

***Piònta Sónas!* How Pubs Enhance Community Cohesion, Economic Activities and Sustainable Development in Rural Ireland**

Dr Ignazio Cabras

Newcastle Business School, Newcastle-upon-Tyne (UK)

York Centre for Complex Systems Analysis – University of York (UK)

Dr Matthew Mount

Kent Business School, Canterbury (UK)



THE UNIVERSITY *of York*

Presentation Outline

1. Pubs and Rural Localities
2. Pubs in Rural Ireland
3. Relevant findings from the VFI survey
4. Focus groups with residents in rural areas
5. Conclusions

Pubs in Ireland 1

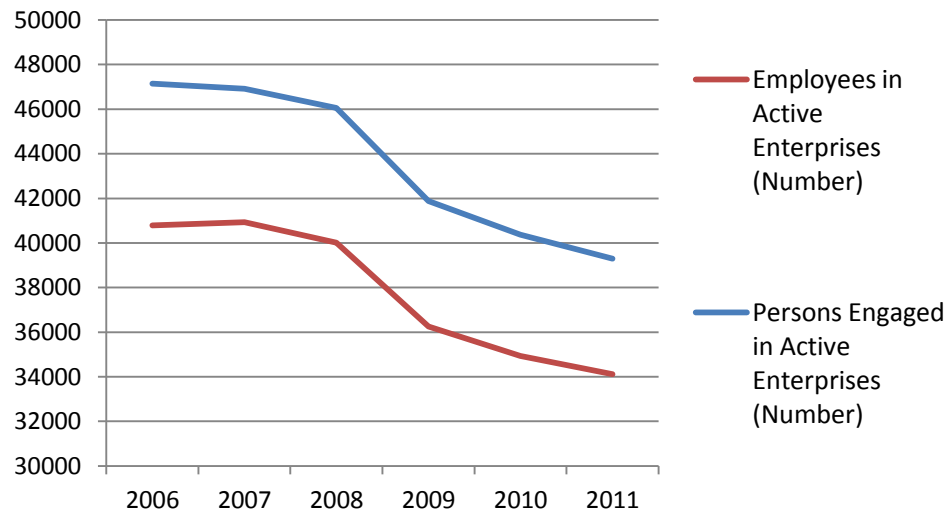
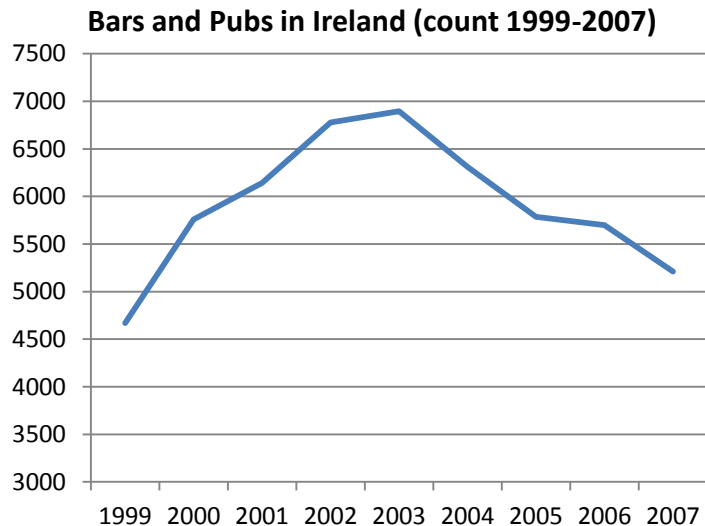
Pubs in Ireland have a significant impact on population, as they represent important incubators for the development of human relationships and social networking.

| | |
|----------------------------|--|
| Culture | <ul style="list-style-type: none">• Pubs have high importance in Irish culture, economy, and society. Many Irish 'themed' pubs try to replicate these traditions in other countries |
| Regulation | <ul style="list-style-type: none">• Limits on number of new licenses issued – create supply side barriers• Licenses attached to premises with limitations on mobility across regions |
| Rural/ Urban Divide | <ul style="list-style-type: none">• Intoxicating Liquor Act (1962): Until 1962 blanket ban on new licenses in urban areas only• Creation of rural – urban divide |
| Market Structure | <ul style="list-style-type: none">• Not as fragmented as the UK with 90% of pubs being freehold• No pubco phenomena• 'Two for one rule' – to help alleviate barriers a new urban license could be issued by extinguishing two rural licenses• Created barrier by inflating cost of rural licenses |

(Kearns, 1996; Molloy, 2002; Maguire, 2006; Munoz et al. 2006; Patterson & Brown, 2009)

Pubs in Ireland 2

Despite the acknowledged importance of pubs in Ireland, there has been a visible decline in both the number of pubs and job losses associated with the decline in pubs:



Pubs and Rural Localities

Definition:

Villages and rural parishes with no more than 3,000 individuals, situated at least 5 miles (or 10 minutes drive) from towns or large parishes counting 5000 inhabitants or more (Cabras & Reggiani, 2010)



URBAN
PUBS

Anti-social behaviour

ASBO (Anti-social behaviour orders)

