



UK COMMISSION FOR
EMPLOYMENT AND SKILLS

Secondary Analysis of Employer Surveys: Urban and Rural Differences in Jobs, Training, and Skills

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Foreword

The UK Commission for Employment and Skills is a social partnership, led by Commissioners from large and small employers, trade unions and the voluntary sector. Our ambition is to transform the UK's approach to investing in the skills of people as an intrinsic part of securing jobs and growth. Our strategic objectives are to:

- Maximise the **impact** of employment and skills policies and employer behaviour to support jobs and growth and secure an internationally competitive skills base;
- Work with businesses to develop the best market solutions which leverage greater **investment** in skills;
- Provide outstanding labour market **intelligence** which helps businesses and people make the best choices for them.

The third objective, relating to intelligence, reflects an increasing outward focus to the UK Commission's research activities, as it seeks to facilitate a better informed labour market, in which decisions about careers and skills are based on sound and accessible evidence. Relatedly, impartial research evidence is used to underpin compelling messages that promote a call to action to increase employers' investment in the skills of their people.

Intelligence is also integral to the two other strategic objectives. In seeking to lever greater investment in skills, the intelligence function serves to identify opportunities where our investments can bring the greatest leverage and economic return. The UK Commission's third strategic objective, to maximise the impact of policy and employer behaviour to achieve an internationally competitive skills base, is supported by the development of an evidence base on best practice: "what works?" in a policy context.

Our research programme provides a robust evidence base for our insights and actions, drawing on good practice and the most innovative thinking. The research programme is underpinned by a number of core principles including the importance of: ensuring 'relevance' to our most pressing strategic priorities; 'salience' and effectively translating and sharing the key insights we find; international benchmarking and drawing insights from good practice abroad; high quality analysis which is leading edge, robust and action orientated; being responsive to immediate

needs as well as taking a longer term perspective. We also work closely with key partners to ensure a co-ordinated approach to research.

This report looks in detail at the results of two of our key strategic labour market information products, the UK Commission's Employer Skills Survey 2011 and the UK Commission's Employer Perspectives Survey 2012. These two surveys form important parts of the evidence base that underpins our insight and policy work, and together form a rich source of information on UK business.

This report examines the differences between the urban and rural employer population, the skills issues they face, and their responses. It finds that there are some important differences between urban and rural areas in the sectoral, occupational and size profile of establishments and employment.

However, urban/rural differences in vacancies and skill gaps are a function of differences in the profile of establishments and employment rather than locational factors *per se*. The findings will be of interest to businesses, policymakers, and training and education professionals with an interest in rural business and skills. Sharing the findings of our research and engaging with our audience is important to further develop the evidence on which we base our work. Evidence Reports are our chief means of reporting our detailed analytical work. All of our outputs can be accessed on the UK Commission's website at www.ukces.org.uk

But these outputs are only the beginning of the process and we are engaged in other mechanisms to share our findings, debate the issues they raise and extend their reach and impact.

We hope you find this report useful and informative. If you would like to provide any feedback or comments, or have any queries please e-mail info@ukces.org.uk, quoting the report title or series number.

Lesley Giles

Deputy Director

UK Commission for Employment and Skills

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Introduction

Previous research has shown that employers and employees in rural areas are likely to be disadvantaged with respect to both skills needs and the opportunities for those skills needs to be addressed because of their small and sparsely distributed populations, remote location and distances travelled over a poorer transport infrastructure. This paper uses the UK Commission's Employer Skills Survey 2011 and Employer Perspectives Survey 2012 to explore differences and commonalities in vacancies, skills deficiencies and approaches to training and staff development.

Urban and rural differences – vacancies and recruitment

Although the employment structures of urban and rural areas have become more similar over time some important differences remain between urban and rural areas in the sectoral, occupational and size profile of establishments and employment. The primary sector is more important in rural than in urban areas, while financial services and public administration provide smaller shares of employment in rural than in urban areas. Professional, associate professional and administrative/clerical staff account for smaller shares of employment in rural than in urban areas, while operatives and elementary staff constitute a relatively larger share of total employment. The establishments size profile of employment is skewed more towards small establishments in rural than in urban areas.

