



Rural-Urban Outlooks: Unlocking Synergies (ROBUST)

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Snapshot: Expressions of Urban – Peri-Urban – Rural Relationships

Rural Business Models

Ede, Netherlands

1. Brief Description

Similar to many other peri-urban rural areas, Ede knows a growing diversity in rural enterprises. This growing diversity is closely interwoven with changing societal demands, contrasting agricultural development pathways and –indeed- changing rural-urban interaction patterns. A ‘business model’ perspective enables to approach this diversity from a unit of analysis that simultaneously considers the content and process of ‘doing business’. As a special unit of analysis, the principle ambition of business model thinking is to surpass the limitations of firm and chain based analytical approaches.

A business model has been defined as *“the rationale of how an organization creates, delivers, and captures value”* (19, 20). It incorporates multiple expressions of value creation (i.e., economic, social, cultural and ecological). As such it links business activity to various spatial implications, including its capacity to contribute positively to more balanced and sustainable rural-urban relations.

2. Questions and/or Challenges

There is a broad spectrum of literature on rural business models, although often without explicit references to the business model notion. In general, overall literature points at a growing diversity in rural business activity around topics like market orientations, food chain dynamics, preservation and strengthening of rural amenities (nature, landscape), and sustainable natural resource management.

For ROBUST it is of particular importance to acknowledge the coexistence and co-evolution of rural business models following contrasting sustainability paradigms. Increasingly these contrasts are classified in terms of bio-economy versus eco-economy-based thinking and acting. These paradigms represent specific prospects and limitations in terms of rural-urban relations and interdependencies.

For ROBUST these differentiating characteristics are of particular importance in relation to following questions:

- > In which ways do provide rural business models opportunities to enhance regional rural-urban relations?
- > Which 're-territorialisation' manifestations can be witnessed among rural business models that follow bio- and economy inspired sustainability pathways?

3. Main Insights

3.1. Indications of the application of the new concept of 'New Localities'

By definition rural business models encompass multiple rural-urban functional ties (economic, social, cultural, environmental, knowledge transfer, etc.), each having its specific spatial boundaries.

Strongly present spatial fragmentation tendencies characteristic for agricultural modernization, turn out to co-exist and co-evolve in Ede municipality with both "traditional" and emerging novel rural business models. A new locality lens examines how rural business models differentiate in terms of activities, market orientations, networks, knowledge mobilisation, input- and output dependencies, and institutional embeddedness, etc.

Analytically and conceptually it provides more detailed insights on the role of rural business models in 'locality' building and their associated rural-urban interaction patterns. To give an example: Ede's concentration of intensive husbandry enterprises depends heavily on access to German export markets (*Ruhrgebiet*) and imports from Brazilian rural areas (soy), whereas regional emergence of multifunctional farms is much more characterized by a return to more regional markets for food, tourism, leisure, and care, etc.

Obviously, this goes along with major differences in linkages with institutional settings. Whereas the intensive husbandry systems are closely interwoven with the principal Food Valley actors, the multifunctional pathways depends much more on elaborating alternative forms of territory-based cooperation that go beyond traditional sectoral boundaries.

3.2 Insights related to the broad area of 'Smart Development'

So far Food Valley's smart development orientation shows relatively little interest in regional diversity in rural business models, including regional coexistence and co-evolution of different agricultural sustainability paradigms (see also topic 1). Put differently, its dominant bio-economy orientation may disconnect and isolate regional agricultural development prospects from ongoing rural-urban dynamics and to downplay the significance of other rural business models, be it in terms of preservation of rural employment, cross-sectoral cooperation prospects and – indeed – regional rural-urban synergy potentials. How to deal with and overcome such discrepancies and tensions between Food Valley's smart-regional growth orientation, on the one hand, and ongoing societal search for rural business models with outspoken strategic interests in strong regional rural-urban relations, on the other, is a topic of specific relevance in Ede's setting.

3.3 Other insights that could be relevant for further work

For Ede Municipality, the topic of Rural Business Models becomes particularly interesting when its integration with ongoing Urban Food Policy Dashboarding and regional eco-system service delivery is explicitly taken into account (see also the other municipal snapshots).

As argued earlier, regional rural businesses reflect a great diversity in terms of integrative capacity building, with the principal differences between circular economy and multifunctional land use inspired sustainability transition trajectories. Their specific opportunities and limitations could be also further unraveled and understood by more sophisticated urban food policy monitoring and evaluation methods and more profound insights in associated eco-system service prospects and profiles.

