

# Institutional and Territorial Drivers of Rural Social Enterprise Ecosystems: Evidence from Finland

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**Abstract:** **Background:** This article investigates the interplay between institutional frameworks and territorial conditions in shaping the development of rural social enterprise (RSE) ecosystems in Finland.

**Research objectives:** Comparative case analysis across three regions, i.e., Lapland, Satakunta, and Kainuu, identified key configurations of governance structures, socio-economic conditions, and infrastructural dynamics that enable or constrain RSEs' emergence and sustainability.

**Research design and methods:** Drawing on document analysis, 9 semi-structured interviews, and one expert panel, plus regional statistics, we triangulated findings across three Finnish regions to explicate the configurations that shape RSE ecosystem formation. The research introduces the concept of institutional–territorial fit to explain the varied trajectories of ecosystem formation.

**Results:** The findings show that successful RSE ecosystems are contingent on multi-level institutional coordination, place-based adaptability, and civic engagement.

**Conclusions:** The article concludes with strategic recommendations for fostering resilient, inclusive, and territorially embedded social enterprise ecosystems.

**Keywords:** rural social enterprise, institutional support, ecosystem development, regional policy, Finland

**JEL Codes:** L31, R11, O35

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## 1. Introduction

Rural regions in Europe are facing increasingly complex social and economic challenges, including depopulation, aging demographics, service centralization, youth outmigration, and economic restructuring. In the Finnish context, geographic remoteness, climate-related vulnerabilities, and disparities in access to welfare services further compound these issues. In this landscape, social enterprises have emerged as promising actors capable of delivering public value while mobilizing local resources in innovative ways. By operating at the intersection of market mechanisms, civic engagement, and public policy, rural social enterprises (RSEs) offer new modes of organizing economic and social activities grounded in local needs and values.

However, despite their growing relevance, the development of RSEs in rural Finland remains fragmented and uneven. While national strategies and EU-level frameworks increasingly recognize the social economy, the actual materialization of supportive ecosystems varies widely across regions. This results not only from differences in institutional capacity or funding avail-

ability but also from the particularities of local governance traditions, territorial identity, civic engagement, and infrastructural connectivity.

We sought to understand how institutional frameworks and territorial conditions co-shape the emergence and evolution of RSE ecosystems. We introduce the concept of *institutional–territorial fit* to assess how well governance structures align with the socio-economic and cultural fabric of rural areas. Our goal was twofold. First, we aimed to develop a comparative analytical framework that would capture the interdependencies between institutional and territorial variables. Second, we aimed to apply this framework empirically in three Finnish regions, i.e., Lapland, Satakunta, and Kainuu, which exemplify different ecosystem configurations. By situating this research within broader discourses on rural innovation, social economy, and place-based development, we aimed to contribute to both theoretical refinement and policy relevance in rural ecosystem studies.

Empirically, we combined regional strategy and EU programming documents, administrative statistics, and key-informant interviews/panel data (Tables 1–3) to ensure source triangulation. Conceptually, we used this evidence to elaborate the notion of *institutional–territorial fit* as a diagnostic lens rather than to advance prescriptive claims.

We position this study at the intersection of social enterprise ecosystem research and place-based rural development (e.g., Eversole et al., 2014; Olmedo & O’Shaughnessy, 2022; Olmedo et al., 2023), while drawing on strategy-oriented ecosystem frameworks to structure interdependencies (Moore, 1993; Adner, 2016). We aimed to apply a comparative analytical framework, integrating structural and lifecycle ecosystem perspectives, to diagnose institutional–territorial fit across three regions, rather than to claim a fully formalized new theory.

We conducted this study as part of the activities of the Centre of Expertise for Social Enterprises (n.d.), supported by the Improving business conditions for social enterprises coordination project (ESF+). The project aims to strengthen regional ecosystems for social enterprises and the social economy, promote social innovation, support the employment of people with partial work ability and others in disadvantaged labor market positions, compile and produce knowledge on social enterprises, and raise awareness of social entrepreneurship.

