



**EUROPEAN CONFERENCE**  
**Réseau wallon de Développement Rural**  
**Amay, Belgium, 21<sup>st</sup>-22<sup>nd</sup> November, 2013**

***TOWARDS CREATIVE RURAL ENTREPRENEUSHIP***

# **Innovators in Portuguese Rural Areas & Lessons on how to enhance innovation**

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# THE RUR@L INOV PROJECT

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## Overall aim of the RUR@L INOV project

- ◆ Learn about hidden innovation being developed and implemented by different types of organizations in the Portuguese rural areas

## RUR@L INOV project

(<https://sites.google.com/site/inovaremmiorural>)

- Partnership of UTAD (University of Trás-os-Montes e Alto Douro) & DGADR (National Directorate of Agriculture and Rural Development)
- Funded by PRRN (Program of National Rural Network), Portugal
- Initiated December, 2011; End by December 2013



## INNOVATIVE ORGANIZATIONS PROFILE

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### The profile of innovative organizations

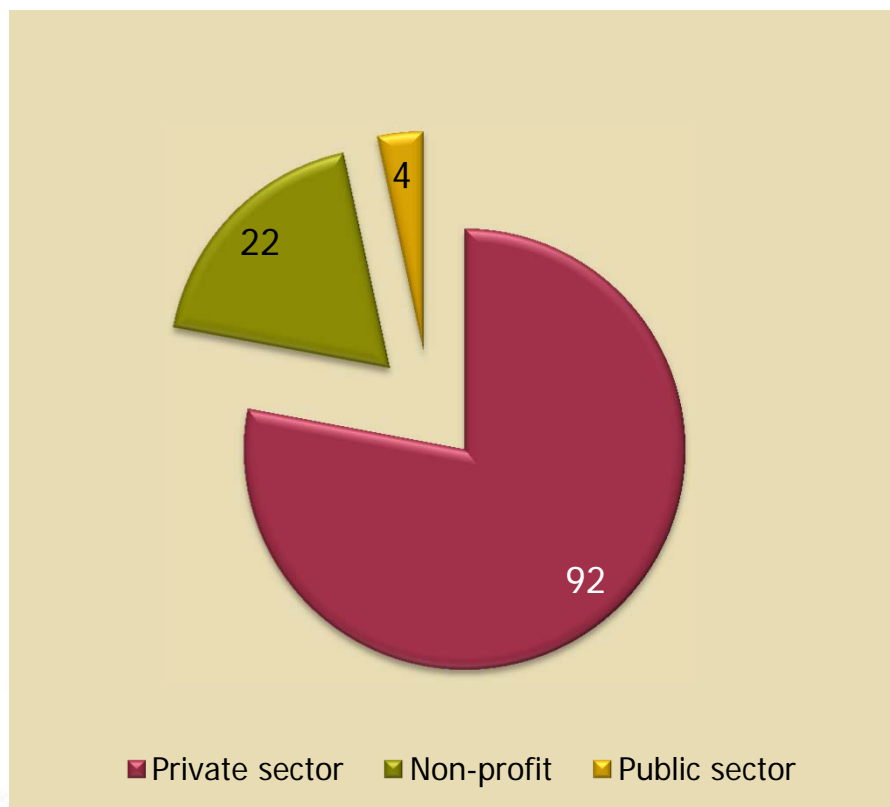
1. **Huge diversity** regarding organizational models, economic size, activities, products & services
2. **Smallness of the organizations (nano, micro and SMEs)** and **scarcity of financial resources**
3. **Entrepreneurial attitude** of innovators who respond to consumers latent preferences by deteting niche and new markets.
4. **High qualification** of leaders and human resources
5. **Ability to mobilize** and **integrate different types of knowledge**
6. **Ability to mobilize** rural areas latent resources
7. **(External) Market-oriented**



