

# The decline of pubs in rural areas of England and Ireland: implications for local communities, economies and societies

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# Brief summary

- *Rural societies and economies in England: main characteristics and structures*
- *The decline of services in rural communities*
- *Case study: pubs in Cumbria, England and Ireland*
- *Moving forward: future research development*

# Population in rural England

- In 2011 the population of England was approx. 53 million, of which 43.7 million (82.4%) lived in urban areas and 9.3 million (17.6%) lived in rural areas (DEFRA 2013).
- Around 570,000 people, or 1.1 per cent of the population live in settlements in a sparse setting
- There are proportionately more older people living in rural areas – over 50 per cent of the population in rural areas were aged 45 and above, compared with around 40 per cent in urban areas

# Businesses in rural areas of England

- Agriculture, forestry & fishing accounts for 5% of businesses in England, but more than half the enterprises in Sparse Hamlets are in these industries, and they are also dominant in Less Sparse Hamlets and Sparse Villages.
- In Urban areas around 60% of employees in businesses are employed in large businesses (those with over 250 employees), while only around 12% of employees are employed in micro businesses.
- In Sparse Rural areas, more people are employed in micro businesses than in large businesses. In the Less Sparse areas, the proportions employed in businesses of varying sizes are similar.

# Rural economy: facts and figures

- The UK rural economy contributes over £211 billion per annum, the equivalent of nearly 20% of English GVA (CRE 2013)
- It comprises about half a million enterprises and 3 million employees to the national economy.
- The British rural economy could be worth an extra £347 billion per annum (Commission for Rural Communities 2012).

# Decline of services in England

- In 2014, 243 small and rural bank branches were closed down; of which 116 were the last bank in town, according to one campaigner. Since 1989, the number of banks in rural areas has reduced by a half (Campbell 2015)
- About 200 village shops are closing every year and around 2,500 have shut their doors in the last decade thanks to commercial pressures from big supermarkets, post office cuts and rising rental costs (Rural Shops Alliance 2014)
- Rural parishes could lose up to a fifth of its GP practices as the funding cuts are phased in over seven years, and this will cause hardship to elderly and vulnerable residents (ACRE 2015)

*Etc. etc...*

# Challenges for rural communities

- a lack of affordable housing
- reduced transport infrastructure
- reduced communications infrastructure
- restricted access to finance
- restructuring of public services
- centralisation processes

# Lack of focus from policymakers?

*“Policy is still playing catch-up with the rural economy. It didn’t feature in the Chancellor’s Budget announcement and Labour recently pinned their hopes on ‘city-region’ government. With such enormous potential in the rural economy and its ability to rebalance growth, why is policy still so urban-blinkered?”*

***Guy Garrod, Director of the Centre for Rural Economy, at Newcastle University - November 2013***



# Theoretical background: social networks

- Importance of **social networks as determinants of economic activities** (Granovetter 1985)
  - Significant with regard to citizens' participation at no-profit, co-operative initiatives
  - Positive association between social capital and good education, good health, and good government (Putman 1995)
- **Community cohesion:** 'the degree to which people form part of a community, interact with one another and communities are acting in a manner to facilitate this interaction (DCLG 2010)';
  - related to the much broader concept of **social cohesion:** "the reduction of disparities, inequalities and social exclusion" or "the strengthening of social relations, interactions and ties' (Berger-Schmitt, 2000).
- Positive association between self-rated health and social participation or social engagement have been reported by Kawachi et al.(1999; 2003) and Veenstra (2000).

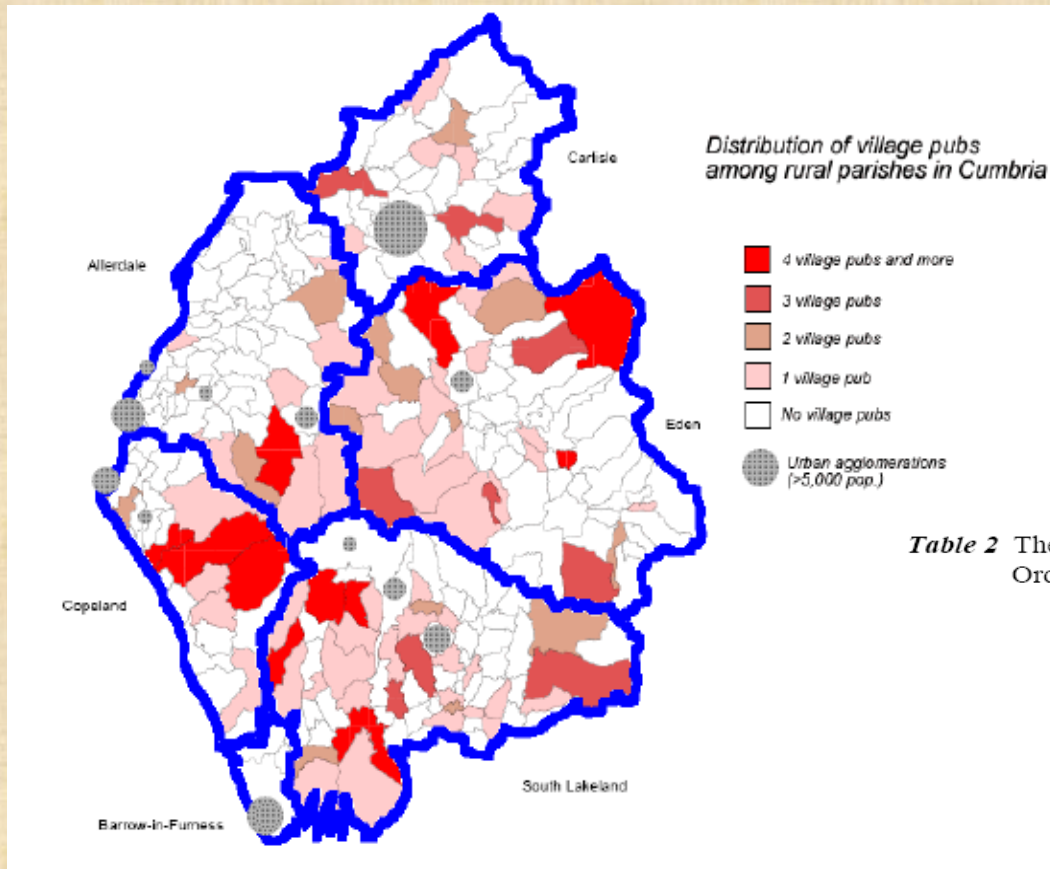
# Theoretical background: embeddedness

- **Embeddedness (Polanyi 1968, Granovetter 1985):** the degree to which economic activity is constrained to non-economic institution
  - Social networks which enable exchanges and relationships among individuals in terms of mutuality, reciprocity and redistribution of resources
  - Presence of ‘third places’ that can foster and develop trust and collaborations among privates and businesses (Oldenburgh 2009)
  - Entrepreneurial embeddedness produce benefits in terms of
    - innovation and learning (Camagni, 1991; Murdoch, 2000);
    - productivity and competitiveness (Rosenfeld, 1996; Chelland Baines, 2000; Johannisson et al 2002);
    - entrepreneurial motivation (Copus and Skura, 2006);
    - access to information (Malecki and Oinas, 1999)
    - new opportunities (Jack and Anderson, 2002);
    - support for nascent small business (Davidsson and Honig, 2003)
  - Local embeddedness (Hess 2004)
    - Community resilience
    - Businesses’ resilience

