

# **The rural economy post-pandemic: opportunities and barriers for business growth**

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At the National Innovation Centre for Rural Enterprise (NICRE), we put knowledge to work for an enterprising countryside... combining research with practical innovation to find new ways of unlocking potential and supporting thriving rural businesses and communities.

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# Executive summary

This report presents findings from the **NICRE State of Rural Enterprise (SORE) 2023 survey** covering three English regions – the North East (NE), the South West (SW) and the West Midlands (WM). It focuses on the **new landscape of opportunities** which faces firms, both rural and urban, as consumer priorities and interests change post-pandemic.

The report emphasises rural firms' willingness to invest to realise these opportunities, despite the financial legacy of the pandemic and cost-of-doing-business crisis. However, familiar challenges threaten rural firms' ability to grasp the opportunities available, suggesting the continued importance of initiatives focused on improving rural transport, housing and broadband.

## Post-pandemic opportunities

The perception of opportunities – opportunity recognition – is the critical starting point for entrepreneurial activities which can subsequently lead to growth and productivity improvements. The SORE 2023 survey provides a profile of the main opportunities for business development and growth perceived by more than 2,000 rural firms. Our data suggests a widely-shared perception among rural firms that the post-pandemic era does offer new opportunities associated with developing products or services related to health and well-being, as well as developing environmental or green products and services.

For both rural and urban firms, our survey data suggests that the post-pandemic period offers similar local opportunities associated with developing health or well-being-related as well as environmental/green products or services. We see a difference in emphasis, however, between urban and rural firms: urban firms see stronger opportunities related to health and well-being, while rural firms are more focused on environmental/green products and services.

Fewer, but still significant numbers of firms in both rural and urban areas, identify opportunities for business development and growth in their local area linked to improving data skills and use of data, expanding tourism, and exporting. Around a third of rural and urban businesses believe their businesses are well positioned to seize these opportunities. Other firms see little benefit from new opportunities, while around a third do not class them as relevant to their business.

An analysis by region reveals that opportunities associated with developing products or services about health and well-being or the environment are common to each of the regions included in the survey. Rural firms in the NE were more likely to identify emerging opportunities for tourism, compared to rural firms in the SW and WM.

## Realising opportunities

Rural firms in the NE were slightly more likely to feel they were well positioned to take advantage of future opportunities than those in the WM and SW, although there were larger differences between firm size bands. 58% of larger rural firms see themselves as either 'very well' or 'well placed' to take advantage of new opportunities, compared to 38% of micro firms.

Realising these post-pandemic opportunities will depend both on firms' willingness and ability to invest for the future and on their access to local resources – employees, finance, premises etc.

## From opportunities to investment

Some of the most cited local opportunities by rural firms related to environmental products and services. This is reflected in future investment intentions associated with environmental improvements, with around 80% of rural firms 'well placed' to take advantage of local development opportunities planning either to increase or maintain their investment over the next year. A smaller, but not insubstantial proportion of firms, around 25%, were planning to either increase or maintain their investment in developing international markets. This reflects closely the smaller number of firms seeing developing export markets as a future opportunity.

The SORE 2023 survey also asked about firms' investment intentions in terms of employee health and well-being, training, and capital investment. Here again we see strong investment intentions particularly in aspects of employee well-being and management and staff training. In each case, firms which see themselves as 'well placed' to take advantage of local growth opportunities were more likely to be planning to increase or maintain levels of investment in well-being and training.

## External conditions and local opportunities

It has often been suggested that rural firms face different external challenges to firms in more urban locations. Our survey data suggests that the most reported constraint for both rural and urban businesses in realising local opportunities was the ability to recruit and retain staff (50%). This is also reflected in rural firms which see themselves as 'well placed' to take advantage of local growth opportunities, with around 55% identifying this constraint.

The second most cited perceived constraint on growth by rural and urban firms related to a lack of financial resources (40%). However, we see a difference in emphasis between urban and rural firms: 40% of rural firms also see a lack of availability of affordable housing locally as a key constraint, compared to 33% of their urban counterparts. Facing a lack of transport services and infrastructure was also a more common challenge (39%) for those businesses located in rural areas, compared to those firms in urban areas (26%).

Focusing on the constraints perceived by rural firms in different regions suggests some noticeable differences. Although staffing challenges are important across all three regions, they are more commonly faced by rural firms in the SW and WM (50%), compared to rural firms in the NE (46%). Rural firms located in the NE were more likely to highlight a lack of financial resources (49%) than firms in the other two regions (38-39%), while rural firms in the SW tended to emphasise local housing costs and the lack of local transport services.

# 1. Introduction



The legacy of the Covid-19 pandemic has been **profound**. Concerns around poor mental health and well-being have been widely discussed, alongside shifts towards home and hybrid working patterns. At the same time, businesses across the economy have faced a **perfect storm** – disruption due to the pandemic followed by the cost-of-doing-business crisis. All of this in the context of the **wider climate emergency** and the increasingly visible effects of global warming.

Where does this all leave firms in rural areas? Are these changing conditions simply deepening the deficits often discussed in terms of rural firms – e.g., limited broadband, difficulties in recruiting and retaining employees? Or, is the climate crisis and an increased emphasis on well-being creating new opportunities for them? How do rural firms view the future, and where do they see the opportunities for future prosperity? Is there an ability and willingness to invest to realise post-pandemic opportunities? And, what are the infrastructure and other barriers to this?

In this report – based on the State of Rural Enterprise (SORE) survey 2023 - we focus on the post-pandemic opportunities perceived by rural businesses. These perceptions of opportunity – opportunity recognition – are important as they mark the first step in entrepreneurial activities which can realise opportunities and generate local growth and productivity benefits. Realising the full potential of any local opportunities will also require investment, and an enabling environment in which firms can prosper. The SORE survey provides information on both

these internal and external enablers/barriers to future growth. Internal to the firm we have information on the future investment plans of rural businesses, a critical future step in capitalising opportunities. The SORE survey also provides information on the barriers which rural firms perceive in realising their post-pandemic opportunities.

The SORE survey was undertaken between May and August 2023 and included businesses across three English regions – the North East (NE), the South West (SW) and the West Midlands (WM). The population of interest in the survey is private sector for-profit and not-for-profit businesses employing at least one person. The survey covered 2,602 businesses in total, made up of 2,001 rural businesses and 601 urban businesses. We surveyed 800 firms in the NE, 601 in the SW, and 600 in the WM. Table 1 provides an overview of the samples analysed in this report. The survey was conducted using Computer Assisted Telephone Interviewing (CATI), which has proven to be the best means of reaching the appropriate personnel within a business. As the sample was weighted by firm size, responses are weighted to give regionally representative results for the rural and urban business populations. The weighting process and profile of the sample are set out in Appendix A.

SORE is first and foremost a rural business survey. We aim to capture the diversity of rural areas using aggregated rural categories based on England's official urban-rural classification

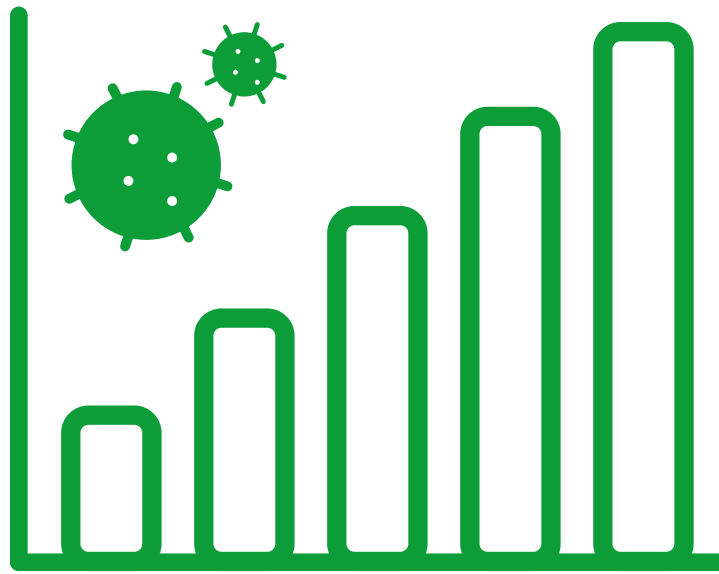
(ONS, 2013). Specifically, we distinguish between three types of rural locations: town and urban fringe; villages; and dispersed hamlets and isolated dwellings. We also include data from a reference sample of urban businesses in each region which, whilst accepting this is a simplification of complex urban geography, allows us to provide an initial comparison between rural and urban enterprises, at different points in the report. The report focuses on non-farming enterprises.

The remainder of the report is structured as follows. Section 2 profiles the opportunities for business growth and development highlighted by rural firms and contrasts these with their urban counterparts. Some marked differences emerge between regions covered by the survey and also between rural firms of different sizes. In light of these perceived opportunities, Section 3 focuses on rural firms' investment intentions across a range of areas of business development. Again, we contrast rural firms with their urban counterparts and look specifically at the investment intentions of firms which have strong views about local growth opportunities. Section 4 focuses on the impacts of external factors on firms' ability to realise growth opportunities. Here, firms' primary concerns relate to staffing and finance but aspects of infrastructure also prove significant for rural enterprises. Section 5 summarises the key findings and discusses some implications for policy and practice.

**Table 1: Numbers of interviews, rural vs urban, by region**

	All regions	North East (NE)	South West (SW)	West Midlands (WM)
Total	2,602	1,000	802	800
Rural	2,001	800	601	600
- Town	840	447	214	179
- Village	644	196	207	241
- Hamlets	517	157	180	180
Urban	601	200	201	200

# 2. Post-pandemic opportunities for business development and growth



## 2.1 Post-pandemic opportunities

Entrepreneurial activity is often said to start with individuals' perception of a new market opportunity. Opportunities may arise due to changes in fashion or technology, social trends or, as in recent years, the impact of shocks such as the pandemic. To see how rural firms were viewing the future, the SORE survey asked about the opportunities firms see for local development.

Figure 1 depicts the opportunities identified by urban and rural firms. It indicates that a majority of rural firms see new opportunities associated with developing products or services about health and well-being, as well as environmental or green products or services. We see a difference in emphasis, however, between urban and rural firms: urban firms see stronger opportunities related to health and well-being (rural 47%, urban 52%), while rural firms are more

focused on environmental/green products and services (rural 44%, urban, 40%). Fewer, but still significant numbers of firms in both rural and urban areas, identify opportunities for business development and growth in their local area linked to data skills and use of data (rural 37%, urban 40%), tourism (rural 37%, urban 37%) and exporting (rural 21%, urban 17%).

An analysis by region reveals that these emerging opportunities associated with developing products or services about health and well-being or the environment are common to each of the regions included in the survey (Figure 2). Rural firms in the NE were more likely to identify emerging opportunities for tourism: 45% of NE rural firms reported opportunities for tourism, compared to 36% of rural firms in the SW and 35% in the WM.

