Innovation among small-scale food producers in Fjellregionen

– the case of Rørosmat

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Abstract

This thesis examines the determinants behind innovation processes among small-scale food producers in Fjellregionen. The case study employed is Rørosmat and its member producers are investigated through qualitative research methods and in-depth interviews.

The investigation is motivated by the transformation taking place in the Norwegian agricultural sector, and explores how a small mountain area deals with the changes threatening their business structure and how the producers receive appropriate support from the nation state in sustaining these efforts.

The study is divided into two parts focusing upon the local and national stimulators for innovative activity. The local dimension examines innovative efforts as a result of accumulated stocks of social capital in the local community. The national dimension investigates the interactive learning processes taking place between the actors in the national innovation system.

The analysis shows that the citizens of Fjellregionen have a rich past based on network formation, civic engagement and trust. These social features have laid the foundation for the successful organization of the current society, which is characterized by sound networks of cooperation in the food industry leading to high innovative activity. However, there are certain factors missing for optimal innovative behaviour to take place and the producers make use of the various actors in the national innovation system which provide enhanced market access, knowledge and finance.

Key words: Social capital, National Innovation System, agriculture, Rørosmat, Fjellregionen, small-scale food production
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1 INTRODUCTION

The aim of this thesis is to identify the factors driving innovation processes in the small-scale food industry in Fjellregionen\(^1\) in Norway. The region in question is of interest due to its dynamic food industry consisting of a variety of productive small-scale producers with wide-ranging product lines, whose innovative achievements are based on traditional recipes.

The declining profitability within the agricultural sector is currently a hot topic in the media. The role of the agricultural sector is under fierce debate as farmers are experiencing a fall in turnover and international pressure to decrease duties on food import from abroad. Norway and other countries with a similar structure of smaller farms are facing severe competition by more efficient agricultural nations like the UK and Denmark. Low-cost labour from third world countries is threatening to out price European food commodities. These European countries are faced with increasing demands for more competitive goods which may enhance the productivity of the sector. In Norway the farmers, the food industry and the State raise the question of how they can compete with cheap labour and more efficient agricultural nations, and become a competitive food-producer.

There is consensus that extensive innovation processes are required in the agricultural industry in order to bring about change and differentiation for Norwegian food producers. A transformation is currently underway in the Norwegian agricultural sector.
An increased number of small-scale food producers are making use of the country’s natural resources in the production of specialized products. Additionally, a national level development program has been launched aiming at promoting specialized food production and productivity in the agricultural sector.\(^2\)

However, certain regions demonstrate stronger innovative capability than others. Fjellregionen has a large concentration of food related businesses, a relatively large part of the population employed in the primary sector, and the small-scale producers gather round the strong common food brand, Rørosmat.\(^3\) The region has endured a transformation in the farming business in the last decade where a large part of the farmers has converted to organic farming and numerous others have entered into the food processing industry.

The reason for undertaking this study is to explore the great structural changes which are currently taking place in the agricultural industry. The study follows one particular region in its innovative efforts, focusing on the ability of the local community to enhance innovative behaviour and on the national innovation system to provide essential factors for innovation processes among the food producers.

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1. Appendix 1, 2 and 3
2. Appendix 5, Verdiskapningsprogrammet for mat and Innovasjon Norge
3. Appendix 3. See also appendix 4 for relevant statistics on the region
2 THEORETICAL FRAMEWORK AND METHODOLOGY

The aim of this chapter is to account for the choice of methodology employed in this study. In section 2.1, the research questions will be articulated and outlined. In section 2.2, the theoretical frameworks used to illuminate my unit of analysis will be identified and argued for. Finally, in section 2.3, the research methods applied in the study will be outlined in detail. The chapter ends with a brief consideration upon the methodological tools employed.

There is general consensus today that innovation is fundamental for the development of economic growth and social welfare. As stated by Archibugi and Michie (1997, p. 1): “Knowledge and technological innovation play a crucial role in economic activities.” There are however, differing views on which factors that provide beneficial grounds for innovative capability and economic growth. The debate among scholars of innovation deals in large part with how the socio-cultural environment influences the learning processes leading to innovative activities and economic development. Some focus on the nation state as the promoter of innovation processes (Lundvall, Nelson, Rosenberg), economic geographers on the learning processes in regional clusters (Braczyk et al., Asheim and Gertler, Porter), others again on the global learning processes taking place across continents (Narula and Zanfei), and finally some places emphasis on the dynamics taking place within sectors across regions and nations (Malerba). Similarly, scholars of social capital focus the attention on local capabilities and how social networks based on trust and reciprocity bring about cooperation leading to economic prosperity.

This thesis will concentrate its investigation around the empirical analysis of Fjellregionen and its local development within a national context.
2.1 Research Questions

This thesis argues that Fjellregionen is a community based on strong collective spirit, civic engagement, and horizontal networks. The characteristics of the community are influential in shaping a fruitful environment for innovation and business activity. However, the community is a small, homogenous one with limited resources for finance, marketing/distribution, and knowledge. The restricted system of local actors works collectively in the achievement of anticipated goals, however is in need of a superior infrastructure which may facilitate the accomplishment of these objectives. The nation state is in possession of a complex system of actors which may provide competence, finance and other resources necessary for innovative activity to take place. This thesis sets out to explore the dynamics behind an innovative milieu in both a local and national context. More specifically, the aim of this thesis is to investigate the small-scale food producers in Fjellregionen and identify how the local community and the national innovation system create preconditions for innovation processes and how they interact and complement each other. The thesis is divided into two parts, attempting to answer the following questions:

How does the community of Fjellregionen provide a favourable environment for innovation processes among small-scale food producers, through the creation of civic networks, horizontal relationships and trust among the inhabitants?

How do the producers perceive the usefulness of the national innovation system in supporting innovative activities?
2.2 Choice of theory

The study will make use of two theories in the attempt to illuminate the local and national determinants of innovation for this particular area. The two theories applied in the analysis are the following:

- *The Civic Community and Social Capital* by Robert D. Putnam
- *The National Systems of Innovation* by Bengt-Åke Lundvall

In the next section a presentation of the above-mentioned theoretical frameworks will be provided. The most important concepts of the two theories will be outlined and defined, in addition to a brief account on the application of these theories on the empirical research.

2.2.1 Social Capital

Social capital has been studied by different disciplines such as sociology, anthropology and political science, and has entered economic theory only recently. (Grootaert, 1998, p. 2). The concept is today firmly established in economic theory and builds upon the assumption that institutional factors may explain economic growth. (Hjerpe, 2003, p. 2). According to Grootaert (p. 2-3) social capital can be studied by employing three different dimensions. The narrow view was developed by the most renowned contemporary spokesperson for social capital; Robert Putnam in 1993. His view focuses on the importance of “horizontal associations” between the citizens in a community in improving productivity and economic growth. The broader concept was put forward by Coleman (1988) and includes vertical associations as well as the behaviour of other actors. The last and broadest dimension includes the social and political surroundings which facilitate the development of norms and the shaping of social structure and is inspired by the work of North (1990) and Olson (1982).
In this thesis I will make use of the narrow concept by Putnam in identifying the types of social capital and their effects on innovative activity in Fjellregionen.

History shapes institutions (Putnam, 1993, p. 177-181). Historians agree that past events are crucial in conditioning today’s reality. The term *path dependency* is used to illustrate that events depend upon each other and that they are influenced by what has happened in the past. Institutions entail historical trajectories, and contemporary institutions are thus a result of these historical processes. Putnam (1993) describes a society where history matters for how the institutional performance of the community came to existence. The Italian case study used in his work *Making Democracy Work*, point out how differing institutional regions in Italy are a result of diverse historical trajectories. The well-performing regional institutions have a past based on the accumulation of a large stock of social capital in the form of horizontal networks, trust and norms of reciprocity. Putnam terms this the *civic society*. In contrast, defectively performing regional institutions base their history upon opportunism, distrustful relationships, a hierarchical society and social behaviour driven by self-interest. According to Putnam, these historical trajectories are self-reinforcing and cumulative, leading the civic society to progressively strengthen its positive traits due to the success experienced with cooperative behaviour in the past. As stated by Putnam, “*networks of civic engagement embody past success at collaboration which can serve as a culturally-defined template for future collaboration.*” (p. 174)

Social capital is the fundamental resource in the civic community, accumulated through time by trust, networks of civic engagements and norms of reciprocity (p. 163-185). These resources grow with use and shrink with disuse and may be shared by the citizens as a public good. *Civic engagement* is characterized first and foremost by public commitment and
the interest in political affairs. Furthermore associational membership and collective efforts are dominating characteristics of the civic society. According to Tocqueville (2000), there is a correlation between these two; civil associations promote political associations, which again stimulate civil associational life. Putnam states that a community governed by a high degree of civic-ness leads to a solid democracy and a well-organized society. Communities where trust is inherent are more productive because the citizens work together for the achievement of common goals. Fewer resources are spent on investigating the reliability of the members, because small communities rely on the reputation of the social connections in the society. 

Norms of reciprocity refer to the relationship between actors based on the expectation that “if I give you a hand today, then you will help me out tomorrow”. When this type of behaviour is repetitive it will lead to trust and the actors will start behaving upon the assumption that everyone else will do the same. This makes coordinated actions possible in the community (p. 167-185).

Networks of civic engagement are characterized by horizontal relationships between individuals and involve voluntary associations such as sports clubs, choirs or cooperatives. The equality aspect is important as these members are coming together on the basis of equal status and independency, treating each other with respect. The social interaction these associations entail, contributes to the reinforcement of norms of reciprocity as the expected norms of behaviour are shared at each encounter (p. 87-91). Putnam further argues that the denser the networks, the higher the degree of cooperation. Individuals that are tightly connected in a community will develop a common code of conduct which will allow them to collaborate for the mutual benefit and which will facilitate cooperation and productivity in the society leading to economic growth.
Putnam’s approach on history as shaping institutions is valuable in investigating why Fjellregionen has obtained a successful institutional set-up for innovative behaviour. By using his framework I will attempt to trace the historical roots of the social capital accumulated through time which strongly characterizes the community of Fjellregionen today. Putnam similarly describes how a community works efficiently through accumulated stocks of social capital which enables the citizens to cooperate effectively. His framework may be used in analyzing the community with the purpose of identifying the factors behind a well-functioning society. A community where people are united, where trust is highly valued and where cooperation is the general norm characterize Fjellregionen. Citizens are actively engaged in politics and concerned with public issues. Associational membership is prevalent and strong horizontal connections tie the population together. I will attempt to describe how the community under analysis functions on the basis of the social organization described by Putnam and identify the various types of social capital which so strongly contributes to creating an efficient environment for innovation and business activity.

2.2.2 National System of Innovation

Innovation is a complex concept and its intricate nature is illustrated by the many definitions present in the literature. Students of innovation focus upon different perspectives of innovation, reflecting the interdisciplinary of the subject. Traditionally, the concept of innovation focused primarily on product and process innovations. Schumpeter’s definition is frequently quoted in the innovation literature and provides us with an open and broad definition. He defines innovation as: “the new combination of existing resources” (Schumpeter, in Fagerberg, 2005, p. 6). Schumpeter further divides innovations into five categories: new products, new methods of production, new sources of supply, the exploitation
of new markets and new ways to organize business. The two former types of innovation can be referred to as the introduction of new and improved goods and services, and new methods of production of goods and services, also known as product and process innovations. The five innovation categories identified by Schumpeter are all relevant for the Rørosmat producers. The producers in discussion work towards innovative measures at product, process, supplier, organizational and market level. All types, both tangible and non-tangible, are significant for their accomplishments and are achieved through the dynamics of the local and national networks in which they take place.

Scholars of innovation frequently use systemic methods when investigating the concept of innovation. This is due to the complex nature of innovation as dependent on the interaction with other actors. Innovation is not an isolated process, however firms work in cooperation and interdependency with other organizations (Fagerberg, 2005, p. 12-13). Innovation thus takes place in a system where the importance lies in the interaction between these actors. In the systems of innovation approach it is the relationship between the actors in the system which is of importance in the analysis. The actors involved in these interactive learning processes are firms, which may be suppliers, customers, competitors etc. and non-firm organizations such as universities, research institutes and government ministries (Edquist, 2005, p. 182). The narrow approach employed by Nelson and Rosenberg (1993) focuses exclusively on the organizations supporting R&D. The broad approach applied by Lundvall (1993) additionally brings in the institutional set-up which surrounds and shapes these actors and which he defines as the rules of the game (Edquist, p. 186). Another useful definition of institutions is offered by Edquist as laws, rules, norms, and routines (p. 182). Freeman made the first mention of the national innovation system (NIS) in the literature in
1987 (Fagerberg, 2005, p. 3). Two major theoretical and empirical contributions were subsequently provided by Nelson (1993) and Lundvall (1992) respectively. The boundaries of innovation systems may be regional, national, global or sectoral. This thesis will make use of the theoretical framework developed by Lundvall which focuses on the social interactions between actors within the nation state leading to innovation processes.

The NIS framework is useful in my investigation of the relationship between the Rørosmat producers and the national actors which provide the producers with finance, competence and market access for their innovations. The framework helps identifying the relevant agents of the NIS and directs my investigation towards the interactive learning processes taking place between the producers and the other actors in the NIS of Norway. The producers make use of external actors outside of the local community in order to create, use and diffuse their innovations. The NIS approach enables me to study the institutional set up surrounding the producers on a national level, complementing my study of the institutions on the local level. According to Lundvall (1992), the nation state is still a valuable supporter for innovation processes. He further argues that knowledge is the fundamental resource in the modern economy and learning is the most important process. Correspondingly, Putnam (1993) points to local capabilities as creating regional learning on the local level and focuses upon social capital as the most important resource in a community, making cooperation possible leading to higher productivity and a more efficient society.

2.3 Research methods

As stated by Andersen (2003), it is important to identify the scientific purpose of the thesis, as it will influence what we investigate, and how and why we study it. This thesis bases its investigation upon a case study, making use of a limited geographical area and a small
number of actors in order to attain in-depth information about the subject. The case study is explorative in the sense that it seeks to explore a relatively unknown phenomena and looks to further develop and concretize the theoretical frameworks in use. The research method used is based on qualitative data with the purpose of investigating the producers individually and qualitatively, aiming to obtain a more detailed, and yet a more context laden picture. Finally, the research method chosen is inductive aiming at producing generalized knowledge on the subject based on the empirical findings in the study.

In order to obtain profound information about the food producers, their relations and their surroundings it was essential that I participate in the community where the producers live and act. As noted by Andersen (1990, p. 121), the qualitative method emphasizes that the understanding must be attained from the inside of the organizations in question. The study of institutions is complex and difficult to measure, and is thus most appropriately investigated through qualitative methods. The overall scientific purpose of this thesis is to collect empirical evidence about Fjellregionen with a particular focus on the region’s food producers, which may lead to the identification of certain phenomena useful for future research on similar regions or case studies.

The unit of analysis in this thesis is defined geographically based on the definition by the organization Mat fra Fjellregionen. Rørosmat, which is the sales organization for the members of Mat fra Fjellregionen is the unit of analysis in my investigation. The organization

4 Appendix 1
5 Appendix 3
comprises all food producers of significance in the region and represents the public face of food production in the area.

