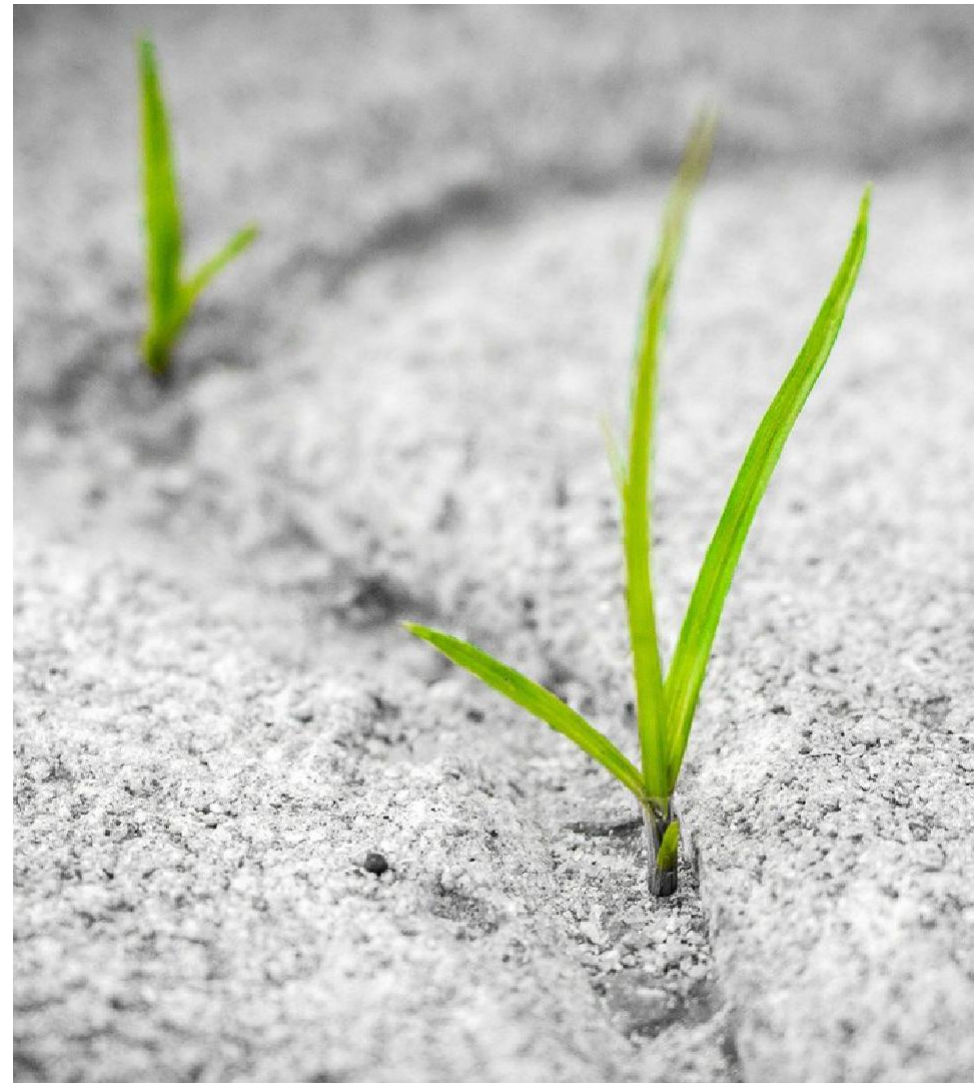


# Planning for Structural Change – SMEs and resilient rural regions

on Thursday 10.6.2021 at 12–14 EET (11–13 CET)

The webinar is arranged by Regional  
Excellence (REx) research group) as a  
part of FOUNDATION-project, funded  
by Interreg Europe





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# FOUNDATION

Interreg Europe



European Union  
European Regional  
Development Fund

## Planning for Structural Change – SMEs and resilient rural regions

Matti Muhos, director, professor  
University of Oulu, Kerttu Saalasti Institute

FOUNDATION Partner

Online Webinar 10<sup>th</sup> June 2021



LITHUANIAN  
INNOVATION  
CENTRE



# Programme overview

Thursday 10.6.2021 at 12–14 EET (11–13 CET)

comments and questions  
at Twitter at

@FOUNDATION\_EU



## Part 1: Presentations



**Matti Muhos**  
Director, Kerttu Saalasti  
Institute, University of Oulu

Opening



**Marjo Kolehmainen**  
CEO, Federation of Finnish  
Enterprises Northern Ostrobothnia

Overview of the SMEs' experience  
in growth and internationalization in  
Northern Ostrobothnia



**Jaakko Simonen**  
Associate professor, Department of  
Economics, Accounting and Finance in  
Oulu Business School, University of Oulu

Creative destruction and  
creative resilience



**John Hobbs**  
Senior Lecturer Economics, Munster  
Technological University (MTU), Ireland

Co-learning in FOUNDATION



**Tiina Rajala**  
Development Director,  
Council of Oulu Region

Future is everywhere –  
let's do it together!

## Part 2: Panel discussion

**Strengthening the  
competitiveness of SMEs in  
rural regions - Triple-helix  
collaboration in rural regions.**

Grounding for the discussion



**Ossi Kotavaara**  
Research director, Regional Excellence  
(REx), Kerttu Saalasti Institute  
University of Oulu

FOUNDATION regional analysis

### Panelists



**Janne Hietaniemi**  
Project Manager,  
International affairs,  
NIHAK ry



**Ville Isoherranen**  
Director, School of Engineering  
and Natural Resources, Oulu  
University of Applied Sciences



**Tapio Koivu**  
Vice Rector for Education,  
University of Oulu



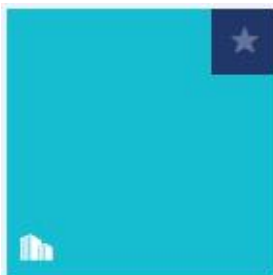
**Tiina Rajala**  
Development Director,  
Council of Oulu Region



**Tiina Suutari**  
Group Leader, Centre for  
Economic Development,  
Transport and the Environment,  
Northern Ostrobothnia

# Best practises from the Interreg Europe Policy Learning Platform

<https://www.interregeurope.eu/policylearning/>



## MicroENTRE® Growth Network™

08/10/2020

MicroENTRE Growth Network is a collaboration model of the UOULU, built upon peer-to-peer support and co-created with local public business advisory services.

**Location:** Pohjois- ja Itä-Suomi, Finland (Suomi)

**Project:** FOUNDATION



## Yritystakomo ("enterprise smithy")

14/02/2020

Yritystakomo was local pre-incubator that drove the unemployed engineers towards employment or to team up around new business ideas.

**Location:** Pohjois- ja Itä-Suomi, Finland (Suomi)

**Project:** FOUNDATION



## Rural SME internationalisation model

30/06/2020

Rural SME internationalisation operations model lowers the thresholds to internationalisation to rural companies by peer network and shared marketing.

**Location:** Pohjois- ja Itä-Suomi, Finland (Suomi)

**Project:** FOUNDATION





# Best practises from the Interreg Europe Policy Learning Platform

<https://www.interregeurope.eu/policylearning/>



## RIC - Innovation Center for Research and Education -...

17/04/2020

How could a region become resilient and keep people in the region to enhance Education - Qualification - Innovation

**Location:** Oberösterreich, Austria (Österreich)

**Project:** FOUNDATION



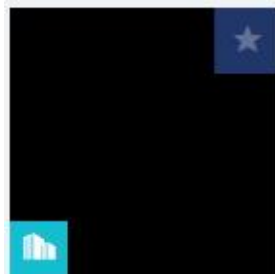
## Regional Enterprise Plans (REPs)

10/02/2020

The Regional Enterprise Plans (REPs) were designed to ensure each Irish region can play its part in developing a national resilient enterprise and economic base

**Location:** Southern and Eastern, Ireland (Éire)

**Project:** FOUNDATION



## ProtoLab

06/04/2020

Come with an idea for a project or company. Talk to mentors, explore the labs and available equipment. Build a team and start implementing your project.

**Location:** Podkarpackie, Poland (Polska)

**Project:** FOUNDATION



## Thanks

**To all our presenters and participants.** Let's share the best solutions and implement those to the regional policies across Europe !



**Matti Muhos, Director, Professor, Dr.Sc. (Tech.)**  
University of Oulu, Kerttu Saalasti Institute  
Tel. +358 400407590

**Mobile:** 00 358 400407590  
**Email:** [matti.muho@oulu.fi](mailto:matti.muho@oulu.fi)

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# FOUNDATION

Interreg Europe



FOUNDATION will provide a framework and roadmap for regions facing industrial closures, job losses and uncertainty, to develop economic resilience through collaboration.



SME  
competitiveness



1,57 M  
ERDF



Aug 2019  
Jul 2023

 @FOUNDATION\_EU

[www.interregeurope.eu/foundation](http://www.interregeurope.eu/foundation)



