The Practice of Entrepreneurship: Support for Innovation on private forest land

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Aim of the research

The practice of entrepreneurship:

-Large unused Potential for NWFP to support rural development

1. Entrepreneurial activity
   How do entrepreneurs create and develop innovations in the field of NWFP?
2. Institutional support
   To what extent and in what form the innovations were supported by the institutional system and actors?

Method: Empirical in-depth case studies of innovations in different European regions – innovative companies or projects.

Methods: interpretative, problem-centered, semi-structured interviews with entrepreneurs.

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Concepts and Definitions

Innovation

- A new idea, introduced to market;
- Incremental or radical;
- Products (good or service) or processes (organisational, market, institutional) (Schumpeter)

Entrepreneur

- „An entrepreneur is a person willing to buy at a certain price and to sell at an uncertain price “ (Cantillon);
- „is searching for *opportunities“* (Drucker; Lindh de Montoya);
- Non-conventional ways, flexible, adaptive (Cromie)
- Creative, intrinsically motivated (Ryan and Deci)

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Concepts and Definitions

Systems supporting Innovations (Innovation systems):

- Actors and Institutions (explicit and implicit norms), who supported Innovations; national, regional and sectoral systems of innovation

Functions supporting Innovations:

- Information, Financial support, Coordination (Edquist)

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The Four innovative cases

Case 1: Birch Sap (FI):

- New method of production (Birch sap collection and bottling system)

Case 2: Country Wines (Scot, UK):

- New product (Wine from Oak leaves & Elderberries)

Case 3: Hand picked tea (Wales, UK):

- New product (Home grown & Hand picked Tea)

Case 4: Mushroom Hotel (Catalonia, ES):

- New Service (Mushroom picking combined with Tourism: hotel and restaurant)

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Birch sap (FI)

The Innovation

- New method of extraction, which allows longer shelf life without preservatives.

Creation of the Innovation

- Entrepreneurs moves to country side and searches for income possibilities: birch sap from own birches, trial-and-error, first besides main occupation; marketing: learning from similar products, directly to international markets.

Innovation Support

- Support for product development and investments through several national and regional actors, and business counceling. No big funding.

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Country Wines (Scot, UK)

The Innovation

- Fruitwines, partly from wild leafs, flowers and berries.

Creation of the Innovation

- Entrepreneurs were selling sheds and financing the innovation from their own funds. The knowledge accumulation from books, there is no experience on wine from oak leaves etc. Marketing through local groceries and wine-shops. Today own shop and cafè.

Innovation Support

- Support mainly through private networks, no big funding. Slow growth of the company.

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Hand picked tea (Wales, UK)

The Innovation

- Hand-picked, local tea-mixtures.

Creation of the Innovation

- Entrepreneurs had prior knowledge in perma-culture and food technology; took courses and read books „until our knowledge overtook“, start giving courses and guided tours in „Foraging“,; local marketing in Cafès and Shops.

Innovation Support

- Support through private and public organisations (such as the European herbal tea association and LEADER) but no big funding.

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Mushroom Hotel (Catalonia, ES)

The Innovation

- Hotel and Restaurant with mushroom picking licence and mycological path for tourists.

Creation of the Innovation

- The entrepreneur could not get a general licence for the whole valley, but only on his own proprety (220 ha) around his hotel. The path and the mushroom picking are a marketing idea for his hotel and gourmet restaurant.

Innovation Support

- Support through own networks (tourism association, later turned against him). Mycological path was supported through a forestry research institute and an EU-project there.

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Results: 1. Entrepreneurial behaviour

Motivation

- Own initiatives to gather information, finances, networking, marketing (all cases)

Know-how

- Entrepreneurs knowledge from earlier work and studies was utilized and helpful for the process (all cases)

Sources of Information

- Most were largely self-taught (all cases)
- Additional information aquired by own initiative from variety of sources (all cases)

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Results: 2. External Support

Funding +

- Foremost self-financing, slow growth, low risk.
- Small Grants from regional sources.

Coordination und Cooperations ++

- Some networking via regional development organizations and regional research organisations.
- Own private retail and institutional networks are important.

Information +++

- Most are “self-taught”, looked for informations on their own
- Some Advice, technical information, etc. of research institutes, regional authorities, regional development organizations

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Discussion: Support for Innovation

Entrepreneurs had local cultural knowledge and creativity:

- Not only in regards to the production but also regarding the possibilities of marketing. (Tea in the UK, International markets for birch sap)

Support through regional Innovation systems:

- Not national or sectoral innovation systems. Regional development organisations and other relevant institutional actors (e.g. research institute in Catalonia).
- The same actors are also important for networking, information and consultation. Monetary funding less important for the innovation.

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Discussion: Non-Wood-Forest Products

Taste is local

- All products originate in the local contexts and bear local consumation habits. Only the Finnish company exports the product.

Innovation combines old knowledge with new demands

- Builds up on traditional knowledge, but enlarges it with new demands (preservation/durability of birch sap) and customers (international and urban).

The taste of tradition as experience and adventure

- The product itself is the bearer of the experience (nature, fashionable historical tradition).

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Summary and Outlook

- The four innovations combine **traditional knowledge** with new **demands**: They bring local products out of their local context to new and larger markets.
- The entrepreneurs apply local culture and their **own creativity and efforts**: many years of "trial-and-error" efforts.
- Information and **know-how** are mostly "**self-taught**".
- We show that there are **huge potentials for expanding external support** in all three realms of support functions for innovation:
- Especially monetary funding little to none available. All cases show slow growth and small risk.

→requirement of more policy instruments that **foster cross-sectoral interaction** and information exchange via **especially low-bureaucratic and small-scale funding.** Pilot projects and bottom up.

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Thank you for your attention!

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