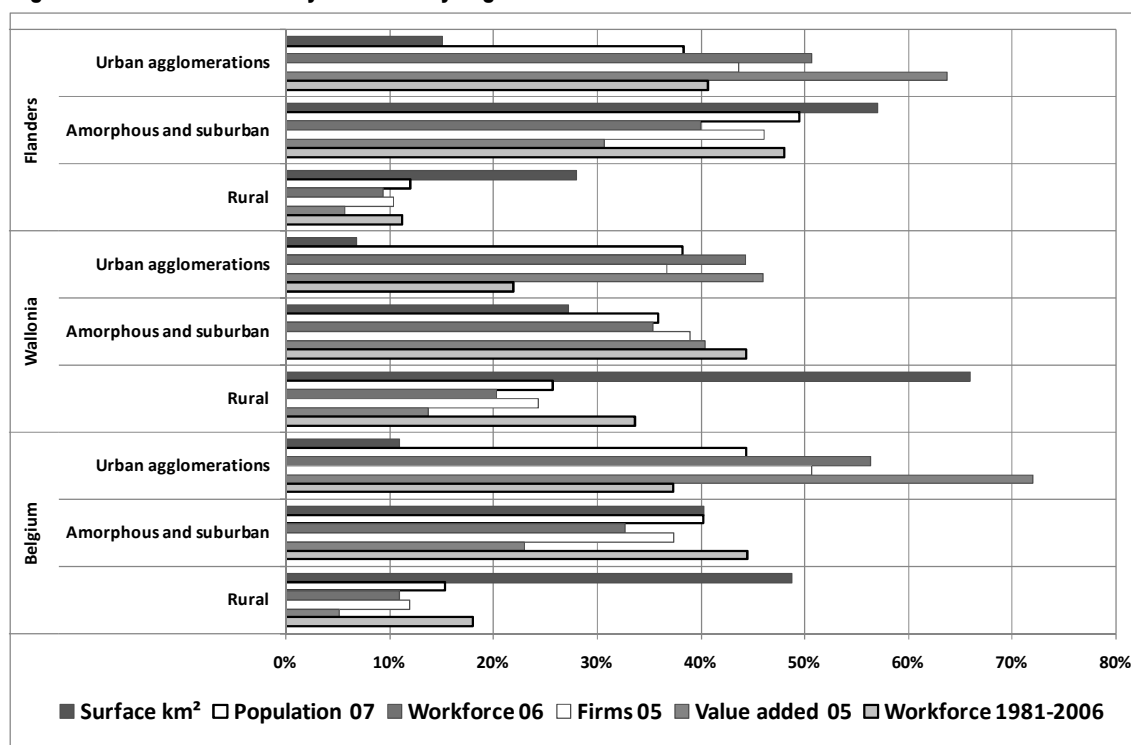
First the overall sectoral composition of the economy is analysed. Next there is a study on economic specialisation and growth. Finally there is an analyses of firm demography and firm birth.

As I also want to give information on regional differences between Walloon and Flanders rural areas, I make a further simplification of the clustering exercise with only three categories: urban, amorphous and rural.

3.1. Overall sectoral structure of the economy

A first element in assessing the economic profile is the importance of the economy in rural areas as compared to other territories. Figure 5 gives some general indicators.

Figure 5: Economic value by area and by region



Source: Own calculations based on employees statistics (RSZ), Self-employment (RSVZ) StatBel (Population and territory) and Central Balance Sheet Office of the National Bank of Belgium (NBB)⁶ (Firms & value added).

A first element is that rural areas in Belgium count for 11% of total workforce⁷, 12% of the firms and 5% of the value added. These figures are much higher in Wallonia, with 20% of total workforce, 24% of the firms and 14% of the value added. In Flanders rural areas are responsible for 9% of total workforce, 10% of the firms and 6% of value added.

These figures already indicate the non-ignorable part of the economy located in rural areas. Interesting to notice is that 18% of total workforce growth is located in rural areas. In Wallonia this figure rises up to 33%, while in Flanders this figure reaches 11%. This means that there is a more dynamic evolution in rural areas as compared to urban agglomerations. The higher share in growth is also true for the amorphous areas.

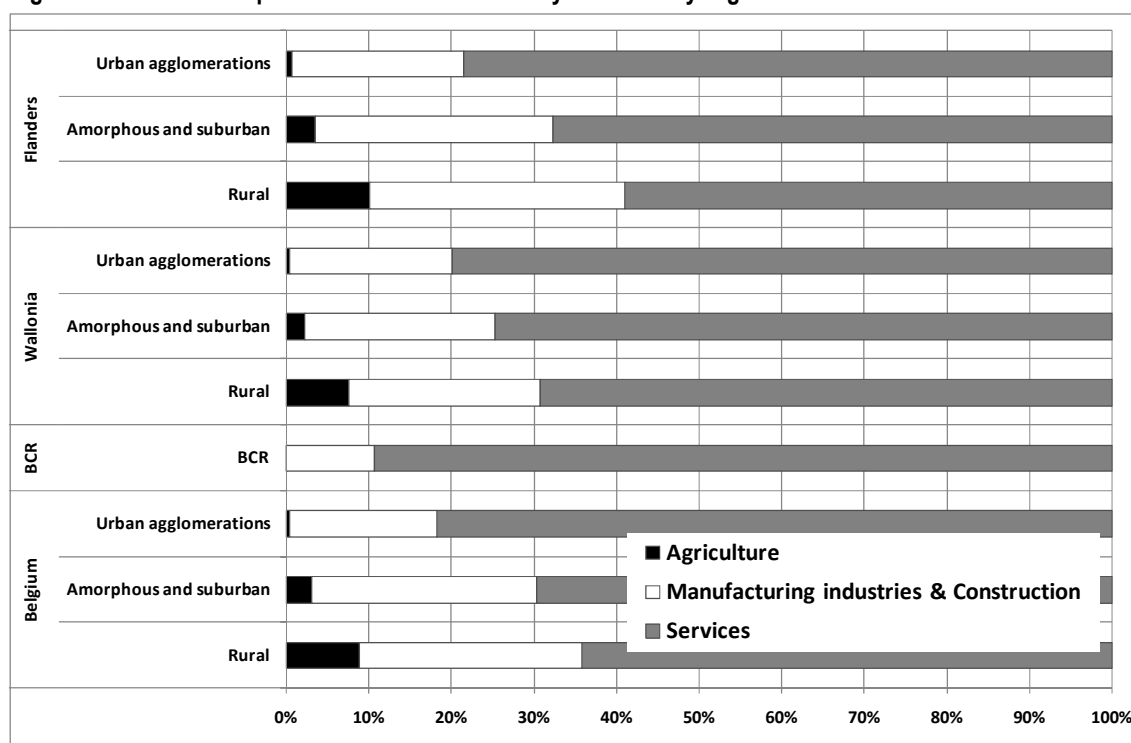
The Belgian overall sectoral structure shows that 2.3% of total workforce is situated in agriculture. Manufacturing industries count for 22%, while services value 76%.