The article is organized as follows. First, we provide a literature review that contextualizes rural social enterprise ecosystems within debates on rural development, the social economy, and ecosystem thinking. This review motivates our focus on the interplay between institutional and territorial conditions. Next, we introduce our analytical framework and define the concept of institutional–territorial fit and its key dimensions. Then, we outline the research design, case selection (Lapland, Satakunta, and Kainuu), data sources, and analytical strategy. After that, we present descriptive results for each region. Finally, we synthesize cross-case patterns, interpret differences in ecosystem configurations and life-cycle positioning, and clarify the article’s conceptual contribution in the discussion section. In the conclusion, we summarize implications for policy and practice, indicate limitations, and suggest avenues for further research.

## 2. Literature Review

Finnish RSEs have emerged at the intersection of cooperative traditions, work integration, and public sector reform, addressing unemployment, demographic decline, and service gaps through locally embedded, cross-sector innovations (Kostilainen & Pättiniemi, 2016; Kostilainen et al., 2021; Perikangas et al., 2024). Community-based RSEs contribute to place-based social innovation by fostering participatory governance, spatial justice, and new forms of coop-

eration (Rinne-Koski & Lähdesmäki, 2024). Regional policies, welfare restructuring, and traditions of self-help have shaped these enterprises as institutional innovations (Kostilainen, 2019).

Despite their potential, RSEs face structural and institutional barriers that limit their contribution to community resilience and local vitality. Their legitimacy as service providers remains contested, as municipal actors often prioritize economic efficiency and regulatory compliance over recognizing the broader social value these enterprises create (Rinne-Koski & Lähdesmäki, 2024). A fragmented ecosystem that offers “limited access to tailored finance, support structures, and visibility” compounds this challenge, even though rural areas present “fertile ground for social enterprises due to market failures and service gaps” (European Commission, 2019, p. 53).

Opportunities to strengthen RSEs include enhancing municipal cooperation, reforming public procurement practices, and developing innovative financing instruments such as social impact bonds. Finland’s Strategy for Social Enterprises identifies the need to “strengthen the operating conditions of social enterprises, increase their numbers, develop their competencies, and boost the employment of persons with partial work ability or otherwise disadvantaged” (Strategy for Social Enterprises, 2022, p. 6). However, it does not explicitly integrate RSEs into broader security or resilience frameworks.

Finland’s security environment is changing, marked by growing geopolitical uncertainty, hybrid threats, and reforms to the welfare system. In this context, it is crucial to align the RSEs’ development with regional, social, and vitality policies to strengthen preparedness and protect critical societal functions. Embedding social enterprise development within regional innovation and employment ecosystems could strengthen societal resilience through economic inclusion, local agency, and service continuity, while advancing community-level capacity-building.

Scholars define social enterprises by their pursuit of social goals through market-based activities (e.g., Defourny & Nyssens, 2017). In Finland, the Strategy for Social Enterprises defines a social enterprise as “a business that pursues commercial activities to achieve its societal objective and uses most of its profits or surpluses to promote this primary objective, as laid down in its articles of association or statutes. In addition, a social enterprise emphasizes responsibility, openness, and transparency in its activities, as well as inclusion and democracy in its administrative model.” In Finland, a social enterprise may adopt any legal form governed by private law. It must operate as an independent legal entity with a business ID and be registered in the Trade Register maintained by the Finnish Patent and Registration Office. (Strategy for Social Enterprises, 2022, pp. 17–18).

In rural contexts, social enterprises frequently serve as a corrective to market and state failures by addressing service gaps, promoting local employment, and enhancing social cohesion. (Steiner & Teasdale, 2019, p. 148). Notably, RSEs frequently fulfil very specific needs in communities by providing local services that commercial rural businesses might not supply, thus addressing rural market failures through their ability to mobilize a wider mix of resources from cohesive local communities (van Twuijver et al., 2020, p. 134). When treated as a safety net to fill gaps left by state retrenchment and market inequalities, RSEs can play a critical role in mitigating these failures. However, there is a risk they could inadvertently reinforce inequalities if relied upon excessively without adequate support (Defourny & Nyssens, 2017, p. 6). In their research, Steiner and Teasdale (2019) discuss the collective and collaborative nature of RSEs in Europe, their community involvement, and warn about the risks of reinforcing inequality when filling gaps left by the state or market. They highlight RSEs’ integrated role in addressing local

issues, the need for policy integration beyond silo approaches, and the importance of collaboration and tailored support to realize their full potential.

