Social entrepreneurship in a rural context: an over-ideological "state"?

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Abstract

Recently there has been a boom in interest in the social entrepreneur and social entrepreneurship and increasingly social entrepreneurs and the organisations in which they are involved are perceived to play a significant role in contemporary society. The perceptions of policymakers are that the role of this sector could be even greater, particularly in terms of delivery and reform and in providing local services in 'hard to reach' remote and rural areas. Is this, though, an over-ideological strategy? After all, at an operational level such areas face a range of significant challenges. Aiming to broaden understanding, this paper deals with the questions:

'what are the factors that influence how the social entrepreneur operates in a rural context?'
and 'what are the difficulties faced by the rural social entrepreneur and can they be overcome to bring about change*?'*

It reports the findings from a study that considered the situations and perspectives of thirty respondents. This research not only demonstrates how social entrepreneurs have undertaken entrepreneurship, but also initiatives that have been successfully used to empower communities and bring about change.

Key words: Social entrepreneurship, social entrepreneurs, social enterprise, social economy, rural community

Introduction

Within the UK, there has been a recent increase in interest in social entrepreneurs and social entrepreneurship. No longer are the activities of the social entrepreneur and their organisations seen to be less important, even second-rate, to those activities of the commercial entrepreneur; instead they are perceived to have an increasing role to play in contemporary society. The primary reasons for this are that a shift in policy concerning the way in which many public services are designed, organised and delivered has been occurring. Such changes have come about through the realisation that the welfare state in its 'ideal' form is not only unrealistic but also unsustainable. As a result there has been increasing interest in looking to non-state players to deliver social services (Milligan and Fyfe, 2004). The UK Government exhibits a strong push towards the use of social enterprises; hence attention has turned away from state providers and towards social entrepreneurs who are increasingly in the spotlight (DTI, 2002).

In some ways this is perhaps not too surprising. After all, in Scotland, for example, social enterprises make a substantial contribution to the economy of rural, peripheral and disadvantaged communities and are already perceived as major and effective providers of social services (Scottish Executive, 2003). According to the DTI in 2005 there were 3000 social enterprises in Scotland with 35 per cent being based in rural areas. Their total contribution to the Scottish economy estimated at around £1 billion a year (Scottish Executives, 2007). In spite of these impressive figures, the perceptions of policymakers are that this sector's role could be even greater,

particularly in terms of providing services to 'hard to reach' remote and rural areas. Is this, though, an over ideological strategy?

It might be considered that rural areas represent a perfect nurturing ground for social entrepreneurship because of the existence of reciprocity, collective activity and generally those aspects which are associated with being part of a rural community. It could be surmised that social enterprise might therefore build on this extant solidarity. Conversely, however, there are a number of reasons why rural areas might be particularly difficult locations for developing social entrepreneurship. At an operational level such areas are challenged by isolation, lack of economy of scale, transport issues and staff recruitment and retention. They also face marginalisation and out-migration, particularly among younger generations. Given their already diminished experience of service provision, rural communities may resent the imposition of further service provision onto themselves. The notions and ideas being presented by the Government can appear to clash, rather than converge, with local rural cultures, which seem to be based on more communitarian values than those recognised by policymakers, or at least more influenced by proximity.

In light of the foregoing discussion, this paper seeks to develop understanding about culture and context in terms of the social entrepreneur and his/her enterprise in rural locations. To arrive at a deeper understanding this research explores the questions:

What are the factors that influence how the social entrepreneur operates in a rural context? and
What are the difficulties faced by the rural social entrepreneur and can they be overcome to bring about change?

The discussion presented draws on data from interviews with stakeholders in the Scottish Highlands and Islands. To address the research questions and arrive at an understanding of the real and actual situation, this research explores the notions of promoters and barriers to the growth of social enterprise. The paper is structured in the following way: in the next section the literature about the social entrepreneur, social enterprises and social entrepreneurship in relation to the rural context is reviewed; then the methodology which was used for this study is presented, followed by a discussion on its findings, illustrating how these enhance understanding about the difficulties, constraints and limitations faced by the social entrepreneur choosing to operate within a rural context. The advantages and benefits that the culture of such locations may offer are also identified, followed by conclusions and suggestions for further investigation/research.

The social enterprise

Although organizations with a social purpose have existed for many years, within the UK they have recently received increasing attention. This is mainly due to their potential contribution to social, economic and environmental regeneration and development which has in some ways led to a nurturing of this sector (DTI, 2002). UK government perceives an ever increasing role for social enterprises in providing services to communities in partnership with the state (DTI 2006). A problem which arises, though, lies in understanding the social entrepreneur and the social enterprise and what these terms actually mean and represent; also what such individuals and the

organizations in which they are immersed really stand for. Despite being very much in vogue, there is no universally agreed definition of the term 'social enterprise' and as a popular modern concept, it is one which remains ill-defined. Terms such as social economy, social enterprise and voluntary organisation are often interchanged, which can cause degrees of confusion.

