

The logo for Nature Bizz, featuring the words "Nature" and "Bizz" in a white serif font, with a small green leaf icon to the right of "Bizz".

Nature
Bizz

The logo for sank, featuring the word "sank" in a white lowercase sans-serif font, followed by a white icon consisting of three overlapping circles.

sank

Business from Nature

Necessary Business Skills and Knowledge in
Green Entrepreneurship in Finland

Sanna-Mari Renfors

Business from Nature:
**Necessary Business Skills and Knowledge in Green
Entrepreneurship in Finland**

Sanna-Mari Renfors

Satakunta University of Applied Sciences

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SUMMARY IN ENGLISH

This research report is published in the project NatureBizz, an Interreg Central Baltic cross-border cooperation project, which aims to support the growth and competitiveness of green entrepreneurship and green business as emerging sectors by aligning and improving relevant skills. Green entrepreneurs need knowledge and skills to respond to consumers' demand for natural, healthy and ecological products and services and to develop their entrepreneurship in accordance to their own values in a sustainable way. Therefore, the aim of this research is to identify the necessary business skills and knowledge in green entrepreneurship in Finland for curriculum development purposes. The research question is: What kinds of business skills and knowledge green entrepreneurs require in developing local natural resources into small-scale business activities, product and service offerings?

Data were collected from various groups of stakeholders affected by the decisions on curricula content. Semi-structured interviews (n=14) were conducted. Participants represented business development organisations and sectoral agencies (n=6) working with various micro sized enterprises in food production and natural wild raw materials, nature experiences and handicrafts. Micro sized enterprises (n=8) related to natural cosmetics, well-being services, food production, herb farming, nature experiences, and eco-clothing were interviewed. In addition, the most recent and relevant national and regional strategies and sector-related reports (n=12) and the National Requirements for Vocational Qualifications (n=5) were reviewed. All the data were analysed with qualitative content analysis.

The following categories describing the necessary business skills and knowledge of green entrepreneurship emerged from the data: (1) value-added product development, (2) consumer communication, (3) supply chain management, (4) brand management, (5) digital marketing communication and sales, and (6) financial management. Exporting products is the cross-cutting theme relevant to many of the skills categories. Skills and knowledge in strategic business planning and management was defined as the foundation of implementing successful business operations.

In Finland, the current trends provide growth opportunities for special, interesting value-added products, which are produced by processing further local natural and wild raw materials. The findings highlighted berries, mushrooms and herbs as well as other non-wood forest products as raw materials. Natural cosmetics, eco-clothing, food products promoting healthy lifestyle, linking natural products with horticulture, and productising the well-being effects of nature in nature experiences are examples of products and services that appeal to consumers.

Thus, there should be a strong focus and priority on increasing skills and knowledge in value-added, innovative product development by utilising and further processing natural and local raw materials. Entrepreneurs should be able invest in further processing of the products and diversify resource use to extend their product range in response to consumer demands. A precondition for growth in green entrepreneurship and green business is that consumers are aware of the alternatives offered. This explains the significance of consumer communication. Entrepreneurs must be able to communicate clearly and reliably about the special features of their entrepreneurship, business, and products reflecting the same values. In addition, brand

management is enterprises' cornerstone. Skills and knowledge in brand management include development of product brands as well as brand identity of entrepreneurs.

In sum, green entrepreneurship is a combination of natural resources, society, and economy. Green entrepreneurs base their business on their environmental and ethical values, which are reflected in their products and services. They also expect their employees, consumers, and even retailers to share the same green values. Physical and mental well-being is their primary motivation to engage in green entrepreneurship and green business: they focus on producing holistic well-being to environment and society alongside profitable business. To educate and inspire society by giving people perspectives on how to create a sustainable lifestyle and enhance well-being in nature is a vital component of their business's identity. In other words, these value-laden intentions are the core of their entrepreneurial and business activities.

TIIVISTELMÄ SUOMEKSI

Tämä raportti on julkaistu Kesken Itämeren alueella toteutettavassa NatureBiz-hankkeessa. Hanke tukee vihreän yrittäjyyden kasvua ja kilpailukykyä sekä vihreän liiketoiminnan kehittämistä nousevana sektorina vahvistamalla tähän liittyvää liiketoimintaosaamista. Luontoa liiketoiminnassaan hyödyntävät mikroyrittäjät tarvitsevat osaamista vastatakseen kuluttajien muuttuviin tarpeisiin, jotka edellyttävät yhä ekologisempien, terveellisempien ja kestävien tuotteiden ja palvelujen tarjonnan lisäämistä. Tämän vuoksi kyseisessä tutkimuksessa tunnistetaan vihreään yrittäjyyteen liittyvät liiketoiminnan osaamistarpeet Suomessa. Sama tutkimus toteutetaan sekä Latviassa, Virossa että Ruotsissa. Näiden tulosten perusteella osaamistarpeet linjataan neljässä Kesken Itämeren maassa, ja aiheesta luodaan yhteinen opetussuunnitelma. Tutkimuskysymys on: millaista liiketoimintaosaamista vihreät yrittäjät tarvitsevat kehittääkseen liiketoimintaansa sekä tuote- ja palvelutarjontaansa paikallisista luontoresursseista?

Tutkimusaineisto kerättiin haastattelemalla liiketoimintaa tukevia organisaatioita (n=6) sekä luontoa liiketoiminnassaan hyödyntäviä mikroyrittäjiä (n=8). Organisaatiot ja yrittäjät toimivat luonnontuotteiden, ruokatuotannon ja yrtyviljelyn, luonnonkosmetiikan, hyvinvointipalvelujen, luontomatkailun ja ekovaatetuksen parissa. Lisäksi ajankohtaiset kansalliset ja maakunnalliset strategiat ja toimialaraportit (n=12) sekä ammatilliset opetussuunnitelmat (n=5) hyödynnettiin aineistona. Tutkimusaineisto analysoitiin laadullisen sisällönanalyysin avulla muodostaen tarvittavaa osaamista kuvaavia kategorioita.

Seuraavat, osaamistarpeita kuvaavat kategoriat muodostettiin aineiston pohjalta: 1) korkean lisäarvon tuotteiden tuotteistaminen, 2) kestävä kuluttajaviestintä, 3) jakeluketjun hallinta, 4) brändihallinta, 5) digitaalinen viestintä ja 6) talousosaaminen. Vientiosaaminen muodostui kategorioita läpileikkaavaksi teemaksi. Lisäksi liiketoiminnan strategiseen suunnitteluun ja johtamiseen liittyvä osaaminen on perusta menestykselle liiketoiminnalle.