Table 2: Sectoral structure by region in 2006

Region	Agriculture	Manufacturing industries & Construction	Services
Flanders	2.8%	25.0%	72.3%
Wallonia	2.6%	21.6%	75.9%
Brussels Capital Region	0.1%	10.5%	89.3%
Belgium	2.3%	21.9%	75.8%

Source: Own calculations based on statistics of employees (RSZ) and Self-employment (RSVZ)

Figure 6: Sectoral composition of the workforce by area and by region in 2006/07

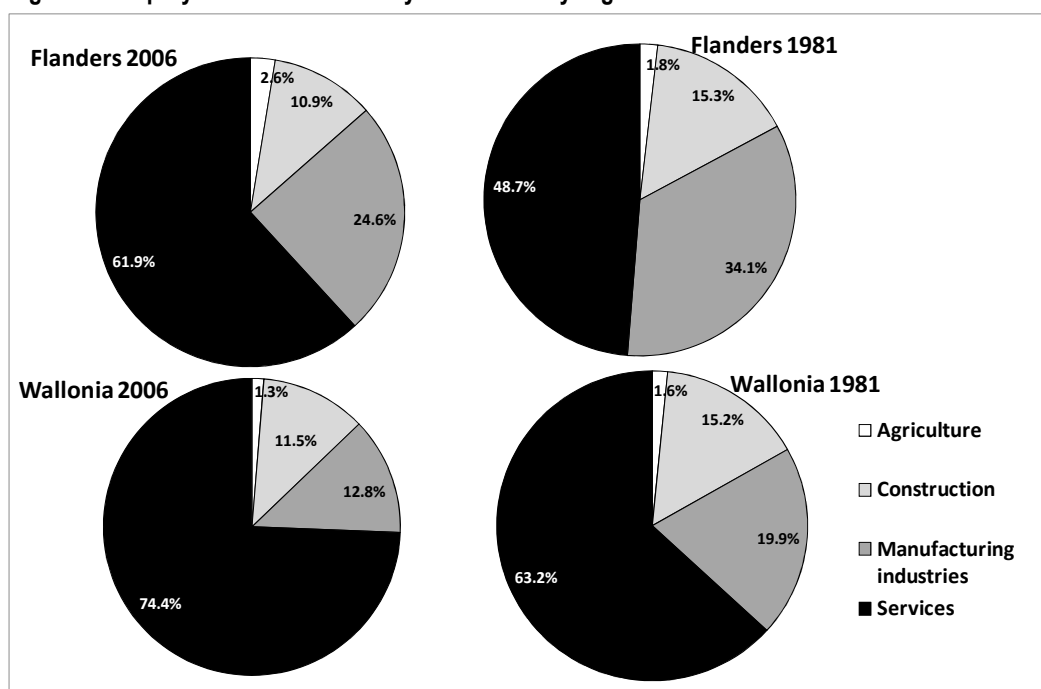


Source: Own calculations based on statistics of employees (RSZ) and Self-employment (RSVZ)

Figure 6 shows that the importance of agricultural workforce is much higher in rural areas, with 9% for Belgium, 10% in Flanders and 8% in the rural areas of Wallonia.

Despite these higher figures one has to conclude that 90% (Flanders), or more (Wallonia) of total workforce in rural areas is located in construction, manufacturing and services industries. In other words, as already mentioned in the introduction, the rural entrepreneur is much more than the farmer. Also the rural areas have been the subject of a major shift in the sectoral composition the last 25 years. On the whole there has been an ongoing deindustrialisation. In both regions the share of employment in manufacturing industries in rural areas fell by approx. 1/3rd. It has to be noticed that the share of employment in manufacturing industries in rural areas in Wallonia is only half of that in Flanders.

Figure 7: Employees in rural areas by sector and by region in 1981 and in 2006



Source: Own calculations based on statistics of employees (RSZ)

As already mentioned, the overall workforce performance is better in rural areas. Table 3 shows that this is true for all three non-agriculture sectors. It is remarkable that despite the fact that there is a declining share, the employment in manufacturing industries is still growing in Flanders' rural areas and shows a minor decline in Wallonia. This confirms previous research (Cabus & Vanhaverbeke, 2003) that non-core areas in Belgium show a better employment evolution for manufacturing industries. This is especially the case for activities with an extensive use of space that find a location outside the urban areas (because of cheaper prices and lesser congestion problems).

