

Entrepreneurship on Islands

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Entrepreneurs Drive Success

Some island businesses do perform well despite being severely disadvantaged.

Success factors:

High degree of individual entrepreneurship

Tradition for setting up in business

Unique selling point – specific products or services

Strong integration with community

Access to capital



Developing Businesses in Shetland



1,400 businesses +800 agricultural units = 2,200 business

23,000 people

Ageing population – outmigration of young people

Restricted skills base – unemployment under 1%

88% of businesses employ under 10 people (micro sales)

Restricted economic base – fishing, oil and gas, agriculture, tourism and textiles

High cost environment for businesses and employees

Some of the obstacles facing entrepreneurs



Long distance from markets and suppliers causing high transport costs and time constraints

Lack of economies of scale which adds to cost

Fragile economies subject to external factors such as world market price changes and changes in macro-economic policies

Weak internal markets for services and weak links to supply chains leading to leakage of capital to other places

Generally relatively poor broadband and mobile services



Getting island business to perform better



More management of local resources (fisheries, seabed, renewable energy etc)

Better access to capital – commercial lending and grant support

More influence over essential services (external ferry and air timetables)

Build on unique selling points of culture and heritage – Shetland knitwear, Shetland ponies

Use insularity as a promotional tool for selling to target markets and for attracting in new residents with fresh ideas and different skills



Improving Government and EU support measures

Embedded use of Article 174 in cohesion policy development to introduce specific measures that relate to islands (see below)

Island proofing of all legislation at national Government level

Establish "subsidiarity" as a fundamental principle rather than a political gesture

Provision of modern accessibility services as a basic right

Introduce indices of remoteness and household income and expenditure to sit alongside GDP as an indicator of economic performance

Remove general State Aid restrictions from islands by establishing specific de minimis or other exemptions



What future success could look like in Shetland



800 more and higher skilled jobs in next 10 years

A rebalancing of the Shetland population

A more consistent Business Start Up rate focused on higher technology

Bigger businesses – less than 50% micro scale

500 businesses actively exporting

More competitive internal market



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