



Photo: Juha Kauppinen

## V.7. INARI IN FINLAND: Attractiveness and Arctic Advantage – People, nature and smart specialisation

By Michael Kull, 2018/2019

### Introduction

Why are some municipalities better than others at deploying their resources, attracting people and creating jobs? This was the key question studied in this analysis of the attractiveness of 14 rural municipalities in the Nordic Region.

The 14 areas selected are all defined as attractive in the sense that their populations and the number of people in work have increased in recent years. The nature of the boost to employment in some sectors has been identified by means of shift-share analyses to determine how much of the change is attributable to specifically local factors.

Interviews then probed key stakeholders about motivation, working conditions, job creation and living conditions. These interviews were with public sector representatives (e.g. mayors and heads of planning and development), business representatives and entrepreneurs, high school students and people from the education sector, as well as families. Combined with analyses of other data and information, the interviews helped us to understand why some places do better than others.

Inari is located in Northern Finland, close to four other municipalities – Enontekiö, Kittilä,

Sodankylä and Utsjoki. Inari also shares a border with Russia and Norway. In terms of scale, the city of Rovaniemi, for example, is located as far away as the City of Murmansk in Russia.

Inari is the largest municipality in Finland and has a surface area of more than 17,000 km<sup>2</sup>. The water area is over 2,000 km<sup>2</sup>, of which Lake Inari accounts for around half (inari.fi). In itself, Inari is therefore as large as two average Finnish counties. Seventy two percent of the municipal area is protected wilderness, while 13% is water. Its distinctive, pristine Arctic nature is key to the attractiveness of the area – both as somewhere to live, but also in terms of the development of business opportunities. This includes traditional activities like reindeer herding and tourism, but also 'new-comers' like cold climate testing.

The population density is 2,5 km<sup>2</sup> per inhabitant. The population fell in the late 2000s. However, net migration patterns changed from negative to positive in 2012 (Figure V.7.1), and that was one of the reasons why we selected Inari as a case study.

*"We get migration from neighbouring municipalities, too",* Toni K. Laine (Inari's mayor) explains. He believes that in the future, while some areas

### Inari, net migration patterns 2007–2016

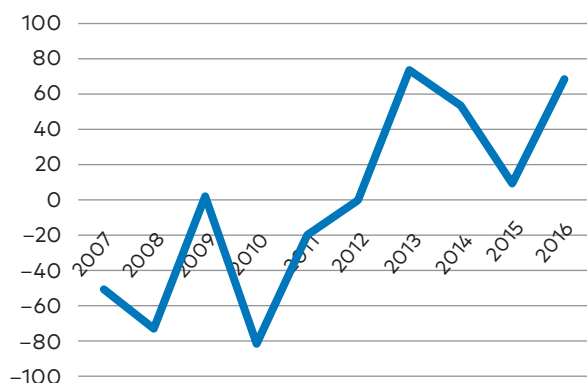


Figure V.7.1. Net Migration Pattern in Inari.

will suffer from further outmigration, Inari will grow. *“There are people who moved to the cities, but they will come back and we want to encourage that,”* he says. Overall, Laine sees the municipality “back on the growth track” with 6,875 people living in Inari in 2017 and 6,908 in 2018.

In this context, the age profile of the population in 2017 was as follows:

- 0–14 = 855 people (12.5 % of the population)
- 15–64 = 4,425 people (62.6 % of the population)
- 65+ = 1,535 people (24.9 % of the population)

The unemployment rate varied greatly from 2009–2018. It fell from 14.5% to 9.5%, but peaked during 2013 and 2014 (17.4% and 17.2% respectively).

The population in Inari is multicultural and includes three Sámi cultures. There are four official languages spoken – Finnish, North Sámi, Inari Sámi and Skolt Sámi. All official documents are in four languages.

Inari is one of the most prosperous municipalities in Finland. It has a low tax rate, and, according to Laine, a very strong economy. There are business properties owned by the municipal-owned companies, including electricity suppliers. The municipality also owns a fish farm to maintain the fish stocks of Lake Inari and the rivers nearby. The farm is run by the Natural Resources Institute of Finland. Overall, the negative years of economic decline have given way to a positive era of growth.

Ivalo is the administrative centre of the municipality. It is also the traffic hub and has an international airport. The company Test World is based there, too. Its activities involve testing cars and tyres in arctic conditions year-round (see below). A number of companies have their own testing cen-

tres in the area as well.<sup>22</sup> Ivalo is also an important destination for people heading to the North Cape, with many staying over there. Companies in the area are thus motivated to provide better summer activities, including angling, canoeing, mountain biking, other outdoor activities and wellness in order to encourage people to stay longer and extend the seasons.

Saariselkä in the Southern part of the municipality is a traditional ski resort. Its growth is especially due to more customers coming from Asia and a variety of European countries. Finns and other Europeans are also investing in real estate and new plots are being developed. Overall, investors are showing high interest in Saariselkä. This includes some multinational funding over the past two to three years.

The area of Inari located north of Ivalo is known for Siida, “a window on Sámi culture and the diverse nature of Northern Lapland, with changing exhibitions on culture, art and nature” ([http://www.siida.fi/contents?set\\_language=en](http://www.siida.fi/contents?set_language=en)). Thirty million Euros were invested into the Sajos Sami cultural centre (<http://www.sajos.fi/>), including conference facilities. The motivation was to develop the centre into a conference hub. Inari also saw an increase in artisans and entrepreneurs producing handicrafts. Mayor Laine is particularly glad that young and “artist-minded” people have been moving to Inari. Lake Inari as such is important for summer tourism and commercial fishing. The Urho Kekkonen National Park (situated in a sizeable area including Inari) is popular with hiking tourists. Parts of it are also accessible for mountain biking. A gold village and museum attracts more tourists to the area. *“Without Ivalo airport and tourism, we would not be here”,* says Laine.