Table 3: Employment by sector 1981-2006 by region

Region	Agriculture ⁸		Construction		Manufacturing industries		Services	
	All Areas	Rural Areas	All Areas	Rural Areas	All Areas	Rural Areas	All Areas	Rural Areas
Flanders	106%	120%	4%	11%	-25%	12%	81%	98%
Wallonia	34%	16%	-5%	9%	-39%	-8%	50%	69%
BCR	64%		-31%		-55%		20%	
Belgium	82%	69%	-3%	10%	-32%	4%	57%	81%

Source: Own calculations based on statistics of employees (RSZ)

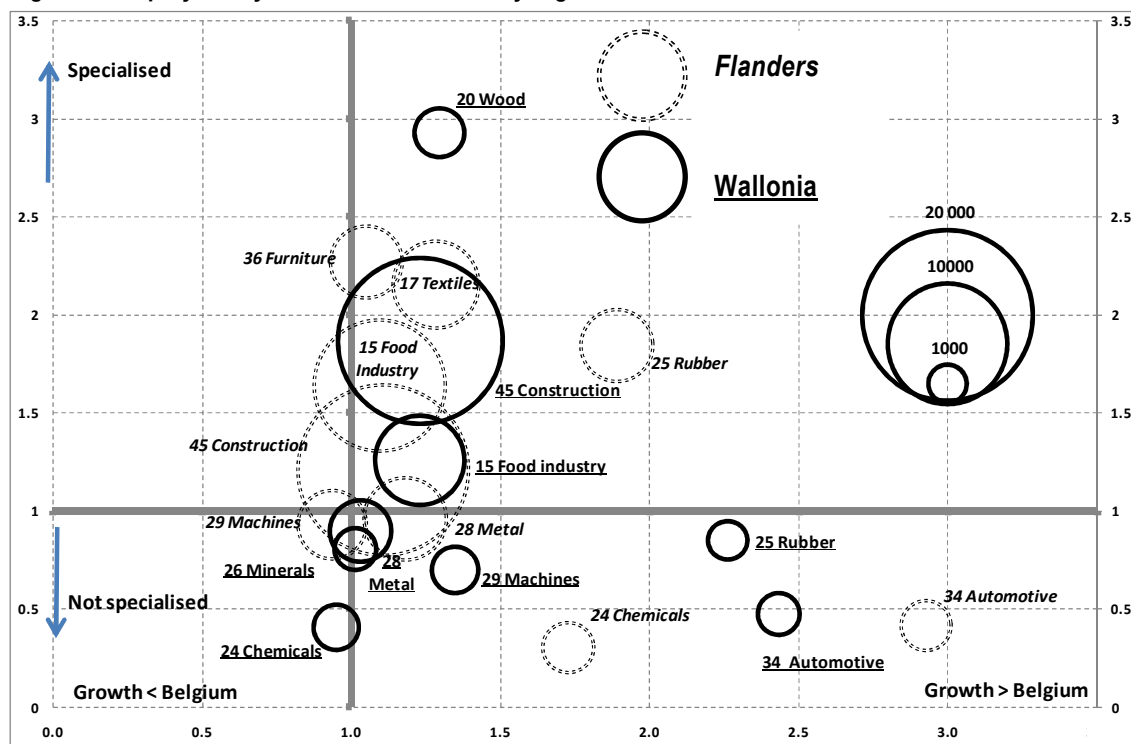
3.2. Economic specialisation and growth

The previous section proves that the rural economy is important, has a strong dynamic and is much more than agriculture.

In this section the economic portfolio of the rural activities is explored more in detail, together with the degree of specialisation and employment performance. The specialisation-index is calculated on NACE2-level. The share of a sector on a Belgian level is set to 1. A specialisation index >1 indicates that the area concerned is more specialised in this sector en vice versa. The growth-index is

calculated by dividing the actual growth by the Belgian growth of the sector. A growth-index > 1 indicates a better performance in the area concerned.

Figure 8: Employees by sector in rural areas by region for 1981 and 2006



Source: Own calculations based on statistics of employees (RSZ), most important sectors

Figure 8 shows that in Walloon rural areas the construction sector by far the largest. This sector also holds a strong position in Walloon rural areas, with a higher specialisation and stronger performance. The food industry holds the second place, with also a higher specialisation and stronger performance. The highest specialisation is for wood production that - for the specialised sectors - has also the strongest growth.

Also in Flanders' rural areas, construction and food industry hold the first two positions, but the distance between the first and the second is much smaller. Both sectors have a specialization index larger than 1 and have an average performance. On the whole the economic portfolio in Flanders rural areas is much broader and in more balance. Textiles, furniture and rubber industry are also very prominent in Flanders' rural areas, with a stronger than average growth.

