

# Rural employment, business and skills

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# Outline

- Introduction
- Profile of jobs in rural areas
- Labour supply – population ageing, migration
- Access to employment – implications for in-work progression
- Demand- and supply-side dynamics
- Skills and training
- Internet
- Conclusions

# Introduction – rural and urban labour markets

## Common features

- Convergence in employment structures in rural and urban areas
- Common trends:
  - professionalisation
  - polarisation
- Opportunities from ICT (information & communications technologies)
- Diversity within categories

## Distinctive features of rural

- Older than average population – implications for ‘replacement demand’
- Selective out-migration of more qualified young people
- Establishment profile (skewed towards small employers), sparsely distributed populations, transport issues pose difficulties in delivering training

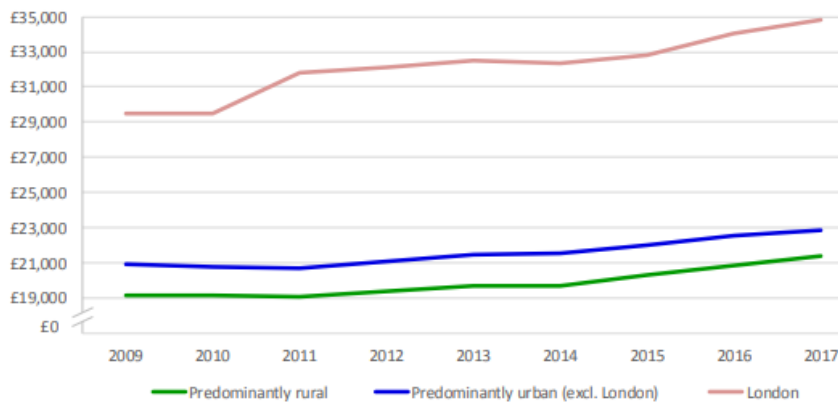
# Jobs in rural areas

- Historical importance of land-based industries BUT sectoral structures of employment have become more similar over time in rural and urban areas
- Producer services under-represented in rural areas
- Occupational structures less diverse – particularly in remoter rural areas
- Proportionately more small businesses in rural areas, but average turnover per person employed is greater in urban areas
- Higher incidence of self-employment positively and strongly correlates with business creation and innovation in urban areas but not in rural areas

## Workplace-based

In 2017, median workplace-based earnings in predominantly urban areas (excluding London) were £22,900 while predominantly rural areas were slightly lower at £21,400.

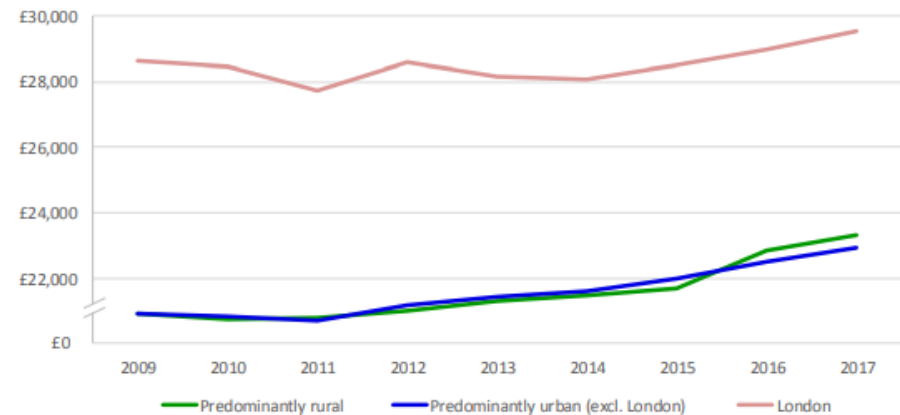
Workplace based median gross annual earnings (current prices), 2009 to 2017



## Residence-based

In 2017, median residence-based earnings in predominantly urban areas (excluding London) were £22,900 while predominantly rural areas were higher at £23,300.

