

ARTICLES

THE IMPACTS OF GLOBALIZATION IN RURAL AREAS OF SLOVENIA: EXAMPLES FROM THE POMURJE AND GORIŠKA REGIONS

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ABSTRACT

The impacts of globalization in rural areas of Slovenia: examples from the Pomurje and Goriška regions

Globalization processes have restructured rural areas enormously: their impacts in European rural areas were studied in order to define the balance in opportunities and reality as well as threats. In Slovenia two border rural regions were selected: the Pomurje region and the Goriška region. In the first one the main research focus was: (1) environmental capital and sustainable development of economic activities based on the region's preserved environment (i.e. tourism); (2) migration flows in rural areas, in particular amenity migrations; and in the second one the project objectives were implemented through a study of rural business.

KEY WORDS

globalization, rural areas, rural businesses, sustainable development, amenity migration, Pomurje region, Goriška region, Slovenia

IZVLEČEK

Vplivi globalizacije na podeželje v Sloveniji: primer Pomurja in Goriške

Prispevek prikazuje izsledke raziskave, v kateri so bili preučeni procesi globalizacije in njihovi učinki na evropskem podeželju z namenom prepoznavanja ravnotežja med priložnostmi in realnim stanjem ter grožnjami, ki jih predstavljajo različni globalizacijski procesi. V Sloveniji je preučevanje potekalo v pomurski in goriški statistični regiji, in sicer je bil v prvi podrobneje preučen (1) okoljski kapital in sonaravni razvoj dejavnosti, ki slonijo na ohranjenem naravnem okolju v regiji (npr. turizem) ter (2) selitveni tokovi na podeželju, predvsem priselitev tujcev zaradi privlačnosti pokrajine; v goriški statistični regiji pa je bilo podrobneje preučeno podjetništvo na podeželju.

KLJUČNE BESEDE

globalizacija, podeželje, podjetništvo na podeželju, trajnostni razvoj, priselitev tujcev, Pomurje, Goriška, Slovenija

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1 Introduction

According to the European Commission »globalization is seen to touch every walk of life – opening doors, creating opportunities, raising apprehensions« (The European Interest: Succeeding in the Age of Globalization 2007). On the EU level, the absence of an integrative analysis of globalization processes has been recognized as an obstacle to effective regional development strategies capable of meeting globalization challenges, especially in European rural areas.

For this reason the 7 FP project »Developing Europe's Rural Regions in the Era of Globalization (DERREG)« is focused on rural Europe, where the delicate balance of opportunities and threats presented by globalization is particularly significant. Globalization is bringing significant economic, social, cultural and also political changes, and consequently also changes to rural localities, but the effects of these changes are not everywhere the same (Woods 2007b).

The DERREG project focused on four empirical research topics:

- **Global engagement and the local embeddedness of rural businesses**, where the extent to which globalization processes have impacted the structure of the local business networks and affected the rural economy was investigated;
- **International mobility and migration of rural populations**; the role of rural regions in international flows of mobility were studied (internationalized mobility, transnational mobility of migrant labour, return migration, foreign home ownership);
- **Environmental capital and sustainable rural development**; the opportunities for regional development based on an »eco-economy« were explored;
- **Capacity building, governance and knowledge systems**; the aim of which is to analyze the embeddedness of rural regions in knowledge systems and the processes of learning - the concept of »learning region«.

Nine project partners from eight countries focused their work on 10 selected rural regions: Övre Norrland in Sweden, West Region in Ireland, Jihomoravský kraj in the Czech Republic, Alytus in Lithuania, Westerkwartier in the Netherlands, Comarca de Verín in Spain, Regierungsbezirk Dresden and Saarland in Germany, and the Pomurje and Goriška regions in Slovenia.

In Slovenia the study was conducted in two very different regions with regard to their geographical features. For a more detailed study of the potential of environmental capital for the purposes of developing a peripheral rural area and of the factors and impacts of recent migration flows in Europe purposes, we turned to the Pomurje region. The study of the development of entrepreneurship in rural areas was carried out in the Goriška region, which traditionally is already closely linked with the international space.

The heterogeneity of Slovenian rural areas, which according to OECD methodology encompass the whole of the country territory, can be seen by some basic comparisons at the national and regional levels.