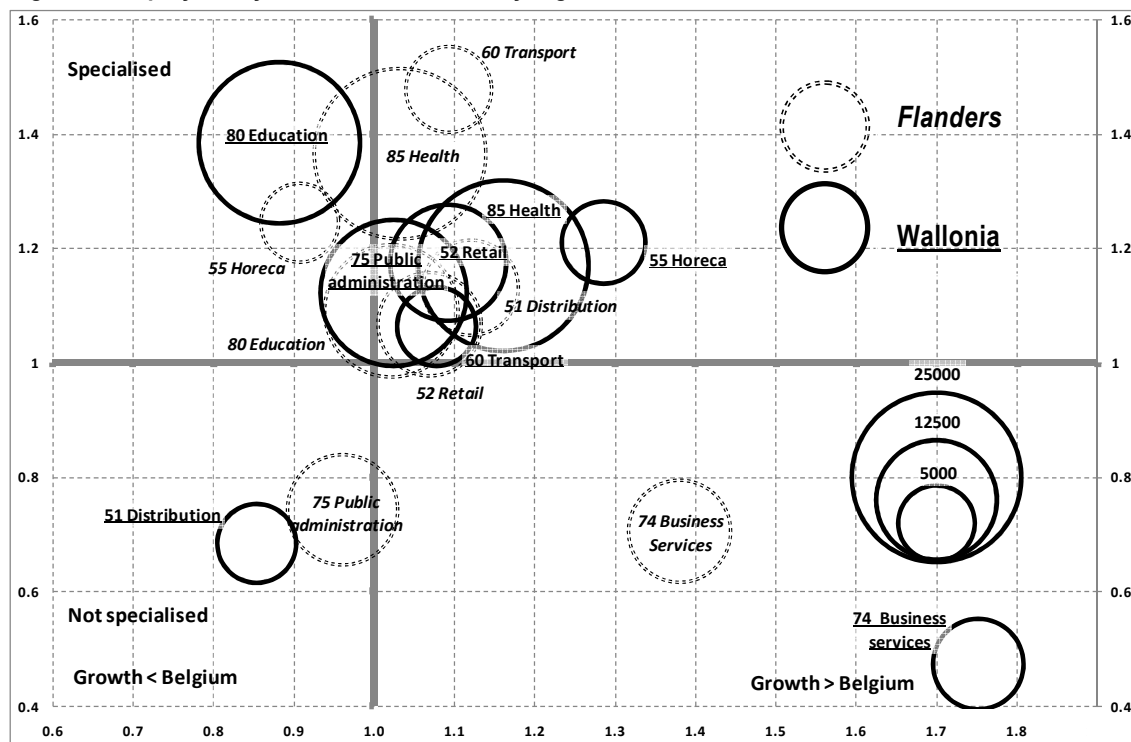
Looking at the activity sectors in the service industries, the top 5 is the same in Flanders' and in Walloon rural areas, with health services on the first, education on the second and public administration on the third position. There is however a neat distinction in the position of the different sectors in the rural areas of the two regions.

Flanders rural areas are more specialized in health care services than Walloon rural areas, but in the latter they have a stronger growth. The reverse goes for education services in the two regions.

There is also a noticeable difference in the position of the public administration. In Walloon rural areas they are much more dominant than in Flanders rural areas.

Flanders rural areas are very specialized in transport activities. Also retail and distribution activities have a stronger specialization and have a stronger growth. In Walloon rural areas, Horeca services, and to a lesser degree retail and transport know a higher degree of specialization and a stronger growth.

Figure 9: Employees by sector in rural areas by region for 1981 and 2006



Source: Own calculations based on statistics of employees (RSZ)

Despite the very pronounced growth of business services in the rural areas of both regions, they are still underrepresented.

On the whole this gives a picture of a rural services economy with an overrepresentation of the public sector (Walloon rural areas) or subsidized sectors (Flanders and Walloon rural areas), together with some specific niche activities. In Flanders this is the case for transport and distribution and to a lesser degree for retail and Horeca. In the Walloon rural areas these niche activities are Horeca and retail and to a lesser degree transport services.

It is clear that especially health services, Horeca and retail (tourism) have to be linked with the environmental qualities of the rural areas. For transport and distribution the same location factors play as for manufacturing industries.

3.3. Firm demography

There are already some indications about economic dynamics of rural areas in the previous sections. Another useful viewpoint to analyse economic dynamics is the demographic approach. Therefore this section focuses on the birth rate of firms in Belgium and the importance of younger and older cohorts in the different areas in Belgium.

Corporate demographic research is related to the demographic population research. While in the latter the population in a certain area is studied from age structure, in the former the accent is put on the relationship between age and economic value. Corporate demography focuses on the relationship between age and the firm's organisation (Carroll and Hannan, 1999). Data on firms' population and cohorts⁹ are the research basis.

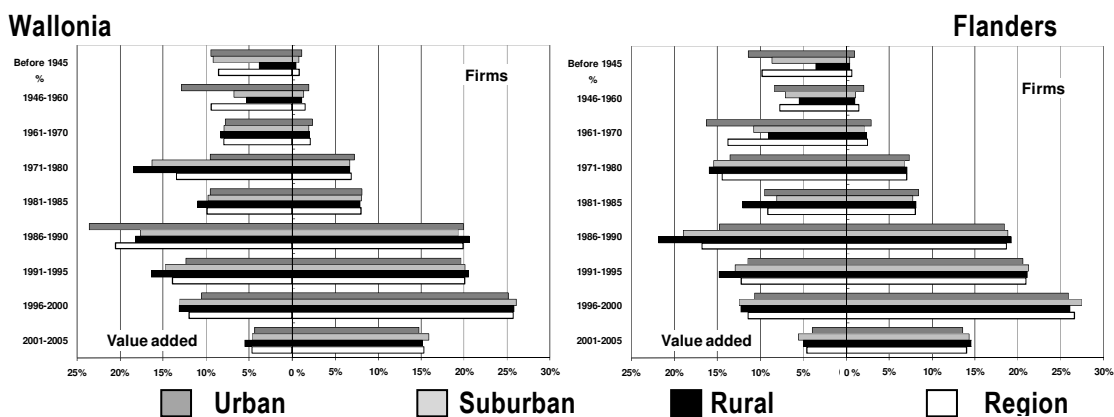
In this section the current firm population in Belgium is studied and economic performance is linked with firm cohorts. The data are from the Central Balance Sheet Office of the National Bank of Belgium (NBB)¹⁰. This implies that comments are only valid for economic activities that have deposited their accounts. I am conscious of the fact that there are some deficiencies in using these data (e.g. all data are centralised in the headquarter of the firm and self employed in most cases don't have to deposit their accounts). Nevertheless this research adds interesting dimensions to economic geography research.