# Research questions

- *How the decline of services affect lives, communities and economies in rural areas of the British Isles?*
- *What are the processes related to business growth that may generate positive outcomes for local communities?*
- *Which solutions can provide effective relief, and what are the barriers to apply them in a systemic manner?*

# Background research (1): Pubs in rural Cumbria



The study analysed communities or parishes with a pop. <3,000, situated at least 5 miles -10 minutes drive from centres with a pop > 5,000

There are **285** parishes in Cumbria, **231** met the criteria for being considered rural parishes. In the last SRS, there were **488 pubs** in Cumbria, of which **176** located in rural parishes. These are namely village pubs!

Proxy index:  $Y = Y_{civ} + Y_{vol} + Y_{lei}$

**Table 2** The impact of pubs on socio-economic activity: reduced model. Ordered Probit estimation – Dependent variable: Index Y

Independent Variables	Variable Coefficient
Pubs	0.1508** (0.061)
Weekly Income	0.0049*** (0.002)
Social Centre	0.6180*** (0.189)
Bowling	1.0644*** (0.247)
Art	0.7733*** (0.188)

S.E. between parentheses.

Log-likelihood = -222.7741

$\chi^2$  (10) = 75.29 (0.000)

Pseudo-  $R^2$  = 0.1446

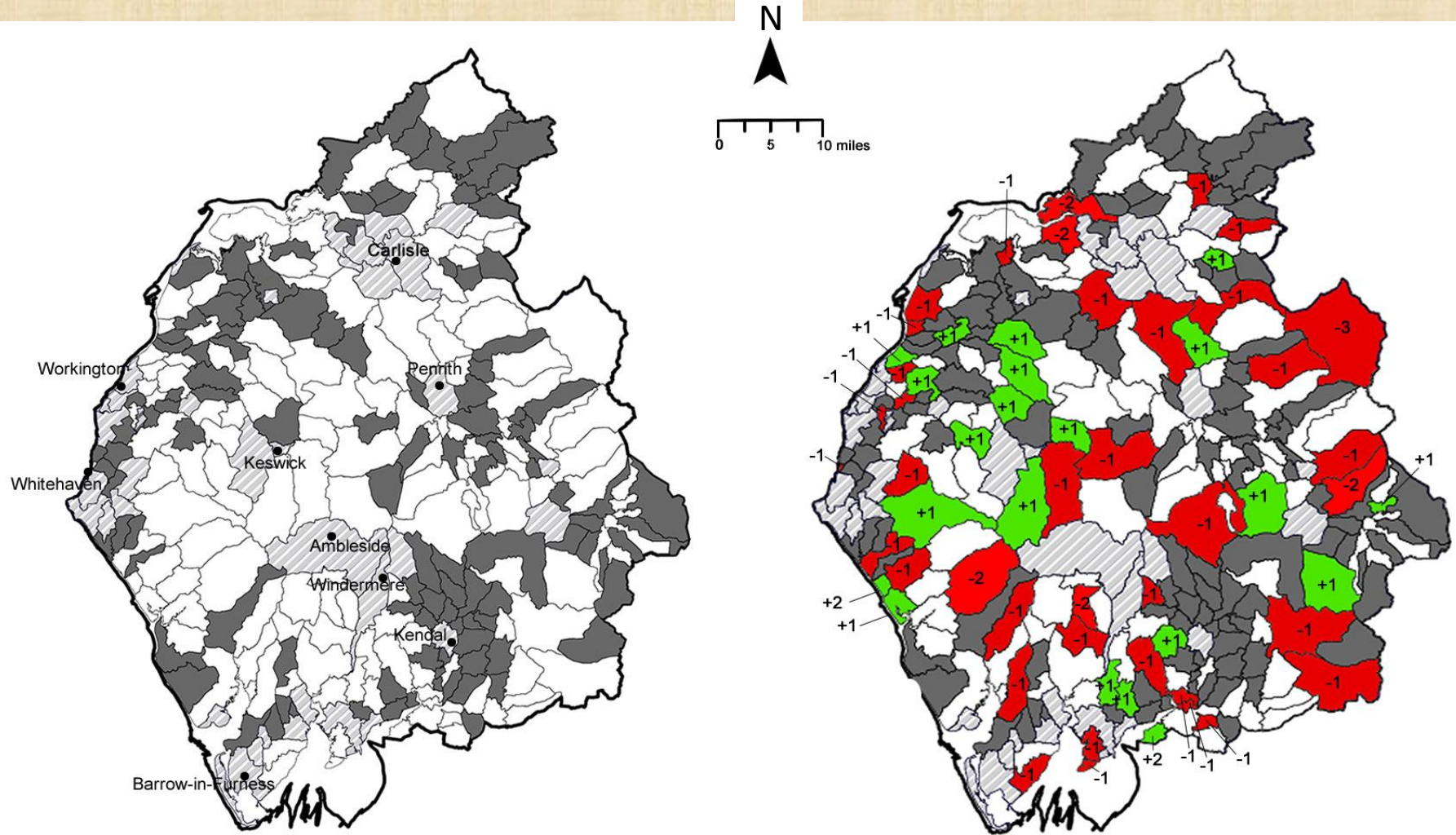
Observations = 171

Reset  $\chi^2$  (1) = 2.08 [ $(p > \chi^2) = 0.15$ ]

# Cumbria Project: Results

- Results from the pilot indicated that the socio-economic activity measured with the proxy Y is significantly influenced by the presence of one or more pubs in a parish
- Pubs were also positively associated with other important well-being indicators in the parish, such as weekly income, rural markets, sport venues.
- The model demonstrated the presence of a strong relationship between village pubs and the amount socio-economic activity generated within rural parishes in Cumbria

# Pubs in rural Cumbria 2008-2013



Pubs in Cumbria 2008-2013

- Parishes included in the study
- Parishes not included in the study
- 'Dry parishes'

Changes in the number of pubs 2008-2013

- Parishes reporting pub closures
- Parishes reporting pub openings
- No changes

# Background research (2): Pubs in rural England

- Data analysed so far were extracted by the last national Survey of Rural Services (SRS), conducted by the Countryside Agency on annual basis between 1996 and 2000.
- After 2000, the SRS ceased to be conducted. The Countryside Agency has been disbanded in 2009. The systematic collection of data about services and amenities at parish level stopped in the past 10 years
- A number of rural networks (RNUKs, ACRE) operating at a local authority/district level are still collecting the same type of data once gathered with the SRS. Local surveys are likely to be repeated every two years – likely...