The Pomurje region is geographically composed of the fertile area of the Mura plain with abundant groundwater resources and agricultural land where consequently mostly conventional agriculture is practiced, with a higher population density, sufficient infrastructure etc. and of the hilly area of Goričko, Lendavske Gorice and a part of Slovenske Gorice, with a high biodiversity and preserved cultural landscape in which settlements are few and dispersed. Compared to other Slovenian regions, Pomurje, bordering Croatia, Hungary and Austria, is historically recognized as an underdeveloped region characterized by outmigration. Although the economic relevance of agriculture in general is decreasing, the Pomurje region is still characterized as an **agricultural region** with the weakest economic power in Slovenia.

The Goriška region extends over the western part of Slovenia and is situated at the geographical crossroads of several regions: the Alpine, pre-Alpine, Karst-Dinaric and sub-Mediterranean. In general,

Figure 1: Selected regions and urban/rural typology of Slovenia according to OECD methodology. ►

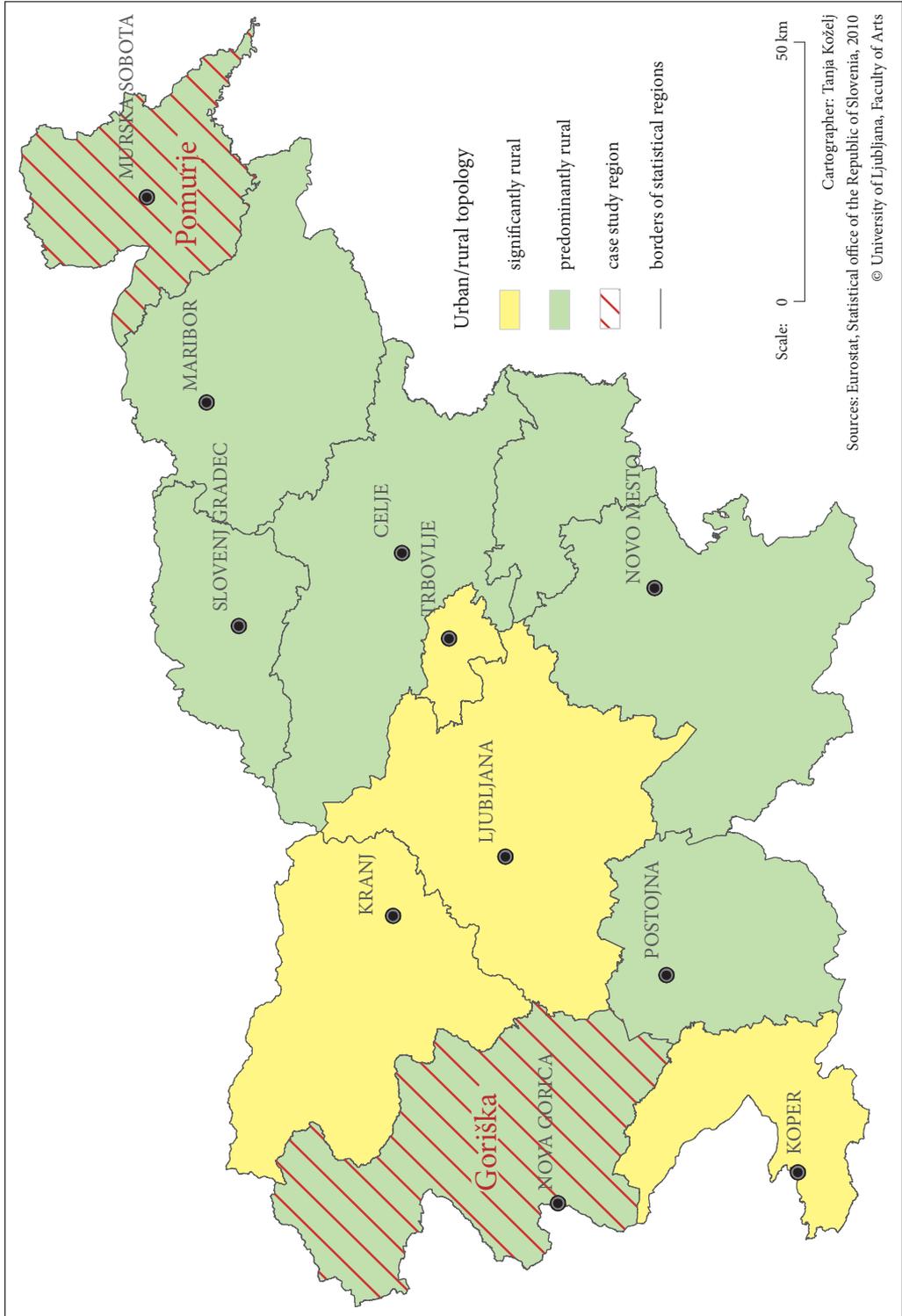


Table 1: Some general characteristics of Slovenia, the Pomurje region and the Goriška region (¹SORS 2011; ²MESP 2011).