One identified definition which to some extent at least helps to clarify the definitional issue is that a social enterprise is '*an organisation that operates independently of the state and is specifically concerned with investment and surplus reinvestment for social objectives*' (DTI, 2002). Rather than being driven by the need to maximise profit for shareholders and owners (Scottish Executive, 2003), business solutions are then used to achieve public good (Scottish Social Enterprise Coalition, 2007). Looking at the actual activity in which the social entrepreneur is immersed, several authors offer quite broad but useful descriptions. According to the UK Global Entrepreneurship Monitor (GEM):
'*social entrepreneurship is any attempt at new social enterprise activity or a new enterprise creation, such as self employment, a new enterprise, or the expansion of an existing social enterprise by an individual, team of individuals or established social enterprise, with social and community goals as its base and where profit is invested in the activity or venture itself rather than return to investors*' (Harding, 2006, p.5 in Williams, 2007, p.27).
Whilst Austin et al (2006) state that social entrepreneurship is '*an entrepreneurial activity with an embedded social purpose*' and define it as: '*an innovative, social value creating activity that can occur within or across the nonprofit, business, or government sectors*' (Austin et al, 2006, p.1). Although all these definitions and descriptions may appear fairly broad, there do seem to be common themes with each; that is they take account of the need for independence (in terms of both the social entrepreneur and the social enterprise) and that investment and re-investment of monies occurs through a need to meet social needs and objectives. This allows us to take into account some of the common characteristics social enterprises are considered to have (Social Enterprise London, 2006); an enterprise orientation, social aims and social ownership. They are likely, moreover, to serve one or more of the following functions (Social Enterprise of the East of England, 2006); provide a means for individuals and communities to improve their local neighbourhood, develop the skills and talents of local people, bring excluded groups into the labour market, create wealth and jobs, deliver value-for-money services in a wide range of sectors, promote active citizenship and catalyse innovative solutions to local needs.

Social enterprise drivers

To aid further clarification, the core driver for social enterprise can be taken as the social problem being addressed through an organisation, and the decision of what particular organisational form a social enterprise takes should be based on which format will most effectively mobilize the resources needed to address that problem (Austin et al, 2006). Social enterprises are distinct from charities, although charities are increasingly looking at ways to maximise income from trading, and they are also dissimilar from private sector companies with policies on corporate social responsibility. Consequently, social enterprises can have differing organisational forms and structures, face resource issue and constraints, and also can have different impacts on local and national communities, other than social impacts. From a policy

makers perspective, they are ideally businesses that combine the entrepreneurial skills of the private sector with a strong social mission. The developments and changes that have and are occurring within this sector, coupled with its increasingly important and high profile role, means that the social enterprise community, and the very entrepreneurs or rather social entrepreneurs who lead them, may well become a key voice of what could in some ways be described as a revolutionary social and economic movement.

Social entrepreneurship and social entrepreneurs

Policymakers do seem to often use terms associated with commercial entrepreneurship for social entrepreneurship and indeed imply that some activities in which both forms of entrepreneurship are involved are similar, if not the same. This may well be a consequence of the enterprise culture. Whilst some might disagree with any comparison between the social entrepreneur and commercial entrepreneur, it can be argued that to understand the meaning of social entrepreneurship it is helpful to be aware of what the term 'entrepreneurship' actually represents. Entrepreneurship is a complex area and in its pure form can be defined in various ways (Gartner, 1990). According to GEM entrepreneurship can be described as:

'…any attempt at new business or new venture creation, such as self employment, a new business organisation, or the expansion of an existing business by an individual, team of individuals or established business' (Harding, 2006, p.7 in Williams, 2007, p.29).

The actual activity of entrepreneurship has also been said to be concerned with the *'discovery and exploitation of profitable opportunities'* (Shane and Venkataraman, 2000: 217). In reality, however, there are many different approaches to entrepreneurship, with some conceptualisations focusing their attention on economic functions and stating that entrepreneurship is an engine of economic development (Acs and Audretsch, 2003) and a process through which the economy as a whole is advanced (Schumpeter, 1934 in Austin et al, 2006). According to Jack and Mouzas (2007) others take a more social perspective and argue that because actors do not make decisions in a vacuum but instead consult, and are influenced by others in their environment, more recognition should be given to the influence and impact of the social context and the embedded nature of economic behaviour (Granovetter, 1985; Aldrich and Zimmer, 1986). More recent perspectives have even described entrepreneurship as a 'social undertaking' and one which must be understood within the context of social systems (Sarason et al, 2006: 287). Often, however, entrepreneurship is defined as a process that involves: creativity, innovation, change, development, movement, virtue and action (Berglund and Johansson, 2007). Interestingly, entrepreneurship, as well as social entrepreneurship, appears to be unthinkable without the idea of the entrepreneur but then in reality entrepreneurs are the 'primary definer' of entrepreneurship (Allan, 1999, p.71 in Berglund and Johansson, 2007, p.92). To broaden understanding two questions would seem to be fairly pertinent at this stage: *what then is a social entrepreneur and what is social entrepreneurship?*