# The study areas

Leicestershire and  
Rutland

Buckinghamshire

Cambridgeshire

Northamptonshire

Suffolk

Essex

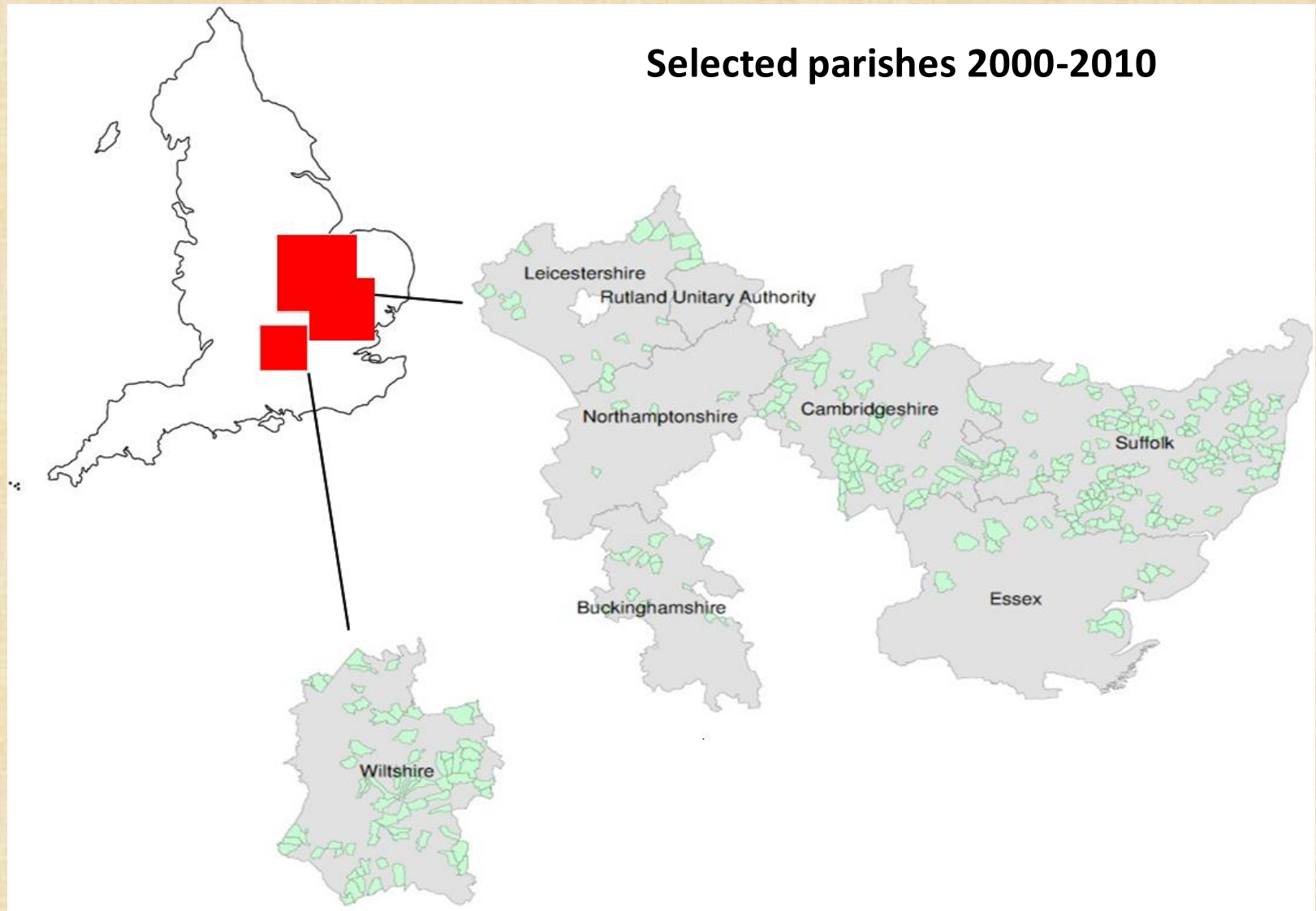
Wiltshire

## **Major Data Sources:**

- SRS 2000 (Countryside Agency)
- Local SRSs 2011 (ACRE, RCUK)



# English Project: The study areas



# Longitudinal data: Information at parish level

County	Parishes surveyed in 2000 <sup>a</sup>	Parishes surveyed in 2010 <sup>b</sup>	Matching Parishes 2000-2010 <sup>c</sup>	Census Population 2001 <sup>d</sup>	Census Population 2011 <sup>d</sup>
Buckinghamshire	117	154	13	8,989	<b>8,867</b>
Cambridgeshire	194	240	59	41,171	<b>42,738</b>
Essex	172	15*	15	18,596	<b>19,851</b>
Leicestershire and Rutland	120	114	15	12,095	<b>13,373</b>
Northamptonshire	133	55	6	3,466	<b>3,065</b>
Suffolk	254	345	117	62,008	<b>64,064</b>
Wiltshire	148	324	68	37,174	<b>38,576</b>
<b>Total</b>	<b>1,138</b>	<b>1,232</b>	<b>293</b>	<b>183,499</b>	<b>190,534</b>