One important building block in the development of Inari as an attractive location is the vision and strategy that underpins this. In this case study we look at the development of cold technology and the aim of becoming a global tourism destination, both aspects of the overall vision and important building blocks in the economic structure of the municipality. Strong, organised female entrepreneurs are also part of the positive profile and the attractiveness of the place. Interviewees have provided insights into what it is that makes Inari an attractive place in which to live and what the

22 The names of these companies cannot be mentioned here.

challenges are. The former includes nature, safety trust, sport and cultural amenities. Transport is problematic for younger people in terms of availability of buses, but the international airport is a key aspect in the economic development and used by locals for leisure activities. Housing and jobs for highly qualified people is an ongoing challenge. The concluding section of this study looks into the life plans of high-school students. Will they stay or will they return after studying?

## Public policies: developing a Vision and Strategy

### *Developing a vision and strategy*

The initial consideration for developing a vision and strategy, Mayor Laine explains, was carefully to reflect upon *"where we get our wealth from in the future and what are the sectors and topics from which jobs will be derived"*. Equally important is jointly to consider how to *"distribute the services, including stakeholders and the people in the process. There are different ways of doing this, such as public hearings to form opinions together. However, this is harder when things are going well, because people do not necessarily participate then."* For Laine it is important also to include stakeholders from outside the area, as they see opportunities locals do not necessarily perceive. This *"increases the value, helping us to see the things that make us special and that we cannot see. You have to involve people that don't live here,"* Laine stresses.

#### THE VISION OF INARI MUNICIPALITY:

*"In 2020 Inari is a prosperous, international and versatile business centre with Arctic nature and cultural tourism, cold technology and utilisation of natural resources in Northern Lapland, utilising its northern location in a successful and sustainable way."*

Inari was also the initiator of the Council of Border Municipalities in the North. This Council works to improve local level cooperation across borders – both between municipalities and between people. The focus is on improvement of the quality of life and attractiveness of the northern territory. The Council works with, and implements, an annual action plan. This currently focuses on culture, tourism, education, youth and sports. The promotion of transport connections and easier

border crossings are among the core tasks (see <https://northcouncil.net/>).

The Council consist of, and promotes, collaboration between 15 municipalities. These are:

- Finland : Enontekiö, Inari, Utsjoki, Sodankylä
- Norway: Karasjok, Kautokeino, Nesseby, Porsanger, Sør-Varanger, Tana
- Russia: Kola District, Lovozero District, Nikel City, Pechenga District,
- Sweden: Kiruna.

Mayor Laine stresses that, *"We are not alone, and we are effectively one area, for instance with regard to tourism development and as regards tourists visiting from Asia and others from overseas."* There is cooperation and ongoing discussion with Norwegian partners and mayors from other neighbouring countries.

Ivalo is the hub for some of those areas as well. International and inter-Nordic collaborations are very important for Laine. *"There are huge opportunities and we all want our share"*, he comments. Among the next things to tackle is to Owork more closely together on tourism promotion and visa issues.

Returning to the vision for Inari, Laine explains that the place is dark in the winter, there are large distances to cover, and the area may be regarded as exotic in other respects too. *"You can choose between either tourism or mining. We chose tourism,"* he says. The mayor sees considerable differences between Inari and other rural areas in Finland, owing to *"the Arctic advantage"* allowing the place to be smart by specialising in tourism and cold climate testing. As Laine explains, *"Maybe in future, if more sustainable opportunities for mining emerge, then this might change, but currently it is tourism and cold testing that brings people here. We have pristine nature, while other communities that face challenges have strong agriculture. And we have always been international, which adds to our attractiveness. Tourism brings attractiveness."*

### Public transport and getting around

Public transport, notably bus connections, do not work properly according to the high school students. One of the interviewees bluntly said: *"It has a crap schedule. One bus goes in the morning and one in the evening"*. All interviewees stressed that a car and a driver's license are needed unless you live in the centre of Ivalo. Students from remoter



villages tend to move to the centre to attend school and bought property for that reason – some of their home villages being more than 180 km away from the high school.

Putting Ivalo on a larger map, and looking at connections to other parts of Finland and beyond, Helsinki was perceived as being very close; only one hour away by air travel. Also travelling abroad was, in the perception of many interviewees, much easier when compared to other rural areas in Finland.

### **Housing**

After the recession, new apartments were built, and old ones renovated to tackle a housing shortage. The rather poor housing situation was made visible by the media. *"We have been growing but there are no houses available"*, one interviewee explained. *"Then private investors started to come... and found a rather profitable market."* While there were a number of record years in terms of building and construction of new housing, Mayor Laine has pointed out the shortage of affordable accommodation, especially for workers and "normal people" with modest incomes. One of the first missions when he took office was to mobilise private builders to build new houses. In Inari village, a substantial amount of new private housing is being built. The situation is now improving around the area of Ivalo, but it remains challenging in Saariselkä, where a high demand for affordable rental apartments from seasonal workers in the tourism industry needs to be answered. However, new flats and terraced houses will be made available to construction workers building hotels and to keep commuting time down.

House prices depend heavily on where the house is located. Some interviewees argued that Airbnb has also led to a shortage of available longer-term rental apartments.

### **Overcoming challenges and investing in the future – public infrastructure and public services**

Among the challenges related to the school was the state of the old building. A new campus is now planned and should be ready for use around 2022. The mayor was glad that the municipality was able to afford to make this €20 million investment, one of the largest in the municipality's history. The municipality is also planning to build a new school in Inari village.