It has been argued that social entrepreneurs are one species in the genus entrepreneur and that they are entrepreneurs with a social mission (Dees, 1998). In many ways critical contextual factors of commercial and social entrepreneurs are analogous, on the other hand, however, they differ because of the different mission and distinctive

challenges. Social entrepreneurs may choose, for example, to pursue opportunities to address social change not despite of, but because of, an inhospitable context. Therefore social entrepreneurs may act in fundamentally different ways to adverse contextual condition than their commercial counterparts (Austin et al, 2006). Further, the behaviour of rural social entrepreneurs might vary from the behaviour of urban entrepreneurs, which might be due to cultural factors and/or environmental variations. On the other hand, though, is the process that social entrepreneurship really encompasses, i.e. a range of activities underpinned by the principles of utilizing opportunities to create social value and the creation of social purpose organizations to pursue social gain. It might even be argued that the conventional activities associated with commercial entrepreneurship can be applied to social entrepreneurship; the differences being the need to address social objectives and ensure that profit is reinvested within the community.

Rural locations

Social enterprise might be especially useful in providing local services in remote rural areas (Osborne, 1998). Research conducted by Williams (2007) discovered that in marginalised populations the culture of entrepreneurship that prevails is far more socially, rather than commercially orientated. This appears to be promoted as a particular solution for areas that are challenged by isolation, lack of economies of scale and where difficulties arise in recruiting and retaining staff. Within such communities' provision of services by social enterprises tend to be promoted because they provide work and training for those who might otherwise have difficulty accessing training, work experience or employment and, in bringing people together to provide services encourages further participative activity. It has been suggested that community enterprise organisations may be uniquely positioned to reach marginal and disadvantaged groups because they are not viewed as organs of the state and also that they can be more cost-effective, flexible and innovative than traditional public services (Scottish Social Enterprise Coalition, 2007). Part of the very culture of such locations is that people in small and rural settlements do tend to know each other, and have a sense of being part of a community forged through social interaction. The informal support available from family and other community members is therefore often considered far greater than in urban locations. So, understandably rural areas might be perceived as the perfect nurturing ground for social entrepreneurs who could possibly build upon this extant solidarity and social capital. Studies have also suggested that social networks are denser in rural, as compared with urban, settings (Hofferth & Iceland, 1998), with resulting outcomes of high levels of trust and active civic participation (Dale and Onyx 2005). Studies by Williams (2007) discovered that people living in remote locations display a far greater propensity to engage in social rather than commercial entrepreneurship compared with those living in urban areas, and interestingly, the highest likelihood for being involved in social entrepreneurship exists amongst socially excluded groups. Retired people, for instance, are twice more likely to be involved in social compared to commercial entrepreneurship than the average UK entrepreneur (Williams, 2007). An ageing population, which is evident in many rural areas, does not therefore have to be perceived as a problem, but rather as an opportunity for the development of social entrepreneurship.

Rural communities, though, possibly because of aspects associated with culture, may refuse the imposition of continuous service provision onto themselves, not only being

suspicious but also hesitant to participate in and receive support from formalised structures created by social entrepreneurs. In-group favouritism may further encourage differential experiences of support, with in- and out-group members enjoying different levels and types of aid. The changing composition of rural communities could also result in marginalisation of some people or uneven distribution of formal and informal help.

Rural studies suggest other problematical factors associated with informal support. Providing care in isolation from formal services, for example, is reported to result in high stress levels experienced by families and friends; unwillingness to seek formal help where it is actually required and adverse reaction to offers of help if they are not perceived to be offered in an appropriate way; tensions between needing neighbour's help, at times, and retaining 'emotional distance' from neighbours (Munro and Carlisle, 1998). Munro and Carlisle (1998) found that people did not wish to be seen as dependent by their neighbours and some preferred to buy help as this allowed them to retain emotional distance. Rural social entrepreneurs also have to face limited access to the best talent, capable staff, volunteers; access to fewer financial institutions, instruments and information resources; scarce unrestricted funding and inherent strategic rigidities, which hinder their ability to mobilize and deploy resources to achieve the organizations ambitious goals (Osborne at el 2002). Simultaneously with central policy's encouragement of social enterprise, research studies have highlighted potential difficulties and constraints for developing social entrepreneurship in remote and rural areas. In light of the foregoing discussion, this paper seeks to develop understanding about culture and context in terms of the social entrepreneur and his/her enterprise in rural locations. To arrive at a deeper understanding this research explores the questions:
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What are the difficulties faced by the rural social entrepreneur and can they be overcome to bring about change?