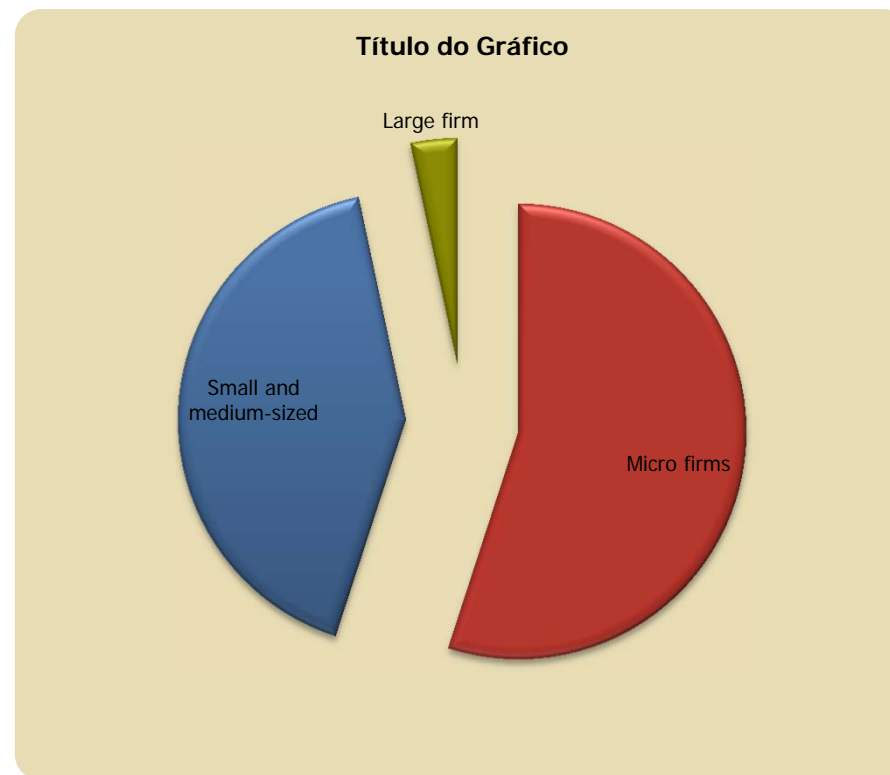
# INNOVATIVE ORGANIZATIONS PROFILE

## Type of organization and size

➤ Type of organisation, n°



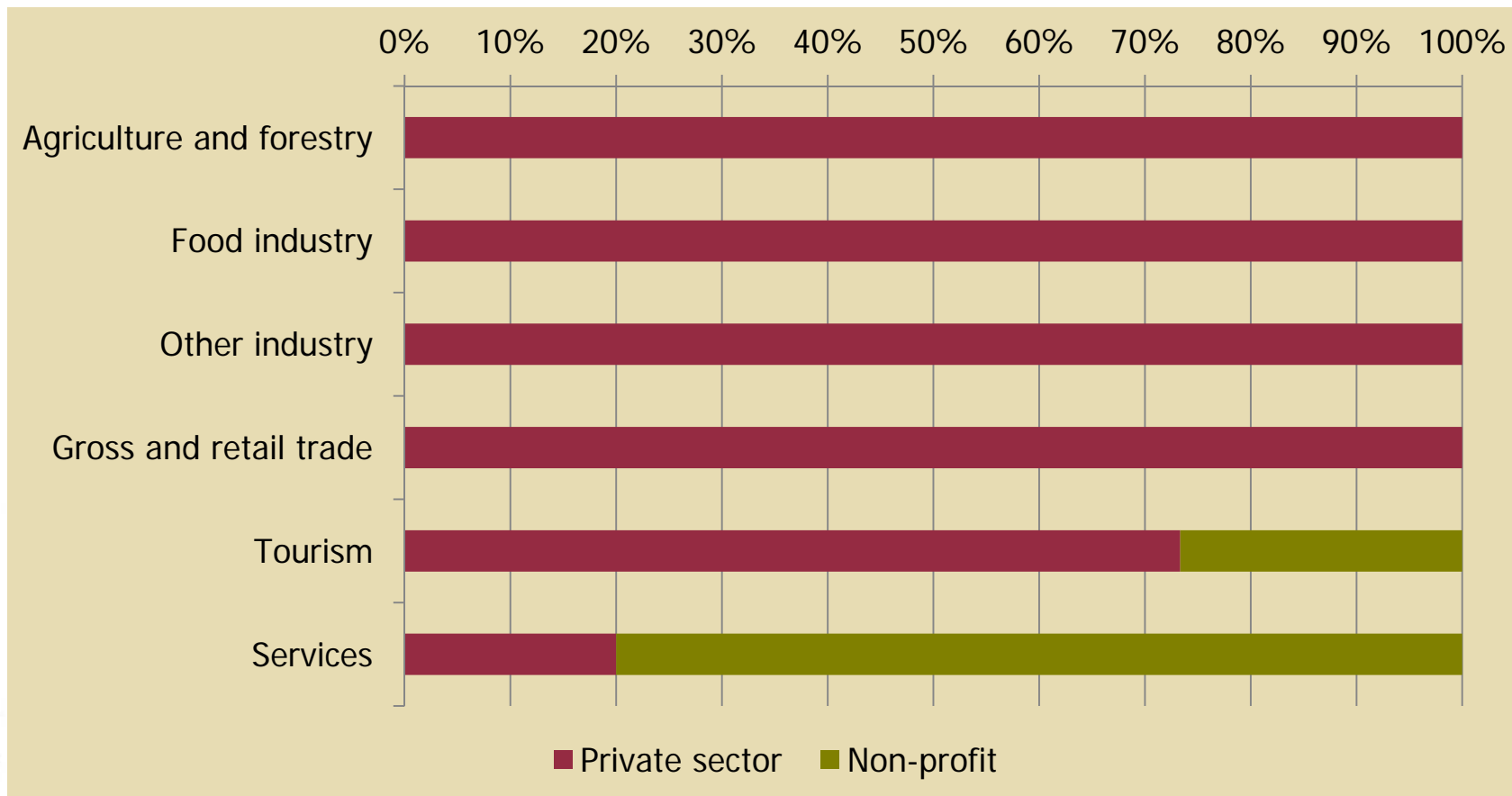
➤ Size, n°



# INNOVATIVE ORGANIZATIONS PROFILE

## *Which are their activity sectors*

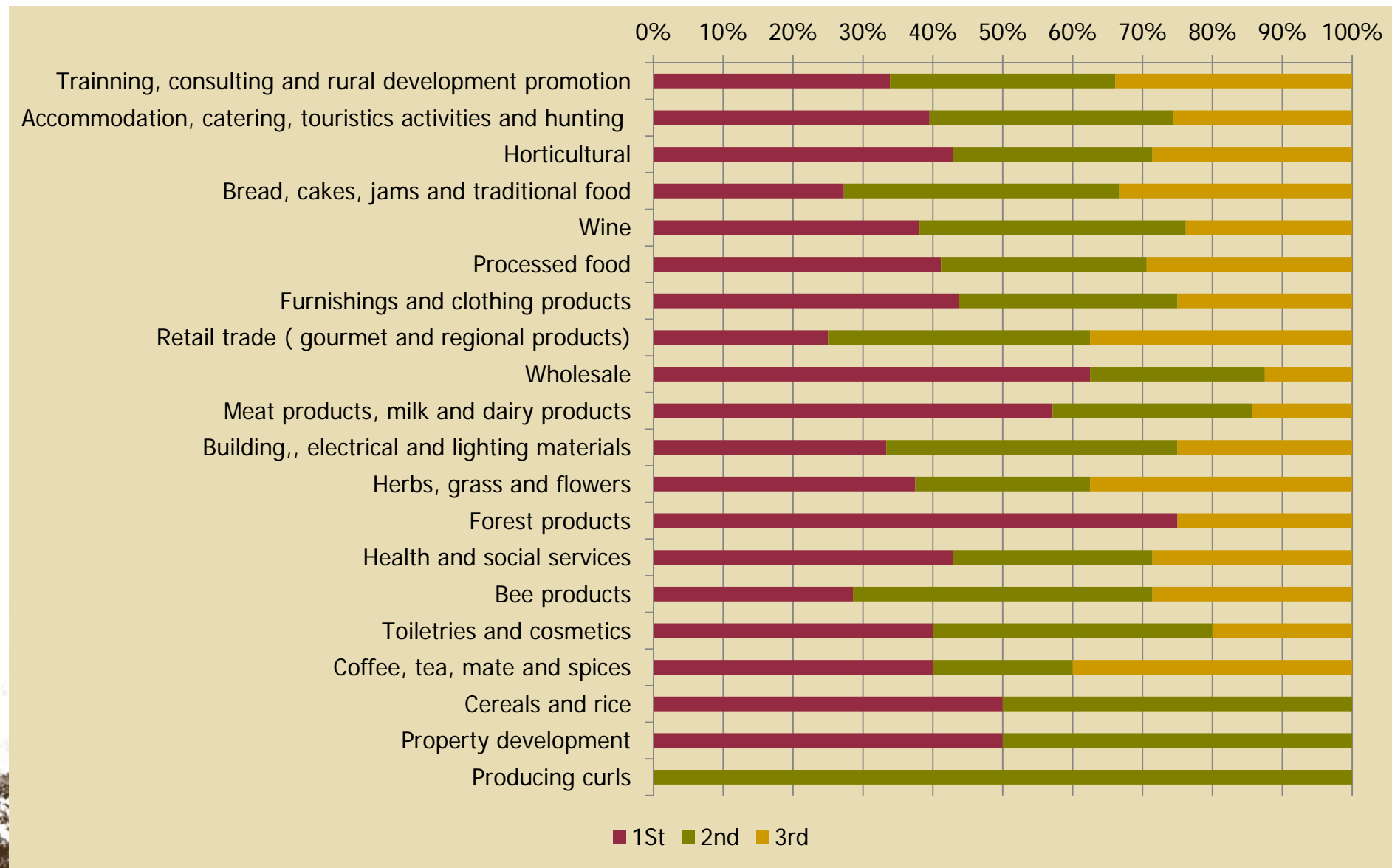
➤ Organizations by economic activities, %



