

*Local small-scale food enterprises:  
ambitions and initiatives for achieving  
business growth among male  
and female owners and managers*



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for achieving business growth among male and female owners and managers***

*Abstract:* Since 1990 close to 2000 small-scale food enterprises have been established in Norway. This can be seen as a result of a proactive policy promoting diversification in rural areas. Part of the funding has been dedicated to women and young people to ensure better gender equality and recruitment. The instruments have been successful in terms of gender equality with women receiving over 40 percent of the new business start up grants. However, a recent evaluation reveals that the goals of increased profit, settlement and employment in rural areas have not been met. In this article we are analysing growth ambitions and initiatives for achieving business growth among male and female owners/managers of small scale food enterprises in Norway. We are also asking how these owner/managers ambitions correspond to public goals for such enterprises. Our analysis shows that growth aspirations are explained by wishes of owners to secure their businesses and receive higher income. Contrary to policy aims of expansion of small scale food products into a national market, enterprise owners/managers consider growth in established local and regional markets to be most relevant. Among small scale food enterprises, there are close to 50 percent female owners/managers.

*Keywords:* Small scale food enterprises, business growth, growth ambitions, gender

***Pequeñas empresas alimentarias locales: Retos e iniciativas  
para lograr el crecimiento de negocios entre propietarios y gestores masculinos y femeninos***

*Resumen:* Desde 1990, se han fundado en Noruega cerca de 2.000 pequeñas empresas alimentarias, lo que puede ser contemplado como el resultado de una activa política promotora de diversificación en áreas rurales. Parte de los fondos se han dedicado a mujeres y jóvenes para garantizar la igualdad de género y la contratación. Estas medidas han sido exitosas en términos de igualdad de género: más del 40 por ciento de las subvenciones para nuevas empresas han sido percibidas por mujeres. Sin embargo, una reciente evaluación revela que no se han alcanzado los objetivos de aumento de beneficios, asentamiento y empleo en áreas rurales. En este artículo analizaremos esos retos y las iniciativas para lograr el crecimiento del negocio entre propietarios y gestores, masculinos y femeninos, de pequeñas empresas alimentarias en Noruega. También nos preguntaremos cómo los objetivos de estos propietarios/gestores se corresponden con los objetivos públicos para estas empresas. Nuestro análisis muestra que las aspiraciones de crecimiento están explicadas por los deseos de los propietarios de asegurar sus negocios y percibir mayores ingresos. En contraste con las políticas de expansión de los productos alimenticios de pequeña escala en un mercado nacional, los propietarios/gestores de empresas consideran que es más relevante el crecimiento en mercados locales y regionales consolidados.

*Palabras clave:* Pequeñas empresas alimentarias, crecimiento del negocio, retos de crecimiento, género

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## *Local Food Production in Norway—the context*

The development of local food production has been emphasized by Norwegian ministries of agriculture and food since the early 1990s. Similarly, and for the same reasons, EU rural policymakers have focused on this group of food producers, namely its association with a range of socio-economic benefits connected to rural development (de Roest and Menghi 2000). Development of local food and agro-food systems has been a strategy to revitalise rural communities in Norway since the early 1990s. Prior to the 1990s, there was little activity to promote local food production in Norway, and farm-based food production was nearly nonexistent. One important reason for this situation was the strong position of the agricultural cooperatives. Cooperatives within the agricultural sector have been responsible for processing and marketing food products on behalf of the farmers for many decades. Nearly all farmers in Norway used to be members and deliver their products to the cooperative (Kvam et al. 2003). This meant that there was little opportunity for the farmers to add value to their products or to tap into niche areas to market their differentiated products.

In the early 1990s, there was an increase in the consumer demand for niche food. Hence, more interest was seen in food produced with certain qualities, such as local aspects and traditions and history embedded into the products. Customers were willing to pay a premium price for such products (Stræte 2008). Some Norwegian farmers recognised the potential in farm-based quality production. In many cases

these were based on successful stories from the south of Europe. The desire for greater variety and less vulnerability in the rural economy combined with a sharper consumer focus on traditional food, or food with specific qualities, led the Norwegian Government to encourage the establishment of farm-based food production. Since then, support systems have been developed, both at national and regional levels, to support farmers and other small-scale food producers and manufacturers in establishing local quality food enterprises (Kvam et al. 2003).

