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Social Entrepreneurship in the Finnish Context - Case EntoCube

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Abstract

The purpose of this study is to add to the existing momentum of contextualizing social entrepreneurship in Finland. This research explores social entrepreneurship in the Finnish context with a case study of a start-up, EntoCube, developing cricket farming technology and offering food made from crickets as an easy alternative food for solving world food crisis, and as a potential food for future interplanetary humans. There is an impact in the farming sector, as farming of crickets consume far less resources, and creates new business opportunities for the farmers. The purpose of this paper is to understand how food innovation is aligned with social entrepreneurship in the context of Finland. An in-depth interview was conducted with the CEO. Content analysis was done to analyse interview and secondary data. Conceptualizing social entrepreneurship in the Finnish context is an interesting area of study because the Finnish society has always been an egalitarian society where social welfare had always been a part of business establishments. In this study, we see food innovation and social entrepreneurship can co-exist as a single entrepreneurial model with the vision of creating social, economic and environmental value. This study contributes in opening up future research opportunities on food innovation as a potential construct of enquiry in the social entrepreneurship concept.

Keywords: social entrepreneurship, sustainability, innovation, food industry, case study, Finland
Introduction

The purpose of this paper is to study how the ideas and practises of an innovative entrepreneurial venture in Finland might align with social entrepreneurship. This study is set in the context of the ongoing awareness and discourse on social entrepreneurship in Finland. The enterprise studied as a case study in this research – EntoCube – is one of those new generation enterprises emerging in Finland, which intend to innovate food supply chain and address food scarcity by producing insect-based food. Given the growing global movement on social entrepreneurship, which is a form of entrepreneurship that advocates entrepreneurship creating both economic and social value with the use of socially sensitive as well as market-based practices, can food innovation be considered to be aligned with social entrepreneurship? As per the Act on Social Enterprises in Finland, a business would be called a social enterprise in Finland if at least 30% of the employees are disabled or all are disabled or previously unemployed in the long term (Finlex, 2018). As per the Finnish law, EntoCube is not a social enterprise. Yet, does that take away the possibility of this enterprise being a social enterprise? It is an enterprise that has a business model creating a sustainable solution to the food problem of humanity, and supporting farmers associated with the enterprise. Therefore, this case study aims to answer the research question: How do the ideas and practises of EntoCube as a food-innovation driven enterprise show signs of social entrepreneurship?

Social Entrepreneurship

The phenomenon of social entrepreneurship emerged in response to the need of socially oriented innovative business solutions in the rapidly changing economic, environmental, social and political environment (Bornstein, 2004). These enterprises are different from the conventional profit-maximising businesses in how closely the goals and solutions/products/services are aligned to social and environmental impact by marrying
managerial efficiency, social innovation, and action for social change (Nicholls & Opal, 2004; Jay, 2013; Sengupta & Sahay, 2017). Since there is no exact definition on what kind of enterprise can be called a social enterprise across the world, irrespective of context (Peredo & McLean, 2006; Zahra et al., 2009), there is always a discussion on what is to be considered as social entrepreneurship and what not. The umbrella of social entrepreneurship has multiple constructs that come together in different contexts in different combinations to explain the concept of social entrepreneurship (Sengupta et al. 2017): Social value creation, economic value creation, market orientation, double bottom line, triple bottom line, social entrepreneur, social innovation, hybridity, business modelling, scalability, leadership, local embeddedness, and leadership.

Considering the role of the diversity across contexts on the meaning making of the social entrepreneurship concept, Choi and Majumdar (2014) offered a cluster concept of social entrepreneurship, wherein they proposed that the key elements of social entrepreneurship emerging from past research were: 1. Social Value Creation: Having a value-laden social mission and creating social wealth to address social issues and needs. 2. Market Orientation: Having business-like discipline and innovation, with adaptations in the adoption of market principles. 3. Social Innovation: Non-conventional approach towards addressing social issues, which sets it apart from traditional non-profits. 4. Social Enterprise Organisation: The organisational framework within which the social entrepreneurial activities are organised. 5. Social Entrepreneur: The key individual who is the initiator and the innovator of the social entrepreneurial endeavour.

Social Entrepreneurship in Finland

In emerging economies, the social and environmental issues in need of being addressed are very elementary, such as livelihood generation, right to better education, poverty
eradication, to name a few (Defourny & Kim, 2011; Dietz & Porter, 2012). As per the European definition - EMES (Emergence of Social Enterprise in Europe) - social enterprises are not-for-profit private entities spun by communities, for producing goods and services for the benefit of communities. In Finland, the welfare state is expected to deliver welfare to the society, and there is a strong cooperative (co-op) tradition, where the owners are also customers of the enterprise, thereby making them co-op members with competitive and socially/environmentally sensitive services, products, and benefits, in a profitable manner.

