



Entrepreneurship in Estonian Forestry

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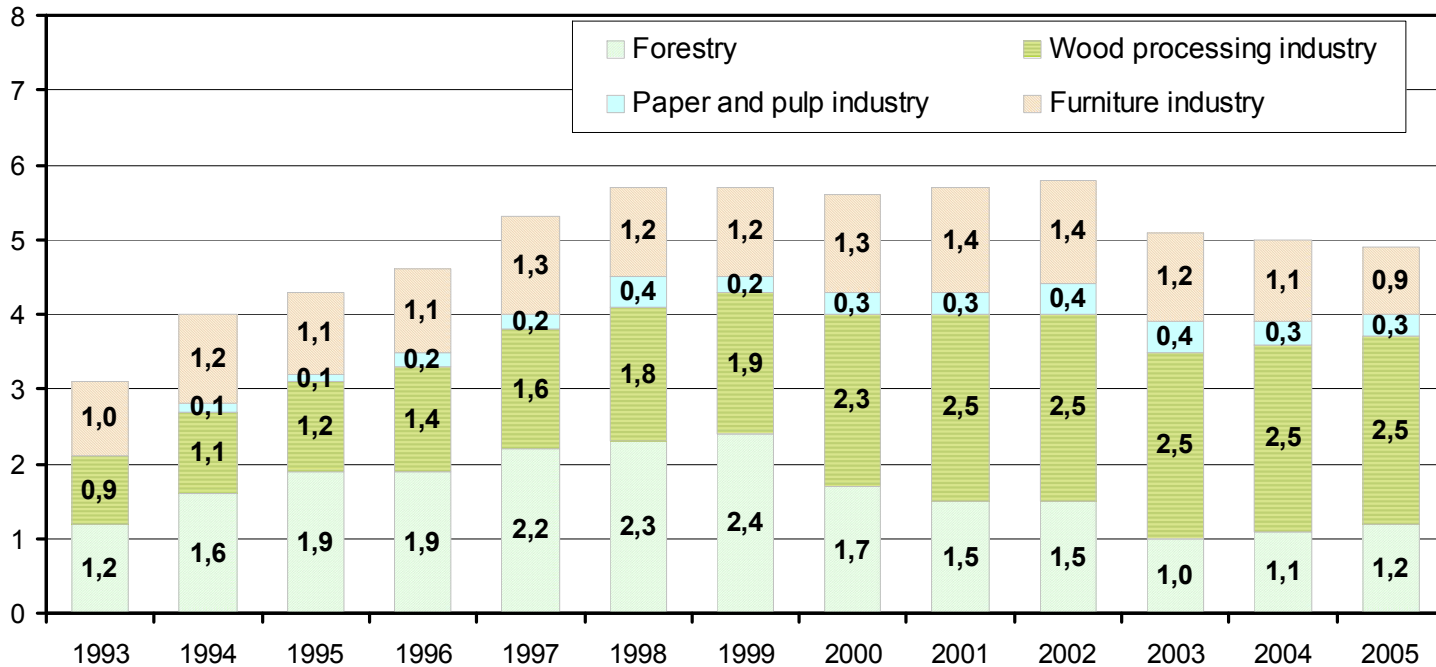
Presentation description

- Some general statistical data about Estonian forest and timber industries related issues
- Overview of ongoing research project about innovation and entrepreneurship in Estonian forest management

Basic statistical data

- Share of forest industry from gross domestic product (by current prices) in 1993–2005

share from GDP (%)



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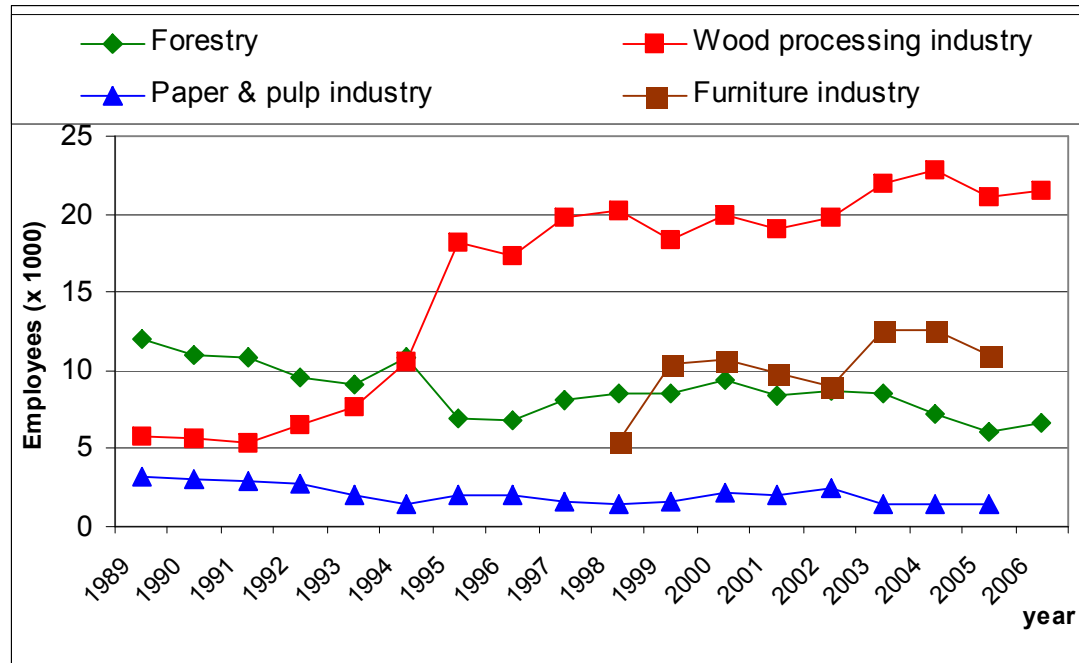
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Basic statistical data

- Employment



Forecast – in wood processing industry the number of employees is decreasing, mainly due to the lack of roundwood

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Entrepreneurs in statistical profile by legal form

Agriculture, hunting and forestry together

Year	Total number	Sole proprietor (FIE)	General partnership (TÜ)	Limited partnership (UÜ)	Private limited company (OÜ)	Public limited company (AS)	Commercial association (TÜ)	Branch of foreign company
2002	10 888	9 251	7	29	1 321	171	109	0
2003	8 746	7 087	7	7	1 398	150	97	0
2004	9 012	7 224	7	9	1 569	121	82	0
2005	9 418	7 518	5	7	1 689	113	86	0
2006	9 178	7 249	4	7	1 747	92	79	0

- Economically active sole proprietors registered in the Commercial Register, excl. economically active sole proprietors registered only in the Register of Taxable Persons.

