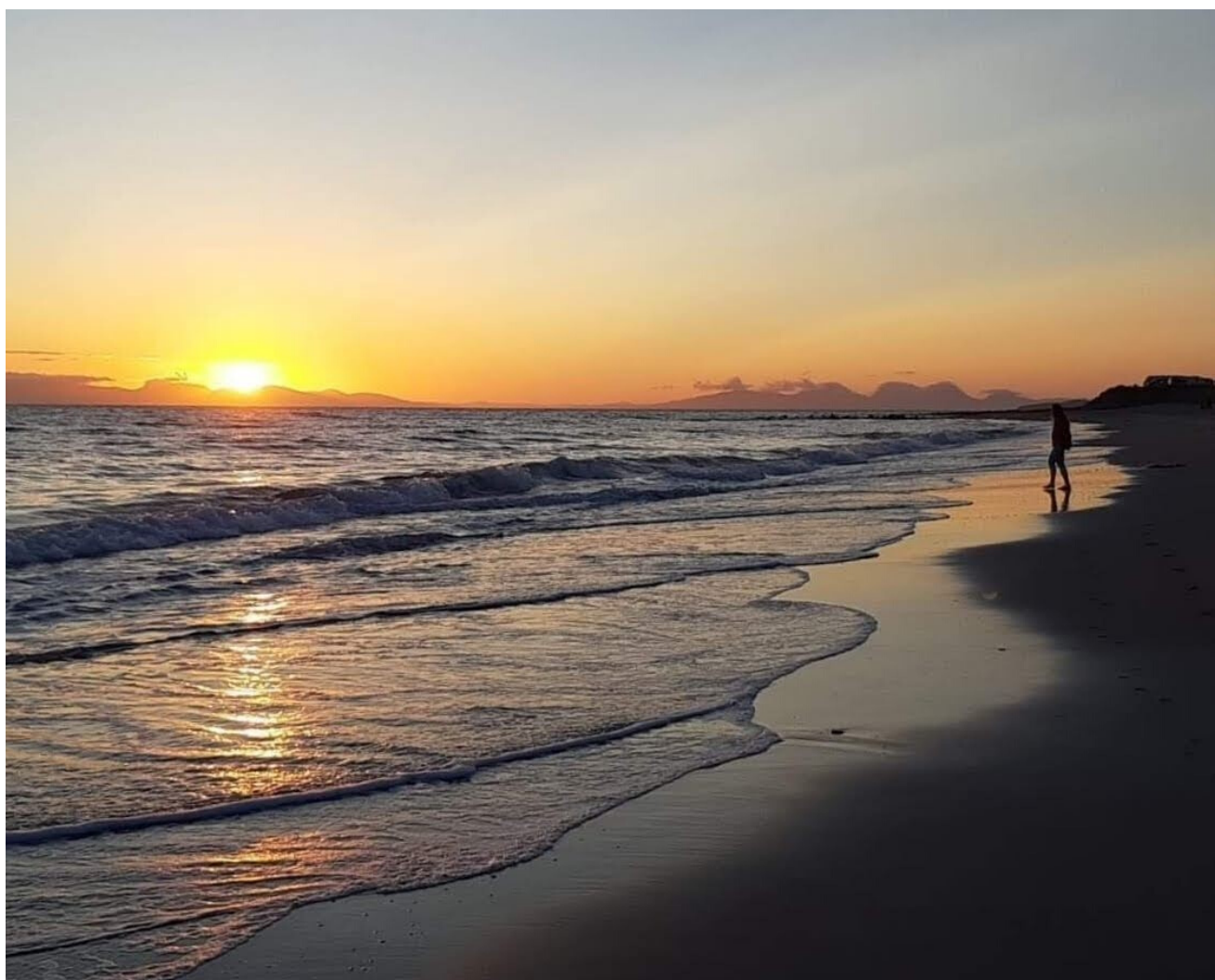# EXPLORING THE GEOGRAPHIES OF SOCIAL ENTERPRISE IN THE HIGHLANDS AND ISLANDS OF SCOTLAND

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KEY FINDINGS

75% — 75% of respondents agreed that social enterprise density in the H&I has arisen out of necessity rather than popularity, as social enterprise often happens to be the best fit model for retaining essential services.