Tulosten mukaan tämän hetkiset trendit Suomessa tukevat korkean lisäarvon tuotteiden kasvua markkinoilla, joita tuotetaan jatkojalostamalla paikallisia raaka-aineita. Erityisesti marjat, sienet ja yrtit sekä ei-puuaineiset metsien tuotteet korostuivat tuloksissa. Luonnonkosmetiikka, ekovaatetus, terveelliset ja terveysvaikutteiset ruoka- ja juomatuotteet, luonnon hyvinvointivaikutusten tuotteistaminen elämispalveluissa sekä luonnontuotteiden yhdistäminen puutarha-alaan ovat esimerkkejä tuloksissa korostuneista tuotteista, jotka vetoavat kuluttajiin.

Yrittäjien osaamistarpeet painottuivat on siten innovatiivisten, korkean lisäarvon tuotteiden kehittämiseen. Yrittäjien tulisi osata jatkojalostaa raaka-aineista kestäviä tuotteita, laajentaa tuotetarjontaansa hyödyntämällä erilaisia luontoresursseja sekä brändätä sekä itsensä että yrityksensä vahvemmin. Tämän lisäksi kuluttajaviestinnän merkitys korostuu, sillä kasvun ehtona on kuluttajien tietämys olemassa olevasta tuotetarjonnasta. Yrittäjien tulee viestiä luotettavasti oman yrittäjyytensä erityispiirteistä ja tuotteista, jotka heijastavat samoja kestäviä arvoja.

Yhteenvetona voidaan todeta, että vihreässä yrittäjyydessä ja vihreässä liiketoiminnassa yhdistyvät luonnonresurssit, yhteiskunta ja talous. Vihreiden yrittäjien liiketoiminta pohjautuu heidän kestäviin ja eettisiin arvoihinsa, jotka heijastuvat myös tuotteissa ja palveluissa. He myös

odottavat työntekijänsä, jakeluportaan toimijoiden sekä kuluttajien jakavan samat arvot. Fyysisen ja henkisen hyvinvoinnin tuottaminen on yrittäjien pääasiallinen motivaatiotekijä: he keskittyvät kokonaisvaltaisen hyvinvoinnin tuottamiseen huomioiden luonnon, yhteiskunnan sekä talouden. Merkittävä osa yritystoimintaa on kuluttajien ohjaaminen ja informointi siitä, miten kestävä elämäntyyli luodaan ja miten hyvinvointia kasvatetaan.

1 Project NatureBizz

This research report is published in the project NatureBizz, an Interreg Central Baltic cross-border cooperation project, implemented in Finland, Sweden, Estonia and Latvia. The objective of the project is to support the growth and competitiveness of green entrepreneurship and green business as emerging sectors by aligning and improving relevant skills. The green movement and circular economy are encouraging a growing amount of entrepreneurs because consumers' demand for natural, healthy and ecological products and services is increasing rapidly. This green and blue growth offers new business opportunities, jobs and an approach for enhancing micro entrepreneurship. Well-qualified professionals and dynamic entrepreneurs are needed to create sustainable product and service offerings from local natural resources.

In the project, the necessary business skills and knowledge in green entrepreneurship are identified and aligned in the Central Baltic Area by performing research activities. Accordingly, the aim of the research presented in this report is to identify the necessary business skills and knowledge in green entrepreneurship in Finland. The research question is: What kinds of business skills and knowledge green entrepreneurs require in developing local natural resources into small-scale business activities, product and service offerings?

Based on the research findings a professional training programme (approx. 20 European Credit Transfer System credits) with its curriculum, courses and study material is designed for micro sized entrepreneurs producing small-scale products and services from local natural resources. Thus, the research findings provide a basis for designing the subject-specific curriculum, its course topics, and content. The curriculum is implemented as a joint online training programme in cooperation with Finnish, Swedish, Estonian and Latvian universities.

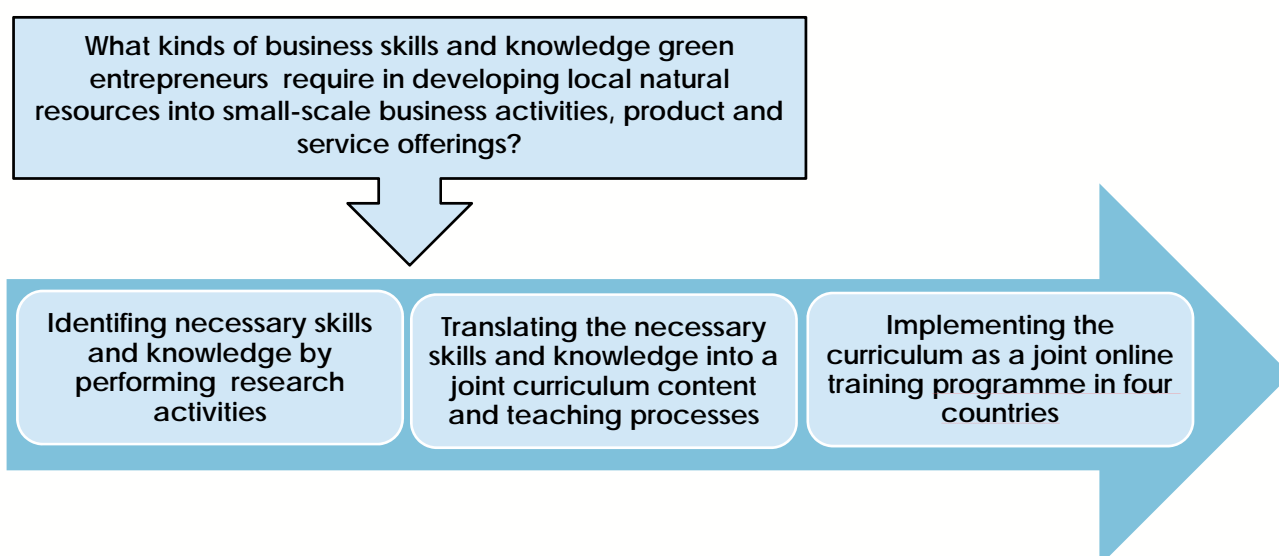


Figure 1. Three phases of the project NatureBizz

By participating in the training programme, green entrepreneurs will gain skills to exploit the business opportunities and convert their business ideas into profitable business activities, product and service offerings. By providing skills and knowledge where the special characteristics of the green market, industry and green entrepreneurs are considered, the entrepreneurs obtain competence and confidence to develop their entrepreneurship in accordance to their own values in a sustainable way. Therefore, development of the local natural resources into sustainable, green business activities is the core element of the project.

