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RECRUITMENT AND RETENTION ISSUES IN RURAL LABOUR MARKETS

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ABSTRACT

This paper aims to provide insights into the recruitment and retention issues faced by employers in rural areas. To this end, information gathered through interviews with employers and labour market intermediaries in the predominantly rural county of Lincolnshire, UK was used as a source of data and focal point to discuss the demand side of the labour market. A distinction is made between circumstances in which there are hard-to-fill vacancies on the one hand, and the effects of an abundant labour supply on the other. The factors that affect labour retention are also discussed, including situations in which staff retention is a non-issue. Recognising the fact that economic life exists within, and is affected by the social context, the views of employers and labour market intermediaries are also analysed in the light of data from other sources. The paper concludes by suggesting that employers' recruitment and retention issues cannot be studied in isolation; the supply side as well as the demographic, economic, and political context need to be considered as well.

KEY WORDS

Rural labor markets / employers / hard-to-fill vacancies / Lincolnshire / recruitment / retention

1. Introduction

The problems facing workers in rural areas have been addressed by a number of studies. Challenges include a relative lack of professional/high-level jobs in sectors such as finance and business (Experian 2005), limited opportunities for gaining and broadening work experience (Lindsay et al 2003), and accessibility factors, including limited transport and mobility (Hodge et al 2002). The issues facing employers, although related, have received less attention and it is argued here that these are worthy of greater consideration. Learning about the situation and needs of employers in rural areas is crucial for understanding labour market processes in these areas and for formulating policy interventions relating to skills and local economic development more generally.

This paper's aim is to provide insights into the recruitment and retention issues faced by employers in rural areas. To this end, information gathered through interviews with employers and labour market intermediaries in Lincolnshire was used as a source of data and focal point to discuss the demand side of the labour market. But, as suggested by the concept of 'embeddedness', economic life exists within, and is affected by the social context (Uzzi 1997; Atterton 2007). Likewise, employers do not exist in isolation and an analysis of their recruitment problems raises the need to consider their relationship with the wider context. Thus, information provided by employers and labour market intermediaries was analysed against the wider context to critically assess its implications.

The paper is organised into five main sections, including the present one. The next section sets the context by outlining key features of the changing socio-economic and demographic profile of rural areas and associated implications for the restructuring of rural labour markets. The third section discusses the features of the local context and the methodology for the empirical exploration of recruitment and retention issues presented in this paper. In the fourth section results from the case study are presented and discussed. Recruitment and retention are considered separately. A distinction is made between circumstances in which there are hard-to-fill vacancies on the one hand, and the effects of a relative abundant labour supply on the other. After a discussion of the factors affecting labour retention, situations in

which staff retention is a non-issue are considered. The last section of the paper provides a discussion of the findings and conclusion.

2. Context

2.1 *The changing socio-economic and demographic profile of rural areas*

Rural areas in industrialised countries are facing a number of changes that seem to be, as Bryden and Bollman (2000) point out, surprisingly consistent. These changes include a decline in agriculture and certain 'traditional' industries, together with the increased importance of other sectors such as services and tourism. In predominantly rural regions of OECD countries, for instance, employment growth rate in agriculture decreased by 2.3 per cent in the 1990s, but increased by 1.9 per cent in services (OECD 2006).

In the UK, rural areas have become more akin to urban areas in terms of their economic structure (Countryside Agency 2003). For example, in the UK, the percentage of Gross Value Added arising from farming fell from 2.9 in 1973 to 0.8 in 2000, and 0.5 in 2005 (Welsh Assembly Government, 2006). In addition to this, rural areas lost 10 per cent of their manufacturing employment between 1998 and 2001 (Defra, 2004, p. 28)¹. However, other sectors in rural areas have seen employment growth, with business services and tourism emerging as the most rapidly growing sectors. But although economic restructuring has brought economic growth to rural areas in aggregate, rural areas are not homogeneous and that there may be significant variations from one area to another (e.g., between sparse and less sparse rural settlements).

Rural areas in the UK are experiencing important demographic changes also that are inextricably bound up with economic and social factors. As Green and Hardill (2003) note, the proportion of people living in rural areas has continuously increased for several decades due to 'a decentralisation of population and employment from urban to rural areas' (p. 7; see also Champion 1989). Between 1985 and 2005, the population in rural areas increased by 13.4 per cent – almost four times as much as in urban areas (Commission for Rural Communities, 2007). This population increase can be attributed to the number of people of retirement age moving to the country side, as well as family based households looking for a better environment to raise children (Defra, 2004). In addition to this, immigration from other countries, mainly from the new EU Accession 8 countries, has also contributed to the increase in population and plays an important role in the operation of rural labour markets (Green et al 2009). This population growth, however, is also characterised by an out-migration of young people aged 15 to 29, and by a natural decrease in population (Commission for Rural Communities, 2007).

A closer analysis of the state of rural areas also raises questions regarding the nature of this economic growth and demographic change, and about how the different sections of rural communities are responding to the associated economic and demographic challenges. From a labour market perspective, it is important to consider the types of jobs being created in terms of the skills required and the availability of these among the economically active – or potentially active – population. Although an increase in the number of jobs seems to be positive for rural areas, the fact that many of the new jobs being created are those requiring only low level skills, and are unlikely to lead to an investment in skills and associated productivity increases, raises the question of whether these jobs are the 'wrong kind of jobs' (Green and Hardill, 2003). The next section takes a closer look at some of the challenges facing rural areas and their labour market implications.

