

A Plurality of Values: The Institutional Logics Shaping Economic Policy in the Shetland Islands

Abstract

This research uses the lens of 'institutional logics' to explore how new values can be embedded in institutions that shape local economies. Specifically, this paper will look at how the energy development policy of the Shetland Islands Council has changed over time, and how this change in values may represent a change in the institutional logic of the Council, from a more 'market-oriented opportunist' logic towards a more 'economic sovereignty' logic. Shetland has a long history of outside investment in its energy resources, with competing 'logics' of how best to manage this inward investment. The hegemonic logic of the Shetland Islands Council is a more 'market-oriented opportunistic' logic, which prioritises maximising community benefit from inbound energy investors and development. An insurgent 'economic sovereignty' logic sees ownership of productive assets, statutory control and democratic management of development as a key step to achieving social objectives. Using a novel form of textual analysis of the Shetland Islands Council's energy development policies over time, this research tracks how these two logics compete for influence in shaping the institutional logic of the Shetland Islands Council, ultimately resulting in the mixed logics expressed in the Shetland Island Council's Shetland Development Charter.

Key Words: institutional logics, economic development, energy policy, local government, Shetland, Community Wealth Building

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Introduction

The current 'wind rush' is not the first energy boom to attract investors, speculators and rapid development to Shetland. The Shetland Islands are on the doorstep of the North Sea oil fields, and in the 1970s, the North Sea oil boom drew oil companies and investors to exploit these resources. In a 1978 document provocatively titled *The Shetland Experience: A Local Authority Arms Itself for the Oil Invasion*, Director of Planning for the Shetland Islands Council J. M. Fenwick tells how the local council was able to shepherd the development of the oil industry in Shetland in a way that maximised benefit for the islands through proactive planning. The framing of this document as 'an invasion' speaks to how the council in the 1970s viewed inbound oil investment as something to be 'fought'. The title and content of the document shows how the primary logic that dominated the Shetland Island Council was economic sovereignty, where oil development was only going to take place on Shetland's terms. As a later commenter writing about that time wrote, "[T]he oil industry needed Shetland, whereas Shetland didn't need the oil industry" (Hamilton, 2025).

Shetland had spent the decades preceding the 1970s oil boom exerting "strenuous efforts to revive and expand the home industries of fishing and fish-processing, knitwear and agriculture" (Fenwick, 1978). When the oil boom came, Shetland was confident about its domestic economy and was comfortable dictating terms to the oil companies coming to extract North Sea oil. In addition to sustainable 'home industries', a key source of this confidence was the passage of the Zetland County Council Act of 1974 that gave the Zetland County Council (soon to be renamed Shetland Islands Council) extraordinary planning powers unprecedented for a local authority in the UK. Thanks to the Act, to this day "...the Council's normal planning controls have been significantly extended... ...[and the Council] have been able to secure an orderly and co-ordinated development" (Wills, 1991, p. 8). Among the many powers it granted, it gave the council planning authority (normally reserved for national governments) up to 12 nautical miles off the coast of Shetland. The Act set a minimum for community benefit and compensation payments from oil companies to Shetland. Importantly, it also gave the council the power to dictate the terms of development of the physical development of oil infrastructure on Shetland. Rather than each oil major constructing their own pipelines and oil terminals, the council forced them to share one terminal at Sullom Voe. Instead of a speculative land rush by landowners and investors to provide each oil company with their own piece of

Shetland, the council was able to realise “the demise of land speculation in the Islands” (Fenwick, 1978, p. 38). The council was firmly in the driver's seat, ensuring that oil development in the North Seas maximised benefit and minimised impact for Shetlanders. It was “a relationship between the Shetland people as hosts and the oil industry as guests, in which the former established certain house rules and the latter were expected to condition their behaviour patterns accordingly” (Fenwick, 1978, p. 38). It also was highly lucrative. The Shetland Charitable Trust currently has over £400 million to spend on Shetland public priorities, thanks to oil revenues and careful management over the last four decades (Shetland Charitable Trust).

This era represented a high-water mark in terms of a logic of ‘economic sovereignty’ at the Shetland Islands Council. But it doesn’t necessarily represent an ideal for the future as wind energy development picks up pace. What worked in the past may not be viable in the present or future. The conditions in Shetland, Scotland, the UK and even the global economy are different. The Shetland Island Council is under different constraints and the political climate in Shetland is different. Nonetheless, this history shows that different logics lead to different economic outcomes, and so an understanding of how institutional logics change happens is important to understand how economic change *can* happen.

This research uses the lens of institutional logics to explore how new values can be embedded in institutions that shape local economies, and how these new values lead to new ‘institutional logics’ that guide institutional behaviours and outcomes. Specifically, this research will look at how changing values expressed in the Shetland Islands Council’s energy policy over time demonstrates how two different logics (‘economic sovereignty’ and ‘market opportunism’) are interacting to shape the economic policy of wind energy development in Shetland. This research first presents a conceptual framework which briefly introduces the data sources and objectives of applying a particular textual analysis method called ‘pattern inducement’ to understand changing institutional logics in the Council. Next, relevant institutional logics literature is interrogated in order to demonstrate a causal chain of how embedding new values in an institution could lead to a new institutional logic. This is followed by an explanation of the methodology of isolating ‘obligation statements’ as the basis for a ‘pattern inducement’ textual analysis to isolate the

different values in the documents. Finally, findings are presented and discussed, and the research closes with recommendations for further research.