Alcohol related crime

Violence, criminal damage



RURAL
PUBS

Increase socio-economic activity

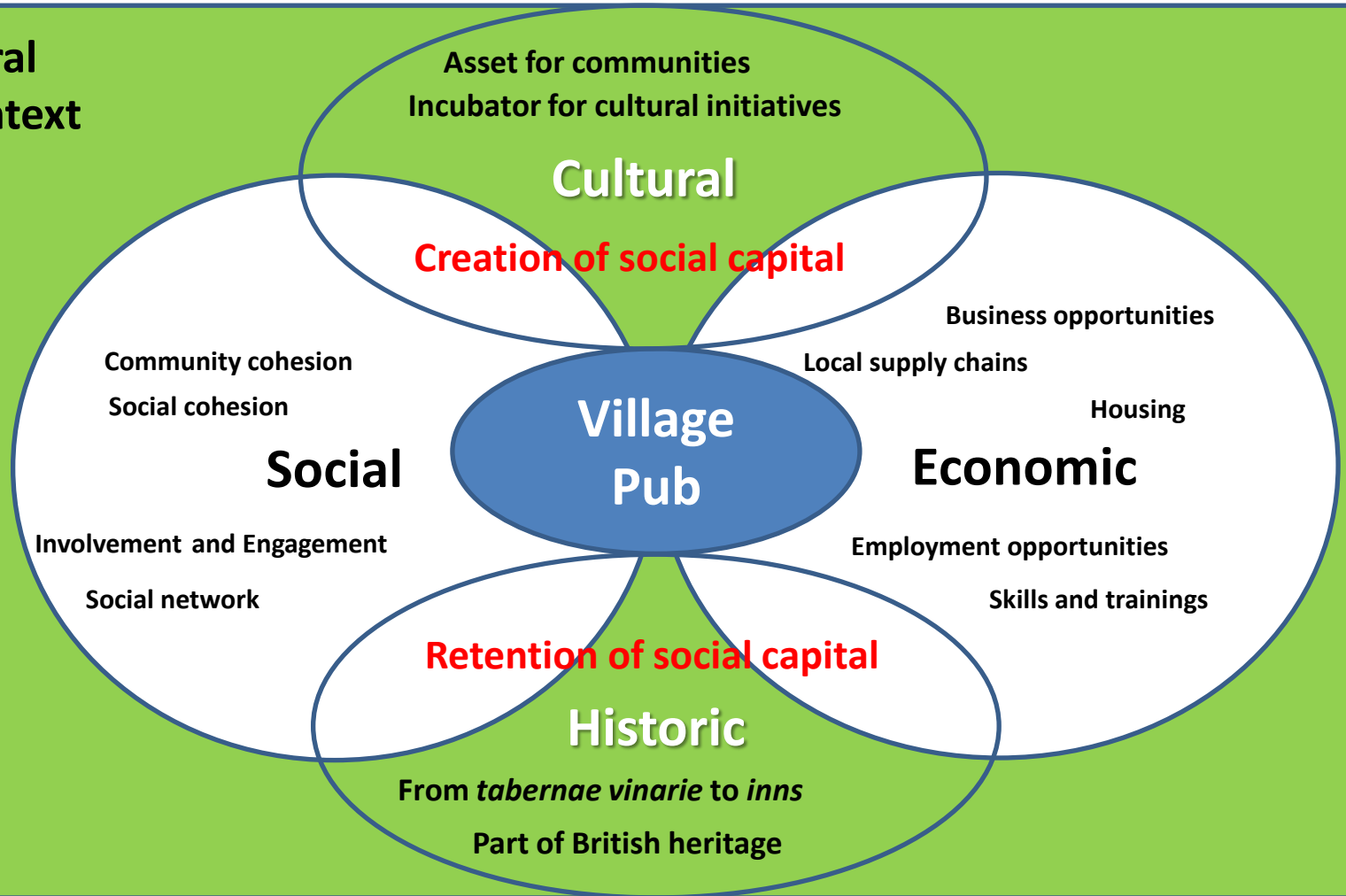
Civic engagement;

Increase in community cohesion

Presence of sports clubs, community centres
etc.

(Cabras & Reggiani, 2010; Mount & Cabras, 2013a; 2013b)

**Rural
context**



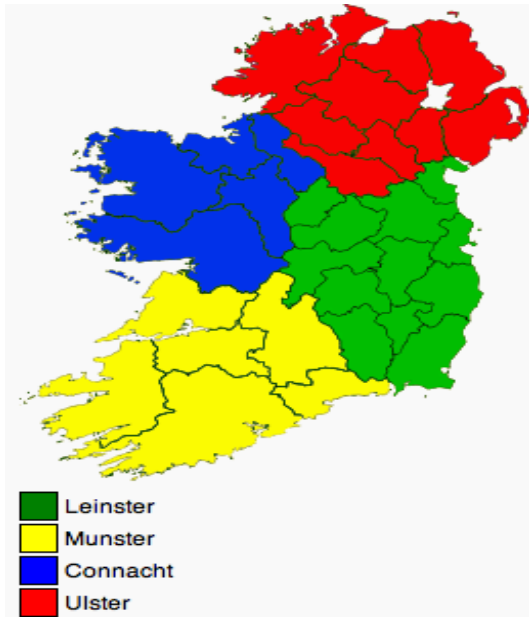
Rural Pubs in Ireland

- *'[Between 2006 and 2012], 7,000 jobs were lost in the on-trade sector alone and at least 500 pubs are at risk of closing over the next 12 months, with the subsequent loss of a further 4,000 jobs' (Smyth 2013)*
- The decline is definitely more marked in rural counties, where more than 800 pubs have closed since the recession started (Revenue Commissioners 2012)