4 Data Sources and Indicators

A range of datasets has been consulted and explored. Table 1 gives an impression of rural business model related indicators for Ede Municipality. To avoid overlapping data source problems, references to these indicators have been summarized in section 6. The numbering of these references takes following fields of interests into account:

- > Regional sectoral rural and urban employment dynamics [9]
- > Regional rural versus urban employment dynamics [9]
- > Regional non-agricultural business activity in redundant farm buildings [1, 5]
- > Regional rural business model prospects [5,6,12, 13, 18]
- > Distinctive business features of rural estates [15, 16]
- > Socio-economic impact figures of National Park Hoge Veluwe [?]
- > Regional presence of farmer-led new rural development activities [?]
- > Regional manifestation of differentiating farming styles [17]
- > Regional manifestation of new, territory based collective action [?]
- > Rural business perspectives from various policy and research angles [48, 52, 55, 56, 57, 58, 59]

| Table 1 Data Indicators | 1= Ede Municipality, 2= Food Valley, 3= Gelderland, 4= Other locality | In comparison to the Netherlands as a whole |
|---|---|---|
| Growth in rural employment in period 2009-2017 | 630 (1) | n.a |
| Growth in urban employment in period 2009-2017 | 8000 (1) | n.a |
| Loss of agricultural employment in period 2000-2017 | -740 (1) | n.a |
| Non-agricultural rural employment growth in period 2000-2017 | 2010 (1) | n.a |
| Strongest rural employment growth in period 2010-2017 | Construction, Business Services and Catering (1) | n.a |
| Rural employment growth in period 2009- 2017 (%) | 10% (1) | Higher |
| Urban employment growth in period 2009-2017 (%) | | Higher |
| 'Related' economic variety category (the lower the category, the stronger the so-called related diversity in regional economic activity as a proxy for regional economic synergy effects) | Category 4 (score between 0.29-0.52) (3) | Middle category |
| Landownership by National Park Hoge Veluwe + rural estates (?) | 5.400 + ha? (1) | Relative large nature area |
| Total turnover of National Park Hoge Veluwe (2016) | €7,228,000 euro (4) | - |
| Total employment in National Park Hoge Veluwe (2016) | 76,60 FTE (4) | - |
| Total regional economic impact of National Park Hoge Veluwe (2016) | 69 million (4) | - |
| Number of members of regional agri-environmental cooperative (AEC) De Veluwe (2016) | 399 (4) | AEC De Veluwe is 1 of national 40 AEC's |
| Annual budget for regional agri-environmental measures for AEC de Veluwe in period 2016-2021 | €1,667,300 euro (4) | n.a |
| Turnover of territorial cooperative O-Gen in 2017 | 2.3 million euro (4) | n.a |
| Principle project activities of O-Gen in 2016 | Energy transition, Business Models for Leisure and Nature, Sustaining & Circular Economy, | n.a |

| | | |
|--|--|---------------------|
| | Rural Digitalization and Agri& Food Innovation (4) | |
| Primarily export oriented food producers | +/- one third (4) | Higher (?) |
| Primarily multifunctional farm-enterprises | +/- one third (4) | Lower (?) |
| Primarily pluri-activity oriented farms | +/- one third (4) | Higher(?) |
| Farm-families involvement in non-agricultural income sources | High (1) | Higher (?) |
| Agricultural-income dependency on subsidies | High (1) | Higher |
| Scope of new business activities in derelict farm buildings | Broad | Broader (?) |
| Expected size of derelict farm buildings in the period 2012-2030 | 637,125 m2 (1) | High |
| Broadband availability in rural areas | Yes, with exemption for some southern parts (1) | Higher availability |

5 Critical Appraisal of Data Use

All together available quantitative and qualitative data provide a rather good impression of regional variety in rural business models. Available data-sets, however, offer much less opportunity to assess and compare the impact of rural business models from a regional perspective.

So far there are only few regional impact assessment attempts such as wider socio-economic impact of the unique business model of National Park Hoge Veluwe, wider societal cost-benefit analysis of regional intensive husbandry systems and -in many aspects still limited-attempts to capture wider societal benefits of multifunctional farms. Actual absence of more comprehensive and 'hard' insights in business model specific externalities, trade-offs and spillovers continues to be subject of scientific and societal debate in the Netherlands.

Therefore, also its further substantiation from a rural-urban interaction perspective concerns a topic that deserves further collaborative reflection and discussion in forthcoming CoP activities.

6 References

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Regio de Vallei (2008) Regionale beleidsinvulling functieverandering en nevenactiviteiten [Regional policy for function change and side-activities]

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Rabobank (2009) De economische kracht van de Vallei, Voedzame Bodem voor een

Gezond Bedrijfsleven [The Economic Power of the Valley, Fertile Soils for Healthy Businesses]

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naar smakelijkste bestemming op de Veluwe 2017-2022 [Envisioning Future Leisure and Tourism for Ede Municipality, towards tasty destinations at the Veluwe]

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economisch beleid [Evaluation of Organisational Capacity for Economic Policy in the Province of Gelderland]

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