



UNIVERSITY  
OF HELSINKI  
RURALIA

Entrepreneurship and innovation in  
food sustainability transition – A focus  
on South Ostrobothnian food  
companies

RURAL  
SOLUTIONS  
FOR  
A SUSTAINABLE  
FUTURE

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*Food Business Summit – 23.03.22*



# **My research in a nutshell**

**5 YEARS RESEARCH (2021-2025)**

## **OBJECTIVE**

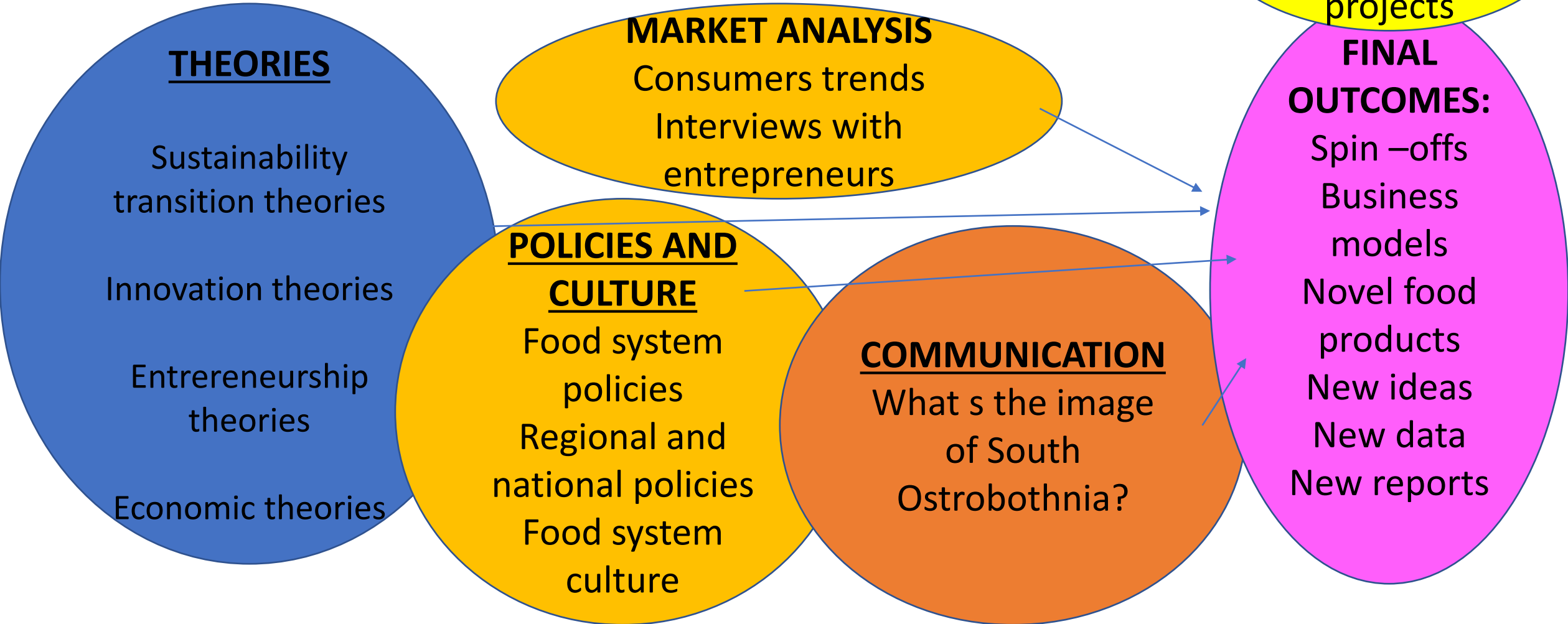
To produce high-quality knowledge that can help support and shape the active role of food companies in South Ostrobothnia & Finland and promote an understanding of new business opportunities in the sustainable transformation of the food chain.