What is the role pubs in rural Irish communities? Do pubs present potential for wider economic and social impact?

Survey of Rural Pubs in Ireland

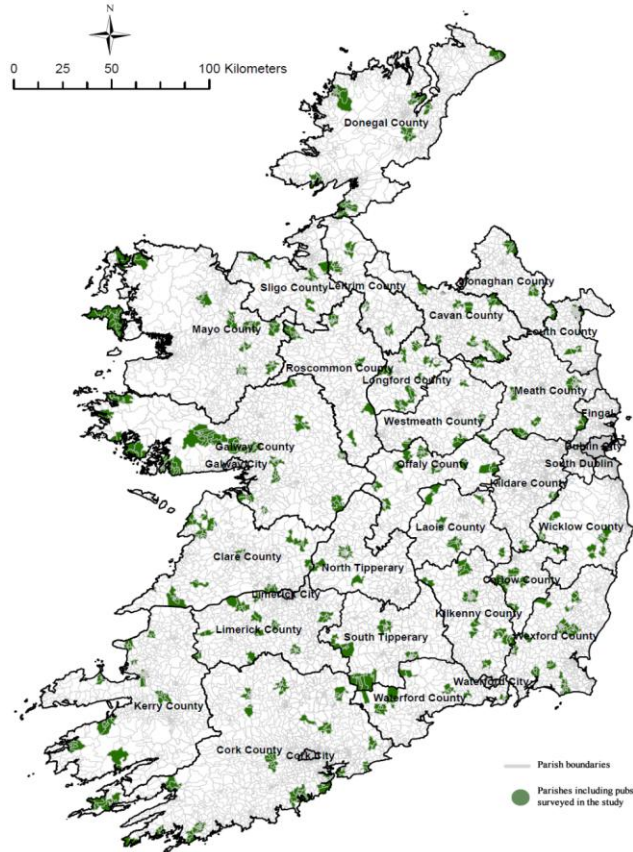
- Questionnaire survey conducted between June and August of 2013 that involved 1,744 rural Irish Pubs (Republic of Ireland).
- 293 valid responses (17% response rate).



| Province | Frequency | Percent | Cumulative Percent |
|-----------|-----------|---------|--------------------|
| Connaught | 70 | 23.9 | 23.9 |
| Leinster | 85 | 29 | 52.9 |
| Munster | 110 | 37.5 | 90.4 |
| Ulster | 28 | 9.6 | 100 |
| Total | 293 | 100 | |

- Response set covered all 4 Provinces and 27 out of 32 counties.