- source – Estonian Statistical Office www.stat.ee

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Entrepreneurs in forest and timber sector

- Source – yearbook of Forest 2005

Activity	2002	2003	2004	2005
	Number of enterprises			
Forestry, logging and related activities	373	407	455	524
Manufacture of wood and wood products	964	1 027	1 071	1 042
Manufacture of pulp, paper and paper products	48	47	47	52
Manufacture of furniture	329	379	387	



Ongoing research project and some preliminary intermediate results

- Research project about innovation and entrepreneurship in Estonian forestry and forest management
- Target – private forest sector
- Research is financed by Estonian Environmental Investment Centre (KIK)

Ongoing research project and some preliminary intermediate results

- Questionnaire was in a big extent adopted from the EFI Project Centre INNOFORCE forest holding survey, carried out in 7 Central-European countries (AT, CE, DE, HU, IT, SK, SI) in 2002 – 2003.
- INNOFORCE survey results are published in a book “Innovation and Entrepreneurship in Forestry in Central Europe”, written by Ewald Rametsteiner, Gerhard Weiss and Klaus Kubeczko in 2005. (EFI Research Report 19)

Ongoing research project – what is done up to now

- 12 paged questionnaire is anonymous. For getting results the respondent can add his postal or e-mail address
- Bought 350 stamps for return letters
- Printed questionnaires (in stamped envelope with return address) were distributed in different forestry related seminars, forest union members meetings, distributed personally to forest owners or forest managers.
- Later the WEB based questionnaire was set up in Eformular server. The information about the survey was published in phorum of the homepage of Estonian private forestry (www.eramets.ee), the link to the questionnaire was E-mailed to different sources



Preliminary results

- As the response rate has been rather low, we will try to get more answers in September 2007. That's why in current presentation very deep analyse is not done.
- Up to now we have 105 answers (ca 90 to printed questionnaires, 15 from web based survey).
- Not all the questions are answered by the respondents



General information

- 99 (of 105) indicated their gender: Men 79, women 20
- 102 indicated their age. The average is 44, youngest is 22 and oldest 77. Almost all the ages between 22 and 77 are represented
- 103 indicated their education: 45 foresters with higher (univ) education, 28 other higher education, 16 with professional forestry training , 11 secondary education and 3 primary education
- 58 living in countryside, 30 in small towns and 9 in capital Tallinn



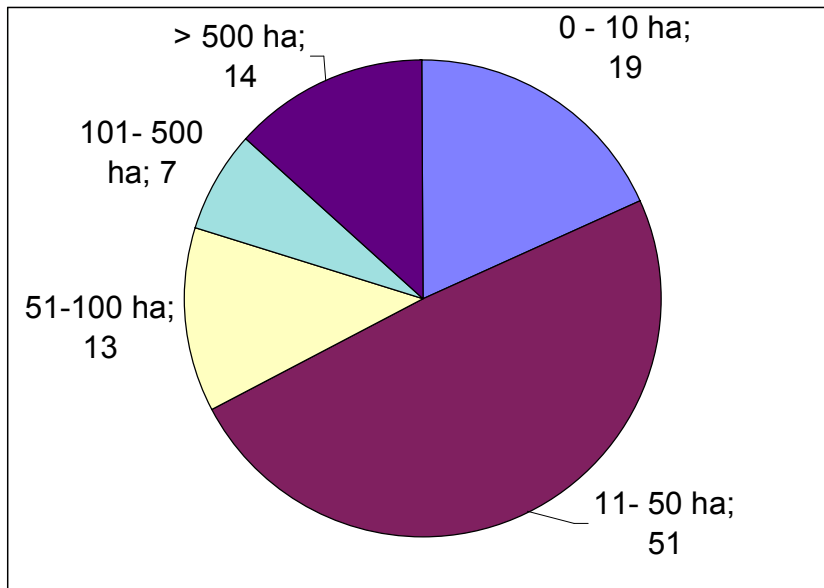
Ownership

Who is the owner of the forest,
what is managed by you?

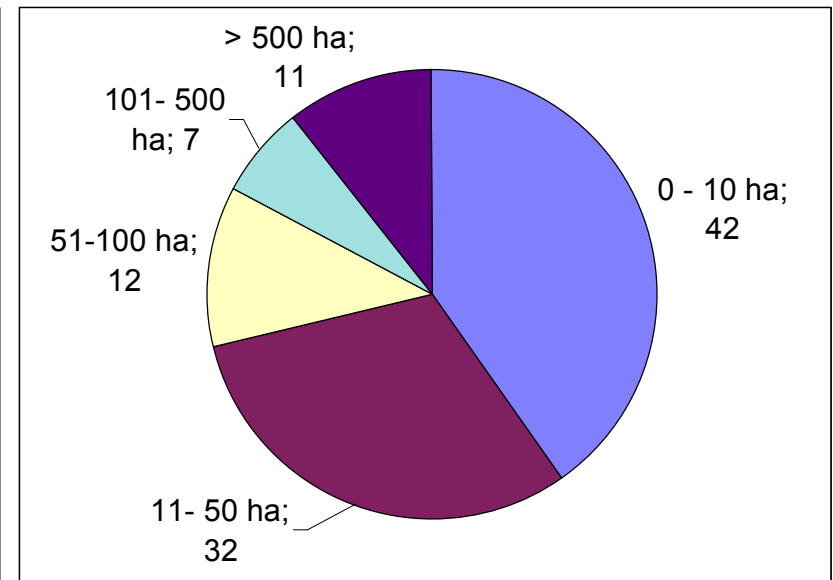
- 62 – me
- 34 – me with family
- 10 - the business enterprise,
controlled (owned by me)
- 1 -some kind of union
- 6 – State; 7 others

