

# Entrepreneurship Policy during Prime Minister Matti Vanhanen's Term of Government 2003–2007

Entrepreneurship Policy Programme – Final Report

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Government Policy Programmes  
Entrepreneurship

MTI | Publications  
11/2007  
Entrepreneurship Policy Programme



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		<p>Commissioned by</p> <p>Ministry of Trade and Industry</p>
		<p>Date of appointment</p> <p>17.4.2003</p>
<p>Title</p> <p>Entrepreneurship Policy during Prime Minister Matti Vanhanen's Term of Government 2003–2007 Entrepreneurship Policy Programme – Final Report</p>		
<p>Abstract</p> <p>In the spring of 2003, the government adopted an Action Plan intended to intensify horizontal decision making. The Vanhanen government's programme included four policy programmes covering entrepreneurship, employment, the information society and citizens' involvement. The final report on the entrepreneurship policy programme investigates the measures accomplished and describes the recent development of entrepreneurship in Finland.</p> <p>Better financing for start-ups, the extension of Finnvera financing to service companies, the renewal of business services, improvements in technology financing and services for SMEs, improvements in entrepreneurs' unemployment and social security, measures contributing to entrepreneurship education, substantial tax reductions and changes in the taxation system number among the most effective political reforms implemented as part of the entrepreneurship policy programme. Moreover, eGovernment has progressed and the bureaucracy encountered by firms has been reduced. In addition, the reform of the start-up capital scheme during the current government's term has had a major influence on the willingness to establish new enterprises.</p> <p>Other important projects promoting business start-ups have included facilitating the commercial activities of universities, the renewal of the Companies Act and the promotion of female entrepreneurship, rural entrepreneurship and immigrant entrepreneurship. For example, the seed capital and service system for innovative start-up enterprises has been developed, growth entrepreneurship has been studied and a separate Growth Company Development Service created to boost growth entrepreneurship. More lenient taxation treatment has facilitated intergenerational and other transfers of businesses.</p> <p>The charting of the regulatory environment of companies, the development of the assessment of the impact of legislation on business, the preparation of a comprehensive reform of the Auditing Act, diversifying methods of producing public services, the reform of the Act on Competition Restrictions and that of the Debt Rearrangement Act for Private Persons have promoted the functionality of the regulatory environment and the market.</p> <p>During the current term in office, entrepreneurship has developed positively in Finland. Between March 2003 and December 2006, the number of entrepreneurs and family members on their payrolls (excl. agriculture) rose by 10 per cent, totalling 234 000 by the end of 2006. According to the Ministry of Trade and Industry's preliminary assessment, the number of businesses in Finland was at the highest ever reported by the end of 2006, at 240 000. However, Finland's number of growth companies is modest, with only 2 per cent of businesses embarking on a rapid growth trajectory.</p> <p>MTI contact person: Marjaana Aarnikka, tel. +358 9 1606 2122</p>		
<p>Key words</p> <p>entrepreneurship policy, policy program, entrepreneurship, business, government programme</p>		
<p>ISSN</p> <p>1796-0010</p>		<p>ISBN</p> <p>978-952-489-124-0</p>
<p>Pages</p> <p>49</p>	<p>Language</p> <p>English</p>	<p>Price</p> <p>13 €</p>
<p>Published by</p> <p>Ministry of Trade and Industry</p>		<p>Sold by</p> <p>Edita Publishing Ltd</p>



# Introduction

Through its economic policy, the Government of Prime Minister Matti Vanhanen aims to create a framework contributing to the establishment of companies, growth and business internationalisation. The key goals are to secure economic growth, a reasonable and stable interest rate level and a low inflation rate, since these factors provide long-term investment and employment opportunities for businesses.

In the spring of 2003, the government introduced a policy programme procedure that aimed to make the implementation of government programme goals crossing ministry boundaries more efficient. During the course of the reform, the follow-up of the government programme was also renewed, and the new system was put into practice when preparing and making decisions on the Government Strategy Documents in 2003–2006. The government programme of Prime Minister Matti Vanhanen's government includes four policy programmes: the Entrepreneurship Policy Programme, Employment Policy Programme, Information Society Policy Programme and Citizen Participation Policy Programme.

The key principles of the Entrepreneurship Policy Programme have included securing a stable and, in the long run, predictable operating environment for corporate Finland while elevating Finland to among the top European performers in terms of its business environment. Of key importance has also been the operation of the market economy as well as the significance of enterprises and entrepreneurs as engines of economic growth and job creation.