Conceptual Framework

How do new values become embedded in institutions? And how does embedding new values lead to new institutional logics? Using textual analysis of public documents, this research will show how the existing 'market opportunism' logic in the Shetland Islands Council that sees its primary role in the energy development boom as petitioning national government and negotiating maximum community benefit from inbound investment without discouraging outside investors is being influenced by a logic of 'economic sovereignty' that advocates for community ownership and expanded local decision-making powers. This complex interaction of logics comes from 'values work' of embedding new values in the Shetland Island Council. This research uses two sources of data to analyse this 'values-embedding' work: the Shetland Island Council's own energy development strategy documents (five documents from 2021-2026), and energy development policy and research documents that attempt to embed values of community ownership and expanded local statutory authority in the Shetland Islands Council's energy development strategy (three documents, 2024-2025). Due to the outsized influence of energy development on Shetland's economy, the energy development strategy is one of, if not *the* key economic development policy documents in Shetland. These documents are analysed using 'pattern inducement' to isolate the values expressed in the documents. The proportion of values in each document is compared over time to determine to what degree new values are displacing a 'market opportunistic' logic towards a more 'economic sovereignty' logic in the Shetland Island Council's approach to managing energy development in Shetland.

This research finds that the 'economic sovereignty' values of community ownership and local statutory control as a proportion of total values increased over time. An additional surprising finding was that the audience of the documents shifted from primarily the Scottish and UK governments to mostly local actors such as developers, the local community and local government. Both of these findings could be evidence of a growing hybridisation of 'market opportunism' and 'economic sovereignty' logics in the Shetland Islands Council. This research also proposes a novel method of 'pattern inducement' by isolating 'obligation

statements' (statements in the text indicating that *somebody* should do *something*). This research proposes that these types of statements are uniquely suited as the basis of textual analysis to determine values and institutional logics in policy documents. This novel approach could offer new tools for determining the institutional logics of institutions that shape economies and could help identify how best to try and embed new values in institutions.

Literature Review

The primary mechanism this research explores is 1) how activists in Shetland embed new values in the most important economic institution in Shetland; the Shetland Island Council, 2) whether these new values lead to changes in the institutional logic of the Council. To assess this mechanism, it's important to define the components and explain their theoretical lineage. The components are *institutions*, *values*, and *institutional logics*.

Defining 'Institutions'

This research primarily looks at how new values can become embedded in institutions in order to change an institution's 'logic'. But what is an institution? Streeck and Thelen's definition of an institution is appropriate to use, as their objectives and the objective of this research are similar, namely to "focus on institutions that govern behavior in the political economies of advanced capitalism" (Thelen & Streeck, 2005, p. 10). Fundamentally, an institution is a social construct that directs collective behaviours by rewarding socially approved behaviours, and sanctioning deviance. Institutions can be formal or informal, with the key distinction that formal institutions are composed of "formalized rules that may be enforced by calling upon a third party" (Thelen & Streeck, 2005, p. 10). Reward and sanction in informal institutions come from unwritten shared social and cultural norms. Streeck and Thelen illustrate informal institutions using an example of certain types of ritual greetings in a German business context, where negligence of the proper ritual leads to collective sanctioning, leading to loss of business opportunities.

The Shetland Islands Council is a formal institution, constituted based on the laws that govern local authorities (also called 'councils') in the UK and Scotland. Its activities are largely constrained by laws that

require the Council to deliver certain services to residents within its jurisdiction. While some activities of councils are entirely constrained by law (ex. they need to provide schooling for residents of a certain age), other responsibilities of the councils are more able to be shaped by different 'logics'. For example, developing an economic development strategy for the Shetland Islands involves referencing a patchwork of Scottish national laws and guidance documents including National Planning Frameworks, Local Government in Scotland Act (2003), Community Empowerment Act (2015), Equality Act (2010), Town and Country Planning Act (1997) requiring Local Development Plans, Community Wealth Building Act (2026), Scottish National Investment Bank guidance, among many others. In publishing local economic development strategies, local authorities have significant leeway to determine which economic development paradigms on which to base their strategies. It is this leeway that makes economic development policy a useful proxy to determine the underlying logic of the Council. As the example of how the Council managed the North Sea oil boom in the 1970s shows, the institutional logic of a local council can have a significant impact on economic outcomes.

Institutional Logics

Institutions are shaped by their 'logic'. Institutional logics are defined by Haveman et al. as "systems of cultural elements (values, beliefs, and normative expectations) by which people, groups, and organizations make sense of and evaluate their everyday activities, and organize those activities in time and space" (Haveman & Gualtieri, 2017, p. 1152). Sociologists Roger Friedland and Robert Alford developed the concept of institutional logics in the 1990s, based on Max Weber's writings on the four types of 'rationalities' that drive social behaviour (Haveman et al., 2023, p. 1154). Institutional logics build on these competing rationalities to show what motivates institutions and the types of actions, norms and outcomes they produce. For example, sociologist and institutional logics scholar Marc Schneiberg has shown how the Bank of North Dakota, the only state-owned bank in the US, has distinguished itself from other banks by not focusing solely on profit maximisation, but rather operates in pursuit of community development and state policy, as, "...The Bank of North Dakota (BND) has consistently embodied a hybrid of the community and state logics, and has long resisted adopting the market logic" (Schneiberg, 2013, p. 279). At the Bank of North Dakota, the institutional logic of the bank is shaped by "...sets of material practices and symbolic