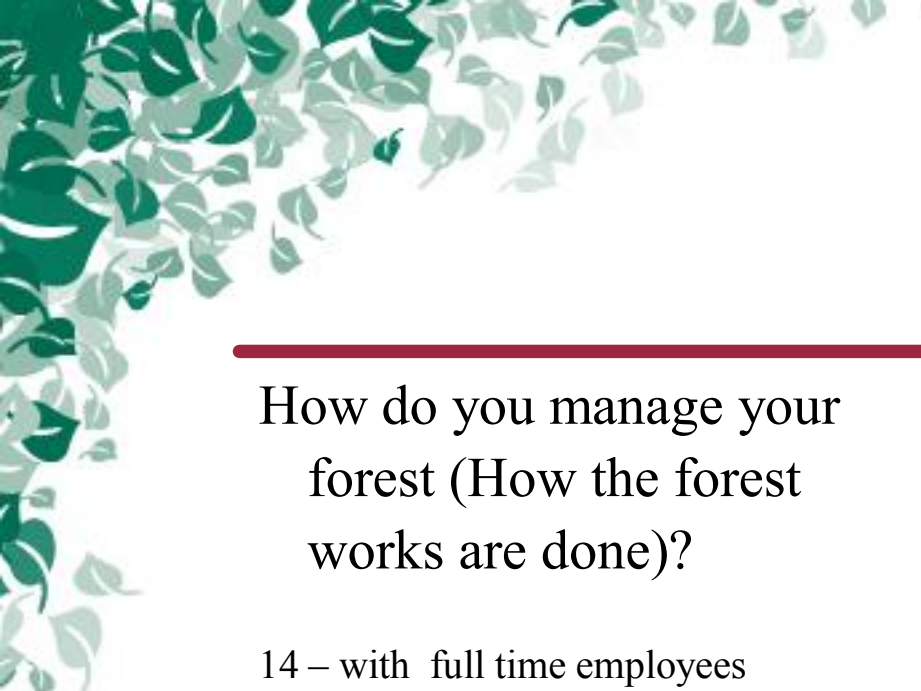
Forest area

Forest area owned/ under management



Forest area under active management (economically important)





How do you manage your forest (How the forest works are done)?

14 – with full time employees

6 – with part-time employees

32 – temporary workers or sub-contractors

51 – family members

22 – myself, without additional help

54 respondents are the members of some kind of forest owners union, society or co-operative

What are your economic goals for forest management within the next 10 years?

Increasing annual income	24
In a long-run period to get the better quality assortments by taking care of forest (logs, pulpwood)	62
Keep the property without big changes	32
Sell the property	2
Leave the forest, avoid to take care of forest	1
Clearfelling and regeneration	26
Make some first thinnings and then to keep until next felling	41
Other goals, which ?	15

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What strategies do you pursue to reach these goals?

spezialisation on few products	5
diversification of products	11
Start the marketing of products and services	10
Improve the marketing of products and services	14
Increase the marketing of products and services	7
outsourcing of work	7
rationalisation	14
co-operation with forest unions	41
Buy more forests	25
Rent more forests	4
Sell forest properties	2
Continue business as usual	54
other	7

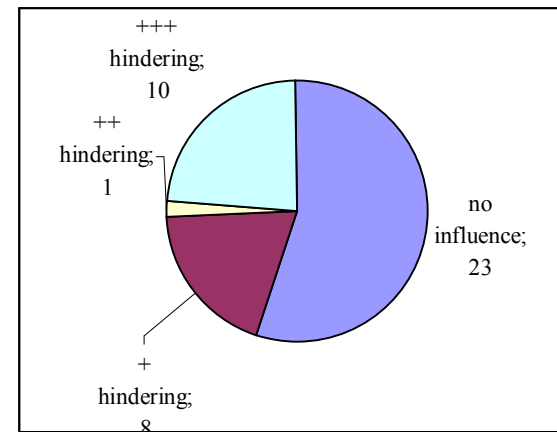
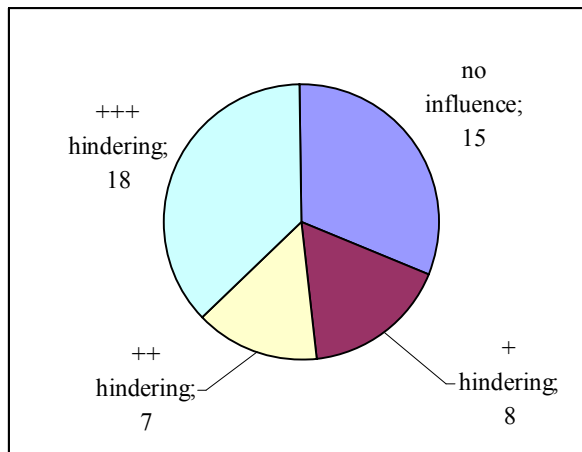
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Have the following items hindered the introduction of innovations? Funds

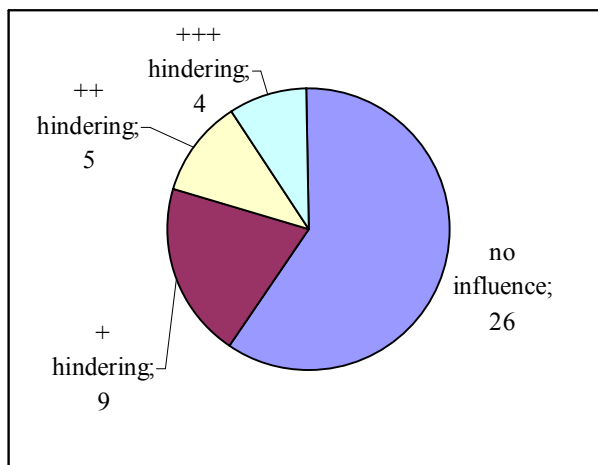
Low on one's own funds			
		% of total	% of answers
No answers	57	54,3%	48
No influence	15	14,3%	31,3%
small hindering	8	7,6%	16,7%
medium hindering	7	6,7%	14,6%
Very hindering	18	17,1%	37,5%
	105	100,0%	100,0%

Low on external funds			
		% of total	% of answers
No answers	63	60,0%	42
No influence	23	21,9%	54,8%
small hindering	8	7,6%	19,0%
medium hindering	1	1,0%	2,4%
Very hindering	10	9,5%	23,8%
	105	100,0%	100,0%