The companies are classified in cohorts based on the date of birth. The time periods are the period before 1945 and the periods 1945-1960, 1960-1970, 1970-1980, 1980-1985, 1985-1990, 1990-1995, 1995-2000 and 2000-2005. There is only a focus on some global figures because an in depth analysis is not possible within the framework of this article.

As it is the case for the whole economy, it is clear that younger cohorts are much more numerous than the older ones. This is correlated with the still growing birth rate of Belgian firms and the fact that nearly half of the firms going bankrupt, are younger than 4 years (Verhetsel and Desmet, 1997, p. 327).

The age pyramids show that although the number of younger firms is much higher than the older ones, the economic value of the latter is more important. Table 4 shows that the firms founded after 1985 count for +-80% of the total number of firms while they (only) value 45% (in Flanders) and 51% (in Wallonia). Interesting to notice is that the importance of younger firms is much higher in urban areas in Wallonia than this is the case in Flanders. For the other areas the differences are small.

Figure 10: Age pyramid of firms in Wallonia and Flanders by area in 2005



Source: NBB-Central Balance Sheet Office and own calculations¹¹

Table 4: Economic value of firms established after 1985

	Flanders		Wallonia	
	Firms	Value added	Firms	Value added
Urban agglomerations	78.4%	40.8%	79.4%	50.9%
Amorphous and suburban	81.8%	49.9%	81.4%	50.2%
Rural	81.1%	53.9%	82.1%	53.3%
Region	80.3%	45.1%	80.9%	51.0%

Source: NBB-Central Balance Sheet Office and own calculations

Comparing the cohorts in the rural areas of both regions, the peak of economic value is produced by the cohort of 1986-1990 in Flanders, while in Wallonia two cohorts are at the same level (1986-1990 and 1971-1980).

Figure 11 presents the evolution of the shares of the different cohorts by area. Concerning **the number of established firms (right part of the figure)**, the share of the urban agglomerations is shrinking in Flanders from 63% in the oldest cohort, to 42% in the youngest. The sharpest increase exists in the suburban and amorphous areas. The share of rural areas rise from 6.4% for the oldest to 10.8% for the youngest cohort.

In Wallonia the urban agglomerations count for 51% for the oldest cohort and 37% for the youngest. The share of the rural areas nearly doubles from 13% for the oldest to 24% for the youngest cohort. In contrast with Flanders the suburban and amorphous areas only know a limited growth.

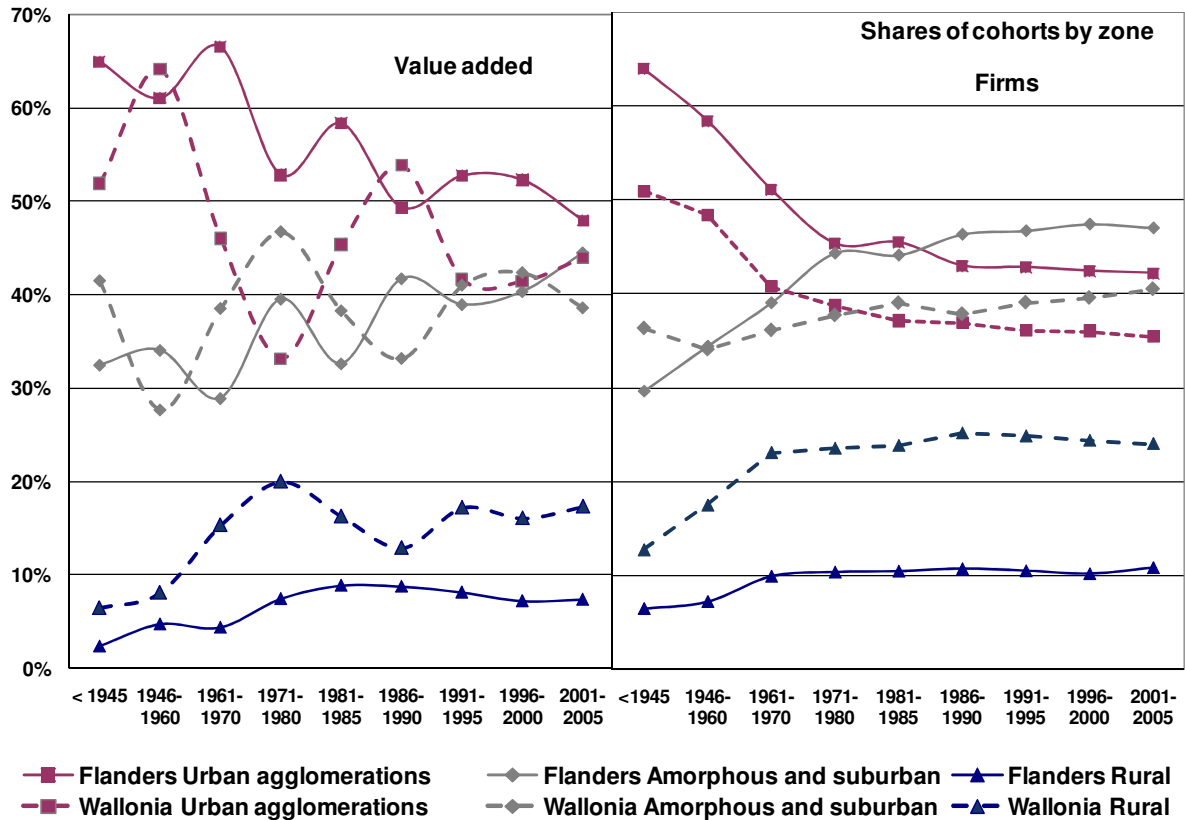
In terms of **economic value (left part of the figure)**, the share of the oldest cohort in the agglomerations in Flanders is 65%. For the youngest cohort the urban agglomerations value 48%. Rural areas count for 2.4% for the oldest and 7.4% for the youngest cohort. Also in terms of economic value, the suburban and amorphous areas in Flanders know the strongest increase of their shares.