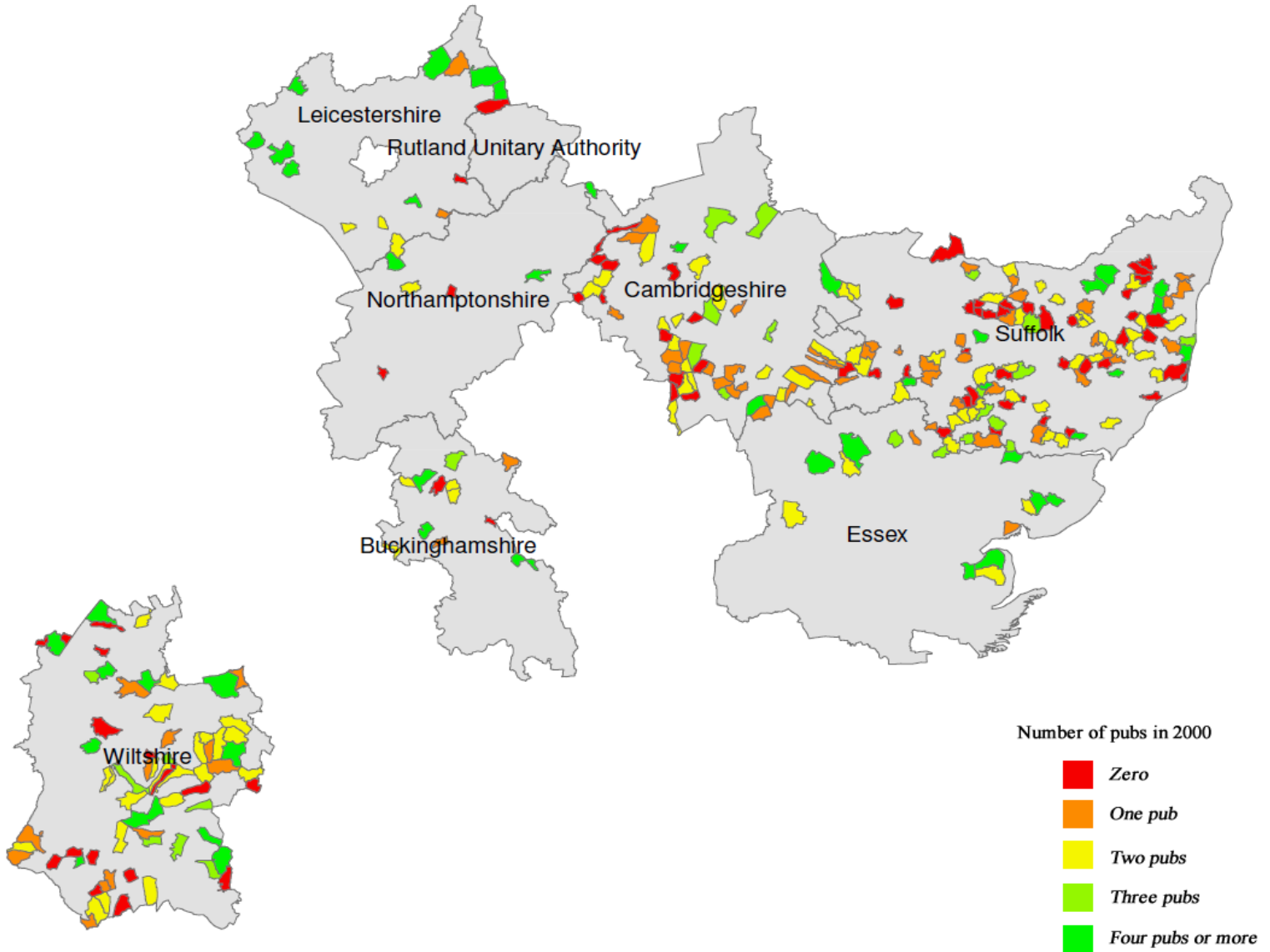
<sup>a</sup>Source: total counts from SRS 2000; <sup>b</sup>Source: total counts from local surveys provided by RNs and Local Authorities;

<sup>c</sup>Counts are solely related to matching rural parishes according to definition provided by Cabras and Reggiani (2010)

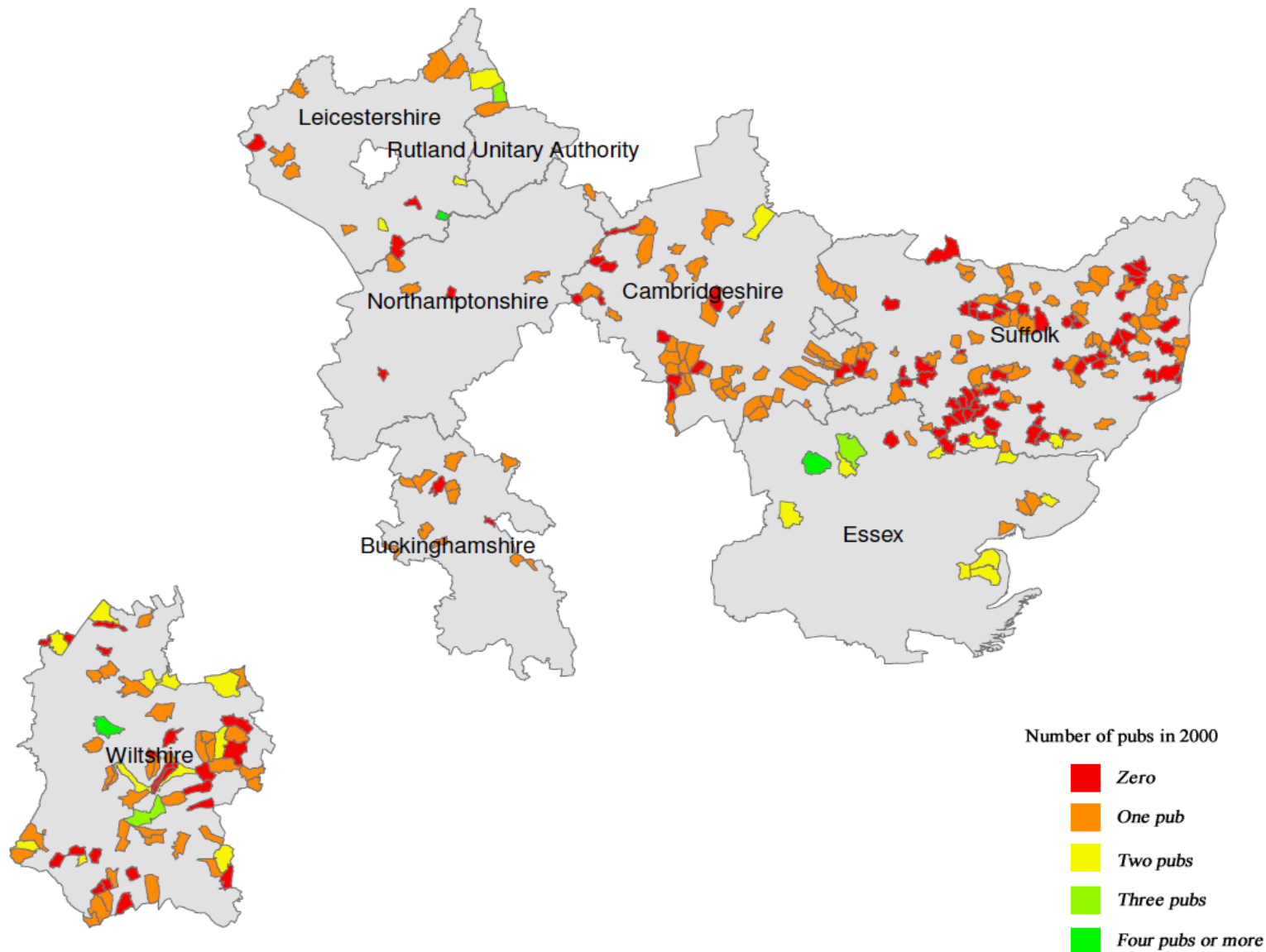
<sup>d</sup>Source: ONS 2001 and 2011 Census Data