Residence-based median gross annual earnings (current prices), 2009 to 2017



# More and Better Jobs - framework

**BETTER** jobs gap   **MORE** jobs gap

**'GOOD JOBS'**

Insecure jobs  
Low-paid jobs  
Involuntary  
temporary  
'Dead end jobs'

Unemployed  
Inactive wanting  
work  
Underemployed  
Involuntary part-  
time

*Total working age population who would like to work*

# Labour supply – age structure

*Population in predominantly rural and predominantly urban areas by age bands, 2001 and 2015<sup>3</sup>, England  
(combined chart showing rural and urban at the same scale)*



# Labour supply – migration

- Migration plays a key role in national and sub-national well-being – it has effects on socio-economic & demographic change
- International migrant labour has become a structural part of many rural labour markets – beyond seasonal labour
- Broadening of destinations of international migrants from 2004
- Important role of international migrant labour in high-skilled labour markets – notably in the NHS
- Internal migration – ‘Are we becoming less mobile?’ is a topical debate in internal migration literature
- Unattractiveness of remote rural areas for dual career households



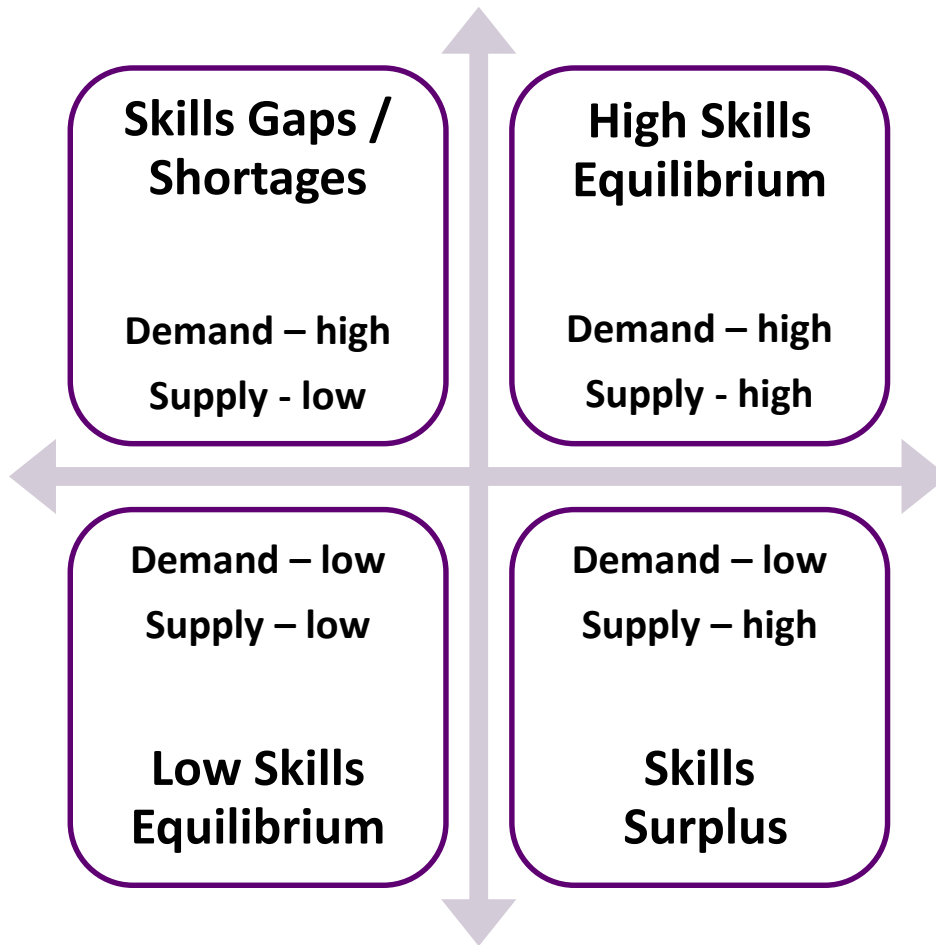
# Access to employment – job seekers

- Challenges facing job seekers in rural areas:
  - relative lack of high-level jobs ('thin' labour market)
  - limited opportunities for broadening experience
  - limited public transport services for travel to employment and to training
- Lower staff turnover than in urban areas (excluding seasonal jobs)
- Rural residents more reliant on social networks for seeking work than urban residents – those without strong social networks are particularly disadvantaged

# Access to employment – vacancies

- Employers have a smaller labour pool to select from
- Slightly higher incidence of hard-to-fill vacancies in rural than in urban areas – but factors other than skills are a more important component in vacancies in rural than in urban areas
- Main consequence of hard-to-fill vacancies is an increased workload for other staff, which may mean less time to devote to training
- Establishments in rural areas are more likely to have to outsource work or withdraw from markets than are urban establishments