Laine and other interviewees argue that the health service works quite well, too. The costs for special care, according to Laine, are rather low. Good basic health care is available. According to Laine, there are also plenty of general practitioners. He also explains that, *"the salary is quite good compared to many places in the south. We get personnel from all around the country and they are mostly outdoor-minded people."*

In addition, the size of the municipality and the long distances also protect some basic services to be kept in the area, such as the police. According to Laine, the police can react rather quickly, at least in the most populated areas. *"The service building is getting old, but we can afford to do some renovations."*

### **An attractive place for business development – zooming in on tourism, cold climate testing and strong organised female entrepreneurs** **Businesses and the labour market – structures and transformations**

Inari is an attractive place for business development. Table V.7.1 (next page) shows the positive trend for the number of companies between 2013–2017, including start-ups and businesses that wound up their business.

Figure V.7.2 (next page) shows the employment structure and local employment effect in Inari in 2015. Figure V.7.2. reflects the fact that the largest employers in 2015 were public-sector bodies, such as the municipality of Inari, the Border Guard and *Metsähallitus*<sup>23</sup>. These jobs are in administration, defence health and social work. In 2017, according to municipal data, Inari Municipality employed 581 permanent and fixed-term employees, 100 men and 481 women. The average age was approximately 45. Laine also stressed the increase in construction and building activities, as reflected in Figure V.7.2.

There are many jobs in agriculture, forestry and fishing, and the local employment effect of these is strong. In this connection, it is important to consider that the numbers in sector A include breeding, care and slaughtering in reindeer husbandry, as well as the production of hides, skins and horns. *"Reindeer herding"*, Paula Mikkola from North Calotte Council stresses, *"is still an impor-*

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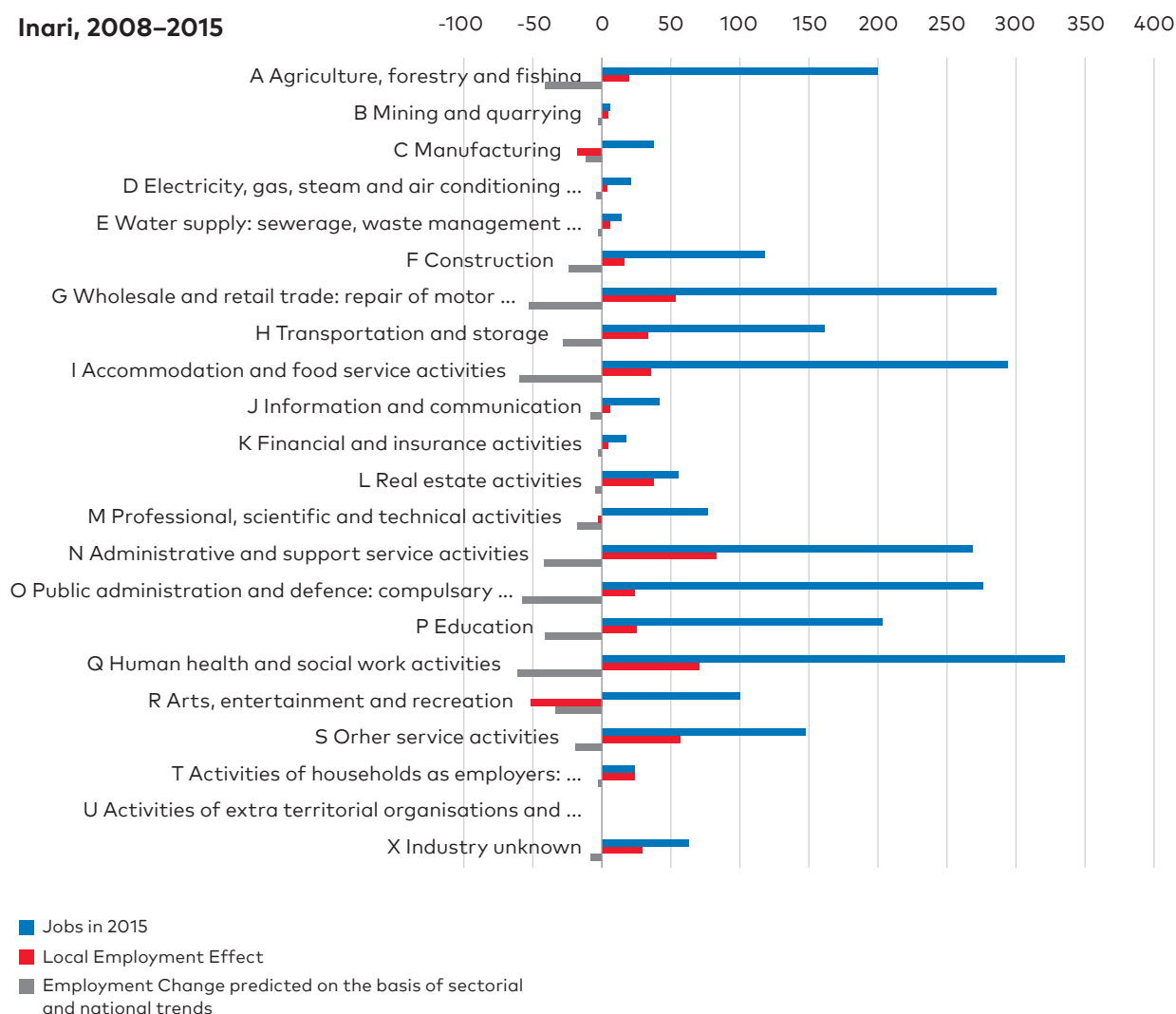
23 *Metsähallitus* is a state-owned enterprise, responsible for the management of one-third of Finland's surface area, and for developing land and water regions, especially forests.

**Table V.7.1. Number of companies in Inari**

	2013	2014	2015	2016	2017
Number of companies in Inari	554	558	561	567	577
Start-ups	4	8	7	13	16
Companies wound up	16	18	10	7	10

Source: Statistics Finland.