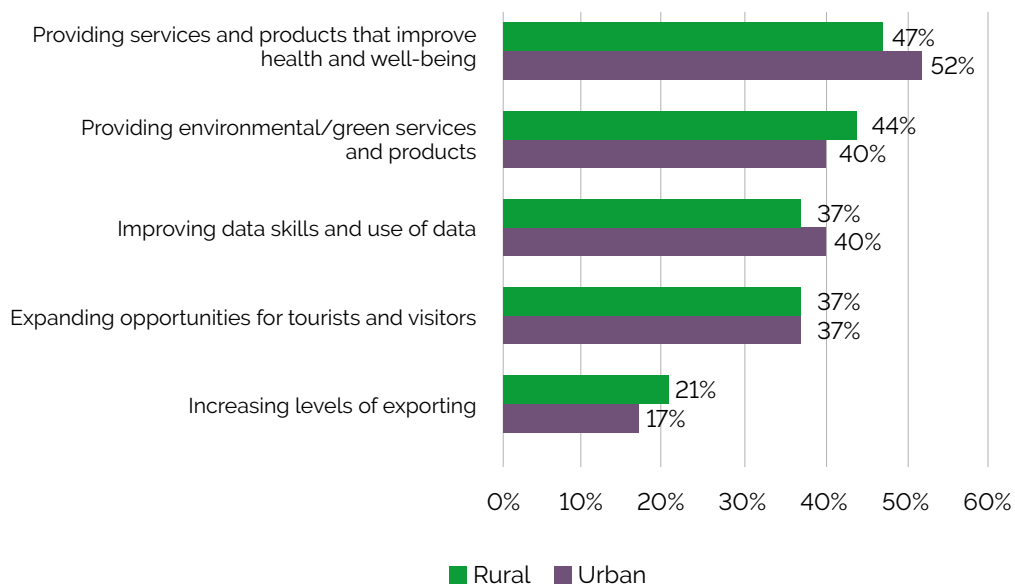
Focusing on the opportunities perceived by rural firms in different size categories suggests some marked differences (Figure 3). Larger firms are more likely to perceive opportunities to provide services and products associated with health and well-being, while smaller companies perceive stronger opportunities in terms of providing environmental/green services and products. Tourist opportunities seem less important to micro firms with fewer than 10 employees, though for these businesses improvements in data skills and use of data are of greater significance (Figure 3).

Comparing the emerging opportunities between different types of rural areas, Figure 4 reveals that emerging opportunities associated with developing products or services related to health and well-being were most common among firms located in rural towns (52%), compared to villages (46%), and hamlets and isolated dwellings (43%). Opportunities in relation to environmental services and products were

more evenly spread across different rural areas. Businesses in hamlets and isolated dwellings were less likely to highlight local opportunities in relation to improving data skills and use of data or in relation to tourism.

An analysis by sector is depicted in Figure 5. Local opportunities are generally widely spread across sectors, and this is particularly so in relation to products and services associated with health and well-being or the environment. As would be expected, rural firms in the Hospitality sector are much more likely to see emerging opportunities for tourism. However, tourism services and products also generate opportunities for other sectors, such as Wholesale, retail, and transport (47%) and Other services (45%). Business services firms were more likely to emphasise opportunities arising from improving data skills and use of data. Exporting was more likely to be highlighted by rural firms in the Production sector.

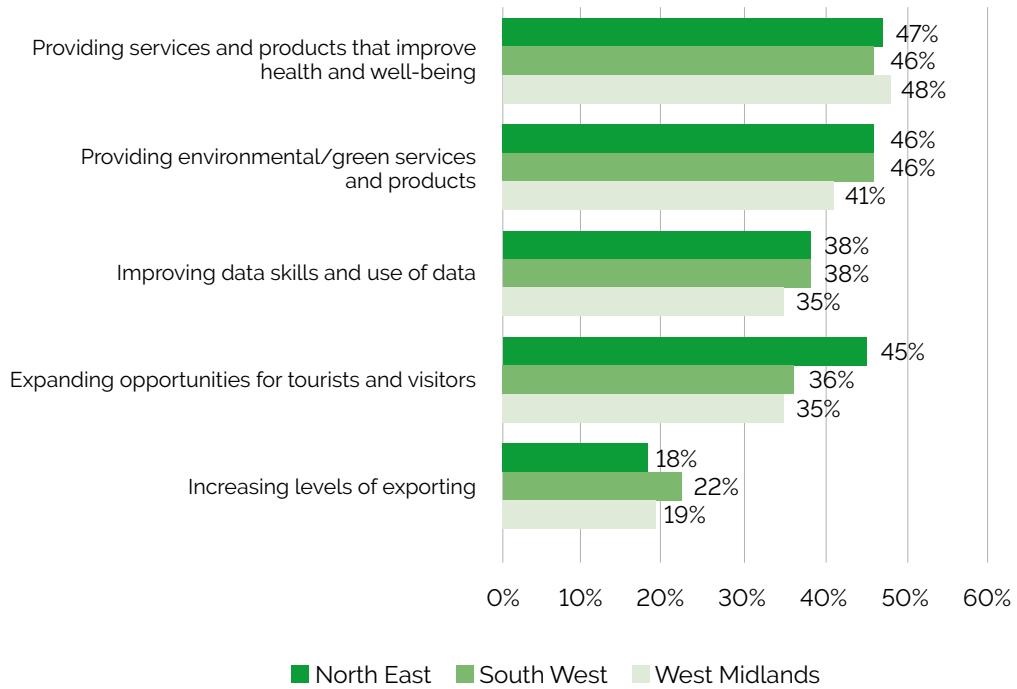
**Figure 1: Opportunities for local business growth, rural and urban**



Unweighted total of 2,469 firms, 1,907 rural firms and 562 urban firms for 'Providing services and products that improve health and well-being'. For other categories, the number of observations varies slightly due to some missing observations.

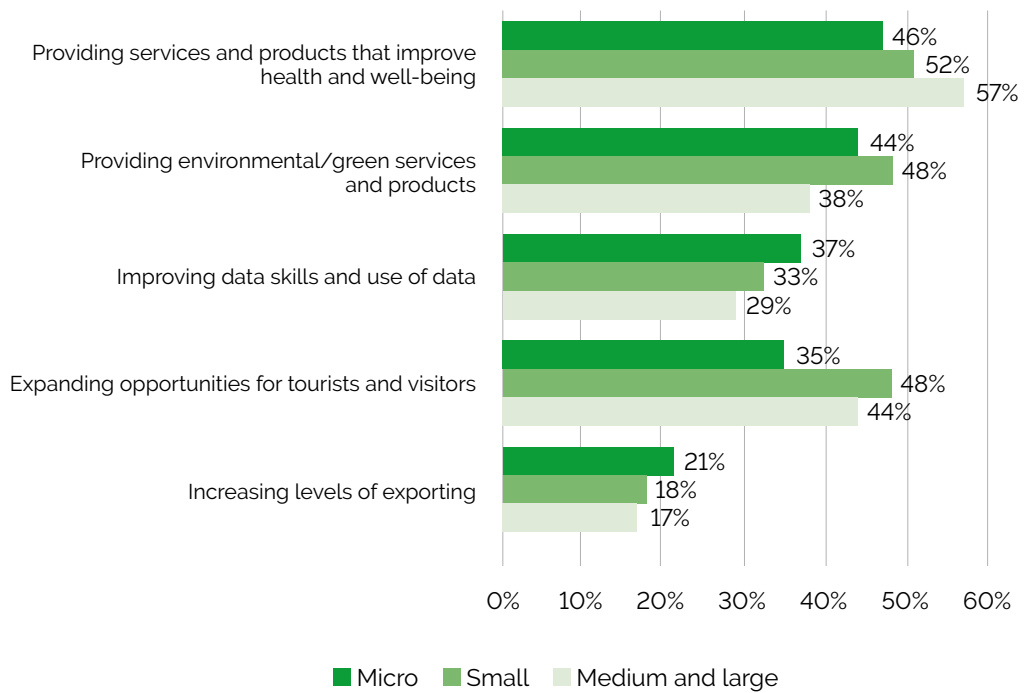


**Figure 2: Opportunities for local business growth, by region for rural firms**



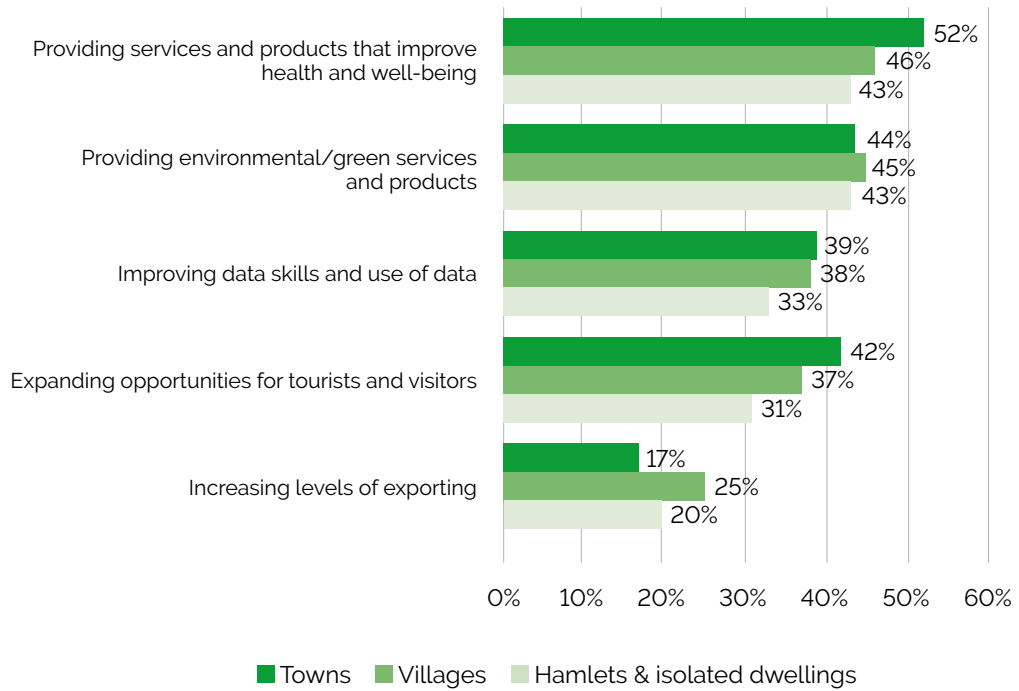
Unweighted total of 1,907 rural firms (765 in the NE, 571 in the SW, 571 in the SW) for 'Providing services and products that improve health and well-being'. For other categories, the number of observations varies slightly due to some missing observations.

