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## A note on identity economy

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In this note a short description of the contexts of Sámi tourism firms and entrepreneurial activity is put forward followed by a proposed theory of identity economy. The theoretical conclusions are based on findings from 20 narratives of Sámi entrepreneurs in northern Lapland, in Finland during years 1999–2002. Each of the life experiences and entrepreneurial stories were recorded during the winters 1999–2000 and again during this winter (2001–2002). The written texts cover more than 300 pages, and it took a long time to understand and to conceptualize what is relevant in the studied phenomena.

The ideas of identity economy were also based on formative experiences with comparative tourism enterprise development project carried out in six villages in Lapland, four villages in Dolomites in Italian Trentino<sup>1</sup>, and in four villages in Alentejo, Portugal during the last three years. Furthermore, early experiences with a village tourism research intention in Yunnan, China last fall, added in similar observations and strengthened the insights.

### Aim and background

The aim of this short note is to present and discuss conceptual and theoretical issues raised by the observations that I have had the opportunity to make during the few past years in Lapland and other locations. Specifically, I would like to propose a contextualized theory of identity economy which has its roots in the study of entrepreneurial behaviours, and entrepreneurship in difficult conditions. The difficult conditions unfolded here refer mainly to two consecutive narrative studies of Sámi tourism entrepreneurs in Lapland.

They also refer to two other research experiences: Observations and insights gained in participating a EU project that focused on selected problems of marginalization of peripheral areas, i.e. development of village tourism issues in Lapland, Dolomites (Trentino, Italy), Alentejo (central eastern Portugal), and the early observations in having started a similar study in Yunnan, China. The text in the note focuses only on the Sámi and Lapland experiences. The comparative learning aspects are, therefore, not reported. But they have had a significant impact on my understanding that the issue may be not only of a local, but of a more general, and global nature.

This exploration started a few years ago in my having accepted the permanent, full position in tourism at the University of Lapland. I was approached by the Sámi Association of Rovaniemi<sup>2</sup> to carry out a study of Sámi entrepreneurs of the northern Lapland. I started with and assumed confirmed views on entrepreneurship. Specifically, in my attempts to understand the context and conditions of Sámi tourism entrepreneurs, the attempt was made with the *Stratos* theoretical model in mind as its starting point, and three specifications within the *Stratos* model, one related to my dissertation (Haahhti 1989), and the second study by Snuij and Zwart (1996). The third contribution was

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1 It were the discussions with Dr. Michela Zucca (Centro di Ecologia Alpina, Viote Monte Bondone, Sardinia, Trento), when the term identity economy, based on her studies, was brought by her to my attention, in the spring of 1999.

2 Anne Nuorgam, chairperson, Roavvenjárgga Sámi Searvi Mii ry association

Fröhlich, Erwin and J. Hanns Pichler (1988). These offer a rich basis for entrepreneurship and strategy research even in smallest enterprises.<sup>3</sup>

In those previous research experiences, i.e. Stratos program, we had an orthodox approach also to the study of the comparative contexts of European small enterprises. And we went by the book in measurement of environmental influences with selected indicators. Admittedly, our stress was on the values, strategic behaviour and performance, not on the study of contexts. Therefore, the very different and difficult conditions in entrepreneurship of the Sámi and other entrepreneurs in the northern periphery became quickly a major revelation to me. I also realised that I misunderstood or did not understand what I was observing.

Therefore, the significance of the context, and the significance of understanding the impacts of the context on entrepreneurial behaviour became most important aim early in this new study into Sámi tourism enterprises. This revelation led to focused attempts to better grasp and to describe the context and the task environments of indigenous entrepreneurs, and to reconsider aspects of explanation of succeeding in sometimes very harsh, and always difficult conditions.

In retrospect, the change of place from southern Finland to north had meant for me also a different vantage point to the study of entrepreneurial behaviours. It had meant a change from central or an urbanized viewpoint to that of the peripheral and to marginal of which I seemed to have had little understanding. This scant understanding of the issues and problems of life in the periphery, and also related marginal economic and social conditions (dying villages, empty houses in the wilderness) in peripheral areas was something that I had a really only superficial grasp, and had not faced with nor truly thought about before.