Literature has not provided a clear definition of green entrepreneurship. Green entrepreneurship is referred to as eco-entrepreneurship, ecopreneurship, environmental entrepreneurship, sustainable entrepreneurship, ecological entrepreneurship, enviro-preneurship, and sustainopreneurship. Green entrepreneurship is an important force to achieve sustainability and to inspire other companies to become more environmentally responsible.

In this research, green entrepreneurship is defined as micro sized entrepreneurship aiming at both business and environmental goals in a context of the green economy. Green entrepreneurship includes different sectors e.g. nature-based well-being services, nature-based tourism, local food, non-wood forest products, natural cosmetics, and eco-friendly handicraft. Green business is defined as exploitation of business opportunities found in nature - business activities related to the development of sustainable, small-scale products and services based on local natural resources. Green products are also utilised when producing green services, thus the connection with nature is relevant during the whole business process.



Photo 1. Finland is Europe's most forested country (photo: Jämikeskus)

2 Data Collection and Analysis

The research design involves data collection in two rounds. Data sources tackling the issue from different perspectives were utilised: data were collected from various groups of stakeholders affected by the decisions on curricula content. The first step of data collection consisted of selecting the most recent and relevant national and regional strategies and sector-related reports (n=12) as data sources:

1. Federation of Finnish Enterprises. (2016). Survey for Solo Entrepreneurs 2016.
2. Finnish Crafts Organization Taito. (2017). Industry Report for the Handicraft Sector.
3. Ministry of Agriculture and Forestry. (2013). Local Food Programme of Finland.
4. Ministry of Agriculture and Forestry. (2015). National Forest Strategy.
5. Ministry of Agriculture and Forestry. (2016). National Development Plan for Blue Bioeconomy 2025.
6. Ministry of Economic Affairs and Employment. (2018). Natural Products as Business – Report on the Natural Products Sector.
7. Ministry of Employment and the Economy. (2014). The Finnish Bioeconomy Strategy.
8. Natural resources institute Finland. (2016). Blue Bioeconomy – Research Report for the Roadmap of Blue Bioeconomy.
9. Satakunta University of Applied Sciences. (2016). Satakunta Regional Plan of Nature-Based Tourism 2025.
10. SITRA. (2009). Natural Resources – An Opportunity for Change. Background Report on the Natural Resource Strategy for Finland.
11. SITRA. (2013). New Business from Green Wellbeing – Research Report.
12. University of Helsinki. (2014). Action Plan for Natural Product Sector 2020.

In addition, the National Requirements for the following Vocational Qualifications (n=5) were reviewed:

1. Vocational Qualification in Food Production
2. Vocational Qualification in Crafts and Design
3. Further Qualification in Hiking and Nature Services
4. Further Qualification for Apiarists
5. Vocational Qualification in Natural and Environmental Protection

In the second step of the data collection interviews (n=14) were conducted. Participants represented business development organisations and sectoral agencies (n=6) working in particular with various micro sized enterprises in food production and natural wild raw materials, nature experiences and handicrafts. In addition, micro sized enterprises (n=8) related to natural cosmetics, well-being services, food production, herb farming, nature experiences, and eco-clothing were interviewed.

The interviews were semi-structured with a framework of themes related to (1) the definition of green entrepreneurship and green business, (2) future potential of green entrepreneurship and green business, and (3) required business skills and knowledge in green entrepreneurship. The

interviews included open-ended questions to identify ways of seeing and understanding the topic, and they also gave the informants freedom to express their views in their own terms.

The strategies, reports and interviews were analysed with qualitative content analysis. According to Krippendorff (2013), content analysis is a research technique for making replicable and valid inferences from texts to the contexts of their use. In this research, the qualitative content analysis was about systematically transforming a large amount of texts into an organised and concise summary of key findings. The analysis was inductive following the coding technique of Miles and Huberman (1994) and new categories describing skills and knowledge were formulated out of the existing data.

In the analysis process, the strategies and reports were selected (figure 2). Interview data were collected and written up. All the text was read through several times to acquire a sense of the whole and to identify essential features of the content for further analysis. The texts were divided into meaning units; sentences related to green entrepreneurship and green business according to the framework of themes. The texts were reviewed line by line and codes were generated with an inductive coding system. Categories i.e. groups of content that share a commonality (Krippendorff, 2013) were generated and reviewed by grouping codes. The observations were then put onto a qualitative data category card. The constant comparative method was used and each text was compared with each of those already assigned to that category. The aim of grouping the data was to reduce the number of categories by collapsing those that are similar or dissimilar into broader higher order categories.