Several goals with connected support systems have been developed, including special rural development programs (Bygdeutviklingsmidler). These are meant to enable business development that focuses on long-term, economically sustainable value creation and decentralised settlement based on agricultural resources. The main target group for these programs is farmers involved in agricultural activities. Farmers can either apply for entrepreneurship grants for new economic activity at, or in connection to, the agricultural property. Business development grants are available for new products or new markets. For the latter option, 75 percent of the budget is allocated to women and young people (positive discrimination). There are also specific investment grants aimed at buildings and production equipment.

In 2001, The Value Creation Programme for Food Production (VSP-mat) was established by the Ministry of Agriculture and Food. This was a 10-year programme with the objective of developing competitive and profitable high quality food firms. One important initiative in this programme was the establishment of five competence networks ("hubs") located in different areas of the country to support the development of quality food producers. Help with shaping ideas, product development, marketing, accommodation of hygiene instructions and so forth are among the objectives of the programme. Target groups for VSP-mat, were, in addition to farmers that either supply the industry with raw materials or produce food at the farm, other food enterprises and tourism and travel businesses, both deeply rooted in primary industries. The small-scale food enterprises that are the subject of this article are at the core of the programme.

In connection to and in addition to the VSP-mat programme, a number of competence and network activities exist to assist the future or established enterprise holder. One particular aim of this strategy is to help successful small-scale enterprises to grow so that they can access the standard assortment of the major food chains (Brekke 2009). There are specific entrepreneurship groups that offer coaching of recently established businesses for exchange of knowledge and networks. Mentor programs for young entrepreneurs are developed and network credits aimed for networks and, in particular, female networks. Besides, courses are offered for entrepreneurship, design of small scale food and tourism. The economic incentives and grants are administered by Innovation

Norway, a state owned company that promotes industrial development and helps realise the potential of different districts and regions by contributing to innovation, internationalisation and promotion (Innovation Norway 2009a).

Most business innovators are men. Almost two out of three entrepreneurs are men, and eight out of ten industry top leaders are men (Statistics Norway 2006). In 2008 ministers of The Ministry of Trade and Industry, The Ministry of Children and Equality and The Ministry of Local Government and Regional Development presented a plan of action for the enhancement of more entrepreneurship among women (Departments 2008). The Government stated that 40 percent of all new entrepreneurs should be women. Among the initiatives that were launched, 'Women in focus' and *Kvinnovasjon* (women innovation) are two important ones. Women in focus ("Kvinner i fokus") was an Innovation Norway programme that aims for a strengthened position for women in business, both as entrepreneurs, leaders and board members. More women in business is a general objective, but it was the rural development programs and entrepreneurship grants that were most frequently awarded to women in 2008 (Innovation Norway 2009b). Alongside, and in connection to Innovation Norway's efforts, *Kvinnovasjon* is running activities such as networking, mentoring, competence development, and profiling arrangements all over the country. In March 2009, 16 short films of successful female entrepreneurs were launched to motivate more women to start their own businesses (Entreprenørskap.tv 2009). *Selskapet for Industrivekst* (SIVA) facilitating industrial growth has been nominated as the coordinator for promoting and supporting women's business development (*Kvinnovasjon* 2009). Facilitating women in business is a highlighted policy goal.

The authorities' objectives of promoting local food production have been, and still are, ambitious (Brekke 2009; St.meld. nr.19, (1999-2000); St.meld. nr.21, (2005-2006)). The objective of the present (2010) Minister of agriculture and food, Mr. Brekke, is a 20 percent turnover for specialty food products in grocery shops by 2020 (Brekke op.cit.). According to Brekke, value creation in rural districts based on niche production requires that several enterprises must grow, become larger units with wider market focus and opt for a greater impact. Alternatively, small firms must cooperate in joint ventures to achieve the same goals. Market requirements encourage small scale food producers to embed their product in the local or traditional provenance. Claims for larger scale distribution into national markets for better profit imply a risk of losing control of the special features of the product (Sonnino 2007), but also demand a more professional business in general than most local food firms run today (Kvam and Magnus 2011). In this article we are analysing growth ambitions and initiatives for achieving business growth among male and female owners/managers of small scale

food enterprises in Norway. We are also asking how these owner/managers ambitions correspond to public goals for such enterprises.