2.2 *Implications of restructuring for rural labour markets*

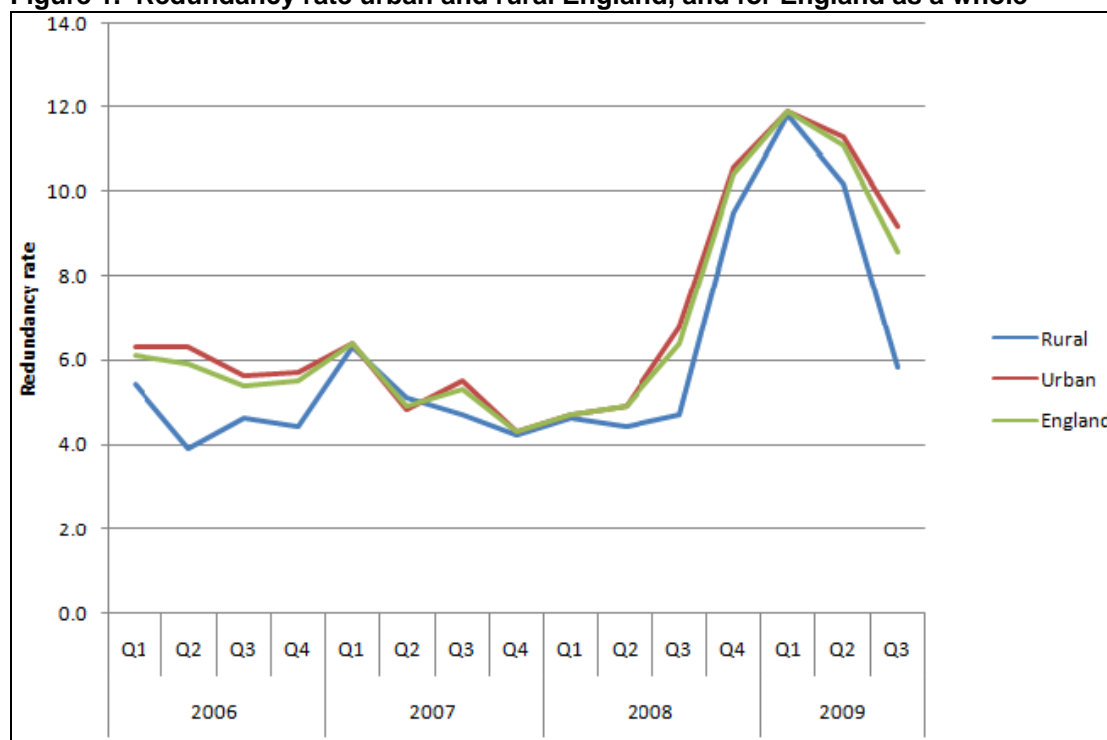
Some rural areas in the UK are host to affluent populations. In some instances the process of 'gentrification' has led to in-migration of more affluent people, so raising house prices and displacing less affluent inhabitants (Schucksmith 2000). The number of people living in rural

areas but travelling to work to other areas has increased (Green 1997; Experian 2005). Such out-commuters may be less affected by problems of lack of public transport and the demise of local services than other sections of the rural population. The average household income in some rural areas is higher than that of urban areas, suggesting a picture of prosperity. A closer analysis of the situation, however, reveals that workplace-based earnings in rural areas are typically lower than residence-based earnings, and that some rural residents are among the poorest in the country. Average household income in *remote* rural areas (as opposed to *accessible* rural areas) is below the national average and 'there are 2.7 million people in rural areas within the poorest 25 per cent of English local authorities' (Defra 2004, p. 22). Whereas deprivation and other related problems are more readily acknowledged in urban areas, they are not as visible in rural areas. This is one of the ongoing challenges facing policy makers in rural areas.

The exodus of young people seeking better opportunities in urban areas affects the demographics of rural areas, and can be seen as a reflection of other problems as well. Finding suitable housing and employment have been identified as problems that young people living in rural areas find difficult to overcome, and that may force them to leave the countryside even if they wanted to stay (Rugg and Jones 1999). In terms of employment opportunities, there are fewer options in rural areas for young people with higher education and thus they often find it necessary to seek employment outside rural areas (*Idem*).

Employment opportunities have decreased in both rural and urban areas as a result of the recent economic crisis from 2008. As can be seen in Figure 1, redundancy rates steeply increased between the last quarter of 2008 and early 2009. This meant that there were less employment opportunities for all, and that certain groups and sections of the population that typically find it difficult to access the labour market may have been affected more intensely. Lack of appropriate qualifications or skills, lack of transport, caring responsibilities, health problems and age related discrimination are among the barriers that some rural residents face in finding employment (Hodge et al 2002). These barriers are not exclusive to rural areas or to periods of economic recession. In rural areas, however, they tend to be exacerbated by limited services and opportunities associated with a low population density (Lindsay et al 2003).

Figure 1. Redundancy rate urban and rural England, and for England as a whole



Source: "From credit crunch to recovery", CRC (2010)

An understanding of how rural labour markets function and inter-relate with the operation of housing markets, transport availability and other socio-economic dynamics is important in the formulation of policy interventions designed to address social exclusion and promote local economic development. To achieve this, the supply and demand side of the labour market, as well as the relationship between the two, have to be studied. As much as it is important to investigate the barriers that people may face in finding employment, it is important to investigate employers' situation in terms of whether, and the extent to which, a rural location presents a challenge to their operations and, if appropriate, how this challenge is addressed. Of specific concern for this paper is how employers manage the supply of labour to meet their business needs, and associated implications for employment opportunities for rural residents.

3. An empirical exploration

The paper explores recruitment and retention issues through qualitative research in rural Lincolnshire, one of the most sparsely populated parts of England. Although it relates to a specific local context, many of the changes seen in Lincolnshire in recent years resemble those experienced in other rural areas, to a greater or lesser extent and so provide insights of wider relevance.