### Methodological approaches

A pilot study was carried out.<sup>4</sup> The purpose of the pilot study was to increase understanding of entrepreneurial conditions of indigenous peoples, the Sámi, in northern Lapland, Finland, in the fall of 1999 and winter 2000. The study focused on Sámi entrepreneurs, both individual and family enterprises. We attempted to describe, interpret and deepen understanding of entrepreneurs views and working assumptions concerning their enterprises, strategic behaviours, social contacts and processes with neighbours and colleagues, survival strategies in the harsh arctic and sub-arctic conditions,

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3 The Stratos Group (1990) Strategic orientations of small European businesses. Aldershot: Gower Publishing Company. Haahti, A.: Entrepreneurs strategic orientation: Modeling strategic behavior in small industrial owner-managed firms. *Acta Academiae Oeconomicae Helsingiensis, Series A: 64*. Helsinki 1989. Snuif Henoch R., Zwart, P. S.: Small firms as configurations of structural, strategic, environmental and individual characteristics: and empirical validation, in: Haahti, A. J. (Ed.): *Effective entrepreneurship. RENT VIII Proceedings*. 1996. Fröhlich, E., Pichler, J. H.: *Werte und Typen mittelständischer Unternehmer, Beiträge zur ganzheitlichen Wirtschafts- und Gesellschaftslehre*. Pichler, H. J. (Ed.), Vol. 8, Berlin: Duncker & Humboldt, 1988.

4 Haahti, A., Hannu, V.: *Sámi entrepreneurship in tourism: A pilot study of entrepreneurs views and judgements of the present conditions and future strategies of Sámi entrepreneurship*. University of Lapland Institute of Tourism Research. *Studies and Reports, No. 1*, 2000. Only in Finnish.

and conditions of success, which we attempted to decipher on the basis of listening to their personal life stories. Those tales we collected, taped and wrote into texts.

The object of the study was both the entrepreneur, family business partners and their enterprises. We adopted a narrative approach and focussed on a few selected entrepreneurs (both husband and wife where ever possible) in the Teno valley and the Vuotso area in northern Lapland, in Finnish the Sápmi, the country of the Sámi indigenous people, in the fall of year 1999. The secondary intention of the pilot study was to study the need for further studies in the subject matter. That pilot study represented the first study of Finnish Sámi entrepreneurs. Since the Sámi tourism enterprise population consists only of about 120 enterprises in Finland, there was a need for further explorations of the total entrepreneurial population. A second study<sup>5</sup> with several more narratives in the Inari region, and a through compilation of available statistics followed during last winter (2001–2002). These narrative texts comprise about 300 pages of entrepreneurial life stories.

Here we delimit our discussion to the insights drawn from the narratives, only. But a few methodological comments from the pilot study and the second study before reporting on the main issues of the core of the paper, the context description and the identity economy proposal.

Consequently, the setting of the study was indigenous research and we assumed that the chosen approach of narratives, being loose flexible frameworks, are close to the action of practitioners and are, therefore, richer in content, and have a higher mnemonic value. There is a very good source on the narrative methodology that we followed by Steyært and Bouwen (1996)<sup>6</sup>, which approach would be justified given the early stage of the research and context of the study. Since the focus is on very small firms located in the arctic north of Lapland, and owned by Sámi entrepreneurs, the theory of science view is that of a study of indigenous entrepreneurs in their cultural and ecological surroundings. As we had only superficial views on the realities of the Sámi in general, and the lives and context of Sámi tourism entrepreneurs in specific, a narrative-contextual epistemology was justified and followed.

In analysis of recorded narratives we followed the approach of Glaser (1994)<sup>7</sup>. We looked for the core variables in the process of constantly comparing incidents and concepts popping up in the recorded stories. The narrative stories recorded were transcribed and also analyzed through quantitative approaches to qualitative datas such as *Atlasti* to build core categories of describing the social processes and encounters with both guests, other Sámi and other Finns and the arctic environment.