Furthermore, RSEs generate local employment opportunities and help keep money circulating within rural areas, and reduce the need for long-distance commuting, which is especially important in remote areas with limited job availability (van Twuijver et al., 2020, p. 131). Moreover, RSEs bolster community cohesion by drawing on and stimulating voluntary and collaborative community culture. They create opportunities for volunteering and support vulnerable groups, leading to greater social sustainability and intergenerational interactions within rural settings (van Twuijver et al., 2020, p. 132). They embody integrated approaches to local rural development by combining economic, social, and environmental goals, thus contributing inclusively and sustainably to rural areas (Defourny & Nyssens, 2017, p. 6). Framing RSEs within the concept of a wellbeing economy enables a broader understanding of their value beyond economic indicators, emphasizing their role in cultivating sustainable and equitable development (Roy, 2021). The embeddedness of RSEs in community life, their participatory governance structures, and their hybrid financing models allow them to generate multi-dimensional value (van Twuijver et al., 2020, p. 134). However, structural constraints, including scarce financial capital, lack of professional networks, and limited access to capacity-building resources, often limit their potential (van Twuijver et al., 2020, p. 133). The literature highlights the importance of tailored support and policies to enable these social enterprises to effectively address rural challenges that the market and state fail to resolve (Steiner & Teasdale, 2019, pp. 145–146). According to Davies et al. (2019), local strategic institutional responsiveness and support-structure coherence at the regional scale could improve RSE capacities.

The concept of ecosystems has gained prominence in both entrepreneurship and innovation studies as a means of understanding the complex environments in which enterprises develop. Ecosystems are typically conceptualized as systems of interrelated actors, institutions, infrastructures, and practices that collectively shape the conditions for enterprise creation, growth, and impact (Perikangas et al., 2024). In the context of social enterprises, key ecosystem components include support organizations, policy frameworks, funding institutions, educational bodies, and informal civic networks. We approach the social enterprise ecosystem as a multifaceted network of interconnected actors and institutions that together enable social enterprises to generate social value, sustain operations, and scale their impact.

### ***Analytical framework***

We integrated a structural view of ecosystems (alignment among interdependent actors) with a temporal/lifecycle view (emergence–transition–consolidation). We termed their alignment within specific rural contexts as institutional–territorial fit. We operationalized institutional–territorial fit along three dimensions drawn from prior sections of the review: (1) institutional responsiveness, (2) support-structure coherence, and (3) civic mobilization capacity.

In rural contexts, these ecosystems tend to be fragmented or emergent, characterized by weak institutionalisation and reliance on informal coordination. Simultaneously, rural ecosystems may exhibit distinctive strengths, such as trust-based networks, cultural cohesion, and traditions of local problem-solving (Eversole et al., 2014; Gao & Psenner, 2024). Moore (1993) and Adner (2016) provide complementary frameworks for analyzing such ecosystems. Moore's model emphasizes the temporal dynamics of ecosystems as co-evolving communities that progress through stages of birth, expansion, leadership, and renewal. In contrast, Adner offers a structural lens, focusing on how interdependent actors align and coordinate to create and

capture value. Applied together, these frameworks illuminate how rural social enterprise ecosystems evolve through emergent, transitional, and consolidation phases shaped by institutional arrangements, actor interdependencies, and territorial conditions.

In rural settings, these components are often unevenly developed. Scholars frequently describe rural ecosystems as emergent or fragmented, characterized by weak institutionalization and reliance on informal coordination. However, they may also possess strengths not found in urban areas, such as trust-based networks, cultural cohesion, and a tradition of local problem-solving (Eversole et al., 2014, p. 246; Gao & Psenner, 2024, pp. 7–15).