**Figure 3: Opportunities for local business growth, by size for rural firms**



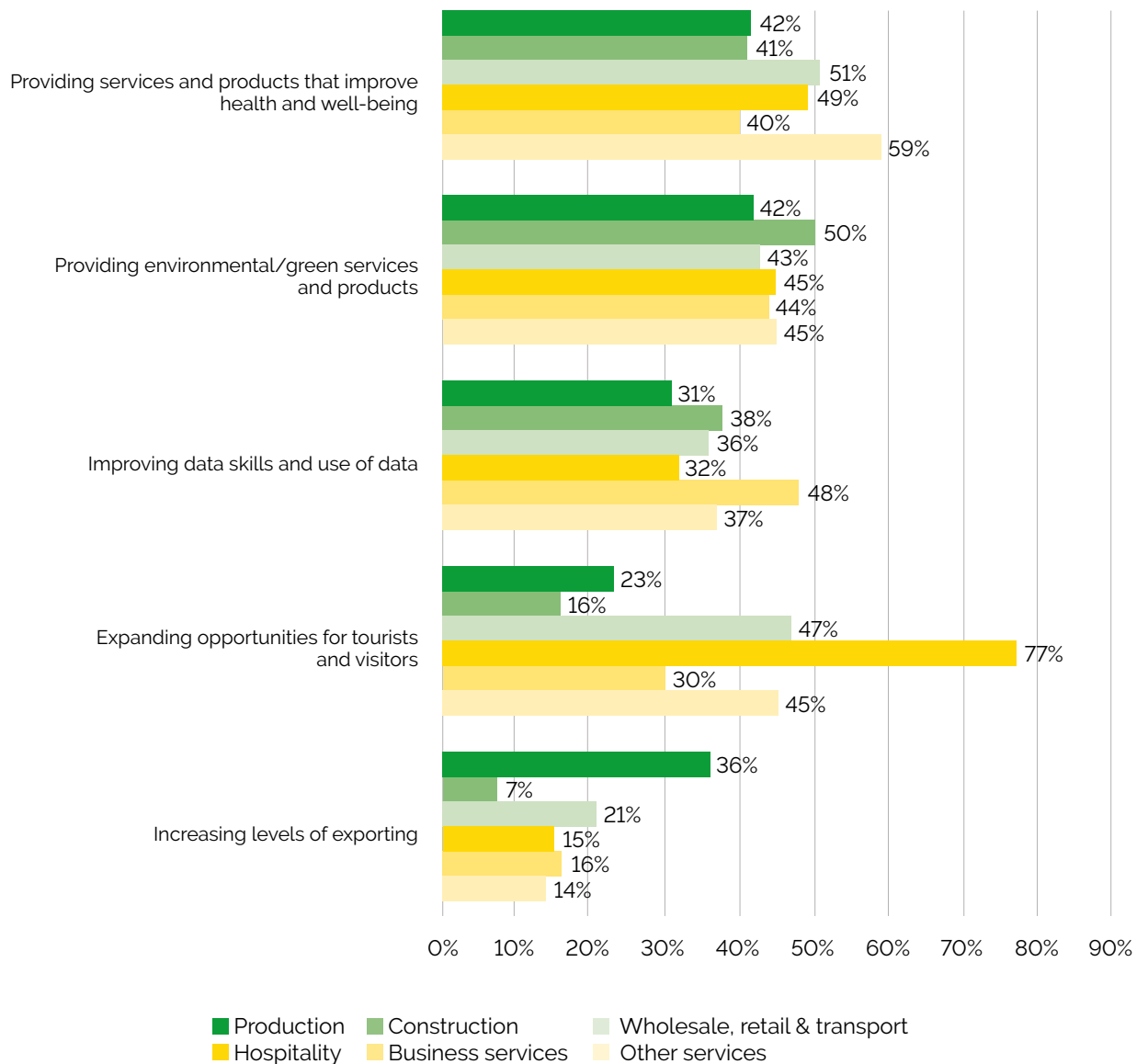
Unweighted total of 1,907 rural firms (1,282 in micro, 538 in small, 87 in medium and large) for 'Providing services and products that improve health and well-being'. For other categories, the number of observations varies slightly due to some missing observations.

**Figure 4: Opportunities for local business growth, by location for rural firms**



Unweighted total of 1,907 firms (798 in rural towns, 615 in rural villages, 494 in rural hamlets & isolated dwellings) for 'Providing services and products that improve health and well-being'. For other categories, the number of observations varies slightly due to some missing observations.

**Figure 5: Opportunities for local business growth, by sector for rural firms**



Unweighted total of 1,905 rural firms (245 in Production, 174 in Construction, 447 in Wholesale, retail & transport, 243 in Hospitality, 310 in Business services, 486 in Other services) for 'Providing services and products that improve health and well-being'. For other categories, the number of observations varies slightly due to some missing observations.

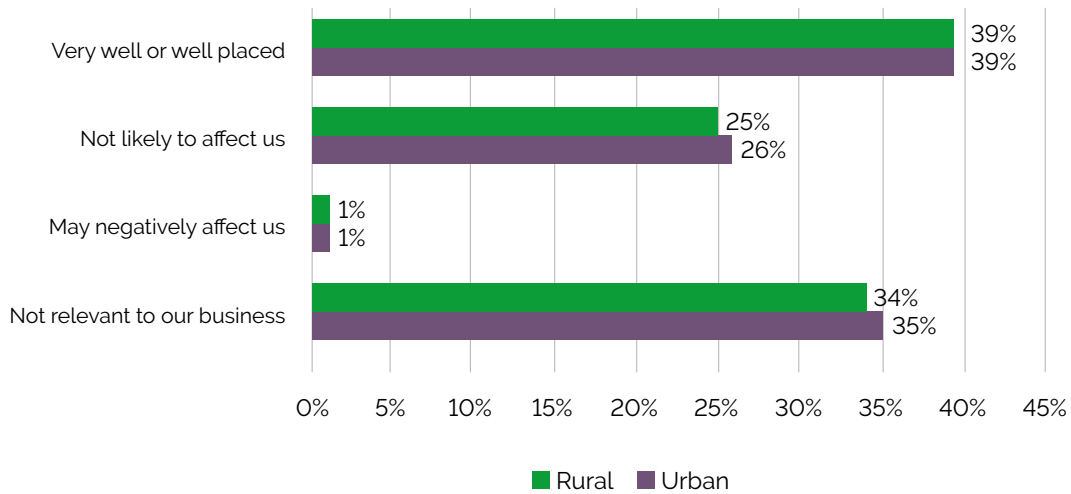
## 2.2 Prepared for opportunity?

Firms were also asked in the survey to what extent they felt their own business was well positioned to take advantage of these opportunities. Overall, an equal proportion (39%) of rural and urban firms reported that their businesses are either 'very well' or 'well placed' for potential opportunities (Figure 6). Other firms see little benefit arising from any new opportunities, while around a third do not class them as being relevant to their business.

Rural firms in the NE were slightly more likely to feel they were well positioned to take advantage

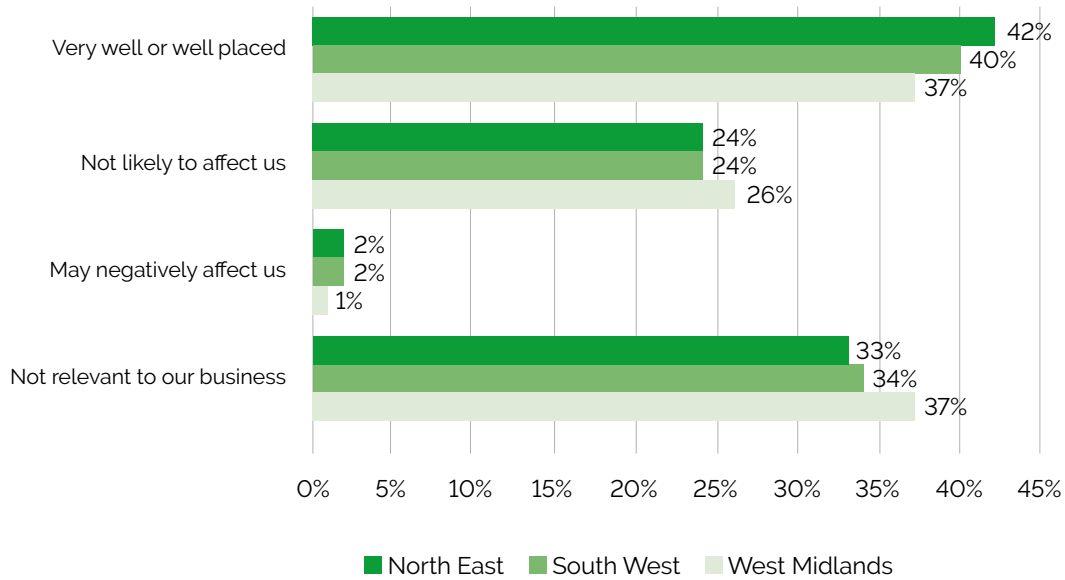
of future opportunities than those in the WM and SW (Figure 7), although there were larger differences between firm size bands (Figure 8). 58% of larger rural firms see themselves as either 'very well' or 'well placed' to take advantage of new opportunities compared to 38% of micro firms (Figure 8). An analysis by location of rural firms (Figure 9) reveals that those located in towns were considerably more likely (44%) to feel well positioned to take advantage of future opportunities than those in hamlets and isolated dwellings (39%) and villages (35%).

**Figure 6: How well placed are you to take advantage of growth opportunities? Rural and urban**



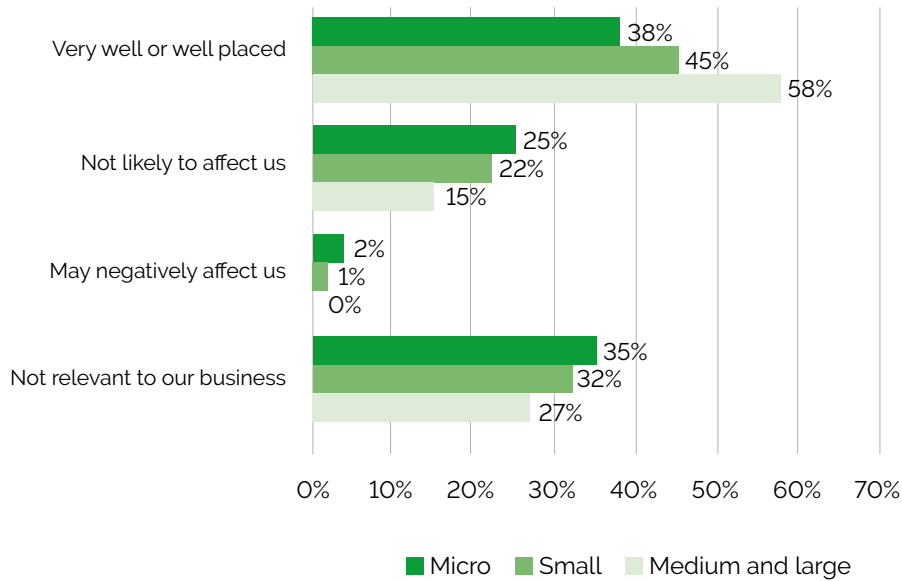
Unweighted total of 1,960 firms, 1,508 rural firms and 452 urban firms for 'Very well or well placed'. For other categories, the number of observations varies slightly due to some missing observations.

**Figure 7: How well placed are you to take advantage of growth opportunities? By region for rural firms**



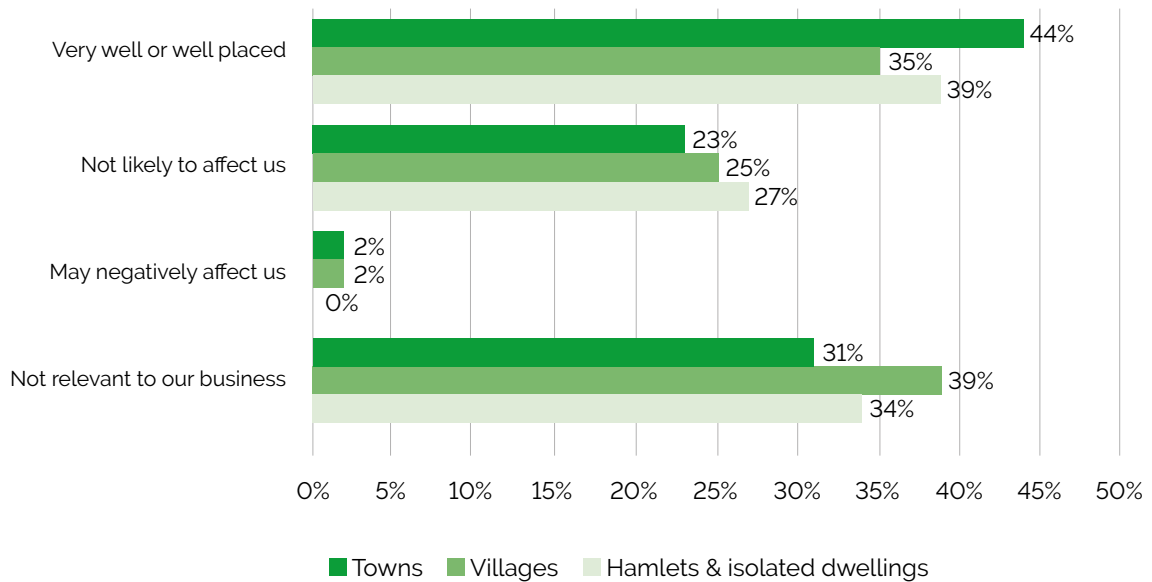
Unweighted total of 1,508 rural firms (616 rural in the NE, 460 in the SW, 432 in the WM) for 'Very well or well placed'. For other categories, the number of observations varies slightly due to some missing observations.

