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## ESEP RURAL ECONOMY SEMINAR

29<sup>TH</sup> SEPTEMBER 2003, FRASERBURGH LIGHTHOUSE MUSEUM.

### WORKSHOP SUMMARY

1. Opening presentations by John Lord and Mark Shucksmith are posted on this website. Following the presentations, delegates were divided into three groups and asked to discuss three challenges facing rural areas, namely:
  - SMEs as a driver for job growth and wealth creation
  - sustainable growth in key industry sectors
  - local economic development in remote communities.
3. In considering these problems groups were asked to consider and record:
  - the distinctive *rural dimension* of these challenges
  - *5/6 priorities for action* - and opportunities for ERDF/ESF support.
4. A summary of the groups' conclusions is set out below.

### RURAL DISTINCTIVENESS

5. Workshop participants were asked to identify the distinctive rural dimension of the economic development and social inclusion agenda in Scotland. What special challenges and/or opportunities are associated with rurality?
  - **self-employment:** rural areas typically have high levels of self-employment, but this does not necessary reflect a culture of entrepreneurship; research suggests that a lot of people in rural Scotland are pushed into self-employment as an alternative to unemployment, a process that is often associated with very low earnings; low claimant count unemployment may therefore be misleading, and self-employment may mask hidden unemployment and rural poverty
  - the above average incidence of **family owned firms** in rural areas may present particular barriers to growth; if the purpose of the business is to provide employment for family members it may be hard to develop the most appropriate skills and expertise
  - **access to services and markets:** although ICT enables rural businesses connect to customers and suppliers, take of e-business opportunities is restricted by limited access to broadband services as well as low demand from rural businesses; rural firms may experience limited access to professional and business services, learning and training facilities; time and distance to market for physical goods is another disadvantage for rural firms
  - **value added activities:** groups highlighted the continuing tendency for rural areas to be centres of primary production, with goods being moved to urban areas for value added processing: examples cited included the bottling and wholesaling of whisky in Central Scotland, and the

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manufacturing of meat, fish and other food products in urban areas.

- **attracting and retaining talented people:** groups acknowledged the tendency for talented and educated young people to migrate to major centres of population for higher education and jobs; this may be inherent in the rural condition, although a more vibrant, wealth-creating rural economy would offer a real choice; in any event, rural areas need to replace this talent drain by attracting skilled and educated people in later life: the evidence shows that in-migrants play a vital role in new firm formation
- linked to this, the **ageing population** of many rural areas provides some special opportunities in health and caring activities, but it can create problems of dependency and poverty; it follows that attracting and retaining families and people of working age is key to a sustainable rural economy.

### **PRIORITIES FOR ACTION**

6. The three groups then applied these lessons/issues to the specific challenges of SMEs, key industries and remote rural areas. Their priorities for action are noted below:

#### **Group A: Identify factors / areas of growth for SMEs**

- adding more value locally / at source by tackling barriers due to scale and promoting collaboration
- providing 'pooled' support and serviced office space
- focusing on distinctive rural opportunities/growth sectors such as renewable energy
- reducing /removing the barriers to training by SMEs, bearing in mind that firms with less than 10 employees are least likely to undertake off-the job training
- targeting training and improving education-business links to encourage participation in education/training, improving the level of qualifications and tailoring provision to the needs of local firms

#### **Group B: Sustainable growth in key industry sectors**

- improving access to ICT and promoting take-up of e-business
- developing HR/staff development policies that reflect the demographic realities: make a virtue of an experienced workforce
- working with local companies to develop value added products and services, for example, in forest products, fishing and agri-business
- promoting a culture of learning through personal and social networks
- capitalise on countryside capital by developing products that exploit the brand image of rural Scotland, and promoting rural lifestyles to key workers
- encouraging positive planning policies to promote appropriate economic development activity in rural areas

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**Group C: Local economic development in remote communities**

- developing appropriate flexible, planning policies and positive implementation of existing policies
- mobilising community awareness and commitment to develop bottom up responses to the economic development challenge
- encourage government and agencies to be more receptive to local knowledge and community-led solutions
- providing local access to training in rural skills and crafts such as farriery, farming, dyke building etc
- exploring local funding mechanisms, mentoring, business angels, venture capital
- increasing provision of locally led, consistent, reliable business support.