In Wallonia the urban agglomerations count for 52% for the oldest and 44% for the youngest cohort. The amorphous and suburban areas have a surprisingly high share of the oldest cohort (42%) and 39% for the youngest. The share of the Walloon rural areas has a sharp increase from old (7%) to young (17%).

An interesting feature is the weak presence of the 1971-1980 cohort in the Walloon urban agglomerations. Undoubtedly this is linked with the economic crisis at that time, that apparently was much sharper in urban areas than elsewhere.

Although there is certainly an irregular line from old to young (especially in Wallonia), it is clear that the proportion of younger firms tend to grow in rural areas. This tendency however is much more prominent in the suburban and amorphous areas, certainly in Flanders.

Figure 11: Share by area per cohorts 2005



Source: NBB-Central Balance Sheet Office and own calculations

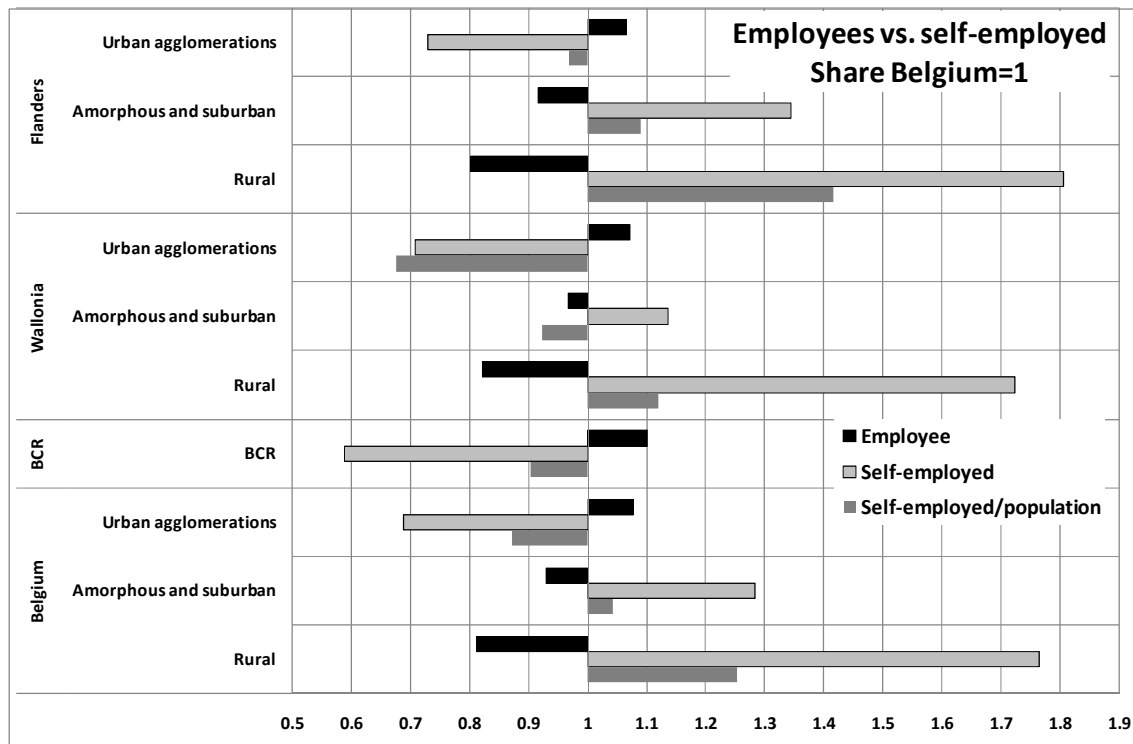
3.4. Economic initiative

An intriguing question deals with the presence of economic initiative in rural areas. One way to measure this is looking at the share of jobs as employee vs. the share of the self-employed.

Figure 12 shows clearly that the share of the self-employed in rural areas is significantly higher than it is the case in urban areas. Also the self-employment rate per inhabitant is clearly higher.

To evaluate these higher rates of small economic initiative, it is necessary to introduce two competing explanations. The positive reading of these figures starts from the existent social capital that is based in the farming tradition where hard working and taking initiative is characteristic. The negative reading starts from the absence of workplaces, of which there is a surplus offer in urban areas. Many rural inhabitants work in these urban areas (Cabus & Vanhaverbeke, 2004). The high share of self-employment is to be seen as an 'out of necessity entrepreneurship' of rural inhabitants that don't find a job.

Figure 12: Employees vs. self-employment 2006/2007



Source: Own calculations based on statistics of employees (RSZ) and Self-employment (RSVZ)

Another way to assess economic initiative is to focus on the recently established firms. Research indicates that in line with the high rate of self-employed the number of start ups is higher in rural areas (e.g. De Westhoek: De Nijs & Vriesakker, 2007). This start-up rate is measured regardless the success / ambition and the economic value of these activities. In order to make a further evaluation, I return to the data source used in the previous section, where I focus on the firms founded after 1998 and compare them with the older firms.