Although scholars have studied institutions and territories extensively, their interplay remains under-theorized in social enterprise literature (Steiner & Teasdale, 2019; Richter, 2019; Eversole et al., 2014). Institutions, defined broadly as formal and informal rules, norms, and organizations, shape the incentives, capabilities, and legitimacy of social enterprises (North, 1991; Rodríguez-Pose, 2013). We use here territory in a pragmatic, place-based sense that bridges administrative boundedness and lived relational space: bounded governance arenas, e.g., regions, where socio-economic structures, cultural identities, and policy competences interact to shape enterprise conditions (Paasi, 2002; Massey, 2004). This usage aligns our comparative units, i.e., Finnish regions, with their policy remit, while recognizing relational rural dynamics described in the literature (Paasi, 2002; Massey, 2004). The concept of institutional–territorial fit integrates these dimensions by asking whether institutional designs are responsive to and reflective of territorial specificities (Folke et al., 2007).

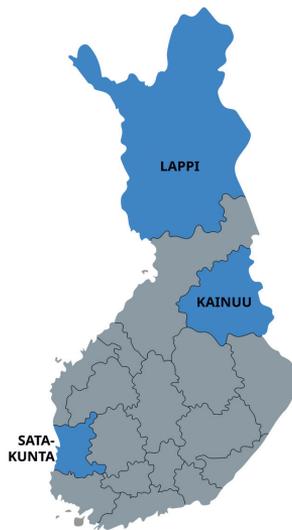
We argue that institutional–territorial fit constitutes a critical determinant of ecosystem functionality. It allows one to assess whether governance frameworks are appropriately tailored to the unique challenges and assets of different rural regions. High institutional–territorial fit implies coherence between strategic intent, operational capacity, and civic realities; low fit denotes dissonance, policy failure, or underutilization of local potential.

Existing studies have highlighted the importance of institutional support and local embeddedness in social enterprise development, yet few have operationalized these concepts in a comparative and territorially grounded way. This study addresses this gap by introducing a heuristic framework of institutional–territorial fit and applying it across three distinct Finnish rural regions. Our contribution is threefold: conceptual, empirical, and strategic. We offer a novel framework that integrates institutional and territorial analysis to explain ecosystem formation. We present rich qualitative data from three regions that reflect varying levels of institutional maturity and civic engagement. Moreover, we translated our findings into actionable policy recommendations for enhancing rural ecosystem functionality.

### 3. Research Method and Material

We adopted a comparative qualitative case study design to examine configurational conditions rather than to estimate population parameters. This approach is appropriate where phenomena are institutionally embedded and multi-level by construction. We employed a comparative qualitative case study approach to investigate the institutional and territorial dimensions of rural social enterprise ecosystems in Finland. We selected three regions, i.e., Lapland, Satakunta, and Kainuu, based on their distinct socio-economic characteristics, institutional capacities, and varying degrees of engagement with the social economy. These regions represent a spectrum of rural contexts, from peripheral and sparsely populated territories to more economically diversified and administratively developed areas. The principle of maxi-

imum variation guided the selection, as we aimed to capture diverse configurations of ecosystem development. We analyzed Finnish regions (NUTS-3) because regional councils hold statutory strategy-setting and EU-fund programming roles that shape support instruments for RSEs (e.g., Lapland Agreement 2022–2025; Satakunta Strategy 2022–2025; Kainuu Programme 2021; Finland’s 2021–2027 EU Regional and Structural Policy Programme). This governance remit makes the regional scale probative for institutional–territorial fit, while we explicitly noted intra-regional heterogeneity as a limitation.



