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Regional Development Models Using Cultural Heritage Resources

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The author thanks Prof. Elizaveta Ignatieva, Academy of Continuing Education for Arts, Culture and Tourism Professionals and Dr. Elena Zelentsova, Director of Creative Industries Agency for their comments and remarks to an earlier draft which were helpful in revising this paper. The author alone is responsible for all limitations and errors that may relate to the study and the paper. Send correspondence to Tatiana Abankina, National Research University – Higher School of Economics, Center for Applied Economic Research, Russia, 101000, Moscow, Str. Myasnitskaya, 20; telephone/fax: +7-495-621-88-02 (abankinat@hse.ru).

Abstract

Purpose – to introduce findings of comparative analysis and various models based on cultural heritage resources to foster regional development.

Design/Methodology/Approach – Comparison of operational schemes, market positions and branding of three successful cultural heritage centers in Germany, Great Britain and Russia demonstrates variety of regional development models based on cultural resources and tourism development, and reveals their advantages and disadvantages.

Findings – evidences the potential of cultural resources and tourism sector as drivers for regional development and helps formulate basic recommendations for the Russian situation requiring elaboration of adequate financial and social instruments.

Originality/value - provides complex analysis of different operational models in three European countries with regard to specific national situations and specificity of heritage operational management.

Key words Creative economy, Tourism, Cultural heritage centers, Russia, Germany, Great Britain, Regional development

Paper type Research paper

Introduction

The contemporary world sees a transition towards a new mode of social and economic development generally defined as a post-industrial society. The post-industrial stage includes a shift from industrial economy to so-called “creative economy” (Howkins, 2007). More and more people find employment in knowledge-based and service sectors, generating more and more revenue rather than in manufacturing sectors. A communication model of services interchange becomes a model of society. The influence of science, technologies, culture and information increases and causes major changes in social development. Universities – as well as informational, scientific, cultural and medical organizations have become principal institutions of the new economy as centers of knowledge concentration, theoretical and applied research. Knowledge-based sectors – science and technologies, information and education, culture and tourism, public health and ecology – experience rapid development, creating modern export potential of the developed countries.

According to John Howkins, intellectual property in America in 2004 was worth between \$5 and \$6 trillion, which constituted about 45% of the country’s GDP and exceeded the GDP of any other country. According to International Intellectual Property Alliance (IIPA), by 2000 America's creative industries contributed more to the American economy than almost any other industry - more than chemicals, aerospace, manufacturing, electronics, industrial machinery and food and drink. McKinsey company added a new twist in 2006 when it calculated that 40 % of jobs in America required people to express their talent, and even more significantly, over 70 % of new jobs did so (Howkins, 2007). In the post-industrial society it is culture that is becoming a strategic priority for contemporary developed economies. As in the last decades, it has turned into a powerful conglomerate of creative industries. According to some British experts, recently, music industry export earnings in Britain have exceeded the export earnings of engineering and automobile industries taken together (Landry, 2000).

A characteristic feature of the post-industrial society is a transition from the real economy to so-called “economy of symbols” that has branding as its main product. In leisure-time civilization of nowadays branding plays an important role as a strategic resource and capital of an organization - especially, in cultural and tourism sectors - which enables it to get economic profits from non-economic benefits, such as - symbolic attributes and advantages, tangible and intangible reputation elements, legends, myths, cultural traditions, fancies and prejudices, public taste and preferences (Abankina T., 2005). Branding becomes a symbol of public’s trust towards quality and attractiveness of a cultural offer. It also guarantees cultural product authenticity. Cultural goods and services are perceived as symbolic components of a particular life-style; they intend to satisfy so-called “needs of higher layers” (according to Maslow’s hierarchy of needs) – self-actualization, esteem and belonging. Thereby, all these form a stable interest towards cultural heritage and a demand for cultural services that provide financial inflow from different sources for cultural sites and regional and urban development as well.

International practice demonstrates that creative industries development contributes to growing regional investment attractiveness, stimulates innovations and creativity, encourages higher skilled workers, and increases cities’ competitiveness. Creative industries development strategy generates new collaborative relationships of the organizations in the knowledge-based sectors. There is a growing trend to establish network organizations that combine dominating creativity with commercial services, to develop creative clusters and quarters (Landry, 2000).

Regional Development Models Using Cultural Heritage Resources

An international comparative research focusing on cultural heritage centers’ impact on regional development enabled mapping and comparing local cultural heritage resources, practices and operational schemes of tourist places in Stratford-on-Avon (Great Britain),

Weimar (Germany) and Yasnaya Polyana (Russia). The research team included T. Abankina (research leader), S. Averchenkova, V. Dukelsky, V. Gnedovsky, M. Gnedovsky. The research was commissioned by Leo Tolstoy Heritage Foundation with the support of European Commission in the framework of the TACIS-IBPP program.

