

Nordic Ruralities - New paths to sustainable transitions?

The 6th Nordic Conference for Rural Research, 3-5 Dec 2024

On December 3–5, 2024, Uppdrag Landsbygd organized the Nordic research conference *Nordic Ruralities*. The conference took place at the Aurora Kultur och Kongress facility in Kiruna. At the event Yvonne von Friedrichs and Cecilia Dalborg presented the paper ‘*Social enterprises as enablers in rural areas?*’

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Social enterprises as enablers in rural areas? Lessons learned from NPA regions in different countries

Cecilia Dalborg and Yvonne von Friedrichs

KEYWORDS: Social enterprises, NPA-regions, Rurality, Opportunities, Obstacles and support system





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The objective of MERSE is to make it easier to start and develop social enterprises in rural NPA areas

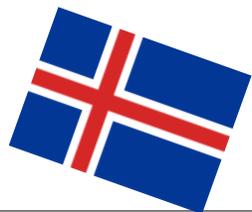
18 PARTNERS!



The study:

Social enterprises as enablers in rural areas?

Aim: To compare conditions for social enterprises in rural regions in the Northern Periphery and Arctic area (NPA-regions).





Research questions

- What are the biggest obstacles that SEs face in their everyday life?
- What support has been most significant?
- What support have the SEs wanted but lacked?

Theoretical Framework

Literature review about SE in rural areas.

Country	Unique	About Rurality	About Rurality	*
Finland	27	3	11%	
Iceland	3	0	0%	
Ireland	32	16	50%	
Norway	17	6	35%	
Sweden	40	9	23%	
	119	34	29%	

- Olmedo, Ruiz-Rivera, O'Shaughnessy & Chatzichristos (2024).
- Olmedo Rinne-Koski O'Shaughnessy, Matilainen & Lähdesmäki (2024).
- Olmedo, van Twuijver O'Shaughnessy (2023)



- Mottiar, Boluk & Kline (2018)
- O'Shaughnessy & O'Hara (2016).
- von Friedrichs & Lundström (2016)
- von Friedrichs & Wahlberg (2016).

Research Design

- A quantitative method approach.
- A survey was distributed via Netigate in May 2024 to 395 social enterprises located in five NPA-regions.
- After four reminders 93 responses were received which means a response rate of 24 percent.

Mailing:

Finland	Island	Irland	Norge	Sverige	Alla
115	19	38	40	183	395

Responses:

Finland	Island	Irland	Norge	Sverige	Alla
20	9	14	8	42	93
17%	47%	37%	20%	23%	24%

- The survey data was processed in SPSS where descriptive frequency analysis, correlations and regression analysis techniques was used to analyze the quantitative data.
- Data generated from the open-ended questions in the survey was analyzed by coding narrative statements in overarching themes.

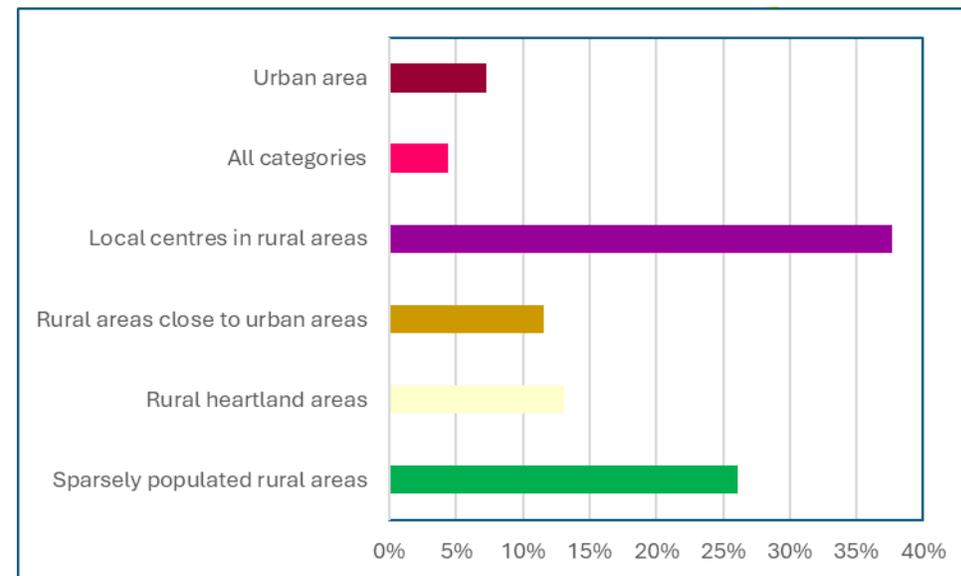
Findings – Characteristics

Country		Age, Business	All
Finland	22%	0-3 years	10%
Iceland	10%	4-10 years	23%
Ireland	15%	11-20 years	31%
Norway	9%	20 years or older	36%
Sweden	45%		