The research could potentially lead to the creation of an Innovation Hub/ Food Business Booster in the region

## **SOME OF THE RESEARCH QUESTIONS**

- What is the current level of innovation in South Ostrobothnian food companies?
- How do new innovations and practices emerge? What is an innovation ecosystem in relation to food?
- What is the role of food entrepreneurs in promoting innovations and sustainability transition in South Ostrobothnia?
- What is the role that geographical location plays in supporting innovation?

# A truly interdisciplinary research



# Perfect timing. WHY?

## In terms of policies ....

### **FINLAND'S FOOD RESEARCH MISSION FOR 2035** (released in March 2021)

The Finnish food system is based on sustainable, flexible, and competitive food and runs pilots on research, innovations and new operating methods that aim for a sustainable food system

### **THE FINNISH INNOVATION ECOSYSTEM AGREEMENT** (released In April 2021)

Seinäjoki: Sustainable regeneration of the food ecosystem and intelligent regeneration of industry

### **SOUTHERN OSTROBOTHNIA REGIONAL PROGRAM** (2018-2021)

The Regional Program states that organic and local food will remain permanent phenomena, which means that small local food companies will bring new significance to the market.

## In terms of facts...

- South Ostrobothnia is **the Food Province of Finland**- and there are a number of projects going on around food
- It has been nominated as the **best business environment** by the Federation of Finnish Enterprises
- Business investments are expected to be around **1 billion euro** in 2021
- **1000 hectares of new business area**
- **Seinäjoki has been nominated n.1 city of entrepreneurship and it is the capital of space**

Many institutions are working in the region to promote activities, projects and researches on food, innovation, digitalization, sustainability

# The framework: South Ostrobothnia



- 20 % of all Finnish food industries are located in South Ostrobothnia
- Mostly micro-companies (1-4 employees)
- Some major national food companies including Valio, Atria, Altia are also located here
  
- A study from 2017 shows that the 110 food sector companies in the region are in the following branches:
  - Manufacture of bakery products 39 companies - > 37 %
  - Manufacture of other food products 17 companies -> 16 %
  - Manufacture of vegetable, berry and fruit products 15 companies -> 14 %
  - Processing and preserving of meat and production of meat products 13 companies -> 12 %
  - Manufacture of beverages -> 8 companies -> 7 %
  - Manufacture of dairy products -> 7 companies -> 7 %

# The food system in South Ostrobothnia

- SO food system is based on agriculture, forestry and fishing (34% of the local food companies are engaged in these sectors) and on the functioning of the local food companies. Here the food chain creates 14.5% of the added value of the regional GDP, which is the highest share in the whole of Finland. (Aitojamakuja, 2018).
- The South Ostrobothnian grocery trade is exceptionally centralized and a few actors have the control of the majority of the market share (Kuosmanen, et al., 2009). The remote location and small customer base of the region have little attraction for international retail chains (Lidl is the only exception).
- The number of small village shops has significantly reduced in recent years.
- Alternative food sales channels for SMEs are represented by REKO network/groups

# Why is the food system under pressure?

The food systems is under pressure:

- It demands for ethical standards (human and animal)
- It demands for environmental sustainability
- It demands for reduction of food loss and waste, plastic
- It demands to find solutions to food related healthy concerns (over nutrition, undernutrition, food safety)

Historically food systems have always been innovating in response to the society needs

## **IS IT A BROKEN SYSTEM OR IS THERE AN INNOVATION CRISIS?**

Can we innovate quickly enough to reduce the social and economic pain of transition from the food system of the 20th century (that served us well at that time) to the new food system of the 21th century?