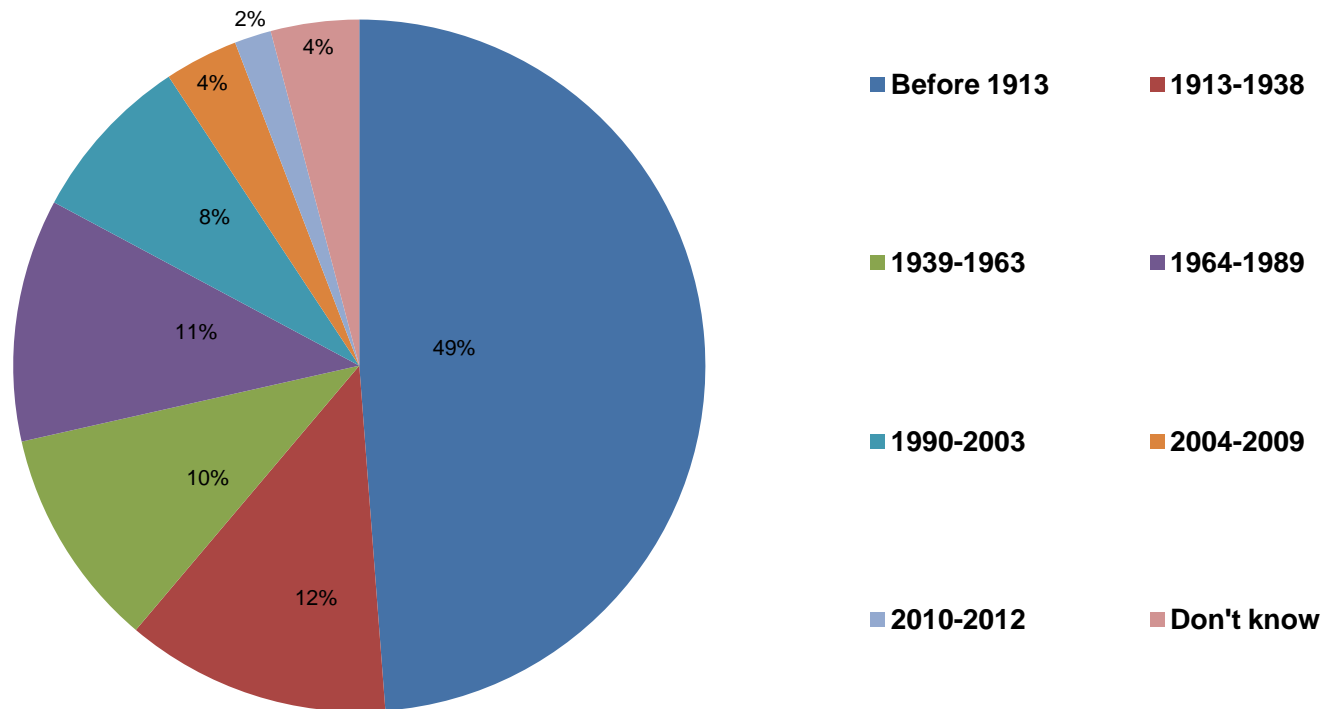
Survey map



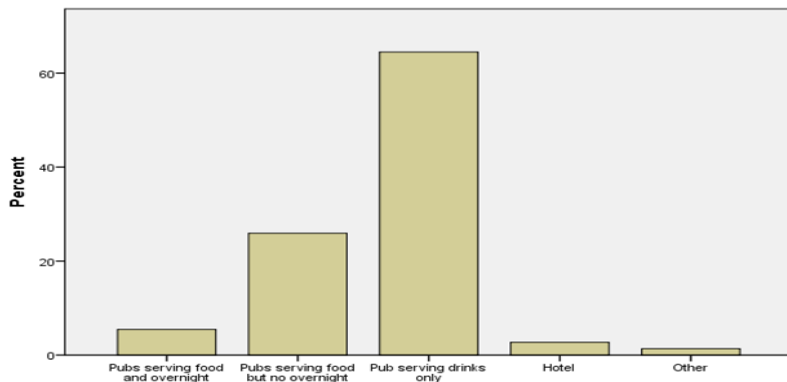
| County | Frequency & Proportion* |
|-----------|-------------------------|
| Carlow | 7 (2.39%) |
| Cavan | 13 (4.44%) |
| Clare | 20 (6.83%) |
| Cork | 36 (12.29%) |
| Donegal | 9 (3.07%) |
| Galway | 29 (9.90%) |
| Kerry | 14 (4.78%) |
| Kildare | 2 (0.68%) |
| Kilkenny | 9 (3.07%) |
| Laois | 7 (2.39%) |
| Leitrim | 4 (1.37%) |
| Limerick | 18 (6.14%) |
| Longford | 9 (3.07%) |
| Louth | 3 (1.02%) |
| Mayo | 17 (5.80%) |
| Meath | 10 (3.41%) |
| Monaghan | 4 (1.37%) |
| Offaly | 10 (3.41%) |
| Roscommon | 14 (4.78%) |
| Sligo | 6 (2.05%) |
| Tipperary | 13 (4.44%) |
| Waterford | 8 (2.73%) |
| Westmeath | 8 (2.73%) |
| Wexford | 15 (5.32%) |
| Wicklow | 8 (2.73%) |