\*Source provided matching parishes only

# Number of pubs in selected parishes, 2000



# Number of pubs in selected parishes, 2010

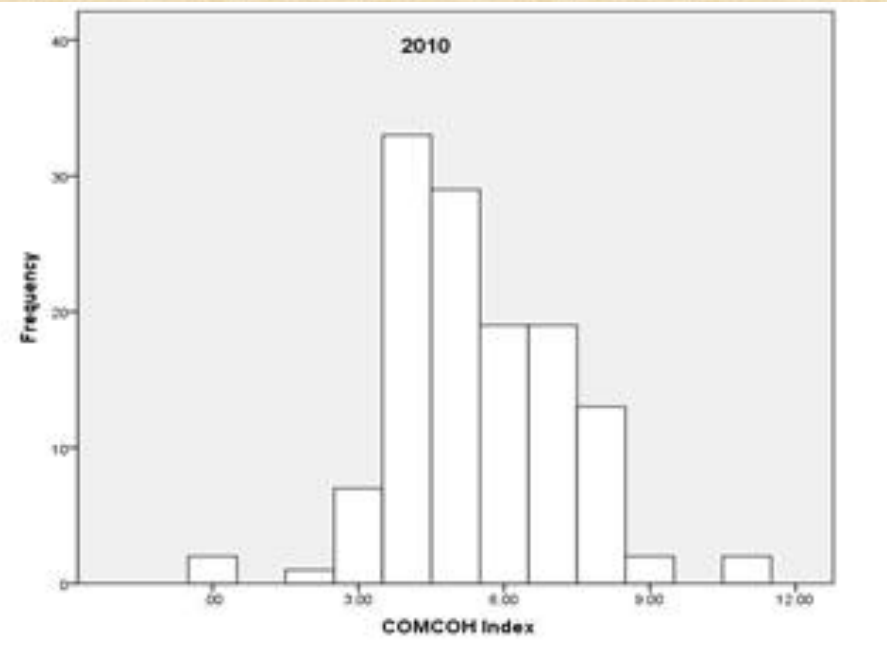
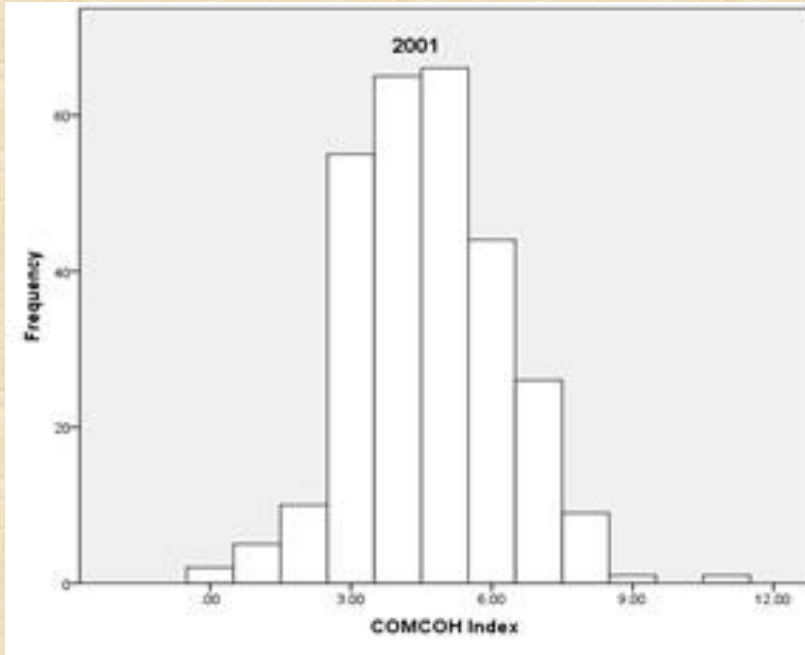


# Community Cohesion Index (COMCOH)

$$COMCOH_i = \sum_{j=1}^4 LEI_{ij} + \sum_{j=1}^4 COM_{ij} + \sum_{j=1}^3 FF_{ij} + VOL_{ij} + \varepsilon_i$$

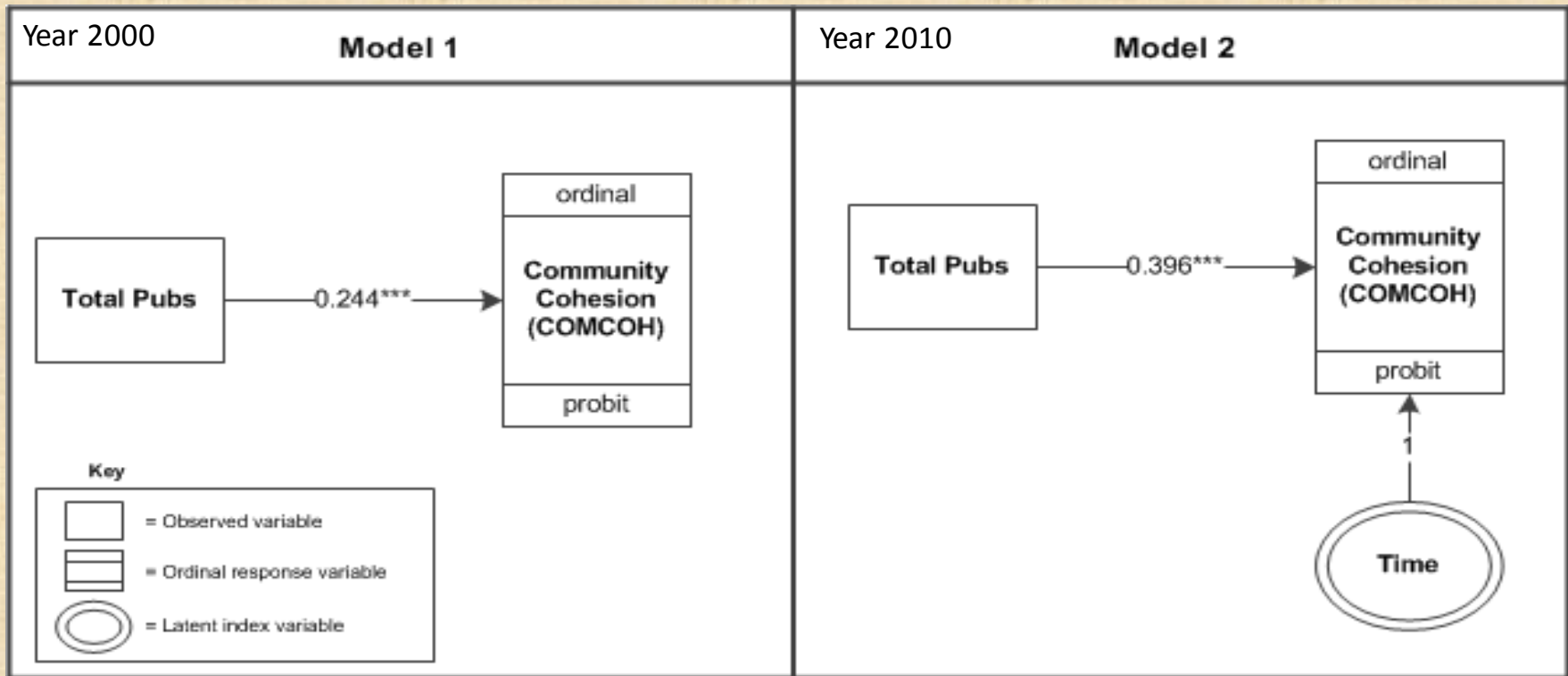
Domain	Variables	Description	Matched Variables
<b>Leisure activities (LEI)</b>	Tennis court	<i>Parish contains a tennis court available for use by local residents</i>	
	Sports hall	<i>Parish contains a sports hall available for use by local residents</i>	X
	Playing field	<i>Parish contains a playing field available for use by local residents</i>	X
	Bowling green	<i>Parish contains a bowling green available for use by local residents</i>	
	Cricket matches	<i>Whether cricket matches are held within the parish</i>	
	Football/ rugby matches	<i>Whether football/ rugby matches are held within the parish</i>	
	Beavers	<i>Presence of beavers/cubs/venture scouts operating within the parish</i>	X
	Brownies	<i>Presence of brownies/rainbows/guides operating within the parish</i>	
<b>Communication (COM)</b>	Retired club	<i>Presence of retired club operating within the parish</i>	X
	Worship	<i>Presence of worship centres/churches in parish</i>	X
	News	<i>Parish has a community newsletter</i>	X
	Music/art events	<i>Whether music/art events are held within the parish</i>	
	Festival/galas	<i>Whether festival/galas are held within the parish</i>	
	Social club	<i>Presence of social club in parish</i>	X
<b>Food facilities (FF)</b>	Noticeboard	<i>Parish has a public noticeboard</i>	X
	Markets	<i>At least one market operating within the parish</i>	X
	Restaurants	<i>At least one restaurant operating within the parish</i>	X
	Cafés	<i>At least one café operating within the parish</i>	X
<b>Volunteering (VOL)</b>	Takeaways	<i>At least one takeaway operating within the parish</i>	
	Voluntary clothes recycling	<i>Presence of voluntary organisation(s) providing clothes recycling</i>	X
	Voluntary paper recycling	<i>Presence of voluntary organisation(s) providing paper recycling</i>	