Three European regions considered in the research are competitive in the tourism market using their core capital – cultural heritage and fame of the great artists and thinkers of the past. The attraction of all three places is based upon the fact that well-known authors – Shakespeare, Goethe and Leo Tolstoy – lived there. To manage memorial and heritage sites, modern cultural institutions emerged. Not until recent times, the institutions concentrated their efforts on preserving and studying heritage. However, in the last two decades Great Britain, Russia and Germany have undergone dramatic reforms which led to profound political and economic changes. These changes have directly affected heritage management. Cultural institutions became more self-dependent, and at the same time, open to different collaborations. Their area of responsibility broadens considerably. They rethink the guidelines of their operations which now also include dealing with social problems, revitalizing positive social climate and social communications, stimulating creativity, contributing to increased investment attractiveness and competitiveness of the region (Landry, 2000).

The research uncovers three different operating models:

1. *Evolution Development Model*: based on steady development of tourism potential using specific regional resources: location, cultural heritage and trade. The example is Stratford-Upon-Avon (Great Britain). Interest towards cultural heritage increases private investments and financial flows to the area. There are established special regional institutions responsible for regional development strategic planning and resource accumulation. Social structure of the city's population changes gradually as high real estate costs and cost of living force low income social groups out and draw in a middle-income bracket and rich people, stuck to stable lifestyles and conservative values. The inflow of the well-to-do results in the

aging of social structure, in dominating orientation towards stability, and consequently, in lowering innovation pace in the city's development.

2. *Deindustrialization Model*: providing a transition from an industrial to a post-industrial paradigm in the regional development, a shift from material manufacturing to the development of cultural, educational and creative industries. The example is Weimar (Germany). The area sees the emergence of a new employment structure, active development of a service sector and creative economy sectors, increase in cultural infrastructure investments in the city and its suburbs. The introduction of special forms of institutional support contributes to fostering regional development. But at its first stage, deindustrialization causes increase in unemployment rates.

3. *Enclave Model*: characterized by the presence of a big cultural institution that is financed from the federal public funds, in a rural area. The example is Leo Tolstoy Memorial Estate-Museum in Yasnaya Polyana (Russia), which brings a flow of visitors to the territory. The decline of agriculture and high unemployment rates provoke brain drain to the big cities. It becomes evident that a gap exists between a ramshackle rural infrastructure with no financial support and a federal cultural institution. Conflict damping requires special social techniques to establish communications and interaction with a local community.

Detailed Descriptions of the Models' Development

Evolution Development Model in Stratford-Upon-Avon

For more than 350 years, tourism has been one of the core businesses in Stratford, so dominant that the warm welcoming of tourists is, literally, built into the city's genetic code. Nowadays, Stratford with the population of 27 thousand people receives about 5.5 million visitors annually, including one million people regarded as tourists (50% of them are foreigners) who visit local museums and theatres. The remaining part just enjoys walking in

the parks and gardens along the Avon, dining in cafes and restaurants and shopping. They are mostly people from the nearby big cities making weekend trips to Stratford.

Since its establishment in 1847, Shakespeare Birthplace Trust has been gradually buying up or holding in trust buildings and sites that once belonged to Shakespeare and his family. By 1991, the Trust's museum department owned and cared for five houses linked directly to the life of Shakespeare as well as for Harvard House, where the founder of the Harvard University had been born. The Trust also owns the Shakespeare Centre. It is an exposition and information centre – a gateway to the birthplace of the great playwright and poet. The Shakespeare Birthplace Trust's structure includes an educational department, a fund-raising department, Shakespeare Centre library and an archive. The Trust funding comes from four major sources: ticket sales, private and corporate donations, revenues from the museum shop and rental income. This diversified revenue structure secures the Trust's sustainability, and the part of income that has no direct links with the Shakespeare heritage (rental real estate) guarantees the Trust's survival, even if it faces a rapidly declining interest in Shakespeare heritage or a sudden collapse of tourism business. The distinctive characteristic of the Trust's financing is that it is not subsidized by the public funds and so the Trust can pursue a self reliant policy.