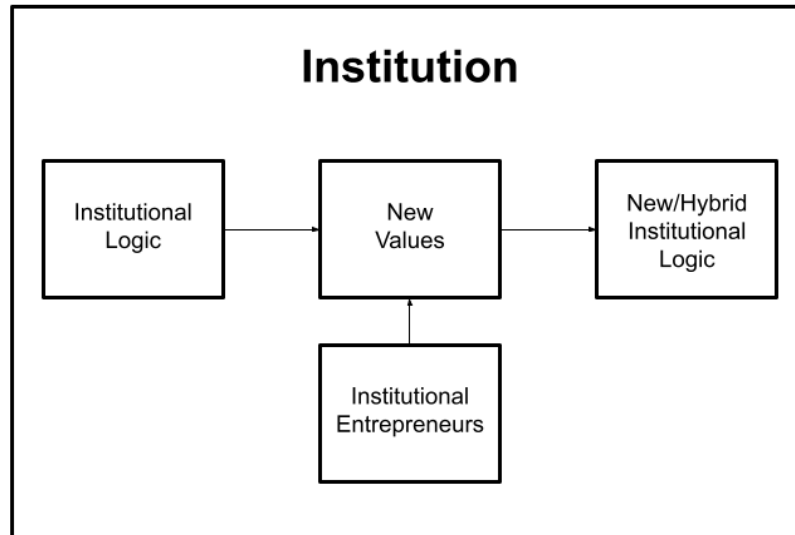
constructions [that] constitute [the] organizing principles' of institutional orders (Haveman et al., 2023, p. 1154), also known as the bank's 'institutional logics'.

Changing Institutional Logics

Once institutional logics were identified as an important way to understand how and why institutions function and the outcomes they produce, scholars started to look at how institutional logics *change*. As Marc Schneiberg asked, "[u]nder what conditions – and through what mechanisms – can alternative logics diffuse across fields and transform existing institutions?" (Schneiberg, 2013, p. 278). Much of the literature focused on changing institutional logics comes from the economic transition in China over the last few decades, from a state-planned to a more market-oriented economy. Scholars traced the trajectory of a state-owned factory from the state-planned era to the market-oriented era, and while the ownership structure of the factory remained the same (state-owned), the *logic* of how it operated had adapted to the new economic context. Previously, in the era of state-planning and quota fulfilment "rewards for workers were based on position, not performance. Workers accepted self-sacrifice and valued camaraderie, and applauded their enterprise's contributions to the nation's economic development" (Haveman et al., 2023, p. 1153). In the market-oriented era, with the elimination of subsidies and quotas and a responsibility to make products for international markets, "enterprise performance became critical, so worker rewards became tied to performance" (Haveman et al., 2023, p. 1153). Managers' and workers' concepts of what they were doing and why changed. Scholars found that "institutional entrepreneurs... ..can craft new forms of organization by selecting organizational elements that are congruent with different institutional logics" (Haveman et al., 2023, p. 1165). These organisational elements could also be called 'values'.

One of the key mechanisms for changing institutional logics is termed 'values work'. Gehman et al. coined the term to describe how certain members of institutions engage in different practices to embed their values in their institution, and to displace previously hegemonic values, leading to a new institutional logic for that institution. Their original case focused on how individuals at a business school in Sweden managed to implement an honour code to create a dominant logic of honesty and displace a previously dominant logic that permitted academic dishonesty. They termed the work of embedding new values in an institution, which eventually led to a new institutional logic, as 'values work' (Gehman et al., 2013).

This causal chain of embedding new values in an institution in order to displace a dominant institutional logic with a new one, in order to ultimately influence a larger system in which the institution sits, is the core conceptual framework of this research.



Methodology

In order to show which values are being embedded in the Shetland Islands Council, this research compares the evolution of the Shetland Island Council's energy development policies over time to assess if the underlying logic of the Council is changing. Alongside the official policy publications, this research assesses public documents from groups attempting to embed an 'economic sovereignty' logic into the Council to see whether these documents are embedding their values in the Council's policies. Documents are differentiated by the different composition of values in their respective documents (ex. The value of 'community ownership' is much more present in certain documents than others). This research uses a grounded theory of textual analysis called 'pattern inducement' to identify values expressed in the documents. The relative composition of these various values over time may indicate changes in the underlying logic of the Council, particularly in relation to its energy development policy.

Pattern Inducing to Identify Institutional Logics

Reay and Jones's 2016 essay *Qualitatively Capturing Institutional Logics* addresses a gap in institutional logics scholarship: despite the rapid growth of qualitative studies on the topic since the 1990s, there has

been less discussion of how researchers can actually identify the presence of a logic in their data. To address this, they distinguish three analytic techniques: pattern deducing, pattern matching, and pattern inducing, each resting on different ontological and epistemological assumptions.

Pattern inducing is the technique most relevant to this research. It is a bottom-up approach in which a researcher gathers textual data and groups segments of text into categories that reveal underlying values associated with a logic. As a grounded theory, meaningful categories emerge from data itself, and are only afterward related back to existing theory. Reay and Jones illustrate this with their own study of a Canadian healthcare system, where public statements were grouped chronologically to trace the tension between a medical-professionalism logic and a business-like healthcare logic. These categories emerged from the statements themselves, rather than preexisting 'logics'. In this research in the Shetland Islands, the author identified two primary logics that emerged from the texts: 'market-oriented opportunism' and 'economic sovereignty'.

Reay and Jones note that pattern inducing's strength lies in creating categories of values and logics that emerge from the text itself, rather than applying preexisting logics to the text. This, however, opens up the possibility of researcher bias to guide the findings, as the researcher is identifying their own patterns and thus may look for textual evidence that reinforces their own preexisting hypotheses (Reay & Jones, 2016).

Obligation Statements

Through working with the text, the author attempted different methods for isolating the values expressed in the text. As discussed, 'pattern inducement' textual analysis is a grounded theory approach for identifying institutional logics in text which requires the researcher to isolate parts of the text that contain patterns that identify logics. The researcher found that the policy documents being analysed often contained sentences indicating that *somebody* should do *something*. These were sometimes formal recommendations, but were also simply normative sentences throughout the document. For example, "[t]he **Scottish Government**, as the landlord receiving all option and rental income from offshore renewable generation developments, **must ensure environmental mitigation and compensation** for any displaced activity" (Shetland Energy Development Principles, 2021). "The Scottish Government" is the *somebody*, "must ensure" is the

obligation, and “environmental mitigation and compensation” is the *something*. Each document had on average 78 of these ‘obligation statements’. Since “[i]nstitutional logics determine both what should be done in order to achieve desired outcomes and what is good to do”, these ‘obligation statements’ appeared to be a valid place to look for patterns that indicate the institutional logics of the text (Haveman et al., 2023, p. 1154). As far as the author can tell, this practice of reducing policy documents to their ‘obligation statements’ as the text for analysis is a novel technique.