**Figure 8: How well placed are you to take advantage of growth opportunities? By size for rural firms**



Unweighted total of 1,508 rural firms (1,002 in micro, 436 in small, 70 in medium and large) for 'Very well or well placed'. For other categories, the number of observations varies slightly due to some missing observations.

**Figure 9: How well placed are you to take advantage of growth opportunities? By location for rural firms**



Unweighted total of 1,508 rural firms (637 in rural towns, 489 in rural villages, 382 in rural hamlets & isolated dwellings) for 'Very well or well placed'. For other categories, the number of observations varies slightly due to some missing observations.

# 3. From opportunities to investment



Investment is likely to be required if rural firms are to **realise the opportunities** identified in Section 2. As part of the SORE 2023 survey, rural firms were therefore asked whether they were likely to invest in a range of different areas of business development in the next year. This allows us to consider how firms' **perceptions of future opportunities affect their willingness to invest.**

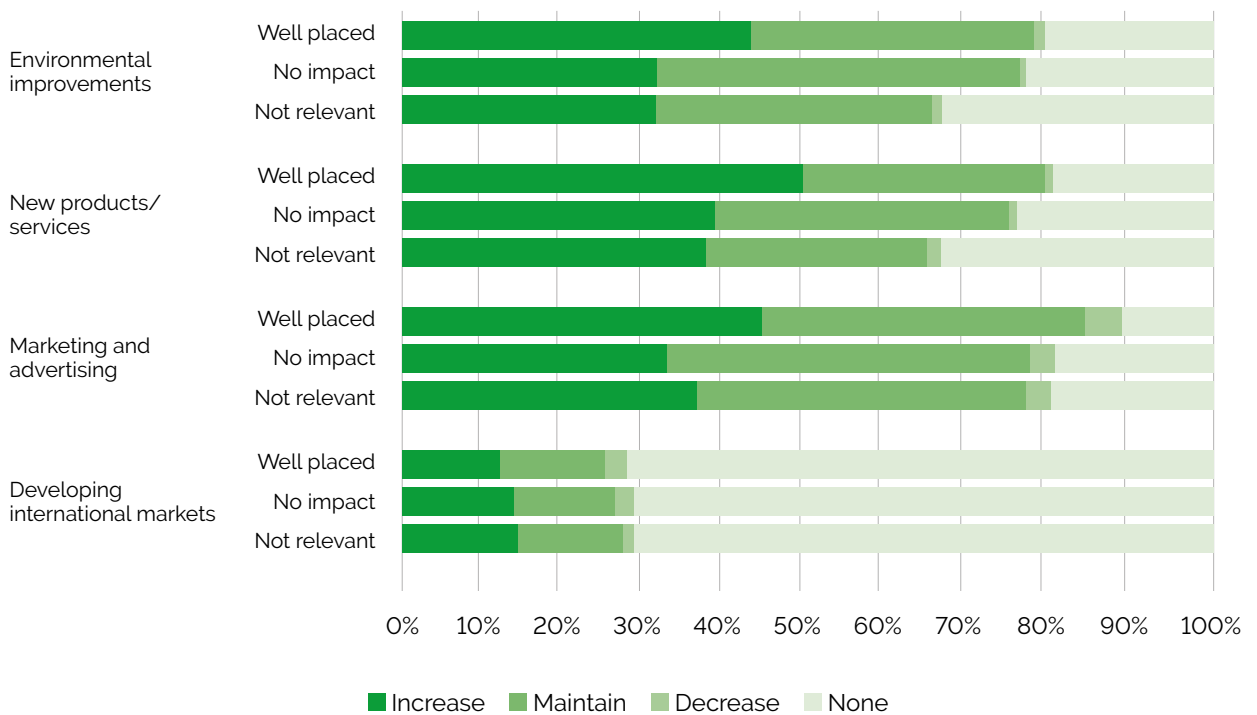
We focus on the differences in investment plans of three categories of rural firms. First, those firms which regarded themselves as 'well placed' to take advantage of local development opportunities. Second, those rural firms which indicated that local development opportunities were likely to have 'no impact' on their subsequent growth, and third, those which regarded any future opportunities as 'not relevant' to their business. Figures 10 and 11 summarise firms' investment intentions, reflecting the potential to increase, maintain, or decrease future investment. We also identify those firms where no future investment is planned in particular areas.

Some of the most cited local opportunities by rural firms related to environmental products and services. This is reflected in future investment intentions associated with environmental improvements (Figure 10), with around 80% of rural firms suggesting that they were 'well placed' to take advantage of local development opportunities planning either to increase or maintain their investment over the next year. This proportion was somewhat lower among firms seeing local development opportunities as either less impactful or irrelevant to their business.

A rather similar investment profile was evident for firms' intentions to invest in new products and services, and marketing and advertising (Figure 10). In each case the proportion of firms intending to increase investment was higher among those indicating that they were 'well placed' to take advantage of local development opportunities. A smaller but not insubstantial proportion of firms, around 25%, are planning to either increase or maintain their investment in developing international markets. This reflects closely the smaller number of firms seeing developing export markets as a future opportunity (Figure 10).

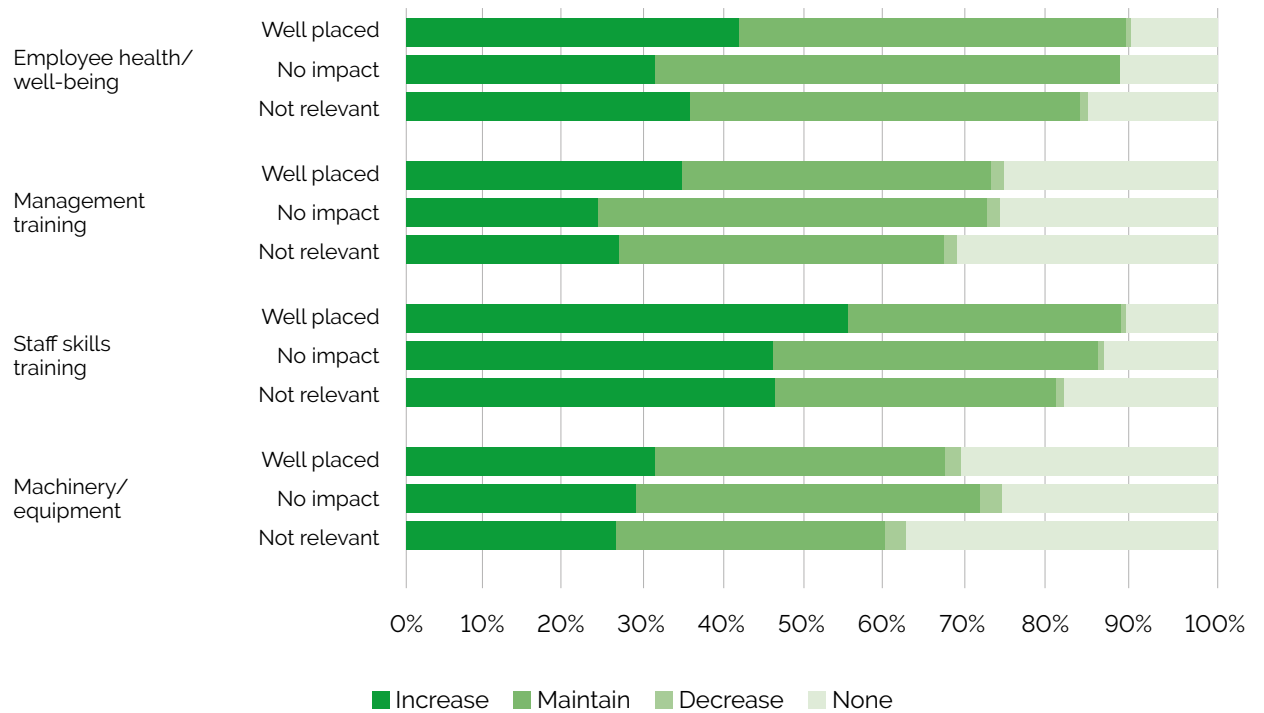
The SORE 2023 survey also asked about firms' investment intentions in terms of employee health and well-being, training, and capital investment (Figure 11). Here again we see strong investment intentions particularly in aspects of employee well-being and management and staff training, with a slightly smaller proportion of firms planning to increase investment in machinery and equipment. In each case, firms which see themselves as 'well placed' to take advantage of local growth opportunities were more likely to be planning to increase or maintain levels of investment in well-being and training. In each case only a small proportion of firms were planning to decrease levels of investment.

**Figure 10: Investment intentions among rural firms, by perception of opportunities**



Unweighted total of 1,920 rural firms (812 for 'Well placed', 456 for 'No impact', 652 for 'Not relevant') for 'Environmental improvements'. For other categories, the number of observations varies slightly due to some missing observations.

**Figure 11: Investment intentions among rural firms, by perception of opportunities**



Unweighted total of 1,928 rural firms (812 for 'Well placed', 461 for 'No impact', 655 for 'Not relevant') for 'Employee health/well-being'. For other categories, the number of observations varies slightly due to some missing observations.



# 4. External conditions and local opportunities



Rural businesses often face **very different external challenges** to firms in more urban locations: on the **positive side**, premises may be cheaper, space for expansion may be more readily available and relationships may be stable; on the **negative side**, transport services may be more limited and recruitment more challenging than in more densely populated urban areas.

In the SORE 2023 survey, we explored how these different external factors influence firms' ability to take advantage of the opportunities they perceive. We first consider the situation for

all rural businesses before taking a more detailed look at rural firms which take different views of local opportunities, i.e., the 'well placed', 'no impact' and 'not relevant' groups.

## 4.1 External conditions – urban and rural comparisons

The most reported constraint for both rural and urban businesses in realising local opportunities was the ability to recruit and retain staff (Figure 12). This was highlighted as an issue by half (50%) of rural and urban firms, reflecting wider evidence that recruitment and retention in rural areas can be difficult in high income countries (see Jones et al., 2019). Interestingly, this coincides with our evidence on investment discussed earlier and the importance which many firms in both urban and rural areas were attaching to investment in management and staff training and supporting staff health and well-being.

Around 40% of both rural and urban firms are also facing a lack of financial resources which may constrain their ability to take advantage of development opportunities. 40% of rural firms also see a lack of availability of affordable housing locally as a key barrier, compared to 33% of their urban counterparts. Dealing with a lack of transport services and infrastructure was also a more common challenge (39%) for those businesses located in rural areas, compared to those firms in urban areas (26%), as was inadequate broadband capacity (rural 33%, urban 25%). Approximately a third of rural and urban firms highlighted planning restrictions as a constraint.