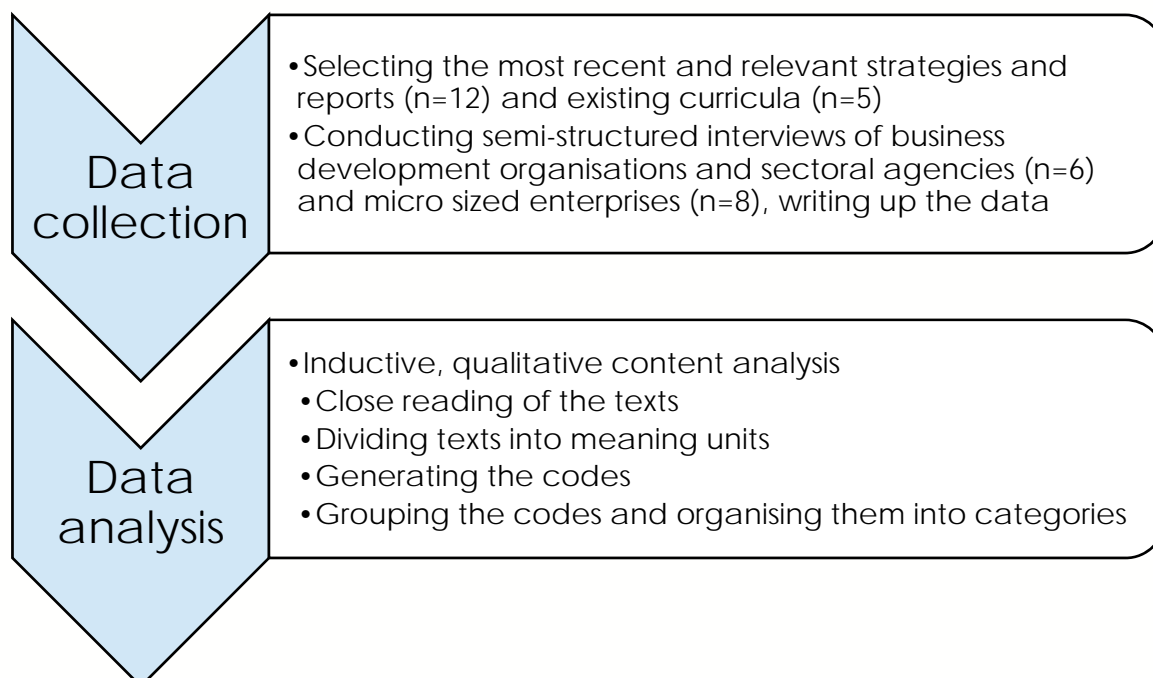


Figure 2. Data collection and analysis

3 Secondary Data Analysis: Strategies and Reports

3.1 Definition of Green Entrepreneurship and Green Business

Finland has abundant natural resources. The forestry sector in Finland is of particular significance. Finland is Europe's most forested country: 3/4 of its land area (78%) is under forest cover (Finnish Forest Research Institute, 2014). Finland is also a land rich in water with 179,584 islands and 188,000 lakes. The country has 336,000 kilometres of coastline if all the different lakes, rivers and the Baltic Sea are counted (Ministry of Employment and the Economy, 2016). Everyone has the right, so-called "everyman's rights", to enjoy natural resources in Finland regardless who owns or occupies an area.

In the Finnish Bioeconomy Strategy, bioeconomy (biotalous) refers to an economy that relies on renewable natural resources to produce food, energy, products and services (Ministry of Employment and the Economy, 2014). The natural resources offer various opportunities for business activities and good conditions for enterprises based on nature. In particular, new business opportunities exist for high value-added products and services.

In Finland, the terms nature business and nature entrepreneurship are widely used. Nature business is defined as enterprises based on the natural products and the experiences offered by Finnish nature (SITRA, 2009). Nature entrepreneurship emphasises the non-material values of nature and the use of renewable natural resources (SITRA, 2009). In Finland, the sectors of nature entrepreneurship are: picking and production of natural raw materials (berries, mushrooms, plants, special products), natural cosmetics, well-being, nature-based tourism and handicrafts. The role of services has significant growth potential and will have even more emphasis in the future, posing new challenges to competence (Ministry of Employment and the Economy, 2014).

Finland is a society, which produces forest-based high value-added products and services for exports and domestic consumption (Ministry of Agriculture and Forestry, 2015). According to the Ministry of Agriculture and Forestry (2015), forest-based business and activities, forest management and use, and well-being derived from the forest will diversify, offering great opportunities for the sector. Productisation of natural, non-wood forest products (NWFP) could be significantly increased thanks to the new consumer trends. The market for forestry services is evolving and increasing the importance of nature experiences: nature-based tourism and wellbeing services. In fact, nature is the most important attractive factor for tourism in Finland.

Finnish nature provides plenty of natural, wild raw materials that offer different health benefits and business possibilities. Finland is well placed to become a world leader in organic natural products because Finland has the world's largest certified organic wild collection area of natural products (nearly 12 million hectares) - one third of the world's total (Ministry of Economic

Affairs and Employment, 2018). Natural, wild raw materials and substances can be utilised for example in food products, wellness products, cosmetics, herbal medicines and different service products based on these. The turnover of the natural products companies is growing and exports are the main source of growth (Ministry of Economic Affairs and Employment, 2018). The majority of the nature businesses operate in the food sector, but natural cosmetics as a sector is growing very fast.

In Finland, blue bioeconomy refers to business activities based on the sustainable use of living aquatic resources and intelligent competence related to them (Natural Resources Institute Finland, 2016). Because of the abundant water resources, Finland aims for growth of business activities based on water and living aquatic resources. Different ways of utilising and developing the intangible value of aquatic environments occupy a key place in the sustainable use of aquatic environments and the well-being provided by them (Natural Resources Institute Finland, 2016).

Based on the strategies and reports, the key characteristics of utilising local natural resources in business activities, product and service offerings in Finland are (figure 3):

- Production of high value-added products and services
- Use of significant forest resources, non-wood forest products (NWFP)
- Stressing water resources as a source of growth
- Use of natural, wild raw materials offering health benefits as food products, wellness products (spa, sauna, beauty treatments), natural cosmetics, and herbal medicines. A wide range of trees and their various parts, berries and other medicinal plants are used as remedies.
- Product development of nature experiences: nature-based tourism and well-being services. Well-being services based on natural values and promoting good health are a growing sector. Services will have more emphasis in the future.



Photo 2. Nature experiences providing blue wellbeing are stressed in Finland (photo: Noora-Mari Iisakkala)



Figure 3. Use of natural resources in Finland

3.2 Necessary Business Skills and Knowledge

The strategies and reports suggest that green entrepreneurship and green business emphasise the immaterial, intangible values of nature and the use of renewable natural resources. The use of natural resources is greatly affected by consumer demand – the sector must be developed based on the demand. A higher value for customers can be produced with brand management as well as product development and diversification. Business opportunities are created in value chains: strong networks and partnerships contribute to business development.

The following categories describing the necessary business skills and knowledge in green entrepreneurship emerged from the strategies and reports (Table 1): (1) customer communication and brand management, (2) demand oriented product development and diversification, and (3) cooperation in value chains.

Table 1. Categories describing the necessary business skills and knowledge in green entrepreneurship

Theme	Keywords
Customer communication and brand management	<ul style="list-style-type: none"> • Communication about sustainability of activities and products: guiding and influencing consumer choices by highlighting sustainability, accomplishing change by communication, raising appreciation, emphasising the sustainable alternatives offered • Product and service branding, branding the entrepreneurs • Digital marketing, customer-oriented behaviour in sales encounters
Demand oriented product development and diversification	<ul style="list-style-type: none"> • Customer orientation: identification of customer's needs, meeting the demand, production of individual and high-quality products, user-oriented experiments, product co-creation, product differentiation to different target groups, arousing interests of international customers • Advancement of digitalisation: new business opportunities provided by technology, production of new types of products and services • Product diversification: diversifying resource use, high-added value products, utilising the unique and local natural resources in product development to gain competitive advantage • Product pricing, cost-efficiency, profitability • Development and management of production and service process • Legislation and product safety related to product development and use of natural resources
Cooperation in value chains	<ul style="list-style-type: none"> • Closer cooperation across administrative, operative, and sectoral boundaries: cross-sectoral cooperation and partnerships, new cooperation and business models between private and public sector, cooperation with the authorities • International cooperation for creating competitive advantage and entering international markets with new products and services • Enhancement of well-being of the citizens through cooperation • Distribution and sales channels, close cooperation in marketing and product development

3.2.1 Customer Communication and Brand Management

A precondition for growth in green entrepreneurship and green business is that consumers are aware of the alternatives offered. Therefore, actors must be able to communicate clearly and reliably about the special features of their activities and products. Consumers must be guided and their choices influenced by highlighting the use of local natural resources in sustainable business activities, products and services. By means of active communication, change in consumer behaviour is accomplished and appreciation raised towards the products and

services. In order to reach the potential consumers efficiently, the tools of digital marketing should be used. The entrepreneurs need to be prepared also in sales encounters to communicate consumers their products and services.