# INNOVATIVE ORGANIZATIONS PROFILE

## *Diversity and entrepreneurial attitude*

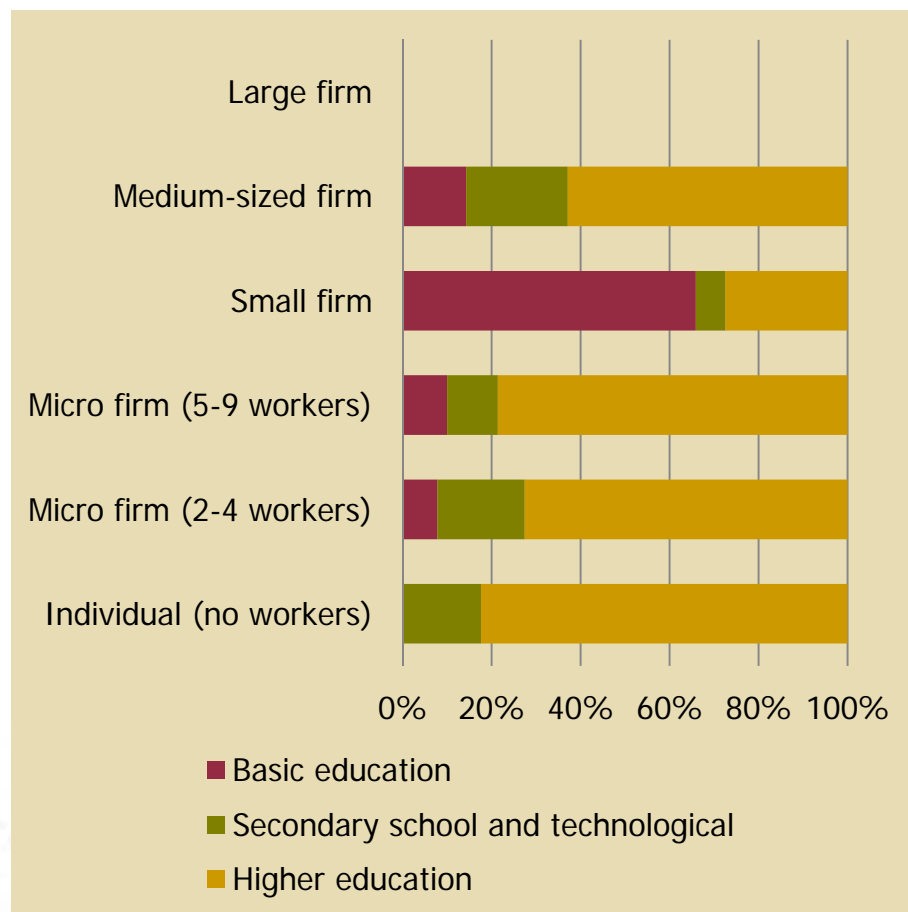
➤ Products and Services, %



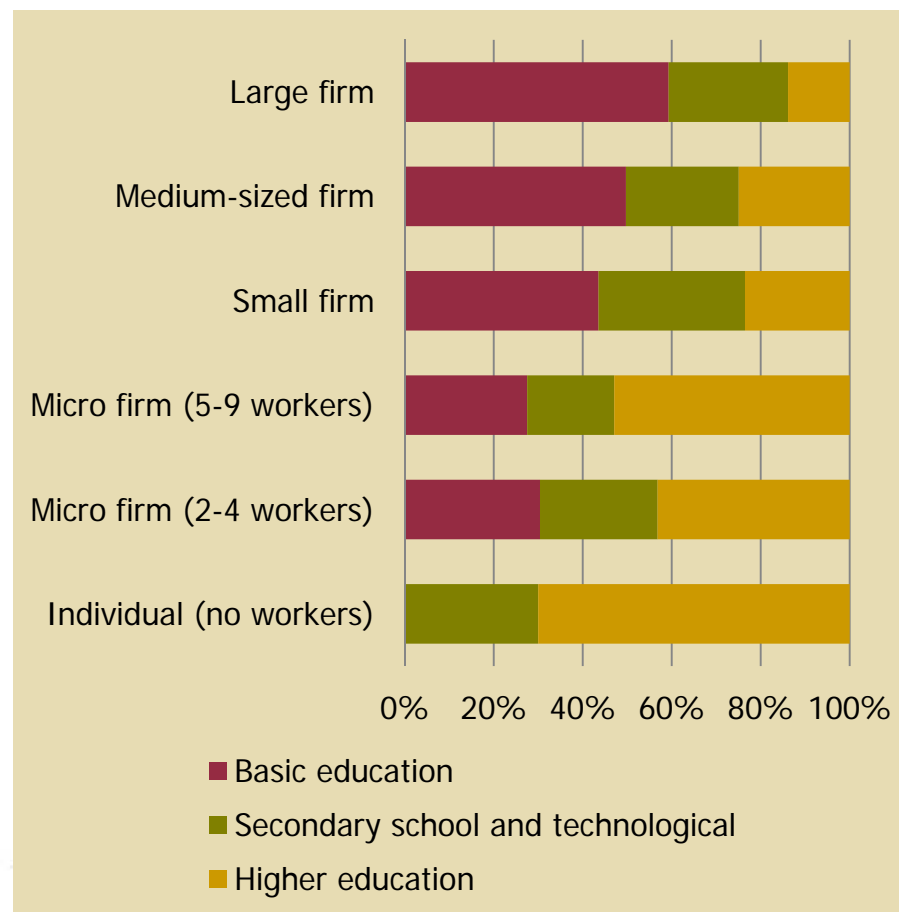
# INNOVATIVE ORGANIZATIONS PROFILE

## *High qualifications of leader and human resources*

➤ Education level of firms personnel:  
leaders/managers, %



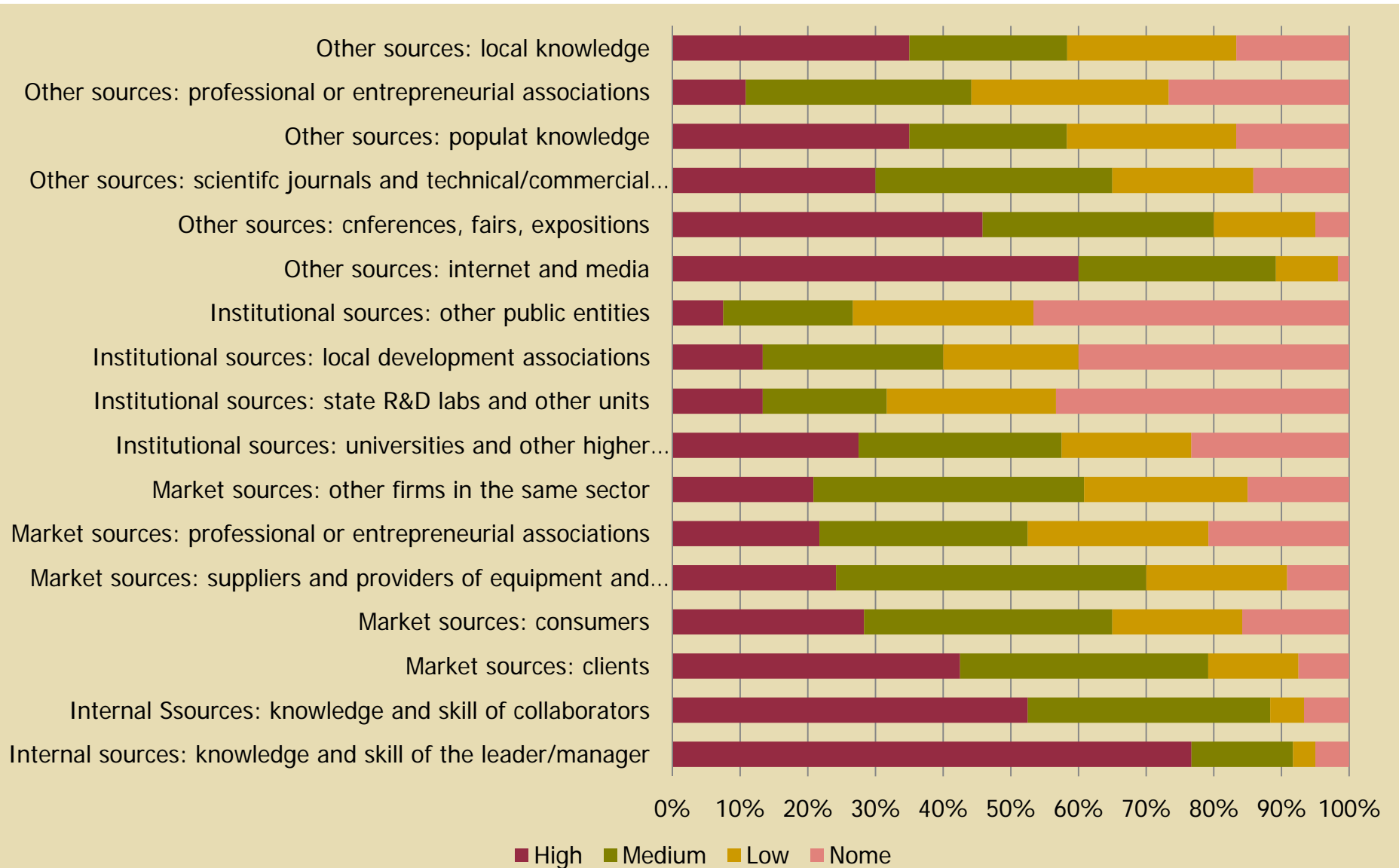
➤ Education level of firms personnel: employees, %