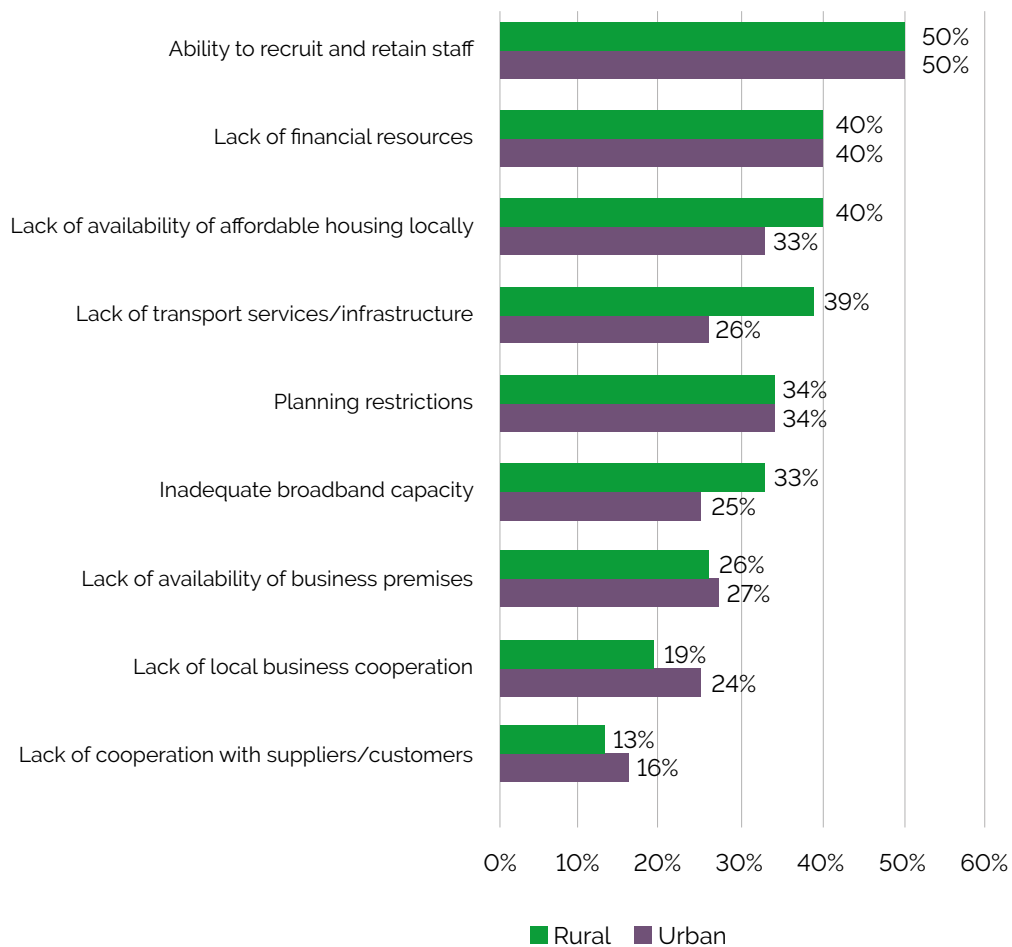
Comparing external constraints on the growth of rural firms across the three regions suggests a rather different picture across areas (Figure 13). Staffing issues are important across all three regions, although more cited by rural firms in the SW and WM (50%), than in the NE (46%). Rural firms located in the NE cited a lack of financial resources more often (49%) than firms in the other two regions (38-39%), while rural firms in the SW were more likely to emphasise local housing costs and the lack of local transport services. Planning restrictions and a lack of available business premises were more common constraints for rural firms in the WM. Broadband remains an issue for around a third of rural firms in each of the three regions.

In terms of business size, we also see some stark contrasts between the growth constraints on rural firms (Figure 14). For example, staffing issues are the main barrier for small businesses (67%), and larger ones (70%), compared to micro businesses (47%). This may relate to the fact that most rural businesses in England are small (FSB, 2023). Around 40% of micro and small rural firms are dealing with financial issues, whereas this only applies to 28% of rural firms with more than 50 employees.

Comparing constraints on the growth of rural firms across alternative rural locations (Figure 15), those firms located in rural hamlets and isolated dwellings are more likely to face challenges related to the ability to recruit and retain staff (54%) compared to their counterparts in villages (48%) and towns (47%). Around two fifths of rural firms in hamlets and isolated dwellings also face issues related to broadband, lack of infrastructure, and planning restrictions.

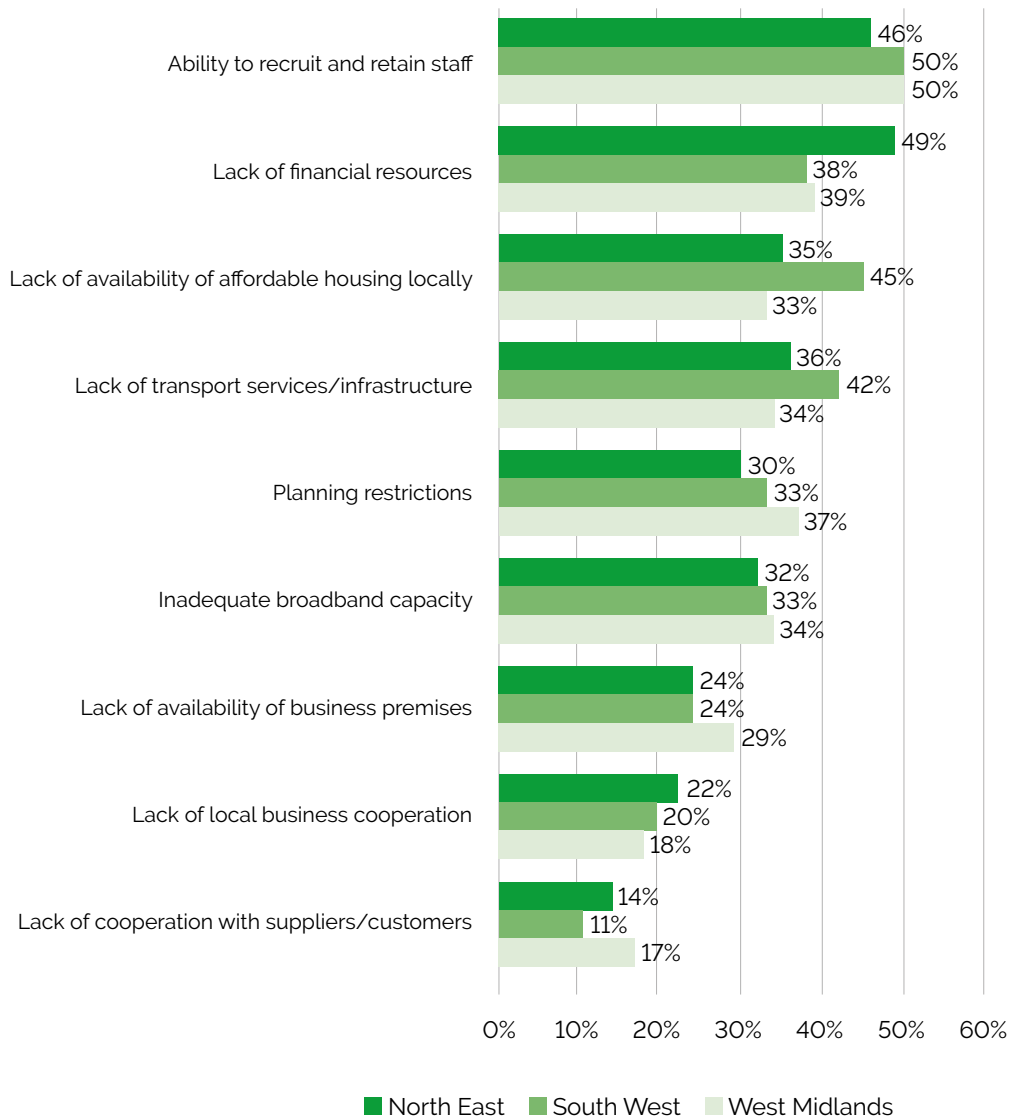
Figure 16 depicts an analysis of constraints on growth for rural firms by sector. The ability to recruit and retain staff as a constraint on growth was more cited by rural firms in Construction (58%), Wholesale, retail and transport (56%), Hospitality (54%), and Production (48%). Around 59% of rural firms in the Hospitality sector perceive constraints on the growth of rural firms related to the lack of services or infrastructure, and half of them point to issues linked to planning restrictions and availability of affordable housing. Business premises are a greater concern for Wholesale, retail and transport businesses, and for rural firms in the Construction sector, where lack of cooperation with suppliers and customers is also a greater barrier compared to other sectors.

**Figure 12: Perceived constraints on growth, rural and urban**



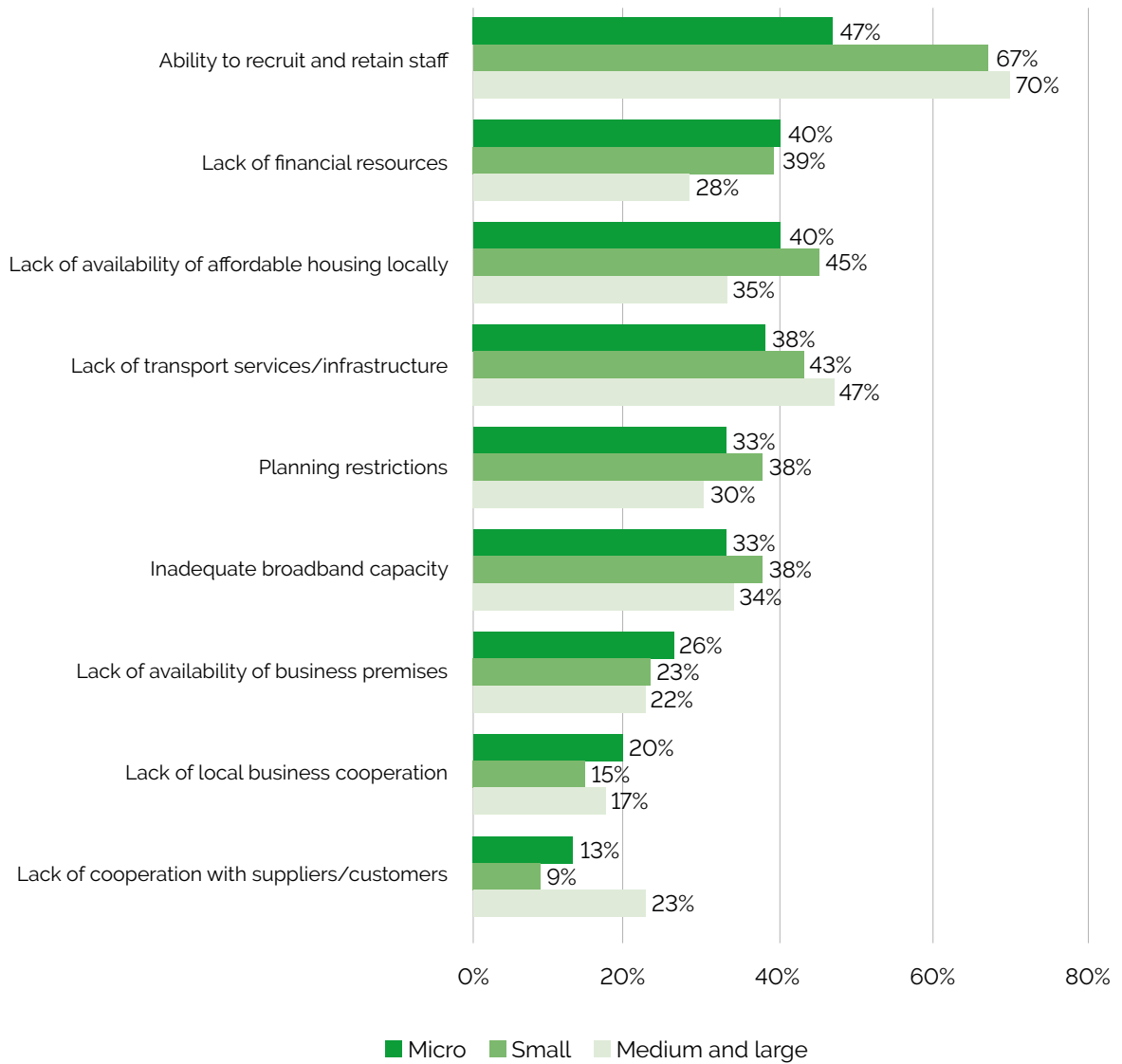
Unweighted total of 1,930 firms, 1,492 rural firms and 438 urban firms for 'Ability to recruit and retain staff'. For other categories, the number of observations varies slightly due to some missing observations.