Methodology
Context

This study examined the social entrepreneur and social entrepreneurship and is focused on generating a deeper understanding about the factors that influence the social entrepreneur in a rural context and the difficulties faced in bringing about change. Rural communities have been chosen for the following reasons: firstly, studying small populations in rural areas can provide can help in isolating and observing social phenomena, and can produce models for study in other settings (Jack and Anderson, 2002); secondly, rural areas present 'distinctive challenges' (Milligan, 2001) for social entrepreneurship which are important to discover and understand; thirdly, the location is of interest to the researchers (two at the UHI Millennium Institute, Inverness and the other at which entrepreneurship has previously been studied in Northern Scotland). The funding for the project has been acquired from Highlands and Islands Enterprise (HIE), with the specific location identified for this study being the Highlands and Islands of Scotland. The area has a population of 373,000, covers 39,050 square kilometres and is one of the most sparsely populated areas of the European Union (Highlands and Islands Enterprise, 2001).

Sample and research techniques

As there is little research on rural social entrepreneurship an exploratory, qualitative approach to data collection was adopted. It was considered important to gain a range of views and perspectives from different stakeholders and, as there was no accessible sampling frame, snowball sampling was deployed, which is especially useful when the desired population is ambiguous, multi-faceted or elusive (Bryman, 2001), as was the case in this research.

Personal interviewing was perceived to be suitable for this research because it provided the ability to focus the topic of discussion on the relevant areas whilst allowing for elaboration, which is important for understanding 'why' and 'how'. Given the nature of the research aims and objectives, and considering the different qualitative methods available, it was decided to carry out semi-structured interviews, which allowed the interviewer to have discussions with the interest group and to maximise the amount of information obtained within the interviews. Semi-structured interviews were then selected as they provide a mechanism which helped the interviewer build up a personal relationship with the interviewee and probe to deepen the response of any answers given (Patton 1990). This approach was appropriate and particularly beneficial in that, in many cases, discussions led into areas that the team had not previously thought of, but which were significant for answering the research questions.

Thirty individual face-to-face interviews were conducted with: 4 social entrepreneurs; 6 employees of social enterprises, 5 volunteers and 5 managers at social enterprise and voluntary organisations; 5 health and social care professionals; 2 councillors and 3 politicians. Interviews lasted 40-60 minutes and were recorded, with consent. This approach provided in-depth information about social entrepreneurs in the rural context and the difficulties faced by them, allowing the inductive emergence of concepts to be explored in future research.

Data analysis

Interviews were transcribed. Qualitative analysis was inductive, although data was also compared against a framework of factors associated with the themes, developed from the literature. The key themes identified seemed to cluster under two key headings: 1) barriers and constraints and 2) promoters. Following procedures for inductive qualitative analysis, all transcripts were initially read by researcher 1 and samples were also, independently, read by researcher 2 and researcher 3. Emerging themes were discussed and consensus reached on an initial coding schedule. This was used as a basis for systematic analysis of transcripts using NVivo qualitative data analysis software. Further iterations of analysis using NVivo occurred following feedback on initial coding.

Findings

Data analysis identified a number of interesting points, for instance major constraints for the development of social entrepreneurship; issues which might support social entrepreneurs and their activities; and that there exists a group of factors, which in one way are considered as barriers and in another as promoters.

Most of the findings relate to the remote areas and have a particular rural resonance. Interestingly, there are also some of the issues which are likely to be experienced across the whole of the Scottish social economy including urban areas.

Barriers and constraints to developing social entrepreneurship

Lack of knowledge
Perhaps not surprisingly, familiarity with the concept appears to be a significant problem in developing social entrepreneurship. As previously noted, there is a lack of understanding about the concept and evidences for this can also be identified in our research. Most of the interviewees had what might be considered a fairly unsophisticated idea about the notion of social enterprise; very few of them describing it in the way presented in the literature:
'There's a sort of spectrum of organisations in the social economy, the wider sort of social economy where at the one end you've got sort of voluntary, pure voluntary organisation, all volunteers, and at the other end you've got a business … they're non profit distributing but they may make a profit … It's about making money to reinvest either in the business or in the client group. And that's maybe not a very good definition. That's the way I kind of work it in my head.';
'I get lots of different ideas about what people consider to be social enterprises.'
In spite of the fact that social enterprise is getting increasingly popular, it is evident that most of the respondents could not clearly define it. This might be an obstacle as without clarification it is difficult to develop something that one has limited understanding about nor know what their activities actually represent. This also raises issues in terms of the direction these organisations might take which may differ from expectations.

In many cases lack of the appropriate business knowledge might be a barrier for rural social entrepreneurs who obviously operate in the open market and have to compete for some resources with fully commercial businesses:
'there's nobody that did actual learning. Everything that people might want to do in the way of leadership or management, they would have to go and do a mainstream course and then sort of translate it in their heads for social enterprise.'
Clearly, within the sector without managerial knowledge, it might be difficult to create an independent and self-sustainable social business.

Lack of money & competition for funding within the sector

According to the DTI (2002) social enterprises should generate at least 50 per cent of their income through trade activity instead of relying on funds. This might be extremely difficult, especially for social entrepreneurs who begin their career within the field. In fact, financing, or rather lack of it, belongs to the obstacles which can stop or at least slow down socially orientated entrepreneurship:
'It's all about money. I have to be sure that I'll make enough to survive and it is a problem. Without external support I wouldn't be able to survive.';
'I think that opening is not difficult. What is difficult is the running stage and earning the money. We can't be as sufficient as commercial business because we work with people with learning difficulties. And it's our aim to help them but yeah, grants are essential to continue what we're doing.'