**Figure 1. Map of Finland and regions of the study (Lapland, Satakunta, and Kainuu)**

We assessed institutional–territorial fit via three dimensions: (1) institutional responsiveness (explicit RSE/social-economy objectives and instruments in regional/EU strategy documents; procurement provisions), (2) support-structure coherence (presence/role of anchor institutions, intermediaries, and coordination mechanisms), and (3) civic mobilization capacity (evidence of cooperative traditions, participatory planning, grassroots initiatives). We coded evidence from document sources, interview transcripts, and regional statistics presented in Tables 1–3.

We drew data from multiple sources to enable triangulation and deepen contextual understanding. First, we analyzed policy and planning documents to identify formal institutional arrangements, strategic priorities, and funding instruments relevant to the development of social enterprises. These included regional development strategies, European structural fund programming documents and guidelines, national-level frameworks for social entrepreneurship, and guidelines on public procurement. The document analysis provided a foundational understanding of the policy environment and institutional architecture in each region, including insights into funding allocations and stated institutional priorities.

**Table 1. Document analysis**

Data source	Document analysis
Regional development strategies	Lappisopimus 2022-2025 (2022). (Lapland agreement. Provincial programme of Lapland 2022–2025) Satakunta-strategia (2021). (Satakunta Regional Strategy) Kainuu-ohjelma (2021). (Kainuu Programme)
European structural fund programming documents and guidelines	Innovation and skills in Finland 2021–2027 EU regional and structural policy programme. (2023) Proposal for a council recommendation on developing social economy framework conditions (2023)
National-level frameworks for social entrepreneurship	Strategy for social enterprises (2022)
Guidelines on public procurement	Laki julkisista hankinnoista ja käyttöoikeus-sopimuksista 1397/2016. (Act on Public Procurement and Concession Agreements)

Source: Own elaboration.

Second, we conducted semi-structured interviews and a group panel with key informants, including regional development officers and representatives of intermediary organizations. The interviews explored perceptions of institutional responsiveness, ecosystem coordination, resource availability, and challenges faced by RSEs. We selected informants through purposive and snowball sampling to ensure coverage of both formal institutional actors and grassroots practitioners. Given limited interview numbers, we treated qualitative insights as explanatory illustrations triangulated with documentary/statistical evidence, not as population prevalence. The interviews allowed for the exploration of tacit knowledge and practitioner perspectives that are often absent from official documents.

**Table 2. Semi-structured interviews**

Semi-structured interviews	Data source	
Individual interviews	Six (6) representatives of intermediary organizations	
Group panel	Four (4) national and regional development officers	Three (3) representatives of intermediary organizations

Source: Own elaboration.

Third, we utilized statistical and demographic data from national databases to contextualize the territorial features of each region. We reviewed indicators such as population density, age structure, labor market dynamics, education levels, and migration patterns to assess the socio-spatial environment within which RSEs operate. Furthermore, we analyzed indicators of disadvantages, such as long-term unemployment, youth exclusion, low income, and reliance on social assistance to capture social vulnerability dimensions. This data provided an empirical grounding for understanding the opportunities and constraints shaped by territorial conditions.

**Table 3. Statistics and databases**

Data source	Statistics and databases
Statistic Finland	Key figures on population by region Migration between regions by level of education, age group, and sex Establishments of enterprises by industry and region
Statistics of Regional Councils	Lapin liitto, (2025) Lapin tilanne- ja kehityskuva 2024 (Situation and development in Lapland) Satakunnan alue-ennakointi ja aluetieto (Satakunta region forecasting and regional information) Tilastoja ja tilannekuva Kainuusta 2/2025 (Kainuu in Statistics)
Other statistics and databases	Disadvantage in Finland map site Data on Social Enterprises (Finnish social enterprise data and statistics site) Project information service for the European Union's region and structure policy for the program period 2021–2027

Source: Own elaboration.

The analytical strategy combines inductive and deductive elements in an abductive research logic. We operationalized the concept of *institutional–territorial fit* through three inter-related dimensions. These dimensions informed both the coding of interview transcripts and the synthesis of findings across cases. Rather than seeking to establish causal generalizations, the analysis aimed to uncover patterns of alignment and misalignment between institutions and territories that can inform both theory-building and policy design.