*Frequency provided first; percentages reported in brackets

Surveyed pubs by age

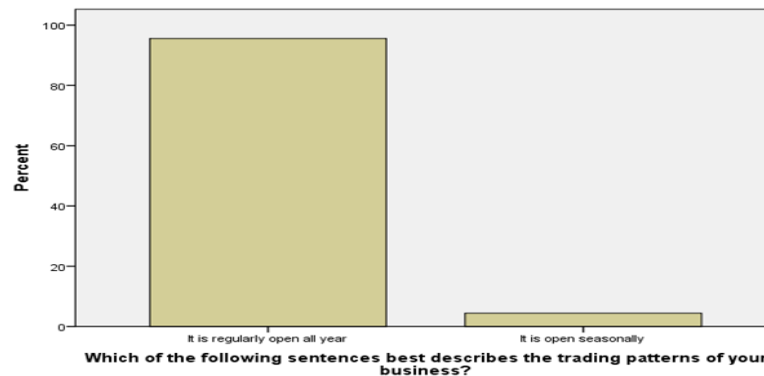


Surveyed pubs by type of business



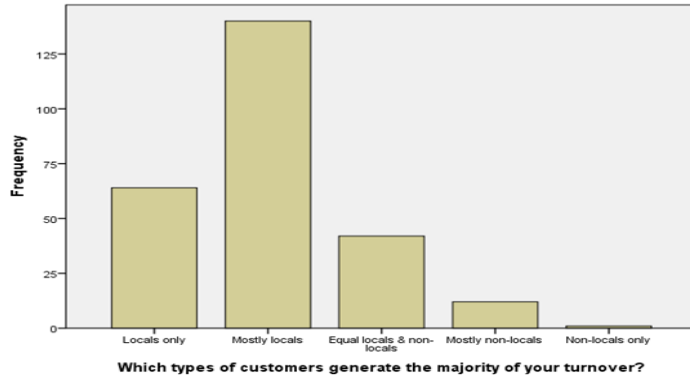
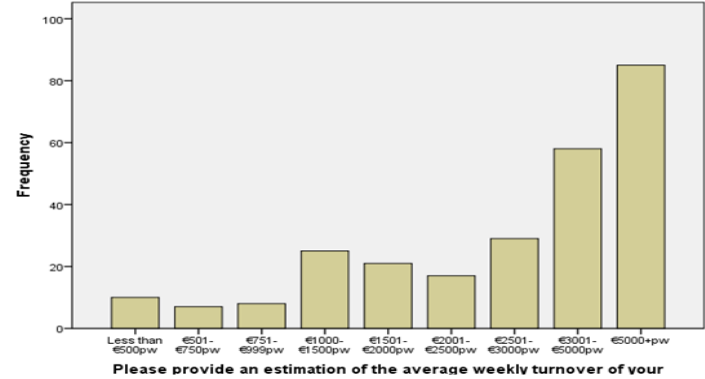
← Type of licences

Seasonality →



Annual turnover

Weekly turnover



Type of custom

Business perception

Comparison between annual turnover and costs with previous financial year – counts and percentages*

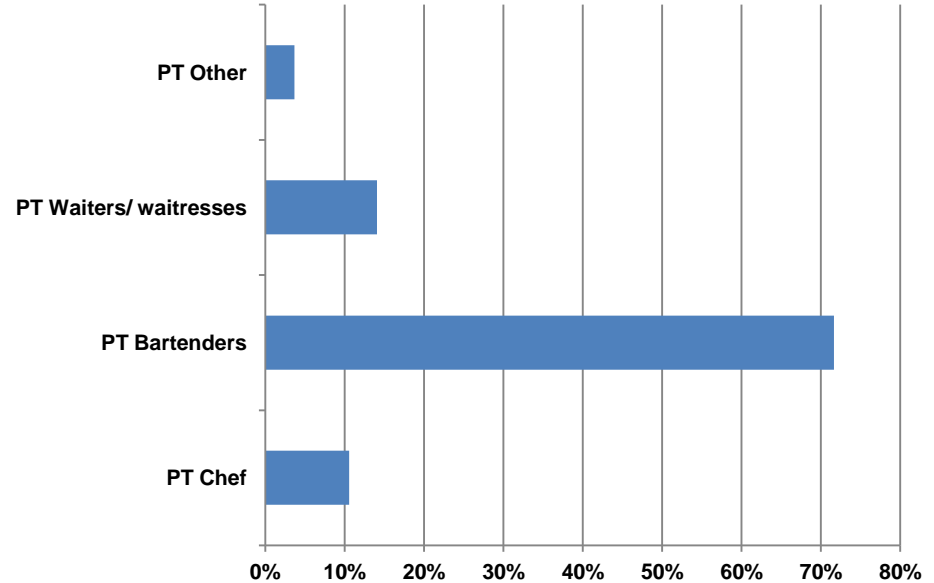
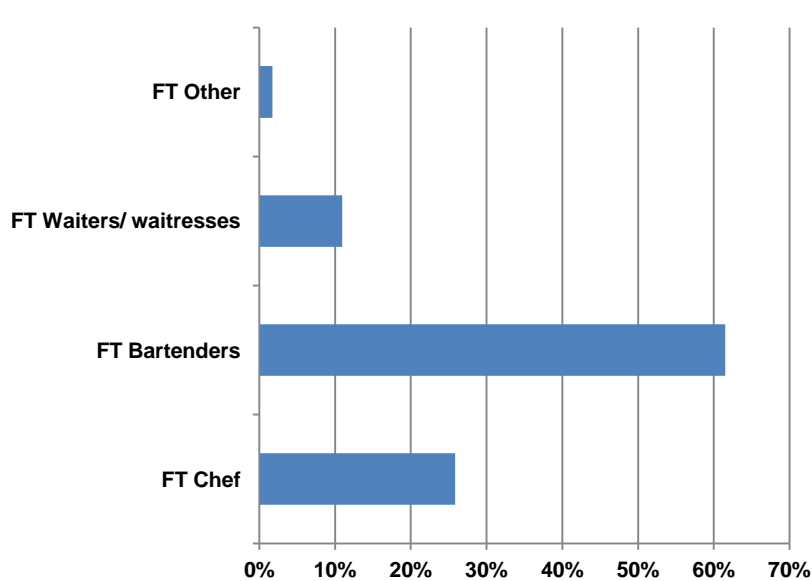
| | Turnover | Costs | | Turnover | Costs |
|------------------|------------|-----------|------------------|-----------|------------|
| Decreased 1-10% | 48 (19.1) | 30 (11.9) | Increased 1-10% | 24 (9.6) | 82 (32.4) |
| Decreased 11-25% | 63 (25.1) | 25 (9.9) | Increased 11-25% | 10 (4.0) | 71 (28.1) |
| Decreased 26-50% | 71 (28.2) | 15 (5.9) | Increased 26-50% | 4 (1.6) | 17 (6.7) |
| Decreased 50%+ | 22 (8.8) | 3 (1.2) | Increased 50%+ | 2 (0.8) | 1 (0.4) |
| TOTAL | 204 (81.2) | 73 (28.9) | TOTAL | 40 (16.0) | 171 (67.6) |