All of the documents were first run through a Large Language Model (LLM) to extract all ‘obligation statements’ contained in each document¹. This method of isolating certain parts of text by training an LLM has been used by a number of scholars and disciplines, but the author was inspired to try it after reading *Applications of GPT in Political Science Research* by Lee et. al (Kyuwon Lee et al., 2025). In this research on the Shetland Islands, an LLM was trained to identify all obligation statements (458 obligation statements across seven documents), and then the researcher manually assigned values (546 values total) to each of the obligation statements. In the example above, ‘Community Benefit’ and ‘Environmental Protection’ were assigned as values, as the statement is advocating for compensation to displaced local community economic activities and mitigation for environmental harms. Additionally, the researcher indicated *who* was responsible for carrying out the activity proposed in the obligation statement (in the example above, “the Scottish Government”).

The following values were found to encompass nearly all of the obligation statements from the seven documents:

- **Community Ownership:** obligation statements that explicitly advocated for community or public ownership of energy assets or related infrastructure in order to ensure maximum return to the Shetland Islands community.
- **Attract Investment:** Statements that advocated for taking action that makes inward investment from outside developers or investors easier.

¹ See Annex #1 for Large Language Model training prompt

- **Community Benefit:** statements that advocated for enhanced community benefit, either financial or in-kind, excluding statements that advocated for Community Ownership.
- **Environmental Protection:** Statements that advocated for the protection of the natural environment, including advocacy for Net Zero policies, protecting exploitable natural resources like fishing stocks, and minimising physical impacts on natural landscapes.
- **Process Guidelines:** Statements advocating for certain existing processes to be followed by stakeholders involved in energy development projects.
- **Statutory Control:** Statements advocating for enhanced statutory power for local governing bodies like the Shetland Island Council.
- **Democracy/Sovereignty:** Statements in support of building local power that did not mention a specific statutory process for building this power, or statements advocating for inclusive decision making powers via democratic processes.

Each obligation statement was assigned one or more of these above values. For each document, the proportion of each value compared to the total number of values present in all obligation statements in the document was calculated. This determined the 'logic' of the document. Which values are most advocated for in each document? How does this change over time? What does this say about the values that the Shetland Islands Council prioritises, and how are logics changing?

Shetland Case Study

Scotland is in the midst of deciding which economic logics will guide public policy and economic development. Generally, the hegemonic logic can be described as a more 'market-oriented' logic, which sees the government's role at the national and local level to be one of facilitating investment from private capital, which will then lead to economic growth and subsequent social benefits such as employment, high wages and tax revenue for public services. This is exemplified by the Scottish Government's 'commercial-first' investment approach (Energy and Climate Directorate) whereby public money is used to create the conditions to 'crowd-in' private investment, as outlined in the Scottish National Investment Bank's definition of 'commercial-first' (The Scottish National Investment Bank, 2025). It is also demonstrated in the Scottish Government's policy around Community Benefit payments from energy companies to communities hosting

energy projects such as windfarms and oil rigs. The Good Practice For Community Benefit notes that “the provision of community benefits... ..is **not a material consideration, and has no bearing in the planning process**” (Scottish Government Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments, 2019, p. 10 emphasis in original). The Scottish government expresses a desire to decrease economic inequality, facilitate a green transition, and accomplish a number of other social objectives, and elements of the government sees these objectives as downstream of successfully facilitating business investment in Scotland and encouraging growth. Imposing costs on private businesses, such as mandatory community benefit payments for host communities of energy development is not a path to accomplishing these objectives at this point in time. This ‘market-oriented’ economic development strategy has represented ‘traditional’ economic development policy in Scotland.

An insurgent economic logic is exemplified by the recent passage of the 2026 Community Wealth Building Act. The values that underpin community wealth building are “social justice, economic control, democracy, and social equality”, and activists see community ownership of productive assets a key step to achieving social objectives (Guinan and O’Neill, 2020, p. 37). Rather than facilitating private investment, Community Wealth Building, “transforms local economies based on communities having direct ownership and control of their assets” (“The Democracy Collaborative,” 2024). Community Wealth Building advocates for governments and communities to have meaningful control over economic decisions.

An example of where this logic has been embedded is in the fourth National Planning Framework published in 2023 under the guidance of then-Minister for Public Finance, Planning and Community Wealth Tom Arthur, a noted advocate for Community Wealth Building (EDAS, 2026). It uses much of the language of Community Wealth Building, particularly in advocating for community ownership of productive assets. As the report states, “[o]pportunities will flow from more land and assets being placed in the hands of communities or under their guiding influence” (Scottish Government, 2023, p. 14).

While this contestation of economic logics is happening at the national level, a similar contestation is also happening at the local level. By using ‘pattern inducement’ to analyse the Shetland Islands Council’s energy development policies to identify how values expressed in these policies change over time, this

research tracks how these two logics are competing for influence in shaping the institutional logic of the Shetland Islands Council.

Why The Shetland Islands?