**Figure 13: Perceived constraints on growth, by region for rural firms**



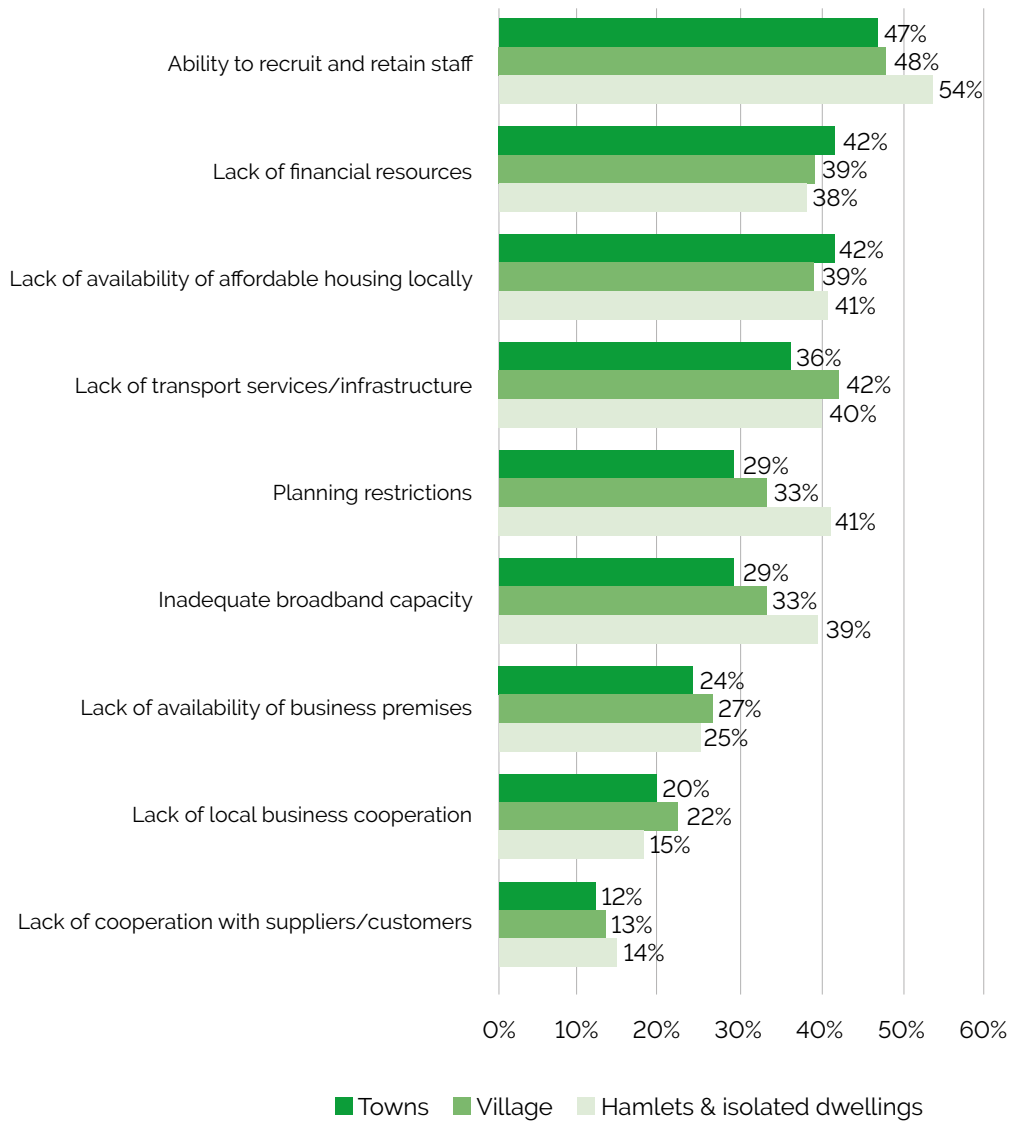
Unweighted total of 1,492 rural firms (611 in the NE, 455 in the SW, 426 in the WM) for 'Ability to recruit and retain staff'. For other categories, the number of observations varies slightly due to some missing observations.

**Figure 14: Perceived constraints on growth, by size for rural firms**



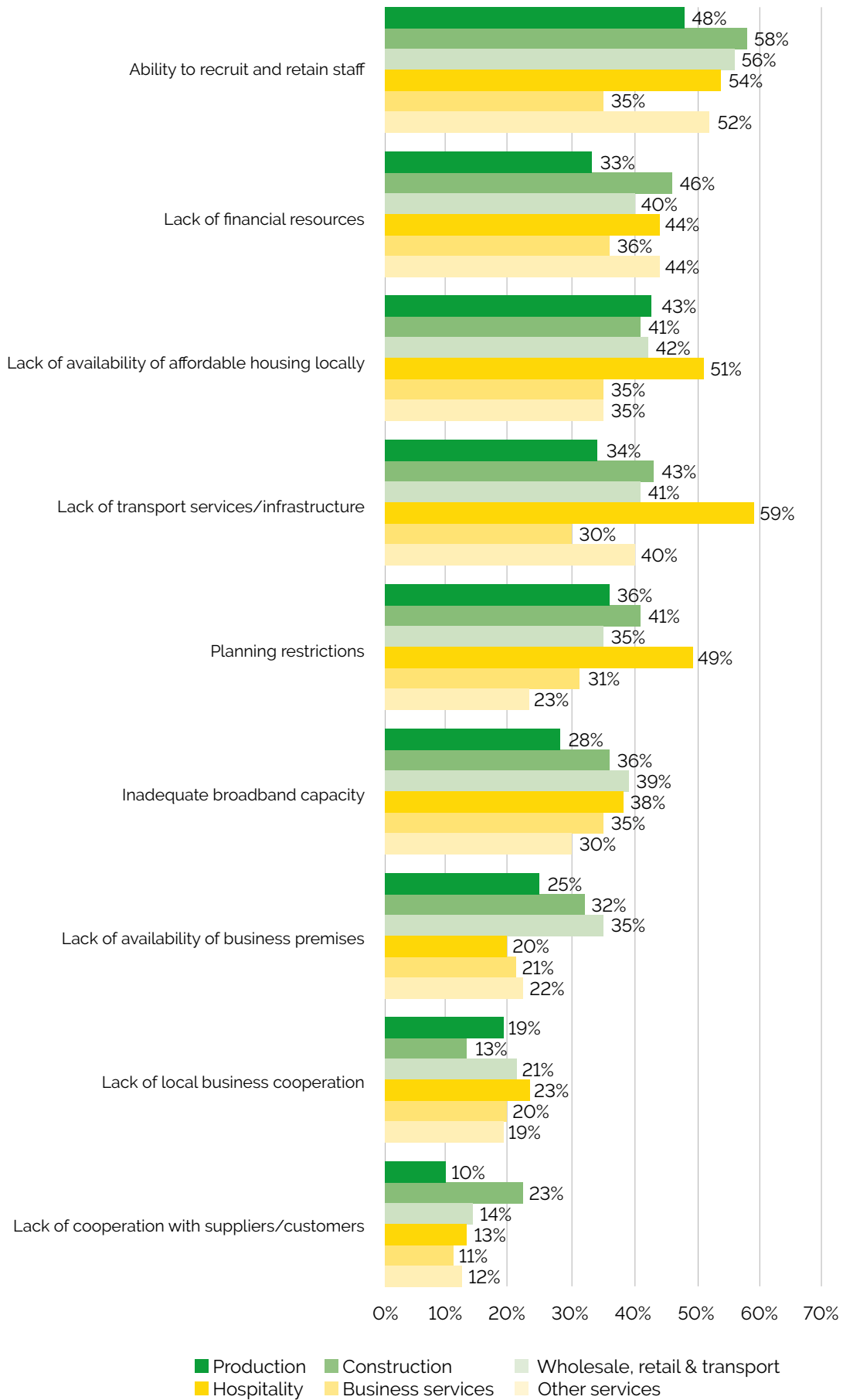
Unweighted total of 1,492 rural firms (986 in micro, 437 in small, 69 in medium and large) for 'Ability to recruit and train staff'. For other categories, the number of observations varies slightly due to some missing observations.

**Figure 15: Perceived constraints on growth, by location for rural firms**



Unweighted total of 1,492 rural firms (629 in rural towns, 487 in rural villages, 376 in rural hamlets & isolated dwellings) for 'Ability to recruit and train staff'. For other categories, the number of observations varies slightly due to some missing observations.

**Figure 16: Perceived constraints on growth, by sector for rural firms**



Unweighted total of 1,491 rural firms (174 in Production, 121 in Construction, 363 in Wholesale, retail & transport, 220 in Hospitality, 227 in Business services, 386 in Other services) for 'Ability to recruit and train staff'. For other categories, the number of observations varies slightly due to some missing observations.