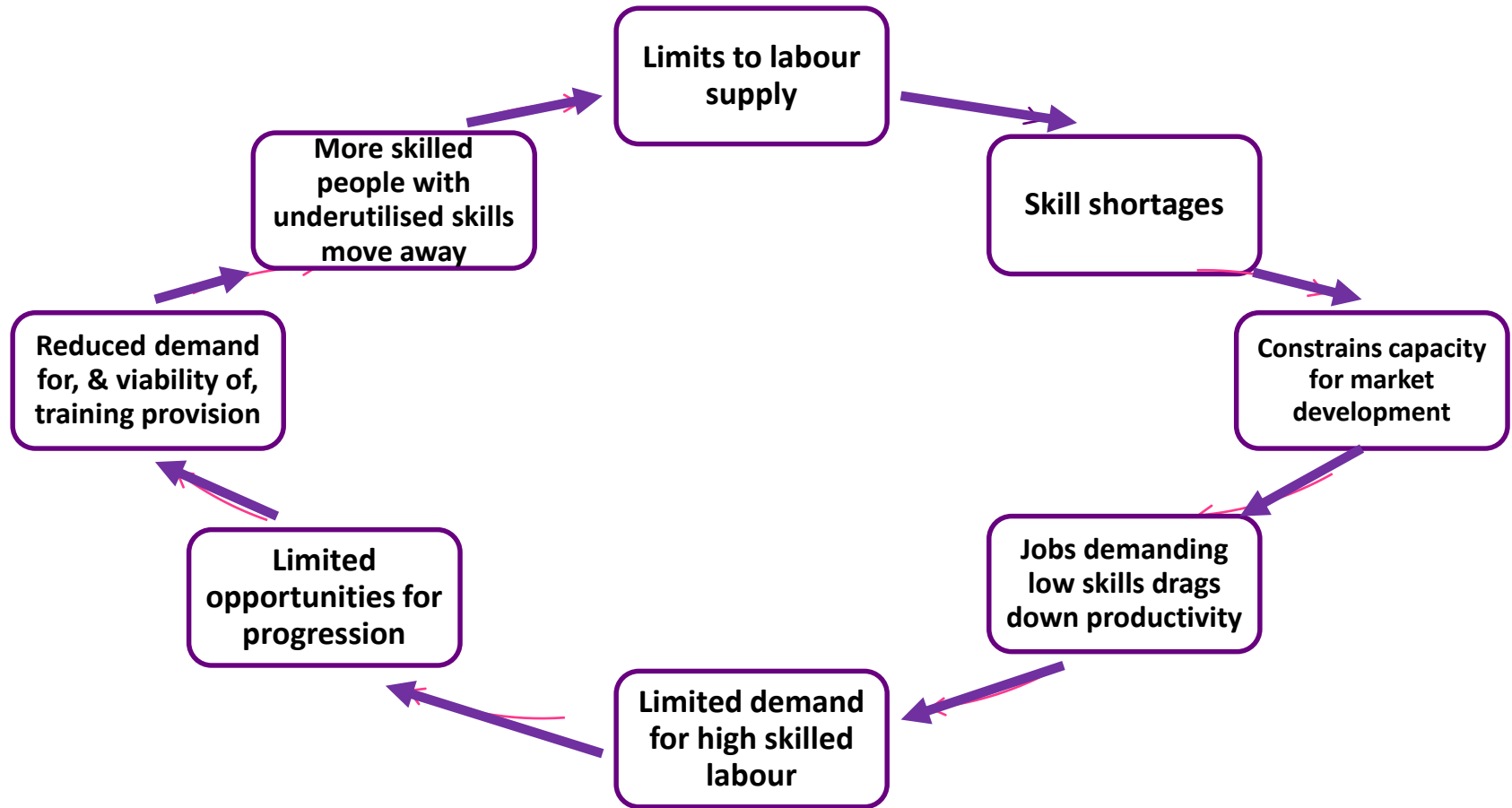
# Demand- and supply-side interactions



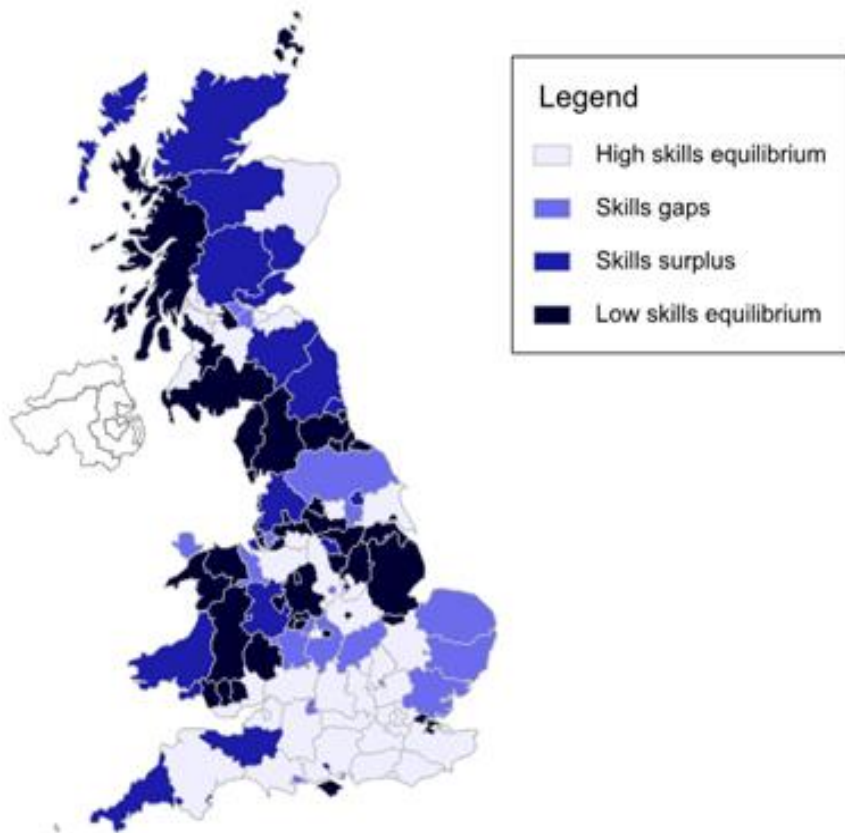
- supply on the x axis
- demand on the y axis

Aim to move from ‘bottom left’ (Low Skills Equilibrium) to ‘top right’ (High Skills Equilibrium) quadrant – with high level skills and high value added jobs