# INNOVATIVE ORGANIZATIONS PROFILE

## *High capability of mobilizing different types of knowledge*

➤ Knowledge sources, %

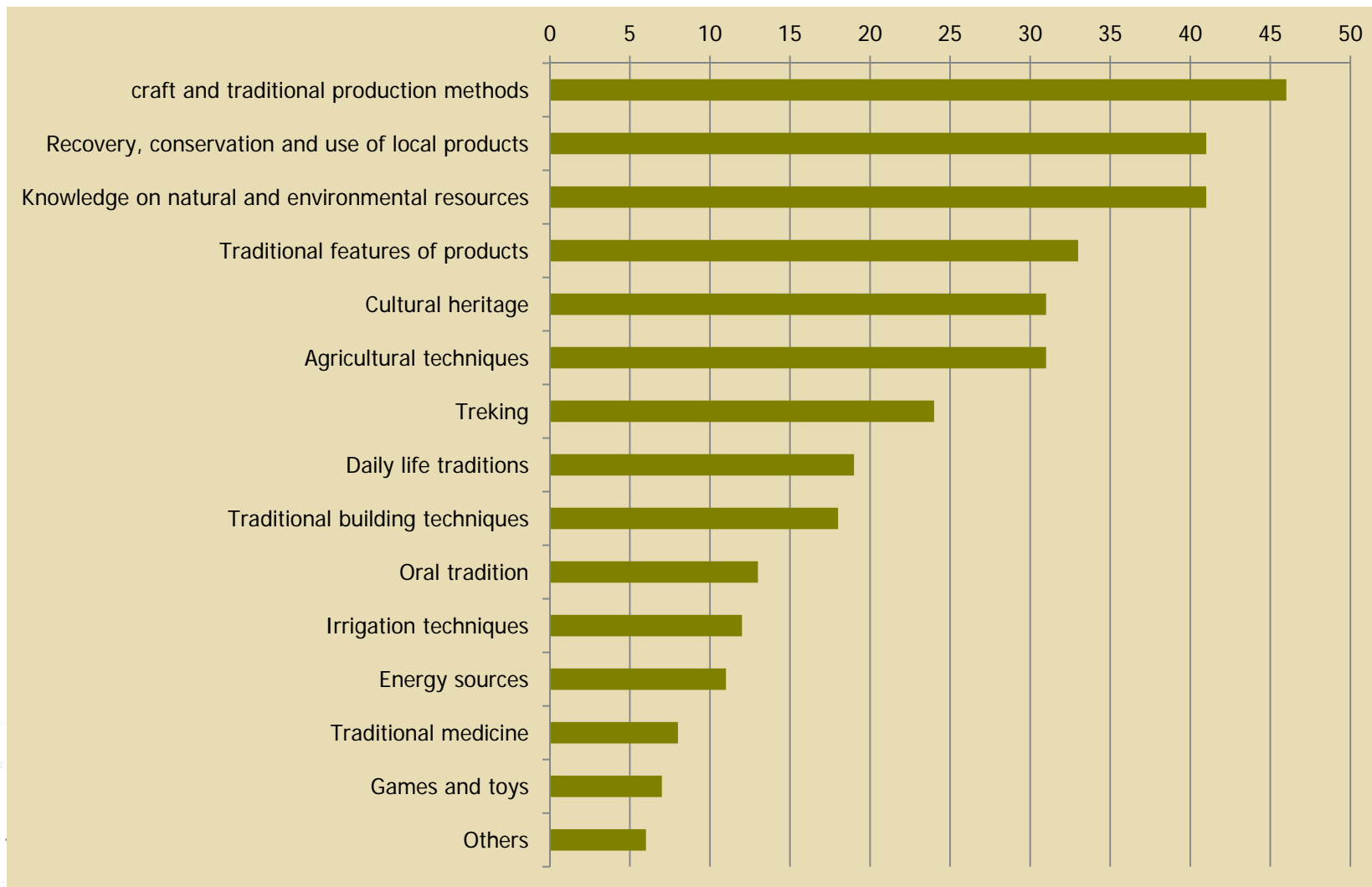




# INNOVATIVE ORGANIZATIONS PROFILE

## *High capability of mobilizing local latent resources*

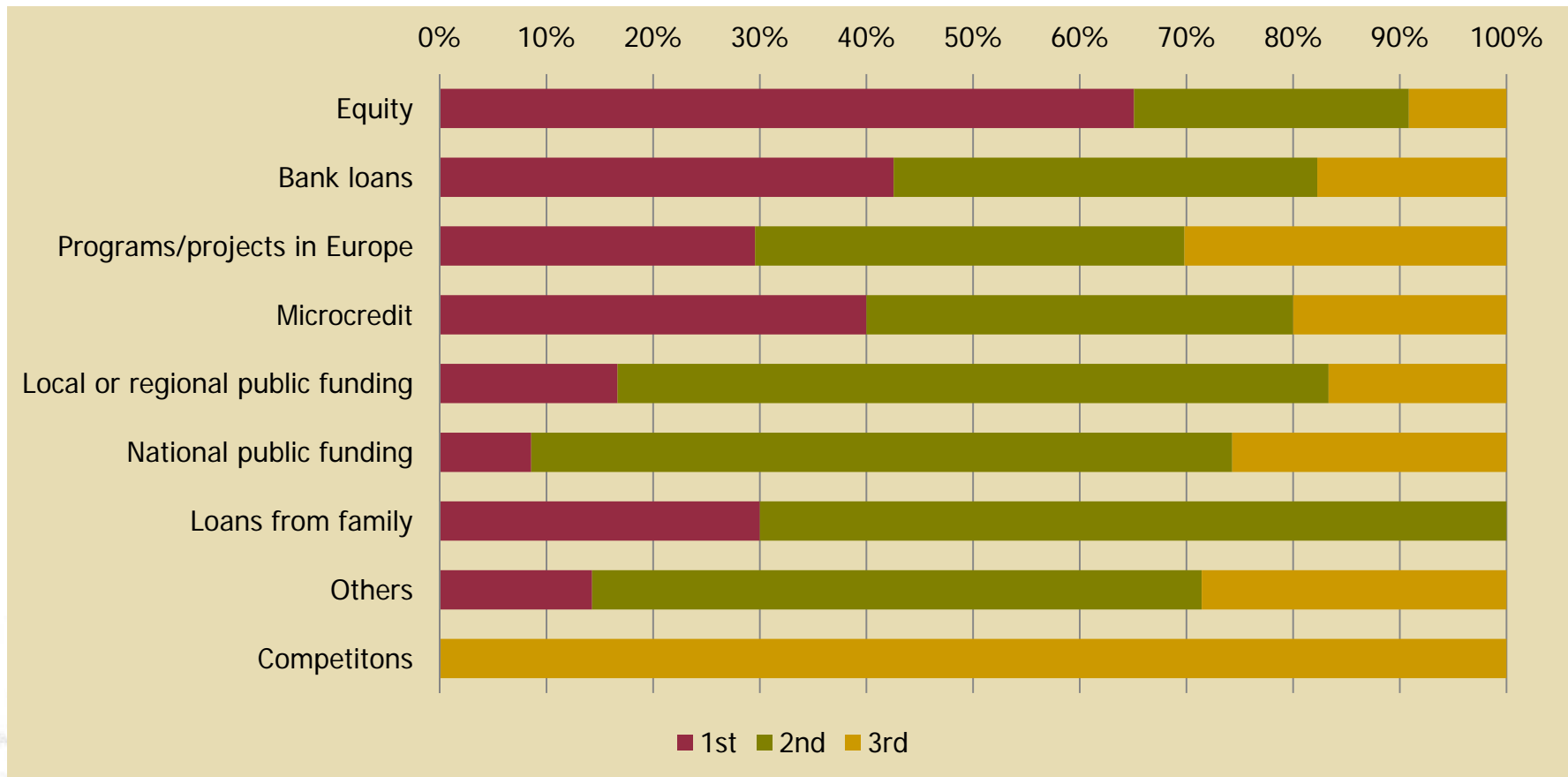
➤ Local knowledge, n°



# INNOVATIVE ORGANIZATIONS PROFILE

## *Limited access to external financial resources*

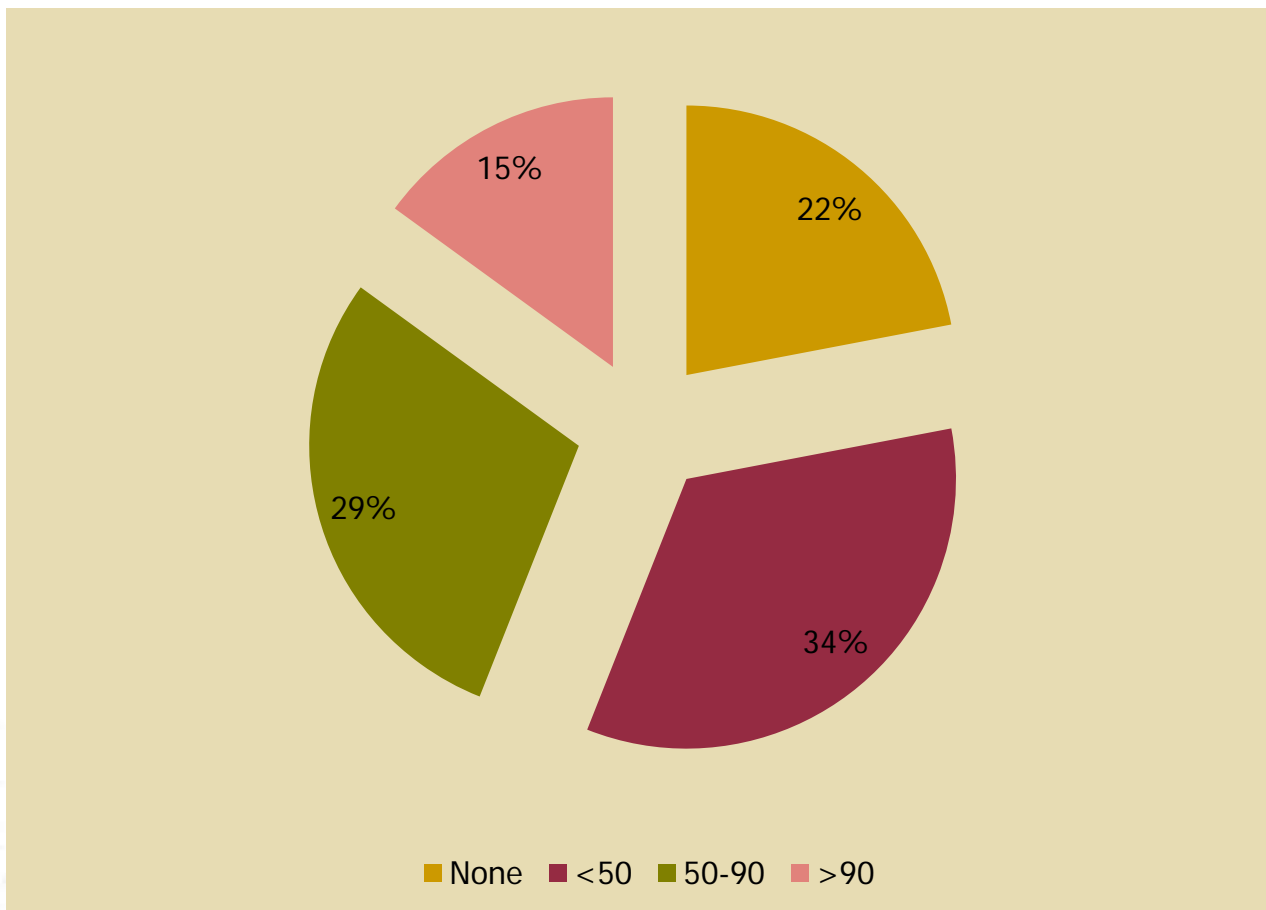
➤Funding sources in order of importance (2009-2012), %



# INNOVATIVE ORGANIZATIONS PROFILE

## *Ability to operate in international markets*

➤Export profile, %



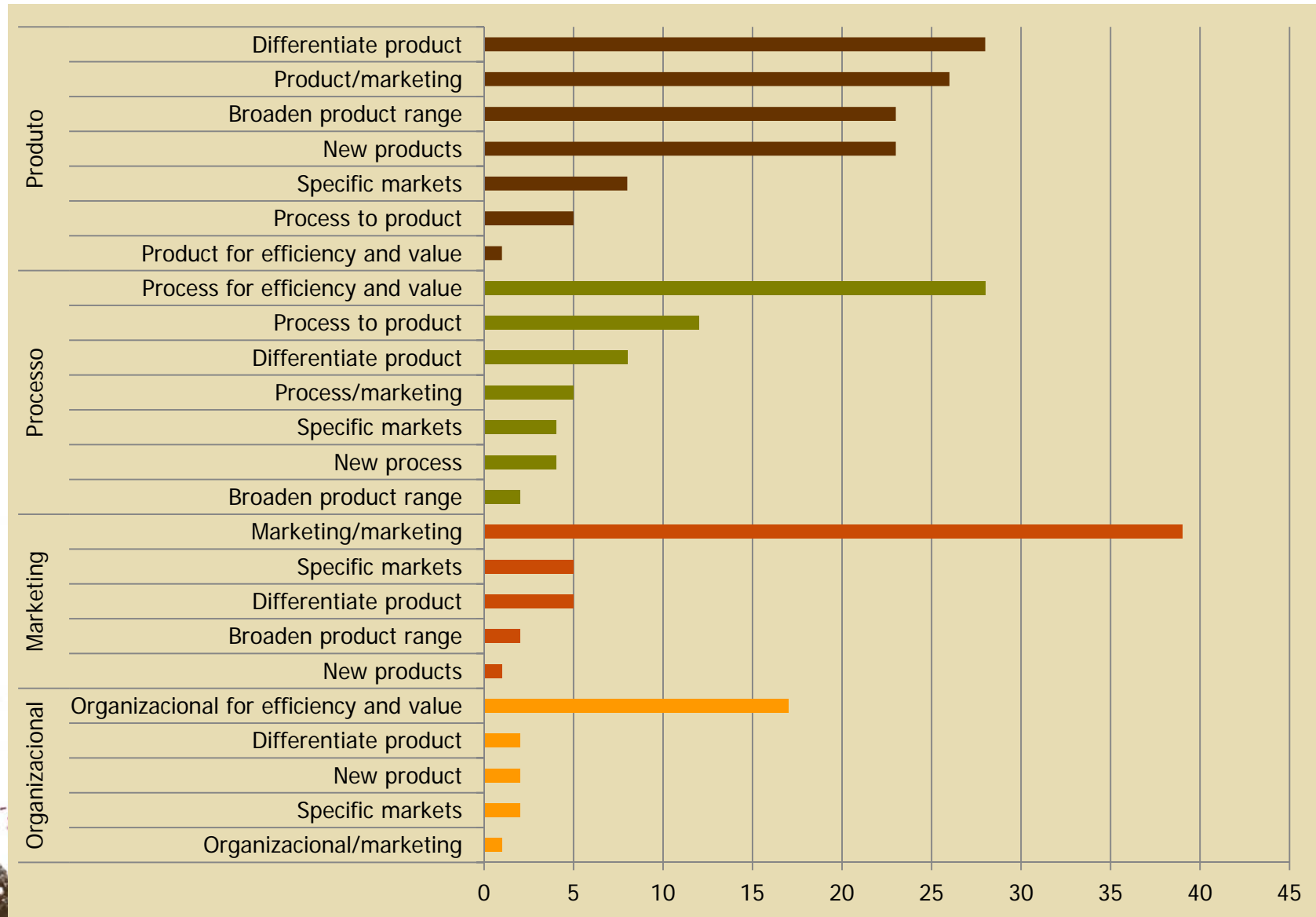
### Innovation patterns & dynamics

1. Prevalence of **incremental innovation**, undertaken in a **continuous and sequential dynamic**
2. Common innovation patterns in the **firms** case are combinations of **Product X Marketing**; **Product X Process + Marketing**; **Organizational X Process**
3. Common innovation patterns are **other organizations** combinations of **product X Marketing**; **Organizational X Marketing**
4. **Significant** number of organizations, namely firms, innovate **without visible R&D expenditure**
5. **While collaboration is always a strategy and/or a tool, a number of** number of organizations, namely firms, innovate **without relevant cooperation with R&D units**