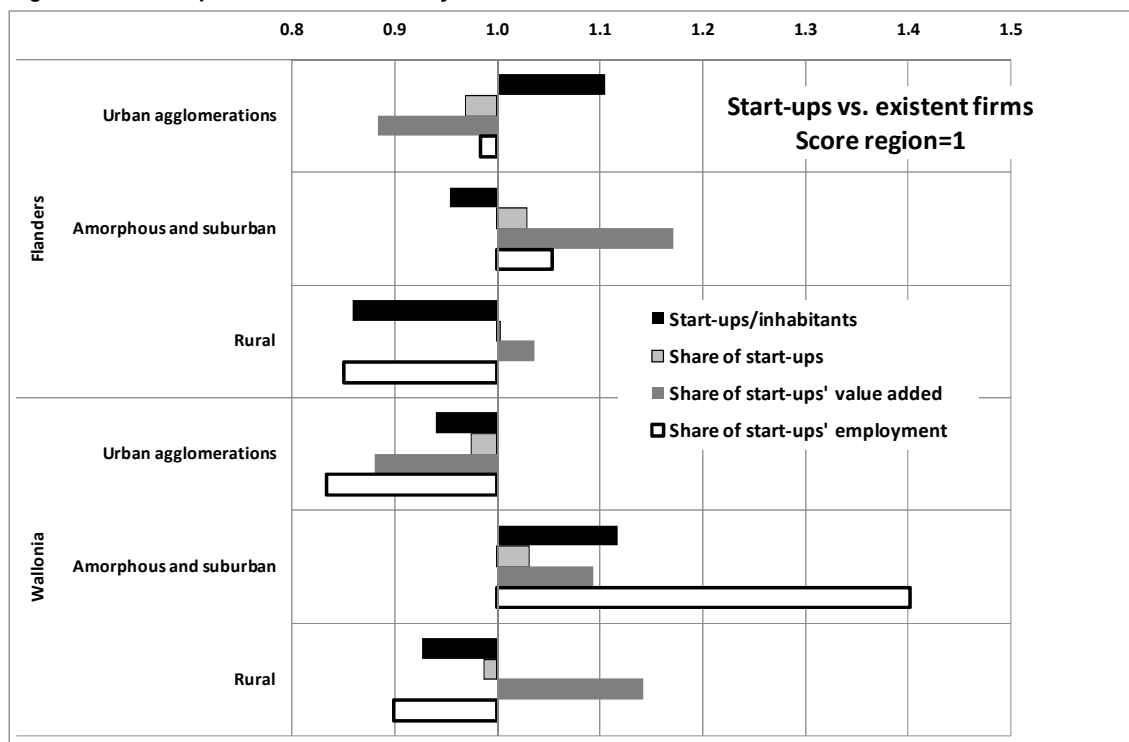
As explained in the previous section, with this source only firms reaching a certain threshold are measured. To a certain extent one could regard these firms as showing the ambition to become more than an 'out of necessity entrepreneurship'.

Figure 13 shows that rural areas have less new 'ambitious' start-ups per inhabitant than average, but their share in added value is higher. In amorphous and suburban areas, new firms have the highest economic figures what is more pronounced in Wallonia. Urban areas in Flanders have the highest start-up rate per inhabitant. In both regions, the share in economic value of these start-ups is lower than average.

In conclusion it clear that there is a noticeable economic dynamic in rural areas in terms of employment growth, the presence and development of niche activities and the presence of economic initiative in terms of small firms / self-employed.

However, the number of 'ambitious' start-ups remains rather low indicating that many start-ups have to be considered as a type of 'out of necessity entrepreneurship' as a result of the absence of other job possibilities.

Figure 13: Start-ups vs. existent firms by area 2005



Source: NBB-Central Balance Sheet Office and own calculations

4. Conclusion: who is the rural entrepreneur?

It is clear that the exercise in defining the rural entrepreneur is far from complete. However it is possible to draw some main conclusions, based on the analysis of the economic portfolio of rural, amorphous / suburban and urban areas in Belgium. This urban-rural differentiation is based on rather simple variables (agricultural and population density parameters), but the result is comparable with a more sophisticated approach (Van Hecke et. a., 2006).

In Flanders the only vast rural territory is located in the central part of the province of Western Flanders). In the rest of this region rural territories are fragmented and there are many amorphous and suburban municipalities, often with a measurable 'rural touch' or 'green touch'.

In Wallonia there is at the south of the Walloon axis a vast rural territory with a high share of non-agricultural other open space leading to a 'green touch'. Between the Walloon axis and the regional border with Flanders there is also a rural transitional territory, that is certainly rural, but that is under pressure of population growth.

In defining the rural entrepreneur, the first conclusion is that rural entrepreneurship exists, leading to an economy in rural areas that is far from being ignorable. Although the economy in an urbanised society is predominantly urban, the rural economy counts in Wallonia for 20% of total workforce, 24% of the firms and 14% of value added. In Flanders the economy in rural areas is responsible for 9% of total workforce, 10% of the firms and 6% of value added.

A second conclusion is that the rural entrepreneur is engaged in a variety of activities much broader than agriculture. Although rural areas have indeed an important vocation in terms of agriculture, today expressing itself in an important share in economy of farming activities (with 10% of total workforce in rural areas in Flanders and 8% in the rural areas of Wallonia), the bulk of the economic portfolio has to do with activities in other sectors (construction, manufacturing and services industries).

Looking into detail it appears that rural areas have also some locational characteristics favouring some specific niche activities, in manufacturing as well as in services industries.