# Variation of COMCOH index



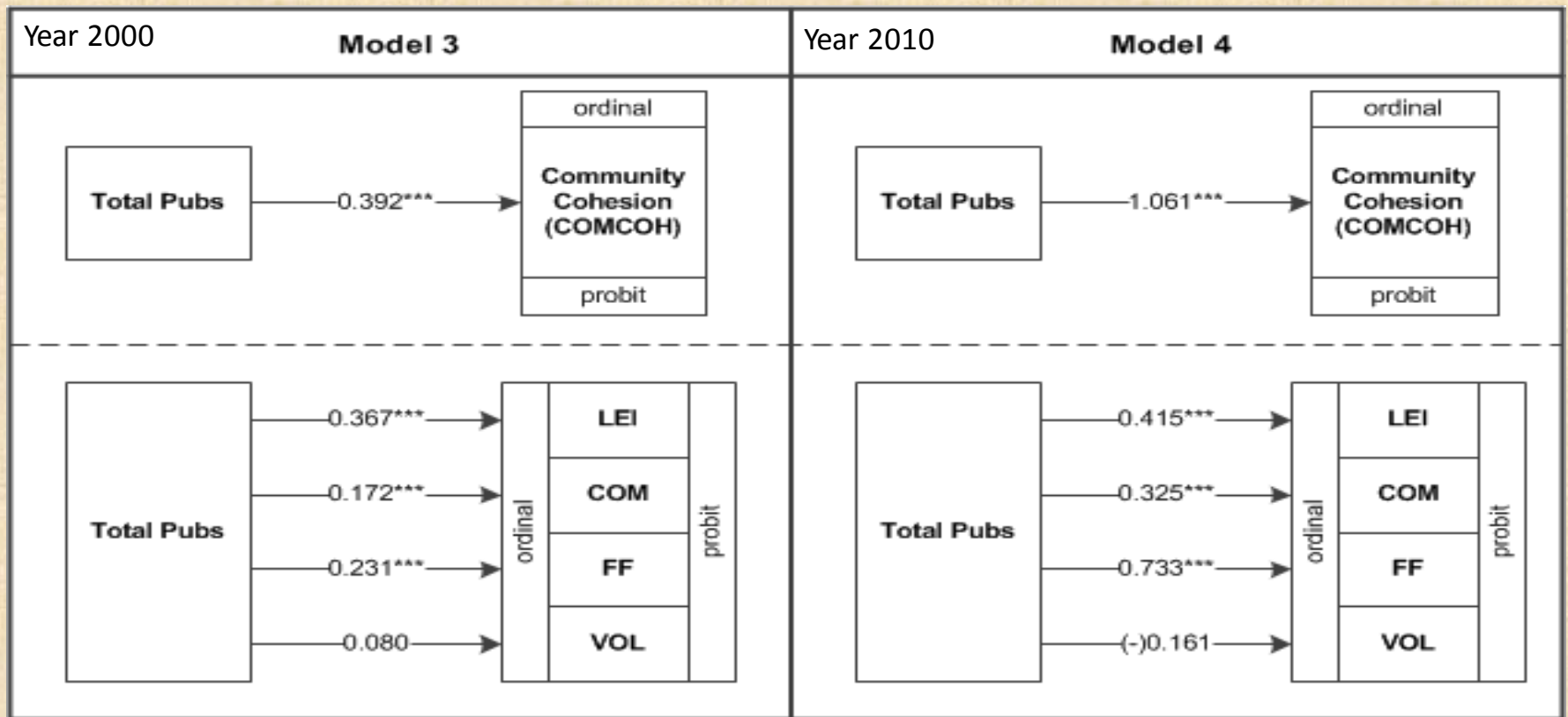
# Analysis of COMCOH index

Application of Structural Equation Modelling (SEM) to data collected in 2000 and 2010: Path diagrams



# Analysis of COMCOH index

Application of Structural Equation Modelling (SEM) to data collected in 2000 and 2010: Path Diagrams accounting for factors