### Inari, 2008–2015



**Figure V.7.2. Employment and local employment effect in Inari.** The **blue bar** shows the number of jobs in the area in 2015. The **grey bar** shows the employment change as predicted on the basis of sectorial and national trends. The **red bar** shows the local employment effect, a reflection of the change in jobs (growth or decline) at municipal level and over a period of time, attributed to local factors (e.g. local policies and local natural or institutional conditions). In cases where it is positive, the local development in that particular industry is better than would have been predicted based on national and sector trends. This means the industry in the area is stronger, or specific policies are in place. Qualitative methods of data collection (e.g. interviews) help us to understand what underlies these figures.

tant occupation in Inari municipality. It helps make the area attractive to tourists. It is also an integral part of Sámi culture, and in order to maintain and develop that culture, the conditions for reindeer herding must be maintained." Mikkola feels, however, that reindeer herding is not a very high priority in the municipality development strategy and adds that "it causes some friction/conflicts of interest with other types of development (forestry, mining and transport) in some parts of Lapland."

While the local employment effect of tourism-related activities (accommodation and food services) is smaller than predicted on the basis of national and sectoral trends, the huge increase in tourism activities and overnight stays between 2015 and 2017 (see below) has to be taken into account. Most interviewees argue that the local employment effect in this sector is now stronger.

Overall, future business opportunities and jobs also depend upon new technology, e.g. in the field of cold and Arctic testing and the potential to move beyond tyre testing and car testing.

As far as diversification is concerned, water bottling was tested in response to the growing demand for fresh water. This has not yet emerged as a fully-fledged business, but work is ongoing, and it may do so in the future.

Among the mechanisms for support from the municipality, Laine highlighted industrial project

funds. These have been largely based on EU structural funds. The municipality is in charge of the administration of this type of funding, which, according to Laine "works very well."<sup>24</sup>

### Tourism

Inari has always been a special destination, and it can look back on a long history of foreign tourists visiting the area.<sup>25</sup> English nobles, for instance, came for fly fishing as early as the 1900s. This was to the Paatsjoki and Juutua rivers. It was the first summer tourism activity in the area. Winter tourism was first developed mainly around the area of Saariselkä. Finnish companies and business organisations invested and owned lodges and flats and the 'company elites' came for skiing and 'having a good time' there, Laine documents. However, at the time of the economic crisis that began in the mid-2000s, dramatic changes took place. There was a remarkable decline in Finnish tourists coming to the area, partly due to changes in property taxes. After the recession, the nature of tourism also changed, particularly after 2010. It became much more international. Businesses rethought their strategies and were highly successful in marketing Inari as an attractive destination. Customers started to come not least because of the opportunities afforded for photography and sharing experiences via social media, including Instagram

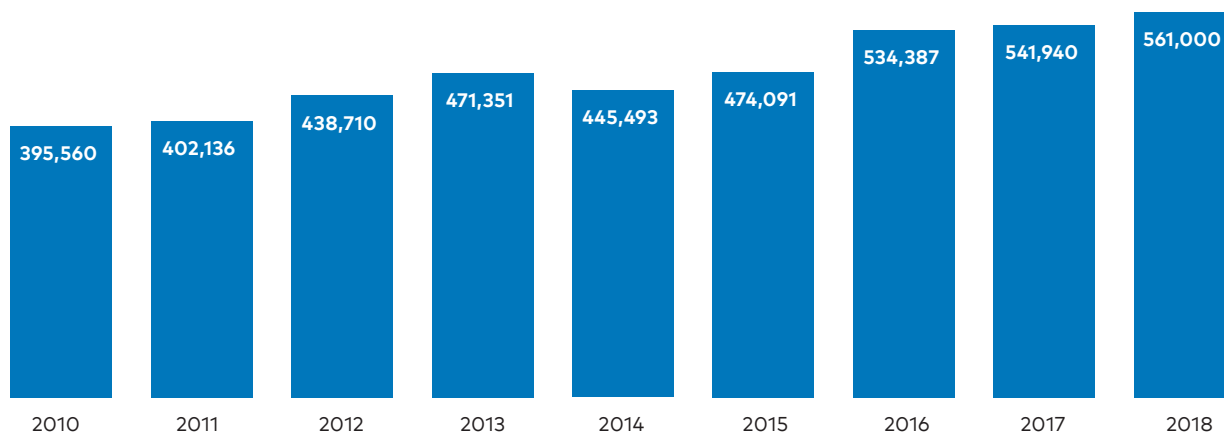


Figure V.7.3. Tourism in Inari and Saariselkä – Overnight stays, 2010–2018. Source: Municipality of Inari.

24 Laine adds that, in the past, municipalities were allowed to sign contracts ('industrialisation agreements') under which, for example, a company owned by the municipality built or owned properties or businesses and then rented them out to other companies with an agreement that they would pay and redeem the properties for themselves over a fixed period. However, current legislation does not allow this practice any more.

25 Note that the first summer tourists headed to the Utsjoki area North of Inari as early as the 1800s.

and Facebook. The municipality recovered, and as shown in Figure V.7.3., more tourists came to visit Inari and overnight stays increased. This trend still continues.

In 2018, according to municipal figures, there were 343,000 overnight stays by visitors from abroad. The largest group of tourists was from the UK, with 61,500 overnight stays.

The increase in numbers of visitors is mainly due to good air links with Southern Finland, other parts of Europe and beyond, through Ivalo International Airport. Between 2015 and 2018, the number of passengers at Ivalo airport grew from around 150,000 to 242,000.

