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Бех В. П., Бех Ю. В.

Універсальна модель сучасного ринку: соціологічний контекст

У статті проаналізовано сукупність суспільних відносин, що утворюють сучасний ринок. На основі введення у систему двох координатних векторів: а) стану особистості, що перебуває у репродуктивному, адаптивному і креативному станах, б) стану суспільства, що перебуває у стані стагнації, розвивається за лінійними законами або непередбачувано, створюється координатна сітка з 9 таксонів. Кожному сегментові ринку притаманний «свій клімат» і «свої вимоги» до поведінки фірми. Раціонально обґрунтований рух матричним полем дозволяє фірмам забезпечити виграти у конкурентній боротьбі і виживання.

Ключові слова: ринок, особистість, суспільство, фірма, соціальний організм фірми, таксон, ринкові відносини, ідеологія, цінності.

УДК 332.024

JEL Classification M13, R 11, R51

Jörn H. Block

RURAL ENTREPRENEURSHIP: BETWEEN START-UPS, HIDDEN CHAMPIONS AND FAMILY BUSINESSES¹

The paper is focused on the role of entrepreneurship in rural areas. This topic is becoming more urgent in Germany nowadays in the context of contemporary tendencies based on accelerating economic development, rethinking of social issues, implementing sustainable development goals in everyday practices, and new political frameworks. The research is based on the hypothesis that rural regions are very diverse; nevertheless, these regions generally have lower start-up rates than urban regions. Conducting the research we clarified that the sector structure of start-ups in rural areas is less focused on high-tech and more on start-ups in the area of the “Green Economy”. Venture capital-financed start-ups are rarely found in rural regions. The importance of Family Businesses and Hidden Champions is stronger in rural regions than in urban ones. There are large differences within the group of rural regions in terms of start-up activities and entrepreneurship in the form of Family Businesses and Hidden Champions.

We concluded that Champions in rural areas can be explained by the strengths of rural regions. There is often a special long-term relationship between rural regions and their companies. Regionally rooted Family Businesses and Hidden Champions value the region's solidarity with businesses as strength of rural regions.

¹ Gratitude for helpful comments to Rene Andres, Christian Fisch and Florian Hosseini in an earlier version of the manuscript.

Keywords: *rural entrepreneurship, start-up, hidden champions, family business, sustainable development, Germany.*

DOI 10.37659/2663-5070-2019-3-14-19

1. Introduction

How strong is entrepreneurship in rural regions of Germany? How many start-ups are there in the rural areas? In which industries are they founded? To what extent do Family Businesses and Hidden Champions shape the rural regions in Germany? Where are technological companies based?

This article discusses the role of entrepreneurship in the rural regions. At first glance, the answer seems to be clear: Europe's new center for start-ups – especially in the digital, creative, IT and internet sectors – is Berlin. It is followed by Munich, Hamburg, Cologne and other large cities. Rural regions seem to be lagging behind in terms of entrepreneurship. Is that really the case? Or does a closer look lead to a more differentiated result?

At a second glance and with a closer look, the answer is no longer so clear. The question of the role of entrepreneurship in the rural areas is not a trivial one. Rural regions are very diverse. The Swabian Jura, for example, has little in common with rural regions in Mecklenburg-Western Pomerania. The concept of entrepreneurship is also diverse. In addition to start-ups, owner-managed medium-sized companies, Family Businesses and hidden champions can also be subsumed under the concept of entrepreneurship. Many successful Family Businesses are based in the rural regions of Germany, such as Würth (Künzelsau in Baden-Württemberg), Villeroy & Boch (Mettlach in Saarland), Kärcher (Winnenden in Baden-Württemberg) or Fissler (Idar-Oberstein in Rhineland-Pfalz). In the editor's volume "Blossoming Landscapes – Family Businesses and Their Region" (May and Ohle, 2014), Family Businesses are described as "regionally rooted, globally successful" (Bartels, 2014) and "strong in the province, but by no means provincial" (Zeidler, 2014). Hidden champions, which are often Family Businesses, seem to be firmly rooted in the rural areas and have a special relationship with their home region. This perspective may be distorted, but compared to the current hype around Berlin, Munich and other large cities as locations for entrepreneurship, it is a completely different picture.

This short article attempts to organize the existing empiricism on the role of entrepreneurship in the rural areas and to summarize it in a meaningful way. It shows that the picture is very diverse and there is no clear answer to what extent entrepreneurship is more likely to be found in the rural areas or in the city. However, patterns can be seen as to which types of start-ups and which forms of entrepreneurship are more likely to be found in the rural areas and which are more likely to be found in the city. Following the presentation of the empirical findings, these are discussed based on the strengths and weaknesses of rural regions.