A higher value for consumers can be produced with brand management. In addition to branding the products and services, entrepreneurs need to brand themselves with a bold and personal brand. The entrepreneurs should personify their companies and showcase their skills to markets.

3.2.2 Demand Oriented Product Development and Diversification

The strategies and reports show the importance of customer orientation in product development. The findings indicate that a customer-centric approach is essential: the sector should be developed focusing on market demand. This includes identifying the variety of consumers' needs and market changes as well as trends in customer behaviour. In practice, products and services can be developed with the consumers by launching user-oriented experiments. Consumers' environmental awareness has also increased which creates the need for a commitment to the principles of sustainable development, ethicality and ecologically sustainable business.

The strategies and reports stress several sectors in Finland with increasing demand: nature conserving products and services, nature-based tourism and experience-based product development, well-being services and products based on the well-being effects of nature, natural products sector, natural cosmetics, organic natural food products, non-wood forest products, and products and services related to aquatic resources.

A major theme emerging from the strategies and reports is product diversification in gaining the competitive advantage. New product and service concepts should be created and existing ones improved to diversify resource use, to produce and add value. It is imperative to meet demand by utilising local natural resources in a varied and innovative way. In addition, advancement of digitalisation provides new business opportunities and enables the production of new types of products and services.

The strategies and reports also highlight the importance of skills and knowledge in product pricing, cost-efficiency and profitability. Understanding legislation and product safety in product development when using natural resources is considered relevant. Furthermore, development and management of production and service processes are emphasised by the respondents.

3.2.3 Cooperation in Value Chains

Close cooperation across sectoral, administrative and operative boundaries is deemed important in Finland. The strategies and reports emphasise not only cooperation and partnerships between the companies, but also the role of cross-sectoral cooperation and partnerships, new cooperation and business models between private and public sector and cooperation with the authorities. In addition, cooperation for creating competitive advantage

when entering international markets with new products and services has great significance as international trade is of crucial importance to Finland.

The strategies and reports suggest that strong networks and partnerships contribute to business development. Growth requires a consistent long-term effort targeted in the same direction. In particular, new business opportunities are created in value chains. When developing products, sales and distribution requires close cooperation between many sectors and actors.

3.3 Analysis of VET Curricula

The existing VET curricula approaches the use of natural resources in business development from a traditional, product-oriented viewpoint. The curricula emphasise skills and knowledge related to production process management: understanding the characteristics of an ecological, sustainable and economically *efficient* production process and products. The focus of the existing VET curricula is on operational cost efficiency rather than on effectiveness to generate growth. Cooperation is also considered to be a key skill. In addition, basic skills and knowledge in marketing such as customer orientation, customer service, product development, pricing, and sales are included in the content of the VET curricula. Increasing skills and knowledge in entering international markets and branding are not considered relevant.

In Finland, the vocational qualification system has been reformed. The objective of the VET-reform is to reform vocational education by creating a competence-based customer-oriented system and to improve efficiency. Thus, the VET curricula have been renewed. The new VET curricula in natural resources includes the following skills and knowledge related to the use of natural resources in business development: market knowledge, segmentation, demand analysis, customer-oriented product development, product pricing, distribution channels, tour guiding, customer service, marketing and communication, cooperation between different stakeholders, networking, product safety, legislation, and principles of sustainable development.



Photo 3. Sea-buckthorn contains vitamin C (photo: Noora-Mari Iisakkala)



Photo 4. Trends provide growth opportunities for value-added products (photo: Sanna-Mari Renfors)

4 Interview Data Analysis: Business Development Organisations and Sectoral Agencies

4.1 Definition of Green Entrepreneurship and Green Business

The respondents define green entrepreneurship and green business as a form of nature-based business – a combination of natural resources, economy and society. Natural resources utilised in the business activities are local and fresh. Business activities aim at producing well-being and profit. However, entrepreneurship is characterised by its great diversity. In particular, lifestyle entrepreneurship is considered to be a form of sustainable entrepreneurship. The sole purpose of lifestyle entrepreneurs seeking autonomy is not making profits, but to improve their quality of life and well-being.

Respondents voiced concerns about consumers' misinterpretation and misunderstanding of the concept of sustainability. They claimed that consumers are not environmentally conscious and are not able to make environmentally friendly choices. Therefore, it was considered important to increase their awareness of sustainability by presenting them factual information. In addition, respondents suggest that correction of false beliefs is needed to avoid misuse of natural products. There was a general consensus among the respondents that it might be difficult to change consumers' subjective beliefs and opinions.

The interviews show the importance of utilising natural resources in business activities. The respondents find that demand for natural products and nature experiences is increasing. Finland's country brand is characterised by clean nature, and the current sector brand with respect to the consumer perception is appealing. Consumers are interested in buying natural products and services: the current trends provide growth opportunities for special, value-added products and services. Several respondents highlighted berries, mushrooms and herbs as raw material. In addition, peat and its various uses as well as increasing the use of game for food were emphasised. Consumers are also interested in preparing homemade and handmade products using natural resources. The number of visitors in natural parks are increasing because the consumers need easily accessible nature and hiking services.

A major theme emerging from the interviews is the well-being of the citizens and enhancement of well-being. Well-being is an important topic in the society, which is not only related to its economic aspects. Consumers are interested in their well-being and they feel that natural products and services produce mental and physical health benefits for them. In fact, products

and services based on the well-being effects of nature have a high and growing demand in Finland. In addition, the demand for natural cosmetics is growing.

Furthermore, linking natural products with horticulture enables the pursuit of new growth opportunities. The flower sector can be integrated with natural products, for example, vegetative mats are used more frequently in landscape gardening and petals of flowers are exported. In addition, the clothing sector is booming. The interest of young designers is increasing as the circular economy offers a new vision for the sector.

4.2 Necessary Business Skills and Knowledge

The following categories describing the necessary business skills and knowledge in green entrepreneurship emerged from the data of the business development organisations and sectoral agencies (table 2): (1) supply chain management, (2) marketing communication and sales, and (3) value-added product development.