## *Growth ambitions and multiple goals*

Expecting local food firms to contribute to regional development is an ambiguous entity (Tregear 2005; Magnus and Kvam 2008). One prerequisite for development is growth ambitions among individual firms. In this article we define growth as growth in turnover. Several studies, however, claim that small firms do not want to grow, nor do they have the ability to do so (Gray 1992; Greenbank 2001; Westhead 1997). Carland et al. (1984) and Low and Macmillan (1998) found that only a minority of owner-managers had growth aspirations. On the other hand, a study of Norwegian and Swedish niche food producers (Borch and Iveland 1997) showed high ambitions according to expansion in volume. Seventy-five percent of the Norwegian enterprises and 69 percent of the Swedish enterprises wanted to grow. The Swedish producers were more reluctant to expand. This was explained by the fact that they had more years to explore the markets than the Norwegian entrepreneurs (Borch and Iveland 1997). The firms studied were very small, in average 1.3 full time employed in both countries. In a Finish study, Kaikkonen (2006) found that 40 percent of food processing firms were growth orientated. However, these rural micro firm owners wanted to achieve their firm's growth by using their own and the family's resources and capabilities to avoid risk. For these owners growth was not an essential goal of their firm, rather a way of achieving a reasonable living for owner and family (Kaikkonen op.cit.).

A number of reasons why small business owners are found to be reluctant to grow are mentioned in literature; in many cases these are connected to the objectives of owners/managers and objectives of micro firms that tend to relate to personal rather than business criteria (Greenbank 2001). Several studies of family firms verify a multiple goal approach (see for example Westhead 1997; Hall 2002). According to Hall (2002), an understanding of small family firms calls for attention beyond a mono-rational perspective to a multi-rational one which supplements a calculative rationality with social rationality.

Running a small business is for many a way of life. Businesses are often owned by owner managers and ownership affects the attitude towards risk taking.

Since the money that is invested is personal or family money, many are reluctant to spend anything but the bare essentials for short-term obvious return (Bridge et al. 1998). Gibb (1996) characterizes the world of small business owners as a world of managing sets of interdependencies on a day-to-day basis with a wide range of stakeholders. A turbulent environment makes long term planning difficult and businesses vulnerable to change. Managing daily operations overtakes long term planning (Gibb 1996). Westhead (1997) refers to several studies showing that family firms want to secure stability, self-sufficiency, independent ownership and the retention of managerial control by family members. Other reported important objectives for family firms were to increase the value of the business, increase profitability, accumulate family wealth, pass the business to the next generation and employ family members (Westhead 1997).

Many studies have shown that pursuit of personal goals, lifestyle, independence and family welfare and stability correlates to preferences for no growth (Carland et al 1984; Chell et al 1991). In such a perspective, lifestyle motivation conquers economic rationality. For example, this is found among Norwegian farmed based food producers (Melberg, 2003). In a UK case study, Tregear (2005) also found a combination of lifestyle, growth and community involvement goals in local food firms. Further, many of these rural producers did not want to become pure managers of businesses but wanted to maintain involvement in the physical production process. Such involvement can be compromised by up-scaling the production (Tregear 2005).

Research on gender differences in business have shown that women are under-represented among owners and managers. Many women also ground their reason for business in realizing an idea, supporting their family, and creating their own workplace rather than making profit (see e.g. Ljungren et. al. 2000, Ljungren 2002). Such findings correspond to theories of multiple goals that emphasized other and additional dimensions to profit than business growth ambitions.

## *Network activities – a prerequisite for growth?*

In theories of entrepreneurship and business networks it is believed that networking by owner managers of small firms will enhance business performance (see e.g. Chell and Baines 2000). On the basis of such theories small businesses have been

encouraged to network and support systems have been developed in many countries (e.g. Norway). Interventions to promote networking are sometimes advocated to help to overcome the problem that many small firms lack resources to implement a growth strategy (Chaston 1996). According to Johannisson (2000) most firms need active networking capabilities to grow. Networking and cooperation are seen as important strategies for local food firms to reach scale advantages in different areas and in particular, when they aim to grow. In Norway there has been a particular focus upon producers' networks for distribution, sale and marketing, among others, to reach scale advantages and reduce costs (Kvam 2008; Kvam 2010). Research has however shown diverging results regarding networking among small firms. Curran et al (1993) concluded that business owners' contact with their environment is much more limited than notions of "networking" imply (Curran and Blackburn 1994). Only a minority of growing businesses owners were likely to enter into non-family business partnerships and to network widely and actively with other businesses and organizations (Baines and Wheelock 1998; Chell and Baines 1998). Early studies of local food firms in Norway found that there was little cooperation and networking among firms (Borch and Iveland 1997). Lack of cooperation was explained by distance to other producers, new business establishments and/or that producers operated in their local market at a very small scale (Borch and Iveland op.cit.).