We were interested in the historical development of the enterprises, as those processes unfold in the stories that the entrepreneurs told us, and which we tape-recorded. As story telling may seem to be a fairly unstructured means of description.

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5 Haahti, A., Terhi, T.: *Saamenmaa & Sápmi – Suomen Saamenmaan matkailuyrittäjyyden rakenteesta ja kehityksestä*, Lapin yliopisto, Rovaniemi. Forthcoming. 2002.

6 Steyært, Ch., Bouwen, R.: *Telling Stories of Entrepreneurship. Towards a narrative-contextual epistemology for entrepreneurial studies*. RENT 1996 Proceedings, 1996.

7 Glaser, B.: *Theoretical Sensitivity*. Sociology Press. CA, 1994.

One usually needs only time and patience to let the person, secure in her or his home, to reflect upon often very private memories. For the researcher the most difficult part in using narrative methodology is to shut up after introductions, and to stay quiet. Some times the person made the story a very short one. In such cases we gave more structure with questions linked to early childhood and school experiences, and career development with focus on the activities of the family and business conditions to present day. In this way comprehensive studies of life histories were collected in a most laborious, challenging and rewarding way.

We sought the family background and demographic information of the entrepreneur & family entrepreneurs, asked about their basic life values and attitudes towards business and the daily activities. These were most often linked to and followed the annual cycle. All of them talked enticingly about the eight seasons of the year, and about the significant events and activities related to tourism enterprising, and their individual approaches to survive, and attempts to prosper. An amazingly skilled and distinctly multitalented profile of entrepreneurs emerged most often. The talents were honed to quite different needs of different seasons.

### **An example from the Teno river**

Let me give an example of a cottage tourism entrepreneur on the Teno river. The river flows between Finland and Norway to the Arctic Ocean. In the spring winter (April to May) he and she were collecting the reindeer calves for marking. These were small symbols of ownership made with knives in the tops of the earlobes. They were helped by other neighbours, and assisted by a neighbour with a small helicopter. That man sold his helicopter services to reindeer people all over the northern Scandinavia.

At that time of the spring he accommodates and guides bird watchers in the fjäll or tunturi (the mountains), and he also was making the wooden boats (not unlike long canoes) for the salmon season that lasted from mid June to mid August. During the hectic summer months he catered in his cottages to fishermen, who enjoyed the food made by her, and he rowed the guests to the best fishing from early morning to late, sunny night. He was to have a fourth of all gains, and had rowed the one lucky guy who caught the 28kg beauty of a salmon. She cooks and accommodates the staying guests and the occasional customers who choose to stop over night when driving along the scenic Teno route.

The major part of his approx. 25000 annual income came from selling permissions, rowing, guiding and leading trips, accommodating and catering the tasty foods of the wilderness to these guests, most of whom returned decade after decade to his cottages. The first British salmon anglers had started to come in the fifties. He recollected that as a boy they still lived in an earth hut to mid sixties. At that time the family built their first guest cottage, and have continued with receiving guests since then. To recreate those memories he has built such an earth hut with modern comforts for the guests. The guests stayed usually for a week or two, they were not that many in numbers, but represented many nationalities.

From extent of internationalization point of view, the small enterprise was fully international in terms of its customers, even though only rudiments of other than regional Northern Calotte languages (Sámi, Finnish, Norwegian) were mastered.

In September to October the quill hunting season proceeded with entry of the hunters that wanted to train their dogs more in finding and pointing the birds, than to shoot the quill. It is also the time of the blazing colours of the fall season, and the nature lovers gather for colours watching. The fall season berries are a rich source of additional income for the eager berry pickers. The berry pickers filled his cottages and his daily chores in leading the guests to the mountains, the tundra or along the beautiful Teno river banks.

November to December was spent on organising and leading snow scooters, quiet and slow reindeer sledge trips or skiing trips for tourists. This is also the time of tending the reindeer which were collected from the mountains for the selection for breeding, or beef production and sales to Finnish, Swedish or Norwegian individual purchasers or regional restaurants. January and February are too cold for most tourists with temperatures dropping below -40 Celsius, and the income has to be sought elsewhere. He then often leaves to seek work as a carpenter on building projects in Lapland, Norway, Sweden, Russia or Germany.