# Yrittäjät

2021

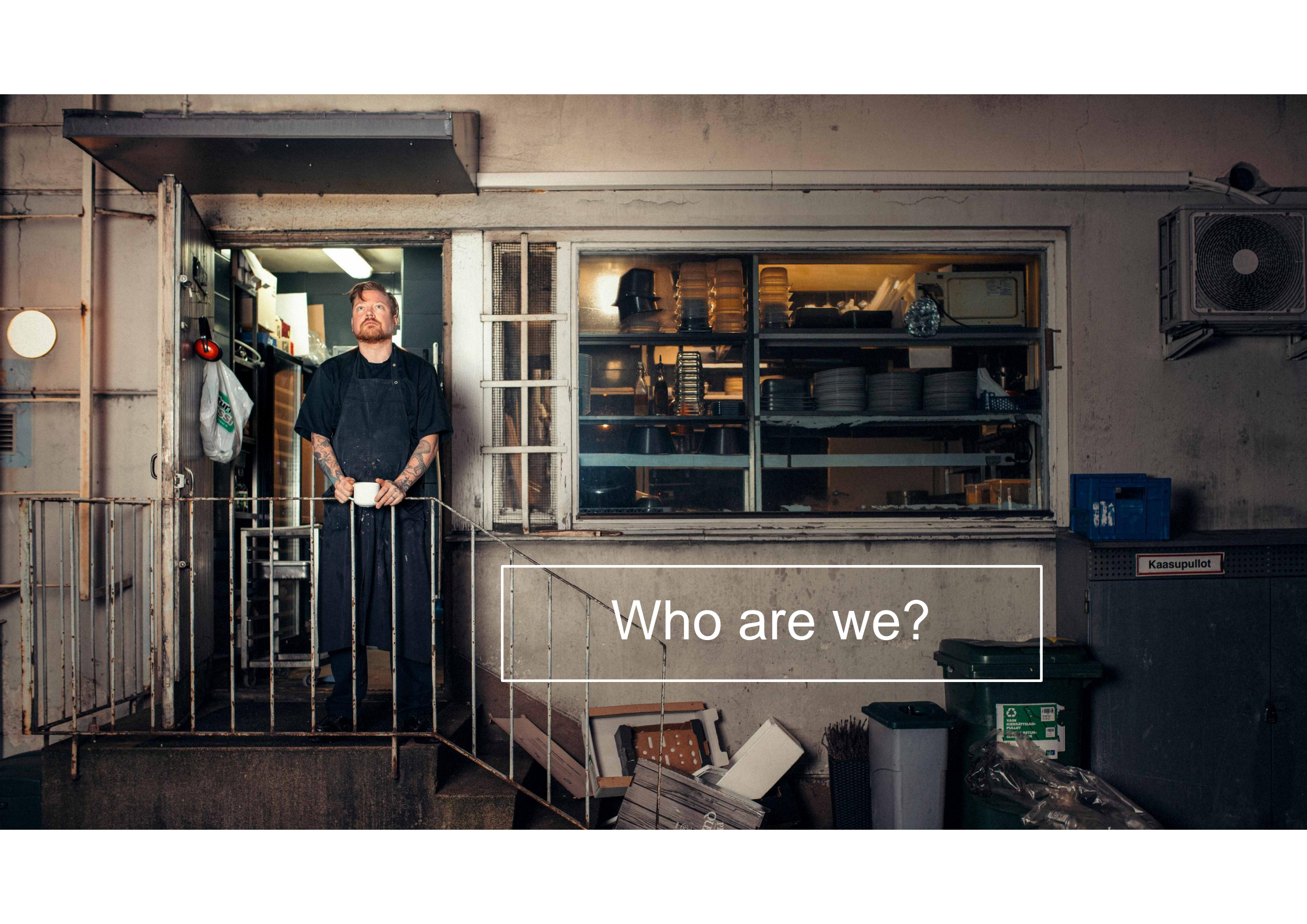
Marjo Kolehmainen

CEO, Federation of **Finnish Enterprises Northern Ostrobothnia**

Senior Lawyer, eMBA







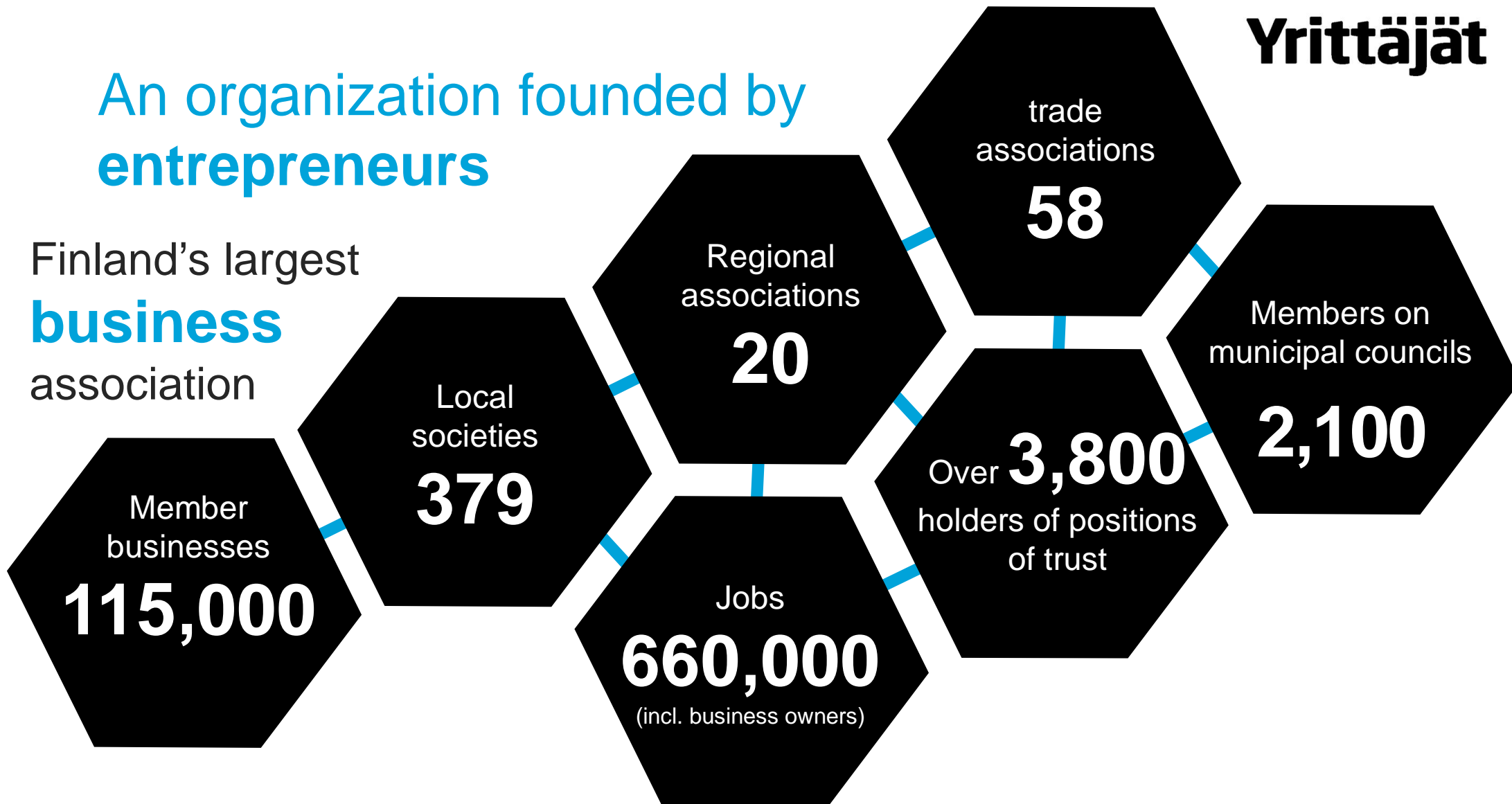
Who are we?



An organization founded by  
**entrepreneurs**

Finland's largest  
**business**  
association

**Yrittäjät**





Why do we  
exist?





We  
advocate  
for  
entrepreneurs

Suomen Yrittäjät represents SME:s **businesses**.

**We improve the position of entrepreneurs** and their conditions for doing business. Our goal is to make Finland a better country to do business in.

Entrepreneurs and entrepreneurship take Finnish society as a whole **towards a better future**.



# For these reasons it's worth being a member of Suomen Yrittäjät



Information, help and tips for running your business. We offer a document bank, the Yrittäjä magazine, an electronic newsletter and social media channels.



We make an impact on decision-making. We advocate for businesses and entrepreneurs.



We offer entrepreneurs a network for meeting and cooperating with each other.



We offer our members free advice, both online and over the phone, on the challenges of running a business.



A wide variety of free training sessions to keep entrepreneurial skills current. A broad range of local and national events.



Money-saving member benefits: discounts on insurance, phone contracts, fuel, accommodation and travel.



**» MORE REASONS:**  
**Time to fall in love with**  
**Suomen Yrittäjät**



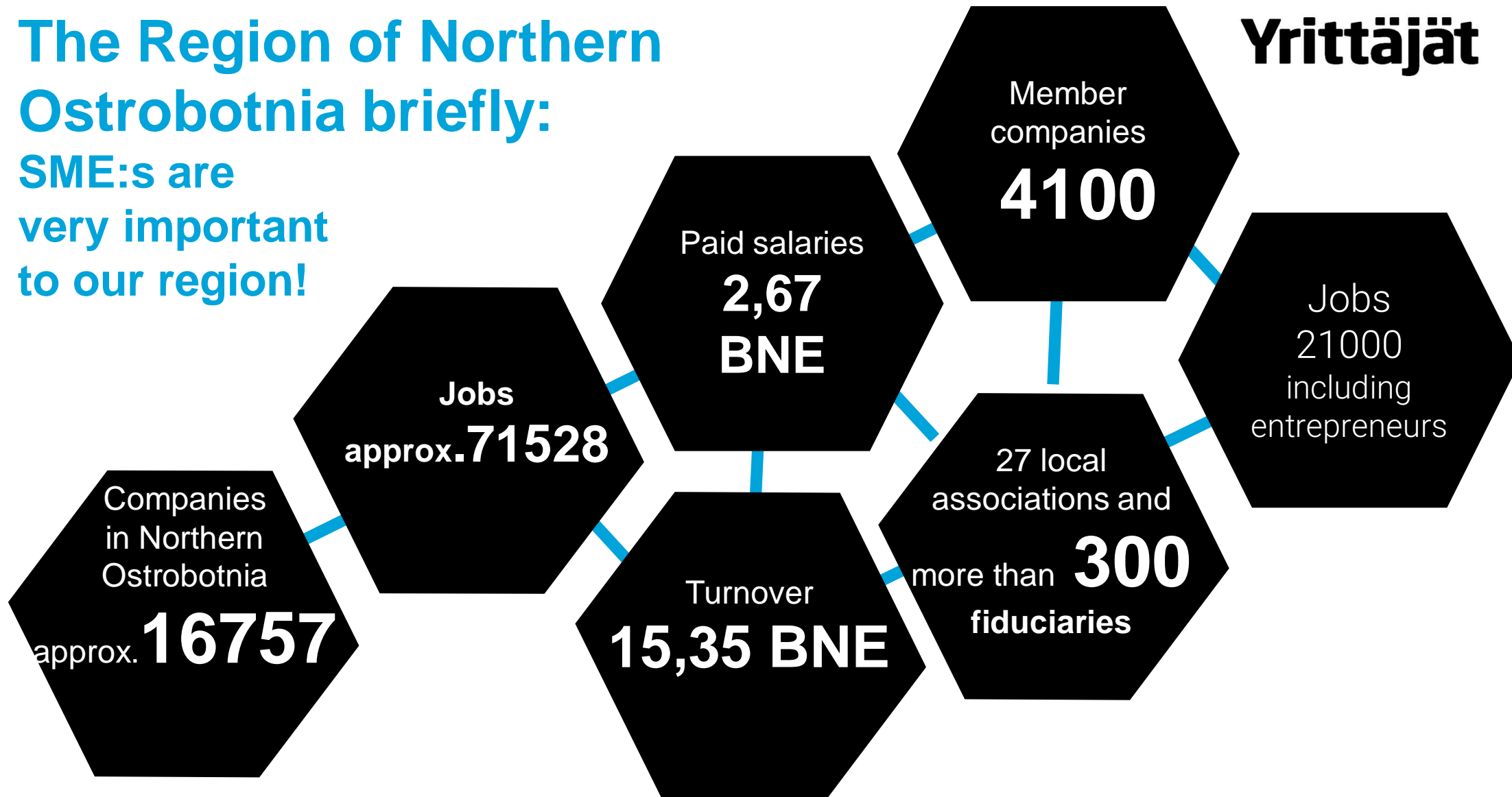


Northern Ostrobothnia



# The Region of Northern Ostrobothnia briefly:

SME:s are very important to our region!