Later studies on food networks report on challenges in connection with establishing networks, as well as needs for mediators and external financing (Kvam et al 2003). Many face difficulties due to different ambitions among producers, different needs, involvement and lack of resources and business experience. The producers' ownership to the network seems to be important. Forsman (2003) found in a Finish study that cooperation in various areas is growing significantly in the shift from a local to a national market focus of local food firms. According to Chell and Baines (2000) business owners are often suspicious of interventions and in particular government-promoted ones. The most valued network by owner-managers was, almost invariably, those they have built up themselves, often over long periods.

## *Regional development*

There is a great deal of literature focusing on local or regional quality food production and its influence on rural development. In many cases its significance extends

beyond the number of jobs provided. The European Committee for Regions (1996) identified a number of contributions, local or regional products can make to strengthen rural areas. They can provide the link between the product, the landscape and the culture of a region, and they enable the maintenance of a culinary heritage, which itself contributes to regional identity. Furthermore, the Committee argued that regional quality food production frequently provides the bases for synergies with other activities, such as agri-tourism, heritage and conservation and direct marketing. In this way, quality food production generates what Van der Ploeg and Renting (2000:534) refer to as "cluster of compatible and mutually reinforcing activities".

McDonagh and Commins (1999) argued that rural benefits include the fostering of an enterprise culture; the development of bottom-up initiatives; the reliance on local resources; innovation in terms of new product lines, higher value added products and diversification of the base of the local economy. Local businesses also provide individuals with an opportunity to live in an area which offers an enhanced quality of life. The economic motivation can be best described as one of "profit sufficiency" rather than "profit maximisation" (Ilbery and Knesfsey 1999). Different case-studies from European countries have shown these kinds of versatility according to rural effects (e.g. O'Connor et. al., Tregear et al 2007; Fonte and Papadopoulos 2010; Marsden et al 2000).

## *Small-scale Food Enterprises in Norway – exploring data*

Since local food production was "reinvented" in the 1990s about 900-1000 local food firms have been set up in Norway. Norwegian local food production is generally farm-based, where owners/managers have other work besides food processing. Firms are mainly micro in size and the economic impacts are currently minimal (Magnus and Kvam 2008).

Analyses in this paper are based on data collected among small-scale local food enterprises in Norway in 2008 (Magnus and Kvam 2008). A questionnaire was e-mailed to 871 local food enterprises that produce and refine local or regional food. Small-scale was defined as ten or less employees and "local" or "regional" food products are those that can be attached to a specific locality through qualities that are

communicated to consumers by way of branding, design or narratives. 293 answered the questionnaire, giving a response rate of 35 percent.

Since no register of the total number of small-scale local food enterprises exists, it is difficult to evaluate whether the sample is representative for all small scale food enterprises in Norway and thus to evaluate the quality of our sample compared to those owners/managers who chose not to reply on the survey (Magnus and Kvam, 2008). Results must therefore be handled with care.

## *Method of data analysis*

Data are analysed with help of the SPSS (Statistical Package for the Social Sciences). Introductory analyses show frequencies of owner /manager background variables like sex, age, place of childhood and educational level. Secondly business characteristics are shown as frequencies. For these descriptive analyses, bivariate analyses are carried out to look for potential differences between men and women. These are only commented and not shown in the tables. Further, linear regression analyses are carried out on the material to identify relationships between owner/manager, firm and production characteristics and owners/managers growth prospects for their businesses. For the purpose of simplification, three different models were developed. Analysis of compared means is carried out on reasons to grow on 5 points Likert scales of grade of importance. Initiatives for growth were measured by the owners/managers in five different groups of questions about initiatives with between 4 and 11 possible actions on market, product/production, marketing, distribution and organisation to respond to. Out of the answers, the most and least important activities are listed in the tables. Finally, a factor analysis was carried out in order to identify how these activities correlate with the previously mentioned owner and business specific analyses.

## *Small-scale food enterprise owners and managers*

Table one shows demographic characteristics of owners and managers of the small-scale food enterprises.