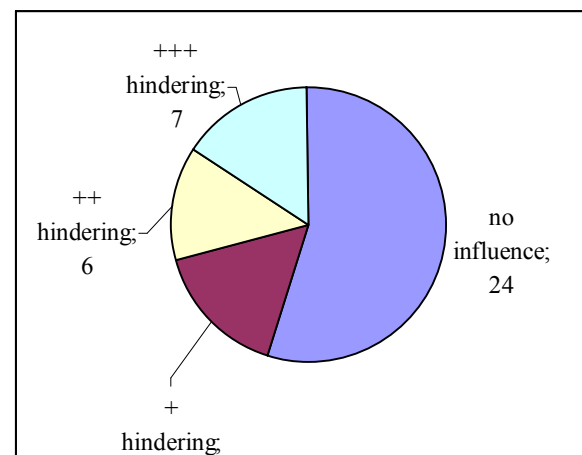


Have the following items hindered the introduction of innovations?

Qualified workforce availability			
	% of total		% of answers
No answers	61	58,1%	44
No influence	26	24,8%	59,1%
small hindering	9	8,6%	20,5%
medium hindering	5	4,8%	11,4%
Very hindering	4	3,8%	9,1%
	105	100,0%	100,0%



general lack of workforce			
	% of total		% of answers
No answers	61	58,1%	44
No influence	24	22,9%	54,5%
small hindering	7	6,7%	15,9%
medium hindering	6	5,7%	13,6%
Very hindering	7	6,7%	15,9%
	105	100,0%	100,0%

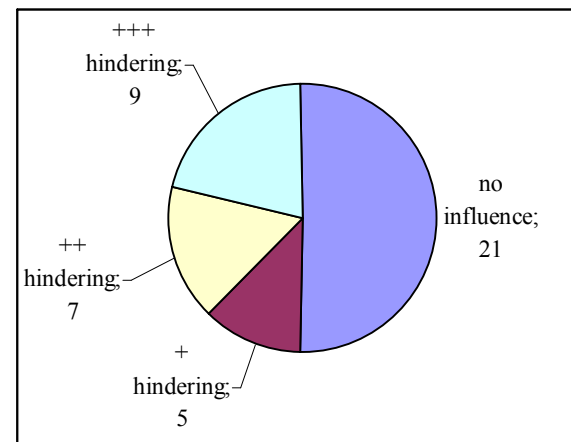
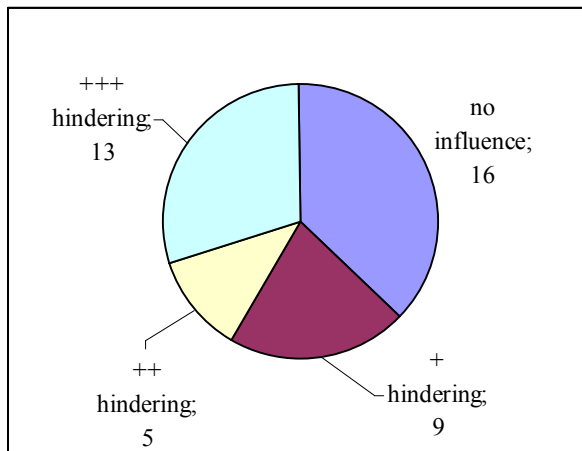


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Have the following items hindered the introduction of innovations? - Costs

high introduction costs			
	% of total		% of answers
No answers	62	59,0%	43
No influence	16	15,2%	37,2%
small hindering	9	8,6%	20,9%
medium hindering	5	4,8%	11,6%
Very hindering	13	12,4%	30,2%
	105	100,0%	100,0%

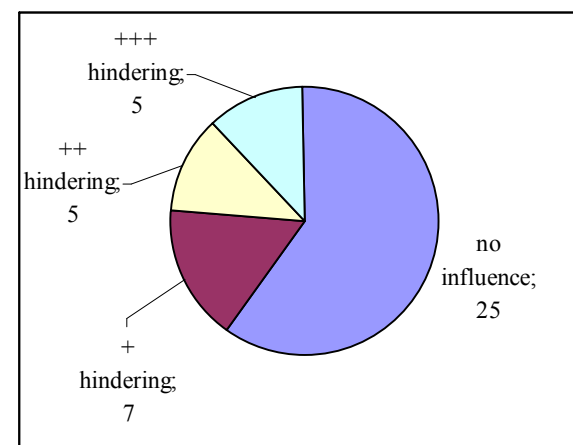
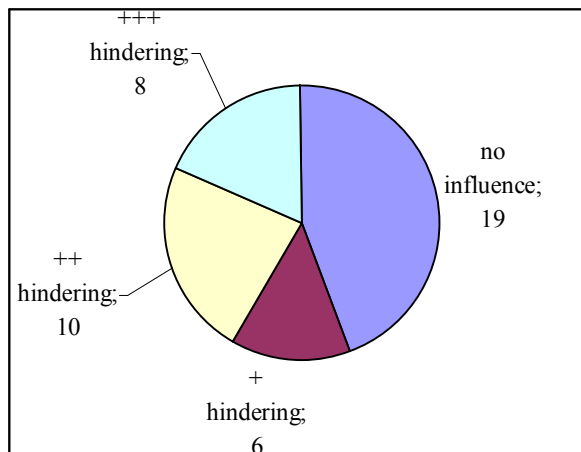
high current/ running costs			
	% of total		% of answers
No answers	63	60,0%	42
No influence	21	20,0%	50,0%
small hindering	5	4,8%	11,9%
medium hindering	7	6,7%	16,7%
Very hindering	9	8,6%	21,4%
	105	100,0%	100,0%



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Have the following items hindered the introduction of innovations? Marketing