In addition to the northernmost airport in the European Union, interviewees stressed the importance of a good road network, including Highway 4/E75, with connections to northern Norway and north-western Russia. All of these links help increase tourist numbers.

The municipality has an ambition of being the centre for Arctic tourism in Europe. Mayor Laine explains: *"We want to be special. Here it is more about nature and cultural tourism. People want to see the Northern Lights. The price level is high, so there is no mass tourism"*. There are differences between villages and centres, too. But overall, tour-

ism has grown enormously (Figure V.7.3.), and new areas of opportunity are emerging.

As an example, Saariselkä is the northernmost ski resort in Europe and offers different types of services. It attracts greater numbers of visitors and enables them to be concentrated in one place. A new village plan, and the availability of more plots could facilitate additional growth.

Visitors also choose to visit Inari for cultural reasons, to get to know and experience Sámi culture. Inari village is the centre of Sámi culture in Finland. Both the Siida-Sámi Museum and Northern Lapland Nature Centre and the Sajos-Sámi Cultural Centre are located in the village. Artisans and entrepreneurs producing handicrafts also live there. The Skolt Sámi village Sevettijärvi is located close by, too.

Lake Inari and its surrounding villages is another attraction. There are a number of wilderness areas in different parts of the region, including the UKK and Lemmenjoki National Parks.

According to Mayor Laine, one of the most popular tourist attractions, especially for Asian tourists, are the Northern Lights (the aurora borealis) visible during the winter months. There are plans to further develop tourism both for the summer months and to extend the season into the

*Photo: Tytti Bräysy*





**Table V.7.2. Tourism activities in Inari**

Winter activities	Summer and autumn activities
<ul style="list-style-type: none"> <li>■ Observing the Northern Lights</li> <li>■ Skiing</li> <li>■ Motor mobile safaris</li> <li>■ Dog sledge rides</li> <li>■ Reindeer sleigh rides</li> <li>■ Snowshoe tours</li> <li>■ Winter and ice fishing</li> <li>■ Photography</li> </ul>	<ul style="list-style-type: none"> <li>■ Hiking and Nordic walking</li> <li>■ Mountain biking</li> <li>■ Canoeing and kayaking</li> <li>■ Gold panning</li> <li>■ Fishing</li> <li>■ River rafting in a rubber raft</li> <li>■ Lake and river cruises</li> <li>■ Horse-riding</li> </ul>

autumn. Other opportunities which could be developed relate to activities on the rivers and lakes. Small steps are being taken, but seasonality – according to Laine – remains a challenge. Table V.7.2. lists some of the activities available for tourists in the different seasons.

Russians and Norwegians also visit the area to shop and to use other services. For instance, the small village of Näätämö in north-eastern Inari, 180 km from Ivalo, has three markets, garages and various tourism activities. It is mainly visited by Norwegians. High school students interviewed for this study noted that Russians purchase specific and better-quality products, which they may sell again back home. Students from Ivalo High School, coming from more remote parts of the municipality, argue that in some of those remoter villages Russians and Norwegians are important contributors to the local economy. Students also pointed towards seasonality issues and changing opportunities. In a good-humoured way, they also categorised the different types of tourists. *“Germans and Brits like to see the whole area and don’t just stay in the tourist areas like the Asians, who mainly move in groups. But it is the Germans who have an impact on summer traffic and cause traffic jams with their caravans.”*

Mari Lappalainen, the owner of four hotels and the company Nellim Wilderness Hotels and Safaris, is one of the successful female entrepreneurs in the area. (On female entrepreneurship, see below.) Currently employing over 100 people in all four hotels, and 20 people all year round, she started her first business aged 21. Lappalainen had experience in the restaurant and hotel sector, as well as being a tourist guide. When Inari municipality sold the old school in Nellim she bought

it with her husband, renovated it and brought it back into operation as a restaurant and hotel. The idea was to offer day trips and escapes into the wilderness of Nellim. In 2008 she started working with a travel agency, offering a range of activities. *“We had to be better than the rest”*, Lappalainen explains. *“People are interested in our beautiful nature. They come here to experience the wilderness, the Northern Lights and the midnight sun.”* Her four hotels range from 49 beds to 200.

Summer tourists often come in their own cars and continue on to Norway, or vice versa, combining activities in Norway with activities in Inari.

The clear advantage for Lappalainen is the international airport, with flights and tourists arriving from all over the world, including the UK and Asia. She is convinced that airline companies believe in the place, as huge investments were made in 2017 and new ones are due. Hotels and tourism operators now have to follow suit and get on board with the growth, she says.

In a similar way to Mayor Laine, Lappalainen also believes that the area needs to develop a different type of greener and more sustainable tourism. This involves avoiding food waste, bringing customers to specific places in the forest, bringing rubbish back with them, purchasing snow mobiles with low energy consumption, and the use of geothermal heat in most of her hotels. Her businesses try to offer local food where possible, and they contribute to local employment. Lappalainen’s love for wood is reflected in the interior design of her properties, with local artists used as much as possible. Additionally, seasonal workers return, and are, according to Lappalainen, happy to work for her. Local residents are helpful, such as a guide who started to work for her with his husky business.

The mission for 2020 is not to build more hotels, but to make changes to the reservation system, improve and develop of webpages, enhance social media presence, and employ someone to work on marketing. Overall, social media impact is very high. Photos taken from Northern Light trips and shared via online platforms have helped make the company well known. Two of the hotels have the top ratings in Finnish Lapland and on the influential Trip Advisor site.

Lappalainen, herself a Sámi, sees important links between her success and her native culture, for example *Siida* and the further development of *Sajos* as meeting places and cultural centres in



Inari. Her hotel in Inari was also designed to accommodate larger groups, e.g. conferences. Overall, she concludes, there are huge opportunities for Inari in this field.