100% — 100% of respondents agreed that 'islander mentality' is a prevalent social enterprise driver. 'Islander mentality' is characterised as a willingness to problem solve and take responsibility for local issues.

83% — 83% agreement that rural social enterprises often exist for service provision to make communities more sustainable, and are driven by need or opportunity.

92% — 92% of participants identified that because rural social enterprises often grow organically out of community need, they consequently have strong connections to people and place.

100% — 100% of respondents agreed that while resilience is embedded in both urban and rural contexts, the additional challenges facing rural communities creates a different type of intrinsic resilience.

83% — 83% agreed that rural and remote social enterprises have a greater desire to deepen local impact rather than grow and scale.

100% — 100% of respondents agreed that differentiated social enterprise policy in rural areas is essential to recognise and capitalise on context-specific challenges and opportunities.

92% — 92% of participants identified that there is a growing focus on rural within social enterprise policy and the wider political agenda, but that policy still does not recognise the full extent of rural/urban differences.

RESEARCH OVERVIEW

This research was undertaken to fulfil the dissertation requirement for an honours undergraduate degree in Geography and Social and Public Policy at the University of Glasgow during 2019. The overall aim of this research was to explore the geographies of social enterprise in the Highlands and Islands (hereafter referred to as H&I) region of Scotland. Three research objectives inform the overall aim:

1 To explore the geographies of rural and remote social enterprises in relation to their key characteristics, drivers, and models of ownership.

2 To map the policy landscape and support mechanisms present in the H&I to determine their success in contributing to the high social enterprise density in the region.

3 To explore the everyday reality of social enterprise in the H&I, to investigate the challenges and opportunities of operating in isolated spaces, and discuss themes including resilience and networking.

INTRODUCTION

The density of social enterprise in Scotland's H&I reflects a complex interaction of policy, people and place. The policies of recent decades have recognised the potential of people in the region to deliver on economic objectives within community structures. The discrete application of policy through Highlands and Islands Enterprise agency has created a distinct and thriving social enterprise landscape throughout the region.

The biennial Social Enterprise in Scotland Census has documented the growing prevalence of social enterprise in remote and rural regions of Scotland. Social enterprises are markedly over-represented in remote-rural areas, which account for only 6% of Scotland's population, but are home to 21% of all social enterprises.

While public sector cutbacks and austerity measures continue to bring challenges, communities have a high degree of resilience and work hard to secure essential services while looking at opportunities to improve wellbeing and utilise their advantages. It is undisputed that social enterprise in remote and rural Scotland is a success story, but all concerned with this study viewed this to be an area of untapped potential.

Social enterprises have the potential to play an even greater role in the economic and social life of rural Scotland, and given the increasing focus on sustainability, wellbeing, and climate change, should be supported to do so.

RESEARCH BACKGROUND

In Scotland, the diverse and varied physical geography poses major logistical challenges in terms of travel, public service delivery and access to central markets, resources, and services. Wider economic conditions exclude and disadvantage spaces which are viewed as being 'unprofitable', including rural and remote locations such as islands and peninsulas which are geographically distant from centralised urban markets. The role of the social economy in areas of rurality, peripherality and deprivation is significant, and is recognised by the Scottish Government in their promotion and support of social enterprise and third sector organisations to provide essential socioeconomic functions.

I used a mixed methods approach, combining semi-structured interviewing and participant observation to draw from my own experience and reflect on findings through dialogue with participants from the social enterprise sector.

Potential interview respondents were grouped into three categories to ensure a representative sample of stakeholders from across the social enterprise sector: Policymakers, support agencies and social enterprises.

These categories were purposefully selected in order to divide population of people who inform and shape policy at different levels. Respondents were identified by considering who was likely to have a strong impact on the density of social enterprise in remote and rural areas, and selected to achieve good geographic spread.