Table 2. Necessary business skills and knowledge from organisations' viewpoint

Theme	Keywords
Supply chain management	<ul style="list-style-type: none"> • Raw material availability and delivery • Networking skills, ability to cooperate and outsource activities
Marketing communication and sales	<ul style="list-style-type: none"> • Understanding of markets and competition, trends in consumer behaviour, cultural sensitivity, identify and reach diverse domestic and international target groups, segmentation • Knowledge of different sales channels and online sales • Visibility of the products in digital channels
Value-added product development	<ul style="list-style-type: none"> • Production of high-value added products • Product branding • Use of storytelling as a method: informing consumers about the origin and telling compelling product stories • Profitability and pricing • Creative product packaging desing • Product safety and legislation

4.2.1 Supply Chain Management

A major challenge emerging from the interviews is supply chain management (Table 2). Raw material availability and delivery is a weakness, because seasonal produce will vary by growing conditions and weather, and collection of forest products is slow. Micro sized entrepreneurs cannot produce enough products to satisfy the demand because the supply of raw materials is not optimised and consistent. In addition, the entrepreneurs are lacking networking skills, and they are pursuing individual rather than common or collective interests. More outsourcing of the activities is needed.

4.2.2 Marketing Communication and Sales

The interviews show the importance of market knowledge. It is necessary to understand markets, trends in consumer behaviour, the special characteristics of people from different cultures and buyer sensitivity to product offerings. Skills in segmentation are required to respond to the changing needs of the consumers. Entrepreneurs should be able to identify and reach diverse domestic and international target groups.

The respondents commented that product visibility in digital channels is weak. The bottleneck is created by lack of knowledge of different sales channels and online sales. To increase the visibility and influence consumers, the respondents proposed that entrepreneurs should approach business with courage and brand themselves. They should know their competitors and be able to analyse competition, which helps them to understand the current offering, distinguish their business, and to communicate with their target audience. Thus, there should be a strong focus and priority on the skills and knowledge in digital marketing communication such as the use of various digital channels and multi-channelled sales.

4.2.3 Value-Added Product Development

There was a general consensus among the respondents that skills and knowledge in product development should be improved. It is considered important to highlight how a higher value for consumers can be produced. The products need upgrading to increase value for consumers and profit for entrepreneurs, while investments in building product brands are needed. Consumer value is also created by storytelling: informing consumers about the origin of the product and telling compelling product stories to engage consumers emotionally. Profitability and pricing were also recognised as essential development needs. In general, the entrepreneurs need a critical evaluation of their business ideas, concepts, models and products.

The interview data indicated that entrepreneurs need more skills in creative product packaging design. The informative labels in English are missing and use of packaging does not result in improved sustainability. In addition, entrepreneurs should know about product safety and product legislation.

5 Interview Data Analysis: Micro Sized Enterprises

5.1 Definition of Green Entrepreneurship and Green Business

The respondents found that green entrepreneurs build their businesses with environmental and ethical values as their foundation. The entrepreneurs are interested in the holistic well-being of environment and society. They develop their businesses considering its positive effects on the natural environment and community development. Physical and mental well-being and holistic lifestyle are important values, also well-being of the animals is considered important. The entrepreneurs have a strong desire to inspire people: give them perspectives on how to create a sustainable lifestyle and enhance well-being in nature. The respondents highlighted that employees, consumers and even retailers have the same values.

5.2 Necessary Business Skills and Knowledge

The following categories describing the necessary business skills and knowledge in green entrepreneurship emerged from the data of green entrepreneurs (table 3): (1) cooperation in value chains, (2) digital marketing communication and sales, (3) value-added product development, (4) consumer communication and brand development, and (5) financial management.

Table 3. Necessary business skills and knowledge from entrepreneurs' viewpoint

Theme	Keywords
Cooperation in value chains	<ul style="list-style-type: none">• Management of raw material in supply chains: raw material availability and delivery, raw material sourcing, suppliers training• Cooperation in product packaging, product distribution and sales with different retailers
Digital marketing communication and sales	<ul style="list-style-type: none">• Online sales of products, development of online stores• Participation in international trade fairs• Creation of appealing virtual marketing content, high quality virtual materials• Social media use
Value-added product development	<ul style="list-style-type: none">• Development of profitable, interesting consumer products by further processing of natural, raw materials• Extending the product range by further processing of products, diversifying resource use• Understanding the domestic and foreign markets

Consumer communication and brand development	<ul style="list-style-type: none"> • Distributing information to consumers on the business activities, products, raw materials used, and well-being • Refreshing the existing branding to increase sales and reach new markets • Use of storytelling to strengthen the brand and give the enterprise and its products an identity • Creative product packaging design and sustainability of product packaging
Financial management	<ul style="list-style-type: none"> • Financial performance analysis • Analysis of profitability of operations and products • Understanding of consumers' willingness to pay • Planning and monitoring sales

5.2.1 Cooperation in Value Chains

The respondents recognised the problems of cooperation in supply chain management: raw material availability, product packaging, distribution and sales. Raw material availability and delivery is a weakness, and focusing on raw material sourcing is essential. This necessitates close connections with companies delivering raw material. Because seasonal produce will vary by growing conditions and weather, sales of raw materials may not be profitable. Therefore, green entrepreneurs have also trained their own suppliers.

The respondents reported that finding partners in sales and marketing is essential. It should be noted that both consumers and retailers buy products online. Furthermore, the products are sold by different types of retailers: department stores, supermarkets, speciality retailers, and e-tailers. The green entrepreneurs felt important that the range of products sold by the retailer represents the same environmental and ethical values as their products.

5.2.2 Digital Marketing Communication and Sales

The respondents saw that especially online sales of products is growing. However, the percentage of online sales varies much between the enterprises: some enterprises sell 10% or 50% of their products online, some enterprises sell the majority of their products online. The findings emphasise that the entrepreneurs should be able to develop their own online stores, if they want to increase exports of the products. In addition, the respondents suggested that participation in international trade fair is a perfect way to access European Union markets.

However, the respondents expressed their concern about skills and knowledge in digital marketing and sales. Some respondents highlighted the need to increase skills and knowledge in creation of effective virtual marketing content. Skills from the use of social media to production of high quality virtual materials should be strengthened.

5.2.3 Value-Added Product Development

The products reflect the same environmental and ethical values that entrepreneurs have. Local natural and raw materials are processed further into high value-added products. These products are eco-friendly: they do not include biocides or additives. The products are fresh, local and produced in Finland from Finnish raw materials. These features are also stressed in product marketing.

The findings indicated that more skills and knowledge in product development is required. The key challenge faced by the entrepreneurs is how to develop profitable, interesting consumer products by further processing natural, raw materials. According to the respondents, entrepreneurs should invest in further processing of the products to extend their product range in response to consumer demands. There is a need for the product development skills and knowledge that comes from diversifying resource use, producing and adding value. In addition to increasing the understanding of the domestic markets, knowledge of the special characteristics and needs of people from different cultures is a necessity.

