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Innovative Businesses in Rural Areas: Social Entrepreneurship in Finnish Lapland

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Background

Covering a third of Finland's territory but hosting only 3% of its population, Lapland is a very sparsely populated Arctic region. An imbalance exists in the labour market, with many unemployed individuals and numerous job vacancies. Many seasonal positions are only available part of the year: not only for workers in tourism but also for reindeer-herders. This situation results in outward migration and an ageing population in the mainly rural area. Providing social and health services and maintaining infrastructure pose significant challenges in Lapland due to the long distances between settlements.

Regional authorities address these challenges through two main strategies: the Regional Strategy, called “Lapland Agreement” and the Sustainable Smart Specialisation Strategy. Both focus on sustainable growth by promoting responsible business practices. Connecting these strategies, Lapland developed a Social Handprint model that consolidates projects to support regional development. The main aims of this model are to facilitate employment for disadvantaged groups, promote corporate social responsibility, and support workplaces in embracing diversity. This demonstrates the regional focus on the social economy and aligns with the strategic importance of social entrepreneurship.

Lapland is committed to advancing toward a holistic local economy where social, ecological, and economic sustainability are balanced. Purely economic success is no longer considered sufficient for the region's future; rather, long-term prosperity requires attention to the well-being of residents, the availability of a skilled workforce, and the preservation of Lapland's pristine nature and Arctic dimension as key attractions. Maintaining these values is essential for ensuring that Lapland remains vibrant and appealing for generations to come.

A holistic local economy broadly supports regional well-being and employment, while safeguarding the unique Arctic natural environment. Advancing social entrepreneurship and social innovations is central to building a Lapland where community, responsibility, and sustainable development go hand

in hand with economic renewal. The overarching aim of Lapland's regional programme is to foster success in a sustainable manner in the world's purest region (Regional Council of Lapland, 2025).



Sources: Esri, Michael Bauer Research GmbH. Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community. Design Bernd Bobertz

Social entrepreneurship

By bridging the gaps between the state, the market, and civic actors to benefit society, social entrepreneurship addresses societal issues through business methods. Particularly in rural areas, this type of involvement is crucial. Social entrepreneurship does not have a distinct legal position in Finland, which makes it all the more important to systematically promote value driven, sustainable innovation through strategies, funding programmes, and public procurement. Social entrepreneurship in Lapland can assume various legal structures:

- The most common type of social enterprises in Lapland is the association legal form. These associations are active in the market by offering goods or services, often for the local community.
- Another significant legal form in Lapland is cooperatives. These are also frequently involved in local service provision. Compared with other European countries, the share of cooperatives remains modest, but locally they can be crucial to the community.
- Foundations are less frequent in Lapland. Yet some foundations provide local services and engage in market activities, qualifying them as social enterprises.
- Social entrepreneurs can also opt to create businesses in common legal forms for market driven enterprises. The most common is the limited liability company. In this case, the company's social objectives must be stated in its statutes, and it must ensure that at least half of the profits are reinvested to support these aims.

Example 1: Pohjoisesta Luonnosta



Source: www.pohjoisestaluonnosta.fi /Tiia Moutkavaara

“Of Northern Nature” – Pohjoisesta Luonnosta – is a family-owned limited liability company founded in 2022 and granted the Finnish Social Enterprise Trademark in 2024. It is located in Pelkosenniemi in central Lapland.

The company's mission centres on addressing human rights challenges within the natural products sector by promoting ethical labour practices and supporting local livelihoods. By employing local people like students, pensioners, long-term unemployed and people with social or neurological disabilities, and ensuring fair compensation for collecting forest products, Pohjoisesta Luonnosta seeks to counteract the exploitation of foreign seasonal workers. Respecting nature, Pohjoisesta Luonnosta aims to spread knowledge about forest products and the benefits of a natural and sustainable lifestyle.

Pohjoisesta Luonnosta's commitment to social, ecological, and economic responsibility, as central elements of its business model, is reflected in its wide range of products and services available to individuals and businesses.

The company provides distribution of ethically and sustainably harvested natural products, such as berries, mushrooms and other forest derived resources.