indicator	Slovenia	Pomurje region	Goriška region
total area (km ²) ¹	20,273	1,337.5	2,324.7
population (2010) ¹	2,050,189	119,145	119,146
population density ¹ (inhabitants/km ²)	101	89	51
ageing index (2010) ¹	117.4	132.2	131.2
% of Natura 2000 areas (2010) ²	36.0	45.9	47.0
% of protected areas (2010) ²	9.4	35.7	39.5
unemployment rate (2010) ¹	11.8	19.4	9.8
gross domestic product			
per capita in EUR (2008) ¹	18,450	11,986	17,696
total increase of population (in 2009) ¹	14,614	-661	21
% of foreigners from EU countries (2011) ¹	6.5	28.0	7.9

the Goriška region is characterized by low population density and dispersed settlement, with Nova Gorica and its immediate vicinity as the only agglomeration area. The transborder character of the area is reflecting in the distribution of economic activities and population, migration flows, configuration of the development axis, etc. The »Goriška« section of the country's border was one of the most open border area in the broader European context even before Slovenia integrated into the EU. This **strong interregional character** of the area has been a significant characteristic of regional development also since joining the EU in 2004.

The main benefit of the DERREG project is to advance existing scientific knowledge and produce practical recommendations for the rising ability of regional development strategies to cope with these new challenges. Research at the interdisciplinary scientific level has been enriched by the cooperation of national and local stakeholders in order to include their knowledge on regional development processes.

2 Methodology

The contribution of the research is twofold:

- Theoretical-methodological; a complex approach to the study of the latest processes and effects of globalization has required introducing a range of new approaches, the results of which contribute towards the establishment of new theoretical principles for interdisciplinary research.
- Programmatic-planning; through an analysis of the operation of various regional stakeholders and their networking, we have prepared a »good practice database«. Of essential importance are the final recommendations to policy-makers at the regional, national, and European levels, which are directed towards encouraging greater resilience of society and the economy to the coming changes in rural areas.

For the research approach (Table 2) in **environmental capital investigation**, the five main steps were already defined in the project initial phase and were followed throughout the entire project. The review of literature and statistical data, focusing on various components of environmental capital (i.e. water, land and soil, air, energy sources and use, biodiversity, protected areas, waste management etc.) was supported by the »media analysis«, in which articles on environmental issues in the newspaper Vestnik were reviewed. The main objective was to compare the contents in the year 2000 and 2008, assessing the presence of the various topics as well as the approach in presentation. The results provided a basis for the selection of regional stakeholders to be included in the third research step. The aim of the qual-

Table 2: Research phases in the selected regions.

	1 st phase		2 nd phase	3 rd phase	good practice database, web resource centre, conclusions and policy recommendations	
environmental capital	data base set up, literature review	national and regional documentation analysis	media analysis (Vestnik 2000 and 2008)	qualitative interviews with regional stakeholders		identification and analysis of good practices
amenity migration	data base set up, literature review			qualitative interviews with foreign home owners		identification and analysis of good practices
rural business	data base set up, literature review		e-survey	qualitative interviews with firm managers		identification and analysis of good practices and network brokers
regional comparison	data base comparison, regional workshops, contextual reports					

itative interviews (15) was to define the region’s main environmental advantages as well as problems as seen by regional developers. Based on the results from the previous steps, the research was focused on two main regional issues – **protected areas and sustainable tourism development**. Therefore, the fourth step involved the definition of best practices (9) from these two fields.