Ten out of the fifteen member producers were interviewed. The remaining five producers were not available for interviews, and are not considered in this study. The term *producers* used in this thesis refers only to the interviewees. These producers can be divided into two groups; *the farm-based producers* and *the larger producers*. The two groups have somewhat different functions in the community, however each contributes to different innovative activity in the region.

2.3.1 Data collection

This thesis makes use of a significant amount of data through first hand interviews. A smaller part of the data is based on articles, books and websites concerning Fjellregionen and the producers in Rørosmat, in addition to reports and studies related to the investigation. Statistics concerning various aspects of the different municipalities were provided at Statistics Norway and subsequently interpreted and calculated for comparisons relevant to the study. The theoretical frameworks employed were identified subsequent to the collection of empirics. The reason for this was to devote to the empirical evidence which creates the grounds for this study. The identification of social capital was triggered by the active and dynamic village environment in Fjellregionen and was further reinforced by reports

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6 Appendix 3, list of interviewees  
7 Appendix 3  
8 Reports dealing with relevant issues in Fjellregionen are limited and data is difficult to obtain as numbers are frequently produced according to counties, not municipalities which is of relevance in this study
investigating this phenomenon as a basis for innovative capabilities in peripheral areas (see Aarsæther, 2004 and Bærenholdt, 2002). The relevance of the National Systems of Innovation approach was recognized by the respondents’ answers, where their need for larger national actors in supporting their innovation processes became evident during the interviews.

2.3.2 Selection of interviewees

As stated by Edquist (2005, p. 186), the conceptual boundaries of the NIS are diffuse. The fact that the determinants of the system are not clearly defined allowed me to let the interviewees identify them through the talks, employing the snowball method with departure in the unit of producers. The reason for this choice was to put emphasis on the producers’ point of view and focus upon the actors important for their situation. This was also grounded in the fact that in innovation studies emphasis is placed on firms as the innovators. The focus is thus set on those actors that the producers consider essential in their innovation processes. As mentioned, the case study employed consists of the members in Rørosmat. The selection of interviewees originated in this clearly defined unit. There are fifteen members in the organization and I contacted all producers in the attempt to obtain as large a sample as possible. There were generally slow responses by e-mail, however I gathered a suitable sample based on the different producers by using the phone. The sample consists of six producers from the farm-based producer group and four from the larger producer group and thus contains 2/3 of the total fifteen member producers in Rørosmat. It includes a solid sample of the two groups and may therefore be considered representative for the producers as a

\[ \text{\textsuperscript{9}} \text{Appendix 5} \]
whole. Besides the interviews with ten of the producers in Rørosmat, three other actors were identified in the process as necessary for the sample; Rørosmat, Helge Christie and COOP\textsuperscript{10}. However, one interviewee was recognized at the outset: the municipality. The aim was to identify innovation policies and programs, and was additionally based on the assumption that the municipality holds a crucial role for innovative behaviour (see Aarsæther, 2004). However, as the producers’ answers proceeded, its importance declined and no municipalities were interviewed further. Furthermore, there was a limited response from the municipality’s representatives. I made several enquiries, but the municipality never responded.

The producers additionally identified a large sample of national actors which they considered crucial for their innovation processes. Innovasjon Norge was the most frequently mentioned actor and was identified as essential in terms of financial support and competence building. Two phone calls were made to the county offices in Hedmark and Sør-Trøndelag which resulted in the acquiring of a limited amount of statistical material related to financial support, and guidance for further information search. A majority of the data employed in this thesis is based on the detailed information about Innovasjon Norge obtained through the interviews with the producers. As mentioned previously, the aim was to gain data from the producers’ point of view. Moreover, there are good reasons to believe that the representative from Innovasjon Norge would not be in position to elaborate on the challenges the producers experienced in dealing with the organization.

In addition to Innovasjon Norge, various other actors were identified by the producers as important for their innovative activity. As in the case of Innovasjon Norge, these actors

\textsuperscript{10} Brief conversation of approximately ten minutes
provided sufficient information from other sources\textsuperscript{11}, and further interviews were therefore considered redundant. This decision was also based on the acquisition of a high number of respondents providing sufficient empirics and data. Subsequent to the interviews however, I turned to the elements in the NIS identified by Lundvall in order to consider if further actors needed to be interviewed. Lundvall identifies to a large extent the actors in the unit of analysis by applying the broad understanding of NIS indicating the investigation of not merely organizations, however all political, economical, and institutional factors in the system. Yet, the data obtained from the interviews with the producers, Rørosmat, Helge Christie, COOP and the municipality was considered satisfactory for the analysis of the producers’ perception of the NIS.

The data used to identify stocks of social capital was based on the interviews with the producers, Rørosmat, Helge Christie and the local population. Here public engagement, associational life and historical accounts on networks and cooperation were easily identified. Additionally, I made use of historical books and statistics in order to support the evidence on the characteristics of the community.

2.3.3 Interviews

Fifteen semi-structured/partly open, in-depth interviews have been conducted in the homes and offices of the producers, the municipality, COOP, Rørosmat and Helge Christie. The interview form may be considered as partly open, aiming at exploring the producers impartially, but simultaneously semi-structured as certain topics for discussion were prepared

\textsuperscript{11} Primarily from their respective websites. See references
for the talks. These matters were raised in order to reach a general understanding of their situation, their motivations and obstacles, and create the basis for an analysis. The decision to make use of this interview form as opposed to standardized interviews or surveys is twofold. Firstly, this thesis is exploratory and inductive in nature. The semi-structured/open interview approach ensures the exploratory purpose by allowing the interviewee to focus upon subjects of importance to him or her. Secondly, the social codes of the community had to be taken into consideration. By using this particular interrogation form, the interview progressed more as an informal conversation which made the interviewees open up and provide increased amounts of information. This flexible approach allows the empirics to appear increasingly unbiased and was employed as an overall interview form for all of the interviewees. The interview with Rørosmat had a more specific purpose and sought to collect explicit data in order to understand the role of the organization. All interviews were conducted by using a tape recorder¹². A majority of the interviews exceeded an hour and a great part lasted two hours.

2.3.4 Validity of data

As stated by Andersen (2003), qualitative methods are particularly at risk of research bias. This is due to the personal influence on the collection, interpretation, and analysis of the data. The aspect studied in this thesis is innovation processes. As mentioned previously, innovation is by definition a complex phenomenon and is difficult to measure. According to Lundvall it is a socially embedded process and its interactive nature requires the study of relationships. These aspects imply the need for in-depth examination of the social actors and their

¹² Apart from the short talk with COOP
relationships within the system. Similarly, trust, political engagement and informal networks characterize the local community in which these innovation processes take place, which similarly can be difficult to measure and are more easily detected through qualitative research methods. The semi-structured/open interview design provides to a lesser degree unbiased responses, however the interpretation and analysis of the data may to some extent be impacted by the fact that I personally collected the data. On the other hand, the interview form made the respondents relax and provide increased amounts of information. The interview form chosen may however be considered too broad, and the lack of specificity may have resulted in inadequate information about important subjects. This is especially relevant because the theoretical framework was shaped subsequent to the empirical data collection. However, the opportunity to elaborate at a later stage was present and I chose to follow up the interviews in some cases. The large amount of empirical material collected did to a certain extent present me with a challenge. The collection, organization and interpretation of the data were time-consuming and the large stock of information was sometimes difficult to handle. On the other hand, the extensive data collection provided me with a substantial stock of valuable information, creating a solid ground for an empirical analysis.
3 THE PRODUCERS

This chapter will provide an account on the empirical findings obtained through the interviews with the producers. The chapter commences with a description of the sales and marketing organization Rørosmat and is preceded by a presentation of each of the producers, starting with the farm-based producers and finalizing with the larger producers.13

3.1 Rørosmat

Rørosmat was established in August 2003 as a sales, marketing and distribution tool for its fifteen member producers. Its members use the common brand RØROS mat fra Røros-traktene and the organization offers services like marketing, sales and distribution, in addition to providing purchasing deals and other corresponding services. Rørosmat is owned by: Mat fra Fjellregionen 30 %, Rørosmeieriet 30 %, Røros Kjøtt 30% and Stensaas Reinsdyrslakteri 10%.

The members of Rørosmat must comply with the following criteria in order to use the brand RØROS mat fra Røros-traktene: Production must be carried out within a specific geographical area.14 Raw materials should to the greatest extent possible be produced within the same geographical region. In cases of unavailability the raw material must be of Norwegian origin, except in cases where the raw material is not produced in the country. To

13 See appendix 5 for a description of the various actors in the NIS which are considered essential by the producers
14 Appendix 1
ensure product quality, Mattilsynet\textsuperscript{15} must approve production processes and the producer must offer a system of complaint handling. The producers are also encouraged to make use of consumer panels during product development. All orders conveyed by Rørøsmat costs 12\% of the sales profit, however delivery is included in the price. According to the producers Rørøsmat is particularly useful for arrangements on trade fairs where the producers are presented as one brand.

3.2 Eggen Gårdsysteri

Eggen Gårdsysteri\textsuperscript{16} is situated at a small cheese-dairy farm located in the community of Vingelen in Tolga municipality in Hedmark. Ola Eggen and Liv Bjørnstad run the farm, and use 35 tons of milk from their stock of dairy cows to produce 3, 5 tons of cheese yearly. The production started in 2001 and the turnover in 2005 was approximately 600,000 NOK.\textsuperscript{17}

The couple decided to convert into organic farming in 1992, two years after they took over the farm, which has run in the family for three centuries.

The idea of first refining the milk was conceived during a strike in the agricultural sector in the 1990’s. The Eggen’s were reluctant to pouring out their milk and experimented with butter production. The couple also had in mind the insecure future of the agricultural sector. However, what finally triggered their decision to start cheese production was a study trip to Sweden in 1997. The aim of this trip was to observe the processing of cheese and visit small-scale entrepreneurs of food and niche products. The trip was financed by Innovasjon

\textsuperscript{15} Norwegian Food Safety Authority
\textsuperscript{16} “Eggen Farm-based Cheese Factory”
\textsuperscript{17} Turnover in year 2003 equaled 300,000 NOK and 400,000 NOK in 2004
Norge. The production methods shown were based on French cheese making traditions. The Swedish had adopted the processing techniques from a French expert in small-scale cheese making; Michel Lepage. The Eggen couple brought home ideas and motivation and started the process of applying for financial support and screening the possibilities for starting a business.

Another vital component in the start up of Eggen Gårdsysteri was the financial aid provided by Innovasjon Norge. These financial means covered the expenses of a pre-project, and subsequently the establishment of the actual business. The cheese dairy additionally received financial support to attend Etablererskolen\textsuperscript{18}, which they attended in Sweden through the contacts they had made during their first study trip. At Etablererskolen they followed lectures on how to set up a business, and visited small-scale cheese producers in the region. Eggen Gårdsysteri offers the following cheeses for sale: \textit{Salatost} (dices of cheese in oil with herbs from Fjellurt), \textit{Ferskost} (cheese spread with different spices), \textit{Fjellblå} (soft blue cheese), \textit{Eggen Spesial} (firm blue cheese), \textit{Fjellost} (firm white mould cheese).

The municipality of Tolga has provided constant encouragement and support since the initial stages of the business. The municipality also financed a study trip to Corse. Apart from this trip there has been no financial aid deriving directly from the municipality.

Eggen Gårdsysteri has plans on the development of a new cheese. The name and design of this cheese will be related to the newly established Forollhogna Nasjonal Park\textsuperscript{19}. Financial support for this project will be applied for through Innovasjon Norge. The reason

\textsuperscript{18} “The founder school”
\textsuperscript{19} A national park on the border of Vingelen
for starting a business was to be able for the two of them to live on the farm and live off the income on the milk and cheese production. Eggen Gardsysteri has the potential to triple their cheese production according to their milk supplies. However, an expansion will require employment of staff and the couple is doubtful whether this is in accordance with their future plans.

Eggen Gardsysteri also welcomes tourist groups who come to learn about the history of the farm, and to taste and buy the products, as an additional source of income. It is a member of Norsk Bygdeturisme og Gårdsmat\textsuperscript{20}.

Eggen similarly cooperates with the other producers irrespective of Rørosmat. Their colleague egg producer Galåvolden has several of Eggen’s cheeses in his shop and Rørosmeieriet buys large orders of mould for both of them. Eggen currently delivers milk to a dairy in Oslo, but is hoping to be able to transport the milk to the local dairy Rørosmeieriet.

### 3.3 Auma Mandel

Auma Mandel started up in 1998 by three milk producers in the municipality of Alvdal. These farmers purchase and grow, refine and sell almond potatoes with a turnover of 1,2 million NOK last year including 80 tons of unprocessed potato and 30 tons of peeled potato. Auma Mandel’s vision is to manage 50 % of the almond potato that grows in the area.

Prior to starting the business, the Auma farmers were already small-scale producers of almond potato. They wished to establish an additional activity to their farming business and

\textsuperscript{20} Rural tourism and Traditional Food in Norway
were unsatisfied with the prices they received on their product. In 1998 the potato farmers experienced difficulties with selling a stockpile of excess potatoes, and looked for a new application; they tried peeling potatoes and sold them to large-scale household in the area and had great success with this product. Auma Mandel contacted Matforsk to find a way to preserve peeled potatoes and to increase consumption durability.

The entrepreneurs found a suitable production site and renovated it through financial support from Innovasjon Norge. They also received an interest and instalment free loan of 100 000 NOK and an additional loan of 100 000 NOK, and purchased equipment and packaging. In 2000 they purchased a large industry-peeling machine, with the potential to peel one ton of potatoes per hour, however for the time being Auma Mandel cannot handle such a high amount.

Auma Mandel has experienced a positive economic trend with a 50 % increase last year and a 60 % increase from the year before. Rørosmat took over all sales and marketing activities at the beginning of this year. Almond potato has recently become more recognized through campaigns led by The Agricultural College at Alvdal and Matmerk\textsuperscript{21}.

The municipality of Alvdal has provided strong moral support, however although the municipality calls for support for entrepreneurial activity in the area, Auma Mandel has received limited financial aid through the municipality. Auma Mandel was granted a project which gave financial aid to producer co-operations towards office equipment and other administrative costs through Statens Landbruksforvaltning\textsuperscript{22}.

\textsuperscript{21} The Norwegian Food Branding Foundation
\textsuperscript{22} Norwegian Agricultural Authority
The company has developed a variety of new products since the start-up. The potato salad is a result of extensive testing inside the firm and through test panels. This product also contains two products from colleague producer Rørosmeieriet; Gourmet Romme and Tjukkmjolk. Also in their product range are: unprocessed potato, peeled potato, large baked potatoes and boiled potato. These products are sold in the local stores around the area, whereas the more sophisticated products such as the peeled potatoes and the boiled potatoes are high in demand in restaurants and more exclusive outlets. Auma Mandel considers developing the production of washed and peeled potatoes, as the most advanced chefs in hotels and restaurants demand this more exclusive product. As an overall marketing strategy, Auma Mandel aims at a more exclusive segment and plan to reach the specialty stores and the restaurants. The company is additionally working to improve their packaging for consumer products.

