



# Supporting the growth of innovative rural businesses through Rural Enterprise Hubs

## What are Rural Enterprise Hubs?

They are physical infrastructures that support small and micro rural businesses. They offer workspaces, meeting rooms, broadband, reception services and training opportunities, with the view to supporting their users (tenants) to become more productive and to grow.

### We have found two models of hubs:

- **Honey pots** have tenants who are customer-facing (retail, arts and crafts, tourism etc.) and depend on footfall.

Rural businesses are typically dispersed, which limits their interactions. This results in fewer network connections and leaves business owners socially isolated. Hubs are a mechanism for bringing together rural businesses, providing additional opportunities to network, acquire knowledge, form new collaborations and create synergies between tenants.

- **Hives** have office-based tenants offering business-to-business services (accountants, website designers etc.).



# What is this research?

Using funding from the Economic and Social Research Council and the North East Rural Growth Network, an in-depth investigation of enterprise hubs was conducted between 2015 and 2019.

## The research sought to explore:

- 1) What are the benefits hubs brought to their tenants?
- 2) What are their determinants of success?

## The research consisted of:

- Interviews with regional development officers and policymakers to uncover the landscape of Rural Enterprise Hubs, their performances and their role in the wider innovation system.
- Interviews with a selection of eight hub managers to discuss what they considered (un)successful.
- A week spent in each of the eight hubs, interviewing tenants about their experiences of the facilities and services and which elements helped them as business owners.
- A total of 40 tenants were interviewed, in a range of sectors and locations.



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# What are the key findings?

## 1. Benefits to hub users

- Improvements to productivity and wellbeing: Firms can become more productive when entering a professional environment, avoiding the distractions of the home surroundings. Previously home-based businesses were able to employ new members of staff which they couldn't have at home. Tenant wellbeing improved, through increased autonomy, feeling part of a community and competence to achieve their goals.
- Access to networking opportunities: Hubs provide increased everyday informal contact with other business owners and are points for networking groups to meet.
- Access to new knowledge, training, business support and signposting to specialist innovation support: Knowledge is acquired both informally from other tenants and formally through seminars/workshops. Business support agencies host events or have residencies in the hubs. Hub managers play a vital role in signposting to future support.
- Forming new collaborations and synergies: The hub environment can help the tenants become more professional and acquire larger contracts through collaboration. The hub can also help firms acquire a local presence, amongst the business community and/or the general public.



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## 2. Determinants of success for hubs

**External factors:** Conducting market analysis to ensure demand and avoid competition, tailoring the services/facilities to match the demand and creating niches to cater for different sections of the economy.

**Internal factors:** The skills of the hub manager to proactively improve the hub and provide additional opportunities for their tenants. Ability to act flexibly (e.g. providing 'easy-in easy-out' contracts, helping to facilitate firm growth, catering for individual needs).



# What are the conclusions?

- Rural Enterprise Hubs are beneficial for the tenants, but also have more wider impacts on the surrounding economy and community.
- They provide stimulating and professional work environments - something that rural areas have largely been excluded from until now.
- They are ideally placed to provide co-working spaces to facilitate flexible working patterns and connection to a wider community. A need further highlighted by the Covid-19 pandemic.
- Hub managers are vital facilitators of knowledge exchange, networking and forming new collaborations. They need to proactively search out opportunities and get to know their tenants.

## What are the workable recommendations for the future?

- Continuing to develop Rural Enterprise Hubs is important to support the growth of the rural economy. Local Industrial Strategies should look to provide funding for such initiatives if appropriate to their area.
- Those wishing to boost rural economic growth and well-being should consider supporting and/or developing rural enterprise hubs both in terms of their physical space and the services that they provide.
- The benefits of hubs were felt particularly strongly by businesses which were previously home-based. Efforts should be made by development agencies to target this sector of the economy, finding new innovative ways to do so through marketing and working in partnership with rurally-focused institutions.
- The skills of the hub manager to assist tenants' growth through the provision of services and expertise is critical. Local Enterprise Partnerships and development agencies should look to improve the competencies of hub managers through training, networks and mentoring programmes (e.g. Rural Connect in the North East of England) – particularly third and private sector managers who may be less experienced.



For more information visit [www.nicre.co.uk/innovation-portal/rural-enterprise-hubs](http://www.nicre.co.uk/innovation-portal/rural-enterprise-hubs)

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