2. Empirical Evidence of Entrepreneurship and Innovation in the Rural Areas

This section summarizes existing rural entrepreneurship and innovation. The summary is divided into (1) Start-up Activities, (2) Locations of High-Tech Companies and (3) Locations of Family Businesses and Hidden Champions.

Start-Up Activities

The NUI ranking (NUI = New Entrepreneurship Initiative) published by the IfM Bonn, measures the number of business start-ups, new firms, acquisitions and immigration of commercial enterprises as well as recordings of a commercial part-time job per region and uses this to create a ranking. In 2013, the highest values of the NUI indicator were recorded in Offenbach, Munich and Wiesbaden. In the bottom there are almost all rural regions, especially from Eastern Germany. However, some districts, especially from Upper Bavaria, are also in the front ranks. Generally there is an advantage of the urban regions, but also a great heterogeneity within the group of rural regions.² Foundation Atlas employment data from the Federal Employment Agency (Brixey and Fritsch, 2002) sometimes comes to different results, which are generally more positive for rural regions. This is due to the procedure for creating the

² For results of the 2013 NUI region ranking cf. <http://www.ifm-bonn.org/fileadmin/data/redaktion/statistik/gruendungen-und-unternehmensschliessungen/dokumente/NUI%20Regionenranking%202013.pdf> (accessed on 20.06.2015).

data set. So for example start-ups are also recorded in Foundation Atlas.³³ Rural regions can make up ground here through start-ups in sectors such as tourism and hospitality. But the Foundation Atlas also shows great differences within the group of rural regions. In particular, rural regions close to major cities such as Berlin, Hamburg, Frankfurt and Munich have high start-up rates.

However, start-up activities differ not only in their amount between urban and rural regions. There are also clear differences in the type of foundations. In comparison to urban regions, rural regions are more characterized by start-ups in the area of the green economy. The share of “*green start-ups*” in all start-ups is highest in the more rural states of Mecklenburg-Western Pomerania (22%), Brandenburg (21%) and Rhineland-Palatinate (20%) and in cities such as Hamburg (14%) and Berlin (12%) and Bremen (10%) are comparatively low (Weiß and Fichter, 2015). This is mainly due to the great importance of start-ups in the area of *renewable energy* in rural regions. The share of start-ups in this area of all start-ups is highest in Saxony-Anhalt (15%), Mecklenburg-West Pomerania (14%) and Brandenburg (14%) and lowest in Berlin (6%) and North Rhine-Westphalia (5th %).

A completely different picture emerges when considering start-ups in the *High-Tech area*. Of the approximately 1,400 venture capital-financed high-tech companies in the spotfolio.com database, 234 companies are based in postcode region 10 (Berlin city center) and 77 companies are located in postcode region 80 (Munich Mitte-Nordwest). Cologne, Hamburg and Dresden follow after. A similar picture emerges with ICT start-ups. Five regions around the metropolitan areas of Berlin, Hamburg, Munich, Rhine/Main and Cologne/Düsseldorf have a particularly high start-up intensity in the ITC area. Another seven regions with an above-average high start-up intensity in the ICT area are the Rhine/Neckar area, Stuttgart area, Nuremberg, Dresden, Hanover, Bremen and Koblenz area (Müller et al., 2012).

Locations of German High-Tech Companies

The German High-Tech Atlas (Spotfolio GmbH, 2015) records the postcode of the headquarters of high-tech companies in Germany⁴. The result is a ranking of the postcode regions according to the number of companies in the high-tech sector. High-tech companies are companies from manufacturing industries with an R&D intensity above 2.5% and technology-intensive services and software.

The regions with the *corporations* in the high-tech sector (> 250 employees)⁵ are the postcode region 40 (Düsseldorf, Hilden, Mettmann, Ratingen), postcode region 63 (Aschaffenburg, Hanau, Offenbach am Main, Miltenberg) and postcode region 85 (Munich region, Ingolstadt, Dachau, Freising, Eichstätt). Places 5 and 6 with postcode region 74 (Heilbronn, Bietigheim-Bissingen, Schwäbisch Hall, Crailsheim) and postcode region 72 (Tübingen, Reutlingen, Sigmaringen, Freudenstadt, Balingen, Nürtingen) are two more rural regions. The picture is somewhat different for *medium-sized companies* (50-250 employees). Regions with the most high-tech companies in this area are postcode region 73 (Göppingen, Esslingen, Schwäbisch Gmünd, Aalen) and postcode region 72 (Tübingen, Reutlingen, Sigmaringen, Freudenstadt, Balingen, Nürtingen) - both more rural regions. The situation is also interesting for *middle companies* (10-50 employees) and for small companies (<10 employees). Here, the big cities and metropolitan regions have a clear advantage. Berlin, Hamburg, Munich and other large cities as well as metropolitan regions in Germany are in the top positions.