**Yrittäjät**

Source Statistics Finland 2018 and member register 2020

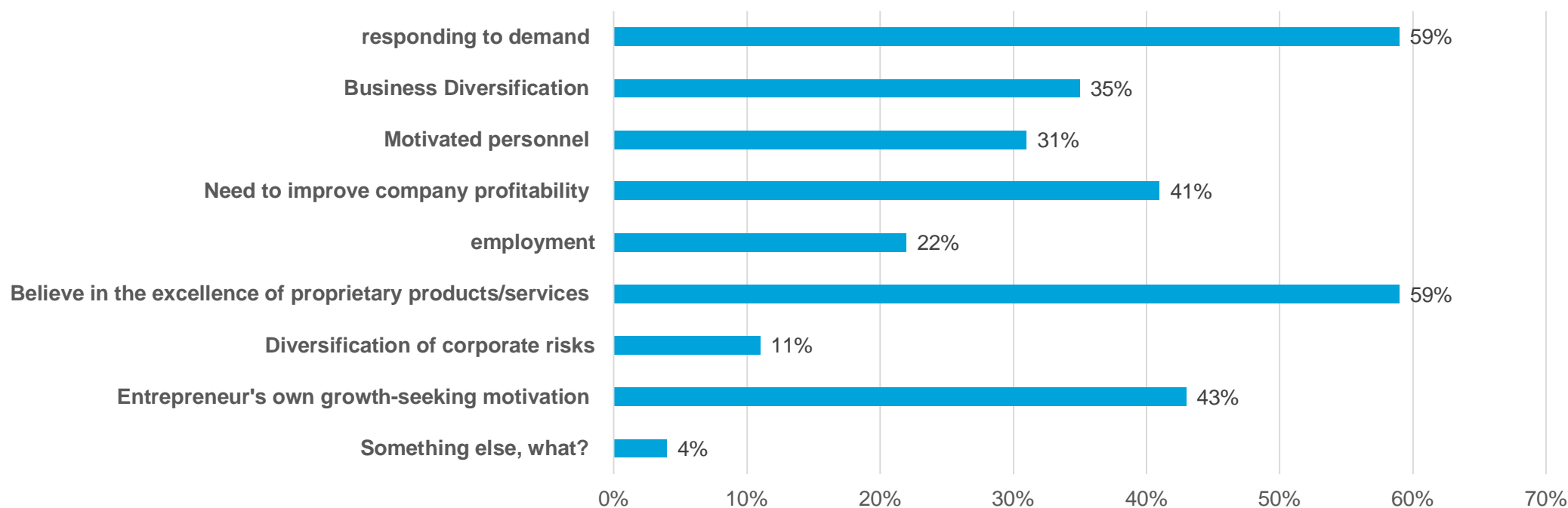
# **The Results of Direction of Growth- survey**

WHY, WHEN AND HOW COMPANY'S WANT TO GROW

# Inducements to Growth Search 2020 (n=223)

**Yrittäjät**

Which encourages the entrepreneur to grow

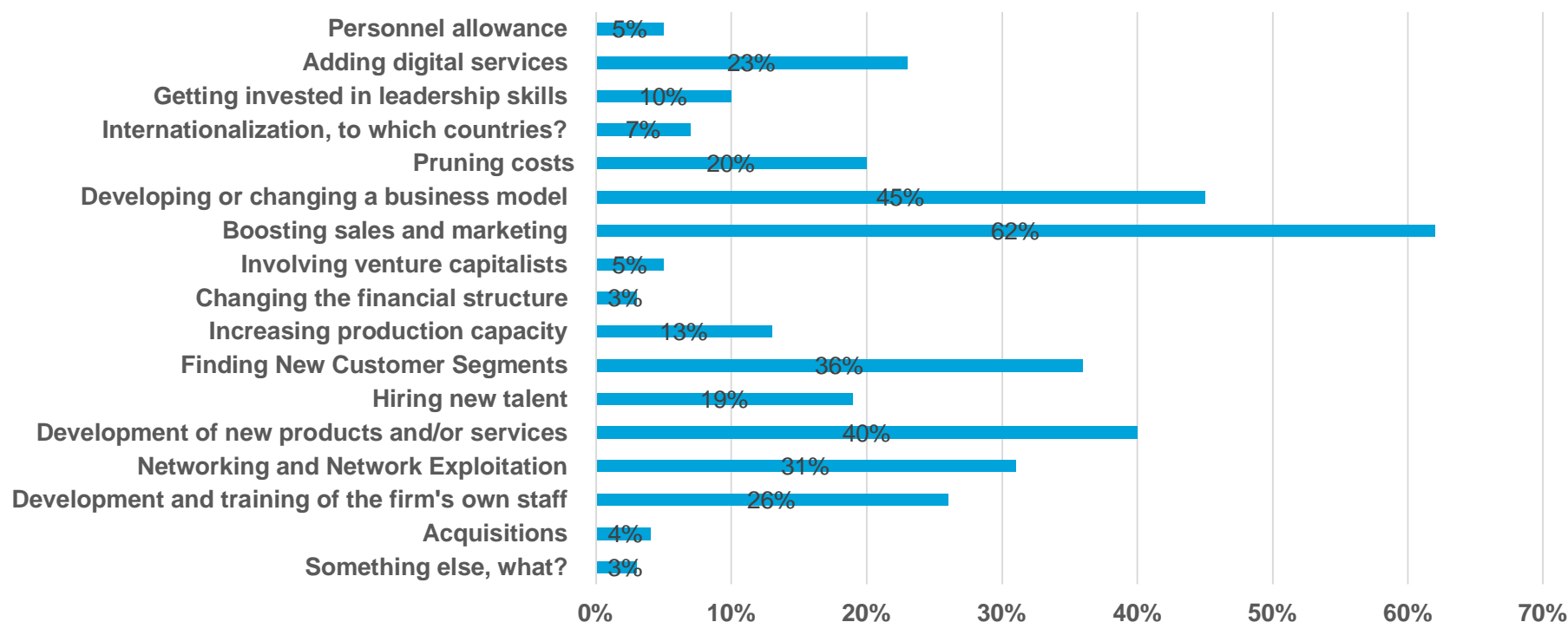


Source: Direction of Growth-survey 2021



**Which ones from the following means are the most important ones for your company from the viewpoint of growth search?  
(n=211)**

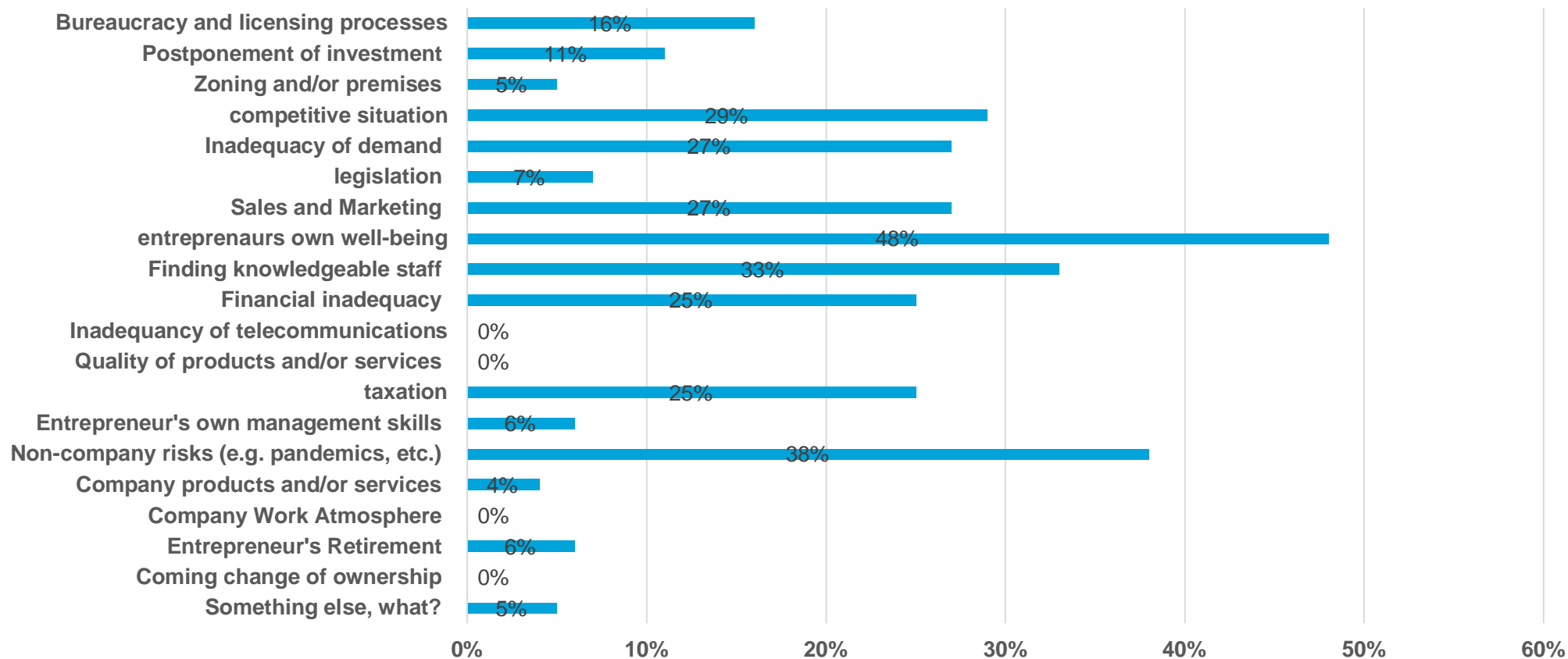
**Yrittäjät**



Source: Direction of Growth-survey 2021

# Which issues you find to limit the growth of your company the most? (n=221)

**Yrittäjät**



Source: Direction of Growth-survey 2021

# **PROMOTING**

# **ENTREPRENEURSHIP**

# Planning for Structural Change – SMEs and Resilient Rural Regions 10.6.2021 Seminar

Future is everywhere – let's do it together!