3.4 Galåvolden Gård

Ingulf Galåen is ninth generation Galåen, and runs the farm Galåvolden Gård in the municipality of Røros, together with his son and wife. Galåvolden has 6, 000 hens and the largest production of eggs in Fjellregionen and also keep cattle for the production of milk and meat. Galåvolden’s turnover reached approximately 4, 6 million NOK in 2005.

The farm has based its income on the production of milk since the start-up. In 1975 the farm expanded and a new cowshed and silo were built. The second floor of the building proved suitable for placing cages of poultry and the family decided to start egg production as

23 “Galåvolden Farm”
an additional business. There are strong traditions of processing raw materials from the farm in the area. The eggs were sold directly from the farm and to stores around the area of Røros. Galåvolden Gård has been subject of many expansions and the number of hens has grown steadily. In year 2000, Galåvolden decided to build larger premises to fit 3, 800 free-range chickens. The hen farm received a lot of attention in the media and Galåen invited the Minister of Agriculture and Food to be present at the opening.

The farm had to handle an increased number of chickens after the expansion, which led to a higher amount of spoiled eggs, which were not suitable for sales. Just after the expansion in 2000, Gunn Brønnum arrived at Galåvolden Gård. Gunn had previous experience from working with food and the couple started looking at opportunities for her to work with the raw materials on the farm. Gunn applied for Etablererstipender\(^{24}\) and followed a course on product development through Innovasjon Norge.

Gunn and Ingulf decided to start test productions and hired a bakery at nights and weekends to experiment with product development. They worked with Rørosmeieriet to produce a cheese mass and initiated the production of their most popular product, \textit{Røroskake}\(^{25}\). In the first stage, production remained small-scale, while adjusting the products according to feedback from the customers. Following \textit{Rørosmartnan}\(^{26}\) in 2003, the couple had received sufficient response on their products to start production. They built a production site and started production.

\(^{24}\) Scholarship for entrepreneurs
\(^{25}\) \textit{“Røros cake”}
\(^{26}\) Røros annual sales festival where a large part of the activities are focused around food traditions in Fjellregionen
The products have roots from food traditions in the areas around Røros, with traces of recipes from Gunn’s place of birth. Their main products are Røroskake, Rørosost\(^{27}\) and Spekepølse\(^{28}\).

Some of the products contain ingredients from other producers in Rørosmat such as Røros Smør\(^{29}\) from Rørosmeieriet. Many product ideas derive from study trips in Norway and Italy. Study trips are still considered an important inspirational source for Galåvolden today in order to acquire new knowledge and ideas for new products.

Ingulf Galåen is board director in Rørosmat and Mat fra Fjellregionen, and additionally involved in a number of commissions around Fjellregionen and on a national level.

Galåvolden Gård also welcomes tourist groups who come to learn about the history of the farm and taste and buy the products. These groups are mostly potential entrepreneurs coming to learn about production processes and product development.

### 3.5 Vingelen Kjøtt

Six young locals in Vingelen in Tolga municipality founded Vingelen Kjøtt\(^{30}\) in 2005. The company cuts and processes meat from lamb, cattle and game. Five of the owners of Vingelen Kjøtt are full-time farmers and hold cattle and lamb, whereas one is a nutritionist and works at the TINE dairy at Tolga. The company has run for almost a year, and Arnstein Enget, who is the official manager, expects the business to reach a turnover of 300,000 – 400,000 by 2006.

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\(^{27}\) “Røros cheese”

\(^{28}\) Cured dried sausage

\(^{29}\) “Røros butter”

\(^{30}\) Vingelen Kjøtt
Arnstein Enget runs the farm Vingelsgård together with his wife, and was the initiator of Vingelen Kjøtt. Several of his colleague farmers, who are active game hunters, were in search of a purchaser for the meat they caught. Common to the five farmers was that their farming business did not create sufficient income.

Vingelen Kjøtt was set up at Vingelen Næringshage\textsuperscript{31}. Companies of all sectors are located in the business park, together with a representative from the municipality. The municipality’s responsible for business development, Audun Holte, has been crucial for the start up of Vingelen Kjøtt and his presence at the business park has provided the company with vital support and encouragement.

Vingelen Kjøtt centres its business around the production of meat, deriving from the owners’ farms and farms in the region. Vingelen Kjøtt offers traditional products such as kjøttkaker\textsuperscript{32} and kjøttpølse\textsuperscript{33} and other local and traditional meals. The company offers mainly standardized products, and focuses on making use of the whole animal in the production. The producers will gradually increase focus on the development of specialized products.

The financial aid provided by Innovasjon Norge has been crucial for the start up of Vingelen Kjøtt. The organization has provided support for a pre-project, in addition to covering 30 % of physical investments and 50 % on courses of theoretical and practical nature, such as Etablererskolen. Matforsk\textsuperscript{34} is a research centre on food quality, which offers

\textsuperscript{30} “Vingelen Meat”  
\textsuperscript{31} A business park established for new firms in the area as an initiative to encourage new companies and support business activity in the area by the municipality  
\textsuperscript{32} Meatballs  
\textsuperscript{33} Meat sausage  
\textsuperscript{34} Norwegian Food Research Institute
newly established businesses production assistance. Vingelen Kjøtt will receive a person next year that will take part in production and provide advice and competence on all parts of the production process.

Vingelen Kjøtt initially contacted all sales points themselves, however Rørosmat is gradually taking over the follow up calls, due to the difficulty of combining sales calls with other farm activities.

Vingelen Kjøtt emphasizes the advantage of cooperation and anticipates increased cooperation with its fellow producers in Rørosmat. The company uses Fjellurt, which customizes herb mixes to their various meat products. Another potential collaborator is Røroskjøtt, which produces similar products and which is located close to Vingelen Kjøtt.

Vingelen Kjøtt is in the middle of a design development process, which involves the making of a new logo, packaging and labelling. Innovasjon Norge and Forollhogna Prosjektet\(^\text{35}\) will finance parts of this project.

Arnstein and Ingrid additionally run a tourist business at Vingelsgård next to the farming and meat business. The couple serves home-made food and offer accommodation for tourists. The tourist business triggered Arnstein and Ingrid to develop the business of processing meat into consumer products. Catering is another business linked to Vingelen Kjøtt and the company has had big success with catering in the local area.

\(^{35}\)“The Forollhogna project”
3.6 Fjellurt

Two female farmers; Birgit Svendsen and Gunhild Skattebu run Fjellurt\textsuperscript{36} in the municipality of Tolga, a company that grows, processes and markets organic herbs. They currently hold 3000 m\textsuperscript{2} of grown land and reached an annual turnover of 376 000 NOK in 2005.

The business started out as an herb-growing organization on a hobby basis between female farmers in the area; Østerdalen Urte\textsuperscript{37} in the early 1990’s. Gunhild participated in a program on strategic planning in the municipality of Tolga aiming at creating new industries in the area. Gunhild wanted to start a business of her own and seized the chance when the municipality of Tynset, through Matforsk, organized a trial project for growing herbs on a larger scale in 1993. In 1995 Birgit followed a course in herb-growing organized by the counties of Hedmark and Oppland. This triggered her to start growing herbs on a larger scale.

When Gunhild, an agronomist, and Birgit, a gardener, moved to Tolga in the 1980’s, they were told there were limited possibilities for producing and growing other things than milk and grass, and this triggered their interest. Both were interested in gardening, and wanted to maximize the potential of their farms.

In 1994, Østerdalen Urte\textsuperscript{37} changed its name to Fjellurt. Later, to disassociate Fjellurt from Østerdalen Urte\textsuperscript{37}, they started the process of creating a new logo, packaging and labels in cooperation with Rørosdesign in 2003/2004 based on patterns from regional costumes. Innovasjon Norge provided financial aid for this project.

\textsuperscript{36} “Mountain herb”
The municipality provided Birgit with support for a study trip to Stavanger on packaging, and supported Gunhild financially in the construction of a greenhouse and herb-drying house. Birgit has additionally applied for financial support for new production premises for drying and storing plants.

Fjellurt has a vast product range of various herbal teas, different spice and herb mixes, alcohol with herbs and a few other speciality products. Their first product was *vilkrydder*[^38], developed as a result of the hunting tradition in the region. This is one of Fjellurt’s best-selling products and is widely used by consumers in traditional meals, such as meatballs.

The company is currently involved in a project with Glaambu Gård[^39] to produce a new product with mushrooms. Fjellurt acquires new product ideas from books, test mixing, consumer requests, and test panels. Auma Mandel has been part of a test panel and Fjellurt sees Rørosmat as a potential test group in the near future. Product feedback derives in large part from sales seminars in the region. Gunhild has a larger product range than Birgit as Gunhild works full-time with the company and the farm. Birgit has a part-time position in the municipality, in addition to running her farm. Besides these activities, the two of them follow part-time education. Gunhild studies Nature and Knowledge-based Tourism, whereas Birgit takes a course related to her work in Service Studies.

Tourism is a potential business for both of them, as they have large farmhouses suitable for accommodation. Fjellurt is a member of Norsk Bygdeturisme og Gårdsmat. The reason for venturing into tourism is the possibility of cutback in the agricultural sector, which

[^37]: “Østerdalen Herb Growing Organization”
[^38]: “Game spice”
may require an increased focus on alternative businesses, in addition to maximizing the farm’s potential. Gunhild attends the nature and tourism study program with the objective of developing a business towards guiding. Birgit will start lodging tourists in the near future.

Fjellurt has plans for further expansion of their herb-growing areas. Gunhild has concrete plans to increase her areas by about 1000 m2, and potentially start growing *Rosenrot*\(^{40}\) large-scale. Additionally Birgit has the potential to double her areas in the future.

### 3.7 Tydalskjøtt

Tydalskjøtt was established in 2003, by Laila Dyrhaug and husband, in the municipality of Tydal at their farm Hilmo Øvre. The couple purchased the farm in 1997, and converted into organic farming. They started processing meat from their own livestock in 2002 and today the business cuts, processes and markets meat from cow, lamb, and moose. They reached a turnover of 400,000 NOK in 2005.

The couple was originally in search for a farm with a milk quota. However, as this was unobtainable, they needed to differentiate themselves and started organic meat farming. Laila had previously run a fur farm, however decided to quit this business when she started organic farming. Their organic farming pioneered the area around Tydalen and made others follow their trail.

The couple purchased cattle and some pigs and eventually experienced local demand for products from the organically bred animals. This triggered the initiative to start

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\(^{39}\) "Glaambu Farm"; producer and marketer of luxury mushrooms and a member of Rørosmat
production. Laila obtained a trial production and training period at Fjellvilt, a reindeer meat producer which has assisted Tydalskjøtt in later stages of the production processes.

Laila received financial support from Innovasjon Norge through the *Etablererstipend*, which covered a pre-project and the construction of premises for cutting, refining and packaging of the products, including a small outlet. She also received funding from Norges Bygdekvinneleg towards a development course. Through *Etablerekskolen* she travelled around and observed other entrepreneurs. A consultant from Matforsk, a sausage maker and a technician also has assisted in the production and provided advice on recipes and organic production.

*Tørka Storefekjøtt* was the first product the company developed and has been a sales success. Tydalskjøtt’s trademark is *spekepølse*, which comes in four different sorts. One is connected to the farm and produced by traditional drying techniques (*Hilmo Øvres Spekepølse*). Another is tied to the location of Tydal, which has *kvann* as its municipality flower and which comes as an ingredient in the sausage (*Tydals Spekepølse*). There are also two other forms of *spekepølse*, one based on moose and the other on lamb. The traditions of *spekepølse* are strong in Tydal and it was custom for every farm to have its own recipe. In addition to these, the company produces different products of lamb meat and pig, in addition to traditional foods such as *fenalår* and *pinnekjøtt*. Most products are seasonal and related

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40 A plant grown for its supposed health benefits; *Rhodiola rosea*
41 “Mountain Game”
42 Norwegian Society of Rural Women
43 Dried Beef
44 Cured leg of mutton
45 Salted and dried ribs of mutton
to holidays and cultural events. Tydalskjøtt keeps its own cattle and a limited stock of pigs and buys lamb from organic farms in the area.

Tydalskjøtt is currently working on an application to Innovasjon Norge for financial support towards a project in marketing and brand development. The project includes a new brochure, new logo, new labelling and updating of all marketing material.

The amount of sales deals conveyed by Rørosmat is limited as the company is unable to increase supply on a short notice, however Tydalskjøtt will allow for increased sales assistance in the future. The company is involved in a number of close partnerships; it uses herbs from Fjellurt in its production, Rørosmeieriet’s Røros Rømme\(^6\) in servings of the spekemat\(^7\) at trade fairs, it shares purchasing deals in packaging with Fjellvilt and buys meat from Røroskjøtt. In addition, Tydalskjøtt sells numerous cheeses from other producers in the farm outlet.

The development of a new product related to the history of the farm is under consideration and Tydalskjøtt additionally considers local servings for tourists. The company does not wish to expand more than that they be able to handle the operation themselves, however the objective is to reach a level where they can live off the income. This will involve Laila leaving her part-time job in the municipality.

\(^6\) “Røros Sour Cream”

\(^7\) Cured dried meats; such as spekepølse
3.8 Røros Slakteri

Røros Slakteri was established in 1955 as a cooperative between the producers in Fjellregionen. It currently serves 450 meat producers and is the only slaughter-house in the region. Besides their main business; slaughtering, the company offers a variety of meat products to the local market through shops and via their own outlet. Between 1988 and today Røros Slakteri’s amount of slaughter has tripled, and the company reached an annual turnover of 50 million NOK in 2005.

In 1988 Røros Slakteri was converted into a limited company, bought up by its producers and the municipality of Røros who wanted to keep the slaughter business alive. In 1999, the slaughter-house Gilde Hed-Opp at Tynset closed down and a rush of producers joined Røros Slakteri. The farmers preferred Røros Slakteri as it was local, offering shorter transportation distances for the animals, allowing the producers to stay local. Short transportation also meant lower costs due to time-efficiency and quality treatment of the animals, in addition to improved conditions for tracing the meat.

Røros Slakteri performed total renovation of the production site in 1999 due to EU directives and upgraded by 5 million NOK through financial support from Innovasjon Norge. The company additionally underwent a development process in 2004 which involved the construction of an eating hall and a wardrobe, and the renovation of the barn and the outdoor area, equally financed by Innovasjon Norge. Additionally, Røros Slakteri recently worked out a cost estimate and plans for building out the production site and increasing production in 2007.

The municipality of Røros is the major owner of Røros Slakteri and is an important advisor and partner for the company. Røros Slakteri is one the largest owners of Rørosmat
and was one of the founders of the organization. The cooperation between the Rørosmat producers at arrangements such as Smakeriet\textsuperscript{48} and Rørosmartnan is valuable for Røros Slakteri and the company wishes to increase their use of the organization in the future and equally increase the cooperation between the producers.

Røros Slakteri’s main business; slaughtered meat, represents 96% of its business and the remaining 4% consists of the production of meat products. The company possesses premises for cutting, processing and packaging, and offers spekepølse, surpølse\textsuperscript{49}, kjøttrull\textsuperscript{50} and lammerull\textsuperscript{51} and other traditional products. Røros Slakteri’s future product strategy is to increase existing supplier contracts and create new contracts with specialty suppliers. The company is working to develop specialty products, such as for instance gourmet calf from Fjellregionen.