# PATTERNS & DYNAMICS OF INNOVATION

## *Motivations and innovation patterns*

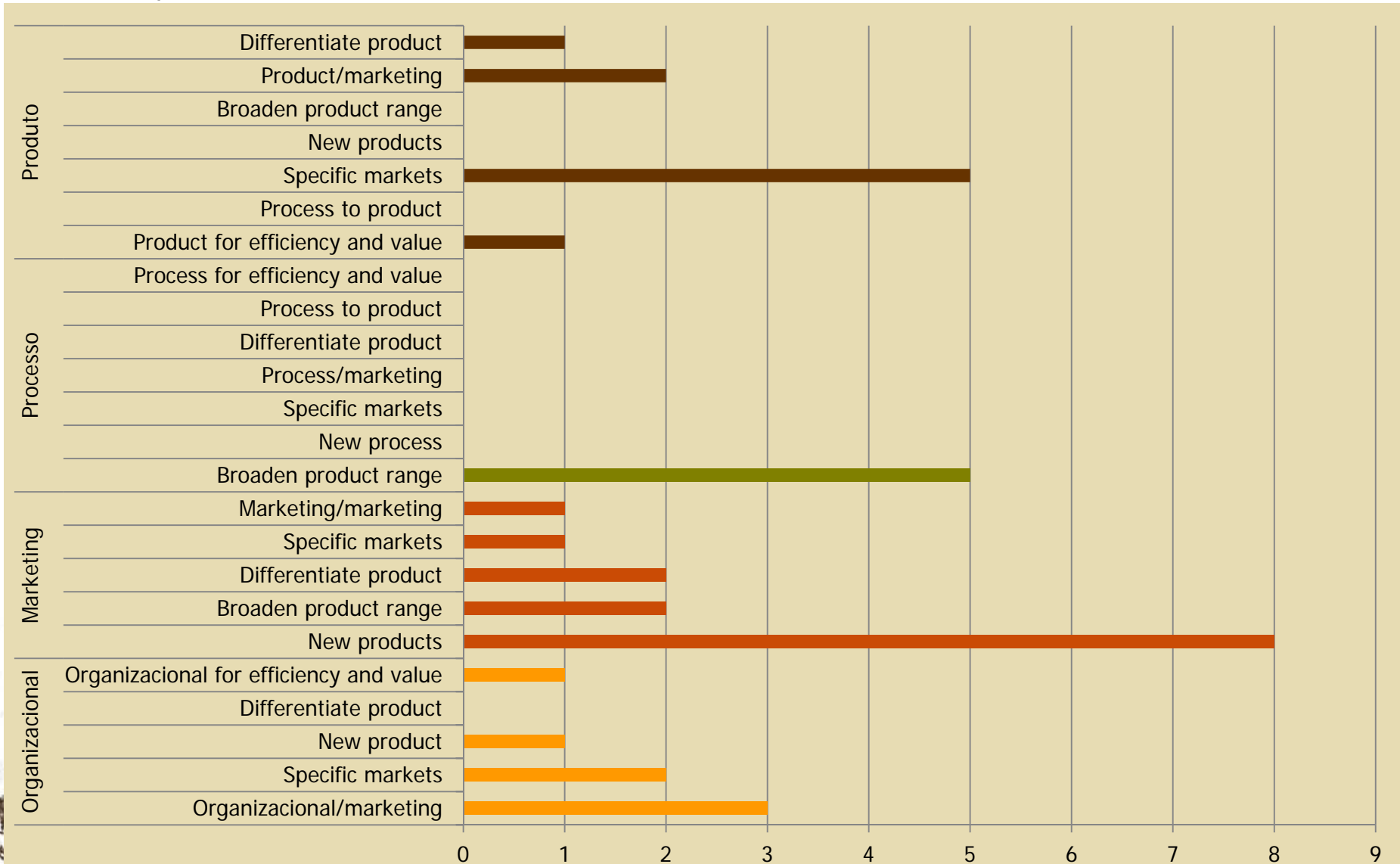
➤ Private sector, n°



# PATTERNS & DYNAMICS OF INNOVATION

## *Motivations and innovation patterns*

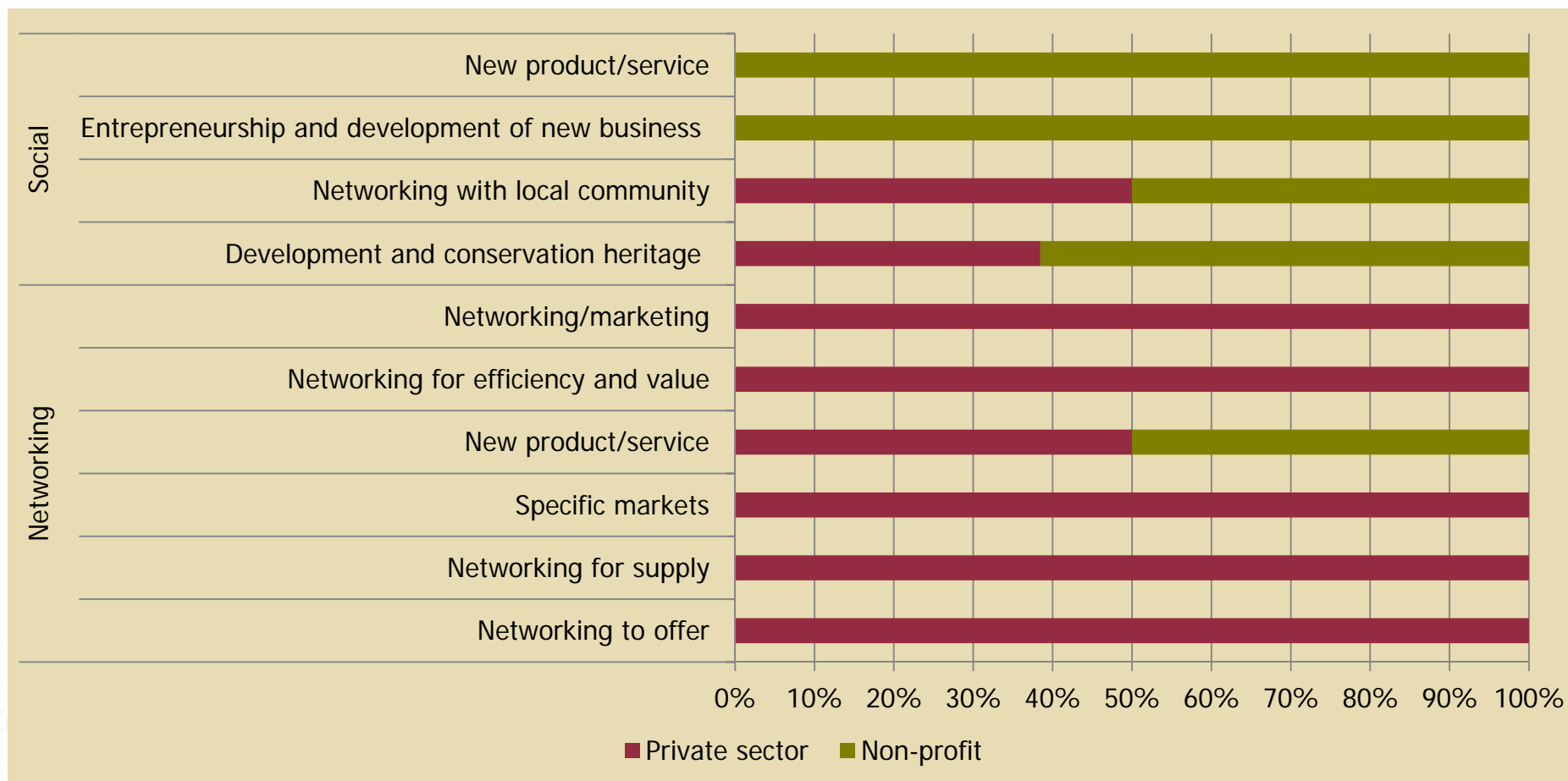
➤ Non-profit, n°



# PATTERNS & DYNAMICS OF INNOVATION

## *Motivations and innovation patterns*

- Social and networking innovations by organization type, %

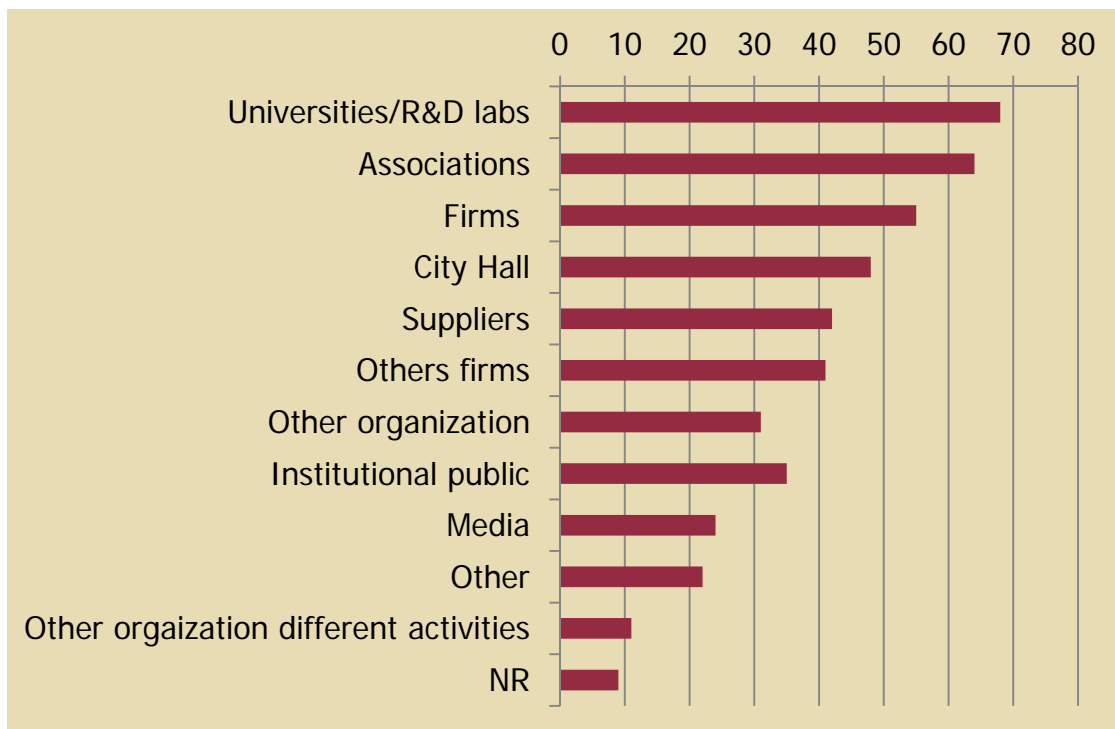


Nº

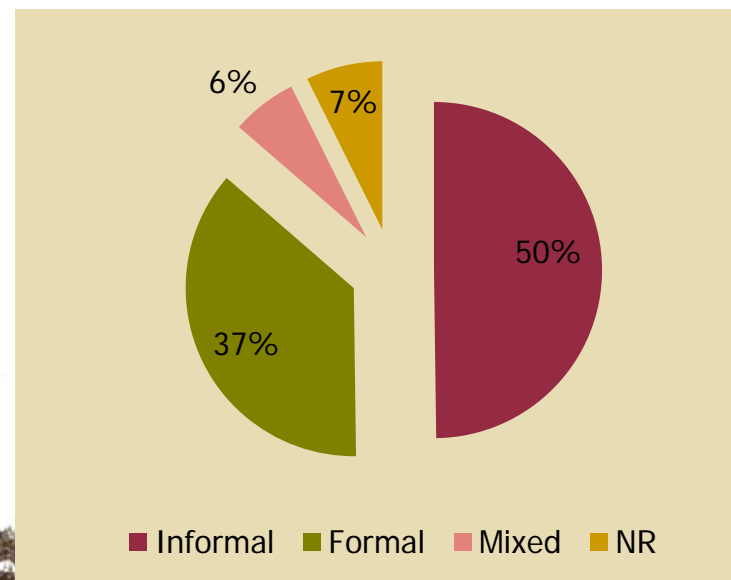
# PATTERNS & DYNAMICS OF INNOVATION

## Cooperation and partnerships

➤ Cooperation for innovation by type of partner organizations, n°



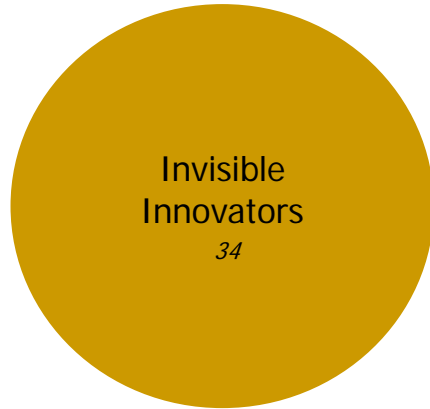
➤ Type of partnership, %



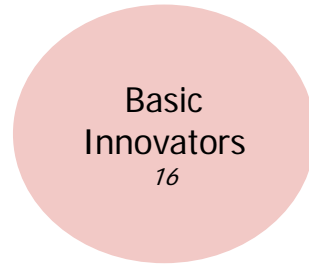


# PATTERNS & DYNAMICS OF INNOVATION

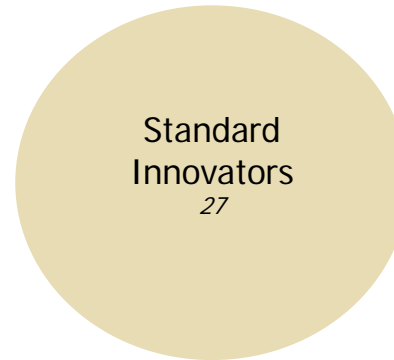