There is a 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 such vacancies in rural than in urban areas. Multivariate analyses including all establishments (whether or not they reported vacancies or skill gaps) showed a significantly higher density of hard-to-fill vacancies in rural than in urban areas controlling for compositional differences in the regional, sectoral, size structure and other features of establishments. However, when establishments reporting no vacancies and skills gaps are eliminated there are no significant differences between urban and rural areas once compositional differences are accounted for. This indicates that urban/rural differences in vacancies and skill gaps are a function of differences in the profile of establishments and employment rather than locational factors *per se*. In other words, urban and rural differences can be explained by the types and sizes of businesses that are likely to be found in those areas, rather than purely as a result of being urban and or rural.

This does not mean that locational factors are entirely unimportant. A limited labour pool in rural areas, exacerbated by remote location and poor public transport, is a factor that increases the incidence of hard-to-fill and skill shortage vacancies in rural areas. Rural areas differ between one another, as well as with urban areas. Rural areas that are situated more “peripherally”, or further from urban centres, while appearing similar in occupational or sectoral composition to other rural areas, may face particular challenges in terms of accessibility and transport. Such challenges are likely to have effects on the available labour pool and training and skills provision.

The foremost consequence of hard-to-fill vacancies is an increased workload on other staff, particularly so in rural areas. Establishments in rural areas are more likely to have to outsource work or withdraw from markets than establishments in urban areas. In rural areas establishments are more likely to cite delays in developing new products and services than in urban areas.

Increased spending on recruitment and using new recruitment channels are the main responses to hard-to-fill vacancies. Rural establishments are more likely to ‘do nothing’ in response to hard-to-fill vacancies than urban establishments. But they are also more likely to redefine existing jobs or increase training than establishments in urban areas.

Urban and rural differences – training and planning

Similar proportions of establishments in rural and in urban areas seek external information and advice on skills and training issues. Establishments in rural areas had slightly greater awareness, and made slightly greater use, of Business Link (and its national variants) than establishments in urban areas.

Establishments in rural areas were slightly less likely to plan and less likely to train than those in urban areas, but were more likely to train without having planned to do so. They were less likely to have a dedicated budget for training. This is indicative of a somewhat more informal approach to training in rural areas than in urban areas.

There is a general similarity in the types of training provider used in rural and in urban areas. Multivariate analysis reveals that, controlling for a range of compositional factors, establishments in rural areas make greater use of FE Colleges than establishments in urban areas. There is little difference between rural and urban areas in the ways that training is funded. A lack of relevant training courses and a lack of providers locally were more frequently cited by establishments as reasons for not training in rural areas than in urban areas.

Rural establishments were less likely than urban establishments to provide training leading to vocational qualifications and were less convinced of the benefits of doing so, for their staff or for the business. Lack of interest amongst staff, insufficient knowledge of qualifications available and lack of Government funding were cited more by rural than by urban establishments as reasons for not training for vocational qualifications, as were perceived costs, time taken and bureaucracy. Rural establishments also placed less importance on vocational (and academic) qualifications in recruiting than urban establishments.

Implications

There are likely to be particular challenges for targeting and delivery of policy, and especially in relation to embedding the employer ownership of skills agenda in rural areas because of certain characteristics of rural areas:

- the high proportion of SMEs;
- the 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;
- the lower value placed on vocational and academic qualifications compared with establishments in urban areas; and
- less emphasis placed on planning and more emphasis on informal approaches to training by comparison with urban areas.

But there is evidence that by comparison with those in urban areas, establishments in rural areas are more likely:

- to increase training when faced with hard-to-fill vacancies (albeit they are also more likely to do nothing); and

- to undertake training without having planned to do so.

Both rural and urban areas are diverse. This report explores some of the detail underlying this diversity, and the factors that contribute to it.

Executive Summaries present the key findings of the research produced by the UK Commission for Employment and Skills. More detailed analytical results are presented in Evidence Reports.

All of the outputs of the UK Commission can be accessed on our website at www.ukces.org.uk
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