5.2.4 Consumer Communication and Brand Development

The respondents deemed it important to distribute information to consumers on the business activities, products, raw materials, and well-being. The entrepreneurs are interested in providing advice how to use the products and enhance well-being by uploading information on their websites or sending information with the product package. In addition, they organise courses about holistic well-being to raise the awareness of the consumers and enhance their well-being. The distribution of easily-absorbed information and advice on how to use products for what purposes was also considered important.

Major challenges emerging from the interviews are branding and product packaging. Brand development is considered to be the cornerstone of an enterprise. Therefore, the enterprises should refresh their existing branding to increase their sales and reach new markets, especially when preparing their products for exports. Storytelling is an essential element in branding. Using storytelling to strengthen the brand and give the enterprise and its products an identity is a necessary skill, because consumers are interested in the origin of the product and background of the entrepreneur. In addition, the interview data indicated that entrepreneurs need more skills in creative product packaging design and the sustainability of product packaging.

5.2.5 Financial Management

The informants emphasised the requirement for skills and knowledge in financial management. Skills in analysing financial performance were considered vital. The entrepreneurs should be able to analyse profitability of operations and products. According to the respondents, the entrepreneurs require skills in understanding the willingness to pay of consumers. They should be able to plan and monitor sales: what are the best selling products to generate revenue and the most important sales channels.

6 Necessary Business Skills and Knowledge in Green Entrepreneurship in Finland

The findings suggest that green entrepreneurship is a combination of natural resources, society, and economy. Green entrepreneurs base their business on their environmental and ethical values, which are also reflected in their products and services. Physical and mental well-being, both of people and animals, is their primary motivation to engage in green entrepreneurship. Thus, most salient characteristic of green entrepreneurship is the focus on the development of entrepreneurship to produce holistic well-being to environment and society as well as profitable business. Educating and inspiring society by giving people perspectives on how to create a sustainable lifestyle and enhance well-being in nature is a vital component of their business's identity. Employees, consumers, and even retailers should share the same green values.

The demand for natural, healthy and ecological products and various nature experiences is increasing. In Finland, the current trends provide growth opportunities for special, interesting value-added products that are produced by further processing local natural and wild raw materials. The findings highlighted berries, mushrooms and herbs as well as other non-wood forest products as raw materials. Natural cosmetics, eco-clothing, food products promoting healthy lifestyle, linking natural products with horticulture, and productising the well-being effects of nature in nature experiences are examples of products and services that appeal to consumers.

The following categories describing the necessary business skills and knowledge of green entrepreneurs in developing local natural resources into small-scale business activities, product and service offerings emerged from the data: (1) value-added product development, (2) consumer communication, (3) supply chain management, (4) brand management, (5) digital marketing communication and sales, and (6) financial management. Exporting products is the cross-cutting theme relevant to many of the skills categories mentioned above (figure 4). In addition, skills and knowledge in strategic business planning and management is the foundation of implementing successful business operations.

The findings indicate that the products reflect the same environmental and ethical values that entrepreneurs have. In addition, it is considered important to highlight how a higher value for consumers can be produced - the use of natural resources is affected by consumer demand. There should be a strong focus and priority on the skills and knowledge in *value-added product development*. Thus, the requirement includes increasing *skills and knowledge in value-added, innovative product development by utilising and further processing natural and local raw materials*. Entrepreneurs should be able invest in further processing of the products and diversify resource use to extend their product range in response to consumer demands. For this reason,

entrepreneurs need skills in analysing the competition and making a critical evaluation of their business ideas, concepts, models and products. It is important to point out that entrepreneurs should also know about product safety and product legislation.

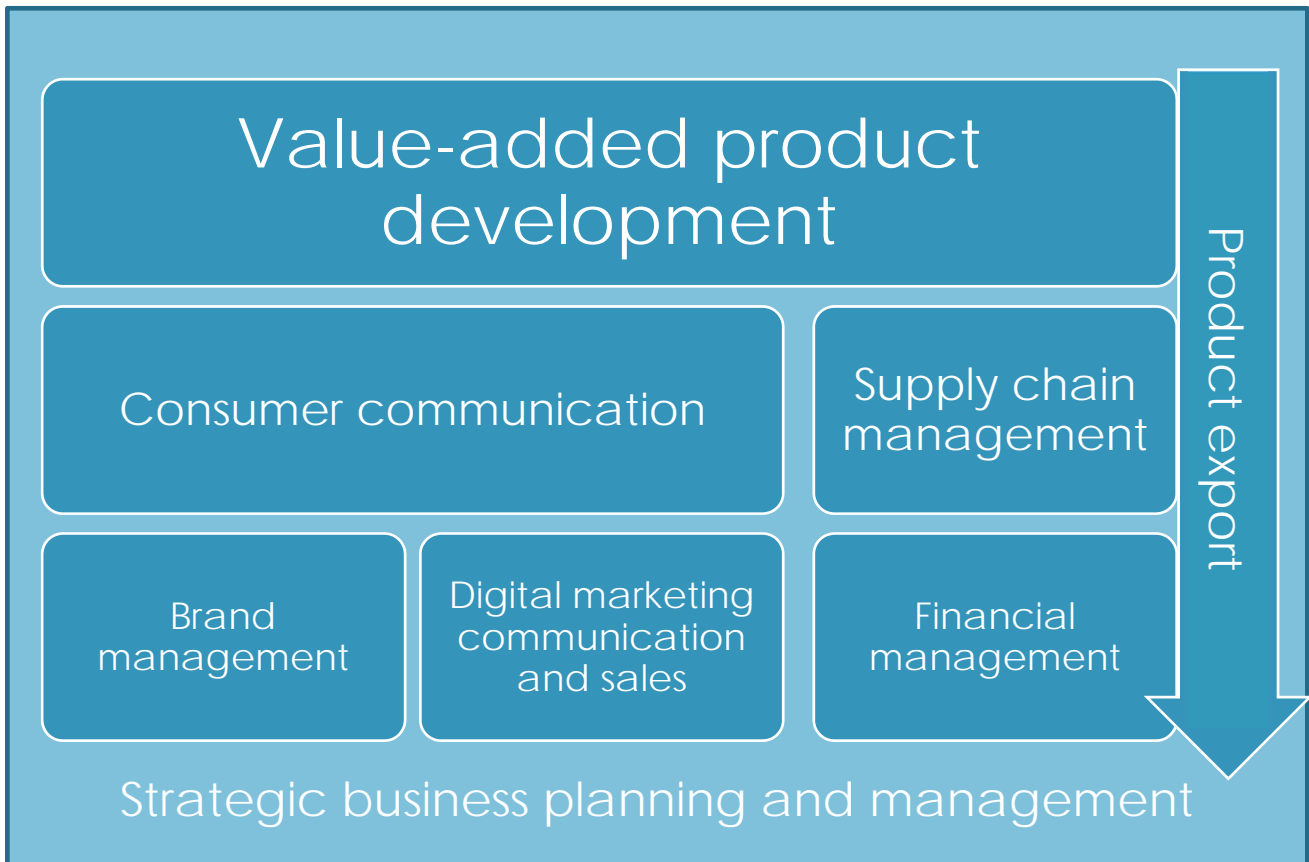


Figure 4. Necessary business skills and knowledge in green entrepreneurship in Finland