With end of February, and through March and April, the high season of tourism reaches also the far northern mountains, the fjälls, the tunturi, and again the organising, guiding and managing of snow scooter, reindeer and skiing treks become important daily activities. He works either as an independent entrepreneur, or in collaboration with some of the larger arctic safari tour companies of Lapland. Since the snows melt in late May or early June, there may still be skiers or snow mobile drivers from Norway filling his cottages. But he is already working with new row boats for the approaching summer.

## **Towards synthesis**

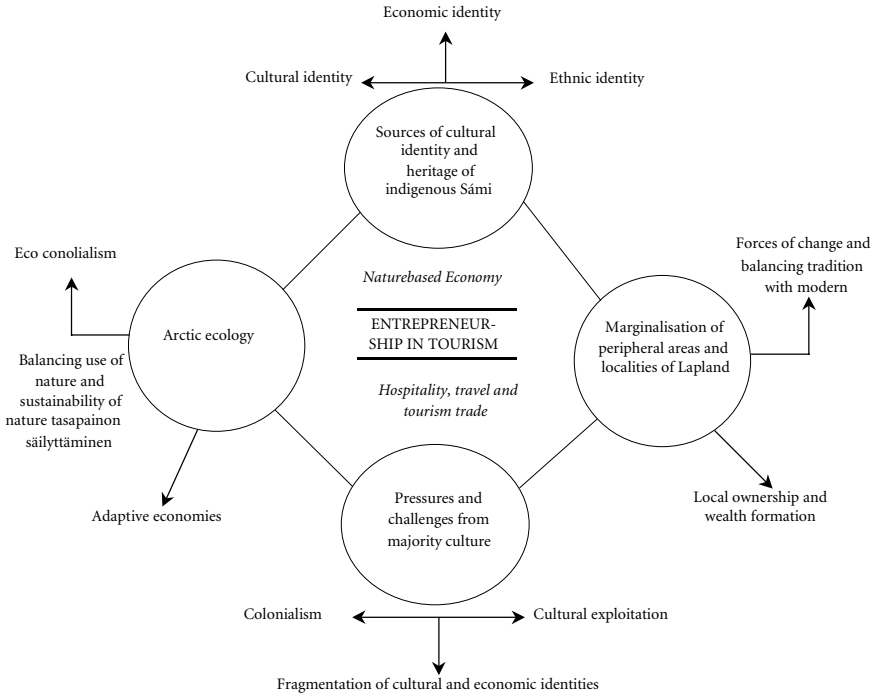
The description of this entrepreneurs annual activities relate them time wise to fundamental changes in the nature, and also briefly give a glimpse of the many, and laborious ways of finding ones livelihood. The extent of activities prove of complete adaptation to and mastering of continuously changing circumstances. This example indicates the usual ingenuity, and the complex set of capabilities and broad set of competencies acquired and needed to survive.

This high dependency on nature, being one with nature, were quite characteristic of most of those interviewed. Keen eye on following the changes in the nature and fluent reading of its unfolding opportunities and possibilities for livelihood distinguishes those interviewed from those from more urban environments. This was apparent in all discussions. It is one of the keys of critical importance when attempting to understand their behaviour. The distinctive competencies and capabilities needed to succeed with the small business in combination with reindeer husbandry as a basic livelihood distinguished several types of entrepreneurial specialisation in adverse environmental conditions proved of resourcefulness.

Specific focus in the discussions and stories on entrepreneurial experiences was focused on the core processes of providing tourism services: development of services, host & hostess roles, meeting the guest, encounters, service & guest relationships and the investments in service facilities & machinery for summer and winter tourism such as cottages, boats for Teno fishing, snow mobiles, hunting and other strategies of survival. We were also most interested in their views on reindeer husbandry, touristic utilization of cultural artefacts, and context of cultural survival.