Amenity migration is a new phenomenon in the Slovenian rural space. Detailed demographic analyses with a focus on the migration dynamics of the region formed the basis for our empirical investigation. Due to the high share of EU foreigners in Pomurje, we focused our work on qualitative interviews (13) with foreign home owners. The aim was to identify the profile of amenity migrants, their reasons for coming, and their personal experiences in the region with the local population and legal procedures. The experiences described and especially the obstacles to their integration formed the basis for the identification of the responsible institutions for promoting and facilitating regional engagement of international migrants.

In the era of globalization, **small firms located in rural areas in particular are extremely fragile** (Klemenčič, Lampič and Potočnik Slavič 2008). Evolving DERREG methodology is focused on **addressing globalization processes in rural business development**. After a detailed review of the relevant literature, we have provided a profile of business structures in the case study region based on explicit statistical data at the NUTS 3 level. Numerous statistical data indicated a **shortage of small and medium-sized enterprises in the Goriška region**. Also using the database provided by the Chamber of Commerce and Industry, we enlisted approx. 100 firms that would address the objectives of our research: SMEs with international contacts and SMEs reflecting representative regional structure by sectors. The analytical part was supplemented with the selection of a representative sample of firms (20) that were included in an electronic survey. The latter was amongst others focused on investigating how rural businesses derive strength from being part of a small, supportive business community, or from other aspects of their local business environment (such as close links to local institutions and agencies). In-depth explanations were provided by face to face structured interviews (8) with firm managers willing to cooperate. For a contextual analysis of the wider business environment, interviews with actors responsible for business development (6) were conducted.

The regional comparison synthesizes the findings from all included studies, summarized in contextual reports for each case study region, good practice platform (including practices from all included case study regions) and policy recommendations for policy makers which can potentially be implemented at the regional, national and EU levels.

3 Discussion: Selected impacts of globalization in the Pomurje and Goriška regions

Environmental capital represents the major potential of the Pomurje region for development based on conservation and sustainable use of environmental resources. The importance of environmental capital can be seen through the statistical data and is also recognized through the regional media, the opinion of main regional stakeholders (i.e. the representatives of regional development agencies, regional forest management service) and in the local population's opinion – they are very proud of the preserved natural environment and also of their tradition and cultural heritage.

The percentage of protected areas according to IUCN categories (35.6%) and areas of Natura 2000 (45.9%) in Pomurje clearly indicates the good condition of the region's environment on the one hand but on the other hand it also reflects the response to the environmental threats in the region. The two preservation forms are mostly overlapping, but the regimes are different and combined, and potentially help in nature preservation. The numbers are significantly higher compared to the national level in the case of protected areas and also higher in the case of Natura 2000 areas (Table 3).

The high percentage of Natura 2000 areas is partially the result of human maintenance of the landscape through traditional agricultural use; therefore also the largest protected area in the region Goričko Landscape Park (covering 34.5% of the region) protects its unique cultural landscape as well as numerous localities of cultural heritage reflecting the natural conditions of the area to which the local population adapted throughout the centuries. Due to various threats to the area – such as intensive overgrowth of some parts in the park due to the abandonment of cultivation, the establishment of the park was necessary in order to preserve the area, but on the other hand the richness of the biodiversity can only be maintained through continuing human presence and activities – especially agriculture. The entire Pomurje region is recognized as the main agricultural region in Slovenia. The percentage of agricultural land (61% in the region; 28% in Slovenia) and arable land (42% in the region; 10% in Slovenia; MESP 2011) in Pomurje is also an important component of environmental capital, positioning the region in the first place in Slovenia in terms of opportunities for food self-sufficiency. With the remediation of environmental problems related to agriculture (water and soil pollution), the region has the potential to become not only self-sufficient but also a region with safe food production.

Tourism is another source of sustainable development potential in Pomurje. This economic activity is based primarily on the use of the region's most abundant natural resource – thermal waters. The

Table 3: Protected areas and areas of Natura 2000 in Slovenia and Pomurje (MESP 2011).