Thus in Finland, the legal and policy framework and institutional environment talks about work-integration social enterprises (Defourny & Nyssens, 2010). According to the Act of Social Enterprises in Finland, enacted by the Ministry of Economic Affairs and Employment, enterprises with at least 30% of the employees being disabled or previously unemployed, are to be identified as social enterprises. At the same time, there is also a Social Enterprise Mark given by the Association for Finnish Work to enterprises whose primary objective is to provide social good, and most of the profits are used for that purpose; not necessarily employing disable or long-term unemployed people. From the presence of two different institutional structures for identification of social enterprises, it is evident that there is a lack of coherence and unity in Finland on what social entrepreneurship. While that implies the existence of an environment of dilemma, the scope of contextualising social entrepreneurship by aligning it with innovative practises by new-age enterprises in Finland, is apparent.

Methodology

Qualitative interview data was sought, as this is an exploratory study where the research question is not to test existing theory for probabilistic generalizability, but to make meaning of a nascent concept in a specific context (Patton, 1990; Gummesson, 2006; Eriksson &
Kovalainen, 2016). Secondary data was also collected in the form of text from company reports and the online publicly available information about the company. The semi-structured interview was conducted with EntoCube’s CEO, Perttu Karjalainen in March 2018 (ECPK 2018). The interview was recorded and transcribed. Content analysis was used as a method for analysing the data (Eriksson & Kovalainen, 2016).

The Case Study: EntoCube as a Social Enterprise

EntoCube is a Finnish enterprise specialising in insect farming solutions and insect food products. The company produces crickets with the help of contract farmers and sells these farmed and then processed crickets as edible products under the brand Samu. These products are roasted crickets, cricket granola, and cricket nut mix. The food products are produced with a futuristic vision of offering the world a sustainable, viable, high quality, and healthy diet. There is potential for a variety of application, such as replacing meat consumption in the long run.

The food products are rich in nutrients and contain all the essential amino acids with a good balance of fats. The farming of crickets is an extremely environmentally sustainable and convenient process, when compared to farming other animals. The amount of feed needed to produce one kilo of cow protein is 20 kg whereas it is 1.7 kg for one kilo of cricket protein. One kilo of cricket protein requires 1 litre of water and 1 kilo of cow protein requires 1500 litres. Clearly, that gives it the economic and environmental edge, making it a potential alternative to food, and thereby address food scarcity and the need of activities leading to restoration of farming occupation. The company also envisions this as a feasible farming option when humans become an interplanetary species. EntoCube positions itself as an innovative new-age enterprise that is futuristic and has concern for the future of our species and ecology as their actions are “doing good and fairness.” (ECPK 2018). However, it is not a philanthropic
or not-for-profit company; it has an equally strong intent in becoming a business that is profitable, efficient, effective, and sustainable. Moreover, they perceive business as a continuous value creation activity that could give opportunities to change something in this world. The CEO reflects this: “Usually it’s seen that you need to choose: either doing business or doing good. The way I see it is that the basis of all business is that it creates value. The payment that we get is the compensation about what the company does.” (ECPK 2018).

Their solution for having such an impact is innovative sustainable food solutions. Their first thought was to go to developing countries for production. However, the production at that time would have been too expensive, and they encountered technological difficulties as well. They understood that this would have required cheap and scalable low technology and they would have needed resources to educate people in the developing countries to manage and operate the production. They also “realised possibilities in advancing western food culture (...) advancing trends in food culture.” (ECPK 2018).

Their approach had to change, and they aimed western countries, more specifically Europe, though they observed that innovation, research and development, and starting a business is expensive. The reason being that they felt that there was higher prospect of better returns for their capital. Moreover, they realised that in western countries, it is a bit easier to get new products and innovations to markets due to higher acceptability and they can also get feedback about their products a lot faster from consumers and other actors. What they also worked on changing was the use of technology. They aimed for new solutions to farm crickets and they needed to develop new technology, given the climate of regulated and automation driven farming modules. This reflects the ambition “to make sustainable insect food mainstream.” (ECPK 2018).

The company’s business also has some social value creation elements. The main element is that they want to offer sustainable food production and hence have an impact on
climate change. They offer business opportunities for farmers, especially in Finland, where there are many empty old farms with suitable buildings that can be utilised in cricket farming. Those buildings are extremely suitable for cricket farming because of their strong structure and layouts. However, they do understand that business must be profitable. Therefore for them value creation and viable business logic are the ground rules for making a change in the world. In that sense, their market orientation is clearly visible and that is what’s driving them to develop the business. Market orientation practices can be seen in their pricing strategy and customer oriented business that support their social value creation efforts. In addition, they are for their part constructing an efficient and effective ecosystem around the cricket farmers, which in turn offers support and easy access for new farmers. They have been “actively involved with the public administrators in writing (insect business and insects as a food source) the rules.” (ECPK 2018).