An interesting issue that we also discussed, an indication of colonialistic behaviours in tourism, was the use or misuse of Sámi national dresses by non-Sámi tourist personnel, and the relevancy of this issue to Sámi entrepreneurs.

After thinking about and analysing the texts for some time, the following description emerged in an attempt to grasp relevant aspects of the entrepreneurial contexts (see exhibit 1).



*Exhibit I: The contexts of Sami entrepreneurship in tourism. Towards a theory of identity economy.*

A view was established of four significant contextual factors that condition the entrepreneurial views. The pressures of the Finnish majority culture and related troubled views on the survival possibilities of Sámi culture expressed by some of those concerned, the arctic environment and harsh conditions, economic marginalization of the remote and peripheral areas set the setting for arctic entrepreneurship.

The expressed views contained an aim and a volition for stronger identity development of the Sámi culture in the Sápmi, the country of the Sámi, and a shared view of the older males of being able to roam free herding their reindeers. This tradition is severely threatened by overherding, and raising costs of feeding the animals. These discourses are viewed by some of the actors as loaded intentions to, again suppress the reindeer culture. The breakeven numbers of reindeer are about 70 per family. This defensive small scale reindeer family tradition orientation was complemented by modernism orientation in accepting and utilizing all means of mechanization (from snow scooters to helicopters) possible to make the reindeer husbandry and concomitant tourism enterprising more efficient.

### **On identity economy**

The distinct dilemma is the question related to the issue of how to combine the traditional ways of life, the cultural profile with the modern ways of life without losing what is culturally significant and important in both. This question, how to combine the best of the both realms, we regard as the core question of identity economy.

One parallel thought brings the apparent and possible need to broaden the set of variables in our models. Therefore, it is suggested that explanations of economic success might include social and cultural factors of importance. Moreover, it is suggested that performance models might include both social and cultural factors, not only as environmental exogenous variables, but as endogenous variables. This is followed here.

Due to the remote localities, and distances between the entrepreneurs, the social cohesion first seemed not to matter that much in creating business opportunities. But the more we listened, the more we grasped in tales of ordinary occurrences the underlying values which stressed individualism in action, but also strongly implied communitarian ties of social relations and implied value system that strongly affected individuals way of thinking and her/his behaviour in the indigenous community.

Specifically a female entrepreneur, an artist, whose interesting, and insightful story told of a search for freedom from those social ties and of her true identity. She told of the difficulties and reactions from her own people that followed from combining the shamanist past with the modern tourism services – drumming in meetings by the log fire, entertaining with stories of shamanist tradition and informative storytelling experiences marketed to tourists.

Her story, not reproduced here, proved of the complex issues of the female artist that created her own identity. She had started her own tourism business which was revolutionary in her community as such was usually reserved only for males. She used her culturally distinct, and for some, sacred symbols and items as anchors to create and stage tourist experiences in her Sápmiland. Her story was most illuminating of the Sámi experiences. She justified lucidly the connections between her cultural and social identity and her economic entrepreneurial behaviour. Her individual initiative and entrepreneurial action, having establish her identity, was the source of her well being.

Let us make a digression to the village tourism: It should be noted that in our studies of village tourism the importance of the social cohesion and the distinct cultural roots

also mattered very much. In most cases the economic contexts were most often the same, but there the core question was the search for and the determination of the local, authentic cultural roots. Often such a question was brought into the community by outsiders who became members in the community. In some cases the history provided ideas for new opportunities for the community to develop. The initiators were often the local entrepreneurs whose enthusiasm created common action for change.

Was this newly recreated cultural profile interesting enough to motivate collaboration in the village? And was it interesting enough eventually to create demand? Were questions to be solved over a period of time. Furthermore, would such newly found local identity become interesting enough an experience for travellers to experience? And would such a newly found and utilized identity differentiate that locality from all the other marketable touristic entities in the region, were questions of central importance?

Remote arctic surrounding and economic marginalization were the contextual forces in addition to the dilemmas of an indigenous minority. The link between the environment and the economic choices was culturally rooted, and determined much of the entrepreneurial choices and strategies, and to some extent, also part of their consumption behaviour.