*Table 1*  
*Owner manager demographics. Percent*

Women	53
Men	47
Age	
Below 30	3
30-39 years	15
40-49 years	38
50-59 years	32
60-69 years	10
Primary school	10
Secondary school (vocational)	27
Secondary school (general studies)	13
University/college 1-4 years	27
University/college 5 years plus	22
Lived at the location all life	26
Moved back after several years out	20
Moved there as adult	47
Do not live at the location	7

Close to 50 percent of the owner /managers in the sample are women. There are no significant differences between men and women in what regards who is manager or owner. The number of women is higher than average statistics on women in business in Norway. Seventy percent of the owners/managers are between 40 to 60 years old. Further analysis of these variables shows that female owners are younger than male owners. Almost half (47 percent) of the enterprise owners/managers are newcomers to the local community. Women more frequently moved to the location where the enterprise is established (close to 60 percent). Correspondingly, 30 percent of men in the material always lived there, while 30 percent moved back to the place they grew up. Fifty percent holds a university/college degree. There are some educational differences between men and women; men more often have secondary vocational education while women more often have a university background. The pattern is however not linear and half of all owners/managers have a university or college background.

## *Characteristics of the Norwegian small-scale food enterprises*

The majority of the enterprises in the material were established between 1996 and 2005. The average enterprise employed 1-4 full time employees.

*Table 2  
Business characteristics. Percent*

Year of start-up	
Before 1990	10
1990-1995	11
1996-2000	23
2001-2005	45
2006-2008	11
Full time employed	
0	3
1	21
2	29
3	22
4 and above	25
Business results	
Profit	53
Balance	19
Deficit	29
Organisation	
Limited company (Ltd)	29
Sole proprietorship	56
Responsible company	7
Cooperative	4
Other	5

One third of the enterprises are organised as limited companies (AS). The dominant way of organising the firm is however sole proprietorship (56 percent). Women are represented more often than men in the latter way of organising the firm and more infrequently than men in the first one. Four percent of the firms are organised as cooperatives. About one third of the firms have a board; a little less than average in female owned businesses and a bit more in male owned businesses. Women chair 40 percent of the boards when a woman is owner/manager but only 10 percent of the boards in firms owned by men. More women (36 percent) than men (26 percent) are full time occupied in the business. Women and men report similar business results. Around half of the enterprises reported that the business had profit and 30 percent that the business had deficit. Women do however report lower turnover.

### *Small-scale food production*

Most frequently, the enterprise holders are involved with some sort of meat production/service. Men dominate this product group. Fruit and berry products as well as bakery products are also popular (approximately one of four involved in both).

*Table 3  
Production characteristics*

Meat products	40
Egg/poultry products	9
Fish products (freshwater)	7
Fish and seafood	11
Vegetable products	15
Fruit and berry products	23
Bakery products	26
Milk products	15
Honey, mushrooms, herbs, oils	14
Beverages	10
Other	11

→ Organic production	11
Parts of production organic	23
Converting to organic	4
Non-organic production	56
Production on farm	59
Off farm production	41
Serving own food products	37

Women are more frequently found occupied with fruit and berries, bakery and honey, herbs and mushrooms. Eggs and poultry, fish, vegetables and beverage are just as popular among men as women. Analysis of farm entrepreneurship data have shown that gender differences can be found in different business sectors (Bjørkhaug 2009). More over gender differences are observed across traditional "women's areas" such as health and care and "men's areas" such as building and construction, transport and industry. A group emerged between, the food refiners and tourist hosts, where data showed no gender differences (Bjørkhaug 2009). The pattern is reproduced in this material where owners/managers are almost half men and half women.

Sixty percent are involved in refining products at the farm and 37 percent are involved in food serving. There are no gender differences here. Forty-three percent of the enterprises are involved with either part or full organic production methods.

## *Business growth ambitions*

Fifty percent of the firms are growing at present and 32 percent have growth ambitions. Only 15 percent have no growth ambitions or have plans for reduction (4 percent). Three regression models are used to explore the connections between different aspects of business management and growth ambitions: demographic characteristics of the owners/managers, characteristics of the productions and characteristics of the business organisation. Table four shows variation in growth ambitions based on demographic variables.

*Table 4*  
*Business growth prospects.*  
*Regression model on demographic variables.*

	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	T	
(Constant)	1.586	.388		4.089	.000
Men	.002	.114	.001	.018	.986
Age	-.011	.006	-.132	-2.000	.047
Education	.004	.018	.016	.244	.807
Newcomer	.146	.134	.086	1.088	.278
Homecomer	.236	.161	.111	1.469	.143
Non-local	.334	.224	.102	1.487	.138
Have successors	.146	.078	.118	1.877	.062

\*Local is reference category.

When looking at owner characteristics, young people are more likely to plan growth than older. It is interesting to note that neither educational level nor connection to the local community or prospects of a family successor add any explanation to the model. Especially the latter is known to be a crucial factor for farmers when making decisions about investments and development of agricultural production (see e.g. Bjørkhaug 2006, Blekesaune 1996), but also an important factor for family firms (Westhead 1997).