*Tiina Rajala  
Development  
Director*





Area  
**36 812 km<sup>2</sup>**

**12%**  
Of the whole  
country

30 municipalities  
**2. largest**  
province

**Well-being  
from  
the forest**



**25 326 km<sup>2</sup>**  
forest

Almost as much as the  
whole area of Belgium

**National parks:**  
Oulanka, Syöte, Rokua  
a part of Hossa



**411 856**  
population

**7,5%**  
of the population in  
Finland

**201 810**  
residents in Oulu  
**5th largest**  
city

**Council of Oulu  
Region**



**Youth  
province**

Average-age  
**39,9**  
years

one in five  
children is  
**under**  
15 years old

**every 10  
child**  
is born in  
our area



FINLAND  
POPULATION  
5 507 101



OULU  
European Capital  
of Culture 2026



## Council of Oulu Region

30 municipalities

ASSEMBLY OF THE COUNCIL

74 members

BOARD OF THE COUNCIL

13 members

OFFICE OF THE COUNCIL OF OULU REGION

**By channeling the development financing into agreed regional points, we can increase the resilience of the area's economy and SMEs**

Council of Oulu region as a regional development authority.

Council of Oulu region is also an investor to the area.

Intermediate body ERDF Fund

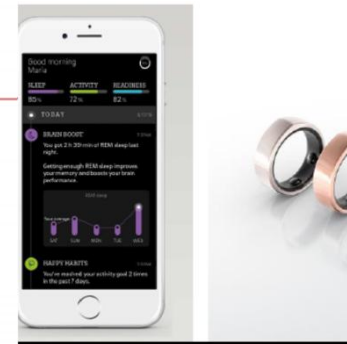
- (Budget 12,5 million €/year)
- Council of Oulu Region is the managing authority for the national fund for Regional Development
- National funding but regional decision-making



Northern Ostrobothnia is a province of long distances and sparsely populated areas

The province has many opposing as well as enriching geographical, economical, educational and research-related characteristics.

- Oulu, with a population of 201,810 (Oulu is also part of the reindeer management area)
- The smallest municipality, Hailuoto island, with 950 inhabitants
- Finland's southernmost fell

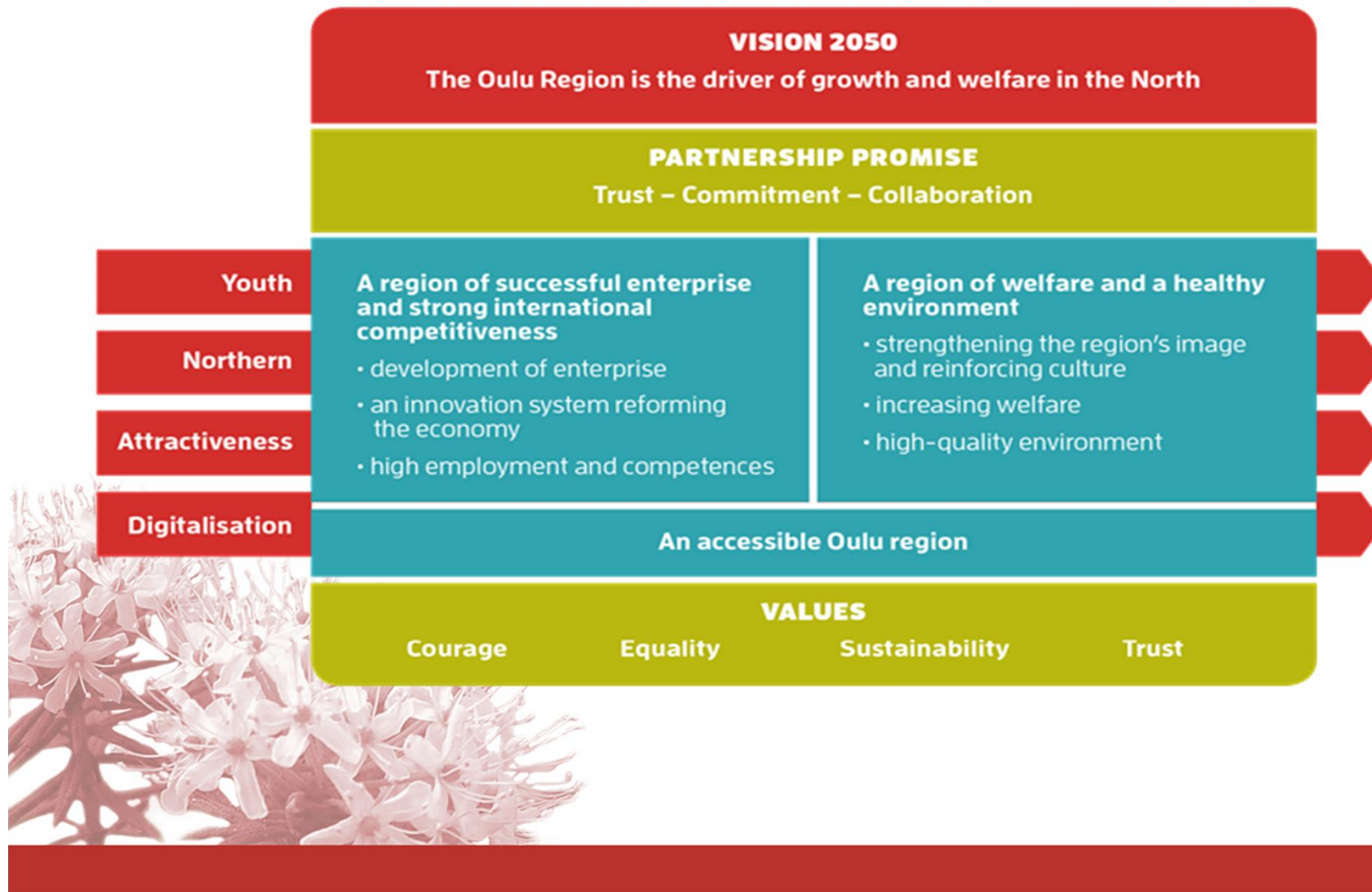


OURA  
Ring



- The resilience of an area increases as it recognizes its own strengths and begins the journey from the home village to international arenas
- The same applies to SMEs

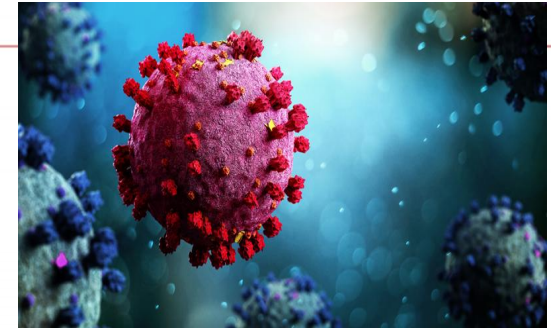
## The Regional Plan 2018-2021



## Covid-19

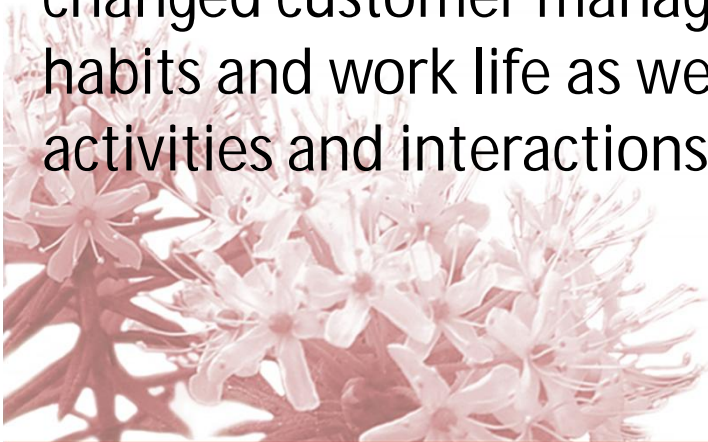
Have we learned anything – should we learn something?

Were our regions or SMEs resilient to the global crisis that deprived them of their customers, caused cash problems as well as loss of customers and orders, and changed customer management, work habits and work life as well as the social activities and interactions?



Who is going to put out the fire?

Who is going to help to obtain resistance in the future?





Do we have mechanisms in our regions to promote recovery, reorientation and renewal?