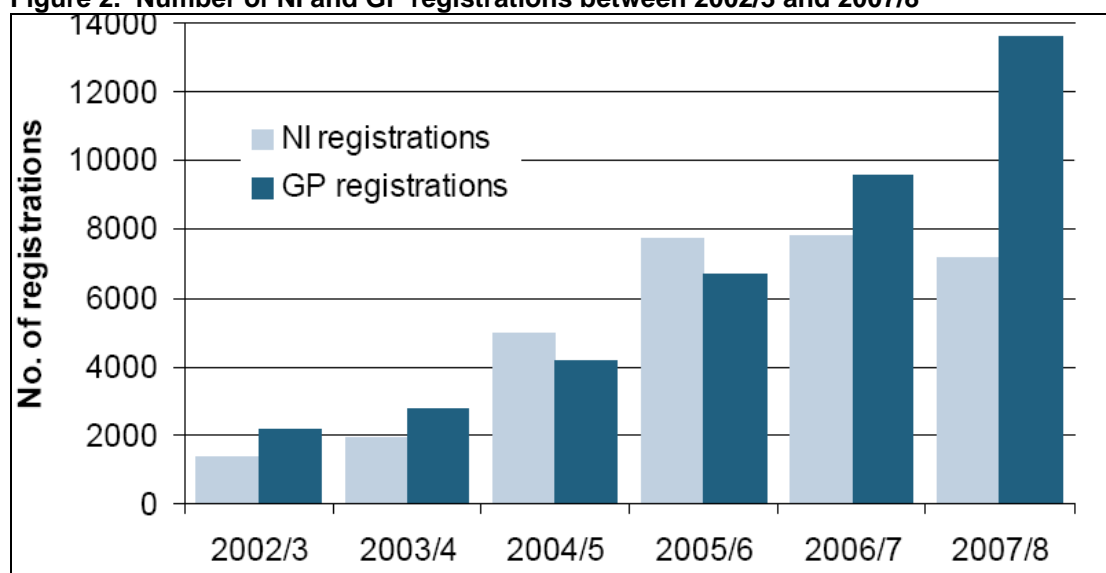
3.1 Key features of the local context

The population in Lincolnshire increased by 10 per cent during the 1990s (Lincolnshire Development 2005). Between 2001 and 2007, it was estimated that the population in this county increased by 7%, while it increased by 4% nationally and 5 % regionally (LRO 2008, 2009). It was also indicated that immigration was the 'main driver' behind population growth. In relation to this, Lincolnshire attracts both internal and international migrants. Key 'pull' factors for internal immigration include the perceived high quality of life and low housing prices available in the county. As for international migrants, the availability of better paid jobs is considered to be among the main reasons for foreign nationals moving into Lincolnshire (LRO 2008).

In general, internal migration into Lincolnshire “is predominantly from other areas in the East Midlands, Yorkshire & Humber, and from the South East” (LRO 2008, p. 1). As for international migration, it is characterised by nationals from the Eastern European countries which accessed the European Union in 2004. While internal and long-stay international migration can be estimated and taken into account for strategic planning, there is a lack of data on short-tem migrants who do not register with the National Insurance or with a GP, for example (LRO 2008). This has to be taken into account when considering data such as those provided by Figure 2.

As Figure 2 indicates, the number of National Insurance Number (NINo) registrations allocated to overseas nationals in Lincolnshire increased until 2005/2006 but then decreased slightly. However, the number of GP registrations to overseas nationals is higher for most years, except for those immediately after the accession of the A8 European countries, i.e., 2004/2005 and 2005/2006. This can be explained by the fact that “whilst the number of working age international migrants is falling, increasing numbers of family members are coming to the county” (LRO 2008, p. 3).

Figure 2. Number of NI and GP registrations between 2002/3 and 2007/8



Source: *Population Patterns in Lincolnshire*, LRO (2008)

Alongside in-migration from other parts of the UK and overseas, the tendency for the county to lose young people “when they move away for education and job reasons but then do not necessarily return” has been a key factor in the decline in the population aged between 15 and 24 years since 1982 (Lincolnshire Development 2005, pp. 12-13). Table 1 shows the average age of residents, out-migrants and in-migrants for areas classified as ‘Rank 1’, i.e., having “significantly above average levels of out-migration” (LRO 2008, p. 9). Aside from Central Lincolnshire (where service personnel and their families are believed to be stationed temporarily), the average age of out-migration is between 18 and 22. As for Lincoln City (a ‘university’ city), the average age of out- and in-migration coincide with the ages at which young people typically leave and enter university.

Table 1. Average of age residents and of out- and in-migrants (excluding children 0-15) in rank 1 out-migration areas.

Rank 1 Area	Average age (mean) of resident (yrs)		Average age (mode) of out-migrant (yrs)		Average age (mode) of in-migrant (yrs)	
	2001	2007	2001	2007	2001	2007
Lincoln City	35.3	32.0	21	21	19	19
Central Lincolnshire	29.7	31.5	33	34	31	26
East Coast	42.9	46.9	20	22	19	60
Lincolnshire average	41.0	41.9	18	18	19	19

Source: "Population Patterns in Lincolnshire", LRO (2008)

In terms of its economy, Lincolnshire has traditionally relied on agriculture and other traditional industries (Lincolnshire Development 2005) and many of the new job opportunities being created are those requiring lower skills (Green and Hardill 2003), a situation that contributes to the county being characterised by a higher proportion of lower skilled workers than nationally (*Idem*). Knowledge industries characterised by higher level skills are under-represented, resulting in a situation in which professionals, especially in the private sector, face the need to look for opportunities in neighbouring counties (Experian 2005).

The main industry sectors in Lincolnshire are: government and other services (GOS); distribution, hotels and catering (DHC); food and farming (FF); construction (C); financial and business services (FBS); non-food manufacturing (NFM); and transport and communication (TC). Table 2 shows the percentage of the population that work in these sectors, and compares Lincolnshire and UK figures for each sector. As can be seen, although GOS and DHC account for the highest percentages of employment in the county, FF – next in third place – has an employment rate that is almost four times the national rate. Conversely, the FBS sector is underrepresented and the proportion of the Lincolnshire population working in this sector is less than half of that for the UK. It is also interesting to note the importance of GOS, DHC and FF in the region since together they provide employment for around two thirds of the population.

Table 2. Percentage of the population working in Lincolnshire's main industry sectors in 2006.

Sector	Employment (%)		
	Lincolnshire	UK	UK=100
Government and other services (GOS)	31	32	97
Distribution, hotels and catering (DHC)	25	23	112
Food and farming (FF)	11	3	362
Construction (C)	10	7	143
Financial and business services (FBS)	9	20	47
Non-food manufacturing (NFM)	9	9	98
Transport and communication (TC)	5	6	81
Mining and energy (ME)	0	1	66

Source: "The Value of Food and Farming in Lincolnshire", LRO (2007)

In relation to future trends in employment by sector, data provided by the Lincolnshire Research Observatory (LRO 2007) indicates that the number of people employed in GOS, DHC is expected to increase between 2006 and 2020, whereas the number of people employed in FF is expected to decrease in this same period. In fact, it is expected that GOS will provide employment to around one third of the working population of Lincolnshire by 2020 and that the proportion of those working in FF and NFM will decrease considerably. An increase is also expected in FBS and TC, albeit on a smaller scale. Table 3 provides

data on the number of people employed in each sector in Lincolnshire in 1981 and 2006 and presents projections for 2020.

Table 3. Employment in Lincolnshire by sector and projections for 2020 (in 000's – round to the nearest 1,000)*.