In summary, the picture is heterogeneous. Small and micro companies from high-tech sector have a tendency towards urban regions, while medium-sized companies have a tendency towards more rural regions, especially from Baden-Württemberg. Big companies have both urban and rural regions. However, almost without exception rural regions can be found at the bottom of the ranking. Indeed, some rural regions in Germany seem to be left behind in relation to high-tech companies.

Locations of Family Businesses and Hidden Champions

³³ Data of the Foundation Atlas can be downloaded here: <http://www.uiw.uni-jena.de/index.php/research/gruendungsatlas> (accessed on 20.06.2015).

⁴ The German High-Tech Atlas can be viewed at the following Internet address: <http://spotfolio.com/wp-content/uploads/2015/01/Deutscher-Hightech-Atlas-2015.pdf> (accessed on 20.06.2015).

⁵ In addition to the number of employees, German High-Tech Atlas also uses total assets and sales revenue to size.

Spiegel and Block (2013) assign locations of more than 3,000 medium-sized to big West German Family Businesses (operating turnover $\geq$ € 15 million) to their respective circles⁶. The highest absolute number of medium-sized to big Family Businesses can be found in the districts of Munich (126), Hamburg (91) and the Märkischer Kreis (60). Of the 20 districts with the highest absolute number of Family Businesses, nine are in rural regions (Märkischer Kreis, Esslingen, Gütersloh, Ludwigsburg, Rems-Murr Kreis, Ennepe-Ruhr Kreis, Soest, Herford and Böblingen). Regional priorities are North Rhine-Westphalia and Baden-Württemberg. When considering the relative share of family businesses in the total number of businesses in the respective district, the picture shifts further towards rural regions. The share of Family Businesses in the total number of businesses in the counties is on average around 30% and in the cities only around 20%.

Hidden Champions are medium-sized, globally operating, globally active companies. Simon (2007) uses three criteria to differentiate them from other companies: (1) Company is a leader in terms of market share (specifically: No. 1, 2 or 3 in the world market or No. 1 in Europe); (2) Company generally has sales of less than € 3 billion; (3) Company has a low level of public awareness. The criteria for identifying Hidden Champions do not include any family-related criteria such as ownership or management in family hands. Nevertheless, many Hidden Champions are family-owned and/or founder-owned (Simon, 2007). Rammer and Spielkamp (2015) estimate that there are more than 1,500 Hidden Champions in Germany. These companies are often run very entrepreneurially and are strongly geared towards growth in their respective markets. Many Hidden Champion have become “Big Champions” that no longer meet the size criteria of a Hidden Champion. Successful examples are Würth, SAP and Fresenius Medical Care. Many of these Hidden Champions are located in rural regions (Ermann et al., 2011), especially in rural regions of Baden-Württemberg, Bavaria and North Rhine-Westphalia.

3. Summary and Brief Discussion of Empirical Findings

To sum up, the empirical picture is as follows: rural regions generally have lower start-up rates than urban regions. The sector structure of start-ups in rural areas is less focused on high-tech and more on start-ups in the area of the “Green Economy”. Venture capital-financed start-ups are rarely found in rural regions. The importance of Family Businesses and Hidden Champions is stronger in rural regions than in urban ones. There are large differences within the group of rural regions in terms of start-up activities and entrepreneurship in the form of Family Businesses and Hidden Champions.

How can these differences be explained? Rural regions have disadvantages for high-tech companies: High-tech companies rely on proximity to universities, colleges and non-university research institutions for recruitment and use of knowledge spillovers. Here, rural regions are often at a disadvantage compared to urban regions. Venture capital companies are almost entirely based in the metropolitan regions of Germany. In rural areas there is no proximity to financing providers in the venture capital sector. Small proportion of start-ups in the digital, creative, IT and internet sectors in rural regions can be explained by the importance of the “creative class” for this type of start-up. Florida (2002) refers to workers who are involved in a creative process as a “creative class”. Workers in this class are mobile, young, intrinsically motivated and often live in cities. This phenomenon, which can be observed worldwide, favors start-ups in urban regions, especially in sectors where creativity is of great importance. The increased concentration of Family Businesses and Hidden Champions in the rural areas can be explained by the strengths of rural regions. There is often a special long-term relationship between rural regions and their companies. Regionally rooted Family Businesses and Hidden Champions value the region’s solidarity with businesses as a strength of rural regions. Another reason for the high concentration of Family Businesses in certain rural regions of North Rhine-Westphalia, Hesse, Baden-Württemberg and Bavaria is historical. In the period after the Second World War, many displaced persons from the Soviet-occupied areas settled in rural regions of Western Germany outside of the destroyed cities and founded companies there or continued to do so at this new location (Berghoff, 2006; Buenstorf and Guenther 2011).