Røros Slakteri has recently entered into an agreement with Rendalen Kjøtt on meat delivery. The slaughtered meat was previously transported to Oslo, but will now be delivered to Rendalen and add value to the region. Røros Slakteri supplies all their meat to two customers: Røroskjøtt and Rendalen Kjøtt. The remaining meat is cut and processed at the production site and sold locally.

\textsuperscript{48} Annual food festival in Røros
\textsuperscript{49} Sausage with milk, spices and vinegar, kept in hot temperatures to turn sour
\textsuperscript{50} Roll of meat
\textsuperscript{51} Roll of lamb
3.9 Røroskjøtt

Røroskjøtt started out as a local sausage maker in 1985, in the municipality of Os, under the name of Oskjøtt. In 2003 the company grew out of its premises and the company was forced to expand. Økomat Norge BA\textsuperscript{52} and the employees purchased the company and established Røroskjøtt in May 2003. Today, the company cuts and processes meat from organic cattle and organic and non-organic lamb. It has an annual turnover of approximately 5, 8 million NOK.

The organic farmers were in need of a business which could provide processing of their organic meat. The municipality purchased the premises, while Økomat BA bought the largest part of the shares and established the new company. Svein Ture, production manager since 2001, similarly provided capital and bought shares. An area for cutting organic meat was built, and pieces of organic lamb and cattle could be sold locally. Røroskjøtt currently purchases their meat from Røros Slakteri, and 20-25% is sold to stores and the remaining part to large-scale household.

Røroskjøtt’s flagships are Lammerull and spekepølse, and production currently reaches 3, 5 tons and 28 tons respectively. Lammerull is hand-sowed and one person is employed for the sowing of this product. Røroskjøtt is currently searching for new labour, however local manpower is scarce. Lammerull has obtained a Protected Designation through Matmerk, providing automatic access to Norgesgruppen. Røroskjøtt is considering the development of a new Protected Designation for its product Røros Bratwurst. Røroskjøtt additionally produces two types of morrpølse and pinnekjøtt to large-scale households. The company has also

\textsuperscript{52} “Organic Food Norway”, founded by the organic farmers in the region
experimented with herbs from Fjellurt in their *Bratwurst*. Although product development will be an important part of the company’s future product strategy, Røroskjøtt’s immediate strategy involves reduction of the product range and increased focus on a few specialty products. Production volume of these products will be increased in order to reach larger markets.

Røroskjøtt has recently entered into talks with Innovasjon Norge on plans for product development and packaging. The company is aware of the needs of the young consumers who are more easily influenced by fresh and attractive packaging. An advertising agency will be employed in the process. Røroskjøtt is additionally working to improve their webpage.

Røroskjøtt equally participates in the Rica Hotel network and the hotel’s head chef, Michael Vorschelius used to work as a trainee at Røroskjøtt. Delivery is carried out by the staff to the local stores, while Gilde provides transportation to areas north and south of Røros. Røroskjøtt buys their meat from Røros Slakteri and purchases *spekepølse* for Galåvolden Gård.

The company recently employed a new manager who has extensive sales experience. The future strategy of Røroskjøtt is to focus more on sales and marketing and less on production. Included in this new strategy is the plan to reduce the product range and focusing instead on a few specialty products, which provide potential for increased production levels and increased sales to larger actors and chain based actors such as Norgesgruppen, COOP and Rica Nidelven.
3.10 Stenaas Reinsdyrslakteri

Stenssaasen Reinsdyrsslakteri\textsuperscript{53} started the business of buying, slaughtering and selling reindeer in 1895 on the plains of Røros. Arnstein Stensaasen is third generation and runs the company today, which has expanded and now slaughters and processes reindeer as its overall business, in addition to running a small-scale production of moose, game and rakfisk\textsuperscript{54}. Stensaasen Reinsdyrsslakteri is the only significant reindeer slaughterer in Southern Norway and has an annual turnover of 35 million NOK.

In the 19th century, the majority of farmers in the Røros area bought, slaughtered and sold reindeer as a sideline, however public restrictions on hygiene led to centralized abattoirs and refining businesses. Stensaasen was one of a few who invested in an abattoir in 1981 and started today’s business of slaughtering and refining.

Today, Stensaas Reinsdyrsslakteri slaughters 8,000 reindeers a year, and receives delivery from 5,000 ready-slaughtered reindeer from all around Norway. The company cuts approximately 15,000 reindeer annually in addition to 23-30 tons of moose, grouse, hare and rakfisk. The business consists of a slaughterhouse, a cutting area, a refining section, a small outlet and premises for rakfisk production.

Innovasjon Norge has provided financial subsidies on numerous occasions for Stensaas Reinsdyrsslakteri towards various expansions and construction projects. An application has recently been submitted where the company applies for financial support towards development of the company’s new profile, improvement of innovative activity,

\textsuperscript{53} “Stensaasen Reindeer Abbatoir”

\textsuperscript{54} rakfisk
product development and searching for new niches in the market. A new logo and motive and a new advertising brochure are in progress, in addition to the updating of the webpage.

The municipality of Røros has shown reluctance towards the business since its expansion in 1980 and has been unsupportive of the company’s projects. Their relationship has shown fruitless and Stensaas Reinsdyrslaakteri has not been involved in any of the municipality’s projects.

Stensaas Reinsdyrslaakteri attempts to reach different market segments according to their different products. Products such as **finnbiff**\(^55\) and **hakkebiff**\(^56\) are sold to supermarket chains, and filets and steaks are sold to more exclusive large-scale household like gourmet restaurants, hotels, specialty stores and large upscale supermarkets.

Specialty products, gift wrapped products and other niche oriented products are part of the company’s product strategy to increase price and compensate for the loss in raw material of reindeer. Today Stensaas Reinsdyrslaakteri has a wide product range consisting of all sorts of reindeer products, in addition to a variety of products made of moose, **rakfisk**, trout, arctic char and cloudberries. The product trend in the reindeer industry is traditional, and innovative activity is limited. However Stensaas Reinsdyrslaakteri has in the last few years started focusing on the demands of the young consumers. The company is considering ready-made meals for busy families and young professionals. **Reinsdyrskank**\(^57\) used to be a trend thirty years ago in Norway, and remained popular only in the north, it is now growing in demand in

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\(^54\) Partially fermented trout  
\(^55\) Sliced reindeer meat  
\(^56\) Chopped reindeer meat  
\(^57\) Cooked shank of reindeer
restaurants in Oslo. Stensaas Reinsdyrslakteri launched this specialty anew at Frognerseteren\textsuperscript{58} together with wholesaler Költzow and will attempt to deliver to Trondheim\textsuperscript{59} as well. Sovies\textsuperscript{60} is another traditional product, which is gaining new popularity. Stensaas Reinsdyrslakteri is the largest actor in Rørøsmat and joined the network together with Rørosmeieriet and Røroskjøtt. The company makes limited use of the organization’s marketing apparatus, and their membership is mostly based on solidarity with the other producers. Kåre Wessel, who is working for Stensaas is a board member in Rørøsmat. He was additionally responsible for the implementation of the HACCP-system in the company. Stensaas Reinsdyrslakteri uses Flatbrød from Rørosbaker’n and Rørøs Smør on trade fairs.

A person from Fjellvilt works with drying and smoking the meat in the company through the Sami Verdiskapningsprogram. The company also offers rental production to several actors in the area on a temporary basis.

3.11 Rørosmeieriet

Rørosmeieriet started up in January 2001 on the initiative of the organic farmers in the area. The reason was to maintain operation in the local dairy, where TINE Midt-Norge had just shut down its production. Today, the company produces and sells mainly organic (but also non-organic products), based on local recipes and food traditions with milk from the organic farmers in the region. The company turnover equalled 11, 7 million NOK in 2005.

\textsuperscript{58} Traditional gourmet restaurant in Oslo
\textsuperscript{59} Norway’s third biggest city, situated in the middle of the country
\textsuperscript{60} Sami; smoked slices of reindeer meat for stew
In 1995, the employees of TINE dairy and the members of Økomat BA initiated the production of *Tjukkmjølk*, in order to preserve this traditional and local product, and as a strategy to maintain the continued business of the already threatened dairy. The organic farmers, Norsk Bondekvinnelag and other farmers in the area organized a voluntary collection of the bacteria culture from *tettregress*[^61]. When TINE closed down the production in Røros in 2000, the *Tjukkmjølk* production was well established in the local market, and Rørosmeieriet could start its independent production of local products.

Fjellregionen has the highest concentration of organic farmers in the country, and all organic semi-skimmed milk in Midt-Norge is tapped at Rørosmeieriet. *Tjukkmjølk* is the first product in Norway to obtain a protected designation; *Protected Geographical Indication*. Rørosmeieriet exclusively purchases milk and other raw materials from the Røros region in order to keep their products local.

*Tjukkmjølk* is Rørosmeieriet’s most recognized product, however the company additionally produces four other products: *Skjørost*[^62], *Røros Smør*[^63], *Røros Gom*[^64] and *Gourmet Rømme*[^65]. All their products have long roots and traditions from the Røros area, however Rørosmeieriet’s similarly offers new application methods. New recipes are proposed on their webpage and different combinations are offered on trade fairs and food festivals. Two

[^61]: *Pinguicula Vulgaris*, which is used in the production of *Tjukkmjølk*
[^62]: Cheese made from cultured skimmed milk
[^63]: Butter made from cream, which is made sour before it is churned. This product is made using traditional production methods
[^64]: Cheese made of non-homogenized whole milk and curdle
[^65]: Sour cream made by non-homogenized cream
local women in the Røros area have also launched a research project on new application for *Tjukkmjølk* and presented a variety of new recipes for desserts in a seminar this spring.

Rørosmeieriet sells most of their products to supermarket chains and a smaller share to large-scale household and specialty stores. Their immediate sales strategy is to increase volume to stores, and in the future to increase sales to large-scale household. The company has a large production capacity and may quintuple the production of *Tjukkmjølk* as well as increase production for the majority of the other products. Rørosmeieriet makes use of 1.5 million litre of organic milk for the products. The company’s major challenge is to increase sales, and Rørosmeieriet has just employed one person to work on sales.

Rørosmeieriet’s manager, Guri Heggem, has previously worked ten years with Gilde and has experience from many years in sales, and she has been working with food for 20 years. She has completed studies in business, nutrition technology and has a chef certificate. She is also the manager of Rørosmat and has previously been the manager of Røroskjøtt. Innovasjon Norge was involved with the establishment of Rørosmeieriet and supplied financial support at the start up. A pre-project was set up and provided finance for expenses such as production equipment, product development and design. The employees own 15 %, TINE owns 24.9 % and Økomat Røros BA owns the remaining shares.

The municipality of Røros owns the largest share in the property company of Rørosmeieriet Eiendom as. Rørosmeieriet rents the premises off the municipality, however there are plans to purchase the estate in the near future.

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66 Rørosmeieriet Property Ltd
Rørosmeieriet’s five year development strategy is to further increase the awareness of the company, and the development of a new cheese will take place in 2007.
4 THE LOCAL COMMUNITY

This thesis argues that the local environment in Fjellregionen is in possession of certain traits that makes it favourable for innovation processes. These specific traits, which give rise to the innovative milieu, are networks of civic engagement, norms of reciprocity, trust and cooperation; known by the common term social capital. The aim of this chapter is to investigate how these features came into existence in the community facilitating the achievements of common goals in the past, and how this type of social organization still thrives today creating favourable grounds for innovative activity. The first part of this chapter (4.1.) aims at tracing the roots of these norms of cooperation and networks, making use of a historical review in line with Putnam (1993). The second part of the chapter (4.2.) will focus on investigating the contemporary social organization of the community on the basis of the social features identified in the past, and the innovative behaviour arising as a result of the social institutional set-up of the community.

4.1 The creation of networks

When investigating the historical path of the region at issue, a pattern is identified demonstrating the inheritance of a significant stock of social capital. The development of networks and collaboration has deep roots going back to the 1800’s, with the establishment of the first Norwegian dairy in Tolga in 1856. This was the first occurrence of formal cooperative behaviour in the region and its organizational design later became the standard practice for dairy activity in the country. These farmers discovered the great opportunities of collaboration. The economic and organizational gains of cooperation exceeded the rewards
obtained through exploitation and distrust. The ability of the farmers to turn to cooperation in order to achieve common goals seemingly laid the foundation for future cooperation. Although trust and solidarity most likely were inherent prior to the dairy cooperative the establishment almost certainly reinforced the mutual trust and team spirit within the citizens in the community.

After the mid-1800’s, the village areas around Røros experienced a sharp increase in the formation of associations (Borgos, Spangen, 2001, p. 187-88). These networks of civic engagement arose as a result of cultural, social and economic changes in the society, and the citizens met the challenges of a modernized society by founding organizations with the purpose of conducting business and public education. The associations were formed to solve daily duties in the community and contributed to a transformation of the traditional farmer community.

Later, in 1896 the mountain villages around Røros started the organization for collective butter production (p. 181-82). The butter dairy Rugeldalen Dampmeieri\(^\text{67}\) was established with 63 milk farmers managing delivery to the Norwegian capital and with plans to export to the UK. The following year, another small mountain village Brekken established a local dairy (2002, p. 57-59). The cooperatives facilitated the purchase of equipment for producing butter, which would be unattainable by the individual farmer. These farmers undoubtedly recognized the benefit they obtained from trust and networks. The collaboration opened up for economic prosperity, and new forms of organization were institutionalized.

\(^{67}\) Rugeldalen Steam Dairy
The women equally realized the advantages of collective efforts and formed an association aiming at collecting money for the implementation of running water in Nyplassen\textsuperscript{68} in 1937 (p. 152). Bondekvinnelagene\textsuperscript{69} fought consistently for the installation of running water in the entire country, however in 1957 only three out of four farms had installed water. The women in the area around Røros however, accomplished this aim by working in partnership.

Bondekvinnelaget’s position is still significant today and the organization was strongly involved in the rescuing of Rørosmeieriet. The meat farmers in the area equally joined their forces and established the common slaughterhouse Røros Slakteri in 1955, increasing efficiency and profitability in the local meat industry.

The aforementioned examples demonstrate the region’s tradition of resorting to collective action in the last half of the 1800’s and first half of the 1900’s contributing to large changes in the organization of the farming community. Yet, during the 1980’s the agricultural industry enters into a period of deteriorating profitability bringing major changes to the industry. This triggers the development of network formation and collaboration among the food producers in the region.

4.1.1 Collective action in the 1980’s and 1990’s

In 1987 the farmers in Fjellregionen met in Alvdal for the collective mobilization to overcome the frameworks set by the government in the 1980’s. By documenting the poor conditions of the farmers, Bondeaksjonen\textsuperscript{70} would prove the need for change. The project spread to other

\textsuperscript{68} A small village near Røros
\textsuperscript{69} The societies for rural women
\textsuperscript{70} The farmer’s campaign
municipalities of similar structure as Fjellregionen, and the area demonstrated great
determination to join forces for achieving a common goal. In contrast, when the mountain
farmers turned to the municipalities south of Rendalen for support, they lacked the same
enthusiasm. These farmers lived under different environmental conditions. They depended
mainly upon grain production and did not encounter the challenges faced by the farmers in the
mountain regions. The geographical environment may have played a role in how networks of
cooperation came to be. The mountain farmers in Fjellregionen had to stick together in order
to overcome the harsh weather and growing conditions, in contrast to the forest farmers who
did not recognize the need for collective action. As noted by Putnam, the successful pattern of
group efforts and interactions from the 1880’s may have worked as a cultural template for the
collective actions taking place a hundred years later.