As far as political measures implemented as part of the government's Entrepreneurship Policy Programme are concerned, the reforms with the greatest impact on entrepreneurship have included improved financing of start-up enterprises, the inclusion of service entrepreneurship among projects financed by Finnvera, the reform of business services, improvements in the technology financing and services of SMEs, improvements in the unemployment benefits and social security of entrepreneurs, measures related to entrepreneurship education, as well as extensive tax cuts and changes in the taxation system. In addition, access to online services has been improved and, at the same time, the bureaucracy faced by companies has been reduced. The reform of the start-up capital scheme during the current government's term has also had a major influence on the willingness to establish new enterprises.

The measures intended for implementation during the Entrepreneurship Policy Programme in 2003–2006 have already been largely completed or a clear implementation plan exists for the remaining measures for the end of the current govern-

ment's term in office. Moreover, the policy programme includes some measures whose completion will be transferred to the next electoral period. The Ministry of Trade and Industry's administrative sector has launched an extensive reform of public business services. In addition, the targets set by the programme for growth entrepreneurship, for instance, have remained partially unrealised. The implementation of a tax account system has also been postponed.

When considering the measures carried out within the framework of the policy programme, it should be borne in mind that the projects included in the programme have not proven mutually comparable in terms of their nature, duration or societal impact. In part, the projects (such as the reform of the start-up capital scheme) could have been included under more than one subsection of the policy programme. In addition, it should be borne in mind that, according to the government programme, measures such as the preparation of the corporate taxation reform did not form part of the Entrepreneurship Policy Programme. Still, the development of corporate taxation has been one of the most important follow-up targets in the policy programme with a view to the operating environment for entrepreneurship. Participation in the preparation of the reform and influencing the formation of government views formed significant areas within the scope of the policy programme, particularly in 2003 and 2004.

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# **1 Entrepreneurship Policy Programme**

## **1.1 Subsections of the Policy Programme**

Subsections of the Entrepreneurship Policy Programme have been implemented on a project by project basis. As the measures implemented within the framework of the policy programme advanced, its subsections were also updated to be compatible with the contents of the new projects. The progress of these subsections' implementation has been monitored using a table, the updated version of which is available on the policy programme website. In 2003–2004, the subsections of the Entrepreneurship Policy Programme were:

- 1 Entrepreneurship education and information
- 2 Establishment, growth and internationalisation of businesses
- 3 Taxes, duties and fees affecting entrepreneurship
- 4 Regional entrepreneurship
- 5 Regulations concerning companies, and the operation of markets

In 2005–2007, the five subsections of the Entrepreneurship Policy Programme described the different phases of the life cycle of enterprises. During the last two years of the government's term in office, the policy programme consisted of the following subsections:

- 1 Measures promoting the start-up of enterprises
- 2 The improvement of business conditions for growth entrepreneurship
- 3 The promotion of generational transfer and change of ownership in companies
- 4 The development of business services in a way that advances competencies and innovation
- 5 The predictability of the regulatory environment, the operation of markets and the reform of public sector service production

## **1.2 Parties bearing responsibility for the Policy Programme**

The purpose of the Entrepreneurship Policy Programme has been to prepare and implement reforms supporting the establishment of extremely conducive condi-

tions for entrepreneurship through co-operation across ministry boundaries. The goal of the programme has been to put the resources of various administrative sectors to effective use and to ensure that the related steps are taken in the same direction. Its implementation has not changed the division of authority between administrative sectors, but each sector has taken common goals into account when planning and implementing its own measures under its own authority.

The Entrepreneurship Policy Programme has been managed and coordinated by the minister of trade and industry. In this task, the minister has been assisted by a programme director, located at the Ministry of Trade and Industry. A ministerial group was established for the planning and follow-up of programme implementation. Persons responsible for the preparation and follow-up of the entrepreneurship programme were appointed for each ministry (Prime Minister's Office, Ministry of Justice, Ministry of the Interior, Ministry of Finance, Ministry of Education, Ministry of Agriculture and Forestry, Ministry of Trade and Industry, Ministry of Social Affairs and Health, Ministry of Labour, Ministry of the Environment, and Ministry of Transport and Communications). Together with the programme director, they have formed the policy programme management group. A representative of the Association of Finnish Local and Regional Authorities also belonged to the management group. The management group was responsible for the detailed preparation of the programme and the follow-up of its implementation.