In addition to supplying natural products, Pohjoisesta Luonnosta operates as a natural product adviser, offering expert consulting services and tools for businesses in the natural product sector, as well as in-person and online courses on natural products (wild herbs, berries and mushrooms), preparing natural cosmetics, and crafting with leather or fur.

Furthermore, the company provides programs that follow the principles of regenerative tourism, including, e.g., hunting and fishing trips and the rental of camping equipment as part of their commitment to circular economy practices.

In addition to providing fair working conditions for local employees, the company aims to preserve cultural traditions and encourage ethical consumption by using wildlife by-products for their own product development, such as skins and bones from reindeer slaughter or from the hunting of invasive species.

Drivers for social entrepreneurship in Lapland

The Centre of Expertise for Social Enterprises in Finland identified 148 social enterprises in Lapland, which account for 3% of all Finnish social enterprises (Centre of Expertise for Social Enterprises 2025). This proportion corresponds to the percentage of the Finnish population living in Lapland. Societal challenges in Lapland also affect the possibilities for social entrepreneurial activities. These must be balanced by needs and advantages that motivate the establishment of social enterprises to explain the level of social entrepreneurial activity in the region.

The reasons for social entrepreneurship in such a peripheral rural area include:

- 1) Self-engagement in face of declining services: The challenges of many municipalities in Lapland to provide the necessary services for the local population open opportunity spaces for innovative solutions. Providing day care for ever-smaller groups of children, organising home visits to the elderly, or bringing the community together over long distances, social enterprises in Lapland find solutions to these issues.
- 2) Self-employment due to place-attachment: As there is a scarcity of employment in Lapland, social entrepreneurship is also of personal benefit: By creating a social enterprise, the entrepreneurs create the possibility for themselves and others to live and work in the region. Social entrepreneurs in rural areas are often deeply concerned with the places they live, their natural features, and their communities. Thus, their enterprises allow them to continue living where they feel at home.
- 3) Social and environmental consciousness: Entrepreneurs decide to found a social enterprise because they care about society, and maintaining long-term liveability on our planet involves environmental protection. As nature is a central aspect of Lappish identity, many social enterprises in Lapland combine offers for the well-being of the current society with a care for the environment. These double missions can be found not only in overall business models but also in everyday practices, such as waste reduction and the use of sustainable materials.

4) Opportunities to combine tradition with innovation: The innovativeness of rural social entrepreneurship is often overlooked because capital-intensive technical innovation is less common. Instead, these social enterprises represent social innovation, as their business models offer new solutions to pressing local concerns. Many social enterprises in Lapland combine these innovative approaches with the region's rich culture and history. Technological and procedural innovation are thus not in contrast to preserving traditional values and practices.

5) Availability of space and local resources: Lapland provides the opportunity to live and work close to nature with minimal human disturbance. Social entrepreneurs in the creative industries can find free spaces here to boost their creativity and implement large scale projects. At the same time, Lapland's nature provides many natural products that can be integrated into social-entrepreneurial activities, such as wood, herbs, berries, and wild animal products.

Social entrepreneurs in Lapland lack specific support. Depending on their legal structure, they can access conventional business support schemes or benefit from donations and civil society support programmes. Since many social enterprises are small, they often struggle to compete with larger for-profit organisations. This challenge is particularly evident in public procurement, where awarding public contracts to local social entrepreneurs has great potential for positive societal impacts through procurement practices.

Example 2: Mervia Foundation

Meriva Foundation (hereinafter, Meriva) is a social services provider and work-coaching foundation established in 1999 in the Sea-Lapland region. It provides its services in the city of Kemi and the municipalities of Keminmaa and Simo. The foundation's purpose is to promote and support the inclusion and functional capacity of clients in challenging labour market positions through coaching, rehabilitation, work activities, and supported employment. It concentrates on the reuse sector, integrating social and environmental responsibility.

Meriva has been awarded the Finnish Social Enterprise Trademark for addressing social and environmental challenges, demonstrating social responsibility, and generating social benefits. The trademark effectively communicates this to both clients and stakeholders. The foundation operates within the public service system. Its everyday coaching practice is based on multidisciplinary collaboration with employment, education,



social and health services, youth work, third-sector organisations, and companies. The foundation is a coaching community dedicated to enhancing inclusion and well-being, identifying and developing skills, and assisting clients in progressing towards the open labour market.