# How are innovation and entrepreneurship linked?

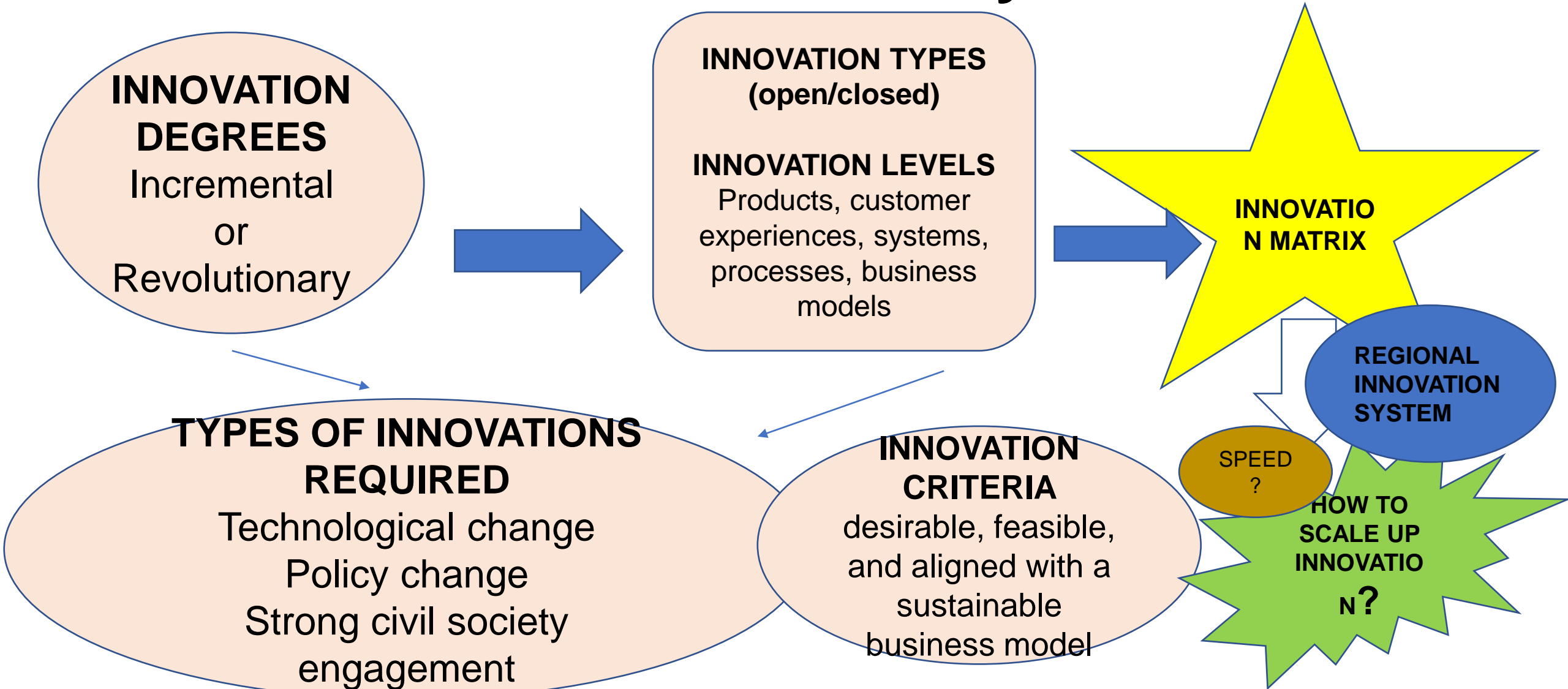
**INNOVATION** is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or for a different service.

Schumpeter (1934): the prerequisite of every innovation is either the generation of new knowledge or, alternatively, the combination of existing pieces of knowledge in novel, “entrepreneurial” ways.

Drucker (1985): **innovation is seen as an economic or social phenomenon** rather than a technological term. Innovation is not only about making new inventions, but rather about recognizing **how to take advantage of opportunities and changes**.



# Innovation degrees, types, levels and criteria in the food system



# Results of the interviews with S.O. food companies

In depth- interviews have been conducted so far with 8 regional food companies (Atria being the only big one).