The ecosystem is part of a larger bio-economy ecosystem in Finland in which sustainable new business opportunities could be created and at the same time be environment oriented. Moreover, circular economy, networks and co-creation are important elements of the whole ecosystem. On the business logic and market orientation, specifically the CEO sees that “you always need a business logic so that you can make progress and to make that business scalable” and “the price for kilo of crickets will be at the same level as other competitive daily protein sources.” (ECPK 2018).

When considering the element of social innovation they want to concentrate on the technology. Their aim is to develop it to the point when the production is almost completely automatic and rapidly scalable, hence continuous innovation is a key strategic decision they have made. Further, what this means is that human labour would no longer have a significant share of the total costs and the production would be profitable from the beginning. When the technology has been developed to the point where the costs are competitive, it would be easier
for more people to join in the cricket farming. Yet, technology innovation is an important aspect of social innovation, especially in the Finnish context because advanced innovation can attract enough funding and create impact society through employment, environment and society.

The organisation is made up of passionate people: “All members are ideologically involved (...) we have a weird idea and bad salaries (...) one of the team members has been involved with UN projects in Peru and Laos.” (ECPK 2018). Their binding force is the ideology behind the future food production. They have low salaries and even though they do have structured business logic; they see passion and motivation as the key driving forces for every team member. The company has many interns from universities and they offer thesis opportunities for the students. The CEO has strong elements of social entrepreneur. This is clear when he discusses the responsibility of the future of own and others children. They want to have an impact in this world, with a business approach that has elements of social value creation and social innovation at the heart of the solution provided to the regional as well as global community. The company’s solution offering for sustainable food production is one possible way to reduce emissions, to move away from meat consumption, and eventually have a radical effect on the climate change. In this whole equation, the role of the entrepreneur has been very important in imagining and developing the business: “To leave the Earth in a better condition than it was when we got it.” (ECPK 2018).

**Discussion**

Our analysis presents the case company EntoCube as an innovative solution for sustainable food production that exudes elements of social entrepreneurship. EntoCube is operating in a new innovative business, but they have valid systematic business logic behind every decision. The challenge of working towards sustainability by adopting dual-logics of creating social value while having a sound profitable business logic qualifies them as a social
The company has strong elements in social value creation because of their ideological premises with their thinking and activities. On a smaller scale, they offer new business opportunities for farmers and anybody that has interest in cricket farming, and therefore create social value. On a larger scale, their activities and the new technology offer an alternative means for reducing emissions and thus have an impact on climate change. Market orientation is a strong aspect in their business as they are pro-market and for-profit, yet their social innovation is targeted to be effective on a social scale and create social value with the scalable technology.

The case company has a strong emphasis on care for the future. The social entrepreneurship organisation shares the ideology behind the activities; aims at achieving positive social, economic, and environmental change with the help of food innovation. Their mission is to introduce crickets to the public as nutritious food alternative to lead the way for our species to become part of a sustainable food ecosystem with built-in circular economy practices. The dimensions of sustainability, innovation, social-orientation, and business-orientation, that emerge from EntoCube show that it is an enterprise with the combination of multiple social entrepreneurship constructs (Choi and Majumdar 2014): social value creation, market orientation, social entrepreneur, and social innovation. Very interestingly, with a combination of social value creation, economic value creation, market orientation, triple bottom line, leadership of the entrepreneur, and social innovation through food innovation, the enterprise reflects the virtues that are observed in social enterprises in even emerging economies (Sengupta et al. 2017). Once again, this shows the universality of the social entrepreneurship concept, and opens up scope for cross-contextual future research on food innovation social enterprises.
Conclusion

This study aimed to answer the research question: how do EntoCube’s ideas and practises of food innovation is aligned with social entrepreneurship? They have a clear strategic vision on what they want to be, how they want to produce sustainable alternative food, and what kind of impact they want to leave behind for the farmers they work with and for their customers. While social entrepreneurship can be complex and have different definitions and understanding depending on the context, the case company EntoCube reveal how food innovation weaves with market orientation, social innovation, social value creation, and economic value creation, to constitute the concept of social entrepreneurship. For future research, it would be valuable to study the role of food innovation in social entrepreneurship in not just Finnish context, but also possibly in other geographical contexts where such enterprises may be thriving.

References