On the one hand locational characteristics linked with less urbanised space favours the location of space demanding and congestion sensible activities. It is remarkable that manufacturing industries are still growing in Flanders' rural areas and show only a minor decline in Wallonia. The specific characteristic of the Walloon rural areas is also reflected in the presence of a highly specialised wood production sector with a strong growth. On the whole the economic portfolio in Flanders rural areas is much broader and in more balance. Food industry, textiles, furniture and rubber industry are very prominent in Flanders' rural areas, with a stronger than average growth. Concerning services industries it appears that besides very prominent public (public administration) or subsidized (education & health) sectors, transport related activities are characteristic for rural areas.

On the other hand the open space character favours activities related to tourism and recreation (retail & Horeca) and well-being (Health services).

A third conclusion is that rural entrepreneurs are dynamic. In Wallonia 33% of the growth in total workforce is located in rural areas while in Flanders this figure reaches 11%. This means that there is a more dynamic evolution in rural areas as compared to urban agglomerations. This stronger growth is also true for the amorphous areas. In the same line it was also established that urban areas tend to be less appealing for younger firm cohorts whose share is higher in rural areas, and in amorphous / suburban areas. Although new economic initiative is certainly present in terms of high shares of small firms / self-employed, the importance of 'ambitious' start-ups remains rather low indicating that many start-ups have to be considered as a type of 'out of necessity entrepreneurship'.

In a final word I go back to the struggle of societal views on urban-rural relationships and on the role of and strategies for rural territories. Certainly in a context where socio-cultural capital plays a crucial role, developing views and defining roles have to start from the socio-cultural and economic content of these territories. In this respect it should be a mistake to reduce the socio-cultural and economic content to the agrarian activities that are unmistakably important but certainly not the only expression of the rural entrepreneur.

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NOTES

- ¹ Without industrial activities linked with agriculture. In the Netherlands, Strijker (1999) states that against one labour force unit in agriculture there is one unit in other economic sectors, generated by agriculture.
- ² The most recent figure (Source: Kerncijfers 2007, STATBEL). Bruto toegevoegde waarde per bedrijfstak, ramingen tegen lopende prijzen (ramingen tegen basisprijzen).
- ³ Based on research within the research program 'Strategic Plan Spatial Economy (Cabus & Vanhaverbeke, 2004). One did not verify whether or not this column really functions as a column. This should be possible e.g. with an input-output analysis.
- ⁴ Because there are sometimes big differences, there are 2 rural employment variables. The first is number of people employed as employee or independent. This number is derived from the employees (RSZ) and self-employment (RSVZ) statistics. The second is the agricultural labour force according to the Agricultural Census (NIS). For the same reason I used also two farmland variables based on the Land Use Register and on the Agricultural Census (both NIS).
- ⁵ Ward's minimum variance method is used and performed on standardized variables per municipality (squared Euclidian distance). The software package used was SPSS.
As the % of rural employment and of population density has an exponential curve, the scores are first transposed into its natural logarithm. Otherwise there is a skewed distribution.
The cluster analysis produced the best result with 11 clusters, with four rural clusters, three urban clusters and four clusters in between.

Cluster	Municipalities	Labour force in agriculture (%)		Farmland (%)		Open Space (%)	Population density	
	Number	Agricultural Census	Employees & independent	Agricultural Census	Landuse Register	Landuse Register	2007 (/km ²)	1997-2007
Urban agglomerations very high density	14	0.0%	0.1%	2.1%	9.0%	15.7%	8261	12.0%
Urban agglomerations high density	28	0.1%	0.4%	9.5%	19.9%	23.8%	1770	4.2%
Urban lower density	63	0.6%	1.0%	29.7%	46.3%	15.9%	957	1.3%
Amorphous and suburban*	72	2.4%	3.1%	36.4%	56.6%	21.6%	368	4.8%
Amorphous and suburban*	66	2.7%	3.1%	59.6%	70.7%	7.8%	432	2.8%
Amorphous and suburban with green touch	56	0.9%	1.5%	22.7%	36.1%	38.8%	367	6.3%
Amorphous and suburban with rural touch	75	5.3%	5.9%	51.7%	67.8%	15.9%	252	6.8%
Rural transitional	59	8.6%	8.7%	69.5%	76.4%	13.4%	139	10.8%
Rural with green touch	66	6.1%	7.3%	29.5%	40.0%	52.9%	58	6.7%
Rural with green touch and strong growth	8	13.7%	14.6%	41.5%	52.4%	41.1%	46	19.7%
Rural	82	9.9%	9.7%	74.3%	82.4%	5.6%	186	1.7%
Belgium	589	2.0%	2.3%	44.9%	57.1%	25.2%	349	4.7%

The raw cluster analysis results can be obtained from the author.

* The scores of these two amorphous and suburban clusters differ only slightly. They have the same workforce in agriculture. The first cluster has more non-agricultural open space, the second has more rural areas and a higher population density. Due to these small differences they both have the same label. That is also the reason why they are joined together in the rest of the paper.

- ⁶ Bureau van Dijk, Belfirst, update 87a, June 2005. This update implies that the year 2003 is almost complete while the data for 2004 are only partial.
- ⁷ Sum of employees and self-employed
- ⁸ This growth is mainly due to the change in registering employees, where nowadays also irregular part-time employees are registered, what has impact especially in the fruit sector.
- ⁹ A cohort is a group of firms within the same age category. Firm are grouped in cohorts, based on their date of birth, in time periods of e.g. . 5 years.
- ¹⁰ Bureau van Dijk, Belfirst, update 87a, June 2005. This update implies that the year 2003 is almost complete while the data for 2004 are only partial.

¹¹ Note: The cohort 2001-2005 is not complete yet because only a part of the firms had deposited their account of 2004. and none their account of 2005 by –June 2005