Ad hoc groups were established for implementing different subsections of the programme. An annual negotiation between the State and entrepreneur and labour market organisations was also organised under the auspices of the Entrepreneurship Policy Programme handling the development of the operating environment for entrepreneurship and charting which eventual legal changes or other measures it might be necessary to implement within different subsections of the programme. In addition, the key questions and situation reports concerning the Entrepreneurship Policy Programme have been regularly handled by the Enterprise Advisory Committee, set up by the MTI. The Enterprise Advisory Committee consists of representatives of various interest groups, and its tasks have included promoting commitment to the goals of the policy programme.

The Entrepreneurship Policy Programme also organised annual seminars in order to promote dialogue between different sectors (the programme launch seminar in 2003; the entrepreneurship communication seminar in 2004; regional seminars in support of business services reform in 2005; the academic entrepreneurship seminar in 2006 and a programme conclusion seminar in 2007).

In addition to the programme director, the Entrepreneurship Policy Programme has been coordinated by 2–3 Ministry of Trade and Industry officials: an expert level official/legal adviser, a researcher (1 November, 2005 - 31 April, 2007) and an

assistant/secretary. Co-operation with officials from the MTI's Industries Department has been close, for instance, in questions related to general industrial policy and the MTI's entrepreneurship review.

## **1.3 Follow-up of the progress of implementation**

### **1.3.1 Government Strategy Document**

Revisions to the Government Strategy Document have been made annually in connection with spending limit decisions as concerns the priorities of the policy programme and key projects for promoting entrepreneurship included therein. The preparation of the Strategy Document has been implemented through cooperation between the Prime Minister's Office and the ministries with the aim of strengthening the government's means of promoting, guiding and supervising the implementation of the government programme. The Strategy Document, updated on an annual basis, has included the policy programmes agreed upon in the government programme, for which the key objectives have been set and measures for achieving these objectives defined.

The aim with respect to the Government Strategy Document is to unite and provide direction for the state administration as a whole in the implementation of the key strategic goals of the government. As far as the Entrepreneurship Policy Programme is concerned, the Government Strategy Document contains descriptions of decisions already made with respect to entrepreneurship and measures impacting on it. In addition, the Strategy Document has included reports on the progress of project implementation (see Government Strategy Documents in 2003–2006).

With respect to the progress of the implementation plan under the Entrepreneurship Policy Programme and the practical realisation of the government programme, the Government Strategy Document has been a key instrument in the follow-up process.

### **1.3.2 MTI's entrepreneurship review**

The first entrepreneurship review of the Ministry of Trade and Industry was published in 2004 with the purpose of providing a general picture of business conditions and development trends in Finland. It also charted the progress of the Entrepreneurship Policy Programme. Special attention was paid to companies just starting to operate, business growth and the impact on employment.

For the Ministry of Trade and Industry, the entrepreneurship review has become a tool that supports the planning and implementation of industrial policy in terms of entrepreneurship. The review is available on the MTI's website ([www.ktm.fi](http://www.ktm.fi)). The next entrepreneurship review will be completed in the spring of 2007.

## **1.4 Lisbon Strategy, competitiveness and the Entrepreneurship Policy Programme**

With respect to entrepreneurship, the priorities of our national programme comprise establishing incentives for the establishment and growth of businesses, enhancing the clarity and predictability of the regulatory environment, providing information and development services, as well as entrepreneurship education and training.

Innovation policy was the main theme of Finland's EU Presidency at the Competitiveness Council. The goal was to emphasise the role of innovation policy among EU measures with the aim of making innovation policy a permanent part of the Competitiveness Council agenda in the future. Innovations are a key means to improved productivity and their role is vital in the application and commercialisation of new ideas, methods and technologies. Entrepreneurship constitutes the 'last link' in the innovation process. An environment characterised by global structural change and progressing EU integration emphasise the significance of entrepreneurship, specifically as a force maintaining economic growth and employment and renewing the production structure, and thus enhancing creativity.