Sudden  
structural  
change

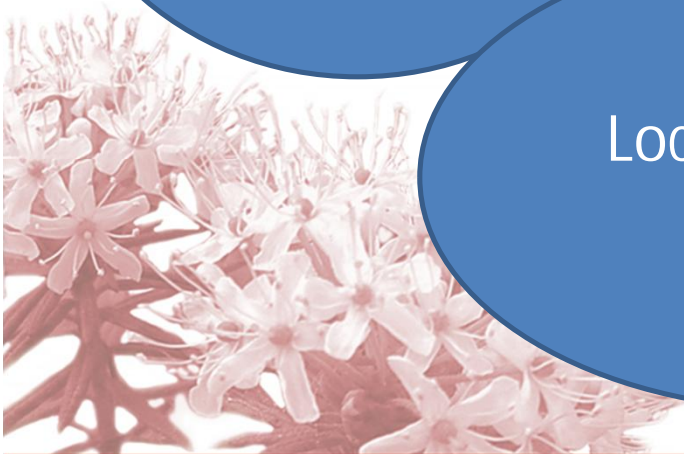
Foreseeable  
structural change

Local structural  
change

It's always a  
matter of people

We must always  
find a solution

We must always  
prepare and  
increase resilience



Genuine and proactive cooperation above all – developers,  
companies, educators

-> Preparation "seat belt"

Trust is built together by working towards common goals

-> Common goals create success (sometimes mistakes occur)

Everyone reads the same map and has the same destination

Regional plans and strategies -> "development euros"

Companies' own strategies and plans -> when the board and the  
operational management of the company commit – the bank and the  
investors also believe in them

<https://www.pohjois-pohjanmaa.fi/kehittaminen/alykas-erikoistuminen-2021-2024/>,

## Building our future with International Cooperation

- Significance of international cooperation has increased in the Oulu Region
  - Many of the region-wide development programs have an international dimension
  - Smart Specialisation program
  - Memberships S3, platforms, networking and clusters
  - It is important to raise the level of expertise among both our own regional actors as well as actors internationally.
  - Through the cooperation that takes place in international projects such as this, we can all grow by the exchange of knowledge and good practices.
  - Co-operation, learning, understanding
- ONE EUROPE –ONE FUTURE





Book Published in March 2011



Order through e-mail:  
[martti.launonen\(at\)hubconcepts.com](mailto:martti.launonen(at)hubconcepts.com)

## Best Practise Innovation Hub Concept in Oulu Region

### Private sector activities

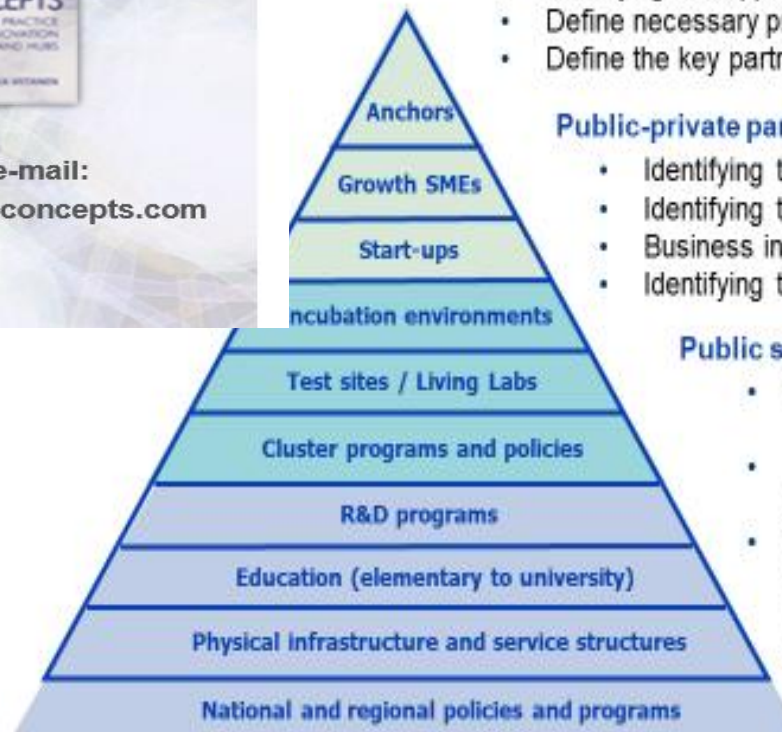
- Identifying the new roles for key actors
- Identifying the appropriate KPIs to follow
- Define necessary processes for joint activities
- Define the key partnerships

### Public-private partnerships

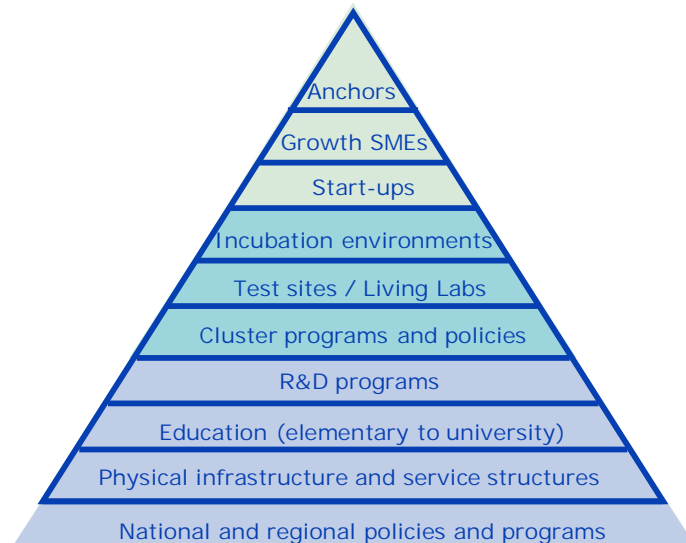
- Identifying the win-win partnership models
- Identifying the appropriate cluster models
- Business incubation and acceleration support
- Identifying the key infrastructures for joint use

### Public sector activities

- Identifying the key education and skills training programs
- Identifying the key R&D programs for joint activities
- Defining the national and regional innovation policy issues, key to the social innovation activities



# Best practice: ICT HUB ecosystem in Oulu



## Characteristics

- The foundation: Oulu's internationally unique know-how in telecommunications and hardware technology
- The Nokia cluster; Oulu-based and internationally established companies that have survived the transition phase. Strong collaboration with policy makers
- The rise of the Fintech sector (banking and finance) as an important sector together with welfare technology and IoT
- Concentration of education and research

## Anchor companies:



## Growth SMEs and start-ups:

- Haltian, 9Solutions, Tactotec, Ginolis, Offcode, Taviq, Verkotan, Laavu Solutions, Fingersoft....

## Incubation env., Living Labs, Cluster programs

- HealthLab, GameLab, EduLab, FabLab, PATIO, BusinessKitchen, 5G Test Network
- Oulu Innovation Alliance

## R&D programs, Education, infrastructure, regional policies

- Regional strategy, Smart specialisation strategy, HILLA R&D program, Allied ICT Finland (Largest research to business ICT network in yht Nordics)
- University of Oulu, Univ. Of Applied Sciences, vocation education, lifelong learning
- Coordination of Digital Transition in Urban Agenda
- Univ. HUB Campus 2020, Smart City Service Innovations, Oulu Hiukkavaara – Arctic Smart City Living Lab
- Open access R&D infrastructure in Universities

## Employment effect in Oulu Region:

Companies: 450

Personnel: 12 300

Net sales: 2800 M€

## Spearheads:

- 5G and other telecommunications, 6G flagship
- IoT
- Printed electronics
- Fintech
- Health care and ICT synergy
- New opportunities and markets: Cybersecurity, artificial intelligence, food security

## Digital innovation Hubs in Oulu:

- 5G, PrintoCent, Arctic Drone Lab, SuperIoT

## The 10 Happiest Countries in the World

1. Finland. For the fourth year in a row, Finland is number one when it comes to happiness.

2. Denmark. Denmark remained in second place this year.

3. Switzerland.

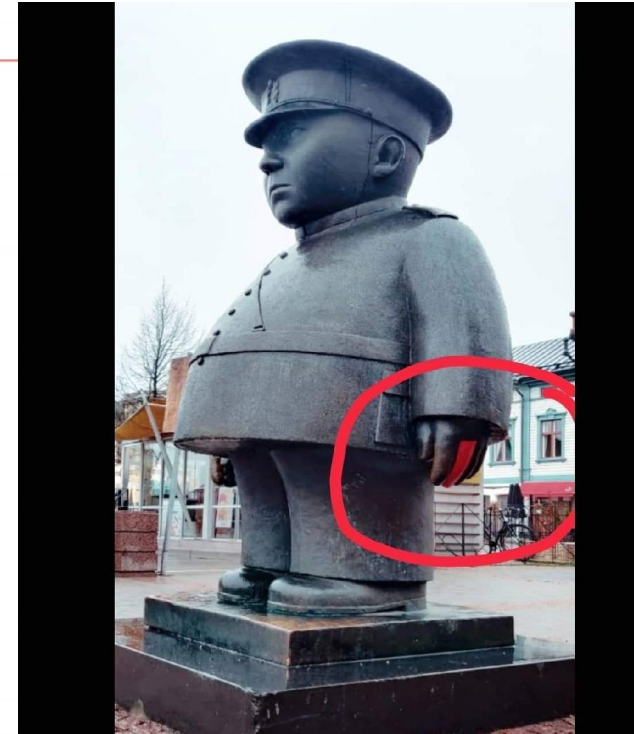
4. Iceland.

5. Netherlands.

6. Norway.

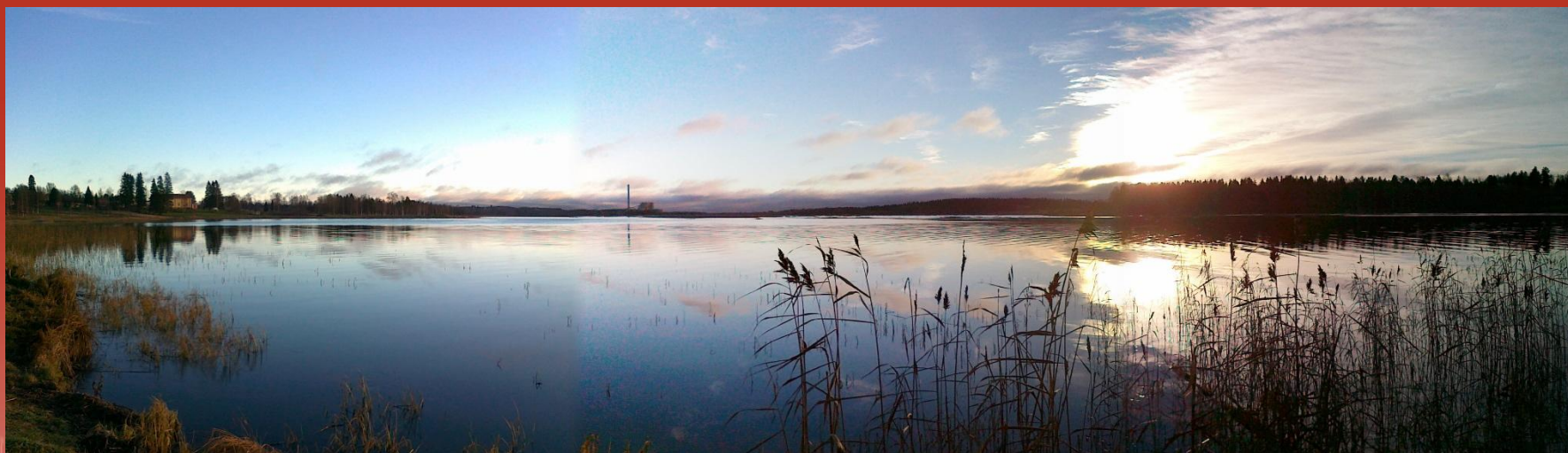
7. Sweden.