It is apparent that in many cases social entrepreneurs need access to external funding to manage and run the business. Organisations exist which support social enterprises and social entrepreneurship. We found, however, that despite their goodwill, they cannot help everyone:

'So last year we had one grant which was specifically aimed at social enterprises … one of the key things was that you had to demonstrate how that investment, and it was seen as an investment rather than a grant, would move your organisation on in terms of financial sustainability. Not to 100% but help you make that shift. And for some of them…they couldn't demonstrate that. But the bulk of them they could and they were, it was about moving towards that kind of more enterprise end of things. I mean it was just phenomenal interest … There was a huge demand, it was just incredible … we could have spent the budget several times over but we just had to turn people down.'

The research revealed that external financial support exists, although in many cases it is not sufficient, with respondents indicating that not only is start-up money important for their activity, but also for expansion and growth. It has also been recognized that, because of deficiency in funding, competition appeared within the sector:

'I think there's always going to be a competition for funding, especially in somewhere like the Highlands where you really haven't got a massive amount of organisations.'

Such a situation can cause tension between social entrepreneurs creating another barrier for developing that form of business particularly within the rural location.

Fear of changes

The process of introducing change is usually time-consuming and costly, and seemingly, often disliked. Some people, for instance, might be suspicious, reluctant and hesitant to support social entrepreneurs who try to set up businesses, which can act as a barrier, as without community back-up, within the rural context at least, it would be difficult for the social enterprise to exist:

'people are quite scared of social enterprise because it's about people taking responsibility … They think there's going to be less of this kind of safe government control … it's a kind of psychological thing.'

The research findings indicated that introducing social enterprise might be problematic, with most of the fear and uncertainty being caused by insufficient information about this form of business, particularly within the specific rural locality in which the respondents were located. This relates to an area discussed earlier regarding lack of knowledge about the model:

'I think there's not a culture, at the moment, which understands social enterprise … I think there's a lack of understanding and so if somebody is thinking about doing something and they've got a good idea, they won't necessarily have heard of social enterprise.';

'I think there are a lot of people who really believe in supporting either a community or, a geographical community or a community of interest. But I don't think enough of them think of it in terms of enterprise … we're really struggling to shift the mindset from sort of charitable ground based organisations of which we have thousands and thousands, to a more entrepreneurial basis which is much more sustainable.'

People in rural communities are used to doing things in their own way and they do not want to change their habits. This might be associated with the rural culture and aspects of rurality previously noted, and in many cases they do not consider alternative ways of delivering services:

'So it seems, in some areas, that you could be saying that people are just trying to make charities profitable which isn't what we're about.';
'I don't think the communities themselves are always the right people to do it [deliver services and take care about community as a whole group] *because you don't include everybody in the community. I think you need somebody to facilitate, to just make sure that you are including all the groups';*
'The voluntary sector plays a viable role and they're the majority of the organisations at that end, the voluntary sector end and none are going to progress [into social enterprise]. *And in some ways it's not appropriate for them to do that.'*

Interesting insight was given by one of the interviewees who stated:
'I think it's a whole fear of change. I mean it's about the change in approach and that scares a lot of people. I think the Highlands & Islands in particular are very traditional … they're always harking back to the golden days … Things change much slower up here than they do elsewhere. So there's a fear of change. There's also the risk factor … They're frightened of taking that role on because it is a whole quantum leap forward basically, it's a whole shift in approach. And I think it's been forced on organisations now because of, you know, the change in sort of grant climate and the shortage of grant funding. So it's only in the last sort of five years that organisations are being made to look in that kind of direction. So I think it's a question of time. It's a question of overcoming their fear. I think it's a lot of fear and fear of risk. Fear of change, fear of risk.'
Such sentiments describe notions of culture associated with the locality, approach to fear and risk-taking of Highland society, in which people are very traditional and hesitant to take the risk, although in practice social entrepreneurship does not necessarily have to be more risky than commercial entrepreneurship.

Promoters of rural social entrepreneurship

There are number of factors which support the development of social entrepreneurship, and the most common answers given by our interviewees within the research project are detailed below.

Growing identity of social enterprise
Social enterprise has growing publicity and advocates, who see this form of business as a cure for many problems. It is now currently being widely discussed in the press, amongst politicians, academics and the wider community. The more people knowing about it, the more understanding and support is likely to exist for social entrepreneurs and their initiatives:
'a huge number of people in the social economy or the third sector … are moving towards this approach [social enterprise] *… doors are open to anybody who wants to be more business like for a social purpose.' ;*
'all these things are very kind of trendy at the moment.'
There are positive feelings about social enterprise and it has been identified that within rural communities strong feelings exist for being part of the community, as well as a willingness to support others.