Legal form(s)		Age, Owner	All
More than one legal form	21%	35-45 years old	26%
Limited liability companies	17%	46-55 years old	35%
Associations	13%	55-65 years old	33%
Cooperatives	11%	Older than 65 years or	6%
Economic associations	9%		
Foundations	8%		
Non profit organisations	7%		
Other, for example sole proprietorship, conventional enterprises etc.	14%		

Role in the enterprise			All
Founder			30%
Owner			4%
CEO			44%
Employee			21%
Volunteer			1%

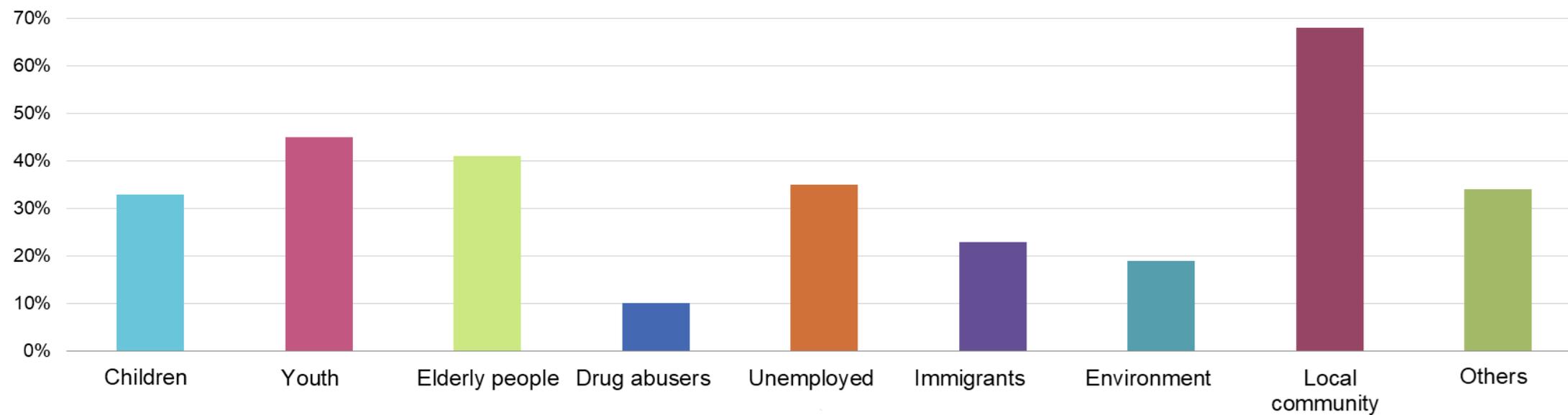
Turnover		Gender	All
€ 0-50 000	31%	Women	72%
€ 50 001- 100 000	7%	Men	25%
€ 100 001-500 000 €	35%	Prefer not to say	3%
€ 500 001-1 000 000	12%		
€ 1 000 001- 2 000 000	6%		
€ 2 000 001 or more	9%		



The location affects the mission in a high or very high extent

Sparsely populated rural areas	67%
Rural heartland areas	78%
Rural areas close to urban areas	75%
Local centres in rural areas	42%
All categories	0%
Urban area	0%