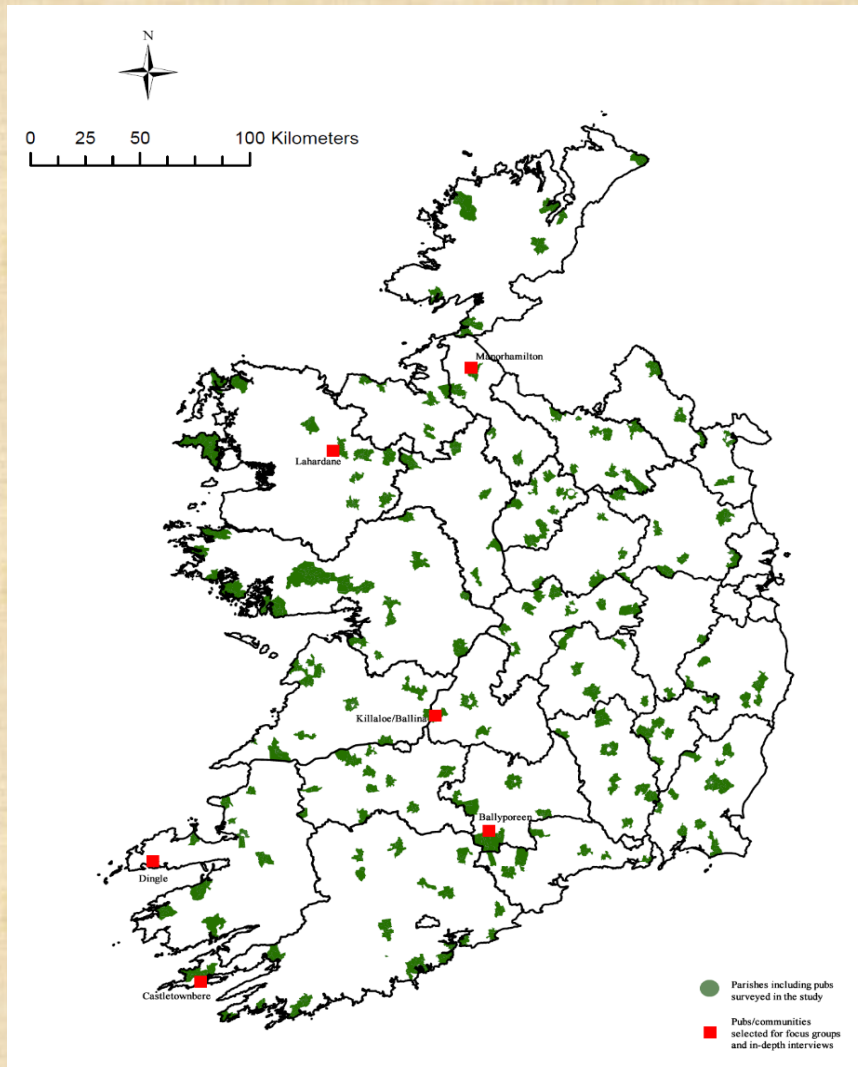




# English Project: Findings

- Both cross-sectional and longitudinal studies investigated the effects of the decline of pubs in rural areas of England. Findings from the study conducted so far show that pubs really play an important role in enhancing community cohesion, social capital and economic activities in rural areas of England.
- Use of SEM lagged models and pure comparison between regressions confirm the existence of a casual relationship between the decline of pubs and the decrease in the levels of community and social cohesion in rural areas
- These findings corroborate evidence that the disappearance of village pubs has a much wider impact on local community than just a mere closure of businesses. Other factors, such as higher weekly income, presence of local amenities and facilities, and provision of infrastructures, art and music festivals are positively related to socio-economic activities as well as pubs.

# Background research (3): Pubs in rural parishes in Ireland



Survey questionnaire conducted on 1,722 pub owners and managers (n=293 valid responses)

Six focus groups were conducted with the purpose of exploring and examining the impact of pubs on local communities.

Places selected for the focus groups included:

- two villages located in areas where the economy is still predominantly based on farming (***Ballyporeen and Lahardane***),
- two villages of which surrounding areas have a significant touristic vocation (***Killaloe/Ballina and Dingle***),
- one village mainly based on fishing and naval activities (***Castletownbere***); no other village presenting a very mixed economy (***Manorhamilton***).

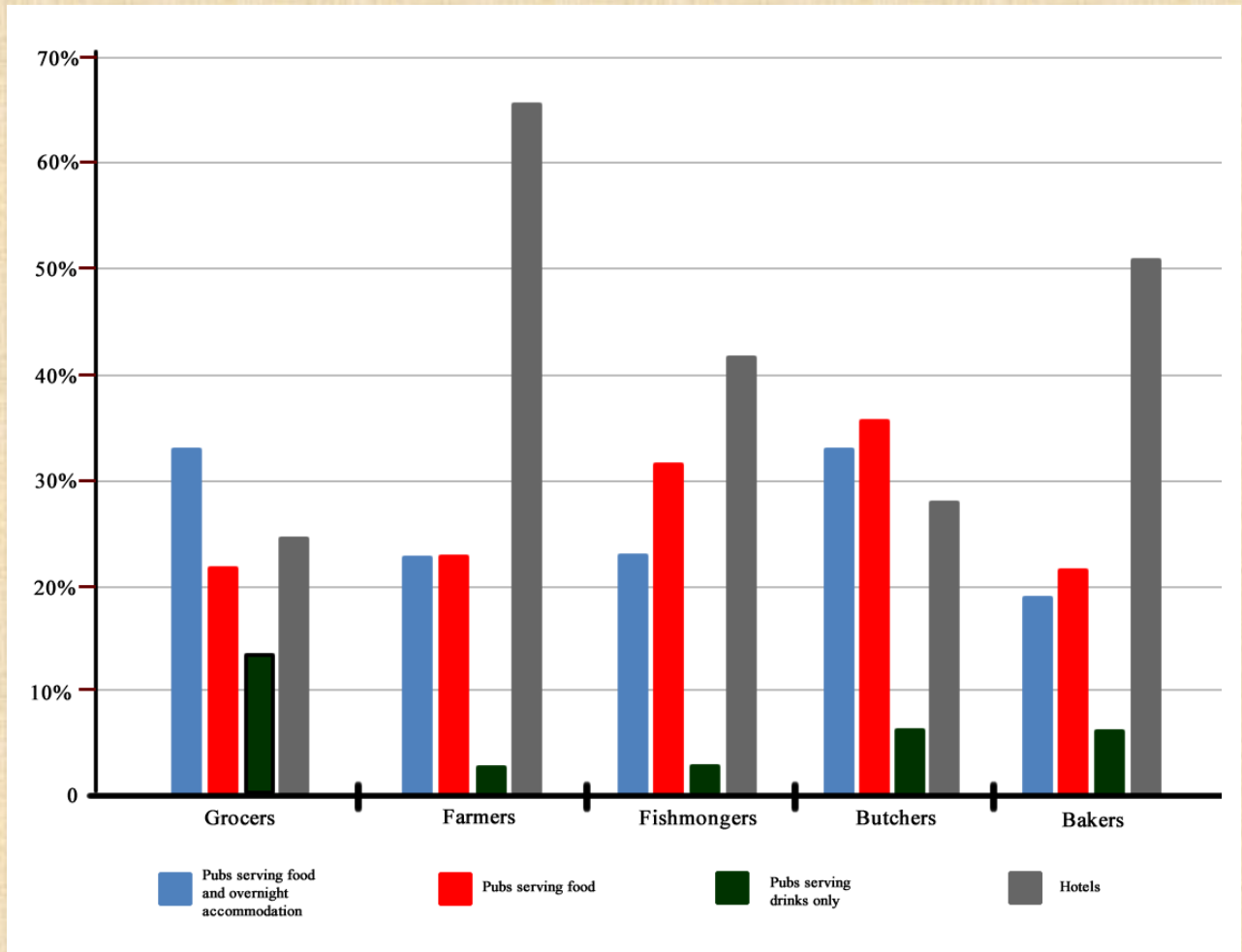
# Survey results: employment projections

Estimations made on responses received on the 293 surveyed pubs and expanded to the VFI rural population (1,772 businesses) indicate that the amount generated by employees wages account for about **60.7 million euros**.