## 4.2 External constraints and opportunities

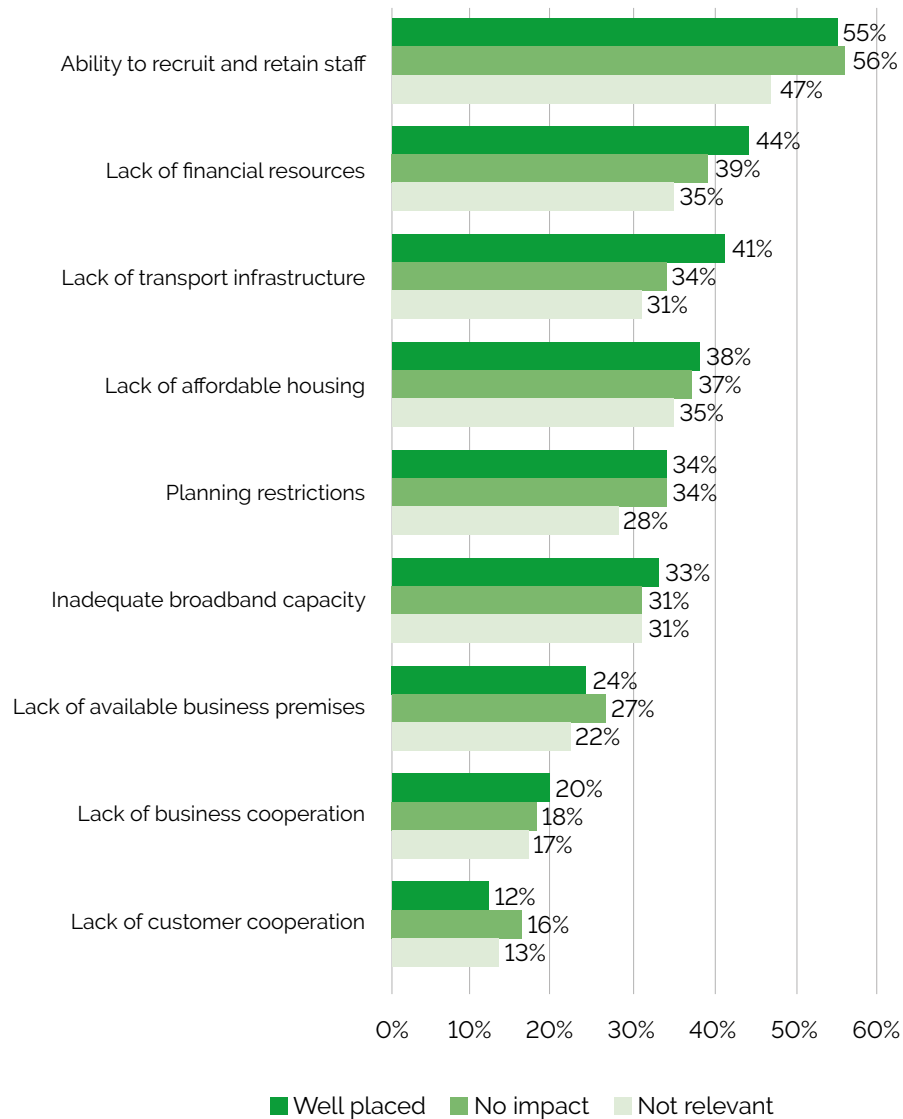
Constraints for rural firms which take different views of local opportunities, i.e., the 'well placed', 'no impact' and 'not relevant' groups are identified in this section. We investigated how these different external factors influence rural firms' ability to take advantage of the opportunities they perceive. This allows us to think how firms' perceptions of external constraints is affected by their views of local opportunities. Figure 17 show rural firms' external constraints and how this differs depending on firms' perceptions of local opportunities.

Overall, we see a largely similar pattern of perceived constraints regardless of the strength of firms' perceptions of local opportunities (Figure 17). As before, the most cited constraint relates to rural firms' ability to recruit and retain staff. Around 55% of rural firms which regarded

themselves as 'well placed' to take advantage of local development opportunities cited this challenge. Another widely-cited challenge facing rural firms was a lack of financial resources. The proportion of firms seeing this challenge was somewhat higher among rural firms which regarded themselves as 'well placed' to take advantage of local opportunities, with a similar picture also evident for a lack of transport infrastructure. A rather similar constraints profile was also evident for rural firms dealing with inadequate broadband capacity, lack of local business cooperation, lack of availability of affordable housing locally, and planning restrictions (Figure 17). In each case the proportion of rural firms facing those challenges was higher among those indicating that they were 'well placed' to take advantage of local development opportunities.



**Figure 17: Perceived constraints on growth among rural firms, by perception of opportunities**



Unweighted total of 1,888 rural firms (798 for 'Well placed', 449 for 'No impact', 641 for 'Not relevant') for 'Ability to recruit and train staff'. For other categories, the number of observations varies slightly due to some missing observations.

# 5. Conclusions – new opportunities, familiar constraints



Post-pandemic concerns around **mental health and well-being** and the **climate crisis** are creating **new opportunities** for related products and services. Our results suggest a **widespread perception** among rural firms of opportunities for developing products or services related to health and well-being, as well as developing environmental or green products or services.

This is reflected in future investment intentions relating to environmental improvements, with around 80% of rural firms which suggested that they were 'well placed' to take advantage of local development opportunities planning either to increase or maintain their investment over the next year. Some differences in the perceived opportunities also emerge between regions: for example, firms in the NE are more likely to see future opportunities related to tourism than those in the WM and SW.

Rural firms' investment intentions are particularly strong in terms of employee well-being and management and staff training. These investments may be particularly important given widespread concern among rural businesses about their ability to recruit and retain staff.

Closely related were other, familiar and longstanding, concerns among rural firms about a lack of availability of affordable housing locally and a lack of transport services and infrastructure. Some regional differences in the

profile of these other constraints do emerge. The ability to recruit and retain staff as a constraint on growth was more commonly cited by rural firms in the SW and WM than in the NE. However, rural firms located in the NE face a lack of financial resources more often than firms in the other two regions, while rural firms in the SW were more likely to emphasise local housing costs and the lack of local transport services. Rural firms in the WM placed more emphasis on a lack of available premises for growth.

The SORE 2023 survey focuses on the new landscape of opportunities which faces firms, both rural and urban, as consumer priorities and interests change. The report emphasises rural firms' willingness to invest to realise these opportunities, despite the financial legacy of the pandemic and cost-of-doing-business crisis. However, familiar challenges threaten rural firms' ability to grasp the opportunities available, however, suggesting the continued importance of initiatives focused on improving rural transport, housing and broadband.

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# Appendix A: Weighting procedure and profiling respondent firms

## Weighting procedure

We derive the weights for non-farm businesses based on the enterprise population from the Business Structure Database. Within each region, firms are weighted by size-band (three size-bands), sectors (six sectors), and urban-rural types (two types). As this report considers the non-farm rural economy, farms were excluded from the weighting process. Weights were derived for both the non-farm rural economy and the non-farm urban comparison group.

Across the three regions surveyed samples were structured by firm size band, sector and between urban and rural areas. This structured sample requires sampling weights to be developed to allow representative results to be obtained for urban and rural areas within each region. Tables A1 and A2 provide the achieved sample divided by region and urban/rural. Tables A3 and A4 provide the business population in terms of the count of business units in each cell derived from the Business Structure Database (BSD) 2022 (ONS 2023). The BSD is the annual abstract from the Inter-departmental Business Register and is itself based on VAT and PAYE data. This was accessed through the UK Secure Data Service.

Tables A5 and A6 provide the sampling weights derived as the ratio of the business population relative to the number of respondents. Note that in a small number of cases where the numbers of respondents in a particular industry/size band cell is small, cells have been amalgamated to avoid extreme weighting numbers.

**Table A1: Respondent numbers – rural firms**

<b>Respondents</b>	<b>Rural firms by number of employees</b>			
<b>North East</b>	<b>Less than 10</b>	<b>10 to 49</b>	<b>50+</b>	<b>Total</b>
Production	66	17	6	89
Construction	54	14	3	71
Wholesale and retail, transport	141	24	4	169
Hospitality	80	26	3	109
Business services	129	15	4	148
Other services	163	43	8	214
<b>Total</b>	<b>633</b>	<b>139</b>	<b>28</b>	<b>800</b>
<b>South West</b>	<b>Less than 10</b>	<b>10 to 49</b>	<b>50+</b>	<b>Total</b>
Production	42	38	7	87
Construction	24	23	2	49
Wholesale and retail, transport	88	57	8	153
Hospitality	34	45	3	82
Business services	51	26	2	79
Other services	72	62	16	150
<b>Total</b>	<b>311</b>	<b>251</b>	<b>38</b>	<b>600</b>
<b>West Midlands</b>	<b>Less than 10</b>	<b>10 to 49</b>	<b>50+</b>	<b>Total</b>
Production	55	27	2	84
Construction	39	16	2	57
Wholesale and retail, transport	108	38	7	153
Hospitality	33	29	2	64
Business services	81	20	3	104
Other services	84	45	8	137
<b>Total</b>	<b>400</b>	<b>175</b>	<b>24</b>	<b>599</b>

**Table A2: Respondent numbers – urban firms**

Respondents	Urban firms by number of employees			
	Less than 10	10 to 49	50+	Total
<b>North East</b>				
Production	14	9	14	37
Construction	11	2	3	16
Wholesale and retail, transport	20	12	5	37
Hospitality	7	10	5	22
Business services	22	8	4	34
Other services	22	16	16	54
<b>Total</b>	<b>96</b>	<b>57</b>	<b>47</b>	<b>200</b>

Respondents	Urban firms by number of employees			
	Less than 10	10 to 49	50+	Total
<b>South West</b>				
Production	17	12	9	38
Construction	12	6	4	22
Wholesale and retail, transport	26	12	8	46
Hospitality	5	10	5	20
Business services	17	6	2	25
Other services	24	13	13	50
<b>Total</b>	<b>101</b>	<b>59</b>	<b>41</b>	<b>201</b>

Respondents	Urban firms by number of employees			
	Less than 10	10 to 49	50+	Total
<b>West Midlands</b>				
Production	12	11	8	31
Construction	10	5	3	18
Wholesale and retail, transport	30	12	7	49
Hospitality	5	9	2	16
Business services	23	5	3	31
Other services	24	17	14	55
<b>Total</b>	<b>104</b>	<b>59</b>	<b>37</b>	<b>200</b>

**Table A3: Population numbers – rural firms**

<b>Respondents</b>	<b>Rural firms by number of employees</b>			
<b>North East</b>	<b>Less than 10</b>	<b>10 to 49</b>	<b>50+</b>	<b>Total</b>
Production	3,070	286	94	3,450
Construction	1,537	183	32	1,752
Wholesale and retail, transport	2,052	317	40	2,409
Hospitality	1,226	384	39	1,649
Business services	1,834	190	50	2,074
Other services	2,404	461	95	2,960
<b>Total</b>	<b>12,123</b>	<b>1821</b>	<b>350</b>	<b>14,294</b>
<b>South West</b>	<b>Less than 10</b>	<b>10 to 49</b>	<b>50+</b>	<b>Total</b>
Production	18,054	1523	304	19,881
Construction	8,522	783	63	9,368
Wholesale and retail, transport	9,603	1756	252	11,611
Hospitality	4,613	2167	158	6,938
Business services	12,073	1006	131	13,210
Other services	11,843	2152	537	14,532
<b>Total</b>	<b>64,708</b>	<b>9387</b>	<b>1,445</b>	<b>75,540</b>
<b>West Midlands</b>	<b>Less than 10</b>	<b>10 to 49</b>	<b>50+</b>	<b>Total</b>
Production	9,304	881	253	10,438
Construction	4,146	366	39	4,551
Wholesale and retail, transport	5,885	990	162	7,037
Hospitality	2,155	827	77	3,059
Business services	6,770	595	83	7,448
Other services	6,207	1256	323	7,786
<b>Total</b>	<b>34,467</b>	<b>4915</b>	<b>937</b>	<b>40,319</b>



**Table A4: Population numbers – urban firms**

Respondents	Urban firms by number of employees			
	Less than 10	10 to 49	50+	Total
<b>North East</b>				
Production	2,091	714	262	3,067
Construction	4,113	563	85	4,761
Wholesale and retail, transport	6,728	1189	186	8,103
Hospitality	4,604	1136	98	5,838
Business services	6,178	941	200	7,319
Other services	8,504	1807	668	10,979
<b>Total</b>	<b>32,218</b>	<b>6350</b>	<b>1,499</b>	<b>40,067</b>
<b>South West</b>				
Production	4,676	1294	420	6,390
Construction	11,314	1163	158	12,635
Wholesale and retail, transport	13,844	2461	406	16,711
Hospitality	7,702	2366	218	10,286
Business services	17,121	2552	566	20,239
Other services	17,610	4211	1,426	23,247
<b>Total</b>	<b>72,267</b>	<b>14047</b>	<b>3,194</b>	<b>89,508</b>
<b>West Midlands</b>				
Production	6,778	2587	857	10,222
Construction	11,236	1281	166	12,683
Wholesale and retail, transport	25,451	3903	631	29,985
Hospitality	9,640	1905	177	11,722
Business services	17,754	2485	498	20,737
Other services	27,558	5232	1,615	34,405
<b>Total</b>	<b>98,417</b>	<b>17393</b>	<b>3,944</b>	<b>119,754</b>