Target groups



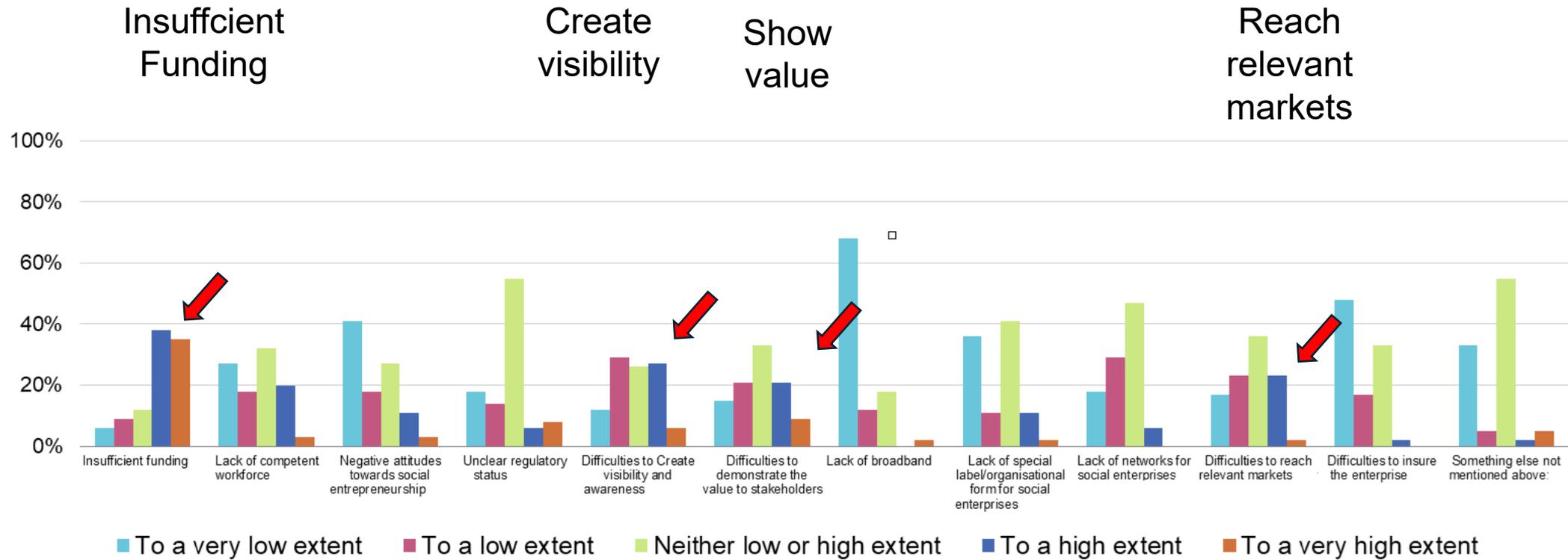
Profitable business?

	Sweden	Norway	Finland	Iceland	Ireland	All
To a low or very low extent	58%	67%	61%	89%	93%	68%
Neither a low or a high extent	39%	17%	28%	11%	7%	27%
To a high extent	3%	17%	11%	0%	0%	5%

Re-invest profit in the business?

	Sweden	Norway	Finland	Iceland	Ireland	All
Very unlikely	0%	0%	6%	11%	0%	3%
Neutral	0%	0%	0%	0%	20%	3%
Likely or very likely	100%	100%	94%	89%	80%	94%

Findings – Obstacles



Country differences

Obstacles – Insufficient public funding

	Sweden	Norway	Finland	Iceland	Ireland	All
To a low or very low extent	12%	17%	33%	11%	0%	15%
Neither low or high extent	12%	17%	13%	22%	0%	12%
To a high or very high extent	76%	67%	53%	67%	100%	73%

Yes:

Country differences

Obstacles - Create visibility and awareness

	Sweden	Norway	Finland	Iceland	Ireland	All
To a low or very low extent	28%	50%	47%	44%	55%	41%
Neither low or high extent	32%	33%	13%	11%	36%	26%
To a high or very high extent	40%	17%	40%	44%	9%	33%

Yes
and
No:

Country differences

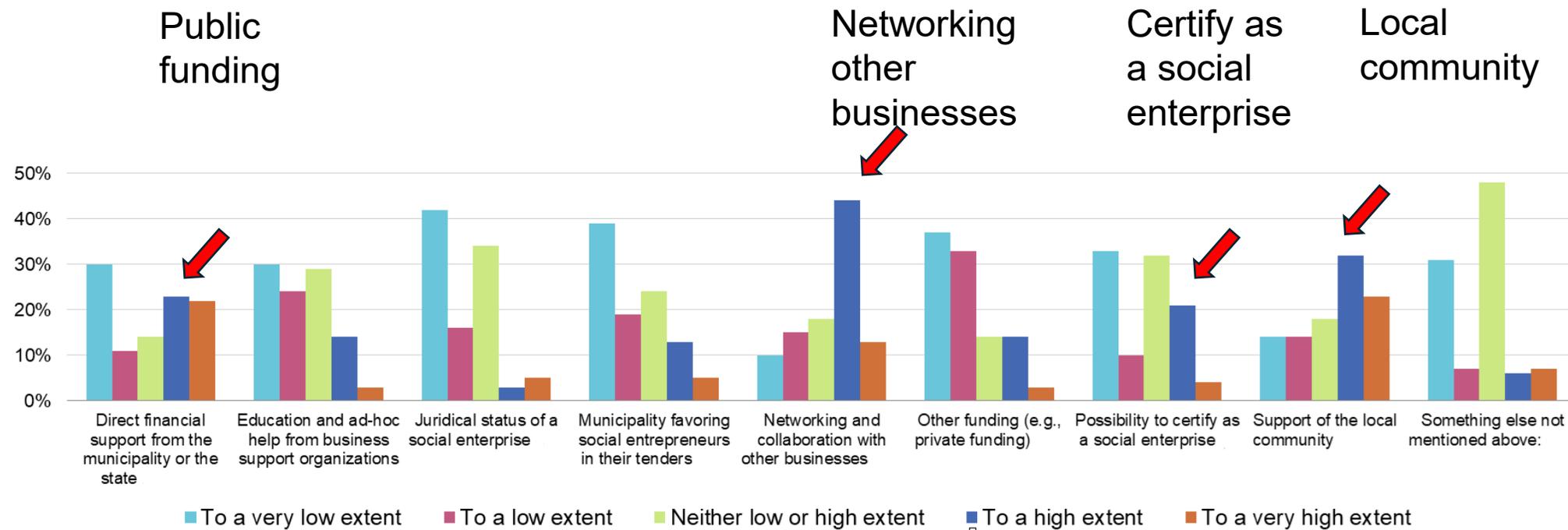
Obstacles – Reach relevant markets?

	Sweden	Norway	Finland	Iceland	Ireland	All
To a low or very low extent	28%	50%	40%	22%	73%	39%
Neither low or high extent	48%	50%	13%	44%	27%	36%
To a high or very high extent	24%	0%	47%	33%	0%	24%

No: Ireland

Yes: Finland

Findings – Significant received support



Country differences

Significant received support - Public financial support?

	Sweden	Norway	Finland	Iceland	Ireland	All
To a low or very low extent	35%	57%	56%	44%	27%	42%
Neither low or high extent	12%	29%	11%	0%	27%	14%
To a high or very high extent	53%	14%	33%	56%	45%	44%

No: Norway and Finland

Yes: Sweden and Iceland

Country differences

Significant received support - Business support organisations?

	Sweden	Norway	Finland	Iceland	Ireland	All
To a low or very low extent	56%	43%	83%	44%	18%	54%
Neither low or high extent	32%	29%	11%	22%	55%	29%
To a high or very high extent	12%	29%	6%	33%	27%	16%

No: Sweden and Finland

Yes: Norway and Iceland

Country differences

Significant received support - Juridical status of a social enterprise? *

	Sweden	Norway	Finland	Iceland	Ireland	All
To a low or very low extent	68%	57%	56%	56%	36%	58%
Neither low or high extent	32%	43%	28%	44%	36%	34%
To a high or very high extent	0%	0%	17%	0%	27%	8%

No: Sweden

Yes: Ireland (Finland)

Country differences

Municipality favoring social entrepreneurs in their tenders? *

	Sweden	Norway	Finland	Iceland	Ireland	All
To a low or very low extent	59%	14%	89%	33%	55%	58%
Neither low or high extent	24%	43%	6%	56%	18%	24%
To a high or very high extent	18%	43%	6%	11%	27%	18%

No: Sweden, Finland,
Ireland

Yes: Norway

Country differences

Networking and collaboration with other businesses*

	Sweden	Norway	Finland	Iceland	Ireland	All
To a low or very low extent	32%	0%	33%	11%	18%	25%
Neither low or high extent	15%	0%	6%	56%	27%	18%
To a high or very high extent	53%	100%	61%	33%	55%	57%

No:
Yes: Sweden, Norway,
Finland, Ireland

Country differences

Possibility to certify as a social enterprise*

	Sweden	Norway	Finland	Iceland	Ireland	All
To a low or very low extent	56%	14%	59%	22%	18%	44%
Neither low or high extent	29%	29%	29%	67%	18%	32%
To a high or very high extent	15%	57%	12%	11%	64%	24%

No: Sweden and Finland

Yes: Norway and Ireland

Country differences

Support of the local community*

	Sweden	Norway	Finland	Iceland	Ireland	All
To a low or very low extent	26%	14%	50%	22%	9%	28%
Neither low or high extent	26%	0%	17%	22%	0%	18%
To a hig or very high extent	47%	86%	33%	56%	91%	54%

No: Finland

Yes: Sweden, Norway,
Ireland and Iceland

Country differences

The 2 most significant external support mechanisms that the enterprises hoped for but were not there?