The Shetland Islands are a good case study to demonstrate competing institutional logics influencing the local economy because:

1. **Global Phenomenon:** The contestation there is a microcosm of the larger contestation over economic logics happening throughout Scotland with the passage of the Community Wealth Building Act, which itself is an example of the global contestation of the logics unfolding in countries around the world. Is market-led growth the path to broadly shared prosperity? Or is a logic of economic sovereignty important to ensure that gains from economic growth are fairly shared?
2. **Extraordinary local power:** Due to the extraordinary planning and revenue-generating powers secured by the Zetland County Councils Act, Shetland is a unique view into an alternative universe where local councils in the United Kingdom have statutory control over economic development, and the ability to raise substantial revenues far beyond most local councils in the UK due to payments from energy companies. This Shetland case study offers insight into how a more devolved UK economy might operate.
3. **Sectoral Isolation:** The Shetland Islands have only a few industries. By isolating the energy sector, it is easier to see the contestation of logics happening, rather than if it were happening over a number of different interdependent industries with a number of different institutions. This isolation approach was pioneered by previous institutional logic scholars Schneiberg (Bank of North Dakota) and Haveman et al (Chinese state-owned enterprise) to good explanatory effect.
4. **Public Documents:** There are a relatively high number of public documents relating to the Shetland Island Council's energy strategy. These include public reports from the Council and policy recommendations from civil society. This makes documenting the contestation of economic logics possible. Complementing public documents is robust newspaper reporting on the documents, which comments on the competing logics and allows a richer view of how the different actors are attempting to embed their values in the Shetlands Islands Council.

5. **Historical Precedent:** The Shetland Islands have a history of extractive industries that have attracted foreign investment booms, and subsequent contested institutional logics of how best to manage this inward investment. The example of the 1970s oil boom offers a baseline of a time when a different logic underpinned the Shetland Islands Council.

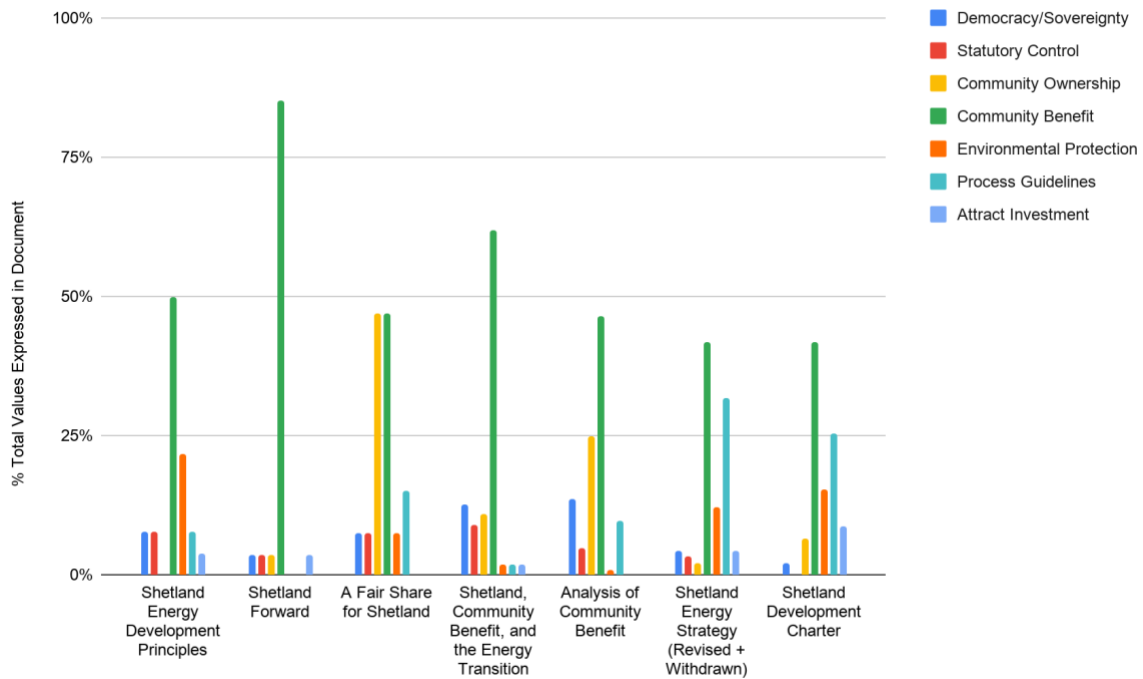
Documents, Logics and Comparisons

No.	Document	Type	Year	Publishing Org(s)
1	<i>Shetland Energy Development Principles</i>	Energy Policy	2021	Shetland Islands Council
2	<i>Shetland Forward</i>	Policy Recommendation	2023	Shetland Islands Council
3	<i>A Fair Share for Shetland</i>	Policy Recommendation	2024	Energy Transition Task Force (Commissioned by the Council)
4	<i>Shetland, Community Benefit, and the Energy Transition</i>	Policy Recommendation	2024	Just Transition Commission
5	<i>Analysis of Community Benefit</i>	Policy Recommendation	2025	Shetland Islands Council
6	<i>(Shetland Energy Strategy, 2025) (Revised + Withdrawn)</i>	Energy Policy	2025	Shetland Islands Council
7	<i>Shetland Development Charter</i>	Energy Policy	2026	Shetland Islands Council

The table above contains the documents analysed for this research. Included is the title of the document, the year it was published, the publishing organization. These documents represent the Shetland Island Council's evolving policy towards energy development, which has rapidly increased in importance thanks to interest in exploiting Shetland's abundant wind resources coupled with the UK government's Net Zero commitments initiated in 2019 that require transitioning the electricity grid to renewable energy (Climate Change Act 2008 (Revised), 2019).