A separate model run on product and production characteristics showed that only fruit and berry producers were significantly more growth ambitious than the others.

*Table 5*  
*Business growth prospects.*  
*Regression model on production variables*

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.344	.108		12.462	.000
Egg/ Poultry	.097	.195	.031	.494	.622
Fresh water fish	-.245	.200	-.075	-1.225	.222
Seafood	-.169	.178	-.061	-.945	.346
Vegetables	.157	.153	.065	1.024	.307
Fruit/berries	.299	.140	.147	2.130	.034
Bakery	.030	.122	.015	.245	.807
Dairy	.135	.145	.058	.932	.352
Honey/herbs etc	-.185	.149	-.077	-1.238	.217
Beverages	-.068	.181	-.024	-.377	.707
Other	.056	.162	.021	.344	.731
On farm	-.235	.111	-.135	-2.113	.035
Food serving	-.012	.110	-.007	-.112	.911
Organic	.008	.043	.012	.192	.848

\*Meat products is reference category.

Farm refiners have on the other hand less growth ambitions than those who process the food products elsewhere.

A third model run on business characteristics reveals that those who are organised as a sole proprietorship have lower growth ambitions than those who are organised as limited companies. Table six shows that business results, turnover or involvement by owner/manager (fulltime) do not explain any of the variation in growth ambitions.

*Table 6  
Business growth prospects.  
Regression model on business organisation variables.*

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.772	.228		7.765	.000
Fulltime	.049	.119	.027	.411	.681
Business age	-.009	.006	-.114	-1.643	.102
Sole proprietorship	-.550	.224	-.322	-2.455	.015
Responsible company	-.496	.264	-.142	-1.879	.061
Cooperative	-.189	.266	-.045	-.712	.477
Other	-.638	.274	-.163	-2.326	.021
With Board	-.215	.212	-.123	-1.014	.312
Man-years	.012	.010	.080	1.227	.221
Business result	-.017	.060	-.018	-.285	.776

\*Ltd company is reference category.

## *Why grow?*

The main reason for not aiming to grow is that the firms are happy with their present size. Less contact with customers and loss of control over production are the second and third most important reason for owners not wanting to grow (Magnus and Kvam 2008). Securing one's own enterprise rates highest among reasons to grow. Earning more money is a close number second and third is the conception of establishing a more exciting workplace. These are all related to the owners/managers own business and situation. It is interesting to see that aims related to rural development contribution and creating new workplaces rate lower.

*Table 7*  
*Importance of different aims for growth*  
*(1 "not at all" to 5 "very important"). Means*

Forming an exiting place to workplace	3.83
Secure business	4.34
Create new workplaces	3.26
Local development	3.77
Earn more money	4.33
Opportunity for higher price on raw materials	3.10
Other reasons	2.28

The opportunity of paying better prices to producers of raw materials rates lowest. However, observe that ratings are relative and scores are absolute. In table seven all aims are on average considered to be of some degree of importance. There are no differences between male and female owners/managers, newcomers or locals, or between those who are involved in organic production and those who are not.

### *Initiatives for achieving business growth*

Groups of possible initiatives for achieving business growth were evaluated by owners/managers who were in a growth process or planned to grow. Some of these strategies were related to market strategies, some were strategies for product and production, marketing and sales, distribution and organisation. Table 8 sums up both the least and the most relevant initiatives to be carried out according to the respondents.

*Table 8*  
*Activities for Growth*

	Most relevant activity		Least relevant activity	
Market initiatives	Increase sales in established market	94	Sales abroad	12
Product/production initiatives	Increase the volume of present products	93	Sales of other 20 producers' products	
Marketing initiatives	Develop new market strategy	56	Collaboration on certification schemes for protected labels	23
Distribution initiatives	More sole distribution	46	Distribution via professional companies	20
<Organisation initiatives	Enhance competence among staff	71	Establish cooperative	6