Image courtesy of Tarbert Harbour

This section explores the main drivers and characteristics of social enterprise in the H&Is, finding a strong link between legacies of rural protest within Highland history and modern-day expressions of community ownership in spaces of unprofitability.

Glenbarr Wind Turbines, Image courtesy of Rachel MacPhail.

Discovering Drivers

Social enterprise activity is known to be particularly dense in the H&I, where growth conditions have been described as "fertile context" for the uptake of social enterprise and community-run organisations (Steiner et al., 2019). A unique set of push (e.g. market failure) and pull (e.g. greater social capital) factors attribute to 21% of Scotland's social enterprises being located in the region.

Interview respondents highlighted the common perception that social enterprise density in the H&I has arisen out of necessity, rather than popularity. 75% of respondents agreed that the high density in the H&I is simply because social enterprise often happens to be the best fit model for retaining essential services which are vital for the sustainability of fragile communities.

"It's not about popularity, it's about necessity."
- Participant A4

100% of respondents agreed that an inbuilt sense of entrepreneurialism found in remote and rural communities (also referred to as an 'islander mentality) was a prominent driver for social enterprise uptake.

The 'islander mentality' is characterised as a willingness to problem-solve and take responsibility for local issues, and is not exclusive to geographically-defined islands, but includes peripheral and remote mainland areas.

Respondents acknowledged the benefits of the 'islander mentality' in creating locally-tailored solutions which tap into existing social capital, local knowledge, and awareness of what is needed and what will work.

The islander mentality is not exclusive to geographically-defined islands, and exists across peripheral, remote, and difficult to access mainland areas of the H&I.

"I think there's an islander mentality which is more stubborn than somebody from a more mainland area." - Moray Finch, Mull and Iona Community Trust

Defining Characteristics

To gather internal perceptions of social enterprises in the H&I, respondents were asked about the defining characteristics of remote and rural social enterprises. Key themes arising from data related to funding, structure, local impact, and resilience.

83% of respondents agreed that rural social enterprises often exist for service provision to make communities more sustainable, and are driven by need or opportunity.

Furthermore, 92% of respondents agreed that because rural social enterprises often grow organically out of community need, they consequently have strong connections to people and place.

Local social enterprises providing services or managing assets for community benefit generate significant social and emotional responses from local people, who recognise the low profitability and high social value of these functions.

100% of respondents agreed that while resilience is embedded in both urban and rural contexts, the additional challenges facing rural communities creates a different type of resilience.

Social enterprises in rural and remote locations benefit from an intrinsic resilience which comes from being geographically isolated and therefore more dependent on individual and collective action to make communities sustainable.

83% of participants identified that because rural and remote social enterprises are very often a localised response to needs and opportunities within the community, they have a desire to deepen local impact, rather than grow and scale.

"Quite a lot of our social enterprises in Argyll and Bute are based around delivering a service, delivering a need, delivering a gap in provision." - David Rennie, Social Enterprise Officer, Argyll and Bute Council

Image courtesy of Tarbert Harbour

Role of Highlands and Islands Enterprise

- Overall, respondents acknowledged that HIE business support models have had a positive impact on the density of social enterprises, citing the region's above average density as evidence of this.

- Two-thirds of respondents linked this success to the spatial distribution of HIE premises, spread across 14 area offices in locations across the H&I. This allows staff to be locally embedded, enhancing their understanding of local context (challenges, opportunities) and improving their ability to be locally networked.

- The provision of emotional support was flagged as a vital feature of HIE's support, especially given the isolated nature of work in physically remote areas, which reduces opportunities for peer advice or support.

"We get to know them, their needs, their growth issues. That relationship then enables us to plug in support, specialist advice, or just be a friendly ear to listen to issues." - Helen Lavery, Senior Project Manager, HIE

A third of respondents commented that the quality of support and level of collaboration between local entrepreneurs and HIE was largely dependent on the personalities and culture within their local HIE area office. Another barrier highlighted was the limited capacity of small organisations to fulfil bureaucratic reporting requirements.

Respondents also observed a perceived shift in focus, from HIE's traditional remit of supporting traditional grassroots community organisations and social enterprises, to more concentrated efforts to support organisations to reach economic sustainability, which fits within a model of growth and acceleration.