# Low skills traps & economic development



# Skills demand and supply

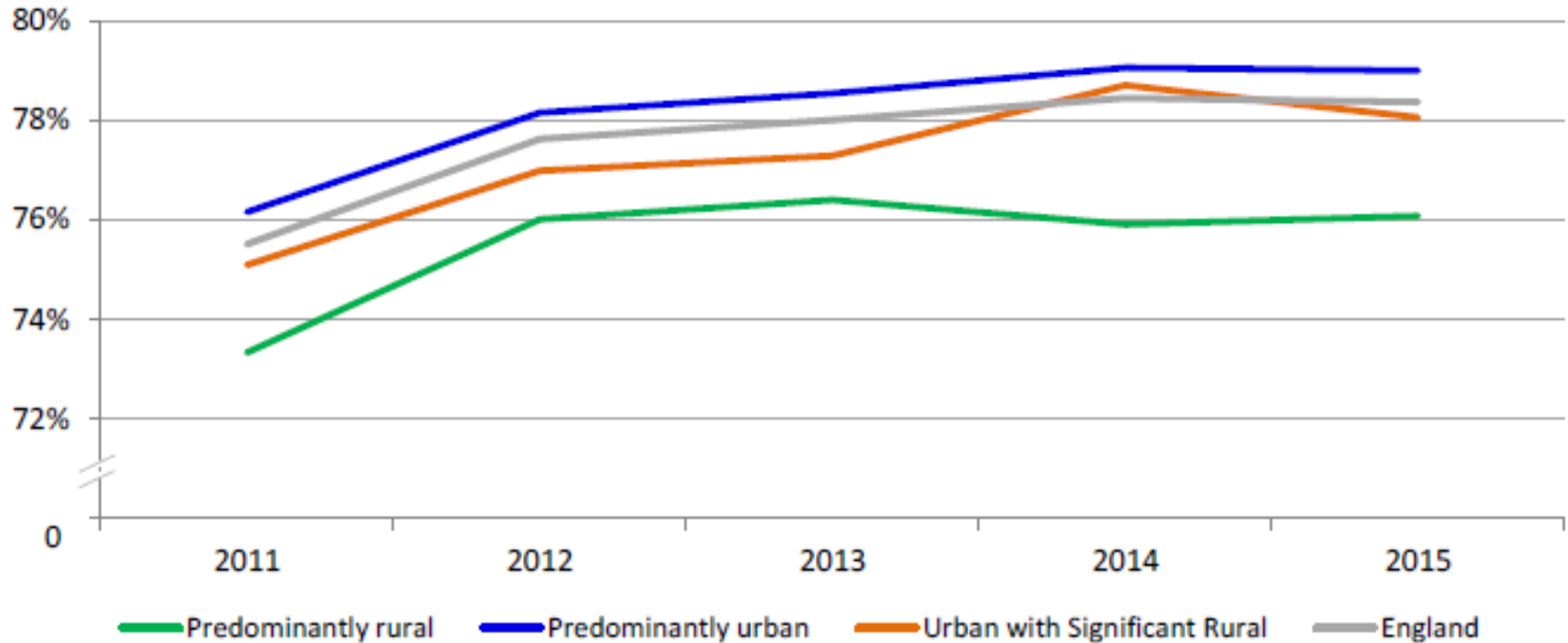


## *Addressing the low skills equilibrium*

- Support for technology transfer
- Holistic business support
- Encouraging participation in training for managers