Attitudes and culture
A large number of people with high enthusiasm and positive thoughts regarding helping others were identified within the research. Most interviewees were involved

somehow and at some level in community work, showing a strong interest in developing their local society. Making money was not a primary motivator; rather working for the social need and humanity was important:
'there are motivations which are just human and they are all over the world … I think Scotland is a place which is particularly good because of that sense of community.';
'You want fair pay, but actually it's about seeing what difference you can make, seeing people change their lives … people want the world to be a better place and they want to make their own mark.'
It is apparent that people need to have interaction with their communities and they want to participate in creating a better, healthier and stronger local society, displaying a great propensity to engage in social interaction, which confirms results of other researchers (Williams 2007; Hofferth & Iceland 1998; Munro & Carlisle 1998; Shucksmith et al 1996). These social connections might explain the high level of volunteering in rural Scotland.

Volunteers and their positive impact on social enterprise
Social entrepreneurs, who are often struggling for finance, might take advantage from the well-developed voluntary base that exists in rural Highlands, in which there are many volunteers willing to serve the community. There is also evidence that in many cases organisations within this particular community would not be able to survive without additional support from voluntary workers:
'We engage volunteers to deliver everything … our actual workforce, are volunteers …So if we don't have any volunteers we don't have any projects.'
At the same time there is a common agreement that people who work free of charge often deliver better quality services as they are doing what satisfies them:
'bringing in good community workers is definitely the key because … you've got somebody who can enthuse and motivate and is passionate.'
Voluntary work benefits both the business and volunteers, with the latter participating in projects organised by social enterprises, having an opportunity not only to create new networks and develop their skills, but also getting some kind of job. In some communities within the specific locality finding a new job can be problematic:
'people want to do something and if they can't get a paid job, a voluntary job still is good for them. And it often leads to paid work … if you've been out of work for a long time and you go as a volunteer then you're known, people understand what your strengths and weaknesses are. They've seen you at work. If a job comes up you're much more likely to get it than somebody who they don't know, you know.'
Through volunteering, people are therefore not only able to generate links within the community, become known and recognised but also for those within the community people are able to generate knowledge, understanding and experience of that particular individual.

Networking
Developing networks between social entrepreneurs can positively influence the sector; the more social enterprises exist the more connections can be created. By using networks people who work for different social enterprises can share information, distribute knowledge, solve common problems and co-operate to become stronger:
'having a few people that are doing the same thing is really good because you don't feel so isolated. You don't feel so much on your own.';
'we can all work together as well, and support each other … if we've got a problem.'
'We can always say:' Right, that's someone that I can contact.''

It appears that having contact with other social entrepreneurs might be really helpful in evolving social entrepreneurship. It is not only about supporting each other but also concerns the psychological comfort of not being alone and not being isolated. Although these issues might be perceived as minor, for rural social entrepreneurs they are important as they can feel a part of a bigger structure involved in creating a social enterprise community. Such networks, together with local people involved in charity/community work, build up and strengthen social capital which brings benefits for the different groups within society.

Barriers and promoters for social entrepreneurship

A number of factors have been identified operating as both barriers and promoters at the same time. One of them, and probably the most important in terms of this paper, is being a part of rural community.

Rural settings and size of the market
Interestingly some interviewees indicated that social entrepreneurs might benefit from remote settings. Advocates of rurality claimed that because of lack of services people learn how to be more self-sustainable and tend to take initiatives to sort out their problems on their own instead of waiting for someone else to come:
'I think it [social enterprise] *can grow in this kind of area* [remote and rural] *… because people understand that you can't separate out your social needs … the economy and the services. Everything has to come together because the communities are so small. And to be more self reliant … people are willing to take on initiative whereas … sometimes in the bigger cities like Glasgow, people expect things just to be given to them … in the Highlands & Islands, people know that they have to fend for themselves a bit more.';*
'rural areas generally tend to have more community voluntary groups because otherwise nothing would happen. It's the only way to make things happen'.
Respondents were clear that service provision in remote areas tend to be insufficient. Although not in itself a positive situation, it did in fact help to develop special skills within the rural context, including independence, willingness to work together and support each other, active approach towards particular problems to find solutions and closeness, which might not be found in urban areas.

In many cases the small size of the market has not been perceived as a constraint for developing social entrepreneurship, some interviewees rating it as a positive thing. In rural areas there is no strong competition and very often lack of services leads to unsatisfied needs. Such market niches might be an ideal place for delivering new services created by social entrepreneurs:
'it might be easier to set one up [social enterprise] *in a rural area because there isn't so much competition … you can easily find things that are missing … that you think 'Oh, let's do this or let's do that.' Whereas in somewhere like Inverness, you'd be competing for trade with other businesses. I think it would be harder.';*
'Possibly in a rural area it might be easier [to run social enterprise] *because there aren't so many other resources … so anything that you set up, people will support … people are grateful for having a new shop or something else open that is a service for them or whatever. Whereas in the city … they have more choice.'*

So, in one way social entrepreneurs might benefit from rural settings, however on the other hand remote areas might be difficult in terms of developing enterprises. Geographical conditions are seen as an obstacle having a negative impact on running costs, access to customer base as well as workforce: *'Transport and travel is obviously a problem. Getting people there to work is going to be more expensive so you have to try and give people higher wages to cover their transport costs.';*
'I don't think that in rural communities market is big enough to sustain the business. I mean you get customers but still … it's not enough, you don't get that critical mass as in large cities.'