The growing number of organic milk farmers in the region equally recognized the
need for collaboration and founded the association NØØL77 in 1989. The need for learning
and the sharing of resources were important factors in the forming of this particular
cooperation. The milk farmers facilitated the process of converting to organic farming by
consulting other farmers with previous experience. Additionally the cooperative resulted in
easier access to the market for the organic products and provided a stronger public voice. The
farmer members of NØØL differentiated themselves from other farmers in that they were
willing to diverge from conventional farming. They proved capable of engaging in new
activities in order to improve their business. The creation of a network facilitated the action
and this particular alliance led the development of the region’s thriving food production in the
following years. The significant events taking place in the 1990’s and in the first years of the following century were primarily a result of initiatives forwarded by the organic farmers: Røros Symposiet, Mat, Helse og Miljøalliansen\textsuperscript{72}, Smakeriet, Forbrukerdagen\textsuperscript{73}, Økomat Norge, Rørosmeieriet and Røros Kjøtt. A few enthusiastic individuals whose dedication was crucial for the development of these achievements predominantly led the process. They institutionalized cooperation and network alliances in the region, making collaboration with the aim of reaching common goals a norm. Once these collaborations took off they brought about a reinforcing effect. One event led to the other underpinning the networks and the feeling of success these group efforts made. However, although the process was triggered by the determination of a small group, these individuals encountered a community characterized by local engagement, a great will to subsist and the motivation to collectively make the best out of their resources.

4.1.2 A strong supportive community

There are strong signs of a common will to contribute to the region’s development. The citizens are responsible for a number of collective accomplishments crucial for maintaining food production and local business activity within the community. This can be illustrated with several examples. The establishment of Rørosmeieriet was a common effort to save the function of the old dairy at Tølga. The dairy had great local, symbolic value as it served the local milk producers and kept value creation inside the region. When the board at TINE Tølga

\textsuperscript{71} Nord-Østerdal Økologiske Landbrukslag (“Nord-Østerdal Organic Agricultural Association”)
\textsuperscript{72} “The Food, Health and Environment Alliance”
\textsuperscript{73} World Consumer Day
dairy decided to close down they met massive resistance from the organic farmers, the employees and the local population. Almost simultaneously, the local abattoir had closed down and there was great discontent in the region. The two incidents together contributed to strong local engagement and there was local mobilization and voluntary work that ensured the continued business of the dairy. Similarly, the survival of both Røros Slakteri (in 1988) and Røroskjøtt (in 2003) were the result of local action. All three businesses are now crucial in the local production of food. They function as local engines keeping the resources inside the community increasing the value creation of the region. Their existence therefore has a symbolic value and creates the foundation for continued local production and a common brand in Fjellregionen.

By the time the governmental program Lokal mat og lokalt forbruk and the TINE-project took place, several solid formal and informal networks were firmly established within a strong and supportive socio-cultural environment. These networks concentrated their efforts mainly on the local operation of firms, and the development of local knowledge and marketing. This local process acted as a necessary precondition for further development in the region. The succeeding events would presumably not have performed to the extent they did without the previous incidents taking place. The two projects were initiated by actors originating outside of the local environment and aimed increasingly at reaching markets outside of the local community. The governmental program, Lokal mat og lokalt forbruk presented the region with the opportunity to create a formal network and a brand. The producers undertook the program with great success and founded the first food brand in the
country; Mat fra Fjellregionen. The producers eventually took over the project with the aim of managing the process themselves. This illustrates the region’s capability to take advantage of the opportunities given and exploit their potential. They showed the strength and will to act when given the chance and making the project their own with the foundation of Mat fra Fjellregionen.

The TINE-project equally aimed at promoting local production outside the boundaries of the region and was initially managed by a non-local. The project manager’s lack in appreciating the local social codes and taking into account the ideological interests resulted in a certain level of divergence within the region. Similar to the governmental project, the citizens felt left out of the project which directly concerned them. Due to the failure to reflect the values of the region, the leader of Mat fra Fjellregionen took action and created a collaboration with the TINE-project. The ideological and commercial interests were unified and the partnership eventually led to the current sales and marketing organization for the region: Rørosmat. This organization is now the centre point for all efforts and activities taking place in the region with the aim of promoting small-scale food production in the community.

4.2 Contemporary social organization

The community’s past is visibly based on the propensity to form networks for the achievement of shared aims. The social features of trust and norms of reciprocity seem to be an important factor for the development of the society as they are reinforced by the many

74 “Local Food and Local Consumption”
occurrences of collaborative behaviour. This is in line with Putnam who states that such recurring behaviour leads to coordinated actions due to trust among the participants. In the next section the contemporary community will be investigated with the aim of identifying the current social organization, and examine whether similar social traits have been passed on laying the foundation for an innovative milieu.

4.2.1 Rørosmat

The unit of analysis in this thesis, Rørosmat, is the entity that ties the region’s food producers together. The act of entering into the organization is based on a high degree of trust both by the new entrants and by the existing members. If the community were characterized by scepticism and isolation, the organization would have no reason to exist. The small, dense community facilitates cooperation because it provides reliable information about the citizens. Rørosmat functions as a network providing the producers’ with competence, resources, purchasing deals, and tools for sales and marketing. The producers’ were initially moderately reluctant to the idea of having to invest financial capital in Rørosmat in order to gain profits. The Rørosmat sales representative spent the first six months convincing the producers of the advantages of membership. However, during the talks the producers generally expressed the wish to increase their use of Rørosmat, and this is further underpinned by the fact that several of the members now have decided to delegate all sales and marketing activities to the organization. By making use of the organization the producers gain trust which again leads to an increased use of the organization.

Rørosmat facilitates both sales and marketing activities due to a well-established and well-functioning sales apparatus. It is valuable in that it represents a strong brand with a variety of products from the same region. When a sales contract is established for one
product, the sales representative has the opportunity to offer the buyer further products from
the same or differing product categories. This facilitates increased sales for all the producers
demonstrating the efficiency of collaboration. Time and resources are often limited for the
small producers, and sales activities to the extent performed by Rørosmat are difficult to
achieve. As mentioned by several of the producers, the sales network allows full
concentration on their prime activities; production and product development. Locally
however, a majority of the producers prefer to manage both sales and delivery personally in
order to maintain contact with the buyers and the local market. The search for new markets is
equally facilitated by the organization’s ability to market the producers collectively through
one brand, in addition to their availability of resources; Rørosmat is in possession of market
knowledge, people, finance and a network which facilitate this process. Membership by the
larger producers is often one of solidarity. Stensaas Reinsdyrslakteri has developed a large
sales apparatus locally and nationally, and makes limited direct use of Rørosmat. Yet, the
company acknowledges the value of being a member and contributes to supporting the
smaller producers. Rørosmat has great significance nationally as it offers a valuable brand.
Røros is a famous tourist destination, it is on the UNESCO list of World Heritage and the
region is famous for its nature. The brand thus offers a range of positive associations and the
products of the small-scale producers each carry with them a history based on regional
traditions and culture.

Rørosmat has a firm position in the local stores. The local supermarket chains
generally demonstrate great will to sell the products. This is partly due to local initiatives
from employees who suggest the provision of local products in the store, and to some degree company strategy, as in the case of COOP\textsuperscript{75}. The interaction between the supply capacity, consumer demands, employee commitment and company willingness jointly create a local market. Here, both local and national capabilities are significant in creating market access, and the importance lies in the interaction linking the different actors.

Rørosmat reinforces reciprocity and cooperation as these norms are learnt through the membership in the organization. Norms of mutual aid were also widespread prior to Rørosmat, however the members’ increasing use of the organization enhances the norms of cooperation. There are several examples of producers selling products from other Rørosmat producers in their farm outlets. This expands the outlet’s product range, in addition to increasing total sales for the producers in question. It equally provides access to additional sales channels and builds the Rørosmat brand. The producers also share knowledge; Laila in Tydalskjøtt completed her vocational training at another meat producer, Fjellvilt. The producers perform rental production for each other, and involve in common purchase deals. Services are offered and expected in return, reinforcing norms of reciprocity and cooperation.

4.2.2 Farm-based producers reluctant towards expansion

Rørosmat facilitates marketing, distribution, competence building and finance for the producers. These factors nevertheless represent major challenges and need support from a larger infrastructure. However, although market access and distribution is a problem for the larger part of the producers, it does not pose a problem for all. The producers have differing

\footnote{See 5.1}
business aspirations. Auma Mandel has the potential to triple its production and aims at increasing its market share in Oslo and other larger cities. Rørosmeieriet equally aspires to increase production and reach larger markets. In contrast, several of the farm-based producers do not aim at expanding any further. Tydalskjøtt produces at full capacity and has large potentials to increase sales. The owner is however uncertain as to whether an expansion will be desirable. Tydalskjøtt, Fjellurt and Eggen Gårdsysteri are all hesitant towards employing external labour, and fear that the consequences of an expansion will lead to undesirable ends. Due to the business’ location on the family farm, the consequences brought on their lifestyle would demand too extensive changes. Additionally, the producers’ pride in supplying high quality products, based on the raw material from their own farm demands constant surveillance on production processes in order to reach their high standards of quality. To delegate parts of the production process means the producer will lose control over some parts of the value chain, and accordingly reduce the ability to account for the quality of the product.

Another aspect is the lack of human resources in the region. Due to the low unemployment rate, labour is almost unattainable in some areas of the region. Stensaas Reinsdyrslakteri and Vingelen Kjøtt both stress the difficulties of obtaining temporary manpower in hectic seasons. Gunhild in Fjellurt and Galåvolden Gård have made use of employees from an organization providing labour from Eastern Europe for several years, and Røroskjøtt has recently employed a person from the same network.

4.2.3 The municipality

The municipality has been identified as the dominant institution for innovative activity in peripheral areas in previous studies. According to Nils Aarsæther (2004, p.11), the municipality works as a productive actor in stimulating and managing innovative activities.
within its territorial boundaries (see also Bærenholdt, 2002). However, the municipality’s role in supporting the food producers in Fjellregionen has proved only moderate in this study. The producers had difficulties identifying concrete initiatives forwarded by the municipality when inquired on this issue. Some municipalities have provided financial support for a number of projects related to food production in the region, however the producers generally believed their efforts to be mediocre. Although funds have been supplied, they are small in value and disappear in the overall budget. Several of the producers called for stronger direct support for innovation and business development by the municipality in general. However, in spite of their general dissatisfaction with the municipalities as a financial provider a majority of the producers strongly emphasized the municipalities’ ability to provide mental support. The producers mention gifts provided by the municipality such as diplomas and plants which have had inestimable symbolic value. The fact that the municipality demonstrates faith and support, especially in the earlier phases of the project has been of crucial importance for the smaller producers. Vingelen Kjøtt states that the support from the municipality has been fundamental for the creation of the business. The municipality equally provided various measures to promote competence and access to the herb growing industry. Fjellurt made use of these, and although they claim the municipality’s role to be insignificant, the municipality increased the industry’s accessibility, competence and finance in the region. Consequently, although many producers expressed discontentment with the municipality’s financial and political initiatives there is reason to believe that their role may be underestimated. The producers may additionally not be aware of all measures taken by the different innovation promoting schemes in the region. The origin of these initiators was frequently unclear to the producers and the municipality may therefore have received an undervalued status.
4.2.4 Human capital, public engagement and associational life

The people of Fjellregionen are characterized by solidarity behaviour, equality and mutual respect. The society is not hierarchically organized, but social relationships are horizontally structured – based on mutual aid, reciprocity and trust. A common denominator among the citizens in the region is the general inclination to take responsibility for the well being of the community by behaving proactively and collectively. The population engages strongly in public affairs and politics and the number of associations in the region is comparatively high. Within the core municipalities in my study; Tolga, Os, Tynset and Røros (where twelve out of the fifteen producers reside) 17, 8% of the population has higher education. This indicates a resourceful population with high aims. A majority of the producers holds higher education. The nature of the educational capital is wide-ranging and is used directly and indirectly in the food production, however undoubtedly contributes to learning and innovation in the region. The managers of Rørosmeieriet and Røroskjøtt were employed due to their relevant stock of knowledge at the time when the companies faced larger strategic changes. Guri Heggem provided competence in both sales and nutrition which was crucial for the start up of Rørosmeieriet. Per Wahl offered solid sales experience and a valuable network useful for the company’s new sales and marketing strategy. The two owners of Fjellurt presently follow part-time studies in service and tourism. The latter aims at developing her current business by venturing into tourism. The educational assets in the region indicate an active population who

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76 Based on numbers from Statistics Norway. Country average: 22, 3%, Hedmark: 16, 5% and Sør-Trøndelag: 23, 3% Although Røros and Tynset are urban areas and the rate of higher education is expected to be higher than average, the remaining two municipalities; Tolga and Os have an
aims at developing competence levels and contribute to the region’s growth by creating opportunities through innovative activity.

Although this thesis concentrates upon the population’s interaction within the community as a single unit, a distinctive phenomenon within the unit was identified; a few individuals have played a remarkable role for the success of the region. Their efforts, taking place at different epochs of the region’s history, have shown crucial for the establishment of the norms of collaboration and the many networks formed in the region. Their common traits are strong public and political engagement and the courage to pave the way for action. The initiatives and the networks formed under Helge Christie and his partners were crucial for the continued business of the large local companies and contributed to maintaining a foundation for local production in the region. Their endeavours equally provided valuable competence from external sources resulting in new focus areas, triggering the commitment of the population. Another individual who has had great impact on the contemporary community is Ingulf Galåen who is involved in a number of different public organizations. ‘As far as he could count’ he is a board member in ten organizations. He states: “if you want to achieve something, you need to engage in different activities and get to know people in the whole community.” He is currently chairman of the board in Mat fra Fjellregionen, Rørosmat, Norsk Bygdeturisme og Gårdsmat, which are the organizations directly related to the food industry. Furthermore, he is chairman of the board in Rørosbakern77, a local building company, an electrical company, the community house (for 24 years!), the kindergarden (which was closed employment rate equal to 36, 8 % and 33, 9% in the primary sector respectively and therefore would be expected to have a lower percentage of higher education
down by the municipality and reopened on private initiative), a land use management company, and finally a board member in Lokalmat BA\textsuperscript{78} and in the council for Kompetansenettverket på Mære\textsuperscript{79}. The involvement of these individuals is extensive, reaching over a number of different activities and events. They make use of external and internal networks and are constantly searching for developing connections recognizing their value in promoting knowledge and collaboration. The resulting achievements carry a reinforcing effect resulting in an increasing number of projects and similarly promote the involvement of a growing number of people. The commitment and action of a few particular individuals have been of essence in creating the grounds for innovative activity in the region, and the community has shown great will in institutionalizing their initiatives. Several other producers are similarly engaged in public matters and are active in boards both on the private and public arenas. The manager of Rørosmat, Guri Heggem, is a chairman of the board in Lokalmat BA and a board member in Trøndersk mat og drikke, and Gudmund Trondsmoen in Auma Mandel worked as a politician for twelve years and used to be an active participant in several boards prior to opening the business. The producers in several instances also claim that there is a correlation between public and political engagement and the propensity to conduct business or other social activities. Due to the horizontally organized society the population has easier access to public and political forums. The similar status of the citizens facilitates the penetration into politics. It seems politics takes place among the citizens and not on the top by authoritarian politicians. The political and public engagement of the citizens is closely

\textsuperscript{77} “The Røros Baker”, a member producer in Rørosmat
\textsuperscript{78} “Local Food”
related to the population’s ability to form associations. The citizens are used to expressing opinions and their political goals are facilitated by collective efforts. This is in line with Tocqueville’s argument on that civil and political associations reinforce each other.