In addition to the Council's official energy policy documents and policy recommendations, three documents (#3 *A Fair Share for Shetland*, #4 *Shetland, Community Benefit, and the Energy Transition, 2024*, and #5 *Analysis of Community Benefit*) are policy recommendations or research responding to the perceived 'passiveness' of the Council in their energy strategy; these documents responded to how some local actors felt that "[the Shetland Islands Council energy strategy] does not go far enough and is not sufficiently specific on how the transition can secure better socio-economic outcomes for local people now and into the future" (Marter, 2024a). The Shetland Islands Council is not a monolith in terms of its approach to energy development. Two of the three documents attempting to influence the Council to take a more 'economic sovereignty' approach to energy development based on the values advocated in those documents were in fact commissioned by the Council. *A Fair Share for Shetland* came from the Energy Transition Council, which itself "was formed [by the Council]... after councillors rejected an initial draft of the Shetland energy strategy" due to perceived inadequacy of their energy strategy (Marter, 2024b). The Energy Transition Council was chaired by Neil McInroy, Community Wealth Building Global Lead for the Democracy Collaborative and one of the leading advocates of Community Wealth Building as a framework for communities to "have a genuine, real and meaningful stake in the wealth that is being produced locally" (Marter, 2024b). This likely represents an important moment of contestation of values and logics in Shetland.

Findings



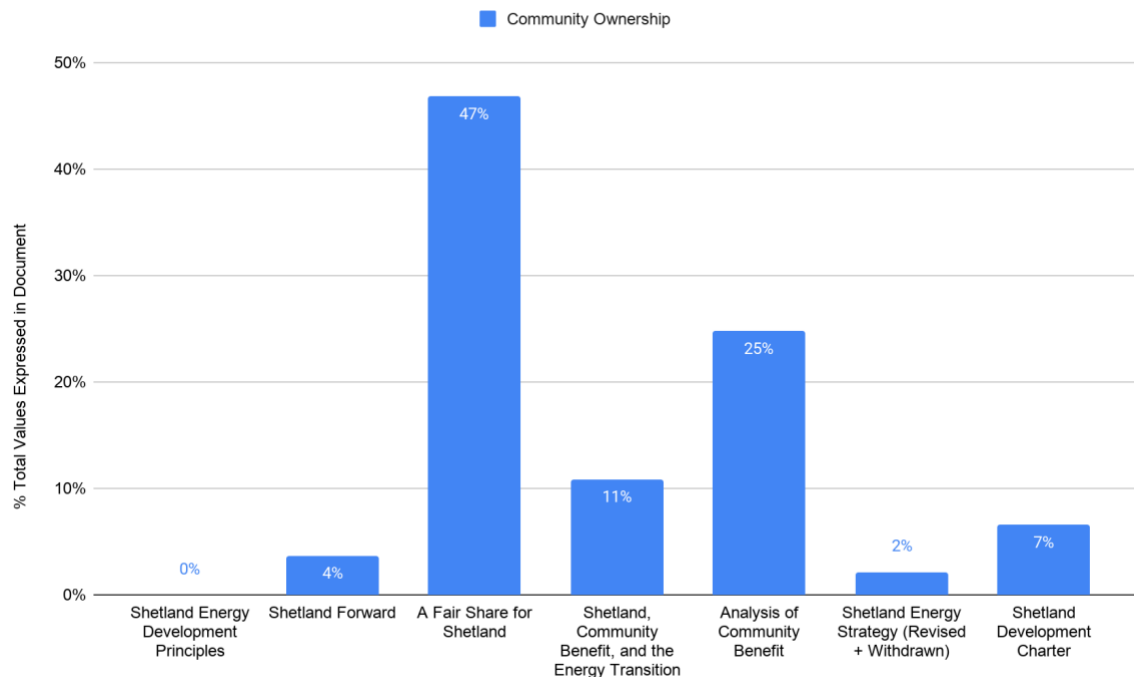
#	Document	Year	% Appeal to UK/ Scottish Gov't	% of total obligation statement values					
				Community Ownership	Attract Investment	Community Benefit	Environmental Protection	Process Guidelines	Statutory Control
1	Shetland Energy Development Principles	2021	23%	0%	4%	50%	22%	8%	8%
2	Shetland Forward	2023	81%	4%	4%	85%	0%	0%	4%
3	A Fair Share for Shetland	2024	4%	47%	0%	47%	8%	15%	8%
4	Shetland, Community Benefit, and the Energy Transition	2024	11%	11%	2%	62%	2%	2%	9%
5	Analysis of Community Benefit	2025	11%	25%	0%	46%	1%	10%	5%
6	Shetland Energy Strategy (Revised + Withdrawn)	2025	10%	2%	4%	42%	12%	32%	3%
7	Shetland Development Charter	2026	0%	7%	9%	42%	15%	25%	0%

Above are the findings of the textual analysis of the seven most important recent energy policy documents in the Shetland Islands. Obligation statements (*somebody* should do *something*) were extracted from the text, and one or more values were assigned to each statement. The proportion of a particular value in