<i>Sector</i>	Employment (%)		
	<i>1981</i>	<i>2006</i>	<i>2020</i>
Government and other services (GOS)	54	93	112
Distribution, hotels and catering (DHC)	56	77	90
Food and farming (FF)	50	32	21
Construction (C)	14	30	29
Financial and business services (FBS)	19	29	32
Non-food manufacturing (NFM)	40	27	25
Transport and communication (TC)	11	15	16
Mining and energy (ME)	2	1	1
Lincolnshire total	246	304	324

* *Figures may not add up due to rounding*

Source: "The Value of Food and Farming in Lincolnshire", LRO (2007)

The main question for this study that this panorama raises relates to the implications of these labour market trends for employers in Lincolnshire. If the number of people working in a given sector increases (as is expected, for example, in GOS and DHC), it is feasible to expect an increase in both the supply and the demand of labour. However, if the demand grows faster than the supply, employers could face difficulties such as hard-to-fill vacancies due to skills shortages. Alternatively, the supply could grow faster, in which case employers would be expected to experience less recruitment problems, although it is less clear whether their skills needs would be entirely met. In declining sectors, however, employers could face difficulties if the supply decreases at a faster rate than the demand, making it difficult to replace workers who leave the business (see Wilson et al 2004). In the short-term, what is clear is that the 2008 economic recession led to not only a reduced labour demand but also job losses across rural and urban areas (CRC, 2010). To be sure, the questions raised cannot be answered with the information provided by the employers and labour market intermediaries contacted for this study. Instead, the qualitative information provided by these stakeholders is used to scope the situation for employers in rural Lincolnshire and to reflect on implications for rural development. The results cannot be statistically generalised to other populations, but they can provide insights into the factors affecting employers in rural areas.

3.2 Method

The following section presents the results from the 'Lincolnshire Employer Study', a small-scale study that investigated employers' recruitment and retention problems in rural Lincolnshire. Data was collected through telephone interviews conducted in late 2006 and early 2007 with employers and labour market intermediaries and other commentators considered as 'experts' in the field. The material from these interviews was analysed with the aim of gaining understanding of the main issues affecting employers in rural areas of Lincolnshire and associated issues relating to rural labour markets and economic development. It must be noted, however, that the views were expressed prior to the 2008 economic crisis and they are embedded in a different economic context to the one the analysis must take into account.

The aim of the study was to scope recruitment difficulties of employers in Lincolnshire and to assess possible causes. To this end, employers were contacted to discuss the issues facing them in relation to recruitment and retention of staff. Additionally, twenty-two interviews were conducted with representatives from local authorities; education and training providers; employer associations; business development associations; regional and sub-regional economic development agencies; trade unions; Jobcentre Plus (an agency in England with responsibility for post compulsory education and training excluding higher education) and the Learning and Skills Council; and experts with experience of researching economic and skills issues in Lincolnshire.

In both sets of interviews, views and information were elicited via an aide memoire designed to structure discussion regarding employment and associated labour market and business development issues. Discussions with employers focused on the extent to which being located in a rural area gave rise to labour and skill shortages; skill needs; relative wage levels; and recruitment and retention policies. Discussions with intermediaries and other experts covered issues related to the context; labour market mobility; moves to self-employment; adequacy of current arrangements for training and business advice; and planning and delivery arrangements.

Employers were selected to reflect a cross-section of companies located in the county's main industry sectors discussed above. Table 4 lists the twenty employers interviewed and provides information regarding the nature of the business, the industry sector, the number of employees, and their urban/rural classification according to the Rural and Urban Area Definition for England and Wales, 2004 (ONS 2009). The sample included employers from Lincoln (in the west of the county) and other small towns (mainly in the more isolated eastern part of Lincolnshire), as well as more isolated rural areas. Although these locations are not all rural settlements, employers were well aware of the issues posed by being located in a rural county, either through branches of the business located in rural areas or through their labour force.

Table 4. Employers interviewed

<i>Employer</i>		<i>No. of employees</i>	<i>Urban/rural classification</i>
Engineering Manufacturer	NFM	200	Town and Fringe-Less Sparse
Printing Company	FBS	240	Town and Fringe-Less Sparse
Solicitors Firm	FBS	180	Urban-Less Sparse
Residential Care 1	GOS	120	Urban-Sparse
Residential Care 2	GOS	20	Urban-Less Sparse
Hospital 1	GOS	Not available	Urban-Less Sparse
Hospital 2	GOS	1,000	Urban-Less Sparse
Insurance Company	FBS	4	Town and Fringe-Sparse
Financial Advisers	FBS	4	Village-Sparse
Food Manufacturer 1	FF	2,500	Village-Less Sparse
Food Manufacturer 2	FF	450	Village-Less Sparse
Food Manufacturer 3	FF	250-300	Urban-Less Sparse
Recruitment Agency	FBS	8	Urban-Less Sparse
Family Indoor and Outdoor Complex	GOS	40	Village-Less Sparse
District Council	GOS	Not available	Urban-Less Sparse
Holiday Park	DHC	1,000-1,300	Urban-Less Sparse
Transport Company	TC	200	Town and Fringe-Less Sparse
Secondary School	GOS	140	Hamlet and Isolated Dwellings-Less Sparse
Broadcasting Services	TC	35	Urban-Less Sparse
Graphic Designers	FBS	4	Urban-Less Sparse

Key: government and other services (GOS); distribution, hotels and catering (DHC); food and farming (FF); construction (C); financial and business services (FBS); non-food manufacturing (NFM); and transport and communication (TC)

Source: Lincolnshire Employer Study

4. Recruitment and retention of labour in rural Lincolnshire

4.1 Hard-to-fill vacancies

Relative to the wider regional and national context, employers in Lincolnshire are characterised by presenting a low volume of hard-to-fill vacancies² (see Table 5). Analyses of trends over time suggest that skill-shortage vacancies³ account for an increasing share of a (declining) percentage of hard-to-fill vacancies (Jones et al 2006); while employer surveys conducted in Lincolnshire indicate that the incidence of skill gaps (i.e. the gaps between employees' skills and those needed to meet current business objectives) has been declining consistently from 2001 onwards (Hawkins 2005). Overall, the relatively low incidence of hard-to-fill vacancies, skill-shortage vacancies and skill gaps in Lincolnshire can be interpreted as consistent with an economy experiencing a 'low wage, low skill equilibrium', characterised by a low demand for skills (Wilson and Hogarth, 2003). However, it could also be consistent with a situation in which employers are reluctant to advertise vacancies in a labour market where supply cannot satisfy demand. Qualitative information from interviews with employers and labour market intermediaries provides some insights into the efficacy of these possible interpretations by examining the nature of hard-to-fill vacancies and strategies to overcome them.