**Table A5: Sampling weights – rural firms**

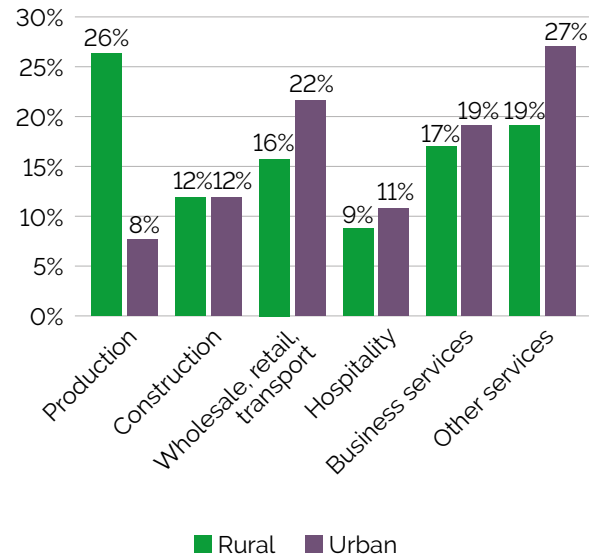
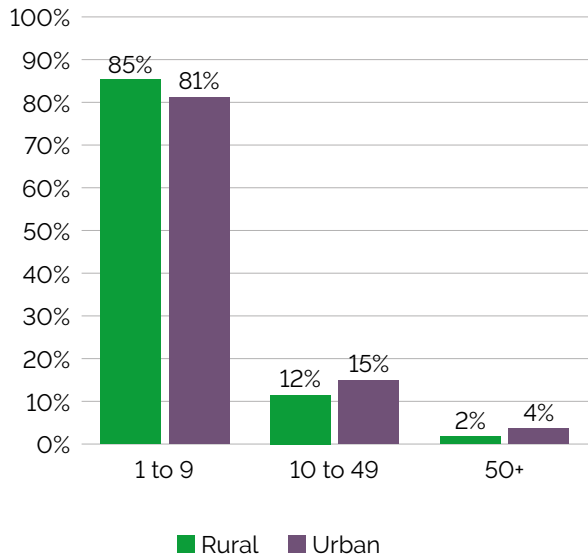
<b>Respondents</b>	<b>Rural firms by number of employees</b>			
<b>North East</b>	<b>Less than 10</b>	<b>10 to 49</b>	<b>50+</b>	<b>Total</b>
Production	46.5	16.8	15.7	38.8
Construction	28.5	13.1	10.7	24.7
Wholesale and retail, transport	14.6	13.2	10.0	14.3
Hospitality	15.3	14.8	13.0	15.1
Business services	14.2	12.7	12.5	14.0
Other services	14.7	10.7	11.9	13.8
<b>Total</b>	<b>19.2</b>	<b>13.1</b>	<b>12.5</b>	<b>17.9</b>
<b>South West</b>	<b>Less than 10</b>	<b>10 to 49</b>	<b>50+</b>	<b>Total</b>
Production	429.9	40.1	43.4	228.5
Construction	355.1	34.0	31.5	191.2
Wholesale and retail, transport	109.1	30.8	31.5	75.9
Hospitality	135.7	48.2	52.7	84.6
Business services	236.7	38.7	65.5	167.2
Other services	164.5	34.7	33.6	96.9
<b>Total</b>	<b>208.1</b>	<b>37.4</b>	<b>38.0</b>	<b>125.9</b>
<b>West Midlands</b>	<b>Less than 10</b>	<b>10 to 49</b>	<b>50+</b>	<b>Total</b>
Production	169.2	32.6	126.5	124.3
Construction	106.3	22.9	19.5	79.8
Wholesale and retail, transport	54.5	26.1	23.1	46.0
Hospitality	65.3	28.5	62.5	47.8
Business services	83.6	29.8	27.7	71.6
Other services	73.9	27.9	40.4	56.8
<b>Total</b>	<b>86.2</b>	<b>28.1</b>	<b>39.0</b>	<b>67.3</b>

**Table A6: Sampling weights – urban firms**

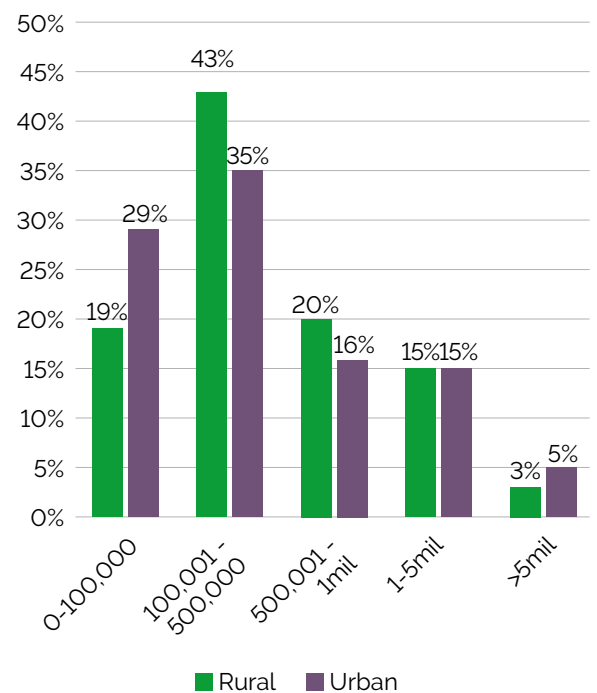
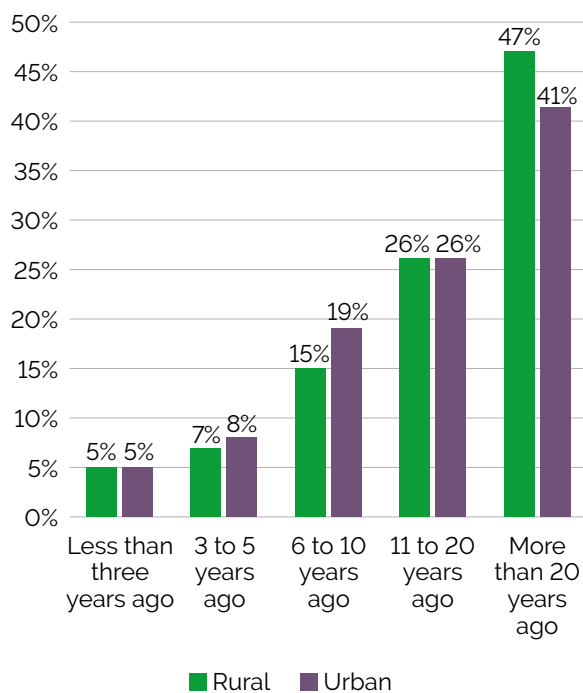
Respondents	Urban firms by number of employees			
	Less than 10	10 to 49	50+	Total
<b>North East</b>				
Production	149.4	79.3	18.7	82.9
Construction	373.9	281.5	28.3	297.6
Wholesale and retail, transport	336.4	99.1	37.2	219.0
Hospitality	657.7	113.6	19.6	265.4
Business services	280.8	117.6	50.0	215.3
Other services	386.5	112.9	41.8	203.3
<b>Total</b>	<b>335.6</b>	<b>111.4</b>	<b>31.9</b>	<b>200.3</b>
<b>South West</b>				
Production	275.1	107.8	46.7	168.2
Construction	942.8	193.8	39.5	574.3
Wholesale and retail, transport	532.5	205.1	50.8	363.3
Hospitality	1,540.4	236.6	43.6	514.3
Business services	1,007.1	425.3	283.0	809.6
Other services	733.8	323.9	109.7	464.9
<b>Total</b>	<b>715.5</b>	<b>238.1</b>	<b>77.9</b>	<b>445.3</b>
<b>West Midlands</b>				
Production	564.8	235.2	107.1	329.7
Construction	1,123.6	256.2	55.3	704.6
Wholesale and retail, transport	848.4	325.3	90.1	611.9
Hospitality	1,928.0	211.7	263.0	732.6
Business services	771.9	497.0	166.0	668.9
Other services	1,148.3	307.8	115.4	625.5
<b>Total</b>	<b>946.3</b>	<b>294.8</b>	<b>106.6</b>	<b>598.8</b>

## Sample profile

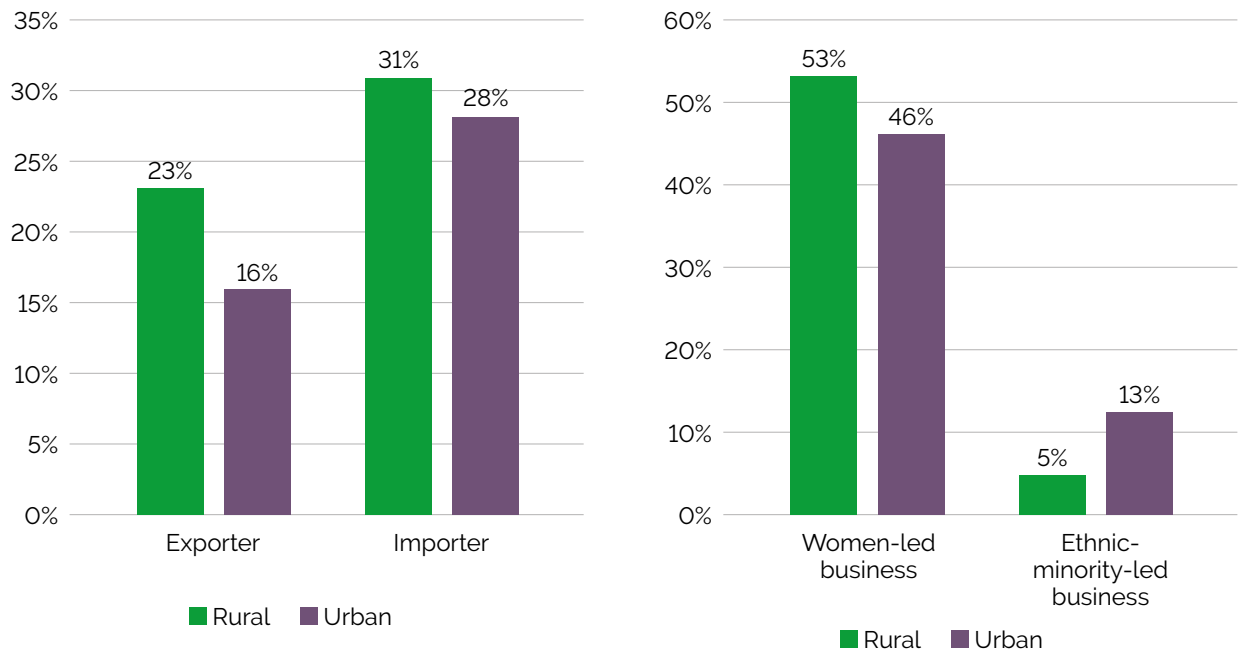
### Figure A1: Size & Industry



### Figure A2: Age (left) & turnover (right)



**Figure A5: Exporter and Importer (left) & Women-led business and Ethnic-minority-led business (right)**



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