Rural Policy Differentiation

100% of respondents agreed that there is a need for differentiated policy for rural and urban areas which recognises the geographic and socioeconomic differences between social enterprises located in these contexts.

92% of respondents agreed that there is a growing focus on rural within social enterprise policy and the broader political agenda, but 75% agreed that policy still does not recognise the full extent of rural/urban differences.

Furthermore, respondents from both social enterprises and support agencies expressed a personal responsibility to lobby for rural social enterprise, to ensure that the rural agenda is promoted on the centralised national policy agenda.

It was recognised that the additional expense in time and cost of travel from remote islands and peninsulas to attend urban-based meetings, consultations and events is worthwhile to ensure the rural voice is heard.

"I do tend to try and fly the rural flag. In saying we're different, it doesn't mean we need special treatment, it just means that recognition of specific urban/rural challenges are equally acknowledged." - Ingrid Webb, CEO, COPE Ltd

Importance of Anchor Organisations

The use of local anchor organisations in the delivery of business support and training is an approach which takes advantage of existing local knowledge, networks, and relationships.

The importance of anchor organisations was highlighted by 83% of respondents. Anchor organisations play a vital role in rural and remote spaces to keep people linked in and networking, where it might be easy to become isolated.

Support provided by urban-based organisations often does not recognise the unique characteristics, needs or strengths of social enterprises in the H&I.

"It's important that across the Highlands and Islands, that support will be delivered by local people, with a knowledge of the area." - Participant A3

SUCH SUPPORT CAN BE FOCUSED ON A MORE INDIVIDUALISED LEADERSHIP STYLE, WHEREAS MANY RURAL AND REMOTE SOCIAL ENTERPRISES ARE COMMUNITY-LED AND FAVOUR A MORE COLLECTIVE LEADERSHIP APPROACH.

Image courtesy of James McNair

Everyday Challenges and Opportunities

Respondents highlighted the emotional isolation which can be a product of living and working in geographically isolated areas, and emphasised the need to have robust peer networks to offer mutual support and share learning.

Digital technology is a major enabler for online networking, and offers a solution which is more time and cost efficient, particularly where travel is especially challenging or expensive.

Respondents also noted considerable difficulties in attracting and retaining skills and expertise in staff and boards. This was significantly worsened by the lack of affordable housing in remote areas.

However, many participants linked the proximity to nature and dramatic landscape to greater wellbeing and opportunities for a healthy outdoor lifestyle.

FOR SOME THE KEY FACTOR WAS THE ABILITY TO BE PART OF AN ENGAGED AND CLOSE COMMUNITY, AND IN BUSINESS TERMS, THIS TRANSLATED TO STRONG AND SHARED SOCIAL MISSION.

Does Location Impact Resilience?

A third of respondents agreed that rural and remote communities have an intrinsic resilience which is greater than or less apparent in the urban context.

Respondents who were based largely or partially in larger urban centres were keen to highlight the view that people are resilient no matter where they are.

However, all respondents acknowledged that the resilience of rural communities often goes beyond the obvious resources available to them.

A feature of rurality is that people are forced to be more entrepreneurial in order to achieve sustainable communities.

"The examples would show that some of our more isolated communities find different solutions and keep going in a way that actually defies the resource or environment that they work in."
- Participant P3

- Market gaps arise where there is limited profitability or potential to scale, meaning that communities become naturally more innovative as a result of their physical surroundings.

- Motivations for starting social enterprises are less about individual motivations or profit generation, and more about answering "How can we make this work?" to meet the needs of the local community.

- Some respondents felt that resilience was driven by greater community buy-in to local solutions for sustainability and service provision, creating a deeper collective resilience.

Image courtesy of Laggan Wolftrax

"In terms of resilience of organisations, it might be more down to the fact that organisations are created because there is an actual need in the market for whatever that is, whereas similar organisations operating in urban context might be less valued by the end-user, who has other options. Rural services might be more highly valued for the reason that people have no other options."
– Helen Lavery, Senior Project Manager, HIE

Social Enterprise Networks

Networks are vital infrastructure for social enterprises across rural and remote Scotland, allowing them to thrive, build capacity and link into the wider landscape.