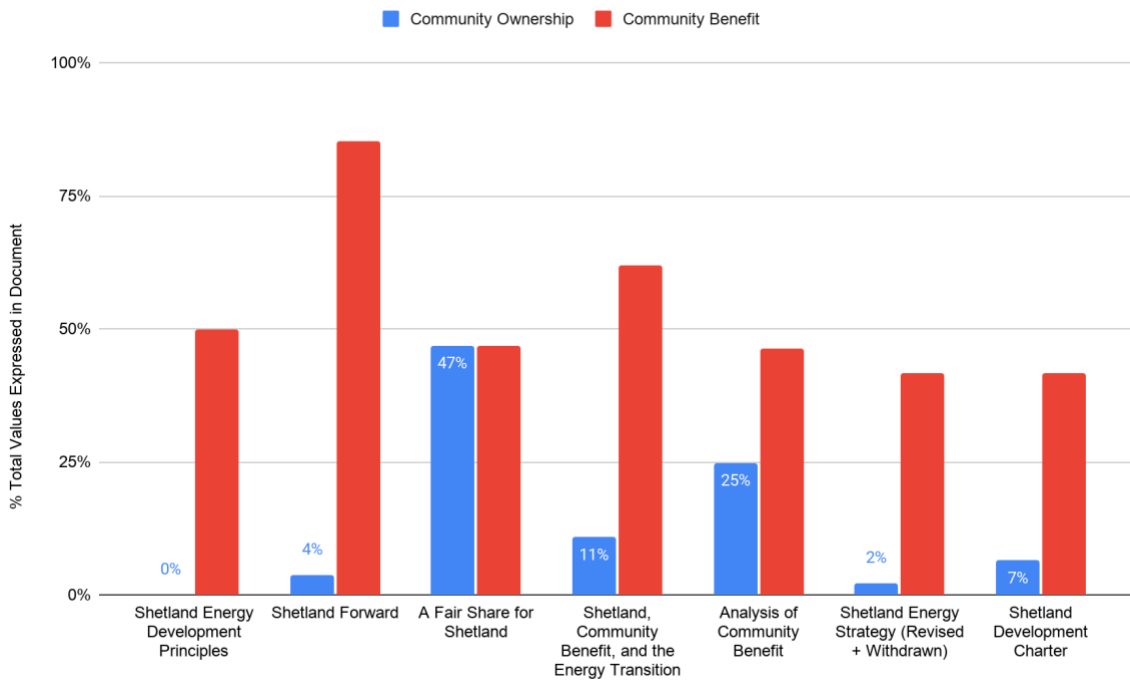
relation to the total number of values expressed in the document is given in the table and chart above.

Below are more detailed findings that speak to shifting logics at the Shetland Islands Council, and the raw data from the seven documents can be found via a link in Annex #2.

Community Ownership



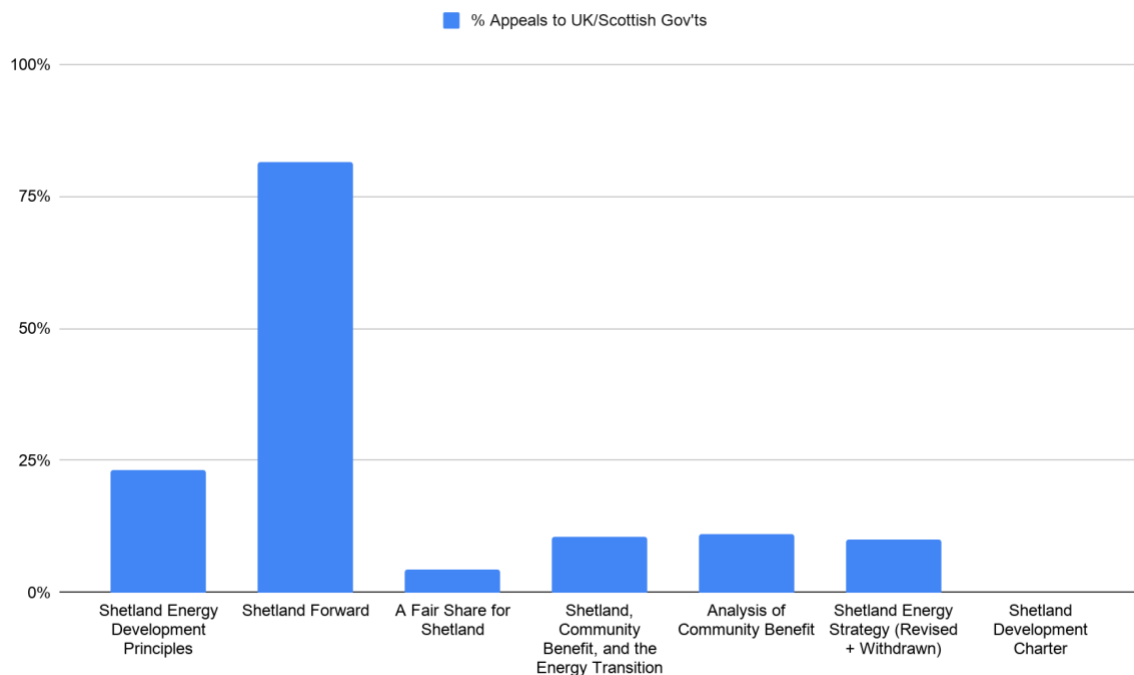
In the document *Analysis of Community Benefit*, the author writes “*community ownership is the gold standard for maximising local value and benefiting a wider range of local residents*” (Analysis of Shetland Community Benefits, 2025, p. 37). This represents a major values shift in how the Shetland Islands Council thinks about ensuring community benefit. As the chart above shows, the first two documents only briefly mention public ownership, whereas the middle three documents focus heavily on community ownership. Document #2, *Shetland Forward*, proposes a publicly owned energy company that can negotiate with energy producers, but does not propose publicly owned generation (Shetland Forward, 2023). It is not until *A Fair Share for Shetland* that public ownership of energy generation becomes a focus of policy discussion (A Fair Share for Shetland, 2024). Obligation statements that advocate for community or public ownership of energy resources become a key indicator of the two different logics of economic sovereignty and market-oriented opportunism logics.



One of the most frequently occurring obligation statements across all documents are statements advocating for increased community benefits for Shetland. This would indicate that the Shetland Islands Council is most preoccupied with how to secure maximum community benefit for Shetland. By setting the “gold standard” for community benefit as being community ownership as stated in the Council’s *Analysis of Community Benefit*, community benefit and community ownership values become intertwined. By the final document, *The Shetland Development Charter*, the Council has pulled back on linking the values of community ownership and community benefit, but explicit statements in support of community ownership remain. The document makes two obligation statements advocating for community ownership: “Engage with the community on co-development and/or shared ownership at the earliest opportunity,” and “Facilitate and engage in discussions on ownership options” (Claire Ferguson & Thomas Coutts, 2026).