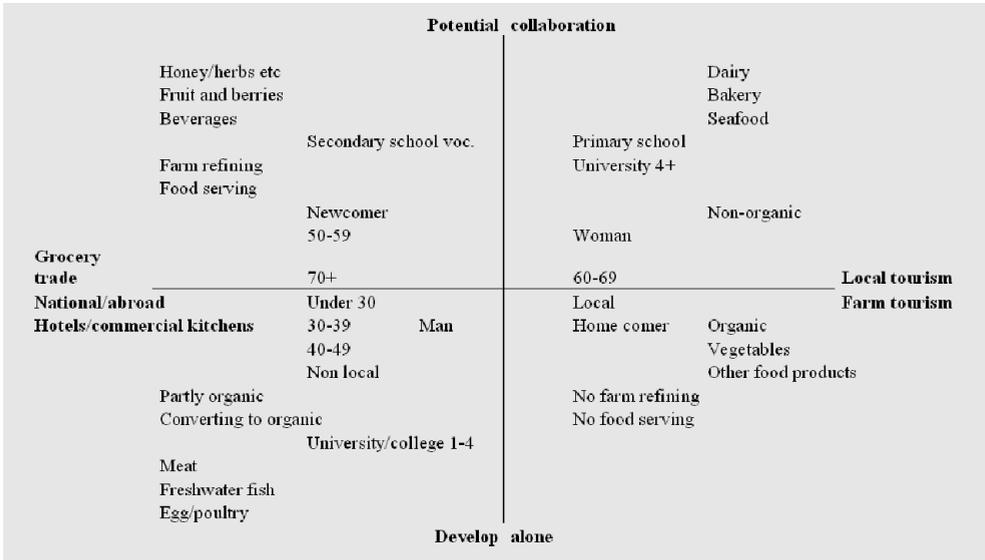
Most enterprise holders planned to increase sales in the already established market, i.e. mainly the local market, but some also the regional market. Only one percent considers the established local market to be irrelevant. About 20 percent planned to expand to the national market, and 15 percent had considered expanding into national markets. Few (12 percent) consider sales abroad to be a relevant market strategy for growth. For products and production the most relevant initiative was to increase the volume of present production (94 percent). Developing a new market initiative rated higher than possible cooperation on marketing and sales with other firms. Sole distribution of products was also rated as more likely than cooperation. Using professional distribution organisations were regarded the least possible initiative for own business growth. Enhanced competence among own staff or board was seen as the by far most important initiative within the organisation. Changing business structure to a cooperative, a limited company, establishing a board or merging with others were less likely.

### *Variation in growth initiatives*

Principal component analysis was used to identify the most important components among small-scale food enterprise owners/managers in regards to potential

growth initiatives. The analyses revealed two evident dimensions. The first dimension describes initiatives that involve weaker or stronger potential for collaboration with other enterprises (vertical axis in figure 1). The second dimension describes the degree of localness in market initiatives (horizontal axis). Components were saved as variables, and analyses of demographic and production variables (value means) were carried out for the purpose of showing potential connections between groups.

*Figure 1*  
*Initiatives for achieving business growth*



The analysis in figure 1 reveals some interesting patterns. Note however that it is only placement in the specific quadrant in the figure that is based on the statistical analyses. The placement of variable values is considered for visualisation. In the analyses of initiatives (table 8 above), collaborative initiatives generally rated lower than initiatives that involved non-collaborative business strategies (bottom quadrants), even though collaboration and building networks is emphasised as an important strategy for local food firms that aim for growth. Further, few regarded national

or international markets as interesting, neither to access grocery trade market (left quadrants). Having that in mind, there are still patterns to be discussed in the figure.

The potential for collaborative strategies is found among producers of honey, herb and mushroom products, fruit and berry products and beverages on the left hand of the axis; as well as dairy, bakery and seafood products on the right hand side of the axis. The axis divides the products into two market directions –fresh food products like cheese and sour cream products, lefse (type of griddle cake), and fresh seafood like fish cakes heading for a farm or other local tourism project markets, and local beer, dried herbs/mushrooms and tinned or processed fruits and berries that aim for larger markets outside the local community. The upper level of the figure also holds a female lopsidedness for collaborative initiatives.

Solo business growth (without collaborative partners) is found in the lower level of the figure where men and younger owners/managers can be found. Full and partly organic enterprises are also found in this part of the figure. An important objective of funding bodies and authorities is to see small scale food products in grocery shops across the whole county of Norway. In the lower left quadrant some of the potential products aiming for larger markets are found. There are several examples of meat products (e.g. dried and cured meat/sausages) and freshwater fish products (e.g. fermented fish, (Rakfisk)) that have managed to access the shelves of the supermarkets nationally. Small scale vegetable producers (possibly also fresh food products) are found at the other end, aiming for the small scale local and tourism markets. "All" local and home comers (i.e. people who have moved back to the place they grew up) are positioned in the local market part of the figure. Newcomers and non-locals (not living in the community where production is situated) are positioned in the part of the figure with aspirations towards national/international and grocery trade.