## 4. Results

In this section, we report descriptive results, indicating a source for each statement. Notably, we reserve interpretive analysis for discussion.

### *Regional context*

Lapland, Satakunta, and Kainuu are three distinct yet comparable regions in Finland that face structural challenges related to demographic change, economic transition, and service provision in rural contexts (Establishments of enterprises by industry and region 2018–2023; Key figures on population by region 1990–2024; Migration between regions by level of education, age group and sex, 2005–2023). Across all three, indicators such as long-term unemployment, youth exclusion, low income, and reliance on social assistance point to varying levels of social disadvantage (Disadvantage in Finland map site). Satakunta showed a mixed profile: overall disadvantage was lower than in Lapland or Kainuu, but remained above the national average (Disadvantage in Finland map site). In each region, social enterprises and social-economy organizations contribute to mitigating exclusion, supporting employment integration, and sustaining essential services where market and state provision are limited (Data on Social Enterprises, n.d.)

### *Lapland*

Lapland is Finland's northernmost and largest region, with approximately 175,000 inhabitants. The population is concentrated in a few urban centers, and most of the territory consists of sparsely populated rural and wilderness areas (Lapin liitto, 2025). The regional economy includes tourism, forestry, mining, metal processing, and growing bioeconomy and clean-tech-

nology activities (Lapin liitto, 2025). Tourism plays a major role year-round, leveraging unique natural environments and cultural heritage (Lapin liitto, 2025). Demographic challenges include population decline and ageing, workforce shortages, and difficulties maintaining access to basic services in remote areas (Lapin liitto, 2025). Disadvantage indicators (e.g., youth unemployment, low income, long-term reliance on social assistance) are among the highest in Finland, particularly in remote municipalities (Disadvantage in Finland map site). Universities and universities of applied sciences provide innovation support, entrepreneurship services, and workforce training tailored to regional needs (Universities Act (558/2009); Universities of Applied Sciences Act (932/2014)). In 2020, there were approximately 112 social enterprises in Lapland, spanning WISEs, cooperatives, cultural associations, and sports clubs encompassing activities like social and health care, rehabilitation, assisted living, daycare, and cultural services (Data on Social Enterprises, n.d.)

### ***Satakunta***

Satakunta has roughly 210,000 inhabitants and combines industrial cities undergoing structural transformation with an extensive rural area (Satakuntastrategia, 2021). The economy is traditionally based on machinery, metal, forestry, chemistry, food production, and marine sectors, with recent shifts toward innovative technologies, the bio- and circular economy (Satakuntastrategia, 2021). Demographic challenges include a slowing population growth rate and ageing (Satakunnan alue-ennakointi ja aluetieto, n.d.). While urban centers perform well, some rural and industrial localities report elevated youth unemployment and pockets of low income (Disadvantage in Finland map site). Higher education institutions support regional development and the ongoing economic transition (Universities of Applied Sciences Act (932/2014)). In 2020, there were 108 social enterprises operating across housing services, care, rehabilitation, education, book publishing, and industrial production (Data on Social Enterprises, n.d.).

### ***Kainuu***

Kainuu is a sparsely populated rural region with approximately 70,000 inhabitants (Kainuu ohjelma, 2021). Tourism, technology industries, the bioeconomy, and mining drive its economy (Kainuu ohjelma, 2021). Demographic and labor-market challenges include decline and ageing, labor availability constraints, and the need to preserve essential services across dispersed settlements (Tilastoja ja tilannekuva Kainuusta, 2025). Kainuu records high levels of long-term unemployment and youth not in education, employment, or training (NEET) (Disadvantage in Finland map site). Higher education institutions contribute to regional development and responses to socio-economic challenges (Universities of Applied Sciences Act (932/2014)). In 2020, there were 70 social enterprises, including sports clubs, WISEs, and labor cooperatives, active in service housing for the elderly, rehabilitation facilities, and children's daycare centers (Data on Social Enterprises, n.d.).