Apart from the Trust's museums, there are two more institutions linked to the Shakespeare's heritage in the city. In the first place, it is the Royal Shakespeare Company (RSC) which having three bases in Stratford, and bases in London and New Castle upon Tyne, often goes on tour both at home and abroad. The Company makes exclusive productions of Shakespeare's plays. In 2006, a direct contribution from the RSC to the Stratford's economy accounted for about 15 million pounds (salaries to local employees and purchases on a local market). At the same time, in contrast to Shakespeare Birthplace Trust, the RSC is dependent on public funding (50% of its total) and, it is the biggest company in the city.

Another institution is the Shakespeare Institute, University of Birmingham, established to conduct research and support post-graduate studies of those interested in Shakespeare research. The Institute is not incorporated directly to the city's tourism infrastructure though it contributes to the enhancing of educational tourism.

The institutions working in the cultural tourism sector are willing to develop collaborative relationships. The long-term partnership of Shakespeare Birthplace Trust and the RSC deserves special attention. Their joint educational projects make it possible to offer 30-40 graduate classes and field trainings in acting and Shakespearean drama every summer for students coming from different countries.

Developing tourism sector pushed a dynamic development of the Stratford economy in the 19-th century. The growing tourism market creates a diversified service sector in the city which considerably exceeds local demand. Due to the rise of tourism, Stratford possesses high-capacity infrastructures. Being a “small market city”, surrounded by idyllic pastoral landscapes, it offers attractions of both a small and a big city. At present, Stratford may feel proud of its ranking among the top in Great Britain for the quality of life.

Deindustrialization Model in Weimar

In 1999, Weimar was declared European Capital of Culture. It coincided with the 250th anniversary of Goethe's birth and the 240th of Schiller's. By that time, the city's population was over 65 thousand. Since the time of Goethe's arrival to the city in 1775, Weimar has become eleven times as big. The uniqueness of the city is that it is always the growth of its cultural sector and not of the manufacturing that influences the pace of its economic development. However, Weimar has turned out to be the smallest city in the whole history of the European Capital of Culture program.

The preparations for the European Capital of Culture events took six years – from 1993 till 1999. Over this period the city renovated its material “hard” infrastructure, as well as

its approaches towards the development of institutional and organizational “soft” infrastructure. As soon as a city gets the status of European Capital of Culture, it has a good chance to improve its position on the tourism market provided by its brand development and huge investments in its infrastructure. Major funding for Weimar as Capital of Culture came from the regional and federal budgets, private donations, European Commission and the municipality. The main challenge was to draw up a sensible allocation program and to make the best use of Capital of Culture status as a springboard in the city’s development. The development of material infrastructure in the frames of the European Capital of Culture program also included the construction of new tourism infrastructures: Congress Center Neue Weimarhalle and the University Center. According to the program developers, the institutions should stimulate the expansion of new areas in the city – educational and business tourism sectors. Moreover, there the hotel, entertainment and shopping facilities were renovated.

The outcomes of the European Cultural Program included the improvements in the soft infrastructure. An important thing was the consolidation of three companies dealing with the city’s marketing and promotion on different markets – the new Congress Center, Tourist Information Center and Business Development Agency. In 2002, they merged into a single company - Weimar GmbH.

There is no doubt that the European Capital of Culture program in Weimar had a delayed impact that became evident in full by 2005-2006. The growth rate of tourism showed stable figures of 56 % compared to 1998. The efficiency of hard and soft infrastructures increased significantly. Weimar made the final step and gave up the industrial development model. This model, imposed by the authorities during the periods of Nazism and socialism, failed to take root in the city. However, the abrupt departure from the model provoked grave structural problems, including a rise in unemployment rates caused by curtailed industrial production. But the municipality took a formal political decision - culture and tourism should be the main economic drivers of the city’s development.

Weimar has several institutions operating in the cultural heritage sector - Foundation of Weimar Classics, German National Theatre, Bauhaus University, Buchenwald Memorial Foundation, the Weimar Conservatory, the Weimar municipality, Weimar-Jena Academy, and others. This reflects richness and diversity of the city's cultural baggage. The Foundation of Weimar Classics is a key cultural heritage institution in the area. Its structure includes 23 museums that attract 81% of the total number of Weimar visitors. A high number of its museums and visitors does not mean the Foundation holds monopoly on the market. Buchenwald Memorial, as well as Bauhaus, which has its own tourist attractions, are of great importance for the German and world history. Weimar GmbH, playing a major role in coordinating marketing strategies, redistributing tourism flow and in developing new products, acts per se as a city development agency, independent from the mayor's office.