Table 5. Recruitment difficulties in Lincolnshire, 2005

	<i>% workplaces reporting</i>			<i>Unemployment Rate (%)</i>
	<i>Vacancies</i>	<i>Hard-to-fill vacancies</i>	<i>Skill-shortage related hard-to-fill vacancies</i>	
England	17.3	7.3	5.1	4.9
East Midlands	15.9	5.4	3.6	4.3
Lincolnshire & Rutland	14.4	4.7	3.3	4.1

Source: *Skills in England 2005; National Employers Skill Survey 2005*

Table 6 provides evidence of the hard-to-fill vacancies reported by the employers contacted. As can be seen, four companies (Engineering manufacturer, Food Manufacturer 1, Food Manufacturer 2, and Solicitors Firm) reported difficulties finding staff for business functions requiring professional staff. In other words, the employers interviewed related their hard-to-fill vacancies to skills shortages in certain areas. The problems reported by these companies were related, in the interviewees' opinions, to a national shortage of people with relevant professional degrees. The evidence available seems to support this view for the manufacturing firms since the number of students enrolling in physical sciences, and engineering and technology subjects has decreased even though the number of students enrolling in most subject areas has increased (Skills in England, 2002). This has made it difficult for employers to satisfy their demand for workers with professional qualifications. Due to the contraction of the manufacturing sector in England, this demand may be the result of the so-called replacement demand (i.e., "the need to replace those workers who leave due to retirement, career moves, mortality or related reasons" (Wilson et al 2004, p. 69), but some net employment growth was also reported by the interviewees.

Table 6. Evidence of hard-to-fill vacancies and associated recruitment strategies

<i>Employer</i>	<i>Hard-to-fill vacancies</i>	<i>Recruitment strategy</i>
Engineering Manufacturer	Qualified technician	May need to employ someone with related qualifications and provide training
Food Manufacturer 1	Technical Skilled Managers	Continue to advertise
Food Manufacturer 2	Technical Skilled Managers	Continue to advertise; forced to recruit through agencies, although this is an expensive route
Solicitors Firm	Solicitors	Forced to recruit through agencies, although this is an expensive route
Printing Company	Sales staff	The company is considering setting an office for sales personnel in Lincoln
Financial Advisers	People with basic skills	Have decided to contract the business
Residential Care 1	Care assistant	Emphasise the possibility of progressing from assistant to manager and offer competitive wages
Transport Company	Qualified and experienced drivers	May need to employ someone without experience or qualifications (need to provide training and pay for exams in the latter case)
Broadcasting Services	Sales staff	Recruit through an agency.

Source: *Lincolnshire Employer Study*

Solicitors Firm's reported a lack of qualified and experienced solicitors. It is difficult to ascertain this as a general case of skills shortages, particularly if the interviewee's

comments are further considered. The firm had eight separate offices across Lincolnshire (three in cities, one in a town and the rest in rural areas) and it was mentioned that the comparatively lower salaries led them to lose people to opportunities in the Midlands and other regions. Moreover, they found it “very difficult to keep them [employees] in Lincolnshire”, particularly so for individuals who did not enjoy the lifestyle or had not got family ties in the area. Although this cannot be related to skilled shortages, the firms’ problems can be related to the challenges rural areas face retaining certain groups of individuals. According to Bevan, Cameron et al (2001) the lack of jobs and affordable housing stimulate the flow of young people away from the countryside to urban areas. In fact:

“The 0-9 and 30-44 age bands are the most important contributors to the in-migration into rural areas. However, for young people in the age groups between 15 and 24, the net movement is in the opposite direction – i.e. from rural areas to urban.” (CRC 2007c, p. 18)

This is also related to the problem of out-migration from rural areas of highly educated young people reported by some employers and labour market intermediaries. In their view, a small volume of, and a consequent lack of variety in, higher level jobs meant that many of the more highly educated young people who went away from rural Lincolnshire to go to university would not return, especially in the case of dual career households requiring two higher level jobs. Similarly, Lowe and Speakman (2006) indicated that “...the largest exit of local young people from rural areas occurs through higher education” (p 24; quoted in CRC, 2007c). Thus, the qualitative evidence generated by this study and supported by other sources suggests a picture of reduced incentives for highly skilled individuals to live and work in Lincolnshire, thus making it difficult for employers looking to fill in high skilled positions. However, there is also evidence of the fact that, for some individuals, Lincolnshire provides a satisfactory place to live and work, although job opportunities may be scarce, and particularly opportunities for specialisation and advancement (see Experian 2005).

Businesses that had problems recruiting non-professional, semi-skilled staff mentioned that their location was an important reason for this. Data on Lincolnshire’s population density levels support the view that the pool of candidates is smaller in Lincolnshire than in other areas. The population density of Lincolnshire in 2007 was less than half that of the East Midlands and less than a third of that of England (LRO 2009; see Table 7). Furthermore, in Lincolnshire the working age population (19 – 59 years for women and to 64 years for men) accounts for 59 per cent of the total population estimate, while in the East Midlands and England the working age population accounts for 62.1 and 62.2 per cent, respectively (*Idem*).

Table 7. Local, regional and national population density levels

	2007 Estimate	Population Area (sq km’s)	Population Density (Persons / sq km)
Lincolnshire	692,800	5,921	117
East Midlands	4,399,600	15,627	282
England	51,092,000	130,281	392

Source: “Lincolnshire: Global Change, Local Issues”, LRO (2009)

Transport has been recognised as an enabling factor in relation to job access and retention (Lucas et al, 2006, 2008). Although limited access to efficient public transport is not exclusive to rural areas, qualities of rural locations such as remoteness and low population density make it difficult to ensure that suitable transport is available to meet residents’ needs, including transport to and from work. For example, it has been estimated that travel

to services in Lincolnshire using public transport takes 30 to 90 minutes for residents in large areas of the county, making this service one of limited value for many commuters (LRO 2009).

According to the interviewees, being in a rural area reduced the pool of people that the company could turn to, especially if there was no affordable transport available. *Financial Adviser* mentioned that a small recruitment catchment area was the reason for being unable to find people with the necessary skills for their business. Also, *Residential Care 1* reported that transport posed a particular obstacle since they had to rely either on people who drive or who live within walking distance. This highlights the relationship between employment, population density and transport that other studies have considered from the job seeker's perspective. For instance, Lindsay et al (2003) found that job seekers have limited flexibility in terms of the distance they were prepared to travel to work. Around 60 per cent of the respondents to their study in the northern Highlands of Scotland would not consider travelling for more than 25 miles to work, thus confining themselves to their immediate surrounding area. The reasons for this lack of flexibility had to do with lack of private transport together with the absence of efficient transport links to other communities or major towns. Thus, employers' complaint about a lack of labour supply point to complex problems that are intrinsic to rural areas and that do not lend themselves to straightforward solutions.