Although one group of the interviewees noticed that in rural places there are no huge, profit-orientated organisations creating strong competition, a second group indicated that there is no sufficient customer base either. In fact, all of the factors associated with rurality - low population density, isolated and hard to reach areas and high running costs - were perceived as reasons why big companies did not want to operate in that market. Additionally, in small communities people do not want to destroy or reduce incomes of other neighbours' businesses:
'You have to … find a niche market … something that is unique, something special, doesn't detract from anybody else. And if you do that and then you talk to people, you talk to the right people in the community, the movers and shakers in the community, and get them on your side. Get the business community on your side as well, because they can sponsor you. It's good for them, it's good for you … You can get good business advice from them as well. I think you have to be seen to be business like … and not just being amateurish about it';
'[social entrepreneur has to] *find a business that doesn't encroach on anybody else's business, because everybody's got to make a living, and there's lots and lots of small businesses with just one or two or three employees, so people are trying very hard to make a living. So I didn't want to upset that and I didn't want to displace other businesses. So you have to think of something new.'*
When setting up a business in remote areas social entrepreneurs need to think about delivering product/service that is not provided by anybody else.

Politicians, government and local authorities
Within any specific locality there tend to be two major approaches towards government, local authority and their policies regarding social enterprise, social entrepreneurship and social entrepreneurs. In many cases people criticise politicians for lack of rules, lack of understanding and delays in creating appropriate strategy, which would support socially orientated enterprises:
'It's [social enterprise] *supported very strongly by Westminster government. At the Scottish Executive there is no one person high up in the exec who thinks this is a good idea. They're lukewarm about it, I would say. I think there's a real problem in Scotland that it's like a good and a bad thing.';*
'Well I think it [barrier] *is at the level of the Scottish Executives. A lot of those politicians have come up because they've been politicians through local government and public services. So they believe in that really strongly and the trade unions want everything kept in the public sector. They don't like it, us. They think we're, you know, a bit loose and maybe we're not having the same good employment practices.';*
'The Scottish Executive on the one hand is saying 'Efficient government, blah blah' and on the other hand it's saying 'You should be contracting social enterprises to deliver public service.' And I think there's a huge conflict between those two things

because social enterprise tend to be local and small and they don't necessarily give you those efficiencies but they give you something else. Social enterprises fit with best value but they don't, as long as organisations take the wider approach to what best value is, but if they take it on a purely financial basis, they may not offer best value in that sense. But it doesn't, it really conflicts with the efficient government agenda.'

Although some respondents assess government's activity in a negative way, there was still a significant group of people who disagreed with that view:
'I'm not sure that there's enough political will and that is the barrier. But I think people [politicians] *are a bit more open to exploring things.';*
'I think that social enterprise is being pushed at a high level, because it's probably a cheaper option for the government to provide services through social enterprise than it is either privately or from government agencies.';
'they're beginning to understand what they're all about, but there's a lot more work to be done … They have to understand that the benefits of people working, it's so much more than, than not working and being on benefits and therefore the money saved in benefits, and not just that … it makes people ill … being unemployed, not having any self worth makes people ill. And then that's a drain on society and on resources. And by giving people jobs … it turns round that negativity and it makes a positive thing out of a negative thing. And they're actually saving money. If they would invest in it, they're saving money.'
Furthermore, social enterprise strategy for Scotland has been evaluated positively:
'I think it's moving in the right direction. Some people may say it's not moving fast enough, but I think you need to have resources to back it up and we don't … it's a step forward. It's the first time we've had a strategy for social enterprise … it's a step in the right direction.'

In terms of local authorities participants rarely complained, although some of the respondents admitted, that in their region, social entrepreneurs are not supported at all. In spite of that the majority of people noticed that local authorities are keen to develop social enterprises, but often they do not have sufficient amount of money to do that. This does not apply however to the entire Highlands and Island. The case of Shetland, for instance, is particularly interesting and offers a useful contrast, as our respondents explain:
'Shetland has historically had a huge income from oil which has basically gone into a trust fund and that is used, there's various trusts, but one of them is the Shetland Amenity Trust and that has been used, the interest from the money invested has been very helpful in things like the co-op. They've had a lot of money out of the trust to kick start things … Shetland has had the resources to do it. I think other local authorities have probably … strapped for cash, and it's a problem';
'Shetland is a very special place. They're a very rich island because they had oil and they got what you call the Shetland Trust and they put all the revenue from their oil into the Trust so they have loads of money. And the Shetland Islands Council needs to spend the money and so they're spending it on their people there and what they do is fantastic, but you need that, you need that will and you need to have the money at the beginning, really.'

