

What is social enterprise and how can it work in the rural context?

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Social enterprise is simply a business approach with a strong social goal, where profits are reinvested back into the local community. Social enterprises are driven by a desire to create social or environmental change, rather than the need to maximise profit for shareholders and owners.



Social enterprises exist for different reasons and can take different organisational forms, from a village shop or cooperative, to a community development group or housing association. They often arise out of necessity rather than popularity, as a response to local needs, opportunities and drivers.

This resource will explain the basics of social enterprise, including how it can work in the rural context, and the features of rural communities which help social enterprise to thrive.

This resource also gives case studies of social enterprises from rural communities across Europe. These have been included to:

- Show the many different reasons why social enterprises are created
- Highlight the range of social enterprise activities
- Give a variety of examples to spark ideas and generate interest

How does social enterprise work in the rural context?

Rural communities across Europe are facing similar challenges of market failure, the withdrawal of public services, and population issues (growing elderly population and the out-migration of young people). Social enterprise has huge potential to contribute to a range of these economic, social and environmental challenges.

Social enterprise works well in the rural context because it allows people to harness local skills and knowledge to create unique solutions which are truly effective for their community.

The table below gives a few examples of rural social enterprises, showing you where they are located, what their social/environmental purpose is, and the business activities they undertake to help achieve their social or environmental purpose.

Rural Social Enterprise Examples			
Name	Location	Social/Environmental Purpose	Business Activity
Shetland Soap Company	Shetland Isles, Scotland	Provides employment for people with a learning disability or autism.	Produces a range of exclusive up-market handmade soap and skincare products.
Callander Youth Project Trust	Callander, Scotland	Provides training and employment for young people in the hospitality industry.	Runs the local youth hostel and a café in the town.
Velocity Café and Bicycle Workshop	Inverness, Scotland	To inspire more people to cycle and lead a healthy and happy lifestyle.	Run a bicycle shop, workshop events and café.
Mobile Info Café (Ökokratt OÜ)	Lahemaa, Estonia	Provides employment for local people and practical placements for nature tourism students to meet tourist and introduce the Lahemaa area.	Tourist information centre and café on wheels which can be moved to any location.
South-Estonian Food Network (Lõuna-Eesti Toiduvõrgustik)	South Estonia	To provide locally produced, fresh and high quality agri-food products, and to bring together small-scale producers for more effective, collective marketing.	Collecting produce from local producers and delivering to bigger cities in Estonia. Clients are mostly restaurants and cafes. They have a very well developed E-shop, found here: www.let.ee
Made in Rosia Montana	Roşia Montană, Romania	Provides employment and additional source of income for women in Roşia Montană, allowing them and their families to obtain a higher standard of living.	Women produce and sell handcrafted merino wool clothing products, including socks, gloves, hat, scarf, mittens, sweaters, vest, blanket, scarves and yoga socks, for women, men and kids.
Comana Crafts Village (Satul meşteşugurilor - Asociația Moara de hârtie)	Comana, Romania	Provides employment for people in the countryside and sustains projects with a positive impact on environment.	Community craft shop, including carpentry workshops, pottery, weaving and embroidery, traditional milling, blacksmith's workshop, as well as fruit and vegetables traditional processing.

Why does social enterprise thrive in rural communities?

Social enterprise is a way for communities or groups of people to come together and take action, to create uniquely-tailored and locally-responsive solutions to problems or opportunities. Social enterprise thrives in rural environments due to its ability to tap into the inbuilt features of rural communities and harness local knowledge, networks of trust and social responsibility.

- Greater levels of trust, mutual dependency and strong social networks are characteristics of rural communities which create a fertile environment for social enterprise.
- Research shows that people who live in geographically-isolated communities are naturally more entrepreneurial and resilient, as there is an awareness that outside help is far away, and can be difficult to access.
- This inbuilt entrepreneurialism is sometimes referred to as an ‘islander mentality’, which is characterised as a willingness to problem solve and take responsibility for local problems.



Social enterprise as a response to market failure, needs and opportunities

Social enterprise is often a response to drivers including the withdrawal of public services, market failure, or the identification of a local need or opportunity.

The traditional market approach can be less relevant in rural and remote communities, where there are additional costs associated with logistics, travel and isolated geography, which all make running a business more challenging.



These additional costs act as barriers to service provision and market growth, as they create less incentive for private entrepreneurs to operate services in areas where profit margins are low, and markets are small.

Social enterprise can be a way for communities to come together and ensure that essential services are sustained without having to rely on a private entrepreneur. This reduces vulnerability and improves the sustainability of communities.

Social enterprises do still need to generate profit, just like a traditional business, but have a focus on deepening local impact rather than the growth and scale model of traditional business.

Social enterprises which provide a service (such as a petrol filling station) or manage an asset (such as a local woodland) often do not make a large profit, but exist for the benefit of the community. This can draw a significant social and emotional responses from local people, who recognise the low profitability and high social value of these functions.



This creates high levels of community buy-in and collective responsibility to support enterprises providing services which are essential to the sustainability and liveability of rural places, such as a village shop. We give an example of this in the [Appin Community Co-operative Case Study](#).