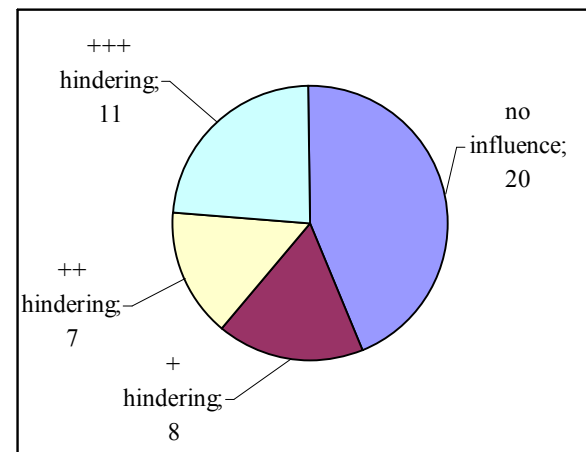
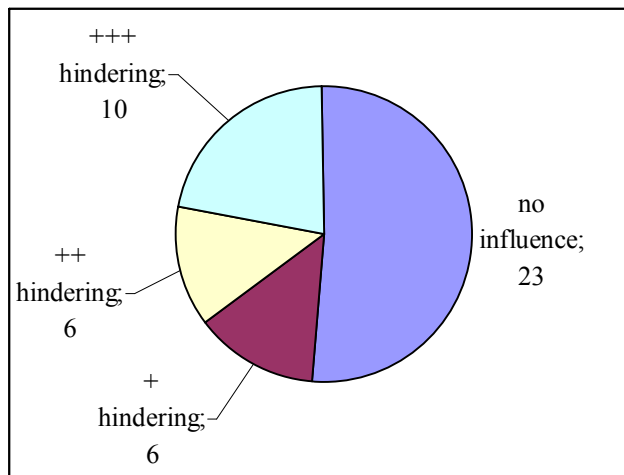
Saleability risk				Lack of information on markets			
	% of total		% of answers		% of total		% of answers
No answers	62	59,0%	43	No answers	63	60,0%	42
No influence	19	18,1%	44,2%	No influence	25	23,8%	59,5%
small hindering	6	5,7%	14,0%	small hindering	7	6,7%	16,7%
medium hindering	10	9,5%	23,3%	medium hindering	5	4,8%	11,9%
Very hindering	8	7,6%	18,6%	Very hindering	5	4,8%	11,9%
	105	100,0%	100,0%		105	100,0%	100,0%



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Have the following items hindered the introduction of innovations? Laws

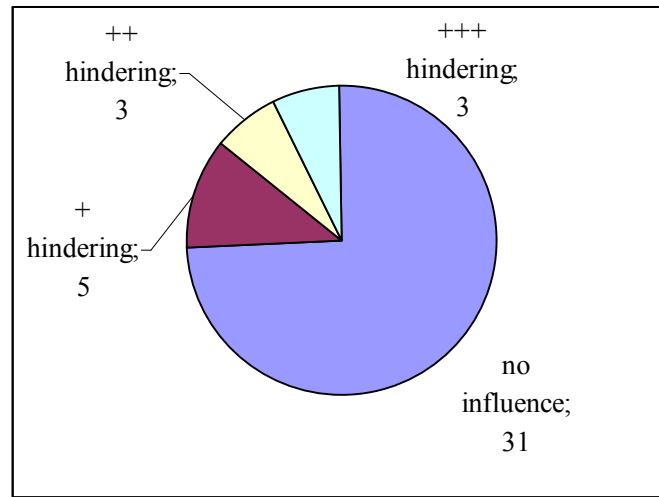
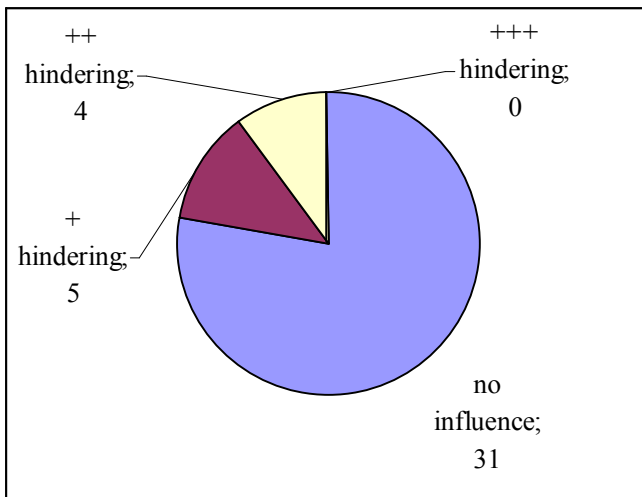
Environmental and nature protection laws				Forest Act					
	% of total		% of answers			% of total		% of answers	
No answers	60	57,1%	45		No answers	59	56,2%	46	
No influence	23	21,9%	51,1%		No influence	20	19,0%	43,5%	
small hindering	6	5,7%	13,3%		small hindering	8	7,6%	17,4%	
medium hindering	6	5,7%	13,3%		medium hindering	7	6,7%	15,2%	
Very hindering	10	9,5%	22,2%		Very hindering	11	10,5%	23,9%	
	105	100,0%	100,0%			105	100,0%	100,0%	



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Have the following items hindered the introduction of innovations? Laws

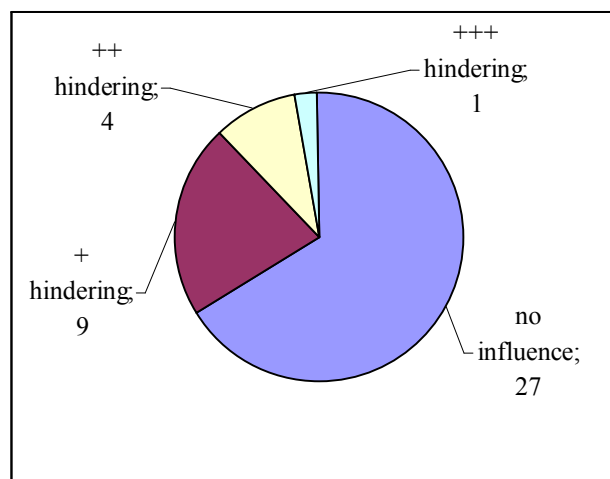
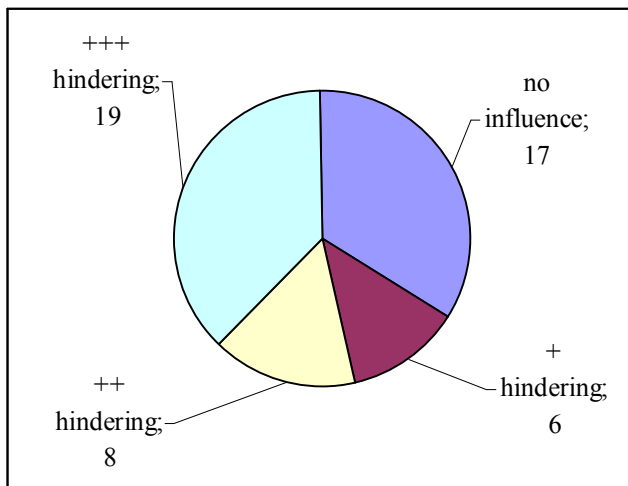
Trade/sales laws				Labour law, social and pensions acts			
	% of total		% of answers		% of total		% of answers
No answers	65	61,9%	40	No answers	63	60,0%	42
No influence	31	29,5%	77,5%	No influence	31	29,5%	73,8%
small hindering	5	4,8%	12,5%	small hindering	5	4,8%	11,9%
medium hindering	4	3,8%	10,0%	medium hindering	3	2,9%	7,1%
Very hindering	0	0,0%	0,0%	Very hindering	3	2,9%	7,1%
	105	100,0%	100,0%		105	100,0%	100,0%