The tendency of the citizens to unite themselves for the daily operation of the community is illustrated by the many associations present in the area. There is rich associational life in the region. The municipality of Tynset takes the lead with 75 associations. Alvdal, with a population of 2,392 counts 64 associations, and Engerdal’s 1,497 citizens have formed 25 associations. It is not merely the high number of associations in the municipalities which is of significance, however their ability to organize themselves. Information about associations in this particular area was easily identified, as opposed to associational life in the rest of the country. The reason for this is the initiative taken by these associations and other private and public actors in the area to gather all information about the region in one web portal. The commitment of these associations in large part led to the establishment of this site which facilitates collaboration between internal and external actors due to easy access to relevant information. This facilitates membership and participation and the associations increasingly become integrated in the daily life of the citizens’ as they are active in all societal events and strongly present in the regional information base.

79 “The Competence Network at Mære”
80 Unfortunately, numbers on associations on municipality level in Norway is unavailable; Statistics Norway exclusively produces numbers on a national level. A comparison is therefore unobtainable.
81 www.fjellregionen.no which includes the municipalities in Fjellregionen described in appendix 1
4.2.5 Exploiting traditional values for innovative activity

The population is an active supplier of traditional and regional activities and the citizens productively make use of their own food, history, land and other resources in order to contribute to the economic activity in the region. The region’s thriving tourist industry is a result of the citizens’ efforts in exploiting resources available in the community. There exist innumerable tourist attractions tied to the region’s nature and food culture. All of the smaller food producers, with one exception, have developed some sort of tourist activity tied to their business. The population builds on the values tied to the area, developing the brand of Roros based on food, culture, history and traditions in order to develop business activity. This is in line with the findings by Aarsæther (2004, p. 250), who states that the common denominator for business innovations is the combination of local natural resources or local cultural traditions with the use and development of modern technologies. Product innovations in Rørosmat take departure in traditional recipes and local raw materials, however major attempts are carried out in order to identify different applications and new marketing perspectives among the producers. Rørosmeieriet exclusively produces traditional products from the region, yet modern recipes have been developed offering new applications for Tjukkmjølk and Skjørost. Their packaging displays local, traditional images, however the colours are fresh and modern and the products are appealing for young customers. The products of Rørosmat are small-scale production and their traditional nature brings along traditional production methods to a certain extent, however new production tools and methods are used overall enabling larger and more efficient productions.

According to the producers, they are strongly concerned with innovation and consider constant modernization and improvement as crucial in the fast-changing markets. The need
for a new profile, increased targeting of markets, more efficient production methods, market access and logistics solutions are examples of required innovations mentioned by the producers. Innovative measures are generally linked to traditions and culture reflecting the Rørosmat brand and the identity of the producers. However, in order to comply with the needs for change, some competence is missing along with financial support. If further innovative activity is to take place, there is a need for a larger infrastructure to provide the resources missing, and which may supplement the local resources in providing a favourable ground for innovative activity.

The community similarly experiences the risk of lock-in by depending exclusively on activities related to food, nature and culture. The advantage, as we have seen, is the common direction of all efforts towards the same goal, and the accumulation of knowledge based on previous successful events which improves the organization of business and innovation. The risk here is related to fruitful opportunities which are present in the region, but ignored due to the narrow focus on one single path. Another aspect is the danger of exclusively depending upon internal resources, shutting out valuable external impulses and knowledge from outside of the region. The community is dependent upon external sources for inspiration and new knowledge in order to improve production processes, organization and product development. This will be further discussed in chapter 5 on the National Innovation System.
5 RØROSMAT IN THE NATIONAL INNOVATION SYSTEM

The previous chapter demonstrated the producers’ propensity to engage in collaborative behaviour in their local community for the realization of innovation processes. This chapter explores the interactions taking place between the producers and the actors in the national innovation system (NIS) and investigates how its usefulness is perceived by the producers in promoting innovative activities. There are several challenges facing the producers in their local environment and there is a need for national support in the marketing, distribution, developing and financing of their products. Marketing and distribution is complex due to far distances and although the local environment offers a satisfactory distribution system on a local and regional level, there is a strong need for an improved national distribution network. Knowledge provision is limited and the producers require assistance from larger national actors in order to develop products and process innovations. Finance opportunities are restricted in the small community and various national financial providers supply the producers with subsidies for innovation processes. This chapter will investigate the effectiveness of the national innovation system (NIS) according to the producers in facilitating marketing and distribution, and enhancing competence and financial conditions crucial for the commercialization of their products.82

82 See appendix 5 for a detailed overview of the actors in the NIS considered essential by the producers
5.1 Marketing and distribution

The producers depend on a variety of different sales channels in order to supply their innovations on the market. In the local market they base their sales on the farm outlets, Smakeriet and Rørosmartnan, the local supermarkets and the local large-scale households such as hotels, restaurants and hospitals. Regionally and nationally they make use of the national supermarket chains and the national large-scale household organizations.

5.1.1 National actors promoting local and regional networks

A majority of the producers’ total sales are locally and regionally based. The primary reason for this is the well functioning distribution system in the local and regional area. Firstly, as touched upon in the previous chapter, the local support and loyalty in the community is fundamental for the producers’ ability to sell and distribute the products locally. Additionally, due to short distances the producers may deliver the products to the local market themselves, providing a steady distribution system. Secondly, efficient regional distribution systems have been developed over time, now providing stable sales channels for the producers. TINE, COOP Norge, and Rica Hotels are large national actors offering distribution systems on the local, regional or national level. COOP Norge and Rica Hotels are distinctive in that they have created networks with the specific purpose of distributing and marketing local products regionally. These networks act to promote local value creation and facilitate marketing and distribution. The ability of these chains to provide marketing and distribution solutions is based on their capacity as large, national actors. They provide a network and a large stock of resources, and the initiative proves successful because the surrounding institutions are willing to adjust. The producers, the suppliers and the consumers are all integrated in the activity and
each play a part in enabling the collaboration. The initiatives contribute to an institutional change in that the consumers’ awareness of local production increases and that local small-scale products become part of the local product range in the stores, in the hotels and in the minds of the consumers. The networks are created as a result of a need identified by the organizations in question; Rica and COOP, and the targeted actors willingly commit to the project. This is closely related to the culture in the local community described in chapter 4; and the national actors’ initiatives are easily institutionalized due to the willingness of the citizens to work for the common good of the community and their enthusiasm in promoting the region’s food traditions. This is in line with Lundvall who argues that learning is an interactive and thus a social process which cannot be appreciated without considering the institutional and cultural framework. There are also examples of citizens with a strong local commitment who move to other regions, but bring along the local food traditions and culture. Michael Vorschelius worked as a trainee in Røroskjøtt and subsequently as a chef in a hotel in Røros. Eventually he moved over to Rica Hotel Nidelven and brought along the Rørosmat products. The networks likewise pose a reinforcing effect on consumers’ purchasing habits. The interaction between these actors is crucial for the local and regional marketing and distribution of local small-scale production.

5.1.2 Distribution and marketing on a national level

Marketing and distribution on a national level represent one of the largest challenges for the producers, in particular the farm-based producers. These producers are small in size with few employees and have limited possibilities of transporting the products to far distances. They are independent, lacking a well-developed sales apparatus and do not have access to the advantages of the large national cooperatives. The Rørosmat producers sell products based on
expensive raw materials and small-scale production which are all costly activities compared to larger mass-producing organizations. When distribution costs make up a large part of the budget, higher prices may occur and may further result in a fall in demand. The producers are thus dependent on cost-effective solutions for transport in order to be competitive. More importantly, the producers require a well-functioning, larger national distribution system in order to sell their products outside of the region.

TINE Midt-Norge provides area delivery for the producers who make use of sales agreements with Rørosmat. This enables the producers to provide reliable delivery to areas north of their region. The distribution system includes Trondheim\(^8\), which is beneficial due to the market size it offers. For distribution south of Hedmark and to Oslo however, delivering presents a major challenge. Linjegods is used for delivery to Oslo, yet this is an expensive service and does not represent a potential future distribution system. When it comes to the large meat cooperative Gilde, it does not provide a satisfactory distribution service. This is illustrated by the quote from Vingelen Kjøtt: “Gilde is difficult to relate to – they do not provide a system which is suitable for us.” It seems creating a suitable, national system is a complex process and that institutions are slow to change. However, Rørosmat realizes the need for an improved distribution network and is currently working on identifying possible actors. The need for a distribution solution is confirmed by the Rørosmat action plan which states that “a suitable transport solution is required prior to intensify sales in the area.”

The unsatisfactory means of distribution for small-scale producers across the country resulted in the formation of the organization Lokalmat BA, where producers from different
parts of the country cooperate on solutions for joint logistics. This organization, similarly to
the Rica network, are created as a result of a need identified by the organizations in question;
however it is also the outcome of initiatives triggered by other significant and larger national
actors like the Ministry of Agriculture and Food and Matmerk which have established
collaborations with the two. These public organizations are powerful in competence, finance,
assets and resources, in addition to working with concrete objectives of promoting local, high
quality Norwegian food. The State here functions as an activator, and the achievement of each
initiative depends on the culture of the actors involved.

Feedback mechanisms in the market are important for the product innovations carried
out by the producers. The customers function as important instruments for feedback
mechanisms both on a national and local level. Smakeriet and Rørosmartnan are events where
food is central and where the producers test out new products. Galåvolden Gård used the
participants at Rørosmartnan as the ultimate test panel before launching its product range.
This is in line with Lundvall who argues that learning-by-interacting between users and
producers result in product innovations. The large supermarket and large-scale household
chains similarly provide feedback through their varying demands. One example is
Norgesgruppen which offers automatic access to products that are approved by Matmerk.
Matmerk plays a key role for the marketing of the Rørosmat products. The organization offers
the finest local food producers in the country; selected according to strict criteria. Once a
member, the brand value is inestimable. It equally serves as the public face for Norway’s local
food industry and contributes to increasing awareness around Norwegian food as a common

83 Trondheim is Norway’s third largest city
brand. Rørosmat has obtained several of the food designations which strengthens the value of the Rørosmat brand. The result is that several of the producers aspire to obtain food designations on their products. The agreement with Norgesgruppen equally serves a different purpose. The admission of a designated product increases familiarity with the producer and adds to the likeliness of the organization purchasing other products.

Mattilsynet is another organization which provides feedback by demanding rules and regulations on food safety. According to the producers the organization creates obstacles for innovation by placing restrictions on production and premises which result in increased costs and hold-up of projects. However, the implementation of hygiene promoting programs and tracking systems may equally lead to reinforcing effects on innovation. The changes imposed by the organization frequently force the producers to innovate. The implementation of the HACCP-program resulted in increased knowledge and closer cooperation between the producers in Rørosmat, and the project was considered a success in terms of contributing to improved cooperation and providing useful competence. Innovasjon Norge’s initiatives to promote market knowledge are equally considered controversial by the producers. Vingelen Kjøtt affirms that the preparatory obligations enforced by Innovasjon Norge discouraged their motivation to start the business and states “Innovasjon Norge required everything to be sold on beforehand”.

5.2 Competence providers in the NIS

The producers constantly seek to develop knowledge during different stages of their business. Competence building is particularly sought after in the early phases of conducting business and a majority of the farm-based producers spent the first part of the establishing phase on attaining different types of knowledge. Process, product, market and finance information is
essential prior to setting up a business. These knowledge areas are equally important in later stages where the producers seek to engage in innovative activity. As discussed in chapter 4, the local community provides a fruitful learning environment, with Rørosmat as a centre point. However, learning derives just as much from national (and international) sources. This is due to the nation state’s access to a large set of resources and its ability to allocate these resources into a system which serves the whole economy with knowledge and information. The Norwegian state seeks to integrate the competence providers in the system, and establish cooperation with private knowledge creators in order to create a well functioning web of public R&D agencies, educational institutions, private consultancy firms etc. which produce knowledge used in the economy. This section aims at identifying the different national competence providers which are considered valuable in influencing learning processes and leading to innovative activity based on the perception of the producers.

5.2.1 Knowledge development in the establishing phase

_Etablererskolen_ is a public program aiming at training and preparing entrepreneurs to start their own business. Four out of the six farm-based producers attended _Etablererskolen_. The activities related to the program are of both practical and theoretical nature, and as the majority of the producers do not hold a business-related education, the theoretical courses are expected to provide useful knowledge. Yet, the interviews demonstrate that the producers generally gained a lot more from the practical courses, as stated by Vingelen Kjøtt “it wasn’t worth the 20 000 NOK – the lecturers weren’t that good.” In spite of the producers’ overall negative perception of the theoretical part, it is likely that the theoretical courses nonetheless contributed to their overall business understanding, providing some insight in accounting and administrative routines, in addition to increased awareness around potential future strategies
and so on. The practical courses consisted of hands-on exercises and the producers point out courses in product development and the possibility to carry out test productions as important learning experiences. The practical training is adjusted to the activities that are essential and relevant for their business, such as cutting, producing, processing and product development. Both Galåvolden Gård and Eggen Gårdsysteri participated in courses on product development which laid the ground for their current productions. Auma Mandel chose not to participate in Etablererskolen and states: “we probably should have done it, we may have escaped some blunders.”, which further reinforces the assumption that the program was successful.

Another important source of knowledge transfer are the direct learning processes obtained through meetings with other entrepreneurs. Study trips are organized as part of the Etablererskole, and are used frequently as a competence builder by the municipality and other voluntary organizations. The reason for their effectiveness is most likely the explicit and real observations they provide, presenting the potential entrepreneurs with the daily challenges of operating as a small-scale food producer. In company of an experienced producer at the actual production facility, the act of asking relevant questions is present. The visitors are in position to identify more easily with a producer than with a lecturer, as stated by Tydalskjøtt: “I learned most from people who had done the same”. A majority of the Rørosmat producers have attended study trips which have inspired their product development and even prescribed their whole product range. Eggen Gårdsysteri went on study trips to Sweden and learned how to make the five cheeses that are now currently in production. The study trips function as an important preparatory lesson for the producers with the provision of crucial start up information on process and product knowledge. Furthermore, the community’s overall innovative ability depends on the collection of knowledge from outside the region.
The importing of foreign knowledge points to the expanding aspect of national innovation processes. A large part of the study trips takes place abroad. Italy, Spain, France and Sweden are the most visited countries for competence building, especially within cheese production. Food traditions are strong in these countries and networks of small-scale producers are highly developed. The Etablererskole allocates funds to international study trips which may imply that the State acknowledges the limitations of the NIS, and the financial means deriving from Innovasjon Norge contributed to import knowledge from abroad. The actors within the NIS realize the need for international learning processes. As discussed in the previous chapter the small community is in possession of limited resources of competence and requires the influence and adaptation of external knowledge in order to develop innovative activity.