This raises the question of what can employers do about their recruitment problems. Given that *transport* was identified by labour market intermediaries and experts interviewed for this study as 'the key issue' for individuals seeking employment, even above skills, it is somehow surprising that addressing this issue did not emerge as a coping strategy from the employers' perspective. Instead, according to the responses obtained, businesses had different plans to deal with their population-related recruitment problems. *Printing Company*, for instance, was considering the possibility of relocating part of the business to an urban area in the hope that this would attract more applicants. But even in Lincoln, *Broadcasting Services* found it difficult to find people with relevant experience in sales, something that, according to the interviewee, would not be a problem in larger cities. Employing someone with less qualifications or experience than required was a possibility in some instances. *Transport Company*, for example, recruited unqualified applicants and provided them with the necessary training and opportunities to become qualified drivers, but was not keen on this option since it carried with it significant costs to the company.

It may be suggested that providing training is a viable alternative to ease recruitment problems with potential to benefit employers and employees. However, financial constraints, particularly in times of recession, means that employers can be reluctant to offer it. In the case of *Transport Company* mentioned above, the interviewee talked about training not being an ideal solution to their recruitment problems since it may work as a 'double-edge sword' and "people might use the company to get the qualification and then move on". *Printing Company* (who were planning to relocate to Lincoln), however, held a different view. According to the person contacted, training and development provided incentives to contrast slightly lower wages offered by them compared to similar businesses in the region and provided value added for employees "who expect more from work" than just a job. The main differences behind these approaches to training may rest on the type of business and the type of vacancy involved. But, given the fact that providing training can be beneficial to both the employer, the employee and to society, who should pay for training is an issue that regardless requires further consideration.

4.2 Easy-to-fill vacancies

It is interesting to compare hard-to-fill vacancies with those that employers reported as 'easy-to-fill'. The latter were, in most cases, those involving non-specialised staff such as shop-floor personnel and general 'team members' (see Table 8). An important reported factor in relation to easy-to-fill vacancies was the size of the recruitment catchment area. Where the pool of people to recruit from was larger, employers were likely to have fewer problems or even be 'spoilt for choice'. Reasons cited by employers for an increase in the

supply of labour which made vacancies easy-to-fill included a recent influx of people to the area due to newly developed estates nearby, and a reduction of 'other jobs around'. Another reason why some employers enjoyed a robust supply of labour was the influx of migrant labour.

Table 8. Easy-to-fill vacancies

Employer	Easy-to-fill vacancies	Reasons
Insurance Company	Insurance Adviser	Recent influx of people due to two newly developed housing estates nearby
Food Manufacturer 1	Shop-floor personnel	Employ migrant labour from Eastern Europe
Food Manufacturer 2	Shop-floor personnel	Employ migrant labour, Poland being their main source
Engineering Manufacturer	Shop-floor personnel	Not known reason but they have people 'knocking on their' door looking for jobs
Holiday Park	Team members	Have been employing migrant labour for the past few years, from France and Spain initially and from Eastern Europe more recently
District Council	General posts	Applications to these positions have increased in the past months, possibly due to fewer jobs around
Printing Company	Vacancies other than sales (e.g., credit controller, ICT team member)	Not known reason but they are 'spoilt for choice' in relation to these vacancies

Source: Lincolnshire Employer Study

Holiday Park and two manufacturers indicated that labour from Eastern Europe had contributed to ease their recruitment problems. Migrant workers were mainly employed in unskilled, seasonal jobs. But, as Food Manufacturer 1 reported, migrants may settle and progress through the company, becoming permanent staff committed to the community in which they live and work. As mentioned by Recruitment Company, some migrant workers were well qualified and this would help them obtain permanent, skilled work. The issue of migrant workers was also raised by labour market intermediaries. In general it was considered that migrants had filled labour shortages in low skilled jobs (and so should not be viewed as 'competing' with local people for employment), but a number of respondents raised concerns about (possible or actual) displacement of the less skilled young indigenous population. Although research suggests that migrant workers help to alleviate labour shortages and are vital for the local economy in areas of Lincolnshire (Zaronaite and Tirzite 2006), there is also agreement on the need to gather better data on overseas nationals living and working in the UK to better understand the role that they play in the labour market and to inform policy.

Lincolnshire and the Wash – together with Herefordshire and to some extent Yorkshire – was one of the geographical clusters of areas that experienced high levels of NINo registrations made by non-UK nationals between May 2004 and Sept 2006 (CRC 2007b). In terms of absolute numbers, 33 per cent of all rural registrations were in the manufacturing sector; 25 per cent in the agriculture and fishing sector; and 20 per cent in the distribution, hotel and retail sector. This thus suggests that over three quarters of the migrant population is concentrated in these three industries and resonates with the diminished recruitment problems of some of the companies mentioned above. In addition to this, the Commission also highlights the economic dependence of some rural economies on the migrant population:

“Some rural economies would become vulnerable to ‘a big hit’ should there a sudden reversal in the influx of migrant workers from the A8 countries, with immediate and

potentially damaging consequences to businesses suddenly faced with shortages of labour and higher labour costs. This might be of particular concern to manufacturing, distribution and agriculture sectors.” (CRC 2007b, p. 18)

Chapell et al (2009) provided information on migrants’ experiences of life and work in rural areas which resonate with some of the issues expressed by employers and labour market intermediaries that took part in this study. According to the authors, many migrant workers find their job in the UK through an agency but soon make it a priority to move “out of agency work and into direct, permanent employment” (p. 21). However, there are cost-related incentives for employers to use casual workers provided by employment agencies.