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Have the following items hindered the introduction of innovations? Marketing

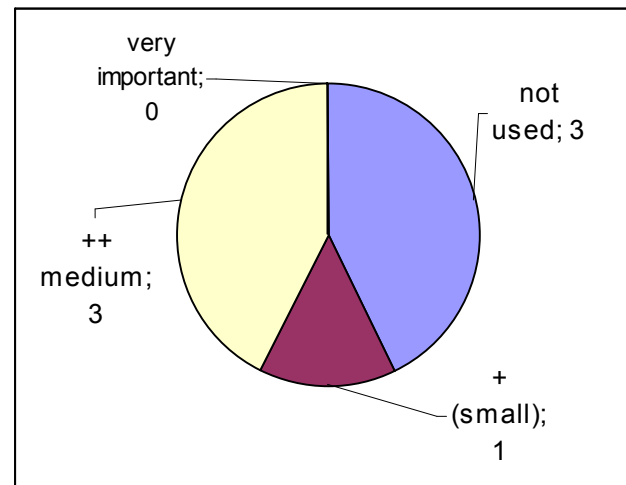
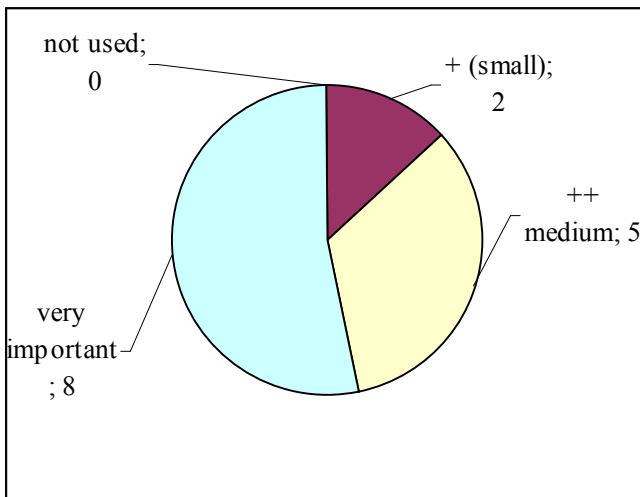
Taxes and other costs				Technical regulations and norms			
		% of total	% of answers		% of total	% of answers	
No answers	55	52,4%	50	No answers	64	61,0%	41
No influence	17	16,2%	34,0%	No influence	27	25,7%	65,9%
small hindering	6	5,7%	12,0%	small hindering	9	8,6%	22,0%
medium hindering	8	7,6%	16,0%	medium hindering	4	3,8%	9,8%
Very hindering	19	18,1%	38,0%	Very hindering	1	1,0%	2,4%
	105	100,0%	100,0%		105	100,0%	100,0%



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Who gave the impulse for the innovation. From where did you receive the most important information for the introduction?

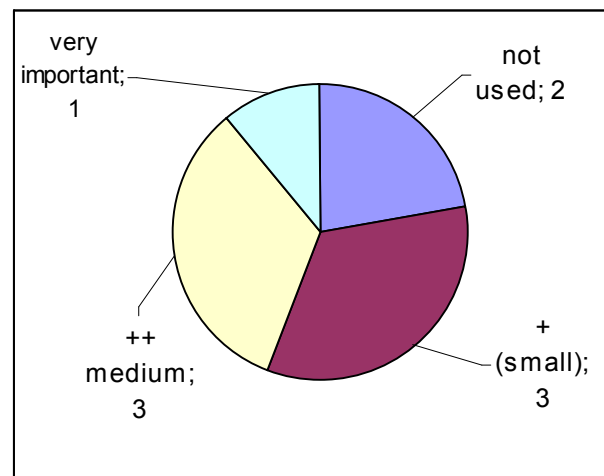
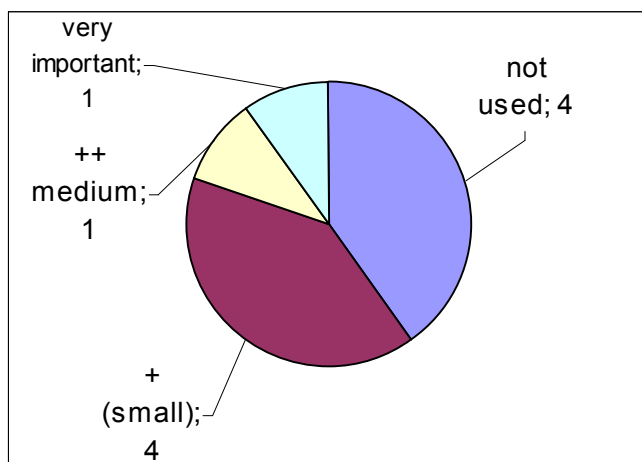
Own idea and knowledge				Employee			
	% of total		% of answers		% of total		% of answers
No answers	90	85,7%	15	No answers	98	93,3%	7
Source is not used	0	0,0%	0,0%	Source is not used	3	2,9%	42,9%
Small importance	2	1,9%	13,3%	Small importance	1	1,0%	14,3%
Medium importance	5	4,8%	33,3%	Medium importance	3	2,9%	42,9%
Very important	8	7,6%	53,3%	Very important	0	0,0%	0,0%
	105	100,0%	100,0%		105	100,0%	100,0%



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Who gave the impulse for the innovation. From where did you receive the most important information for the introduction?