8. Luxembourg.





*Thank you! Kiitos!*



[www.pohjois-pohjanmaa.fi](http://www.pohjois-pohjanmaa.fi)

<https://www.youtube.com/watch?v=66kjJo2v58U>





# Creative destruction and creative resilience

Jaakko Simonen

Associate professor in Resilience in intelligent technology-based ecosystems, GenZOulu  
Department of Economics, Accounting and Finance  
Oulu Business School

**Planning for Structural Change – SMEs and resilient rural regions webinar, 10.6.2021, Oulu, Finland**



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## Content

1. The concept of resilience in regional economics literature
2. Causes of shocks and policy measures to increase resilience
3. The framework of creative resilience





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## The concept of regional resilience

- Regional cyclical sensitivity has increased, regional development has become a more shock-prone process.
- *Resilire*: Leap back or to rebound
- Ability of an entity or system to recover and position elastically following a disturbance or shock.
- Capability of regions to
  - a) anticipate
  - b) prepare for
  - c) respond to
  - d) recover fromthe shock which has destabilized the socio-economic system of the region and pushed the region out of its predictable economic growth path.
- Global, national or local, sudden or slow, temporary or long-lasting, one shock or series of shocks.
  - Local firm closures, industry wide shutdowns etc.
- Attention has shifted from local competitiveness to local resilience.



---

## What affects regional resilience?

- Resilience is typically revealed when a shock occurs.
- Resilience is “a Black box”.
  - Can we identify what factors affect regional resilience?
  - Can we generalize these factors?
- The sensitivity or vulnerability of regional economies to various disturbances and the recovery from shocks depends on for instance;
  - Industrial structure (industrial portfolio)
  - Regional human capital and labour market conditions
  - Structure of the innovation network
  - The policy pursued at both national and regional levels
  - The supportive institutional environment



## Regional shock and successful resilience – Case of high technology sector in the Oulu region

- a) How certain features of the industrial structure and innovation network can cause serious problems for regional development when the region meets a shock.
  - b) How well a region can adapt to and recover from shocks and disturbances through effective regional policy.
  - c) An interesting example of creative destruction\* and creative resilience.
- 
- Simonen J., Herala, J. & Svento R. 2020. Creative destruction and creative resilience: Restructuring of the Nokia dominated high-tech sector in the Oulu region. *Regional Science, Policy and Practice*, 12.
  - Simonen J. & Koivumäki T. & Seppänen V. & Sohlo S. & Svento R. 2016. What Happened to the Growth? – The Case of the ICT Industry in Oulu, Finland. *International Journal of Entrepreneurship and Small Business*, vol. 29.

*\*Joseph Schumpeter, 1942, Capitalism, Socialism and Democracy*

*“Creative destruction: Process of industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one.”*





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## The recovery from the shock - Case high technology sector in the Oulu region

- Key actors in the region saw the possibility of this kind of crisis.
  - Funding was decided to be used for genuinely new, commonly decided activities.
  - The partners committed themselves to invest in these agreed areas.
  - Support for growth entrepreneurship and the construction of a startup ecosystem
- The specialization in the 'new economy' and innovative high technology industries
- Resilience of people
- Entrepreneurial culture
- Experiences from previous economic crises



## Creative resilience: Actions and actors

Actions Actors	Knowledge creation	Entrepreneurship	Community Spirit
Workers	Readiness for retraining in emerging industries	Establishment of start-ups	Commitment to the region
Firms	Configuration and exploitation of new strategies	Re-orientation to new fields	Self-confidence, seeking new opportunities
Authorities (incl. Educational institutes)	Renewal and customization of education programmes (in co-operation with education institutes and firms)	Incubator programmes and financial support instruments for genuinely new activities	Proactive, agile triple helix management
Politicians	Think tanks	Infrastructure investments	Forward-looking attitude

Simonen J., Herala, J. & Svento R. 2020. Creative destruction and creative resilience: Restructuring of the Nokia dominated high-tech sector in the Oulu region. *Regional Science, Policy and Practice*, 12.



## More about the regional resilience (Case H-T in Oulu region)

- Simonen J, Herala J, Svento R. (2020) Creative destruction and creative resilience: Restructuring of the Nokia dominated high-tech sector in the Oulu region. Regional Science Policy and Practice
- Herala J, Simonen J & Svento R. (2017). Oulu äkillisen rakennemuutoksen alueena. Kansantaloudellinen aikakauskirja 113 . v s k . – 2 / 2 0 1 7
- Herala J, Karhinen S, Orenius S, Simonen J & Svento R (2017). Luova tuho – Tie eteenpäin - Oulu äkillisen rakennemuutoksen alueena. Talouspolitiikan arviointineuvoston raportti. <https://www.talouspolitiikanarviointineuvosto.fi/wordpress/wp-content/uploads/2017/01/luova-tuho-tie-eteenpain-oulu-akillisen-rakennemuutoksen-alueena.pdf>





# Thank you for your attention !

**Simonen Jaakko**

Associate professor in Resilience in intelligent technology -based ecosystems, GenZOulu  
Business School

Department of Economics, Accounting and Finance  
Oulu Business School, University of Oulu  
Oulu, Finland

**Further information:** [jaakko.simonen@oulu.fi](mailto:jaakko.simonen@oulu.fi)



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# FOUNDATION regional analysis Nivala-Haapajärvi sub-region – Regional grounding for the discussion

**Ossi Kotavaara, Research director, Adjunct professor  
University of Oulu, Kerttu Saalasti Institute, Regional Excellence**

**Case study: Ala-Rämi, K.<sup>1</sup>, Kotavaara, O.<sup>1</sup>, Laasonen V.<sup>2</sup> & M. Muhos<sup>1</sup>**

**<sup>1</sup>University of Oulu, <sup>2</sup>MDI**

Online Webinar 10<sup>th</sup> June 2021

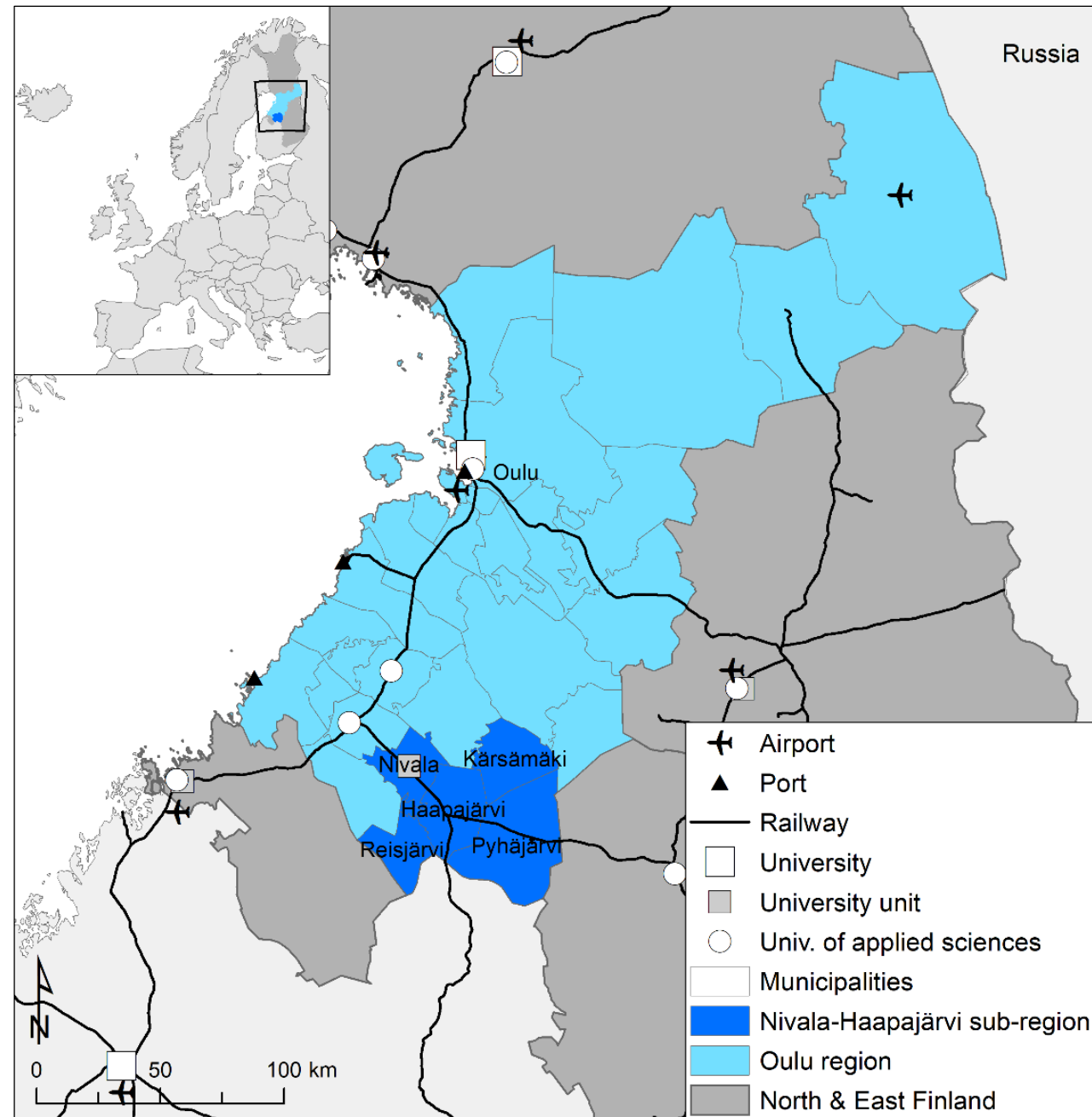


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# Resilient rural regions by growth of SMEs?