As mentioned before, labour market intermediaries expressed concern regarding the impression that migrant workers led to increased unemployment levels as they took job opportunities that would be otherwise taken by the young indigenous population. In relation to this, Chapell et al (2009) provided evidence that supports the view that “migrant workers may be more likely to take up hard-to-fill vacancies, and therefore less likely to create unemployment in rural areas than in the wider economy” (p. 24). Using data from the Labour force Survey, they showed how unemployment in rural areas remained relatively constant between 2001 and 2007 as the “proportion of working age people born outside the UK has risen steadily” (p. 24).⁴

Thus, there are two main reasons why vacancies were easy-to-fill. First, the nature of the jobs meant that almost anyone could undertake them once they had completed some induction training; and/or second, employers had access to a relatively large pool of labour available. The latter is not always the case for employers in rural areas, but where there has been the possibility of attracting migrant workers, hard-to-fill vacancies have become easy to fill. The use of migrant workers raises numerous issues for employers, employees and the resident population. From the workers’ perspective, quality of work and living conditions (e.g., housing, transport) have been raised as important factors affecting their experience in the UK (Chapell et al 2009; Zaronaitė and Tirzite 2006). From the perspective of the local population, an increased demand on services and a tighter competition for jobs - perceived or otherwise – are issues that need to be addressed by politicians and decision makers. As for employers, there is the need to balance the cost effectiveness of hiring someone on a non-permanent basis and providing satisfactory working conditions that recognise the contribution that migrant workers bring to their businesses.

4.3 Factors affecting labour retention

Shifting the focus to factors affecting labour retention, it has been pointed out that in Lincolnshire “fewer than one in ten employers of any size have an annual staff turnover of more than 10 per cent” and that at least a third of the employers in the county estimate no annual staff turnover (Hawkins and Wiseman 2005, p. 4). A tendency for low staff turnover was also observed, in general terms, in the employers contacted for this study. Factors such as location and favourable working conditions are among the possible explanations discussed below.

Location was mentioned by some employers as a factor that affected staff turnover. From the interviewees’ comments, it seems that a rural location affects retention in the opposite way from the way it affects recruitment. Employers mentioned the fact that the limited number of businesses in the area restricted the employment options available to their staff, particularly for those in specialised positions, and that this helped to keep labour turnover down. (Some labour market intermediaries interviewed for this study reported that this lack of labour turnover was a cause of frustration for ambitious younger people who could feel their promotion prospects stifled if they remained in a rural area.) However, the isolation that is implied in this explanation also has potential to affect staff retention adversely. Studies

conducted in Australian and North American rural areas suggest that being in a remote location reduces the amount of professional support and development opportunities for health professionals, and that this situation is one of the leading causes of poor retention levels (e.g., Gillhan and Ristevski 2007; Mills and Millstead, 2002; Humphreys et al 2002; Cutchin et al 1994). Furthermore, being in a rural area also increases the importance of integration to the community in order to wish to remain living and working in the area (Gillhan and Ristevski, 2007; Cutchin et al 1994). Thus, although being in a rural area may 'force' employees to stay in their job due to lack of other opportunities, the locality may also create conditions that encourage employees to look elsewhere. These factors did not emerge in the present study and an explanation to this can be that the focus was on the demand side of the labour market. Further studies considering employees in rural areas and their reasons to move jobs may serve to assess this interpretation.

As for the conditions of work, at least five out of 20 employers contacted mentioned that providing a friendly and pleasant work environment was the reason why their labour turnover was low. By this it was meant that the company provided a safe and healthy place to work, but further prompting revealed that other benefits such as training, good career prospects or attractive financial packages were also provided. For instance, *Food Manufacturer 2* indicated that by introducing job appraisal and staff feedback forums, providing training and career support, and by reviewing their payment schemes they had reduced staff turnover from 85 per cent to 25 per cent. Conversely, it emerged that staff retention can be affected negatively by an uncertain work environment, as exemplified by *Hospital 2*: In this case, imminent job losses, due to the state of the hospital's finances, created a climate of uncertainty in which staff started looking for jobs elsewhere. Thus, it seems self-evident that good working conditions encourage individuals to stay, or at least do not encourage them to look for employment elsewhere, and other studies seem to confirm this. Smart (2008) suggested that a 'family-oriented' environment, flexibility, good working relationships, empowerment and an enjoyable job are factors associated with employees remaining in rural SME's rather than looking for work in larger organisations, and Greco (2007) showed that poor working conditions such as overbearing and unappreciative management can have the opposite effect.

Three employers related the nature of the job to high retention levels. *Insurance Company* suggested that they offered a challenging job with possibilities for some career progression; *Food Manufacturer 2* said that the company had a flat structure, making jobs varied rather than strictly focused on a single area; and *Graphic Designers* indicated that the creative aspect of a designer's job makes it an attractive position. Conversely, stressful working conditions, lack of career prospects, and being in a monotonous job were factors that some employers believed increased staff turnover. From the two residential care homes contacted, one indicated that the nature of the job made it difficult for them to retain staff and the other one that it did not. This discrepancy can be explained by the fact that they dealt with different clients. Whereas *Residential Care 1* dealt with mentally-ill patients, *Residential Care 2* was a nursing home for the elderly, with the former posing more challenges for employees.

This brings to the fore the importance of considering not only the jobs on offer but also the 'quality' of these jobs. As suggested by one of the labour market intermediaries interviewed for this study, the availability of high 'value-added' jobs with opportunities for career progression is amongst the key challenges facing Lincolnshire. There was general agreement among labour market intermediaries that the preponderance of low-skill, low-value employment and a lack of opportunity for progression was the primary local economic development issue facing rural areas (see also Hogarth et al 2010). A situation of low skills equilibrium was considered to exist, so highlighting the necessity of focusing policy attention on skill development (i.e., convincing employers that investing in skills could lead to

improvements in productivity), rather than solely focusing on addressing labour supply issues.

4.4 Staff retention as a non-issue

There were some cases where high staff turnover rates were not seen as problematic by the employer (see Table 9). For vacancies involving low-skilled labour on short-term contracts, retention seemed to be a non-issue because businesses were used to dealing with the situation. As can be seen in Table 8, of those businesses that experienced high labour turnover but seemed unconcerned about it only *Transport Company* employed skilled staff. In the remaining businesses, two employed migrant labour (*Recruitment Company* and *Holiday Park*), and the other employed young people aged 14 to 18 years (*Family Indoor and Outdoor Complex*). For these companies the cost of lowering labour turnover was greater than the costs imposed on them by churn in the workforce. For them, and indeed for many of their employees, labour retention problems were largely a non-issue.