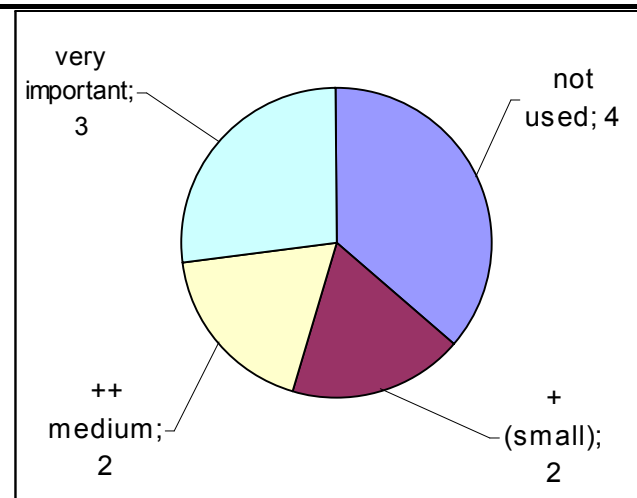
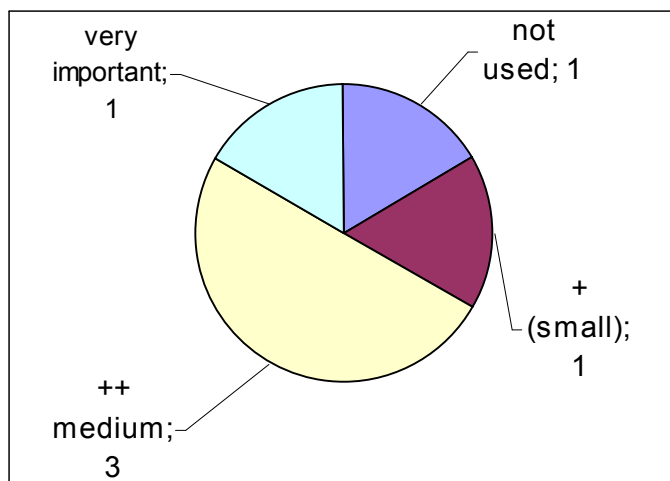
(Co) owners				Other forest owners			
	% of total		% of answers		% of total		% of answers
No answers	95	90,5%	10	No answers	96	91,4%	9
Source is not used	4	3,8%	40,0%	Source is not used	2	1,9%	22,2%
Small importance	4	3,8%	40,0%	Small importance	3	2,9%	33,3%
Medium importance	1	1,0%	10,0%	Medium importance	3	2,9%	33,3%
Very important	1	1,0%	10,0%	Very important	1	1,0%	11,1%
	105	100,0%	100,0%		105	100,0%	100,0%



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Who gave the impulse for the innovation. From where did you receive the most important information for the introduction?

Universities and other research institutions				Consultants			
		% of total	% of answers		% of total	% of answers	
No answers	99	94,3%	6	No answers	94	89,5%	11
Source is not used	1	1,0%	16,7%	Source is not used	4	3,8%	36,4%
Small importance	1	1,0%	16,7%	Small importance	2	1,9%	18,2%
Medium importance	3	2,9%	50,0%	Medium importance	2	1,9%	18,2%
Very important	1	1,0%	16,7%	Very important	3	2,9%	27,3%
	105	100,0%	100,0%		105	100,0%	100,0%



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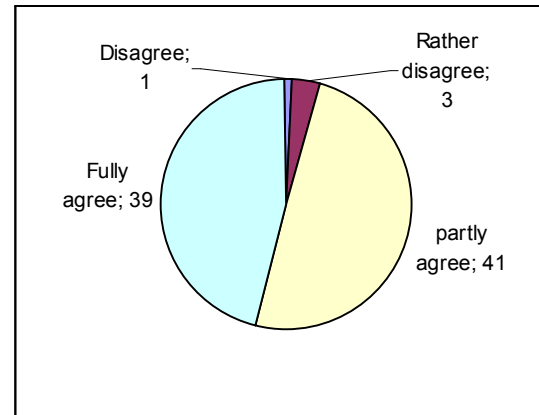
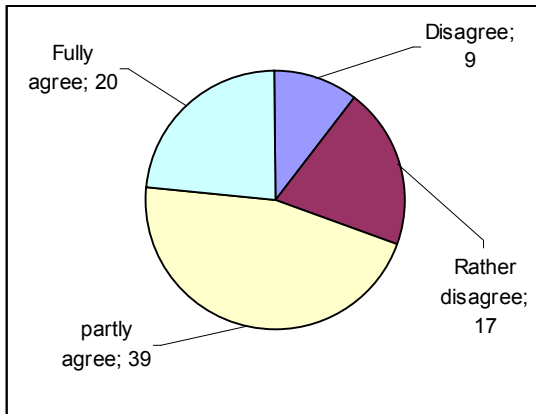
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What is your opinion concerning the introduction of innovations in forestry?