⁶ Family Businesses are defined as companies in which at least 25% of the ownership interest is held by one or more families.

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Йорн Х. Блок

Сільське підприємництво: стартапи, приховані чемпіони та родинні бізнеси

Стаття презентує результати дослідження у сфері підприємництва в сільській місцевості та його ролі в економічному житті країни. Ця тема набуває актуальності в Німеччині сьогодні в контексті сучасних тенденцій, що ґрунтуються на прискоренні економічного розвитку, переосмисленні соціальних питань, впровадженні цілей сталого розвитку в повсякденну діяльність та нових політичних тенденціях. Дослідження виходить з гіпотези, що сільські регіони є різноманітними, проте, як правило, ці регіони мають нижчу привабливість для стартапів, ніж міські. Нами було доведено, що галузева структура стартапів у сільській місцевості менш орієнтована на високотехнологічні ідеї та тяжіє до стартапів у сфері «зеленої економіки». Бізнес-ініціативи, що фінансуються венчурним капіталом, рідко зустрічаються в сільських регіонах. Водночас ми довели, що розвиток та підтримка сімейного бізнесу та прихованих чемпіонів повинні бути сильнішими у сільських регіонах, ніж у міських. У географії та економіці сільських регіонів існують великі відмінності щодо стартапової діяльності та підприємництва у формі сімейного бізнесу та прихованих чемпіонів.

Зроблено висновок, що наявність та розвиток чемпіонів у сільській місцевості можна пояснити сильними сторонами сільських регіонів; утім часто існують особливі довгострокові відносини між сільськими регіонами та їхніми компаніями. Сімейні підприємства та приховані чемпіони,

створені в регіонах, створюють основу для довгострокового розвитку, бізнес-зв'язок усіх територіальних одиниць, що підсилює конкурентоспроможність як окремих регіонів, так і країни в цілому.

Ключові слова: сільське підприємництво, стартап, приховані чемпіони, сімейний бізнес, сталий розвиток, Німеччина.

УДК 65.1:338.2

JEL Classification A14, J53, M12

Marshall K. Christensen

William P. Dobrenen

LEARNING AND LEADING: A SEARCH FOR CORRELATION

In the modern era all over the world options in higher education depend upon accepting certain premises: (i) leadership is essential in every profession and career field; (ii) everyone contributes to a healthy culture of leadership; (iii) all essential personal and social goals are achieved in the context of community; (iv) the principles and values advocated by servant leaders are vitally important; and (v) universities are the essential nurturing communities for authentic leaders.

*Seconding the opinion of Larry Spears and Robert K. Greenleaf that leaders as a whole, and servant-leaders especially, are as essential to society as oxygen is to individuals, it is of vital importance to point out ten required qualities of a servant leader. The first of them is **Listening** as an intentional act that involves respect for others, being beneficial both to the leader and the speaker. **Empathy** is the second quality, that is a learned skill, needed to understand, recognize, and accept others. The next one – **Healing**, is required for leader to practice forgiveness in order to preserve relationships. **Self-awareness** is based on the servant leader knowing self, especially one's core values, which is important for understanding situations from a holistic perspective. The fifth required quality is **Persuasion** – ability to convince rather than to coerce members of a team. The sixth – **Conceptual Thinking** – empowers servant leaders think conceptually, putting people and relationship at the top of their priorities. The seventh, closely related to the previous, is **Foresight** – a characteristic that enables the servant-leader to understand the lessons from the past, the realities of the present, and the likely consequences of a decision for the future. The next one – **Stewardship**, is sharply different from the greedy, power-oriented, controlling leader; its mission and its existence is linked with fulfilling the needs of others, and doing so in an ethical way. The ninth quality – **the Growth of People** – is based on the ability of the true servant leader to empower others, to seek and find people with a potential to lead even greater than his or her own, nurture their potential and then get out of the way. And the last one – **Building Community** – is connected with the people finding meaning in life, their purpose, and their calling in community. The role of the servant leader, therefore, is that of a creator of community.*

Inasmuch as effective leadership is vital to societal progress and personal well-being for people in every culture, educators must find new ways to help their students prepare for the future. If such tradition prevails in higher education, new degree programs in leadership, to our mind, should be added at trend-setting universities. The potential impact of higher education on future leaders is revolutionary.

Keywords: higher education, nurturing communities for authentic leaders, servant leaders, growth of people, building community.

DOI 10.37659/2663-5070-2019-3-19-24

Leadership is as essential to society as oxygen is to individuals. Making the case that leadership training has, historically, been neglected in higher education is relatively easy. Why, then, have educational institutions paid scant attention to the preparation of leaders? Perhaps it is because we have assumed that good leaders have natural abilities and education is irrelevant to their success. The plethora