** Percentages reported in brackets. The remaining 2.8% (7) of turnover and 3.5% (9) of costs are attributed to respondents that answered 'Don't know'. Counts reported in parentheses.*

Employment



Employment full/part time (proportions)



Full time and part time employment by role and duties

Employment (projections)

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

A. Total Jobs

$$\left(\frac{N^{FT} + N^{PT}}{N} \right) \times N^{Rural}$$

349 + 506

A. Full Time Jobs

$$\left(\frac{N^{FT}}{N} \right) \times N^{Rural}$$

349

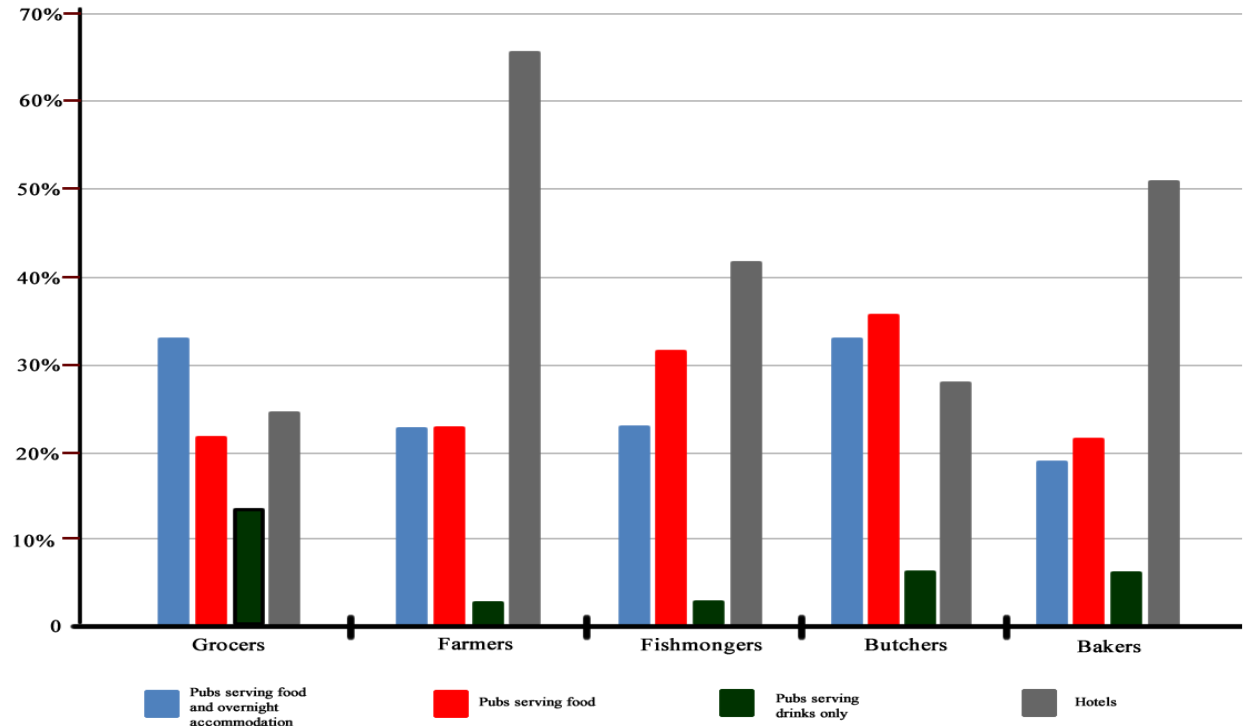
A. Part Time Jobs

$$\left(\frac{N^{PT}}{N} \right) \times N^{Rural}$$

506

Impact on local supply chain

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

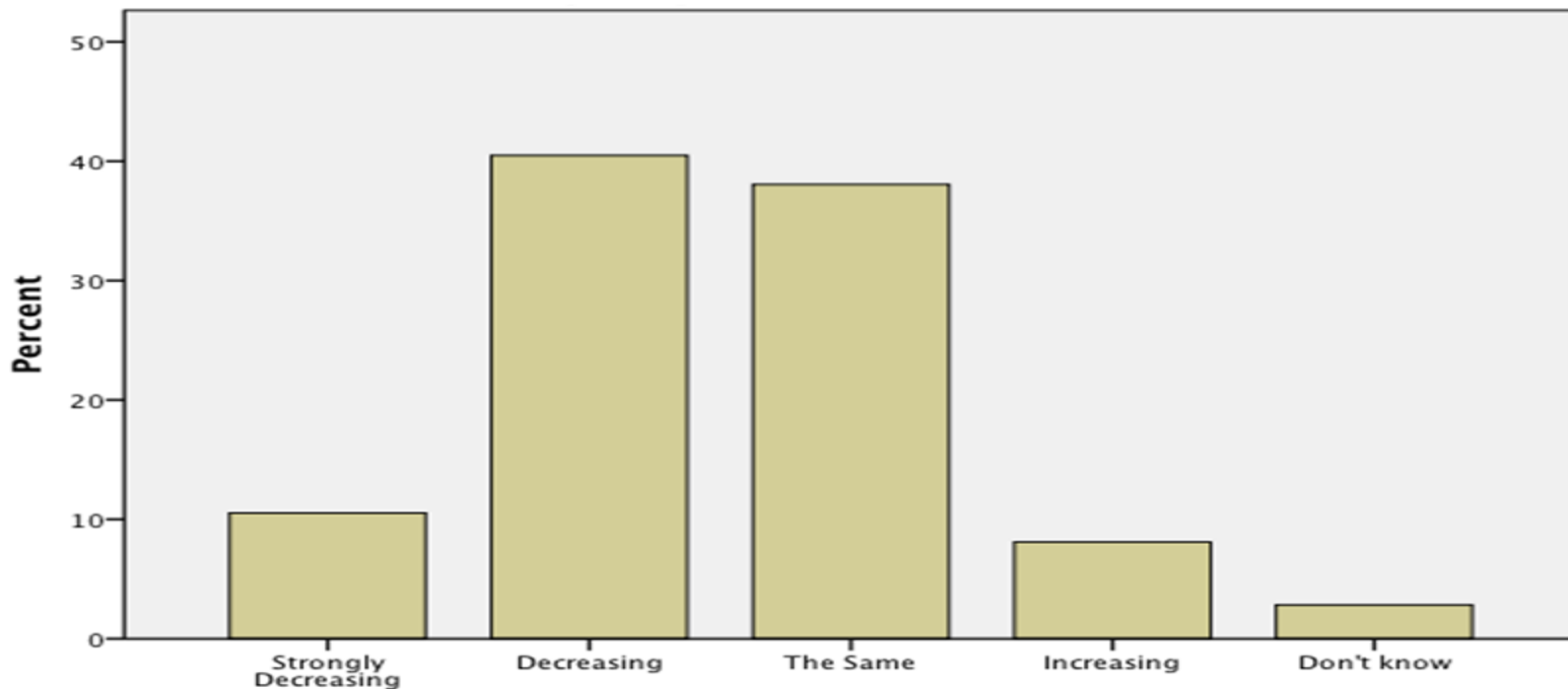


Business issues

Business issues (*Percentages provided in italics*)

| Statement | Strongly Disagree | Disagree | Neither Agree or Disagree | Agree | Strongly Agree | Don't Know |
|--|-------------------|-------------|---------------------------|-------------|----------------|------------|
| The introduction of the smoking ban has affected my business badly. | 20 8.1% | 57 23.2% | 46 18.7% | 73 29.7% | 48 19.5% | 2 0.8% |
| Higher taxation/duties on alcohol have affected my business badly. | 7 2.9% | 5 2.1% | 16 6.6% | 86 35.5% | 125 51.7% | 3 1.2% |
| Drink and drive regulations have affected my business badly. | 6 2.5% | 5 2.0% | 15 6.1% | 59 23.9% | 162 65.6% | 0 0% |
| Bureaucracy/red-tape from local authorities has increased. | 6 2.5% | 10 4.2% | 25 10.6% | 91 38.6% | 93 39.4% | 11 4.7% |
| Bureaucracy/red-tape from local authorities affects my business badly. | 2 0.8% | 17 7.2% | 52 22.0% | 80 33.9% | 71 30.1% | 14 5.9% |
| Since the financial crisis, villagers have reduced their custom. | 2 0.8% | 4 1.6% | 5 2.0% | 90 36.6% | 143 58.1% | 2 0.8% |

Financial outlook



Compared with the current financial year, how do you see the level of business turnover at your premises in the next twelve months?