Lappalainen's business has also contributed to the development of the local economy and infrastructure in other relevant ways. Affordable housing has to be bought or built for workers. Nellim road was renovated, which was good for her business and the local people alike. Lappalainen reckons that Nellim would probably be dead without this. Now younger people are coming in, due to the new road enabling them to commute more easily.

When asked about access to support mechanisms from regional and municipal authorities, Lappalainen stresses the positive patterns of collaboration with the municipality. *"It is easy to find people to talk to, but it is important how you act yourself. We want to do our work, we do not just need money, but infrastructure that works well."* She believes that tourism creates a win-win situation for businesses, for the municipality and for local people. *"When tourists come, the service level is also raised for local people. For instance, new apartments are built."* Overall, she characterises Inari as a well-integrated community with a positive culture of working together.

### **Utilising the cold climate – testing winter tyres, cars and scientific instruments**

Another economic activity based on the Arctic climate consists of testing tyres and cars. It all started in 1991, when four journalists from the technical magazine TM (Tekniikan Maaailma) came to Ivalo in order to test winter tyres – as explained by Susan Vuoriaro, the Operative Director of Test World, a company specialised in vehicle and tyre testing in winter conditions. They developed a business idea based on their experience; a business offering the opportunity to test winter tyres and vehicles in Arctic conditions. Vuoriaro, who has worked for the company since 1998, first as a coordinator of winter driver training and now as the Operative Director, is glad to share the success story. Sold to Melatracks in 1993, the demand for testing cars and tyres in Arctic conditions kept growing and developed further. After another change of ownership, the current owner, Milbrook, a UK-based test and engineering company, bought Test World in 2015. Vuoriaro explains the many reasons behind the considerable growth of her company's customer base and its continuous growth from year to year.

She says: *"We were able to invest in more tracks. We offer vehicle and tyres rent facilities to our customers. We have our own test department and test programmes particularly for EU labels. For R&D purposes factories send us their tyres. We are able to tailor tests for each specific request of our customers, and as instructed by EU regulations for label tests."* Teams of engineers test tyres in both winter and summer conditions, all year round. Test World offers jobs to automotive engineers, technical engineers, people majoring in business administration, technicians and test assistants. There are around 28 people employed year-round, and 50 or 60 during the high season, which lasts from November until the end of March. The company tests vehicles on purpose-built snow, ice and asphalt tracks. Seasonal workers coming only for the winter are recruited from different occupations, including construction workers, taxi and truck drivers. According to Vuoriaro, some come here to *"take time off, some even to take time out."*

Test World also developed the world's first indoor winter test facilities to make testing on natural snow available twelve months of the year – which makes it a pioneer in indoor winter testing. Natural snow, brought indoors in the spring, is used to give an accurate representation of winter conditions. Kept in sheltered tracks, customers benefit from repeatable winter test results, whatever the weather outside.

The Arctic location is unique, and due to the gulf stream not too cold. In other areas, according to Vuoriaro, it would be much more challenging to operate. In addition to favourable climatic conditions, Vuoriaro also stresses the infrastructure and the international airport as important positive aspects for developing her company. *"Our customers can fly via Helsinki, to and from Asia. They can have breakfast in Asia, lunch in Helsinki and dinner here with us"*.

Customers also make use of the availability of service buildings nearby, and from a wide range of accommodation and hospitality options. There are *"good networks of operators providing services, programmes and events for our customers"*, Vuoriaro stresses. Overall, she has a positive outlook on the future and for testing scientific instruments. *"There will always be a market and it is a growing one, probably expanding into other areas. As new technologies are developed, I remain very positive. Meteorology and weather equipment have been partially tested already to see whether they survive"*



Photo: Test World Oy

*in cold environments. This and clothing are among the prospective areas the company may develop in the future."*

Finally, she stresses good collaboration with the public sector and universities. Together with Oulu University and Oulu University of Applied Sciences, a special training course is being offered, tailored for winter testing and tyres. This enables people to become test assistants and measurement technicians.

### **Strong and organised female entrepreneurs**

Vuoriaro also acts as the chair of the female entrepreneurs in Inari municipality, organised together with the neighbouring municipalities of Utsjoki, Sodankylä and Karigasniemi. With more than 50 members, the organisation is quite large compared to other places. Active members arrange local meetings. Exchanging knowledge on the opportunities, the up and downs of self-employment – such issues are frequently on the agenda. Through the national association, lobbying work focuses on the national parliament and is conducted around different issues which are seen as important and need to be fixed urgently. This currently includes maternity leave and improved opportunities for meaningfully combining family-life and entrepreneurship, touching upon social security issues, e.g. the division of maternity leave costs. Vuoriaro criticises the fact that, as of 2018, companies that employ mothers often pay the largest share, which acts as a barrier to small companies hiring women.

The area also offers "fun events, including Christmas parties". Importantly, with view to the

new generation of entrepreneurs and to provide young people with a perspective about working opportunities in the area, there is a Day of Entrepreneurship, organised in collaboration between schools and entrepreneurs. *"It is important to meet and talk to students"*, Vuoriaro stresses. Among the challenges are tailoring education and training to the various needs of small entrepreneurs. The situation is improving as IT technology and webinars replace travel to other places where schooling is offered. Public sector support has come through Nordika (a company owned by the municipality) among others, which has been active in organising such events. Another example of collaboration between the public sector and entrepreneurs in the field of further education is the special license for operating boats as personnel transport, where the costs are now shared between entrepreneurs and the municipality.

