

Entrepreneurship policy report summary

Title	Entrepreneurship Policy during Prime Minister Matti Vanhanen's Term of Government 2003-2007
Publish date	March 2007
Country and publisher	Finland Ministry of Trade and Industry
Type of report	Policy analysis The report investigates the measures accomplished and describes the recent development of entrepreneurship in Finland.
Main message	The report identifies reforms with the greatest impact on entrepreneurship.
Governments policy targets/goals	The key principle is to secure a stable and predictable operating environment for corporate Finland while elevating Finland to the European elite in term of its business environment. The key importance has been the operations of the market economy as well as the significance of enterprises and entrepreneurs as engines of economic growth and job creation.
Definition (How are they quantified?)	
Focus/policy areas	See below
Implemented/suggested policies	In 2003-2004 the core elements of the policy program were: <ul style="list-style-type: none"> - Entrepreneurship education and information - Establishment, growth and internationalization of business - Taxes, duties and fees affecting entrepreneurship - Regional entrepreneurship - Regulations concerning companies and the operation of markets In 2005-2007 the policy program consisted of the following core elements: <ul style="list-style-type: none"> - Measures promoting the start-up enterprise - The improvement of business conditions for growth entrepreneurship - The promotion of generational transfer and change of ownership in companies - The development of business services in a way that advances competencies and innovation - The predictability of the regulatory environment, the operation of markets and the reform of public sector service production
Key findings	Reforms with the greatest impact on entrepreneurship include: <ul style="list-style-type: none"> - since the beginning of 2005, the start-up capital scheme has been changed on a three-year trial basis so that start-up grants can be allocated to those leaving paid employment or domestic work to become entrepreneurs, and people finalizing their studies, as well as unemployed job seekers. In 2004, 4 780 new businesses were launched with the start-up grant, after the reform was implemented in 2005 the figure rose to 6 900. During the first half of 2006, 4 320 new businesses were launched with the start-

	<p>up grant.</p> <ul style="list-style-type: none"> - improved financing of start-up enterprise where general conditions for entrepreneurship have been further enhanced by additional investments in research and development, and the capital management of start-up companies. - the inclusion of service entrepreneurship among projects financed by Finnvera. - at the beginning of 2005, the government renewed its commitment to Finnvera plc concerning the partial compensation of credit and guarantee losses. This decision increased the share of state compensation for credit and guarantee losses caused by start-up or growth companies. This increase made it possible for Finnvera to take bigger risks in financing start-up or growth companies. - improvements in the technology financing and services of SMEs. The Finnish Funding Agency for Technology and Innovation (Tekes) launched a new programme focusing on the financing of start-up phase technology companies in 2004. The financing and business services proposals made by the MTI's Advisory Group on Growth Entrepreneurship (2004) are currently being implemented as part of the capital financing and business services reforms. - the reform of business service. Here, the goal is to give customers equal access to public business services on similar grounds throughout the country as easily as possible, following the same operating model, the guiding principle being that all services should be available through one point of contact. - improvements in the unemployment benefits and social security of entrepreneurs. For example, by changing the qualifying period for sickness insurance for entrepreneurs which has been reduced from nine to four days, and by offering entrepreneurs the possibility of the unbroken payment of daily allowances as part of the unemployment security system when an entrepreneur switches to being a paid employee. The intention is to improve the rights of an entrepreneur's family members to unemployment security. - measures related to entrepreneurship education. The improvements in apprenticeship education among entrepreneurs are found for instance in generational transfer situations and in securing sufficient financing for such education. - extensive tax cuts and changes in the taxation system. For example by lowering the corporation tax rate from 29 to 26 per cent and the tax rate on capital from 29 to 28 per cent. - improved access to online service and the bureaucracy faced by companies has been reduced. This plan is also related to the planned overall reform of business services.
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