type of protected area	Slovenia			Pomurje statistical region		
	number	area	% of national territory	number	area	% of regional territory
national park	1	838 km ²	4.1	–	–	–
regional park	3	418 km ²	2.1	–	–	–
landscape park	44	646 km ²	5.0	3	478 km ²	34.5
Natura 2000		7298 km ²	36		614 km ²	45.9

most important tourism entity in the region is the spa Terme 3000 in Moravske Toplice. It has developed intensively in recent decades and is gradually linking its offer with the overall tourism attractions of the region, which are increasingly more sustainably oriented. The latest development of tourism (such as biking trails and other projects based on the area's tradition) was assisted strongly by various EU funds, and some segments of this offer can be recognized as a good practice of sustainable tourism. The main development generators in terms of new ideas and networking of tourism entities are the three regional development agencies (the Mura Regional Development Agency, Sinergija, Prleška Development Agency); significant also is the role of the Goričko Landscape Park management institution. Their responsibility is to achieve an equilibrium between the preservation of natural and cultural heritage on the one hand and development on the other, with the latest being oriented towards agriculture (focused on food production and associated maintenance of the cultural landscape) and tourism based on the environmental capital of the park, as well as on the rich regional cultural heritage, tradition and strong social capital of the local population.

Peripheral **rural localities are becoming increasingly attractive also to transnational in-migrants**, not only because of improved transport connections but also due to lower property prices, the recognized high natural amenity of rural areas, nostalgia, and similar (Woods 2007b). These factors are very significant in the growing market for foreign property investment in rural regions of Central and Eastern Europe.

Foreign home ownership (second home owners and permanent residents) can be considered a positive development. It can have a stimulating effect on the development of the local economy, increase of services, and renewal of abandoned villages and the cultural landscape.

This process can be seen on a smaller scale in Slovenia as well. Over the period from May 2004 to the end of 2010, there were 3576 foreign purchases of real estate in Slovenia (MF 2010). The majority

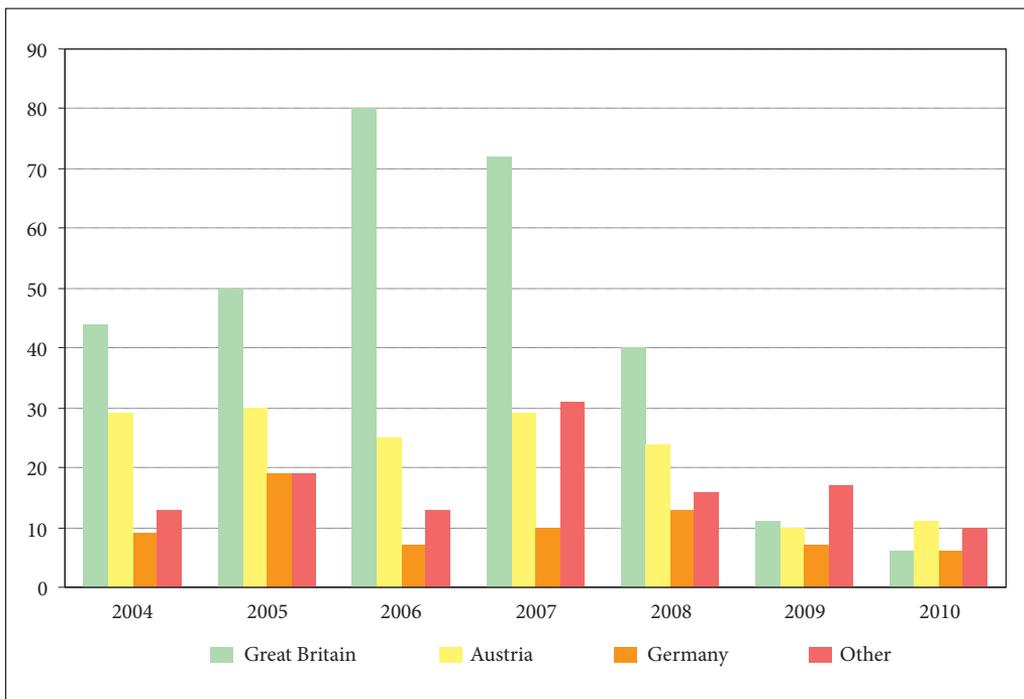


Figure 2: The structure of citizenship of foreign purchases of real estate in the Pomurje region (MF 2010).

