Forest based rural entrepreneurship – European experiences

SSFE meeting 12-15 May 2005
Järvenpää, Finland

Anssi Niskanen and Saija Miina
University of Joensuu

With special acknowledgement to:
Prof. Bill Slee Univ. of Gloucestershire (UK)
Prof. Anders Lunnan, Forest Research Institute (Norway)
Prof. Davide Pettenella, Univ. of Padova (Italy)

Aim of the presentation

To synthetisize the preliminary findings of COST Action E30 on:

"Economic integration of urban consumers’ demand and rural forestry production"
What is COST E30?

- research network, 22 participating countries
- focus in entrepreneurship:
  - *factors affecting the competitiveness of forest wood chain*
  - *barriers to entrepreneurship*
  - *problems for enterprise development*

Why enterprises?

- enterprises are basic units in societies
- success of enterprises increases national and regional welfare
- public sector provides institutional background and direct support for enterprises
- forestry, wood processing and NWFP sector can develop along the path of entrepreneurship
- competitiveness is essential for success
- long traditions in public incentives in forest sector (compared e.g. with ICT-sector)
- barriers to entrepreneurship still important
**Employment**

The number of employees in Finland

![Graph showing employment trends](image)

**Impacts:**
- State budget decreasing
- Availability of employees
- The role of public sector
- Entrepreneurship
- Rural development

**Total labour force in Finland**

**The number of unemployed in Finland**

**The number of employees in Finland**

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**Action Working Groups (WG)**

- **WG 1: Small-scale forestry**
  - Prof. Bill Slee, Univ. of Gloucestershire (UK)

- **WG 2: Wood processing industries**
  - Prof. Anders Lunnan, Forest Research Institute (Norway)

- **WG 3: NWFP & S**
  - Prof. Davide Pettenella, Univ. of Padova (Italy)

- [http://www.joensuu.fi/coste30/](http://www.joensuu.fi/coste30/)
Material (WG meetings 23-24 April)

- DRAFT country reports from most of the participating countries
- Summary of key findings by countries
- Synthesis by the WG leaders

=> Short overview of preliminary findings and common issues

WG 1: Small-scale forestry

- Multifunctionality increasing
  (both in owners’ and wider public demand)
- New patterns of ownership emerging
  (owners’ values diverse, warm glow of ownership, restitution in CEE)
- Economic objectives in challenge
  (size of the forest area, net-contribution to owners’ well-being, low prices of wood, high costs of production factors)
- Needs for education and training
  (forest owners skills for forest management often poor)
- New ”urban” demand increasing
  (antagonistic to production forestry; rather biodiversity and recreation)
WG 1: Small-scale forestry

Research needs emerging:

- What are the goals and values of forest owners?
- How to elaborate the role of forest associations and co-operatives?
- What are the benefits of multifunctionality (to forest owners)?
- What can we say on the impacts of area based integrated rural development?

WG 2: Wood processing industries (mechanical)

- Low profitability, low tech, poor image
  (few innovations for high growth business to attract investments)
- Weak networking
  (between business and research institutes, no cluster formation)
- Poor logistics of the wood chain
  (not well developed in most countries)
- Wood has somewhat bad reputation
  (compared with competitive materials)
- Dominated by domestic production
  (low degree of internationalisation, potential for structural development)
WG 2: Wood processing industries (mechanical)

▲ needs for better education
(both in management and labour work; ALSO: how to increase the attractivity of the industries to young people?)

WG 3: NWFP & Services

▲ obstacles for internalisation
(legal frames often stressing, public opposition, public goods)
▲ structure of forest holdings
(aged persons, small farms, no profit orientation, wood orientation)
▲ lack of supporting structures
(assistance, consultants, etc. often non-existing, wood orientation)
▲ demand for ”green” products
▲ search for alternative income
(integrating forest and non-forest activities, ”follow your neighbour”)

Final remarks

- Work still less than halfway, but:
  - entrepreneurial thinking and managerial skills are underdeveloped
  - traditional wood manufacture culture (still) dominates in production and R&D, though demand increase especially in green products and services
  - industries are small and non-integrated (lack of innovations, marketing power etc.)
  - how to create welfare in the evolving environment where:
    - forest ownership and values are fragmented
    - supporting industries and institutions are old-fashioned and wood efficiency oriented
    - demand changes are not understood?
What next?

• Phase one: state of the art (2005)
• Phase two: in depth analysis of emerging issues (2006)

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