A precondition for growth in green entrepreneurship and green business is that consumers are aware of the alternatives offered. It explains the significance of consumer communication in green entrepreneurship. Entrepreneurs must be able to communicate clearly and reliably about the special features of their entrepreneurship, business, and products reflecting the same values. Consumers must be guided and their choices influenced by highlighting the use of local natural resources in sustainable business activities and products. By means of active communication, change in consumer behaviour is accomplished and appreciation towards the products is gained. Furthermore, it is deemed important to distribute easily absorbed information to consumers on holistic well-being and advise them how to use the products and for what purposes to avoid misuse.

The findings highlight that the role of cooperation in value chains is indisputable in green entrepreneurship. This means that strong networks and partnerships contribute to business development, and new business opportunities are created in value chains. In particular, supply chain management is critical to secure raw material availability and delivery. The ability to understand the roles of suppliers and retailers, find partners and even train their own suppliers are essential skills. The findings revealed that for the green entrepreneurs it is important that the retailers and their range of products represent the same environmental and ethical values.

The findings emphasise the role of brand management as the cornerstone of an enterprise. Skills and knowledge in brand management include development of product brands as well as the brand identity of entrepreneurs. The entrepreneurs need to brand themselves with a bold and personal brand and personify their companies. The enterprises should refresh their existing branding to increase their sales and reach new markets, especially when preparing their products for exports. Using storytelling to strengthen the brand and give the enterprise and its products an identity is a necessary skill, because consumers are increasingly interested in the origin of the products and background of the entrepreneurs. In addition, the findings indicated that entrepreneurs need more skills in creative product packaging design.

The next category relates to digital marketing communication and sales. The entrepreneurs should be able to identify and reach diverse domestic and international target groups. There should be a strong focus and priority on the skills and knowledge in digital marketing communication such as the use of various digital channels. Due to the fact of growing online product sales, entrepreneurs should be able to establish their own online stores. Both participation in international trade fairs and an increase in the use of digital sales channels are particularly required. In addition, skills and knowledge in creation of effective virtual marketing content are a necessity. Skills from the use of social media to the production of high quality virtual materials should be strengthened.

The findings show the importance in skills and knowledge in financial management. The entrepreneurs should be able to analyse financial performance, profitability of operations and products. Furthermore, the entrepreneurs require skills in product pricing. They especially need understanding of consumers' willingness to pay, because in Finland people are used to having free access to nature at their doorstep. The entrepreneurs should also be able to plan and monitor sales: what are the best selling products to generate revenue and the most important sales channels.

The findings indicate that competencies in strategic business planning and management are the foundation of implementing successful business operations. Strategic planning, such as setting long-term vision, priorities and goals, focusing resources, strengthening operations, and assessing and adjusting the enterprise's direction in response to a changing environment is essential. Entrepreneurs should be able to analyse the competition and evaluate critically their business ideas, concepts, models and products. Additionally informants highlighted strategic management activities to execute the strategy.

The findings from secondary and interview data analysis are summarised in the following table 4.

Table 4. The summary of necessary business skills and knowledge in green entrepreneurship in Finland

Theme	Keywords	Content
Value-added product development	High value-added products, consumer demand and values, customer orientation, ecological and ethical products, diversification of resource use, further processing of local raw materials, international customers, product safety and legislation	<ul style="list-style-type: none"> • Development of profitable, interesting, high value-added, ecological and ethical consumer products by utilising and processing further natural and local raw materials • Extension of the product range in response to consumer demands as well as product improvement and diversification of resource use • Customer oriented product development: market knowledge and understanding the demand, identification of customer's needs and values, development of individual and high-quality products, user-oriented experiments and product co-creation, product differentiation to different target groups • Arousing interests of international customers by product development, understanding the special characteristics and needs of people from different cultures • Product safety and legislation
Consumer communication	Communication about sustainability of business activities, communication about products and their use, influencing consumer choices, guiding the consumers	<ul style="list-style-type: none"> • Distribution of information on sustainability of business activities, products and raw materials as well as holistic well-being to guide and influence consumer choices and accomplish change • Distribution of information on how to use the products and for what purposes, correction of false beliefs to avoid misuse of natural products
Supply chain management	Supply chain management, raw material availability, suppliers and retailers, B2B-cooperation, outsourcing, cross-sectoral cooperation, international cooperation	<ul style="list-style-type: none"> • Supply chain management to secure raw material availability • Understanding role of outsourcing, suppliers and retailers • B2B-cooperation in business activities: product development and packaging, product distribution, sales • Closer cooperation across administrative, operative, and sectoral boundaries: cross-sectoral cooperation and partnerships, new cooperation and business models between private and public sector, cooperation with the authorities

		<ul style="list-style-type: none"> • International cooperation for creating competitive advantage and entering international markets with new products and services
Brand management	Product brand development, brand identity, brand refresh, storytelling, product packaging design	<ul style="list-style-type: none"> • Development of product brands and brand identity of entrepreneurs • Brand refresh of the existing brands to increase sales and reach new markets • Using storytelling to strengthen the brands and give the enterprise and its products an identity • Creative product packaging design and sustainability of product packaging
Digital marketing communication and sales	Market niches, online sales, sales channels, visibility, social media use, content management	<ul style="list-style-type: none"> • Identification of the market niches • Online sales of products and development of an online store • Use of different sales channels • Increasing visibility of products and enterprise: social media use, production of high-quality virtual marketing content
Financial management	Financial performance, profitability, pricing, sales management, willingness to pay	<ul style="list-style-type: none"> • Analysis of financial performance, profitability of operations and products • Sales management: planning and monitoring sales • Pricing of products and understanding of consumers' willingness to pay

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Green entrepreneurs have good prospects for growth, since consumers' demand for natural, healthy and ecological products is increasing fast. However, the lack of business skills and knowledge prevents them to grow their enterprises successfully.

This research report identifies the necessary business skills and knowledge in green entrepreneurship in Finland. The results are utilised in the design of a business training programme for green entrepreneurs to foster green growth.

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