Enclave Model in Yasnaya Polyana

For a long period of time Leo Tolstoy Memorial Museum in Yasnaya Polyana has been focusing on conservation and preservation of the writer's estate as a memorial site expanding the collections, renovating its buildings and facilities. A new stage in the museum history opened up in 1994, when Vladimir I. Tolstoy, a great-great-grandson of the writer, was appointed the museum executive. From that moment on, the museum initiated a gradual change in the model of its relationships with both visitors and the local community and considerably broadened the scope and geography of its operations. The Leo Tolstoy Memorial Museum of nowadays seeks to restore its role in the society and develops its position as an international center for literature and philosophy discussions, a center for the social development of the area and a center for agriculture and forestry. To achieve this, the museum recovers and reproduces the activities that were typical for Yasnaya Polyana during Tolstoy's lifetime.

The museum's organizational structure and particular projects fully reflect its aspirations. Four museum departments (forestry, memorial garden, environmental protection

and ecology, and landscape design departments) recover and maintain the agricultural and forestry complex of the estate; they are in charge of a vast territory of 417 hectares, and they carefully restore ancient working methods, approaches and infrastructures, which were almost lost during 70 years of the Soviet power. Today, these methods and technologies again become in demand.

The Department of Museum Pedagogy and Anthill Brotherhood kindergarten (named after a children's game invented by Leo Tolstoy and his brothers) attached to the museum, put into practice the Tolstoy's pedagogical heritage and try to recover the estate's role in the local community development. These units of the museum actively collaborate with children's NGOs – Anthill Brotherhood inter-regional organization and War and Peace Historical Reenactment Club. The recently established Educational Department starts developing educational tourism in Yasnaya Polyana. The Arts and Crafts Department designs and produces souvenirs and contributes to the children's educational programs. Yasnaya Polyana Publishing House and the Technological Department of the museum provide technical and information support for the museum activities, highlighting the museum's presence in the public space.

Lately, Yasnaya Polyana Hotel Tourist Complex, located 1.5 km from the principal house, has made a running start. The Complex includes accommodation facilities and conference facilities for small-scaled events, which could be an alternative form of tourism. Hotel Tourist Complex, Preshpekt Café, Yasnaya Polyana Gallery, Arts Salon, a bookstore, and a souvenir stall are necessary elements constituting tourism infrastructure and providing services for the museum visitors. After 2005, the museum initiated its branches in the locations linked to Tolstoy's family – Kozlova Zaseka Railway Station, country estates of Nikolskoye-Vyazemskoye, Maloye Pirogovo, Pokrovskoye; Krapivna Museum, Yasnaya Polyana Scientific and Cultural Center in Tula. The branches strengthen the Museum's influence and help create a kind of “archipelago” of Tolstoy heritage tourist sites in Tula

Oblast. Establishing relations with another estate of Tolstoy family in Samara Oblast can make it a part of “Tolstoy archipelago” in the near future.

Three regional cultural heritage centers: similarities and differences

The countries, where the three regions are located, have very much in common – these are big and influential states with developed economies, all of them are G8 members, and each has GNP over \$1.5 trillion and a population of 60 to 142 million people. Thus, all three regions may fully rely on the domestic market as the base for their development. The differences are that Germany and Great Britain are densely inhabited, and their residents are three times as rich as the Russian ones.

In most European countries, one-day trips undertaken by tourists from the surrounding areas and big cities generate a good half of the tourism centers’ revenues. So, the cost of the local and regional markets matters, as well as the proximity of the capitals and big cities. Weimar, Stratford and Yasnaya Polyana are roughly at the same travel distance from the countries’ capitals, and it takes 2-2.5 hours to get there, but the population of London and Moscow is approximately three times as big as Berlin’s, with the same level of well-being. On the other hand, Yasnaya Polyana’s local market within the Tula Oblast area is 1.5 times smaller than that of Weimar and 2.5 times smaller than that of Stratford, which is located in a densely populated area. Stratford stands out for its market size first of all due to Birmingham and Coventry, neighboring big cities that are much bigger than Tula in Russia, and also Erfurt and Jena in Germany. So, Stratford has certain advantages provided by its location at the local and regional levels. Besides, the social and economic situation in this British city is considerably better than in Weimar and Yasnaya Poyana. Weimar experiences a high level of unemployment, and Yasnaya Polyana – rapid aging of the population and brain drain. Though Stratford sees a similar process, it is at the early stage.

Geographical, social and economic factors put Stratford ahead of the two other regions, but Weimar is probably leading in terms of cultural heritage density and diversity.

Despite its relatively small size, the city has impressive evidence of having been an important place for cultural life from the late 17th up to the middle of the 20th century.