Table 9. Staff turnover as a non-issue

<i>Employer</i>	<i>Description</i>	<i>Type of labour</i>
Recruitment Company	High rotation of workers within the industry. However, mentioned that this is not problematic since there is little investment in training or attracting people and no qualifications are necessary.	Low skilled
Transport Company	Used to employing staff seasonally. Drivers that work one season might come back the next.	Skilled
Holiday Park	Reported low levels of staff turnover. However, they recruit on short-term contracts and this calculation is based on people completing their contract. They do not rely on renewing employees contracts.	Low skilled
Family Indoor and Outdoor Complex	Retention not an issue in positions where they employ young people since the job doesn't require high levels of training and they are used to employing them for a few hours per week. They may 'come and go' and this is not a problem to the business.	Low skilled

Source: Lincolnshire Employer Study

The interviews with employers pointed to a situation where businesses invested little in training and developing staff, and where 'one person was as good as the next' to do the job. Labour market intermediaries, moreover, considered that a history of ready availability of relatively low skill jobs in the summer months and a general 'lack of variety' in job opportunities available had engendered a 'lack of ambition and aspiration' amongst a substantial element of the population, leading people to take what was on offer in the short-term, rather than think about future employability and progression. This cultural legacy, affecting employers and some parts of the local population alike, was characterised by the sentiment 'we grow cabbages, we just need people to pick them' expressed by one labour market intermediary describing the challenges for economic, business and skills development in some parts of rural Lincolnshire.

Breaking this cycle of low aspirations is difficult if the employment opportunities offering training and opportunities for career progression are limited. Improving employers' demand for skills can help in this respect but this would also require "shifting their product market towards more high-value segments of the market" (Hogarth, Owen et al 2010), p. 4. This may be a possibility for some of the employers that took part in this study but for those for which staff retention was a non-issue (Table 8) it seems likely that the types of jobs that they offer will continue to be low skilled.

5. Discussion

This paper has sought to investigate how employers in rural Lincolnshire manage the supply of labour to meet their business needs and the how this in turn affects the job opportunities

available. To do this, employers and labour market intermediaries' views on recruitment and retention were obtained via semi-structured interviews. The data obtained from this scoping exercise was then analysed taking into account other sources of information providing further background data. This led to the creation of an informed depiction of employers' recruitment and retention issues in Lincolnshire which can, to some extent, inform about other rural areas.

The problems that employers face in rural areas are very much determined by the low population density levels that characterise these settlements. This means that there are less people 'to choose from' when a vacancy arises, and it can be increasingly challenging to find a suitable candidate as the level of specialisation required increases. However, once a candidate is found, retention may be less of a problem given that opportunities in the area are limited. For young people, this means that jobs offering career progression opportunities are few and far between, while low-skilled jobs may be abundant.

Recruitment for jobs requiring low-skilled applicants was less problematic whenever a sufficiently large pool of candidates was available. These jobs were either filled by the local population willing to take up this type of job, or by migrants. International migration, particularly from the Central and Eastern European countries, has contributed to easing staff recruitment and retention problems for many employers in this particular context. The jobs that this population take are often low-skilled with limited opportunities for career progression. In relation to this, however, questions have been raised regarding the future for recruitment and retention of individuals working below their skills level (as is the case for this migrant population), and whether this source of labour will continue to be available to the UK (see Pemberton and Stevens 2009).

This situation suggests two interrelated problems: the lack of high-value added businesses requiring higher-level skills on the one hand, and the low skills levels of the indigenous population on the other. Although whether 'more productive firms deliberately locate themselves in areas with a more highly skilled workforce' is a question that requires further analysis, there is empirical evidence of the association between the skills available locally and firms' productivity (Galindo-Rueda and Haskel 2005). Therefore, it can be suggested that increasing the level of qualifications is important for improving the labour market in rural areas. However, on its own, this measure would not be sufficient to attract more employers to the area.

Owen et al (2007) developed an economic model that projected employment change in Lincolnshire for the period 2006-2016. According to the 'baseline' model (i.e., not considering any new measures or policies to alter the state of the labour market) less skilled occupations such as machine operators and elementary occupation were expected to decrease by 0.3 and 1.4, per cent, respectively, per annum. In the meantime, managerial and professional occupations were expected to grow by 1.5 and 2.0 per cent, respectively, per annum. The model also considered other scenarios that took into account the effects of policy interventions to increase employment and productivity in Lincolnshire and these indicated an even stronger growth for professional, managerial and service occupations. To be sure, the effect of the recession on these projected changes is not considered in the model. However, the analysis does indicate an increase in the demand for skills and suggests the importance placed on increasing the level of qualifications of the population in Lincolnshire. Considering the argument that low-skilled jobs are related to low aspirations, it can be said that, combined with suitable training and career opportunities, promoting employment in a diverse range of occupations can help to raise the skills structure of the area.

In conclusion, it may be said that employers' recruitment and retention issues cannot be studied in isolation; the supply side as well as the demographic, economic, and political

context need to be considered as well. The impact of employers' labour demands on the economy of rural areas is complex, making it difficult to distinguish between causes and effects. The demand for low-skilled labour in these areas, for instance, can be seen as presenting a challenge to increasing the aspirations of the population. Moreover, it has also been suggested that areas with a population characterised by a lack of skills may deter businesses requiring higher skills to establish in such areas. Other rural areas in England (e.g., Cornwall, Devon and South Hams) are taking actions to tackle this cycle by adopting measures to reduce their reliance on low wage sectors and to attract higher value-added industries. It will require efforts at various scales (local, sub-regional, regional and national) to achieve this so as to help increase the quality of employment opportunities and life of their population. Indeed, at national level, the importance of stimulating demand for higher skilled jobs through investing in long-term business development, treating skills as a long-term investment and seeking to operate in high value markets is increasingly accepted (UK Commission for Employment and Skills, 2010).

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¹ In many EU countries, the rate of the decline of manufacturing in rural areas has been lower than in urban areas. According to Copus (2007), the average share of manufacturing employment in rural areas across Europe is now higher than in urban areas.

² The definitions used for hard-to-fill vacancies and skill-shortage are consistent to those used by the Employer Survey 2005 (NESS 2006):

“**HtFVs** are those vacancies described by employers as being hard to fill. Reasons often include skills-related issues, but can simply involve such aspects as poor pay or conditions of employment, or the employer being based in a remote location.

SSVs are those HtFVs which result either from a low number of applicants with the required skills, or a lack of candidates with the required work experience, or a lack of candidates with the required qualifications.” (p. 26)

³ See Note 2.

⁴ The analysis presented here is, to some extent, dependent upon the specific time of the interviews. The economic 2008 downturn led to employment reductions in sectors such as construction and manufacturing, thus reducing opportunities for non-UK migrants. Immigration from Eastern European (A8) Member States is expected to be highly responsive to the effects of the economic crisis since it is typically labour-motivated (see Papademetriou et al, 2009). This has an overall effect on the labour

market; however, the fact that employers in rural areas use immigrant labour to fill in low-skills vacancies may remain true.