A. Total Jobs	A. Full Time Jobs	A. Part Time Jobs
$\left( \frac{N^{FT} + N^{PT}}{N} \right) \times N^{Rural}$	$\left( \frac{N^{FT}}{N} \right) \times N^{Rural}$	$\left( \frac{N^{PT}}{N} \right) \times N^{Rural}$
$\left( \frac{348 + 596}{293} \right) \times 1,772$	$\left( \frac{348}{293} \right) \times 1,772$	$\left( \frac{596}{293} \right) \times 1,772$
<p><b>5,709 Jobs</b></p>	<p><b>2,105 Jobs</b></p>	<p><b>3,604 Jobs</b></p>

# Survey results: impact of purchasing

Calculations made on the 293 surveyed pubs indicate a total **2.1 million euros** per year injected within the local supply chain. Pubs serving food or/and providing accommodation are likely to rely upon local retailers more compared to other types of pubs



# Focus groups with residents: extracts

*“Well there is no other place where you can sit down for more than half an hour, have a drink and a conversation over a picture or something...especially when it is cold you know, people cannot stay home all day, they may want to get out from the house...”*  
[Resident for Ballyporeen]

*“It’s kind of like to find the spark...We go to the pub top reach the same homey atmosphere, with drinks or without drinks, that is not the problem as long as you can get the same type of feeling”* [Resident for Dingle]

*“I cannot meet people socially at the church, I mean talk with them...you know you would not have any bad language, any gossip there...you would not really know what is going on by standing at the church, but you go across the road and then maybe (...) It is also important for people that live on their own; the pub is a place with no judgement, no questions asked”* [Resident from Killaloe/Ballina]

# Focus groups with residents: local work

*“Yeah publicans are sort of pillars for the community, a sort of sentinel...publicans and shop-owners they’re highly regarded people within the community” [Residents from Manorhamilton]*

*“I was self-employed as a trade person...decorating painting that kind of things ...and many times work was arranged at the pub...that’s how things worked...” [Resident from Castletownbere]*

*“Lots of jobs are generated because of the pub...if this place closes down my business would suffer a lot... this pub alone is a great touristic attraction for the village and if the pub is doing well the trend in tourism grows... this means good business for all the other businesses in town” [Resident from Castletownbere]*

*“I am a musician and I know other musicians here... so we are dependent on works that pubs offer to us with gigs...there are no other places we could work here around” [Resident from Dingle]*

# Focus groups with residents: ASBO

*“There is no issue with anti-social behaviour, it would not happen, we would not allowed it to happen...it is taken down to the bottom...this establishment is well run” [Resident from Castletownbere]*

*“This is also a small place, as soon as something bad happens people would quickly run their back to those creating troubles...I’ve never experienced any situation in which I felt uncomfortable” [Resident from Ballyporeen]*

*“Those people may be going in another pub and they would not be served...because of what happened in the previous pub...the voice spreads around very quickly in town...three weeks ago something happened in this pub which was unpleasant...and happened with someone who happened to have moved in just next door to me...I tell you, the GARDA was there faster than they moved in...at his door in seconds! [Resident from Manothamilton]*

# Irish project: main findings

- Pubs in rural Ireland represents important economic hubs with regard to local supply chain and employment. Publicans also support almost all volunteering initiatives and charity events occurring in villages and rural parishes.
- Pubs appear to functioning as information centres as well as informal job-centres by matching demand and supply for local employment by using mostly word-of-mouth communication.
- The social and economic role played by pubs in rural areas of Ireland is significantly valued by local residents. Their closure is strongly associated with the decline of social drinking and increasing levels of alcohol consumption in private premises, fuelled by cheap prices available in the off-licence sector, are perceived by locals as having a detrimental and devastating impact on rural communities.



# Overall remarks: pubs research

- Findings from the study conducted so far show that pubs really play an important role in enhancing community cohesion, social capital and economic activities in rural areas of Britain and Ireland, with evidence reflected in experiences abroad.
- These findings corroborate evidence that the disappearance of village pubs has a much wider impact on local community than just a mere closure of businesses.
- Other factors, such as higher weekly income, presence of local amenities and facilities, and provision of infrastructures, art and music festivals are positively related to socio-economic activities as well as pubs.

# From pubs to other rural businesses and services: moving forward

- The findings gathered from the research on pubs can be applicable to other type of businesses?
- If so, what are the effects associated to survival/decline of businesses on rural communities?
- And what types of solutions can be applied?

# Possible solutions

- Invest in third places, sustaining those businesses that can create social and entrepreneurial embeddedness
- Support local entrepreneurship with tailored business rate relief, applied by local authorities at a local level
- Fostering and sustaining the development of cooperative ventures or similar initiatives
  - Today, cooperatives play an important role in British society. Their number in UK passed from 4,820 in 2008 to 5,933 in 2012, generating a turnover of £35.6bn. The number of members in the UK has also been constantly increasing since the late 2000s, reaching 13.5m in 2012 (Cooperatives UK, 2012)

# Coops and Community Benefit Societies

- Within coops, community benefit societies are run primarily for the benefit of the community, implying that the interest of members and shareholders is secondary (Parliament 2010).
  - CBS have the power to pay interest on members' share capital, but they cannot distribute surpluses to members in the form of a dividend.
  - Members of CBSs only have a right to the return of their capital, with no rights related to a share of the underlying assets (or equity).
  - CBSs can install an **asset lock**, which prevents the society being sold and the proceeds distributed among shareholders. This aspect makes these societies extremely valuable, particularly when it comes to raising investment capital, as asset locks provide tangible guarantees for the investment made by members (Cabras 2011).

# Rural cooperatives and CBSs

- The rural dimension appears to be an ideal incubator for cooperative initiatives. Active membership in small rural cooperatives enhances social relationships inside the cooperative and increases members' interest and satisfaction, creating a sort of a 'circle of trust' which strengthens their sense of proprietorship (Bhunyan 2007, Zeuli et al. 2004).
- The rural context presents a reduced diversity in terms of employment and variety of lifestyles compared to major urban centres, bringing a higher level of uniformity when it comes to evaluate and decide about communal needs and priorities (Ray, 1998).
- Cooperatives in small rural villages are likely to have the majority of villagers among their shareholders. This can bring a number of benefits with regard to community development, as pursuit of profits for members in rural co-operatives is often associated with the achievement of social objectives for their communities.

# Rural cooperatives and CBSs

- Rural coops can mobilize local resources into a critical mass and their structure allows them to be more community-oriented (Zeuli and Radel 2008). Resources may be easier to localise and made available readily to local communities, avoiding some dispersion which characterises larger cooperative organisations (Nilsson et al 2012).
- Members of rural cooperatives are usually local residents who tend to be the promoters as well as the primary buyers/users of the cooperatives' products and services. This situation increases the retention of local resources and enlarges business profits for local communities compared to those obtainable from investor-owned firms whose investors are scattered across the country (Zeuli and Radel, 2005).
- Cooperatives can also unlock and improve individuals' potential through the provision of skills and training. Members can improve their skills in a number of areas, such as business management, leadership, organisation and problem solving (Borzaga and Spear 2004). In rural areas, these skills increase the provision of social capital at a local level, providing a basin also for other organisations, with a lower risk of geographic dispersion or delocalisation associated with spatial remoteness (Zeuli et al, 2004, Zeuli and Radel, 2005).

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**Thank you!**

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