## *Types of innovators according to innovation pattern & dynamic*



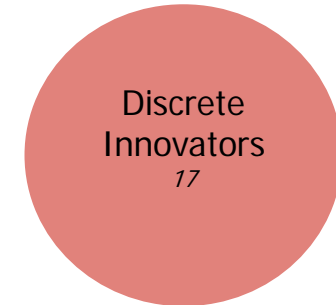
- Product innovation
- Little access to funding for innovation
- Food industry, agriculture and whole/retail sales
- Individual firms, micro and small firms



- Expenditure with external R&D
- Cooperates with R&D units
- Product innovation
- Moderate access to funding for innovation
- Tourism and no-food industry
- Micro and small firms



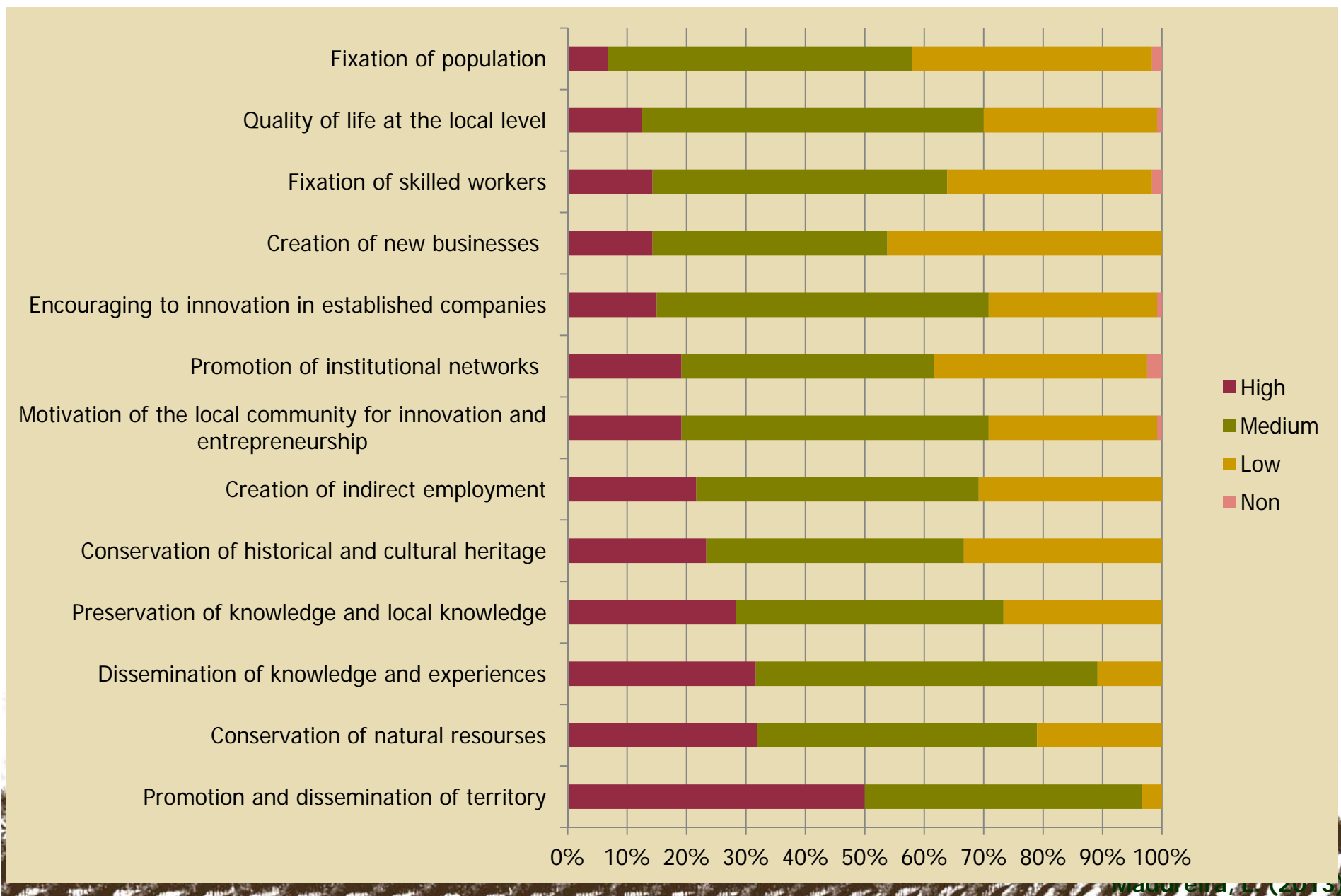
- Expenditure with internal R&D
- Cooperates with R&D units
- Product X Process innovation
- Radical innovation
- High access to funding to innovation
- Food industry, agriculture
- Small and medium firms



- Cooperates with R&D units
- Process x Organisational innovation
- Moderate access to funding for innovation
- Food and sales
- Small and medium firms