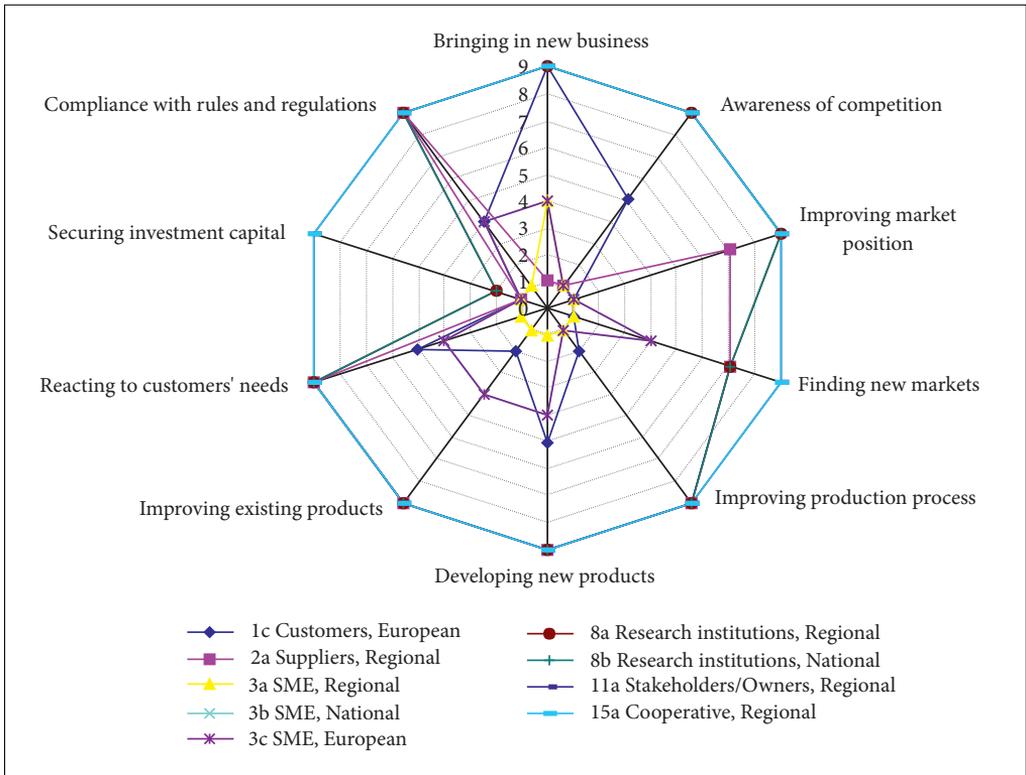


Figure 3: Locally embedded firm in the field of supply, highly specialized, owned by a traditional cooperative, otherwise strongly internationalized firm (note: 1c, 2a, 3a, 3c etc. are codes indicating the variety of partners on different levels: local and regional, national, European, World).

of new real estate owners are second home owners but in some regions they have also settled down permanently as part of the resident population.

The overall number of foreigners in Pomurje is relatively small (1099 in 2011), but the share of foreigners from EU countries is the highest (28%) of all Slovenian regions (SORS 2011; Figure 2). The purchase of a second home or permanent residence by predominantly British migrants (mostly to the hilly area of Goričko) has been attributed to their nostalgic desire for a certain lifestyle. An essential motive in the purchase of property in remoter parts of rural Europe is the quality of the environment (landscape) and a simpler way of life. But two other factors played a crucial role: the very low cost of housing and the existence of low cost airline connections (London–Graz). Also worth mentioning is the part played by an individual from the UK who started to advertise the idyllic countryside in Slovenia, Goričko (via the internet) in 2004 and 2005 and managed to sell several run-down houses in the region.

The research focused on amenity migrants: their reasons for coming to the region, obstacles they encountered in purchasing real estate, settling down in the new country and finally their integration into rural society. The results of our interviews show an overall satisfaction of foreigners with the beautiful and pleasant landscape, new culture and people, but disappointment in the formal part of inclusion in the new society: bureaucratic obstacles and the very poor language (English) knowledge of officials are often exposed as negative experiences in Slovenia. On the other hand, their integration in the local environment (i.e. at the level of villages) was mostly a very positive experience. In the case of our research