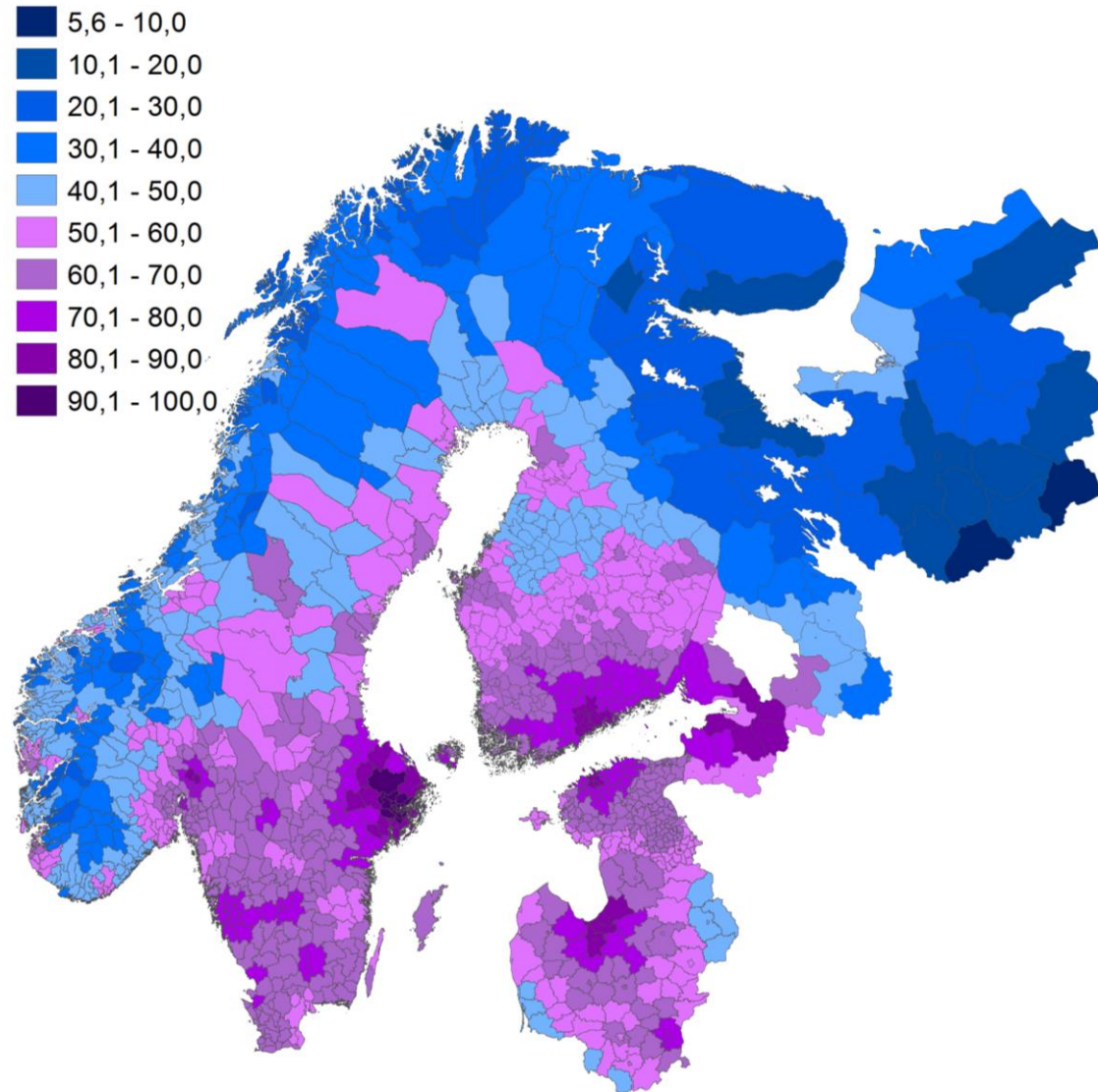
- Major industrial structural changes in occurred at Oulu and takes places at Pyhäjärvi.
- Finland and Oulu region (i.e. Northern Ostrobothnia) both have had *increasing* trend in population, enterprises and jobs.
- Nivala-Haapajärvi has *declining* trend in population, enterprises and jobs, but **growth in turnover** of enterprises.
- Rural resilience perspectives from competitive enterprises, functional networks and regional labour markets?
- To understand what creates, supports or may harm growth of rural companies, 14 succeeding rural SMEs interviewed (9 are exporting)



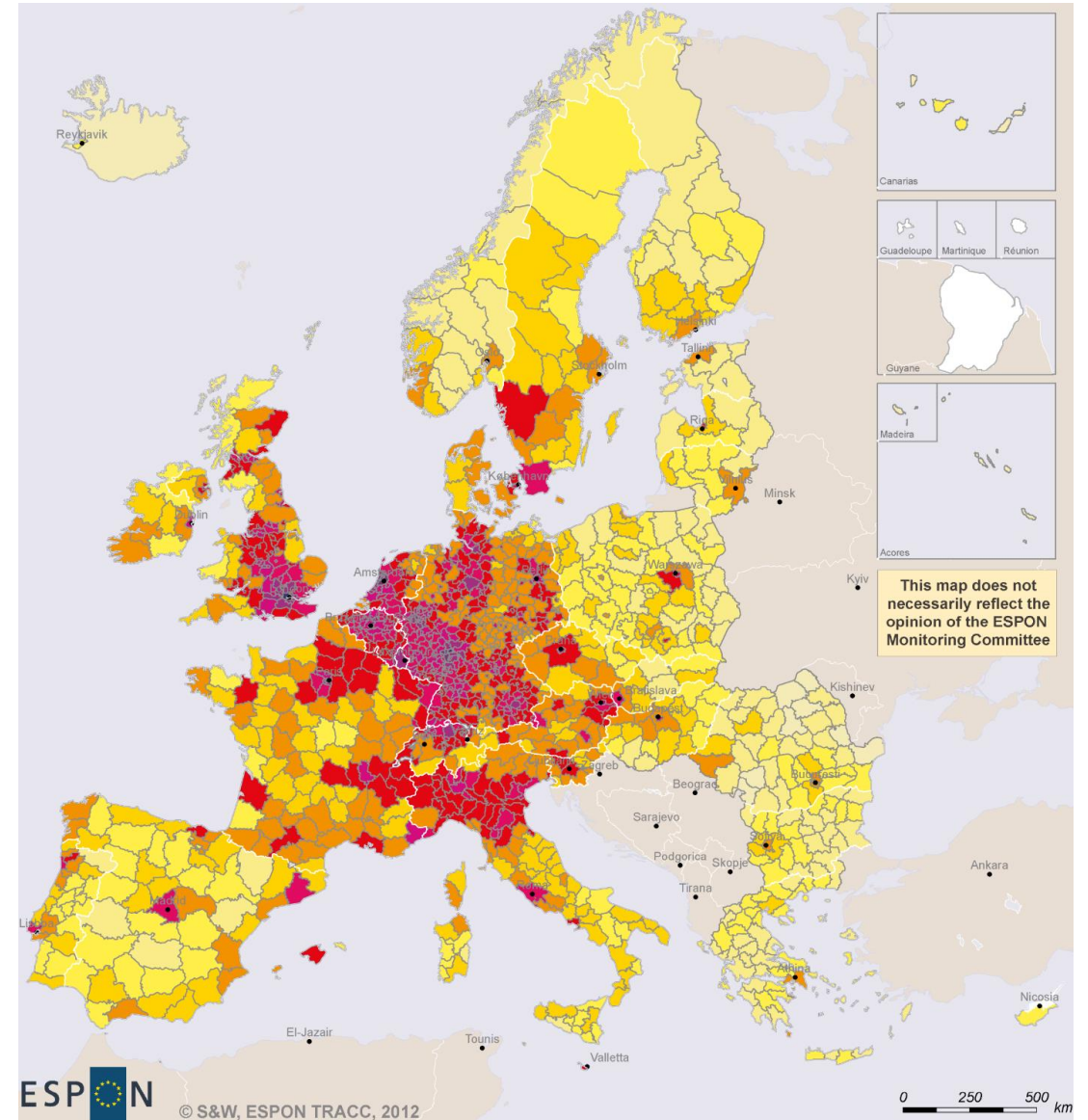


# Contextualising remoteness and rurality at Northern

Potential accessibility to population by air and road transports



Rusanen J. et al. (2013) SMARCTIC Roadmap to Smart Arctic Specialization. Smart Logistics, Transport and Living Environment (WP3) Summary report.



Spiekermann et al. (2012) ESPON TRACC Final Report - Executive Summary and Main Report.

# Reported effects of the COVID-19 pandemic

- For interviewed companies, the COVID-19 pandemic had mainly brought about changes in operating models and had **challenged sales activities**.
- Plans for internationalisation and growth had been **delayed**.
- Several companies pointed out that the pandemic has forced them to come up with **digital means**.
- **New ways** to boost sales and retain customers through.

# Key strengths observed

- **None** of the companies directly pointed to the **remote location of region**, its shrinking development and structural change **as obstacles to growth**.
  - All the companies had **main market areas outside the region**.
  - All noted that **they do not see the need to relocate their activities**.
  - The major industrial structural change – closure of the Pyhäsalmi mine – had not a direct impact on the interviewed companies.
- Significant raised positive factors
  - Large share of the companies emphasised regions **good business environment, partnership networks and direct dialogue** – public actors, companies and educational institutions.
  - Municipalities have **encouraging attitudes** towards companies and entrepreneurs.
  - Companies are **consulted and are understood well** in the area (with e.g by NIHAK).
  - Operations in the region are seen as more **flexible and easier** (than in larger cities).