While these two statements represent relatively unspecific statements regarding the potential of and pathways to community ownership, they do represent a new logic of economic sovereignty emerging in the Council. That said, quantitatively, they represent only 7% of total obligation statements in the Charter, a far cry from *A Fair Share for Shetland* in which 47% of obligation statements advocated for community ownership.

Audience: From National Government to Local Actors



An interesting finding unrelated to the values of an obligation statement is the shift in *who* the statement is addressed to. Early Shetland Island Council documents *Shetland Energy Development Principles* and *Shetland Forward* targeted the Scottish or UK Governments with 23% and 81% of obligation statements respectively. In *Shetland Forward* in particular, it is clear that the Council at that time saw the Scottish and UK Governments as the most important stakeholder in securing local benefits for Shetland; “A new partnership which ensures that Scotland and the UK’s just transition is also Shetland’s just transition; a jobs transition to put the unparalleled expertise of our oil and gas workforce to use in the renewables revolution” (Shetland Forward, 2023). Key policy proposals include a Shetland Tariff and grants for internet connectivity and transportation infrastructure, all to be provided by the Scottish or UK Governments.

Subsequent documents shift the focus from national governments to local actors. In later documents, few obligation statements are directed at the Scottish or UK government and instead focus on advocating for local actors to take action on goals such as facilitating community ownership, linking community benefit payments to production rather than installed capacity, and building local capacity in order to create more leverage with national governments in setting development agenda. This could indicate the increased

influence of an economic sovereignty logic, whereby Shetland turns its sights from national governments to provide benefits, and to local actors they are more able to influence.

Methodological Findings

While ‘pattern inducement’ as the process of coding textual statements by values in order to identify dominant logics is an existing methodology, the primary novelty of this particular research methodology is the identification of ‘obligation statements’ via a Large Language Model as a way to isolate the values and logic of the publishing institution. Drawing on institutional logics literature, which says institutional logics “determine both what should be done in order to achieve desired outcomes and what is good to do” (Haveman et al., 2023, p. 1154), the author found that isolating obligation statements are the best way to quantitatively analyse the values found in the text, indicating the underlying logic of the text. Future innovations that could be useful are to train LLMs to be able to assign values, as currently the author manually assigned values (546 total values) to each obligation statement (458 statements total). This technique could then be used to track institutional logic evolution at scale for any entity that publishes public policy documents.

Conclusion and Further Research

Changing institutional logics is a powerful way to understand how economic change happens. Yet analytical tools for measuring institutional logics remain relatively limited compared to analysis of other mechanisms for creating economic change, such as electoral politics or mass mobilisation. Institutions like the Shetland Islands Council shape how local economies operate, and the logic that underpins the Council determines how it operates and what types of outcomes it aims to achieve. By isolating obligation statements, assigning them values, and identifying patterns via pattern inducement, this research shows it is possible to trace new values being embedded in the Council and how the institutional logic of the Council may be shifting from one of ‘market opportunism’ towards a more mixed logic that shows some evidence of increased ‘economic sovereignty’.

The proportion of values has changed from the *Shetland Energy Development Principles* of 2021 to the *Shetland Development Charter* 2026, which would seem to indicate a degree of institutional logic hybridisation occurring in the Shetland Islands Council. Community ownership has entered the conversation, though without much specificity in the end compared to the ‘economic sovereignty’ documents of 2024-2025 that stated community ownership as “*the gold standard*” of community benefit. In addition, the audience for the policy documents has shifted from the UK and Scottish governments, to audiences that the Council is more able to influence, such as developers and the local community.

While using obligation statements as the basis for pattern inducement in order to identify values and institutional logics in text appears to be a promising method of textual analysis, there are limitations to this methodology. Assigning values to obligation statements in order to track logics only works on aspirational, forward-looking documents where *somebody* should do *something*. This technique may not work or would need to be adapted in order to potentially analyse backwards looking documents, such as historical analyses of institutions. Additionally, relying solely on obligation statements in order to isolate values and logics may not actually be an accurate way to extract the values and logics of documents. While it would seem to hold that obligation statements are good proxies for institutional logic, there may be other types of phrases in policy documents that are more indicative of values and logics, or important contextual clues that indicate values and logics that may be lost by analysing only obligation statements. Future researchers should take this into consideration and consider testing the analytical value of obligation statements versus other types of text in policy documents.

What was outside of the scope of this research, but is worth further exploration, is the mechanism for these changes in values and logics. The Shetland Islands Council is not a monolith, with many different values held by different people, both staff and elected councillors. In addition, work at the national level of Scottish policy likely has a strong influence on Council energy policy. For example, the recently passed Community Wealth Building Act will require the Council to publish a Community Wealth Building plan. While this research has tracked the changes in values and logics, it is not able to describe the *mechanism* for this change. This research cannot say with confidence if it is the actions of those in the council, in the Shetland

community, developers, the UK or Scottish governments, or other actors that are responsible for shifting values and logics.

Finally and most importantly, additional research should be done on the economic impacts of different institutional logics in local governments. What impact does the institutional logic of local government have on the local economy? How does it impact growth, poverty reduction or inequality? With advances in Large Language Models and institutional logics analytical tools, it may be possible to assess at scale the impact of government logics on economic outcomes. As understanding grows of how institutional logics change, it will be important to link that with an increased understanding of the impact that institutional logics in government have on economic outcomes.

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Annexes

Annex #1: Claude Prompt for 'Obligation Statement' extraction

Full prompt can be found here:

https://drive.google.com/drive/folders/1SWP_0so21mY55pCdS5M_Ej4tHhtcVhs6?usp=drive_link

Annex #2: Obligation Statements and Values Coding for each document

The data can be found here:

https://drive.google.com/drive/folders/1SWP_0so21mY55pCdS5M_Ej4tHhtcVhs6?usp=sharing