5.2.2 Consultants as knowledge providers

Access to consultancy services is pervasive within the region’s food industry, providing the producers with both fruitful and unsolicited assistance from consultants. The competence enhancing initiatives are frequently part of government-funded offers in the initial stages of production. Yet, once the granted service has been provided, the consultants offer continued services which are not paid by the State. The producers who have made use of Besøksordningen84 have mentioned it to be the number one knowledge enhancing initiative which they all benefited from. Tydalskjøtt received a consultant from the organization Matforsk at UMB, a sausage maker and a technician, who came to take part in production. The fact that the consultant has competence in both arenas contributes to learning in both

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84 “The Visiting Arrangement”
production processes and product development and provides the producer with the opportunity of asking questions on all aspects of running the business. According to the producers Besøksordningen offers the advantage of a professional coming to assist them in their own premises. Those who have been provided with the service emphasized the need and wish to continue this activity. The producers who have not yet received the assistance express contentment that they have been granted the service. Vingelen Kjøtt will receive a person to assist them in production from Matforsk and Kompetansennettverket at Mære next year. Røroskjøtt has been granted 50 hours of external consultancy from Animalia-Fagsenteret for Kjøtt with competence on meat production as well as on sales and marketing. It seems that these services are especially useful in the initial stage of the business cycle where the producers are insecure and inexperienced.

A majority of the producers have experienced being contacted by consultants offering services of relevance for competence development. The situation is somewhat paradoxical as the producers both benefit greatly from some services and find the constant inquiries from profit seeking consultants exhausting. There is a general perception among the producers that the use of consultancy is not contributing towards business development, however that profit-seeking consultants ruins naïve and inexperienced small-scale producers. This offers the potential threat of consultants loosing their credibility as competence providers and may create scepticism towards receiving external assistance. Conversely, the consultancy services provided by state-funded initiatives have proved successful and have thus contributed to the establishment of valuable relations between users and producers of knowledge.
5.3 The role of finance for innovative activity

Innovative activities are capital-intensive, and the producers engage in complex and time-consuming processes for the realization of new products or processes. Innovative behaviour entails uncertainty of the outcome and it is essential that the producers feel confident that financial supplies will be provided at all stages. The producers in question are small sized and are generally not in position to provide financial capital for investments unaided. This is particularly relevant for the farm-based producers who have a limited amount of resources available. The financial instrument provided by Innovasjon Norge through Verdiskapningsprogrammet for mat is thus crucial in supporting the establishment of new businesses, new products and processes in addition to initiatives for competence building and collaboration formation. It is the only significant financial actor in the NIS for the Rørosmat producers.

5.3.1 Limited financial resources in the local area

All significant public institutions working to promote industrial development have been gathered into the organization Innovasjon Norge. The organization hence provides extensive networks of different actors within finance, competence, science and other resources. In spite of Innovasjon Norge’s all encompassing involvement, there are still a few independent public financial actors providing moderate contributions to various projects. The local *sparebank* used to function as a crucial financial provider for local business activity, however *Sparebanken* currently provides a limited amount of loans to the producers. Auma Mandel is
the single producer who has been granted a loan in the local branch office of Hedmark
Sparebank. The decreasing role of the local bank is in all probability due to the elevated
interest rates in comparison to the beneficial interest free loans offered by Innovasjon Norge.
The organization has taken over the role of the local bank due to its ability to offer
competitive loans, in addition to comprehensive support in all areas required for innovative
activity.

As discussed previously, the municipality’s role for development of local firms proved
moderate according to the producers, and there are accordingly few examples of the
municipality providing direct financial support to current development projects. Similarly
here, their role must be revised. The municipality participated in buying up three major food
producers in Røros; Røros Slakteri, Røroskjøtt and Rørosmeieriet, and the property company
of Rørosmat is equally partly owned by the municipality. The financial intervention enabled
the continued business of these local engines and contributed to making local food production
viable. Rørosmeieriet contributes to keeping local milk inside the region by refining the milk
and selling the products locally, assuring local value creation. SIVA is another financial actor
which granted Rørosmeieriet with funds towards a project manager in the initial stage of their
business. Similarly, Røros Slakteri provides the same function within the region’s meat
industry, and contributes additionally by delivering meat to the local producers Rendalen
Kjøtt and Røroskjøtt. The municipality also has provided funds towards competence
enhancing projects such as the study trips described in 5.2.1, which were found to be one of
the most useful knowledge promoting initiatives by the producers. Hence, although the

85 Savings bank
municipality may appear to supply limited direct financial aid to the producers, it seems however that they have played a major role in creating beneficial grounds for innovative behaviour in the region.

Another important point is the location of producers within different municipalities which inevitably impact innovative activity due to independent budgets and priorities. Entrepreneurial activity has enhanced conditions in certain municipalities due to well-defined innovation programs or different social institutional set-up which result in increased struggle for some producers. The conditions equally differ according to county with half of the producers residing in Sør-Trøndelag and the other half in Hedmark.

5.3.2 Financial provider supporting innovation

As mentioned in 5.1.2 Innovasjon Norge is considered an impediment by the producers for certain phases of the innovation process by demanding the producers to engage in extensive learning processes prior to receiving financial aid. With the aim of gaining market knowledge the entrepreneur needs to perform a market analysis, make a business plan and carry out product development during a pre-project. The purpose is to establish whether there is viability to start up a business. Although this process was considered complex and time-consuming, the practice of identifying competitors, customers and suppliers is likely to provide the producers with inestimable knowledge about how to relate to the other actors in the NIS. Additionally, some producers admit that it offers an opportunity of creating a valuable network. Although these preparations may seem redundant to the producers, the pre-project in all probability provides the producers with genuine understanding of the market and the industry, increasing the potentiality of identifying new business opportunities.
Innovasjon Norge similarly provides already established producers with innovation promoting initiatives in relation to the financial support. The producers and Innovasjon Norge’s officer discuss the business’ needs and potentials and together identify the necessary changes and future business strategy. The producers regard this process as useful due to Innovasjon Norge’s valuable advice and expertise, and appreciates that this interactive process takes into consideration the concrete needs of the producers in addition to identify further business potential by making use of their expertise. Because the Rørosmat producers offer traditional products on a general basis, they express a need for new applications, new packaging or new ways to present the products in order to attract the younger consumers. The producers emphasize the need for reaching new markets or improving their image and Innovasjon Norge accordingly decides upon which areas to finance on the basis of their comprehensive competence.
6 CONCLUDING REMARKS

This thesis has explored the determinants for innovative activity among small-scale food producers in Fjellregionen from a twofold perspective. The local community has been investigated under the assumption that horizontal networks, civic engagement and norms of reciprocity lay the foundation for innovative capacity. Similarly, the role of the nation state as a supporter for distribution, marketing, competence and finance in the realization of innovation processes have been examined from the point of view of the producers.

In summary, the following can be established as a response to the research questions: Firstly, the citizens of Fjellregionen have consistently made use of networks and collaborative behaviour in order to promote innovative efforts. The organization Rørosmat is the result of multifaceted processes of network formation in the past which have resulted in a successful contemporary instrument for innovation promotion in the food industry. Certain social phenomena, in line with Putnam have been identified as crucial for the population’s ability to engage in networks. Associational life and public and political engagement are distinctive social traits which represent the underlying precondition for the successful social organization. This civic community is successful in actively making use of the region’s raw materials in combination with old traditions for the innovation of new products. Similarly, it manages to exploit the region’s unique cultural features and traditions and consistently brings these features into various innovative activities leading to a strong and innovative food industry and strengthening the Røros brand.
Secondly, it can be established that the producers to a large extent consider the national system of innovation to provide valuable support in innovation processes by the productive interactions taking place between different national actors. The producers have obtained an enhanced distribution system in certain regions through the use of larger national actors facilitating the marketing of their products. However, distribution is unsatisfactory in the rest of the country, and there is a need to identify new markets and transport systems in order to improve sales. Furthermore, feedback mechanisms from the market prove helpful for the producers in developing new products, and local events and large national chains provide information about tastes and trends contributing to knowledge for new and improved products. Moreover, various national competence providers contribute to the development of new products, process innovation and other managerial and organizational matters. The producers are offered courses of practical nature which are considered useful, although consultants to a certain extent are regarded as being exploitative towards the producers. Lastly, access to finance is limited in the local community and the producers thus rely on Innovasjon Norge as a crucial financial instrument for innovation processes. The producers perceive the organization’s role as a financial provider as crucial for the start up of their establishment and equally essential for further innovation processes in subsequent business cycles. The demands put forward by Innovasjon Norge are at times considered an obstacle for innovation, however the producers simultaneously recognize the advantages of engaging in extensive market research and other preparatory activities.

The role of the municipality in influencing the level of innovative behaviour in the region was assumed crucial at the outset of this investigation. However the interviews demonstrated that the producers perceive the municipality’s function as limited. Nevertheless,
the empirical evidence may suggest that the municipality has played a noteworthy role anyhow by providing finance resulting in maintaining the existence of the larger local companies, in addition to providing essential mental support for the farm-based producers. Furthermore, we can establish that the local and national capabilities provide complementary effects for innovation processes. The local community of Fjellregionen with its dynamic food industry represents a favourable milieu for innovative activity, however is supported by a national innovation system with a larger infrastructure which predominantly provides the missing factors. The strong civic community creates the grounds for the innovative food industry, but is nevertheless dependent upon knowledge, finance and additional resources from external sources. The impulses deriving from the national innovation system equally contributes to preventing a lock-in and thus both directly and indirectly stimulates innovative processes and development for the region.

Finally, the theoretical frameworks applied in this thesis were useful in investigating this particular case study and a satisfactory amount of useful information was collected. Although the results may possess certain elements of bias due to the personal collection and interpretation, the data was collected according to the explorative and inductive aim of this thesis providing the qualitative information sought.
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APPENDICES

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Appendix 5: Description of actors in the National Innovation System including firms, non-firm organizations and governmental programs (listed alphabetically)  p. 99
Appendix 1: Fjellregionen and Mat fra Fjellregionen

Fjellregionen\textsuperscript{86} is the name of the region consisting of the following municipalities: Røros, Os, Tolga, Tynset, Alvdal, Folldal and Rendalen. Tydal and Engerdal are not included in Fjellregionen, however these municipalities belong to the organization Mat fra Fjellregionen.

Mat fra Fjellregionen\textsuperscript{87} is the organization for the food producers in the area around Fjellregionen which developed the first food brand in Norway. The designation of borders depends upon the geographical location of the member food producers in the organization and extends the borders of Fjellregionen. The organization Mat fra Fjellregionen covers the district around Røros and Nord-Østerdalen, and includes the municipalities of Tydal, Holtålen, Røros, Os, Tolga, Tynset, Alvdal, Folldal, Rendalen, in addition to the old municipalities Singsås, Budal and Kvikne, Atnadalen in Stor-Elvdal and the Femund area in Engerdal. Rørosmat makes use of the same borders for their members, see appendix 3.

The municipalities of Tydal and Engerdal are not included in Fjellregionen, but belongs to Rørosmat (which is the case study employed in this thesis). I have nevertheless chosen to make use of the term Fjellregionen as it is frequently referred to in reports and research, and due to the fact that only one producer resides outside of the defined Fjellregionen in my study.

\textsuperscript{86} “The Mountain Region”

\textsuperscript{87} “The Mountain Region”
(Tydalskjøtt). In appendix 2 below, maps depict the counties and municipalities in Norway, illustrating the geographical relationship between the relevant counties and municipalities. In appendix 3, an overview is provided of the geographical locations of the producers belonging to the study.

The area in question is at times referred to as the Nord-Østerdal and Røros region.

**Nord-Østerdal** consists of the following municipalities: Rendalen, Alvdal, Folldal, Tynset, Engerdal, Tolga, Os.

**Sør-Østerdal** consists of Elverum, Stor-Elvdal, Trysil, Åmot.

This distinction is useful in demonstrating various differences in business activity, topography, unemployment etc. in Nord-Østerdal as opposed to Sør-Østerdal.

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87 “Food From the Mountain Region”
Appendix 2: Maps

Map showing the counties of Norway

The counties under analysis are Hedmark and Sør-Trøndelag which are located in the eastern part of Norway.

Source: Statistics Norway
Map showing the municipalities in Hedmark
Map showing municipalities of Sør-Trøndelag
Appendix 3: Rørosmat and list of interviewees

Rørosmat makes use of the same geographical borders as Mat fra Fjellregionen.

The member producers can be divided into two groups:

1. The farm-based producers: Entrepreneurial farmers who mainly make use of their own raw materials to produce food products. They consist of private individuals, and are frequently family businesses; Auma Mandel, Eggen Gårdsysteri, Fjellurt, Galåvolden Gård, Vingelen Kjøtt, Tydalskjøtt

2. The larger producers: Larger producers with several employees. They purchase raw material from the region and slaughter and process the raw material; Rørosmeieriet, Røroskjøtt, Røros Slakteri, Stensaas Reinsdyrsaktier.

A list of the producers included in the study and their geographical location

<table>
<thead>
<tr>
<th>Producer</th>
<th>County</th>
<th>Municipality</th>
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<tbody>
<tr>
<td>1 Eggen Gårdsysteri</td>
<td>Hedmark</td>
<td>Tolga</td>
</tr>
<tr>
<td>2 Auma Mandel</td>
<td>Hedmark</td>
<td>Alvdal</td>
</tr>
<tr>
<td>3 Galåvolden Gård</td>
<td>Sør-Trøndelag</td>
<td>Røros</td>
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<tr>
<td>4 Vingelen Kjøtt</td>
<td>Hedmark</td>
<td>Tolga</td>
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<td>5</td>
<td>Fjellurt</td>
<td>Hedmark</td>
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<td>6</td>
<td>Tydalskjøtt</td>
<td>Sør-Trøndelag</td>
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<td>7</td>
<td>Røroskjøtt</td>
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<td>Rørosmeieriet</td>
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<td>9</td>
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<td>Stensaas Reinsdyrsakteri</td>
<td>Sør-Trøndelag</td>
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<td></td>
<td>Rørosmat</td>
<td>Sør-Trøndelag</td>
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<tr>
<td></td>
<td>Helge Christie</td>
<td>Hedmark</td>
</tr>
</tbody>
</table>

**Remaining producers in Rørosmat by municipality, not included in this study**

- Femund Fiskarlag, Engerdal
- Glaambu Gaard, Tynset
- Osmoen Gardsbutikk, Os
- Pinstifisk, Røros
- Rørosbakern, Røros

88 Two new cheese producers have recently entered the organization Rørosmat, they reside in the municipality Midtre-Gauldal
List of interviewees

Fourteen individuals were interviewed in the time period between April and June 2006.\textsuperscript{89} The interviewees are listed below.