Many interviewees further emphasised the role of the public procurement process which should be organised in the way to give a chance for social entrepreneurs to get a contract:

'I suppose there's breaking into the public sector procurement process it's a major barrier [for social entrepreneurs]. *And there's a whole shift within public service delivery to greater efficiency and that tends to mean letting big contracts to one organisation and that works against social enterprises because they tend not to be, certainly in the Highlands & Islands, big organisations.'*
At the same time most of the interviewees admitted that progress in this area has been observed giving a chance to social enterprises.

Discussion

The aim of this study was to develop understanding about culture and context in terms of the social entrepreneur and his/her enterprise in rural locations. To achieve this aim the study looked to deal with two key questions:
what are the factors that influence how the social entrepreneur operates in a rural context? and
what are the difficulties faced by the rural social entrepreneur and can they be overcome to bring about change?
In dealing with these questions, the investigation shows that within the rural context there are key challenges facing the social entrepreneur wishing to develop a social enterprise in the rural location. The first appears to be conceptual ambiguity and the need for clearer understanding, both within the sector, the community and policy bodies about what such organisations stand for and represent and what the individuals behind them are actually looking to achieve. There is also the issue of poor access to sources of finance, fear of change and lack of definite political leadership. Some of these factors might be evident not only in remote and rural areas but also for social enterprise throughout Scotland, or even the UK. Certain aspects, though, were noted as being specific to the location and simultaneously presented barriers and opportunities. More specifically these seemed to be related to market context and the embedded nature of business relations, the latter implying that if a niche can be found an enterprise might be able to acquire considerable support and resources. The findings further suggest that such niches and opportunities do exist in this sector; a reason for this may well be that they are too small to concern the bigger market players. Rural social entrepreneurs should therefore look to identify particular service needs and issues as these are likely to represent opportunities within such remote areas. Participating in a public procurement process is a subsequent key area that should be explored, not only by social entrepreneurs but also by contracting local authorities. Within the rural context, however, there has to be community awareness of the added value that may be associated with the particular social enterprise.

With regard to the specific rural location used in the investigation, evidence of a strong ethos of solidarity and community relations became apparent factors which certainly seem to influence how the social entrepreneur operates in the specific rural locality. The culture associated with this area seemed to promote supporting the community, with individuals within the community looking to support their neighbours and willing to work as volunteers: a possible contrast to urban situations.
It was also found that rural social entrepreneurs can take advantage of social 'closeness' as long as they follow local rules; in particular the business has to be accepted by people living in the area and has to be unique in that it should not be seen to threaten neighbouring businesses. Networking amongst rural social entrepreneurs

and others involved in the sector is also important in terms of developing good relationships as well as mutual support.

As previously noted, from the research findings, it was identified that access to finance is often problematic and that social entrepreneurs, as well as the whole sector, would benefit from additional sources of funding. The current system seems insufficient for current needs, although the problem could lie in the direction and allocation of resources. The findings demonstrate that for this sector to really flourish there is clearly a need for policy development and guidelines, with case of Shetland being of particular interest and potentially offering an example from which other areas can learn.

Conclusion

The need for more research into rural social enterprise has been consistently noted (Milligan, 2001; Osborne et al, 2002; Scottish Executive, 2003). This study would seem timely in that the emergence of social enterprises in the UK is set to grow over the next decade as the government seeks to promote and sustain social entrepreneurship at national, regional and local levels (DTI 2002). Clearly, there are many advantages associated with social rural entrepreneurship and for some it appears to be a panacea for service provision challenges. Whilst rural locations might be perceived to offer the ideal location for a social entrepreneur to establish and operate a social enterprise, on the one hand there are a number of reasons why rural areas might be particularly difficult areas to grow and nurture service provision through social enterprise. Rural areas are often perceived to be deprived of resources, hard and harsh locations, adverse and antagonistic to external factors and presenting 'distinctive challenges' (Fyfe and Milligan 2001) for social entrepreneurs. There does seem to be a tacit understanding that people in rural areas will help each other out and the perception amongst policymakers is that this is something that can be harnessed and formalised. In many ways, though, this perception may well be unrealistic as it seems to go against the informal nature of providing help and support. Alternatively, the reality might be that in small communities, people tend to identify a very local need that they think they can do something about and tend to get involved through a local organisation because their understanding is that by doing so they will be directly benefiting the local community.

This study raises interesting issues for both policymakers as well as researchers. Despite the increasing popularity of social entrepreneurship and the social enterprise, the understanding of how these ventures operate and function and the actual process in which the social entrepreneur is immersed is still limited, particularly within rural areas. It is apparent from the study that rural settings represent distinctive challenges for social entrepreneurs; on the other hand, however, they offer aspects which if harnessed can foster the development of social enterprises for the community. The research emphasized the need of creating long-lasting policy and the necessity of mutual support: at national, regional and local level.

As the size and importance of the social economy is growing, and is foreseen to continue to do so, there is a need to develop standard definitions, methodologies and practices. This would enable local, regional and national studies to be carried out and the generation of data that might be easily compared.

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