- Local economic development policy focusing on creating 'good jobs'

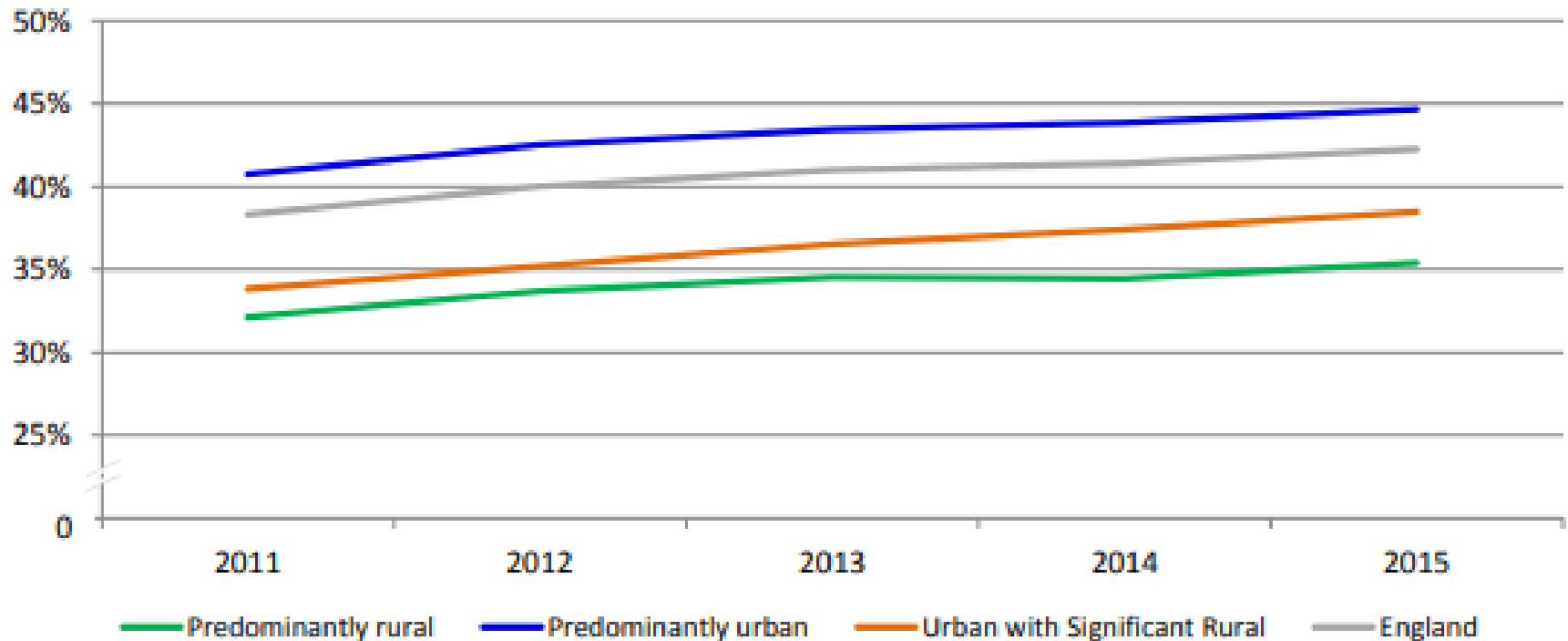
# Skills and training – 'skills poverty' threshold

Proportion of working age population with NVQ2 (or equivalent) and above (workplace based), by local authority classification in England, 2011 to 2015