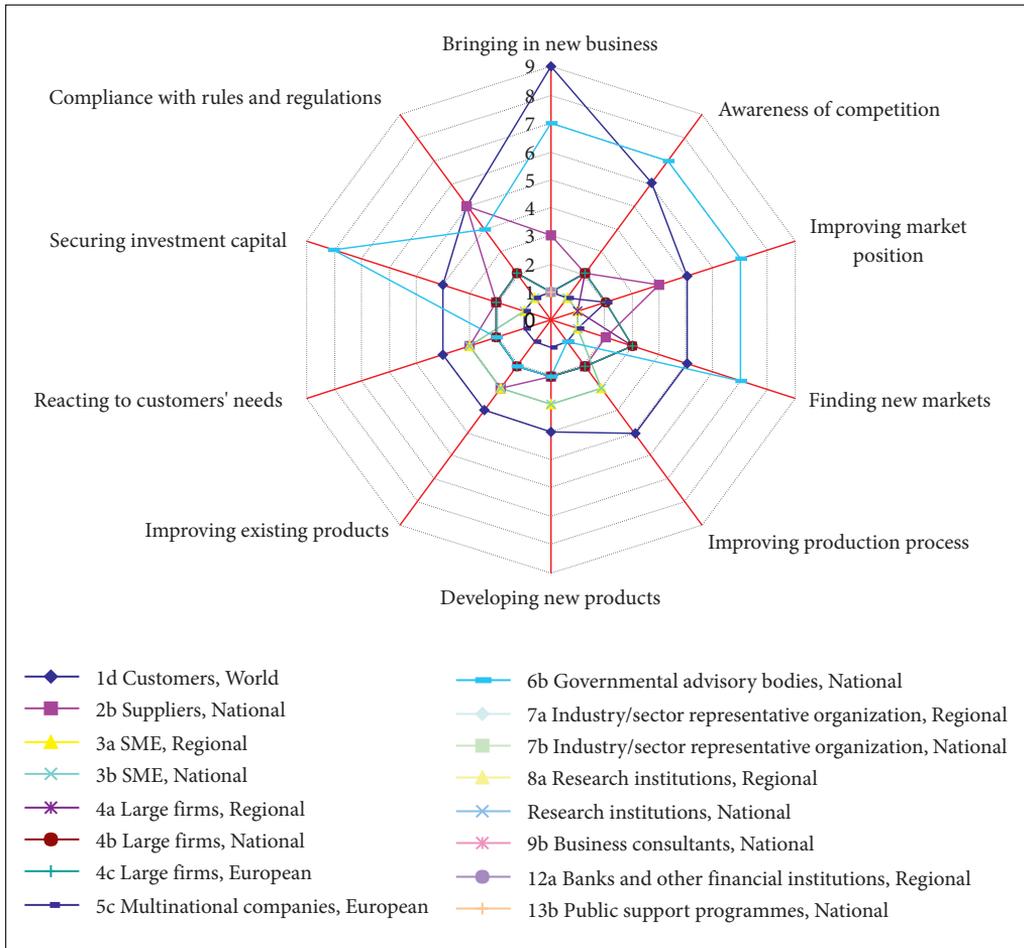


Figure 4: Firm with strong international relationships, which is also an example of a globalized firm, but also having a strong attachment and responsibility to the local environment.

region the »best practice« is the local population and their acceptance of foreign home owners into their social activities and everyday life. The highest share of in-migrants from EU countries, the poor economic situation, the border and peripheral position of the region are all factors which influence the different attitude of local people towards the new settlers. In the case of the Pomurje region the increasing trend of international residential property purchase as a result of globalization is recognized as positive experience mostly in terms of integration with local communities.

Slovenian rural areas are characterized by continuous **long-term underdeveloped entrepreneurship**. After the collapse of the communist system and the former Yugoslavia, vast changes have occurred as a result of EU integration and acceptance of the common Agricultural Policy and Rural Development Program; consequently entrepreneurship has been (at least formally) indicated as an important development factor of rural areas. The reality, however, lags behind the proposed guidelines. The decline of larger systems and their subsidiaries was not replaced by private entrepreneurship at the same pace, while in the former system private entrepreneurship had a limited and quite minor role as well as a neg-

ative image. Small and medium enterprises (SMEs), on the other hand, do not develop overnight: a successful combination of ideas, interest, capital, markets, contacts, social network etc. must first be in place. The data confirm that most of the firm's activities take place outside the regional framework (see Figures 3 and 4). Even those surveyed firms that have a strong international profile perform only a modest share of total transactions outside the European continent. The results obtained indicate that the SMEs surveyed have established stronger ties with SMEs (most evident at the national level) than with large firms or multinational companies (at the European level). The majority of surveyed firms in the Goriška region are highly integrated into the international and globalized market as a consequence of a relatively small domestic market and long-lasting cross-border relations. The bulk of firms in this border zone with Italy already adopted resilience strategies 20–30 years ago – they are mostly export-oriented (European networks prevail). Yet some firms are evidently embedded in the local and regional environment. Some traditional firms (dairy, viticulture) are locally embedded in the field of supply (fresh high quality milk, reeds etc.), but they have evolved different resilience strategies.