## **5. Discussion**

This section synthesizes the interpretive analysis in three parts: (i) institutional–territorial fit by region (life-cycle positioning), (ii) cross-regional themes, and (iii) the study's conceptual contribution.

### ***Institutional–territorial fit and life-cycle positioning by region***

Lapland exemplifies a proactive-peripheral ecosystem. Despite demographic decline and remoteness, coordinated strategies and inclusive governance have enabled a relatively robust support environment. Regional development frameworks integrate social-economy goals, and the University of Lapland and Lapland University of Applied Sciences function as likely anchor institutions. The inclusion of Indigenous Sámi communities enhances civic legitimacy and embed social enterprises in culturally grounded practices. Enterprises operate across eldercare, youth services, and cultural production, reportedly benefiting from targeted procurement and capacity-building. Taken together, these features suggest a position approaching consolidation on an ecosystem life-cycle continuum.

Satakunta appears to represent a *capable-fragmented* ecosystem. Strong administrative capacity and a diversified economy coexist with limited coordination mechanisms specific to RSEs. While selected municipalities and organizations show interest, the lack of a shared vision and relatively weak institutional linkages, particularly with higher education, indicates under-used potential and constrained policy responsiveness. This configuration may be consistent with a transitional life-cycle position.

Kainuu appears to illustrate an *experimental-constrained* configuration. Formal support structures remain comparatively limited, and economic vulnerability persists, yet civic engagement and grassroots innovation look pronounced. Local actors have initiated community-based services, cooperatives, and participatory planning models. Meanwhile, adaptive governance and trust-based networks suggest an enabling environment in formation. Recent national coordination projects indicate strengthening institutional presence and a potential pathway toward consolidation. This profile is consistent with an emergent/early-growth life-cycle position.

**Table 4. Institutional-territorial fit**

	Institutional – territorial		
	Lapland	Satakunta	Kainuu
Ecosystem	Proactive-peripheral	Capable-fragmented	Experimental-constrained configuration

Source: Own elaboration.

### ***Cross-regional Themes***

Across the cases, four themes recur and shape interpretation, namely institutional coherence and policy responsiveness, anchor institutions, civic infrastructure, and inclusive procurement and finance.

Institutional coherence and policy responsiveness are associated with ecosystem maturity through coherent regional strategies and cross-sector collaboration. Lapland's arrangements suggest such alignment, Satakunta's capacity seems underleveraged due to fragmentation, and Kainuu compensates through governance experimentation and civic agency. This pattern is consistent with neo-endogenous development logics that foreground the interplay of local agency and institutional structures (Eversole et al., 2014, pp. 247–248; Olmedo & O'Shaughnessy, 2022, p. 1205; Olmedo et al., 2023, pp. 17–18).

Anchor institutions play pivotal intermediary roles: higher-education actors in Lapland contribute to knowledge transfer and coordination; civic actors in Kainuu frequently assume intermediary functions; and Satakunta exhibits comparatively weak linkages between innovation infrastructures and RSE development. These patterns align with prior research on policy alignment and the catalytic role of universities (Mazzucato, 2018, p. 807; Perikangas et al., 2024, p. 355; Ricket et al., 2023, p. 11).

Civic infrastructure varies markedly, as Kainuu's cooperative traditions and participatory planning appear to bolster viability, Lapland's Indigenous networks provide cultural anchoring, and Satakunta, despite stronger economic conditions, seems to exhibit weaker civic mobilization in this domain.

Inclusive procurement and finance likewise differ, with social-value procurement in Lapland appearing to open markets for RSEs, whereas more rigid procurement frameworks in Satakunta and Kainuu seem to limit opportunities for engagement with public services.

**Table 5. Cross-regional themes**

	Cross-regional themes		
	Lapland	Satakunta	Kainuu
Institutional coherence and policy responsiveness	Inclusive regional strategies and cross-sector collaboration suggest supportive alignment	Capacity appears underleveraged due to fragmented strategies.	Compensates with governance experimentation and civic agency
Anchor institutions	HEIs facilitate knowledge transfer and coordination	Lack of effective bridges between innovation infrastructure and RSE development	Intermediary roles often filled by civic actors
Civic infrastructure	Indigenous networks provide cultural/community anchoring	Weaker civic mobilization	Cooperative traditions and participatory planning bolster viability
Inclusive procurement and financing tools	Social-value procurement appears to open markets	Rigid frameworks seem to limit engagement	Rigid frameworks seem to limit engagement

Source: Own elaboration.