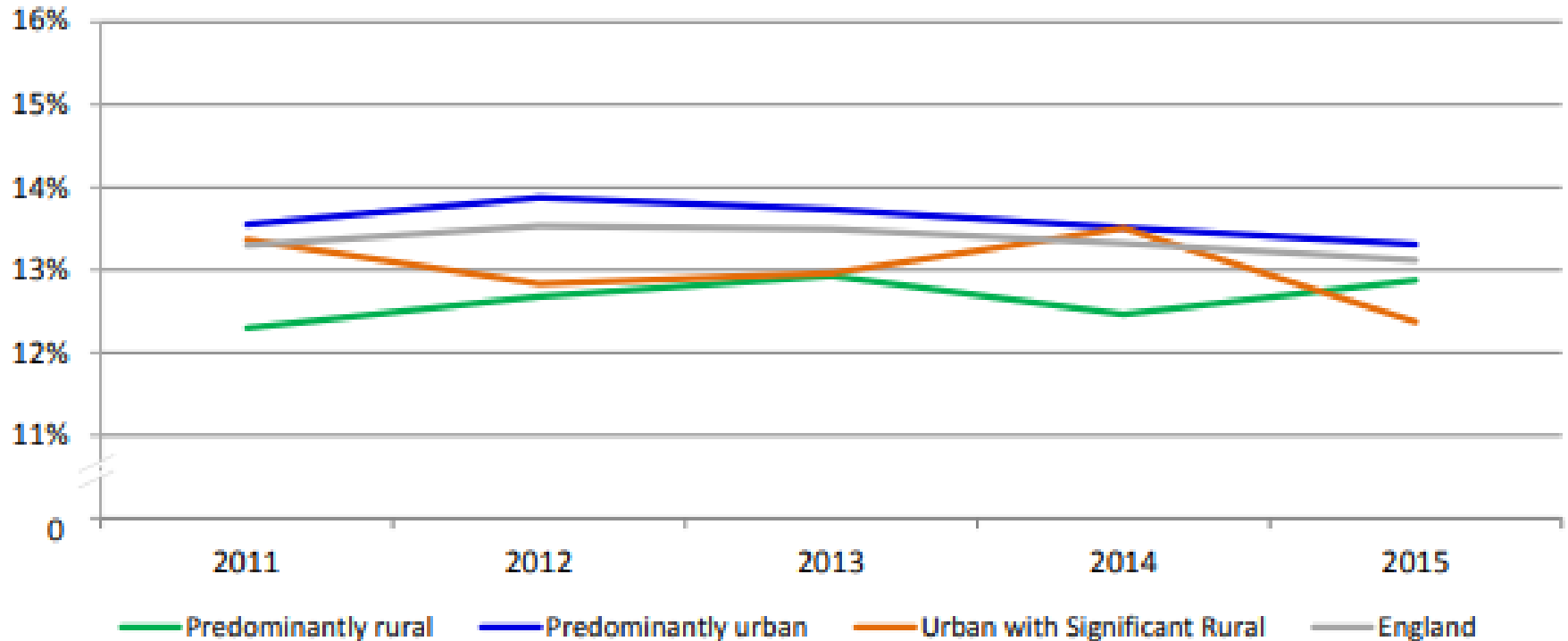
# Skills and training – higher level qualifications

Proportion of working age population with NVQ4 (or equivalent) and above (workplace based), by Local Authority Classification in England, 2011 to 2015



# Skills and training – on-the-job training

Proportion of employees and self-employed of working age receiving on the job training in last 4 weeks (workplace based), by local authority classification in England, 2011 to 2015





# Implications for delivery of skills & business development policy in rural areas

- High proportion of SMEs
- High proportion of sole establishments
- Limited exposure to international markets and competitive pressure which might drive up demand for skills
- Lower than average levels of training
- Transport as a major barrier to effective delivery of skills support
- Lower value placed on vocational and academic qualifications compared with establishments in urban areas – emphasis on tacit knowledge
- Less emphasis on planning and more informal approaches to training by comparison with urban areas

- Impact of broadband access to the internet:
  - internet job search: extending reach and penetration
  - direct job creation: e-commerce, etc.
  - affect work organisation/ practices
- Extending the boundaries of rural areas
- Rural businesses supplementing their labour force with workers from elsewhere
- Opportunities for learning and skills development – although face-to-face interaction remains important for some job tasks and for some learning

# Conclusions

- Limited labour pool – quantitatively and qualitatively
- Older than average workforce – out-migration of young qualified
- International migration – Brexit impacts
- Knowledge intensive sectors and occupations tend to be under-represented relative to urban areas – but they do exist
- Preponderance of small establishments
- More limited prospects for in-work progression in situ
- Harder to drive up demand for skills
- Diversity of rural areas – need place-informed local economic development policies
- Internet can extend business reach