

Local collaboration is the key to revitalising rural economies

Much of what is written about entrepreneurship tends to assume that founders and their businesses are largely based in an urban environment and serving a large customer base, usually located within the immediate vicinity.

As a result, much of the general support being provided to new and smaller businesses from both the public and private sector tends to reflect the needs of those enterprises based in the UK's towns and cities.

However, as a recent review by the National Innovation Centre for Rural Enterprise (NICRE) has shown, there are major differences in small firms based in rural areas as compared to those found in urban neighbourhoods.

In particular, the whole environment in which business is undertaken in rural areas will be affected by the lower population and firm density as compared to urban areas. As a result, there will be consequences for the type of support and advice that may be appropriate.

For example, various studies have shown that rural firms are smaller, located further away from business support centres, and face considerable infrastructure constraints as well as reduced access to both skilled workers and customers.

Another potential constraint is that small firm managers are heavily embedded in their rural environment and as a result, they will emphasise local relationships above other considerations with a consequential impact on the way that they access resources.

One positive trend that has been developing for several years and that has grown significantly since the Covid-19 pandemic is the in-migration of a new type of entrepreneur from urban areas who are based in very different sectors, are not dependent on local markets and utilise a range of external advisors who are usually not located within their area.

And whilst there have previously been negative connotations around 'incomers' moving into rural areas, these new and very different types of businesses can revitalise local economies especially if they create contacts with existing local businesses.

Given the nature of rural enterprises, what is the optimum type of support that should be provided? As the review notes, the key issue is to ensure that rural firms are supported to find non-local markets and to consider, where possible, exporting their goods or services.

For example, a survey undertaken by NICRE shows that the most popular source of advice for rural firms are their local accountants followed by government support. Given the nature of rural firms, a higher proportion of rural businesses relied on advice from family and friends as compared to their urban counterparts.

In terms of the type of advice sought, the most popular areas were financial issues, business growth, health and safety, and regulation.

In addition to business support, rural firms were also questioned on whether they had sufficient infrastructure locally to support their operations. Not surprisingly, rural firms considered broadband quality, transport infrastructure and public transport as being poor and believed they were considerably worse than those found in urban areas.

The limited access to broadband is a particular issue with a higher proportion than their urban equivalents perceiving this

to be a major obstacle for business development and fewer rural firms adopting digital technology as a result.

These findings have considerable implications for the Welsh economy given that nine counties currently have a population density below the Wales average namely Carmarthenshire, Ceredigion, Conwy, Denbighshire, Gwynedd, Monmouthshire, Pembrokeshire, Powys and Ynys Mon.

It is highly doubtful that the Welsh Government would create a Rural Development Agency to address the business support and infrastructure challenges faced by businesses located in these local authorities.

Nevertheless, there are certainly opportunities for greater co-operation between these councils and a real opportunity to work more closely together to co-create the types of interventions that work for rural firms. These should include a clear recognition of the vital interrelationships between communities and businesses that are the heart of the rural economy and society.

This would also allow economies of scale so that there is less replication of different services (e.g. digital support or exporting advice) which are important to developing these businesses but can be offered across the whole of rural Wales rather than in just one county.

Recently, every council in Wales received news of their financial allocation from the UK Government's Shared Prosperity Fund, a large part of which should be focused on economic regeneration and supporting businesses to create wealth and employment.

Given this, it would be a massive step forward for rural Wales if those nine local authorities came together to collaborate in developing integrated support mechanisms that are durable and rooted in their local business communities whilst complementing what is currently available from Welsh

Government

This would not only help to collectively address deficiencies in infrastructure such as access to a decent broadband service but, more importantly, would create an alliance of councils working together to facilitate greater access to finance, talent and markets that will lead to greater prosperity and more jobs in rural Wales.