It becomes obvious that the mapping of the firms' business network cannot be performed by using solely quantitative methods. The importance of personal contacts, the role of third party organizations (universities, professional associations etc.) as connecting points for SMEs »going global« and the strategic choices of establishing extra-regional collaboration cannot be measured using purely economic or trade indicators.

4 Conclusions

The research on globalization processes and their impacts on European rural areas was focused on ten rural regions, selected by DERREG project partners. The sample regions were chosen according to their characteristics in accordance with the main project objective. In Slovenia two border rural regions were studied: the Pomurje region and the Goriška region, in which different parts of the study were conducted. In the Pomurje region the main focus was: (1) environmental capital and sustainable development of economic activities based on the region's preserved environment (i.e. tourism); (2) migration flows in rural areas, in particular amenity migrations.

In the Goriška region the project objectives were implemented through a study of rural business. In both selected regions, the main goal was to identify the balance in opportunities and reality as well as threats caused by various globalization processes.

Environmental capital represents a major development potential of Slovenian rural areas, and as such is recognized also through various forms of protected areas and areas of Natura 2000. A well-preserved environment along with a rich cultural heritage and strong social capital represent the main pull factors for the development of tourism. Sustainable tourism development has been coming increasingly to the fore in recent times, and as such is also widely supported through different EU projects. One of the constraints on the success of these projects is too strong dependency on EU funding, and at present the sustainability of tourism project results is to some extent questionable. Unfortunately, this segment is still difficult to assess objectively, since insufficient time has passed since the completion of most of the projects.

A well-preserved natural environment in combination with a few other motives (low cost of living and relatively cheap and available real estate, improved transport connection) triggered another process caused by globalization – international migration flows, in particular amenity migration. The Pomurje region is one of the best examples in Slovenia where foreign home owners appeared in a traditional rural environment. The migrants decided to either settle down in the region or to use their property as second homes. They greatly appreciate the preserved rural environment and the openness of the local population on the one hand, but they have had to deal with ignorance and unfriendly experiences in dealing with public authorities and institutions in the formal part of their integration on the

other. This points out show that rural areas are formally not ready to respond rapidly to the new social and spatial phenomena.

Amenity migrants in the Pomurje region have positively contributed to the preservation of cultural heritage preservation since they bought run-down houses which they have renovated in the traditional style and in keeping with the region's environment. With their sympathies and positive attitude to the rural milieu and local tradition, they have also made a positive impact by strengthening the values of the local population, which prior to this had been eroding. This is one of the good examples of positive globalization impacts on peripheral rural areas.

In connection with globalization processes, rural business is very specific and does not depend on the same spatial and socio-economic structures of every rural region. In the Goriška region, for example, there has been dual-track economic development over the past twenty years: (1) large enterprises and SMEs, some of them originating from the socialist period, the others established more recently; both have undergone rapid and comprehensive transformation as they had to adapt to a new business environment; (2) sole proprietor and micro firms that played an important pioneer role in the former system as they introduced the entrepreneurship mentality based on Italian experiences; nowadays they also need to adapt to very severe competition on domestic and foreign markets.

The Goriška region is strongly and widely exposed to external environments and is therefore very sensitive and fragile to market disturbances during periods of economic crisis: at present the gradual examples of the chain reaction effect can be witnessed, and numerous firms are being closed for various reasons. Globalization and embeddedness are parallel processes: they represent two different ways of 'sensing' the dynamics of a firm's business network. The 'globalizedness', i.e. the degree of globalization of a firm, and embeddedness fuel one another. An SME that is highly globalized is, to some extent, well embedded in its local setting. Local embeddedness increases resilience and the return of benefits to the region from global engagement. Firms trading internationally should be encouraged to source materials locally, and to participate in regional support networks (DERREG 2011). Networking inside rural areas (a rural web connecting tangible and intangible capital) combined with purposeful and long-term international networking is nowadays necessary for the success of local/rural economies and sustainable rural development.

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