Additional challenges and strengths have emerged

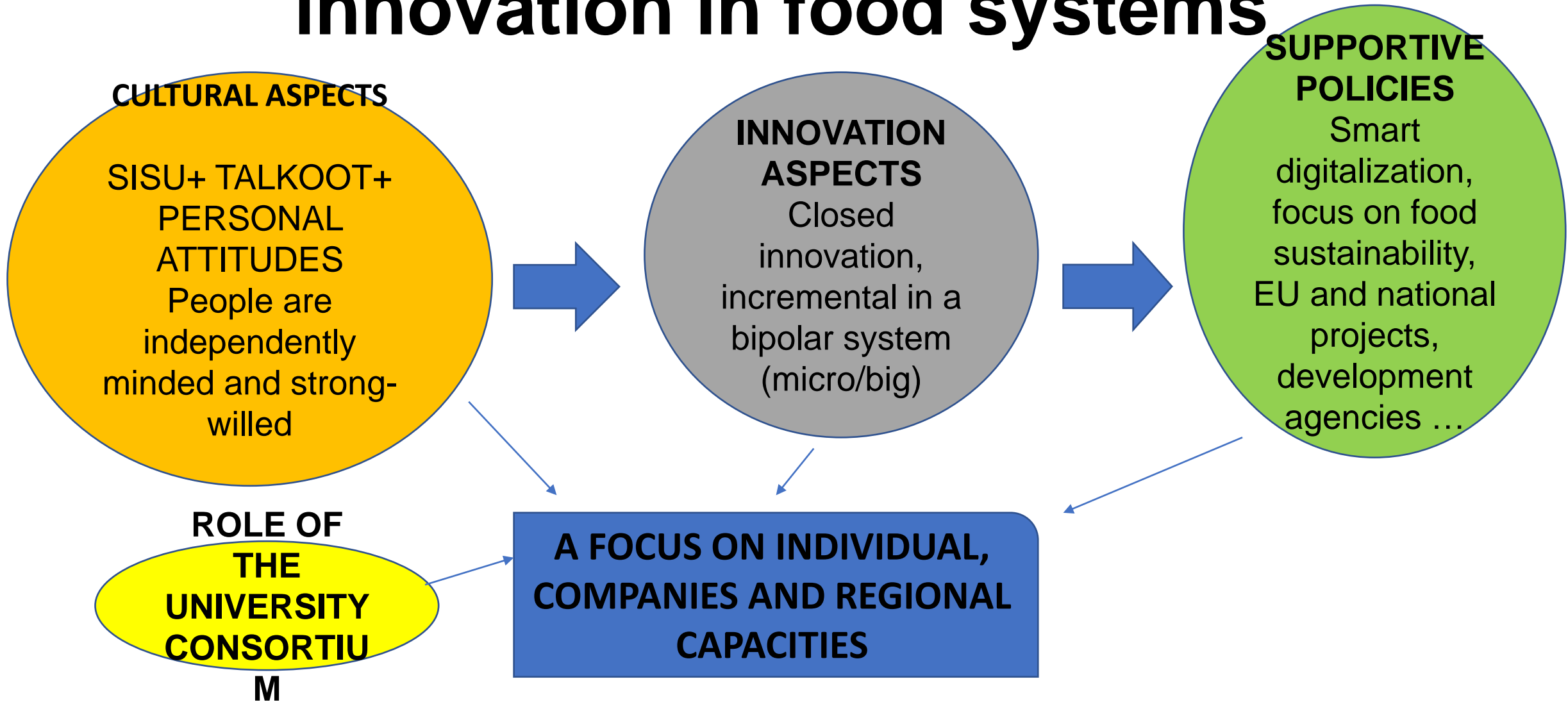


## CHALLENGES

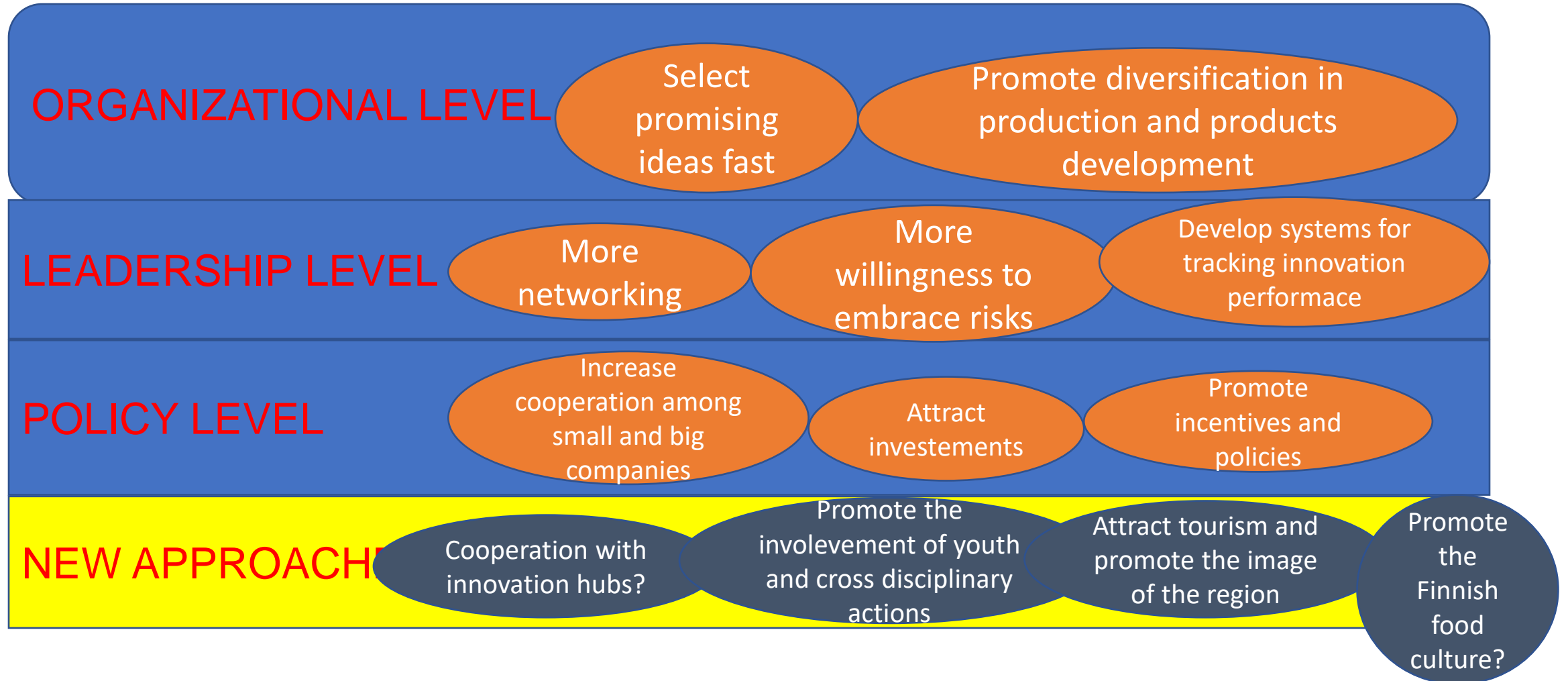
- How to reduce plastic in packaging?
- How to become carbon neutral?
- How to be competitive?
- How to promote innovations keeping in mind costs?

HOW TO INNOVATE IN GENERAL?

# The South Ostrobothnian model of innovation in food systems



# How can innovation towards more food sustainability be promoted?





# 1 project and 1 upcoming event to promote S.O

- **YDIRE project** (January 2022-July 2023)- Through cooperation and digitalisation towards resilience in short food supply chains (UV, UH, SeAMK)
- **UCS FUNDED PROJECT (UH+UT)- South Ostrobothnia – the Entrepreneur-Friendliest Food Region of Finland. Strategies to accelerate Innovation, Entrepreneurship and Business in South Ostrobothnian Food Ecosystem**
- A2 day event (in June) that gives a voice to the regional stakeholders themselves to plan a route and activities to support the regional innovation ecosystem. The focus is on innovation, promotion of start-ups and overall making Seinäjoki the center of food entrepreneurship

**THANK YOU!**

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