The cultural heritage solidity, including a number of cultural brands, museums, historic and cultural sites, cultural heritage tourism operators and educational institutions, makes Weimar 3-5 times as big as Stratford and around 6 times as big as Yasnaya Polyana. The German cultural heritage center is the only one out of the three that has the Bauhaus University and Conservatory; in Stratford we see the Shakespeare Institute, a branch of the Birmingham University, however there is not even an educational institution branch in Yasnaya Polyana. Additionally, since 1999, in the frames of the European Capital of Culture program, the city has enjoyed Congress Center Neue Weimarhalle and a modern education center providing good infrastructure for education, conference, concert and other cultural activities.

An important feature of Weimar is the absence of a single historic brand, of a personality dominating its cultural landscape. A dozen of outstanding historic figures, as well as a series of important artistic and historic events shape the city's image and make it multi-faceted. At the same time, in Yasnaya Polyana everything revolves around Leo Tolstoy, and William Shakespeare reigns in Stratford. This means that in Weimar the potential of forming a territorial brand is much higher than it is in Stratford and Yasnaya Polyana, where historic personal brands – Shakespeare and Tolstoy – are very strong.

Conclusions and Implications

Tourism has become the main instrument to capitalize the cultural heritage in all three regions. And only in Weimar it is matched by the musical and designer education institutions. Nevertheless, tourism and the related industries shape the economy of the three areas, as the majority of jobs and the main bulk of added value are created in the sector.

The regions represent different stages of the tourism industry development. In Stratford, tourism has been developing for more than 350 years and reached its climax in 1970s. Presently, the city functions in a stable mode and even has experienced a slight decline in its touristic attractiveness. In Weimar the history of tourism development is shorter and does not exceed 150 years, but after the Unification of Germany, the industry and the city itself have been booming. In Yasnaya Polyana, tourism made its start only after World War II, and the major changes occurred in this sector after 1991. Thus, the German and the Russian regions are in the middle of rapid growth tourism and the respective industries and infrastructure.

Yasnaya Polyana, receiving 130 thousand visitors per year, looks like a ‘dwarf’ compared to Weimar (3.5 million) and Stratford (5.5 million). Among the guests of Weimar and Stratford, 14-15% of them stay overnight in local hotels and B&Bs, 1-1.5 % of visitors come to see their friends and relatives, and the rest 82-84% spend just a few hours there. All three regions work mainly on the national tourism markets as they are, in fact, huge. Among the visitors of Yasnaya Polyana, foreigners account only for 1%. In the other two regions, foreigners make 13-14% of the people staying overnight in the local hotels. Half of the museum visitors in Stratford are foreigners; there is no accurate data on Weimar, but according to local experts, the share of foreign tourists is not so big.

One of the most important effects of tourism development is that it generates new jobs. It is a weighty argument for both local people and authorities. Undoubtedly, tourism plays a considerably greater role in Stratford than in Weimar - 6884 people having their jobs in tourism and the related industries constitute more than a half of the city’s working population. In Weimar tourism and related sectors employ 4300 people or 21% of the working population (21 000). Thus, the impact of tourism development on the German heritage center local residents is 2.5 times less significant compared to the impact on the British ones.

If we extrapolated the quantitative assessment of tourism development social impact on Yasnaya Polyana, it would suggest that with the existing tourist flow the interest and participation of local people in tourism development may not be the main driver for the local community development. At present, the area's tourism sector has a capacity to employ no more than 15 % of the working population.

The research findings show that Stratford, literally, lives on tourism; spirit of tourism services has penetrated into every part of its life. In the other two regions tourism does not play such an important role so far, though its influence is becoming more and more evident. Both Weimar and Yasnaya Polyana should have their tourist flow increased by 2-2.5 times to reach the impact level of Stratford's tourism industry on the regional economy profile. Additionally, Yasnaya Polyana has to make more efficient use of the existing tourist flow.

The research results help formulate recommendations to establish partnerships in different sectors; in order to trigger tourism and cultural sector development in Russia, contributing to sustainable regional development it is necessary to:

- Enhance institutional collaborations of business and non-commercial regional and local players interested in the development of regional cultural infrastructure;
- Stimulate entrepreneurial initiatives of the local community, including the formation of corporate mutual funds to bridge a gap between private individual initiatives and the development of large-scale cultural and tourism infrastructures;
- Develop and introduce special financial-sharing schemes to accumulate funds for regional regeneration and to meet the needs of creative class for cheap long-term loans.

One of the main challenges for management in the Russian rural areas is to slow down the drain of active people to capital cities and to anchor creative class in the areas tended to

tourism development. Accordingly, it is necessary to create institutional and legal conditions supporting cooperation and integration of local family SMEs, entrepreneurial initiatives in cultural and tourism sectors, including centralized development of marketing and sales infrastructure.

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