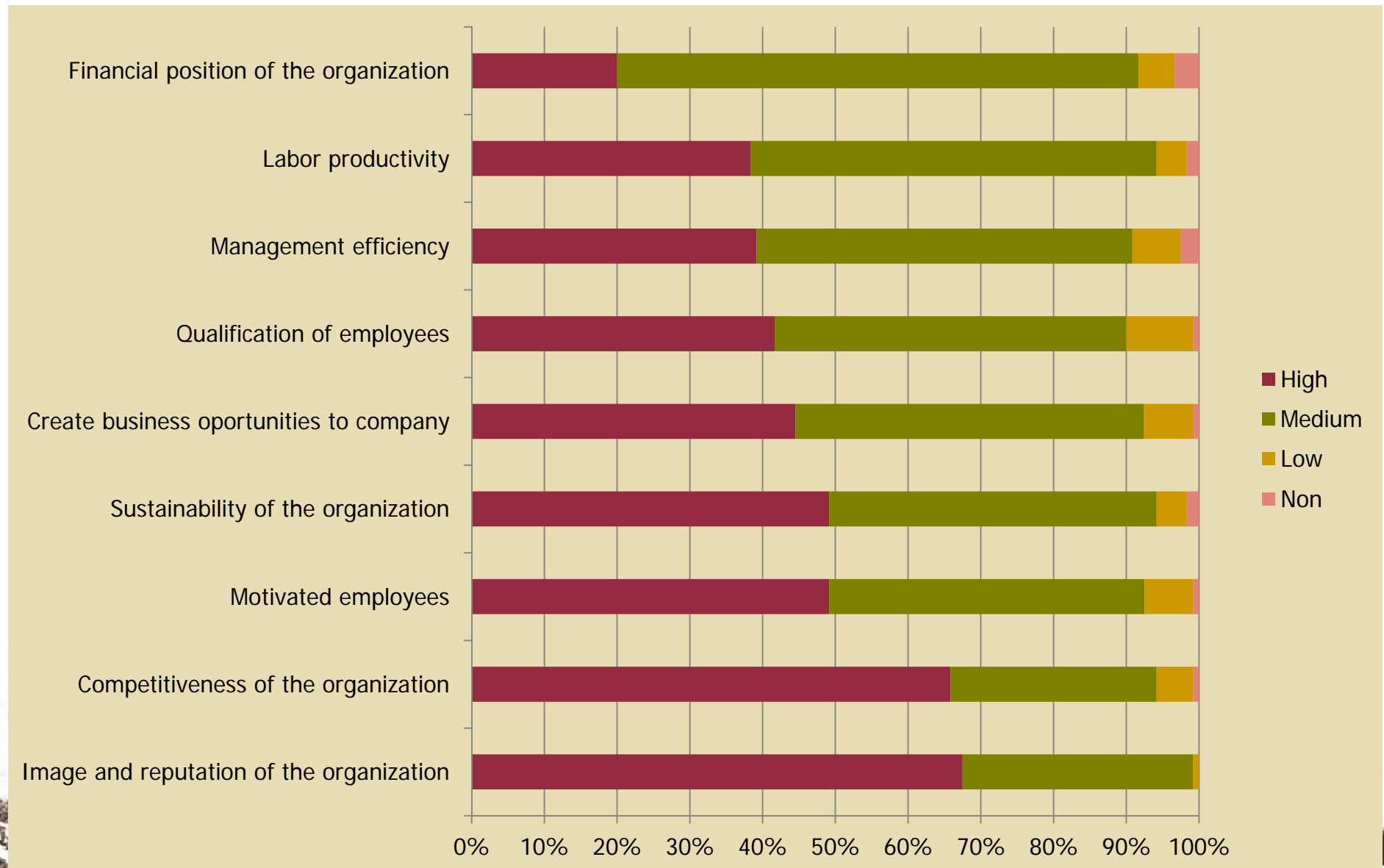
# INNOVATION IMPACTS

## External effects



# INNOVATION IMPACTS

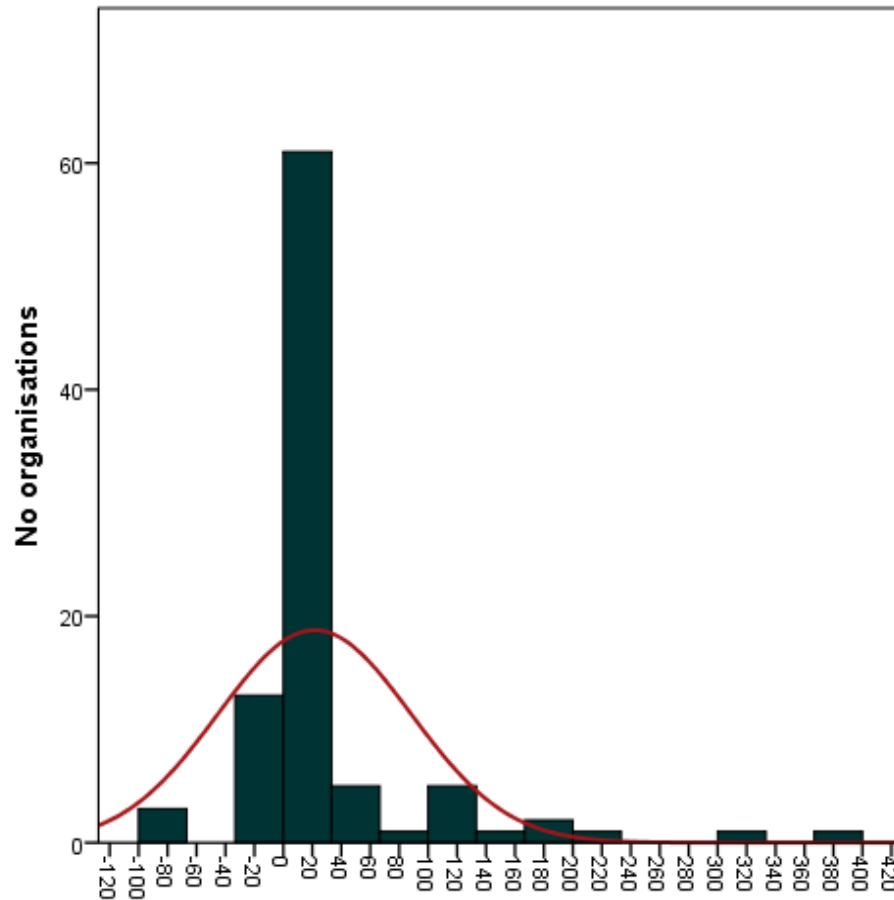
## *Internal effects*



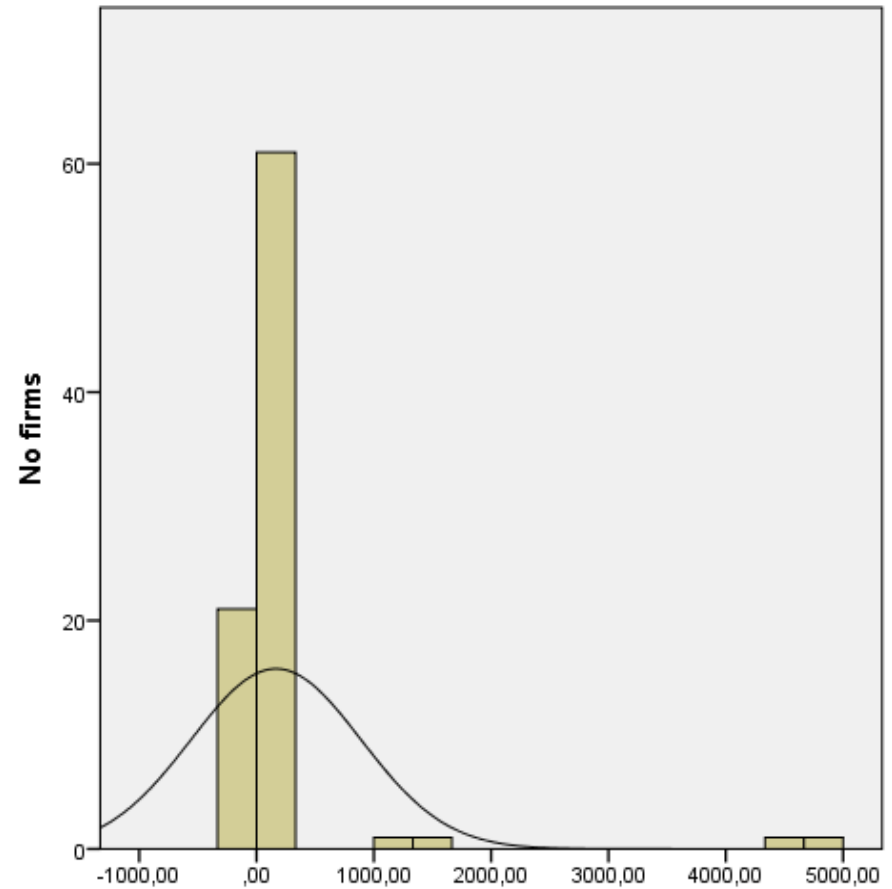
# INNOVATION IMPACTS

## *Internal/External effects*

➤ Variation in rate of employment 2009 and 2012, %



➤ Variation in turnover between 2009 e 2011, %

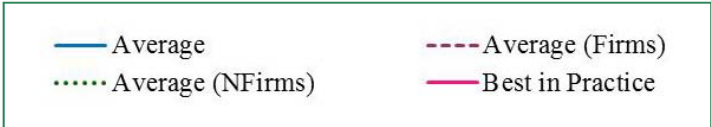
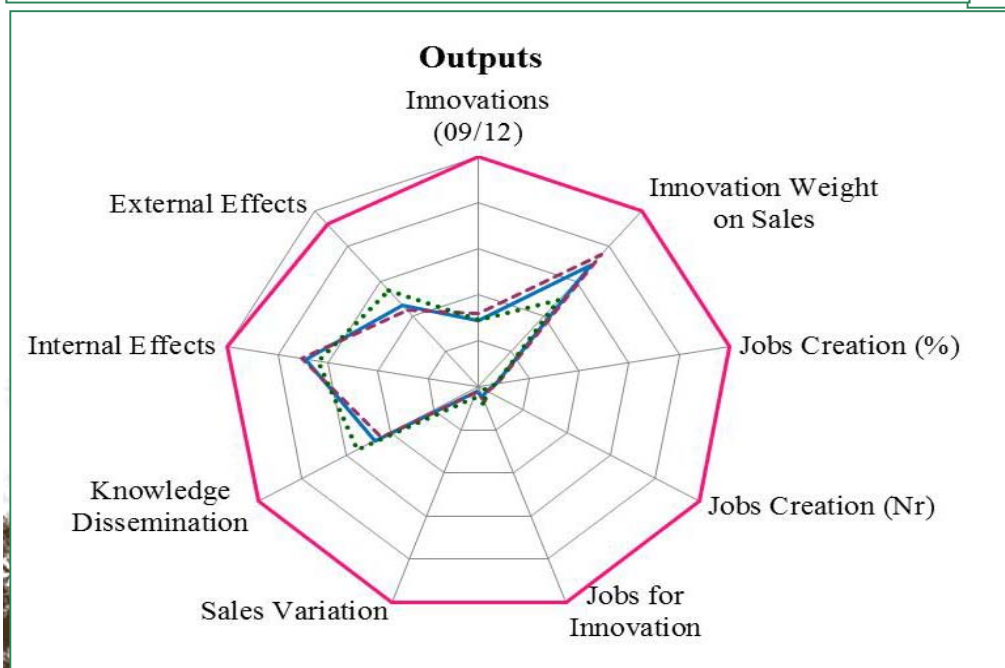
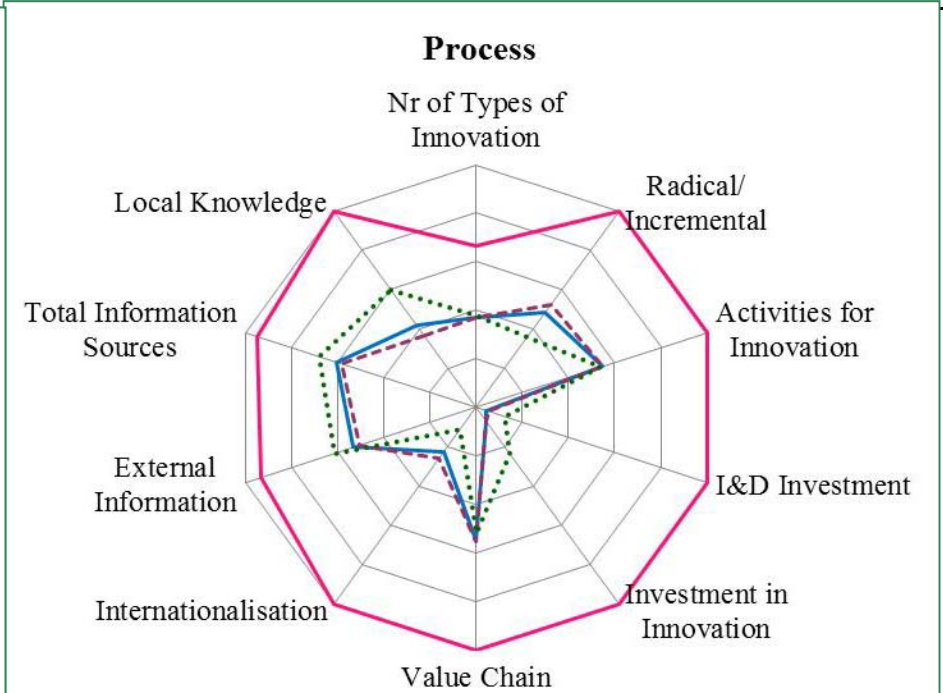
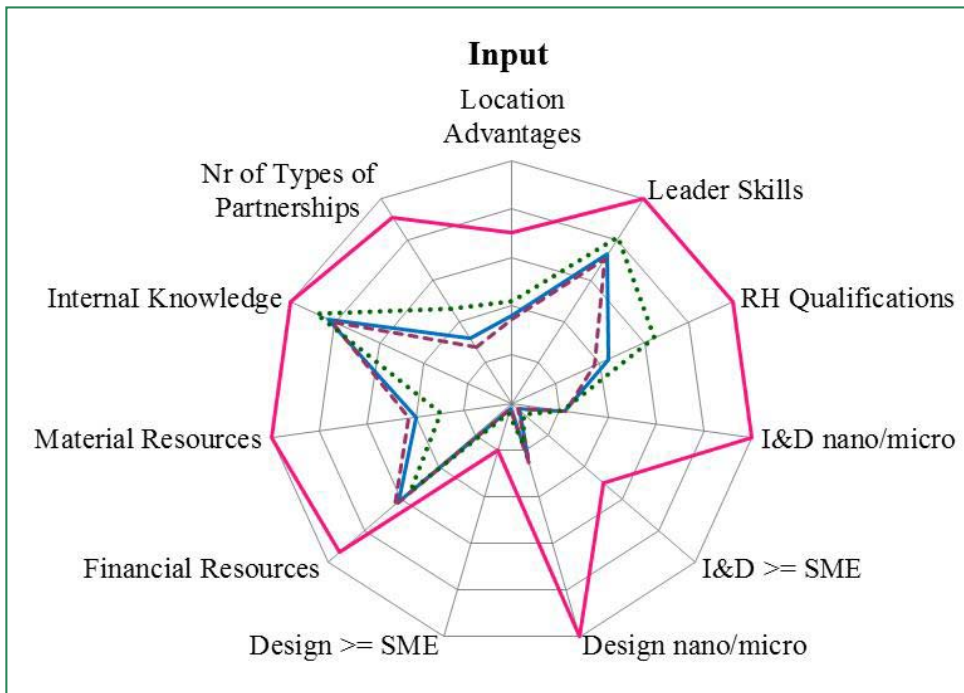