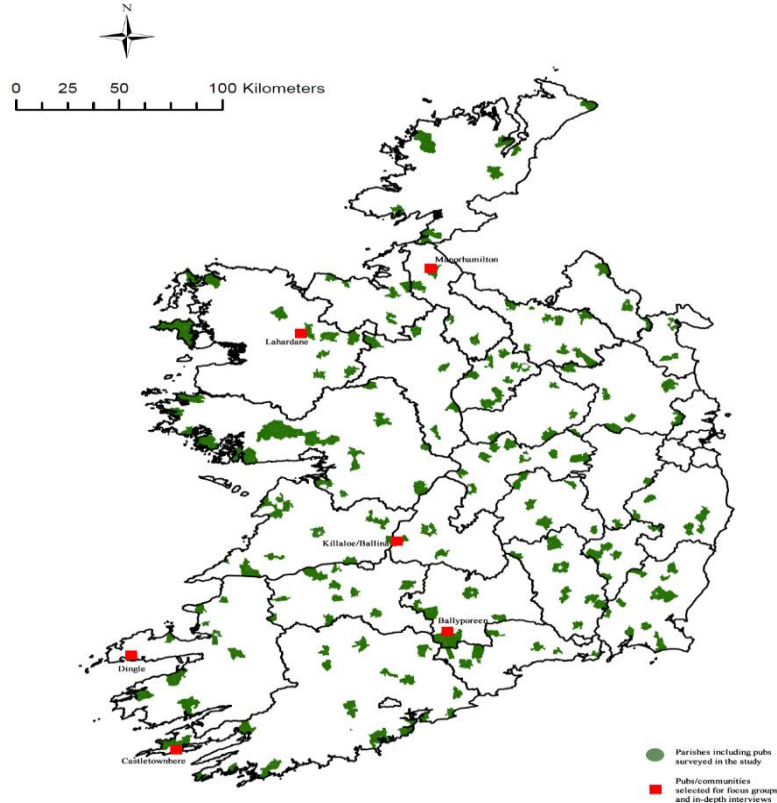
MNL regressions

| Pub Type ^{vs} Employment | Parameter Estimates | Std Error | P-value |
|---|---------------------|-----------|---------|
| Pubs serving food and overnight accommodation | 0.076 | 0.120 | 0.524 |
| Pubs serving food | 0.467*** | 0.104 | 0.000 |
| Hotel | 0.104 | 0.166 | 0.532 |
| Other | -0.219 | 0.192 | 0.252 |

| Pub Type ^{vs} Turnover | Parameter Estimates | Std Error | P-value |
|---|---------------------|-----------|---------|
| Pubs serving food and overnight accommodation | 0.365*** | 0.104 | 0.000 |
| Pubs serving food | 0.298*** | 0.058 | 0.000 |
| Hotel | 0.188 | 0.144 | 0.193 |
| Other | 0.038 | 0.221 | 0.893 |


a. The benchmark category is **Pubs serving drinks** only. ***Significant at <0.01; **<0.05; *<0.1. Standard errors reported in parentheses

Focus groups with residents



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), and another village presenting a very mixed economy (Manorhamilton).

Focus groups with residents



“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 sparkle...We go to the pub to 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 works here” [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 Castletownbere]

Responses from pub owners/managers

- Interviews with publicans corroborate information gathered from the survey questionnaire. Publicans interviewed confirm raising costs related to service rates and taxation, cheaper prices available in the off-licence retail sector and high level of bureaucracy and red-tape as main factors of distress for rural pubs.
- Interviewees also report a general lack of communication with large national suppliers and distributors and with government and local authorities on issues affecting their business. In addition, the increasing emigration of young residents from rural areas and changes of customers' habits in relation to alcohol consumption are indicated as having a significant impact on their trade and activities.
- Taxation is another significant issue. Publicans surveyed in this study praised the recent drop in the VAT rate on food served in pubs and restaurants introduced by the Irish government. However, the VAT rate at 23% applied to drinks and beverages is still perceived as excessive by the vast majority of those approached.

Pubs in rural Ireland: conclusions

- 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.
- While tailoring individual business solutions appear impossible, improving relationships and possibly negotiating solutions with group of pubs could probably bring advantages to both parts. Rural pubs could also 'team-up' with regard to the organisation of shows and events in their respective areas or parishes. Collaborative strategies involving different pubs operating in the same area may bring advantages in terms of profit maximisation and reduction of costs.

Pubs in rural Ireland: conclusions

- Improving the offer of public and private transport services at a local level should bring many benefits to pubs and businesses in rural areas. Enhancing public transport would provide an incentive for local residents to socialise. Lower prices for licenses and faster bureaucratic processes would attract more taxi-companies in remote areas. Financial support from local authorities would help keeping taxi-fares affordable.
- The recent growth of craft beers and micro-breweries in Ireland may bring a number of advantages to the pub trade sector by increasing the choice in terms of suppliers and by introducing competition in the brewing market, with positive effects on prices. Successful microbreweries could eventually purchase pubs experiencing difficulties in urban and rural areas and use them as outlets for their products.
- Overall, it appears that enhancing communication and relationships between rural pubs and local authorities would increase chances to design and implement effective policies and strategies to achieve development and growth in rural areas of Ireland, bringing benefits for local communities and supply chains. Campaigning in favour of social drinking and supporting rural pubs in fostering and facilitating social involvement would bring a wide range of benefits for local communities and, indirectly, to local economies.

***Piònta Sónas!* How Pubs Enhance Community Cohesion, Economic Activities and Sustainable Development in Rural Ireland**

Dr Ignazio Cabras

Newcastle Business School, Newcastle-upon-Tyne (UK)

York Centre for Complex Systems Analysis – University of York (UK)

Dr Matthew Mount

Kent Business School, Canterbury (UK)









Irishpubs
global