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## *Discussion*

Analyses in this article have focused upon the strategies and goals expressed by local small-scale food enterprise holders. Entrepreneurship, innovation and value creation in rural areas are expressed goals in Norwegian policy documents. There are several opportunities for advice and economic support for potential entrepreneurs to start up, and for existing businesses to further develop and grow. The present Minister

of agriculture even emphasises that successful local businesses should aim for a permanent place in the main supermarkets nationally (Brekke 2009).

Analyses have shown that existing small-scale food enterprises wish to increase their turnover. Most enterprise holders are already in a growth process or planning to grow within few years. This result does not, however, mean that these small firms differ much from those family firms referred to in the literature. The fact that the majority of them solely want to expand in their already established market, i.e. mainly the local market, indicates that the firms just want to grow to a size necessary to become profitable and, as they answer, to "secure the enterprise". To remain small and focus mainly on local markets makes it easier for the owners to keep control and avoid risks connected to further expansion (for example Westhead 1997; Kaikkonen 2006; Kvam and Magnus 2011). This marketing strategy, common to the majority of the firms, seems sensible and less risky than a national market strategy. Probably just a few local food firms have enough resources to succeed in a national grocery shop market, that is, what was originally the objective of the Norwegian Minister of Agriculture (Kvam and Magnus 2011).

Few characteristics revealed themselves as possible explanations of variation among the businesses in relation to growth. Those involved with fruits and berries and younger people were more likely to be planning growth than others. On the other hand, those involved with farm refining of products and those organised as sole proprietorship were less likely to plan growth. A possible explanation for this might be that prospects of possible growth are limited within the frames of the farm buildings or production at the farm, and that owners' risk evaluation within a private firm is closely intertwined with family and household economy.

Expectations of revitalisation of rural areas, rural development and value creation beyond the local enterprise are integrated in the Norwegian policy of agriculture and food. How can this be ensured? The Minister focuses on more food firms growing and reaching the national food market, which seems to be an important part of the strategy to achieve rural development goals. However, the majority of the firms studied focus on growth in local and regional markets, where the potential is still huge for such products (Kvam and Magnus 2011).

Previous research and theory on rural development emphasise that growth and rural development is best ensured when enterprises and activities are coordinated, or through collaborations at the local level. Enterprise holders in our study do not plan for extensive collaboration on any level. Most producers have solely plans for development of their own products and productions, that is, without collaborative partners. These strategies might prove vulnerable and incompatible with professional

business advice. On the other hand, it might be rational within a family firm or multi-goal approach to own business, as outlined in the literature earlier. Business owners might rather prefer to grow slowly within the local community, where they can remain responsible, independent and in control of their activities (Westhead 1997; Gibb 1996).

The support system within the VSP mat program aims to support local (horizontal) integration, but just a few such successful networks have been established. One reason may be producers' reluctance/ scepticism to cooperate. Other reasons may be that networks are very demanding to establish, as mentioned earlier in the literature. It may also be difficult for local food producers to find partners locally, and there may be little time to spend on such activities.

To sum up, there may be many reasons why local actors do not cooperate or network. On the other hand, a growth strategy to secure the enterprise based on local and regional markets may demand networking with different actors to succeed (Kvam 2008). If a lot of local actors cooperate - such as food producers, tourism, trade, public institutions - in order to integrate local food into other local activities, both the goals of firms and national policy may be better achieved. The potential for cooperative strategies are, according to analyses in this paper, a bit higher among women and newcomers (also more women among those). A reason for this can be that these groups are less embedded in traditional structures and cultures of the local communities. In the case of women, this can also be explained by the fact that support programs for women have focused on networking activities.

Targeted goals for increasing the number of women entrepreneurs in this sector seem successful when looking at the share of women owners/managers found among small scale food entrepreneurs. Few differences were found between women and men in these analyses of the small scale food enterprises, and no significant gender differences found in relation to the owners' plans for business growth. Many of the women (36 percent) have built up a business securing full time employment for themselves. As such, this study provides an example of a positive development for female entrepreneurs in Norway.

Findings in this paper can be summed up in some policy implications:

Increased focus on network activities among male entrepreneurs - get oriented toward networking.

For the majority of the firms which are focusing on local and regional markets, support should be more directed toward networking and integrated rural develop-

ment. It is important that the support system does not forget this group of producers, which may represent a diversity of local foods important for local identity and development. At the same time it is also important to support firms with national ambitions for sale, something which needs other types of support for success.

There might also be a need for the support system to increase competence in establishing and developing networks and cooperation.

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