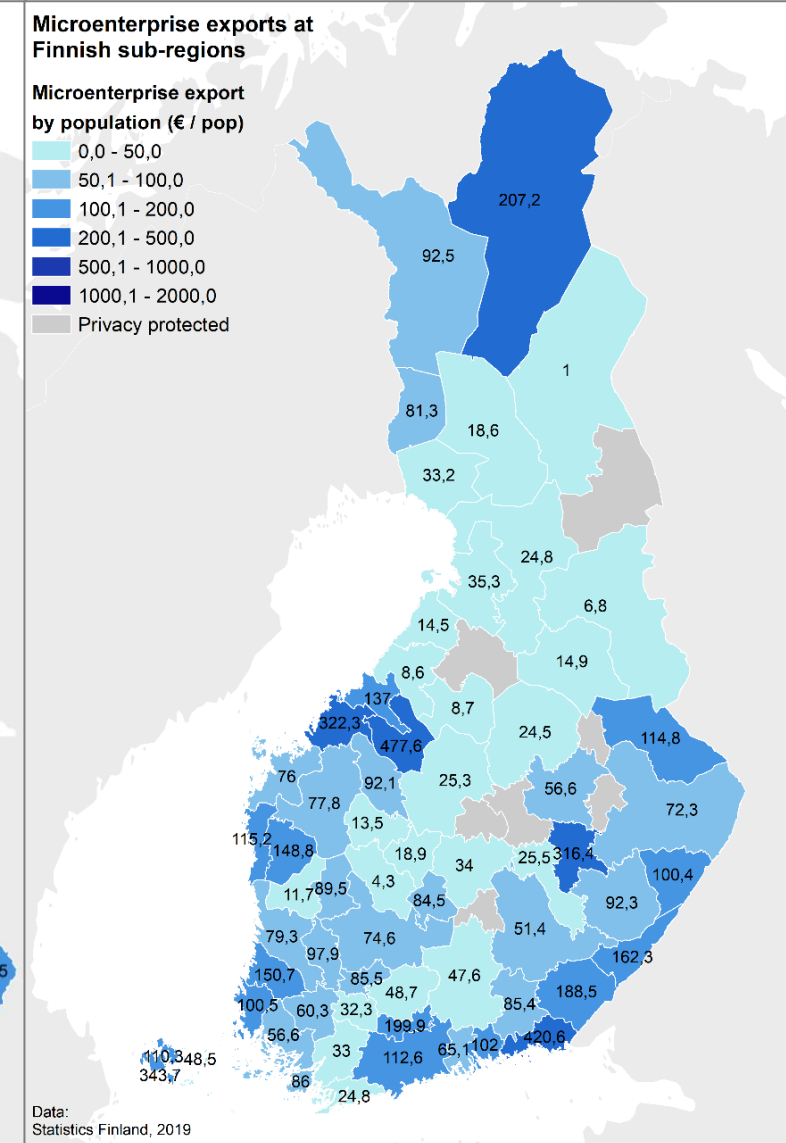
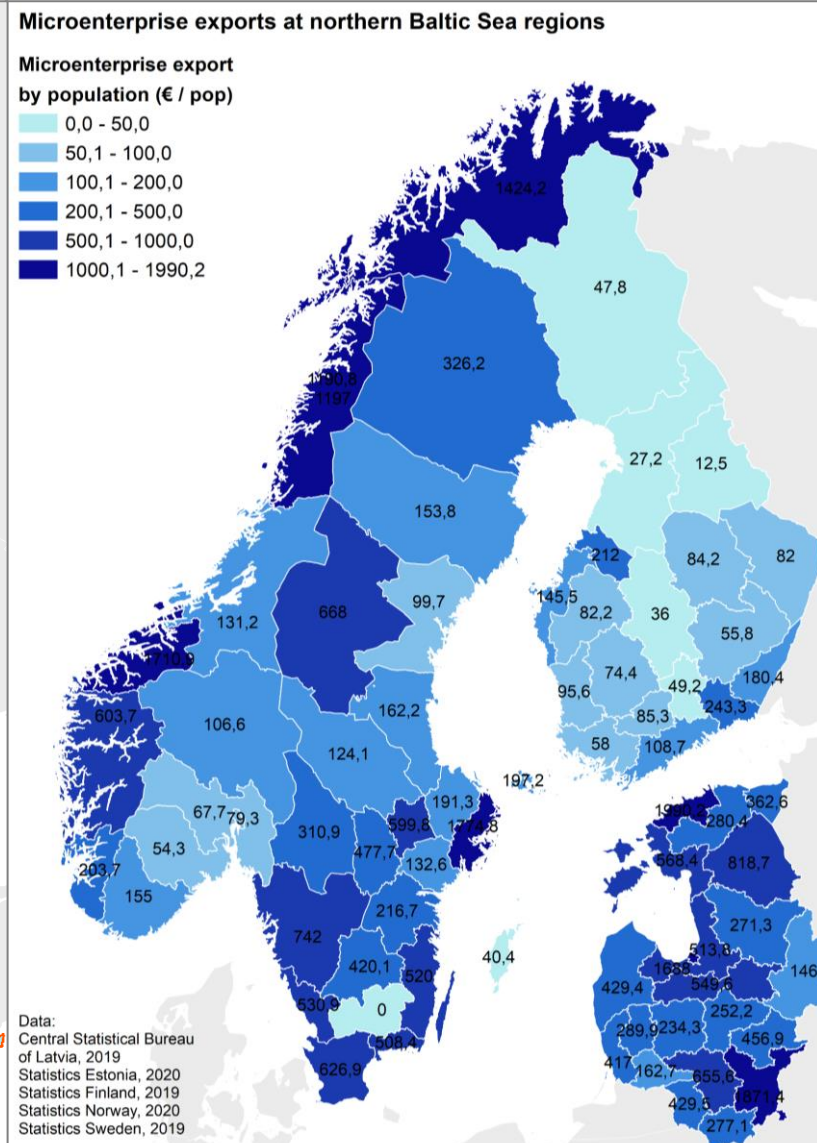
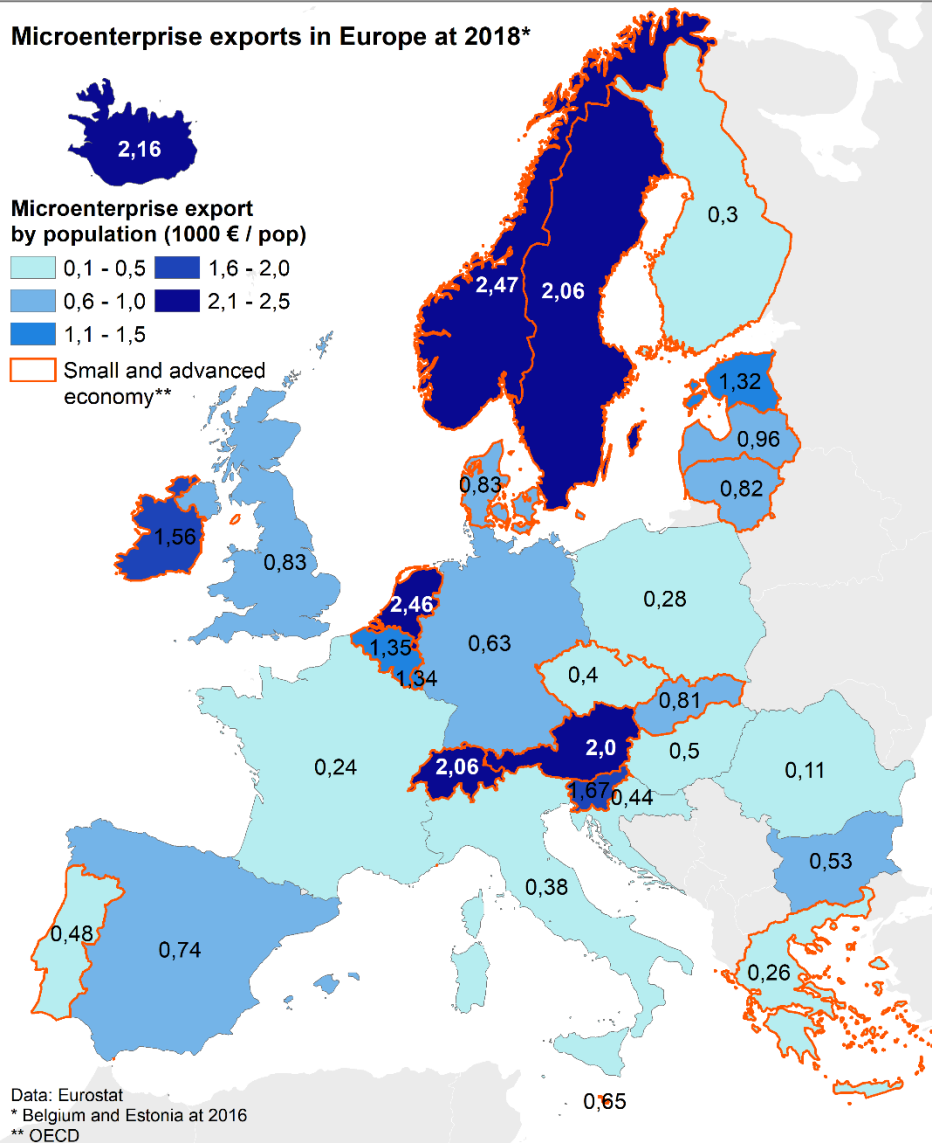
# Key challenges related to workforce

- The weak demographic development of the Nivala-Haapajärvi region is highlighted as a challenge for **ensuring a skilled workforce**.
- National education policies and **the cuts and closures of secondary and tertiary education and training** from the region was seen as the most challenging development.
- Companies see that the **valuation of vocational education** is declining nationally
  - Seen to weaken the conditions for success in shrinking regions.
  - Companies's ability to operate in the region is based on the availability of a workforce with good basic and vocational training.

# Key RDI perspectives and challenges

- Growth is strongly founded on **practice-based development** and innovation activities.
- The business is built very strongly around **customer needs and problem solving**.
- Companies invest in RDI activities, which take place alone/mostly **together with a specific customer or supplier**.
- Most companies' RDI activities appear in the form of **individual development projects**.
- Companies have **not been very active in participating in larger RDI projects** (with other companies, educational institutions and universities and public bodies).
  - Companies are not used to cooperating widely in RDI or to apply development platforms.
  - The importance RDI ecosystems is not necessarily recognised.
  - Also a lack of resources, experience and know-how for RDI cooperation
- **Neighbouring universities and colleges** still are seen to play an important role in supporting business renewal.

# Does early stage exports matter or is it possible?







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# Thanks for attention!

Report: Ala-Rämi, K., Kotavaara, O., Laasonen V. & M. Muhos  
(2021) Finnish regional analysis: Building Regional Resilience to  
Industrial Structural Change: Nivala-Haapajärvi region. *Interreg  
FOUNDATON report.*



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