- **Rørosmat:**
  - Ingulf Galåen, board director in *Rørosmat* and *Mat fra Fjellregionen*
  - Elisabeth Hovdahl, sales manager in *Rørosmat*
  - Guri Heggem, manager in *Rørosmat*

- **Helge Christie:**
  Organic farmer, and initiator of NØØL and *Økomat Røros BA*

- **The Municipality of Tolga:**
  Audun Holte, Responsible for business development

- **COOP, MEGA in Røros:**
  Kjetil Kvarteig, Responsible for fresh produce\textsuperscript{90}

\textsuperscript{89} Due to Guri Heggem’s dual role as manager for both Rørosmeieriet and Rørosmat, one interview was conducted with multiple purposes. Ingulf Galåen was interviewed twice due to his role as both manager at Galåvolden Gård and Board Director at Rørosmat

\textsuperscript{90} Only brief talk
• The farm-based producer group:
  o Auma Mandel, Gudmund Tronsmoen
  o Eggen Gårdsysteri, Ola Eggen
  o Fjellurt, Birgit Svendsen and Gunhild Skattebu
  o Galåvolden Gård, Ingulf Galåen
  o Vingelen Kjøtt, Arnstein Enget
  o Tydalskjøtt, Laila Selboe Dyrhaug

• The larger producer group:
  o Røroskjøtt, Per Jarle Wahl, Director
  o Rørosmeieriet, Guri Heggem, Director
  o Roros Slakteri, Tore Hermo, Director
  o Stensaas Reinsdyrlakteri, Arnstein Stensaasen, Director
Appendix 4: Statistics related to the Rørosmat case

Between 2000 and 2005 one out of five agricultural businesses closed down in Norway. The average annual reduction of agricultural enterprises has been 4.5% since year 2000, and among the remaining farmers only 17% can live off the income obtained from the farm.

The share of the population employed in the primary sector in the municipality of Tolga, Os, Tynset and Alvdal is 21.6% (but only 4.1% in Røros), indicating a large share of the population working in the agricultural sector in the areas around Røros. The country average is 3.5%.

In the report *Klynger, nettverk og verdiskaping i Innlandet*; Johnstad examines the food industry and small-scale production in Hedmark and Oppland, and states that Nord-Østerdal has a high concentration of food industries. (T. Johnstad, 2004, chapter 5, p. 170.)

The business structure of the two counties covering the region, Hedmark and Sør-Trøndelag, is primarily based on agricultural activity which usually indicates declining levels of employment. This is true for the two counties’ general level of unemployment which exceeds the country’s unemployment rate. However this thesis delimits its investigation to a group of closely located municipalities residing in both counties. This group is similar in climate and

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91 All numbers and calculations are based on numbers from Statistics Norway, unless otherwise specified. Due to the municipalities’ residence in different counties, the reports consulted in this thesis base the investigation on county level which impede effective comparisons between municipalities.
cultivation conditions based on their topography as mountain areas. Unemployment rate is low, the level of education is high, and the population is young.

Unemployment rate in the region is only 1.4% and no municipality exceeds an unemployment rate of 1.9% which is low compared to the average in Hedmark; 2.5%, Sør-Trøndelag 2.6% and Norway: 2.4%. Røros and Tydal are the two municipalities with the lowest unemployment rate in the county of Sør-Trøndelag.

The municipality of Røros equally has a low unemployment rate (1.8%) and a comparatively small portion of the population works in the public sector (26.4% compared to 33.6% on a county basis, and 30.4% on a country basis. This means there is a large private sector which may indicate higher levels of innovative behaviour.

The level of higher education is 17.8% in the core municipalities (Røros, Tynset, Tolga and Os, where twelve out of fifteen of the total Rørosmat producers reside). Although Røros and Tynset are urban areas and the rate of higher education is expected to be superior, the remaining two municipalities; Tolga and Os have 36.8% and 33.9% employment in the primary sector respectively, and would be expected to have a lower percentage of higher education.

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92 See map appendix 2
Tynset, Tolga and Os have a young population and 25% of the citizens are aged between 0-17 years, compared to 21.7% in Hedmark.

This group of municipalities are distinctive in terms of topography, education levels, employment rate, and keeps a high number of food companies. Additionally, grants from Innovasjon Norge are higher in Nord-Østerdalen compared to Sør-Østerdalen, and Sør-Trøndelag ranks number two in the amount of projects provided through Verdiskapningsprogrammet for mat.

Innovasjon Norge grants 100 million NOK annually in the whole country. Innovasjon Norge’s office in Hedmark had 19.5 million NOK to their disposal for Verdiskapningsprogrammet for mat in 2005. Nord-Østerdal (together with Hemarken) obtained the highest sum in total, equivalent to 4 million NOK. This represents double the amount compared to Sør-Østerdal (Innovasjon Norge). The counties of Sør-Trøndelag and Hedmark equally rank as number two and number six in order of amount respectively, out of a total 17 regions. (Bråtå, Johansen, Stubberud, Vaagland, 2006).
Appendix 5: Description of actors in the National Innovation System 
including firms, non-firm organizations and governmental programs (listed alphabetically)

Animalia- Fagsenteret for kjøtt\textsuperscript{93} is the research and knowledge centre of the Norwegian meat industry. It is a non-profit organization, funded by the Norwegian farmers and the industry, operating under the supervision of the Norwegian Agricultural Authority.

COOP Norge AS is Norway’s second biggest supermarket chain and consists of 208 cooperatives that own and run more than 1,300 shops throughout Norway. It has a total of 18,000 employees. COOP Norge consists of the following retail concept shops: COOP Mega, COOP Marked, COOP Prix and COOP OBS. COOP Mega in Røros and in Tynset both focus on local products and Mega Tynset won second place in the tournament in the Norwegian Food Festival in Ålesund for the shop with most local products and the best marketing. The network works in collaboration with Matgrossisten.

GILDE Norsk Kjøtt BA is a nationwide meat cooperative with production units all over the country. Gilde is owned by 27,500 farmers and slaughters, cuts, processes, sells and markets meat from its member producers.
**HACCP**: Hazard Analysis and Critical Control Point. Ten food producers in the region collaborated on the implementation of HAACP. Financed by KIM⁹⁴ and The Ministry of Agriculture and Food. The funds were transferred to Rørosmeieriet which was responsible for managing the finance, while TINE Tolga functioned as the project manager. Mattilsynet equally contributed in the project. Regionrådet was the initiator of the HACCP⁹⁵ cooperation. The project involved new it-solutions for the installation of a tracking system for meats and products for the use of producers in the neighbouring municipalities. Small and big actors in the area met up and worked on the implementation of the new system during one year. Representatives from Mattilsynet, Høyskolen i Trondheim and other institutions came to lecture about HACCP, and the producers cooperated on the implementation of the system.

**Innovasjon Norge⁹⁶** is a publicly owned company with the aim of (…) “promoting nationwide industrial development, profitable to both the business economy and Norway’s national economy, and help to release the potential of different districts and regions by contributing towards innovation, internationalisation and promotion.” As of 1 January 2004, the new state owned company Innovation Norway replaced the following four organizations: The Norwegian Tourist Board, The Norwegian Trade Council, The Norwegian Industrial and Regional Development Fund, SND and the Government Consultative Office for Inventors, SVO.

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⁹³ Norwegian Meat Research Centre
⁹⁴ Kompetanseprogrammet i matsektoren (“The Competence Program in the Food Sector”)
⁹⁵ Hazard analysis and Critical Control
⁹⁶ Innovation Norway
Innovasjon Norge administers **Bygdeutviklingsmidlene**\(^97\) which are directed towards business initiatives on the farm and agricultural related business. Women and youths are given priority. The program provides financial support for the following initiatives:


**1. Etablererstipendet**\(^98\) aims at increasing value creation and employment in Norway, with the purpose of stimulating an increased number of new business establishments, and consists of two phases: 1. The development phase; where the entrepreneur elaborates the business idea, conducts market research, develops the business plan and plans the actual setting up of the company. Innovasjon Norge covers expenses related to temporary income, consultant services, concept and product development, market research and travel expenses. 2. The setting-up phase: where the business is established. Innovasjon Norge contributes financially with consultancy services, various visit and follow-up activities, courses (directly related to the business), physical investments and other expenses related to the setting up of the business.

**Etablererskolen**\(^99\) is a regional initiative offered to entrepreneurs and may be covered by Etablererstipendet. It is Innovasjon Norge’s initiative to train and prepare entrepreneurs to start their own business. Etablererskolen consists of theoretical as well as practical courses relevant to opening a business. The theoretical courses offer lectures in accountancy and legal matters related to opening a business, and the producers have to write down their vision and participate in idea creation.

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\(^{97}\) The District Development Aid  
\(^{98}\) “The Entrepreneur Grant”
2. Business development: subsidies for the development of a business, such as product
development, test sales, competence building and marketing.

3. Investments: subsidies or interest free loans on investments in new buildings or
reconstructions in traditional agriculture and additional businesses, in addition to production
equipment.

Kompetansenettverket for småskala matproduksjon\textsuperscript{100} started up in 2002 and its goal is to
exploit and coordinate knowledge centres for food all over the country in order to increase
value creation among small-scale food producers. It is part of Verdiskapninsprogrammet for
mat financed by Innovasjon Norge.

Besøksordningen is one of the initiatives of Kompetansenettverket for småskala
matproduksjon to increase knowledge. It involves a two-day trip to the company, where the
consultant carries out an analysis of the firm and provides advice and guidance on the spot.
When a company is in need of further consultancy, Kompetansenettverket covers 20% of the
real costs of the project. Innovasjon Norge is the financial contributor of this program, which
is organized through Matforsk.

Linjegods is the leading distribution company in Norway, offering solutions designed for
business customers. Linjegods was established 1972. The turnover in 2004 reached
approximately 2, 2 billion NOK, and the company has 1100 employees.

\textsuperscript{99} “The Entrepreneur School”
\textsuperscript{100} “The Competence Network for Small-scale Food Producers”
**Lokalmat BA** is a corporation of small-scale food producers working with marketing and logistics towards the grocery, hotel, restaurant and catering sector on a national level. Their objective is to improve access to the stores for the small-scale food producers and create larger product diversity for the consumers. Their members are: Bortistu Gjestegard AS, Den Blinde Ku AS, Finny Sirevaag AS, *Galåvolden Gård*, Gourmetsopp.no, Lofotprodukt AS, Reisamat AS, *Rorosmat AS* og Varanger Vilt AS.

**Matforsk** is the leading research centre in the understanding of food quality. Their primary goal is to contribute to increased profitability in the food industry through food research and development at an internationally recognized level. The centre is located at UMB.

**Matgrossisten Midt-Norge** has established collaboration with COOP Trøndelag cooperative on the distribution of local products to the supermarket. 16 small-scale producers are involved in the project and 100 more are registered to participate. Matgrossisten collects the products from the small-scale producers and delivers them to the different COOP stores in the region. Rørosmat is involved in this network.

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101 “Local Food”
102 Norwegian Food Research Institute
103 Wholesaler of food
Matmerk\textsuperscript{104} was established in 1994 as a national strategy to increase competitiveness of Norwegian agricultural food products. It is funded by the national farming support, sales tax and brand users’ fee. The Food Branding Foundation offers three different food brands for Norwegian food: 1. Godt Norsk; which consists of more than 80 different criteria for production, management, product quality and branding, based on Norwegian origin and quality systems. 2. Spesialitet; which must prove a specific specialty or character in terms of production process, feeding, quality and taste. 3. Protection of Designations consists of the brands: Protected Designation of Origin, Protected Geographical Indication and Traditional Speciality Guaranteed. Matmerk is administered by Mattilsynet.

Mattilsynet\textsuperscript{105} is a governmental body with the following vision: “Our goal is that consumers should have healthy and safe food and safe drinking water. We promote human, plant, fish and animal health, environmentally friendly production, and ethically acceptable farming of animals and fish. The Norwegian Food Safety Authority also performs duties related to cosmetics and medicines, and inspects animal health personnel.”

The Ministry of Agriculture and Food is responsible for food and agricultural policymaking. The food policy aims to provide consumers with wholesome, high quality food products, and to ensure that the food production process is carried out with environmental, public health and animal welfare concerns in mind.

\textsuperscript{104} The Norwegian Food Branding Foundation  
\textsuperscript{105} The Norwegian Food Safety Authority
Norges Bygdekvinnelag\textsuperscript{106} is an independent NGO and an organization promoting women’s rights, culture and the interests of the consumers of the society.

Norgesgruppen is Norway’s largest trading enterprise. The group’s core business is grocery retailing and wholesaling. Through its chains, the group holds a market share of 36.7 per cent of the grocery market.

Norsk Bygdeturisme og Gårdsmat\textsuperscript{107} is a national industry and marketing organization for businesses within rural tourism and traditional food in Norway. The organization administers the quality brand Gardsmathanen\textsuperscript{108} for businesses that produce, sell or serve farm food. Members from Rørosmat in Sør-Trøndelag: Galåvolden Gård, Tydalskjøtt. Hedmark: Fjellurt, Eggen Gårdsysteri, Osmoen Gardsbutikk, and Vingelsård Gjestgiveri.

Rica Hotels is the largest chain of hotels in Norway and is unique in that it is present in the whole country. In 2006 the hotel chain launched Lokalmat på menyen\textsuperscript{109}, where seven hotels across the country will offer a menu based on Norwegian local food traditions. The project was initiated in cooperation with Innovasjon Norge, The Ministry of Agriculture and Food, and Matmerk.

\textsuperscript{106} The Norwegian Society of Rural Women
\textsuperscript{107} Rural Tourism and Traditional Food in Norway
\textsuperscript{108} “The Farm food rooster”
\textsuperscript{109} “Local Food on the Menu”
**SIVA- Selskapet for industrivekst**\(^{110}\) builds networks between regional, national and international R&D environments. It is co-owner in more than 60 innovation centres in Norway, and functions as a body for the sharing of industrial and innovative approaches.

**TINE BA** is Norway’s leading supplier of food products, and the sales and marketing organization for Norway's dairy cooperative. It consists of 18,500 farmers responsible for product development, quality assurance, production and distribution planning, marketing and the export of TINE products. TINE has a distribution agreement with Rørosmat, which allows the Rørosmat producers to use its distribution system. TINE is part-owner of Rørosmeieriet and was the project manager in the HACCP-project.

**UMB**\(^{111}\) is a leading international centre of knowledge, focused on higher education and research within environmental- and biosciences. UMB focuses specifically on biology, food, environment, land use and natural resource management.

**Verdiskapninningsprogrammet for Mat**\(^{112}\) is a food and agriculture program administered by Innovasjon Norge and supervised by the Ministry for Food and Agriculture. It aims at increasing innovation and diversity in the food sector through providing financial and competence support to individual farmers and firms in three ways; 1.

\(^{110}\) The Industrial Development Corporation of Norway
\(^{111}\) The Norwegian University of Life Sciences
\(^{112}\) The Food and Agriculture Program of Innovation Norway
Development of specialized, high-quality food products, 2. Identify new methods of production and distribution, and 3. Identify or expand markets for existing products. It seeks to establish new businesses and develop existing businesses, which use new technology, new design, new marketing channels, new production processes, and new research or knowledge in the development of their business. The program was initiated in 2001 and is estimated to last for ten years. It has an annual frame of 100 million and its vision is “New opportunities for the Norwegian Agricultural sector!” (Østlandsforsk, 2006)