Sustainable development and the circular economy are key themes in the foundation's working and learning environments.

Meriva carries out a wide range of material-handling and sorting tasks to extend product life cycles and reduce environmental impact. The reuse sector is significant for the community economy and offers substantial growth potential. Reuse reduces the need to produce new products, thus conserving natural resources and lowering emissions. Meriva strengthens its clients' environmental awareness by integrating it into everyday practices. The foundation's operating philosophy is "learning by doing", and ecological awareness is best reinforced through practical action.



Reuse creates jobs that are difficult to outsource or automate. Developing circular-economy activities and businesses aligned with ecological sustainability continues to offer significant potential for job creation. Recycling and reuse activities provide employment opportunities for many individuals who might not otherwise access the traditional labour market. Tasks such as sorting, refurbishing, and customer service are often entry-level roles where skills can be acquired on the job. These jobs are generated locally, close to users and consumers, and can support regional vitality. Through reuse, it is possible to build a green transition that leaves no one behind. Meriva demonstrates how climate goals and employment objectives can work together.

Over the past year, Finland's employment services have undergone significant changes, with responsibility for them transferred from the national level to municipalities in January 2025. The reform aimed to better tailor services to individual needs. In this context, the City of Kemi decided to procure coaching services for unemployed residents, including competence-based workshops and skills development through partial qualifications and apprenticeships. Meriva delivers this coaching, customising employment relationships to each client's needs. Individuals in a challenging labour market position may require various forms of support to secure employment. To enable impactful operations, social enterprises such as Meriva are essential partners in the employment services ecosystem and in promoting local employment.

Recommendations for and from Lapland

Lapland provides a strong foundation for social entrepreneurship, as the region's unique characteristics – long distances and sparse population combined with the distinctive Arctic natural and cultural environment – offer fertile ground for local solutions. Lapland is an active participant in the Reinforce Regional Social Economy (RESEES) project, in which interregional cooperation across

Europe seeks to influence regional smart specialisation strategies and to identify new development opportunities to advance and strengthen social entrepreneurship.

The results of both the RESEES project and the IFZO research highlight the need to develop communication, competence, networking, and impact assessment to strengthen the status of social enterprises in Lapland and increase their number. One of the most important areas for improvement is impact evaluation. Social enterprises must be able to demonstrate both their economic and social effects in concrete terms. For example, adopting the SROI (Social Return on Investment) tool is one way to quantify social impact in monetary terms.

Public procurement is a key tool to amplify the positive societal impact of social enterprises. Incorporating social criteria into local and regional procurement processes allows the community to reap additional benefits. Targeted policies can take two main approaches: first, promoting the development and visibility of community-based services in remote areas to encourage more communities to get involved; second, ensuring that innovation policies actively recognise and support socially innovative businesses in the region, thereby boosting their visibility. Although the total number of social enterprises in Lapland may appear small, they hold significant local importance. Policy makers should focus specifically on social entrepreneurship in rural and peripheral regions.

Riikka Poikela supports our claims, stating that, in the future, regional smart specialisation must increasingly be anchored in the principles of sustainable development and recognise the societal value generated by innovation. Not all aspects of regional development can, nor should, be measured solely by economic indicators, as a sustainable future is built on a broader foundation of values. Emphasising a societal value perspective guides strategic decision-making towards socially impactful solutions, with participatory processes, collaboration, and the well-being of local communities at the centre. In this transformation, social enterprises will emerge as key actors, especially in sparsely populated regions, where their role in service provision and employment promotion is crucial. Through these enterprises, it is possible to strengthen the region's vitality and build a holistic, sustainable local economy where social, ecological, and economic sustainability are interlinked. A sustainable innovation policy that acknowledges societal value provides the foundation for the long-term success and well-being of Lapland and other similar regions (Poikela, 2025).

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The Interdisciplinary Centre for Baltic Sea Region Research (IFZO) at the University of Greifswald studies cooperation and conflict in the Baltic Sea Region, focusing on key societal, political and economic questions of our time. Across its research projects, IFZO seeks shared solutions in the fields of ecology, innovation, energy and security.

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