### ***Life-cycle Positioning***

Applying ecosystem life-cycle perspectives (Moore, 1993; Adner, 2016), we may situate the three regions along a development continuum: Kainuu as emergent, Satakunta as transitional, and Lapland approaching consolidation. Each stage likely requires tailored policy instruments, ranging from seed funding and intermediary support to procurement reform (van Twuijver et al., 2020, p. 133).

### ***RSE Functions and Institutional Change***

Across cases, empirical materials suggest that RSEs act as adaptive agents, deploying hybrid models to address service fragmentation and demographic challenges (Steinerowski & Steinerowska-Streb, 2012). Illustrative examples include eldercare cooperatives, youth employment hubs, and community-based enterprises that reflect institutional bricolage, repurposing local resources and norms to address systemic gaps (Di Domenico et al., 2010). In Lapland, RSEs appear to co-produce public services and may innovate governance arrangements, which is

consistent with the shift from service substitution to institutional innovation (Pestoff, 2012, pp. 1116–1117). Despite these advances, infrastructural disparities appear to persist: while regional hubs such as Rovaniemi, Kajaani, and Pori support hybrid models, remote areas face logistical and digital constraints, consistent with findings on the infrastructural dependency of rural social innovation (Richter, 2019, pp. 181–185; Biggeri et al., 2017, p. 301). Access to funding appears uneven. Although EU instruments are formally available, limited intermediary capacity seems to hinder effective uptake and may stall ecosystem maturation (Kostilainen, 2019). Addressing this would likely require embedded support systems and context-sensitive finance.

### **Conceptual Contribution: Institutional–Territorial Fit**

We suggest institutional–territorial fit as a diagnostic lens capturing the alignment between support structures and regional conditions. In Lapland, a strong fit appears to enable embedded RSE development. In Satakunta, institutional disconnection seems to inhibit impact. In Kainuu, civic mobilization and policy openness indicate scope for strategic improvement. Overall, embedding institutional–territorial fit within place-based development theory is consistent with a holistic account of how institutional arrangements might evolve in response to territorial realities to foster inclusive rural innovation.

## **6. Conclusions and Strategic Implications**

The evidence suggests that the effectiveness of rural social enterprise ecosystems in Finland turns on the institutional–territorial fit between support structures and regional conditions. Lapland appears to be approaching consolidation, Satakunta seems to be in transition, and Kainuu is consistent with an emergent phase. Across cases, ecosystem trajectories appear to be shaped by institutional coherence, the presence of anchor intermediaries, civic infrastructures, and the openness of procurement and finance to hybrid models.

Taken together, these patterns indicate that progress is most likely where strategies, intermediaries, and community capabilities align with place-specific realities. Existing practices already visible in the regions, i.e., knowledge brokerage by universities, cooperative traditions, indigenous and civic networks, and selective use of social-value commissioning, suggest workable pathways for strengthening ecosystems without relying on wholesale system change. Incremental alignment around these elements appears feasible and is consistent with cumulative learning over time.

Overall, the findings point to a cautiously optimistic outlook. Even with demographic headwinds and uneven infrastructures, the combination of local agency and adaptive institutional arrangements indicates room for steady improvement. By recognizing life-cycle positions and leveraging existing assets, rural regions may continue to evolve more coherent, resilient, and inclusive ecosystems that support social innovation and community wellbeing.

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All authors made: conceptualization, writing, original draft preparation, writing, review and editing, supervision. All authors have read and agreed to the published version of the manuscript.

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### Conflict of Interest

The authors declare that the research was conducted without any commercial or financial relationships that could be construed as a potential conflict of interest.

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