Where local collaboration was based on strong cohesion in local social settings entrepreneurial dynamism, and a brighter economic future, had a chance. In addition, where some of the actors were entrepreneurs or entrepreneurially minded and innovative, and took initiative for new developments, and the other actors among the Sámi entrepreneurs or the villagers “jumped on the wagon” of an interesting initiative, positive dynamic development cycles were observed. These experiences were so encouraging, and the phenomena of significant importance in development economics, that, given the scale, a holistic description was needed (see exhibit 2).

A few examples of astonishingly successful tourist business projects were evident. E.g. Korvala village in the neighbourhood of Rovaniemi recreated the life of 1850s in the village winter life with clothing, Christmas events, food, plays and daily chores so minutiously that for a day at a time, time travelling was possible by visiting groups of foreign tourist. As an example of the scale: This village of 70 people catered daily to altogether to guest arriving with 19 full plane loads as visitors from Britain, France, Italy and other countries during four December weeks, last year.

The observations of entrepreneurs behaviours varying from those defending their cultural roots to those successfully combining the tradition, and the traditional with the modern was illuminating and interesting. Among those entrepreneurs we observed and listened to we also found family entrepreneurs, who had received no or very minor amounts of subsidies, and were most successful due to their enterprising spirit, innovative and successful combination of the tradition and the modern.

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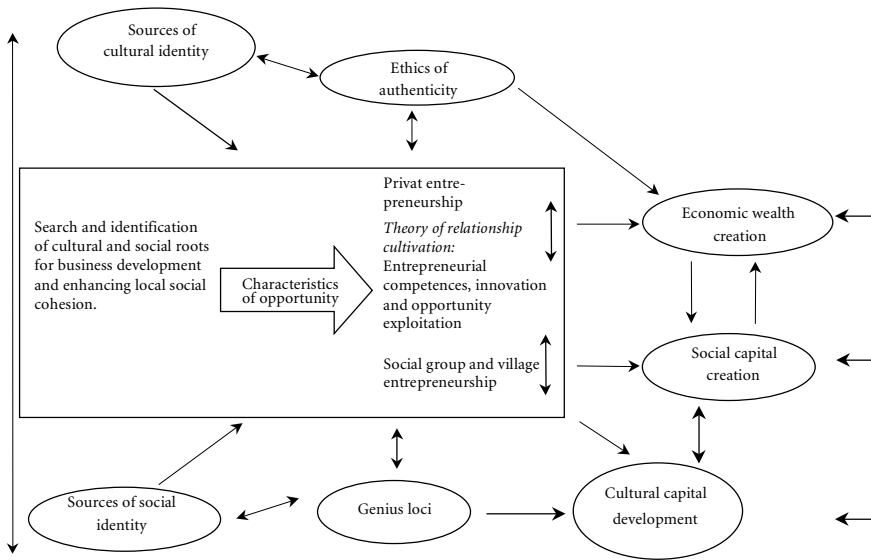


Exhibit 2: Theory of identity economy

This was the initial reason for me to accept the term of this culturally and socially anchored phenomenon as an identity economy. Culturally and socially anchored economic behaviours formed the basis for the initiative for development. It is in the entrepreneurially minded locals working together which is the basis for such an economy. Such local behavioural phenomena may be found elsewhere, too. There seems to me to be such pockets of distinctly different behaviours in the main streams of global economic behaviours. It is a variation in the theme of “think globally and act locally”.

Perhaps the concept of identity economy and ecology of survival may be the starting steps for fight against ecology of abandonment on local level. Naturally such a bottom-up view needs to be complemented with the top-down policies and instrument to bring financial resources to make above mentioned initiatives a reality.

There are several concepts in focus that we would have liked to give meaning in this context, but will not do so here, this time. The search for the balance between the waning tradition and challenges of the present day was strongly defended by most of the persons interviewed. The strengthening of the modern ways of life without losing what was subjectively considered worthy in the tradition, were of central importance, and a main approach and route to indigenous identity preservation and enhancement. It was also a newly found basis for social and economic development in villages where staging tourism experiences became a source of economic well being.