	Sweden	Norway	Finland	Iceland	Ireland	All
Direct financial support from the municipality or the state	52%	43%	80%	67%	73%	62%
Education and ad-hoc help from business support organizations	3%	0%	0%	11%	18%	5%
Juridical status of a social enterprise	3%	14%	20%	11%	0%	8%
Municipality favoring social entrepreneurs in their tenders	45%	43%	33%	22%	36%	38%
Networking and collaboration with other businesses	23%	29%	20%	11%	9%	19%
Other funding (e.g., private funding)	26%	14%	27%	11%	36%	25%
Possibility to certify as a social enterprise	3%	29%	0%	33%	0%	8%
Support of the local community	23%	14%	13%	11%	18%	18%
Something else not mentioned above:	23%	14%	7%	11%	9%	15%

1) Public financial support

2) Municipality favoring SE in their tenders

Conclusions

- The rural environment affects to a large extent
- Difficult to get profitability in social enterprises
- The vast majority re-invests in the business
- Few stated that they had trading as part of their business activities

Lots of similarities but also differences

- Ireland is far ahead in terms of research
- Iceland, a young but emerging field
- Some areas have public funding, (WiSE) /(culture, Ireland) others not.
- Still a lack of knowledge about social enterprises and the benefits they create

Implications

Very few SE stated that they have got significant help from business support organisations. **Why?**

Business support organisations could help SE to increase the business acumen, for example by giving support how to participate in public procurement, and to highlight the importance of trade as part of the business concept.

SE are enablers in rural areas, but they struggle with profitability and need to be more recognized



Thank you!



Cecilia Dalborg
cecilia.dalborg@miun.se



Yvonne von Friedrichs
yvonne.vonfriedrichs@miun.se

Social enterprises as enablers in rural areas?

Lessons learned from NPA regions in different countries

Cecilia Dalborg and Yvonne von Friedrichs
Mid Sweden University

Extended abstract

Studies show that viable entrepreneurship plays a prominent role in shaping living conditions for people in local communities. Favourable prerequisites are crucial for developing entrepreneurial processes and establish companies, which in turn affects the well-being of the local community, region or country. The rapid transformation in society has created a growing interest in what role social entrepreneurs and enterprises have regarding societal development. The effects of structural change processes vary in different parts of the world, as well as the conditions for starting and running social enterprises. This study aims to compare prerequisites for social enterprises in rural regions in the Northern Periphery and Arctic area (NPA-regions). The investigated regions share common features such as low population density, low accessibility and low economic diversity, but they often also have abundant natural resources. This unique combination of features results in joint challenges and joint opportunities where social entrepreneurship and community engagement can play a vital role. A questionnaire was sent out, in spring 2024, to social enterprises in Finland, Iceland, Ireland, Norway and Sweden and comparative analysis have been carried out. The results show that almost all enterprises are affected in a high or very high degree due to the location of the company. Simultaneously, there is a high level of community engagement and support in the rural context that work as enabler. About half of the companies in Iceland, Sweden and Ireland consider that direct financial support from the municipality or government have been the most significant support to achieve the goal of the company. Networking and collaboration with other businesses is also highlighted as important support mechanism, above all in Norway and Finland. In Norway and Ireland almost all companies in the study highlight that the support from the local community have been significant. The support mechanism that most social entrepreneurs had hoped for, but did not receive, is direct financial support from the municipality or the government. This is especially highlighted by companies from Iceland Finland and Ireland. Some entrepreneurs underpin that it is not just support they want; *"we don't want grants but fair compensation for the work we do"*. The second most important support mechanism that the social enterprises lack, is procurement and a desire that the municipality target social enterprises in their tenders. Many companies in Finland and Sweden consider that the municipality favours social companies to a very low extent. Most of the companies, regardless of nationality, highlight that insufficient funding is the most important obstacle to achieve their goals. Other obstacles which many companies from Iceland, Sweden and Finland highlight are difficulties to create visibility and awareness. Companies from Sweden and Finland also raise problems to demonstrate the value. The study' results show that there still is a lack of knowledge about social enterprises and their prerequisites; *"we always have to start by explaining what social entrepreneurship is when we meet potential customers"*. Creating cross-border understanding of various entrepreneurial ecosystem and increase the learning processes for value-driven enterprises will enhance the possibilities to improve conditions for countries and regions that lack a well-developed eco-system for social entrepreneurs.

Keywords: Social entrepreneurial eco-system, NPA-regions, Rurality, Opportunities, Obstacles and support system