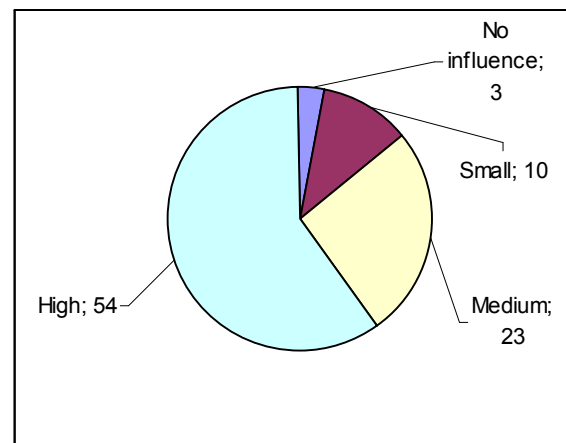
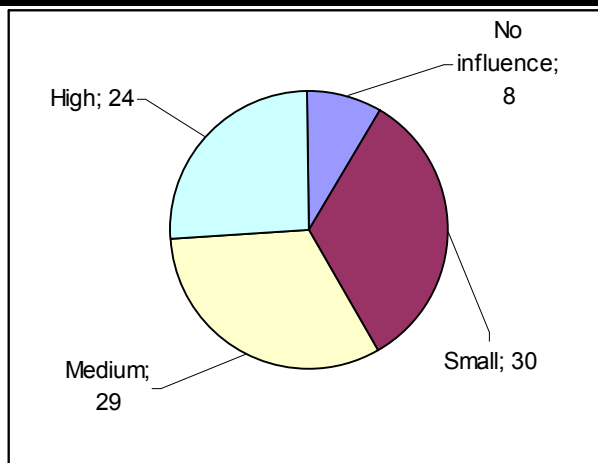
I think, there are enough possibilities to market new products and services profitably				Dealing with innovation is good for business			
	% of total		% of answers		% of total		% of answers
No answers	20	19,0%	85	No answers	21	20,0%	84
I fully disagree	9	8,6%	10,6%	I fully disagree	1	1,0%	1,2%
I rather disagree	17	16,2%	20,0%	I rather disagree	3	2,9%	3,6%
I partly agree	39	37,1%	45,9%	I partly agree	41	39,0%	48,8%
I fully agree	20	19,0%	23,5%	I fully agree	39	37,1%	46,4%
	105	100,0%	100,0%		105	100,0%	100,0%



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How do you estimate the importance of the following market areas for the future?

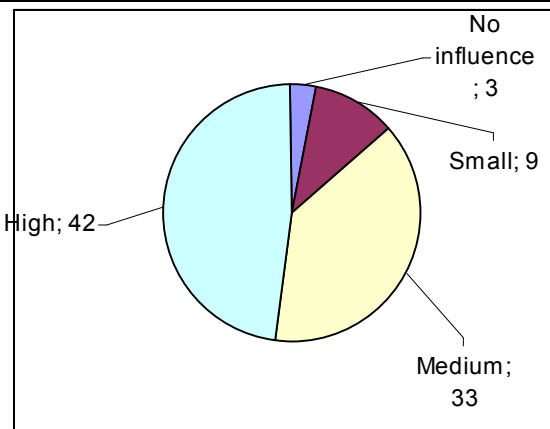
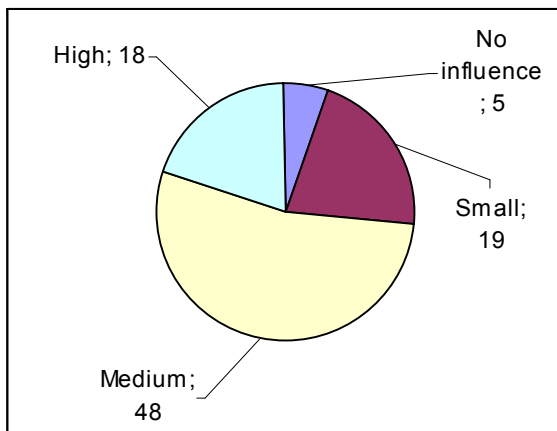
Bio-energy, 5 years				Bio-energy, 30 years			
	% of total		% of answers		% of total		% of answers
No answers	14	13,3%	91	No answers	15	14,3%	90
No influence	8	7,6%	8,8%	No influence	3	2,9%	3,3%
Small	30	28,6%	33,0%	Small	10	9,5%	11,1%
Medium	29	27,6%	31,9%	Medium	23	21,9%	25,6%
High	24	22,9%	26,4%	High	54	51,4%	60,0%
	105	100,0%	100,0%		105	100,0%	100,0%



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How do you estimate the importance of the following market areas for the future?

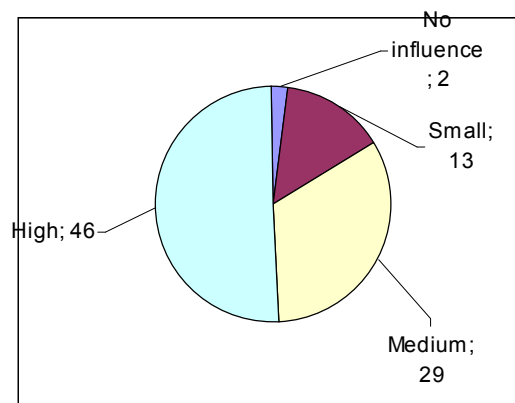
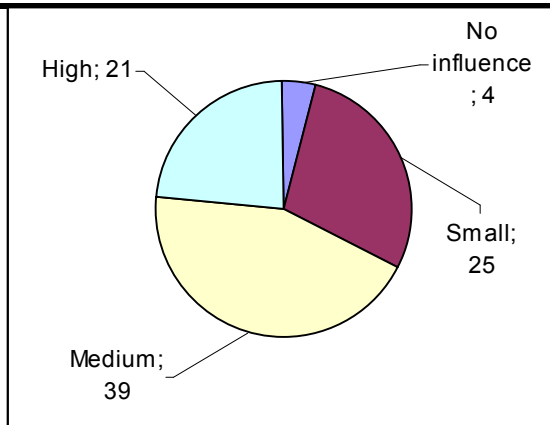
Recreation, tourism in 5 years				Recreation, tourism in 30 years			
		% of total	% of answers			% of total	% of answers
No answers	15	14,3%	90	No answers	18	17,1%	87
No influence	5	4,8%	5,6%	No influence	3	2,9%	3,4%
Small	19	18,1%	21,1%	Small	9	8,6%	10,3%
Medium	48	45,7%	53,3%	Medium	33	31,4%	37,9%
High	18	17,1%	20,0%	High	42	40,0%	48,3%
	105	100,0%	100,0%		105	100,0%	100,0%



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How do you estimate the importance of the following market areas for the future?

Nature protection services in 5 years				Nature protection services in 30 years			
	% of total		% of answers		% of total		% of answers
No answers	16	15,2%	89	No answers	15	14,3%	90
No influence	4	3,8%	4,5%	No influence	2	1,9%	2,2%
Small	25	23,8%	28,1%	Small	13	12,4%	14,4%
Medium	39	37,1%	43,8%	Medium	29	27,6%	32,2%
High	21	20,0%	23,6%	High	46	43,8%	51,1%
	105	100,0%	100,0%		105	100,0%	100,0%



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Thank you!

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