# INNOVATION IMPACTS

## *Intangible impacts: Information and knowledge dissemination*



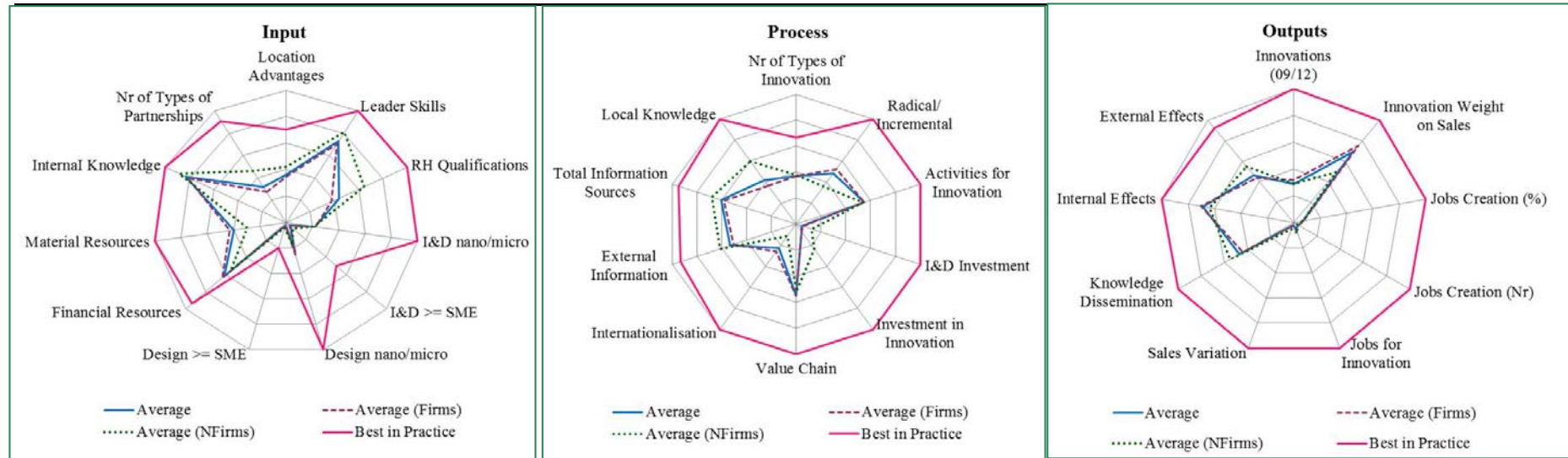
# GOOD PRACTICES OF INNOVATION



The gap between the average and best in practice shows that **there is room for improvement**



# GOOD PRACTICES OF INNOVATION



❑ **None of the firms is above average** for all the indicators, neither for Input, Process or Output alone

❑ The differences (on average) between firms and other organisations agree with their legal form:

**Firms** are better on:

- use of financial resources
- use of material resources,
- do more radical/ incremental innovation
- weight of innovation on sales

**“Other” organisations** are better on:

- HR qualifications
- partnerships and external knowledge
- local knowledge
- knowledge dissemination
- external effects

# GOOD PRACTICES OF INNOVATION

## 1/ *Casas Brancas*

**Main Activities:** Integrated tourism supply of country houses/hotels accommodation, restaurants and tourist entertainment activities; Promotion of brands such as the *white houses* and Vincentian Route

**Location:** Southwest of Portugal

**Establishment year:** 2002

**Legal form:** Non-profit organization

**Sector:** Services

**Economic dimension:** Nano organization

### Resources | inputs

Human resources qualification	●●●	
In-house knowledge sources	●●●	

### Processes

Intensity of innovation process	●●●	
Innovation activities		●●
R&D activities for innovation	●●●	
Investment in innovation	●●●	
Networks creation	●●●	
Mobilization of local knowledge	●●●	

### Outcomes | outputs

Job creation	●●●	
Weight of innovation in sales	●●●	
Internal outcomes (change in turnover)	●●●	
Effects of innovation at the organization	●●●	

Nº > medium

22

●●● Best in class    ●● Second best





# GOOD PRACTICES OF INNOVATION

## 2/ *Casa Agrícola de Valbom*

**Main Activities:** : Production, processing and marketing of agricultural products and sheep; Dinamization of game tourism activities

**Location:** Northeast of Portugal

**Establishment year :** 2005

**Legal form:** Self-employed

**Sectors:** Agriculture, agroindustry, tourism

**Economic dimension:** Small firm



### Resources | *inputs*

In-house knowledge sources	●●●	
Financial resources	●●●	
Other capital resources		●●
Leadership competencies		●●

### Processes

Intensity of innovation process	●●●	
R&D activities for innovation	●●●	
Value chain	●●●	
Mobilization of local knowledge	●●●	
R&D expenditure for innovation	●●●	
Internationalization dynamic	●●●	

### Outcomes | *outputs*

Internal outcomes (change in turnover)		●●
Knowledge dissemination		●●
Effects of innovation at the organization		●●

N° > medium

18

●●● Best in class    ●● Second best

Madureira, L. (2013)

# GOOD PRACTICES OF INNOVATION

## 3/ *Tomelo, eco-desenvolvimento*

**Main activities:** processing and marketing of cosmetic line produced with donkey milk

**Location:** Northeast of Portugal

**Establishment year :** 2005

**Legal form:** Society collective name

**Sectors:** Agroindustry, tourism

**Economic dimension:** Micro-firm

### Resources | *inputs*

Financial resources	●●●	
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### Processes

Intensity of innovation process	●●●	
Type of innovations created and/or adapted	●●●	
R&D expenditure for innovation	●●●	
R& activities for innovation	●●●	
Network creation	●●●	
Internationalization dynamic	●●●	

### Outcomes | *outputs*

Weight of innovation in sales		●●
Effects of innovation at the organization		●●
Effects of innovation in the territory		●●

**N° > medium**

23

●●● Best in class    ●● Second best



## INNOVATION IN PORTUGUESE RURAL RURAL AREAS

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- 1| Substantial part of the innovation happening in the Portuguese rural area is invisible within the current framework to identify and promote innovation
- 2| Given it's small-scale and mostly technological low-intensity innovation
- 3| This hidden innovation is devaluated and ignored by innovation agendas and policies
- 4| Lack and absent innovation support is also a result of diversity and singularity of innovative organizations and their products (impossible to accommodate into the sectoral/sizes/geographic frame of supports)
- 5| Innovation is a strategy and/or a tool to overcome difficulties (namely market) and to solve problems
- 6| It shows effective due to high qualification and experience and ability to search, mobilize and integrate different types of knowledge



## LESSONS ON HOW TO ENHANCE INNOVATION IN RURAL AREAS

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- 1| Education potentiating (self) learning is the basis for innovative community
- 2| Learning skills are the key to mobilize and integrate knowledge
- 3| Innovative culture entails a new administration culture
  - a| Ability to identify innovative project/business
  - b| Develop flexible framework to evaluate and support different and singular projects/business
  - c| Create room for all kind of activities and products
- 4| Design flexible support schemes
  - a| to fund (risk capital)
  - b| to networking (allow for diversity and singularity)
  - c| to enhance organizational innovation (new business models, e.g. allowing for critical dimension)



# LESSONS ON HOW TO ENHANCE INNOVATION IN RURAL AREAS

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## 5| Design inclusive support schemes

- a| Recognize hidden innovation patterns
- b| Promote incremental innovation
- c| Support small-scale and low-intensity tech innovation

## 6| Design smart support schemes (acknowledge and value)

- a| Effects of innovators knowledge production and dissemination
- b| Effects on creating and enlarging opportunity space for complementary/new project/business
- c| Effects on the territory and community image and self-esteem





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# **Innovators in Portuguese Rural Areas & Lessons on how to enhance innovation**

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***THANKS***