Small-scale artisan and handicraft activity is also on the rise. Vuoriaro stresses that there are many family entrepreneurs and self-employed people in Inari. They operate on a small level and are not necessarily able to grow, but they *"work hard and do a lot."* The challenge is to find young people to start businesses with creative ideas. At the same time, Vuoriaro observes, another positive trend is that *"entrepreneurs want to buy from fellow entrepreneurs. They buy from small shops as well."*

One of the attractive elements of entrepreneurial life pointed to by many interviewees is the opportunity to "shift down" – being able to work from home, to look at Lake Inari and to make use of fast internet connections.

Inari Municipal Business and Development Nordica provides basic business start-up consultation on practical issues related to establishing a company. This includes finding funding options, development activities, networking and internationalisation (inari.fi).

### **An attractive place to live**

Many interviewees stressed the high quality of life and the natural environment<sup>26</sup> making Inari an attractive place to live. *"It is a small place where it is easy to take care of things, and there is flexibility with, and availability of, services,"* Ulla Hynönen, head teacher at Ivalo's High School, reflects. Mayor Laine adds that *"people are tired of commuting and life is much easier up here. It is the quality of life, which is high here, that attracts. You can get to a city like Helsinki, which is really close by plane, quite fast"*. Among those people who chose Inari are wealthy migrants from Helsinki and other larger cities. They are people building second homes in Inari, people who need peace and quiet for their work and those who are able to do work remotely. Many people who move to the municipality are outdoor enthusiasts, attracted by special fishing and hunting rights. This also includes foreigners, people who come from other EU member states.

One of the high school students also highlighted closeness to nature, being able to go out hunting and fishing. *"My dad carried me in a backpack before I could even walk, and I was shooting with a bow from that backpack!"*

For Lappalainen, the pristine natural environment is also one of the most attractive features of the place. In addition, there is the Sámi culture, including the Sámi Education Institute (<https://www.uarctic.org/>) and the artisan school. *"People can be proud of what we have here,"* she says. The link to Helsinki via Ivalo airport is also important. It makes the place much more international and cosmopolitan and enables locals to show visitors how proud they are of the area.

For Vuoriaro it is nature, the people and the way they interact with each other that makes the place highly attractive. *"People know and trust each other. These are honest and hard-working people up here, down to earth, who also enjoy life."* With a twinkle in her eyes she adds, *"don't tell everyone to move here!"*

Another young high school student stressed both the availability of sports and cultural amenities and the simplicity of life overall, so that *"here you can do anything... even without makeup"*.



*Photo: Jan-Erik Paadar*

<sup>26</sup> The slogan of the municipality is "Voimakas Luonnostaan", or "Mighty by Nature".



### **Safety and trust**

All of the interviewees identified safety and trust as core aspects of the attractiveness of the place. One exemplified safety and trust as *“nobody steals your bike when it is here for a week, or you leave your keys in the car and go. There is simply trust.”*

### **Sport and cultural amenities**

Many interviewees stressed that there are many cultural resources available in the area for those who wish to use them. Inari/Ivalo has a theatre and cinema. Mayor Laine adds that the cultural scene is strong and libraries are doing well. There is a position at the municipality for cultural services, which involves organising a variety of cultural events.

When it comes to recreation and amenities, high school students stressed the fact that there are really good opportunities for outdoor sports, especially in the winter. Indoor activities are more restricted, though volleyball and ice hockey were considered good. Laine adds that an indoor sports facility will be built as part of the new campus. While he also considers skiing and ice hockey opportunities pretty good, the municipality is thinking about long-term developments, probably around expanding facilities to motivate international teams to train in the area. For young people there are opportunities for playing ice-hockey in different leagues and in a range of age groups. Yet *“it is an expensive hobby”*, as interviewees highlighted. Football is of considerable interest to the young people as well. However, one interviewee reflected critically on the different settlements in the municipality and argued that *“nothing great comes to Inari, it all goes to Ivalo”*.

### **Challenge – more jobs for highly educated people**

The mayor, the school principal, high school students and entrepreneurs all stress the need to create more jobs for highly educated people. Mayor Laine stresses the importance of living and studying elsewhere, including abroad, but also of returning. While local statistics show that there is indeed return migration, more is needed. He sees a somewhat similar phenomenon in Iceland, with people changing careers and switching to tourism. Another opportunity, as discussed above, lies with companies specialising in cold and Arctic testing, not just for tyres and cars. The municipality is pushing forward on that. *“We are, for example, trying to push 5G network development in the area*

*to promote autonomous vehicle testing”*, Laine explains. Also, avionics testing is seen as a potential new area.

Extending the availability of vocational and higher education is one option envisaged. An education centre for Sami, with more intensive partnerships with universities and polytechnics, is another vision. A particular challenge in relation to education is to find qualified teachers, as there is competition with larger cities, as Hynönen explains. The re-introduction of extra payments for specific groups working in the public sector moving North (abolished in mid-1990s) is one recommendation to overcome this challenge. Another challenge in the education sector is finding qualified teachers in Sámi, since they often prefer Norway or Sámi Radio because they pay better.

### **Leaving the municipality for higher education after school – but will they return?**

Ulla Hynönen is the head of Ivalon lukio, with 83 students at the moment. In 2018, the first-year cohort was the smallest in her twenty-year career. She senses that students are more willing to return, but it difficult to find jobs in certain fields. Former students keep telling her that they would like to come back, but cannot find suitable jobs. One of her current students stresses that everyone who is not in reindeer herding or tourism moves away to obtain a higher education, while the local vocational school is good and needed. One of the interviewees, who attends both the vocational school and the high school, emphasises that he basically has everything he needs. *“I have my reindeer herd and would like to be a reindeer herder. But there are many things that could be improved in our municipality. I will also stay as a critical journalist.”*<sup>27</sup>

Interviewee A, plans to do teacher training in Oulu, following in the footsteps of her mother. Like some of the other interviewees, she expressed a wish to return because the *“place has everything that is needed ... Of course, there might be better shops elsewhere. But you get used to what is on offer here and don't miss anything. I really appreciate the place!”*

Interviewee V stresses that he would like to stay in Lapland and already MISSES his home village. He wants to study law in Rovaniemi, although it is

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27 At the end of the interview we briefly started to talk about racism towards the Sámi population. However, we decided not to reflect upon that issue in this report.