Networks have a functioning role as a feedback mechanism for policy and support programmes, and are essential to include rural perspectives within centralised policymaking and dialogue.

However, the structure of social enterprise networks in Scotland is complicated. Most local authority areas have a dedicated social enterprise network, supported nationally by Senscot (the umbrella body for social enterprise networks), with funding from the Scottish Government to Third Sector Interfaces.

A major challenge is that some TSIs have active social enterprise networks alongside activities for their voluntary sector and volunteering functions, but others do not.

This causes frustration when some TSIs do not appear to recognise or meet the needs of social enterprises, with few or no repercussions. This has been the conclusion of government research, finding that:

"THE TSI ROLE IN SUPPORTING SOCIAL ENTERPRISE IS CONTENTIOUS IN THE SOCIAL ENTERPRISE NETWORKS" (SG, 2016, P.33).

CONCLUSIONS AND POLICY RECOMMENDATIONS

NECESSITY IS THE MOTHER OF INVENTION:

Rural areas have been negatively impacted by the retrenchment of public services due to austerity and public spending cutbacks. To avoid removal of essential services, there is widespread understanding that communities can own and manage assets to benefit local people, and that the social enterprise model can deliver services that are vital to community sustainability.

RURAL RESILIENCE IS A DEFINING CHARACTERISTIC:

It was rare to have 100% of policymakers, support agencies and social enterprises achieve unanimity on a response, but all identified that resilience is a defining characteristic of rural communities, often referred to as an 'islander mentality'. Geographic and economic isolation develops mindsets of entrepreneurialism, leading to independence of thought and action for the benefit of all in a community.

Recommendation: There is a need for discrete social enterprise policy to better recognise and capitalise on the distinct and unique characteristics of rural and remote areas.

POLICY IS AN ENABLER:

One of the greatest drivers of rural and remote social enterprises is that Scottish rural policy has empowered communities to take collective action. Respondents acknowledged that without policies to facilitate the acquisition of assets to benefits communities, the economy of the H&I and can-do mentality of its communities would be significantly weaker.

Recommendation: Public policy should be rural-proofed, and rural economic futures should be at the forefront of policy discussions.

SHIFT FOCUS FROM GROWTH MODEL:

Policymakers were comfortable with a focus on inclusive economic growth, framed in Scotland as 'sustainable growth', where reducing inequality and improving wellbeing are also part of the national economic strategy.

Recommendation: There needs to be greater encouragement for social enterprises to feel that it is valid not to have ambitions to scale, and appropriate to focus on sustaining and deepening their impact.

UNFULFILLED POTENTIAL:

While community owned social enterprises often emerge out of necessity after the withdrawal of a public or commercial service, communities would prefer to be engaged in areas of opportunity rather than compelled to focus on areas of last resort.

Recommendation: Policy should engage more strategically with the social enterprise sector, stop viewing social enterprises as limited to small and local services, and recognise the potential of social enterprise to be large service providers throughout the Highlands and Islands.

ESSENTIAL ROLE OF HIE:

Interviews, literature, and international opinion all recognise that for over 50 years, the approach taken by HIE has strengthened the density of social enterprises in remote and rural Scotland. Rural mentoring, engagement, and business support has been distinct in the H&I and the establishment of new South of Scotland Enterprise agency recognises both the benefits of HIE's community-focused approach, and that the losers in recent decades were remote and rural social enterprises located outwith the H&Is.

TSI/SENs NOT WORKING FOR RURAL SCOTLAND:

Strong networks are valuable for sharing good practice, accessing expertise, combatting isolation, and coordinating a strong policy voice. Compared with the dedicated social enterprise networks of urban Scotland, social enterprises in the H&I view their situation as inadequate.

Recommendation: Consider partnership models to enable small rural social enterprises to deliver network functions separately from the TSI where need is not being adequately met.

Image courtesy of COPE Ltd.