*Students from Ivalo Lukio with Nordregio researcher M. Kull. Photo: U. Hynönen*

*"hard to get in there and you have to move South". Returning up North, probably working in Norway, "would be a dream, maybe for the customs authorities". He also remarks, more critically, that "national policy favours centres and not rural areas".*

Interviewee S had similar views. Attached to the place and fond of the lifestyle and the natural environment, she nevertheless feels that she has to move for education and that there *"will be no suitable jobs here"* afterwards. *"I don't belong to a big city and I will come back some day"*, she concludes.

Interviewee N, who was born in a very remote part of the municipality, more than 180 km away from Ivalo, stressed that he will miss both nature and his friends; also, the different lifestyle in the area and his home village. But *"to be honest, I might not be back before turning 80. I will head to Helsinki and study sciences. There are not many jobs available here. My family is already spread across many places."*

To showcase opportunities and enable people to return, Hynönen stressed the need to work with local entrepreneurs in the school and forge closer links with them. In 2018, 15 local entrepreneurs came and talked about their companies, which was seen as positive on all sides. Hynönen emphasises that, in addition to looking for jobs, it is important to create your own work, finding new fields and innovative forms of entrepreneurship, and building up support networks. In 2019, a new law was passed to foster knowledge of local entrepreneurship among school students.

In conclusion, and in spite of various challenges discussed above, all interviewees believed that

young people should experience different places, bring that knowledge and experience back to Inari, and create something new. Importantly, they should act as ambassadors for the place, sharing information about the attractiveness of life in Inari.

## Conclusion

This study combines quantitative analyses of demographic and local employment patterns with interviews of business representatives, people from the public sector, headmasters, school students and families. Through this mixed method, we have been able to identify the different reasons underlying the positive trends outlined, the attractiveness of the place, and a number of the challenges that lie ahead.

Table V.7.3. summarises good practices and the reasons for the attractiveness of Inari as well as the obstacles and challenges faced (next page).

Interviewees provided many different examples of the attractiveness of Inari, as well as different explanations of factors underlying positive socio-economic developments there. People are attracted to move to the area as a result of the quality and simplicity of life, being close to nature and the social bonds (trust) between people. The interviewees also said that they are able to influence local life and policy. One important aspect of the quality of life for them is the availability of public services, including the Sámi vocational school for, for instance. However, finding teachers was perceived as rather challenging. Public transport within the very large municipality was perceived as problematic by some interviewees, especially bus services.

An important contributor to the positive economic trend in the area is the international airport at Ivalo. This is particularly important for the business sector, linking rural and Arctic Inari to the wider world.

Smart specialisation in cold climate activities, such as cold climate testing and winter tourism provides jobs. These sectors also benefit from good transport facilities through the airport. Tourism is seasonal, however, and there is competition with other destinations. However, the municipality is trying to promote tourism for all seasons.

All of the interviewees perceived Inari as a highly attractive place to live. This particularly matters to young high school students. Most of the latter, albeit a small sample, wish to return after going to university or completing another type of degree. However, they worry about the availability of jobs

**Table V.7.3. Attractiveness in Inari and obstacles/challenges to overcome**

Good practice and reasons underlying attractiveness	Obstacles and challenges
<p><b>Access to public services</b> Availability of various public services, including schools.</p> <p><b>Education</b> Investment in education and good resources in schools. Vocational school fosters Sámi culture, handicrafts, reindeer herding, etc.</p> <p><b>Employment and jobs</b> Smart specialisation in tourism and cold climate testing.</p> <p><b>Entrepreneurship culture</b> A strong network of female entrepreneurs. Governance and participation Possibility of influencing "local life, governance and policy".</p> <p><b>Infrastructure and transport</b> Transport – Ivalo international airport, with connections to Helsinki and international destinations.</p> <p><b>The municipality's economic situation</b> Inari is one of the most prosperous municipalities in Finland, with a low tax rate and strong economy.</p> <p><b>Quality of life and local community</b> Quality and simplicity of life, being close to nature. Social trust between people.</p> <p><b>Young people – living, staying/returning</b> Young people studying outside of the area can act as "ambassadors for the place".</p>	<p><b>Access to public services</b> Public services are located in the main villages. People from more remote villages have to travel longer distances in order to access public services.</p> <p><b>Culture, sport, recreation</b> Limited leisure activities for younger people and teenagers.</p> <p><b>Education</b> Finding qualified teachers/competition with big cities. Re-introduction of extra payment for specific groups working in the public sector (abolished in mid-1990s) is seen as a potential trigger for change. Finding qualified teachers in Sámi because they often prefer the better wages in Norway.</p> <p><b>Employment and jobs</b> Difficult to find jobs in certain fields and sectors for people with higher education. Further development/diversification in cold climate testing could improve this situation. Competition with other tourist destinations; seasonality.</p> <p><b>Infrastructure &amp; transport</b> Transport within the municipality: availability of bus services. Poor/non-existent collective transport system.</p> <p><b>Location</b> Feeling of being detached from central politics: "Helsinki doesn't understand local life"</p> <p><b>Quality of life and local community</b> Sometimes "you know too much about your neighbours".</p> <p><b>Seasonality</b> Competition with other tourist destinations and seasonal factors.</p>

for people with a higher education. Going forward, a mix of new technology in cold climate testing, a sound understanding of the needs of the rural Arctic region, and suitable public-sector policies will all be needed to support the positive trends outlined in this case study.

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