The Entrepreneurship Policy Programme acted as the national contact point for the European Enterprise Awards during the Finnish Presidency. The competition was organised through collaboration between the EU Presidency, European Commission and the Committee of the Regions. These awards were given for the first time at European level in Brussels on 7 December, 2006. The awarded projects included innovative and creative entrepreneurship initiatives by regional and local authorities that support entrepreneurship in different parts of Europe. Those entitled to participate in the competition included municipalities, towns, cities, regions and communities as well as public-private partnerships between public authorities and entrepreneurs, and educational programmes in the European Union, Bulgaria, Iceland, Norway, Romania and Turkey. The competition showcased and distributed information on the best entrepreneurship programmes and practices.

On 5 September, 2006, the ministerial group of the Entrepreneurship Policy Programme selected the national winners from among the 25 entrants to the European Enterprise Awards. These included the Women's Enterprise Agency's development project for female entrepreneurship, "Success through Co-operation" and Y4

Advisory Board's "Y4 Entrepreneurship Ideology", the latter of which also won the Grand Prize in the European Enterprise Awards. In 2006, there were over 400 entries from 28 countries in the European Enterprise Awards at European level. The prize will next be awarded in 2007.

In co-operation with its stakeholder groups, Finnvera organised a meeting for financiers and SMEs on the invitation of the European Commission (5th Round Table between Banks and SMEs) on 19–20 October, 2006. The Competitiveness and Innovation Framework Programme, CIP 2007–2013, which was given its final approval during the Finnish EU Presidency, is an important instrument for the development of the financing of SMEs and related infrastructures at European Union level. The CIP programme complements and brings added value to national measures aiming to secure the operation of financing markets for the SME sector.

In 2005 and 2006, the national entrepreneurship policy measures were reported to the EU Commission within the framework of the government Entrepreneurship Policy Programme for the elements implemented in accordance with the recommendations of the European Small Business Charter. These reports were annexed to the so-called national progress reports to the Lisbon Strategy that Finland submitted to the Commission.

In accordance with the renewed Lisbon Strategy, the annexes have included a concise presentation of the key entrepreneurship policy measures implemented, as well as possible new initiatives introduced to be implemented during, or that are being planned for, the following years.

The measures implemented under the Entrepreneurship Policy Programme concerned the following Integrated Guidelines of the Lisbon Strategy:

- Promotion of efficient allocation of resources (Guideline 3)
- Increased and improved investment in R&D (Guideline 7)
- Facilitation of all forms of innovation (Guideline 8)
- Facilitation of the spread and effective use of ICT (Guideline 9)
- Extension and deepening of the international market (Guideline 12)
- Ensuring open and competitive markets (Guideline 13)
- Creation of a more competitive business environment (Guideline 14)
- Promotion of a more entrepreneurial culture and the creation of a supportive environment for SMEs (Guideline 15)
- Adaptation of education and training systems in response to new competence requirements (Guideline 23)

## **1.5 Policy Programme communication**

The starting point for Entrepreneurship Policy Programme communication has been openness. Special attention has been paid to co-operation between different sectors practicing entrepreneurship communication. On 3 October, 2005, upon the initiative of the Entrepreneurship Policy Programme, the MTI set up a forum handling entrepreneurship communication (Entrepreneurship Communication Forum, 15 October, 2005–31 December, 2007), the tasks of which included the discussion of topical questions related to entrepreneurship communication and planned projects, as well as support for national and regional entrepreneurship education projects. The Entrepreneurship Communication Forum has proven a useful network and distributor of information. A decision on the possible continuation of the forum must be taken in 2007.

## **2 Entrepreneur policy measures implemented during the government term**

### **2.1 Assessment of the implementation of the government programme under the Entrepreneurship Policy Programme**

All of the issues concerning the Entrepreneurship Policy Programme in the government programme 2003–2007 are also included in the Government Strategy Documents of 2003–2006. The Government Strategy Document texts handle the measures concerning entrepreneurship implemented under the policy programme more extensively than the government programme. These subsections will be handled separately under paragraph 2.2 (Other key projects carried out under the Entrepreneurship Policy Programme).

Possible subsections dealing with entrepreneurship under other parts of the government programme have not been taken into account here. As concerns the Entrepreneurship Policy Programme, the implementation of the government programme has been evaluated in a mid-term report submitted to the Prime Minister's Office (in 2003 and 2004), on 30 November, 2004. Measuring the societal impact of a project such as the Entrepreneurship Policy Programme is a challenging task. It is difficult to measure the impact of measures aimed at boosting entrepreneurship on actual entrepreneurial activity, businesses and the business environment because, in addition to official measures planned to promote entrepreneurship, entrepreneurship is also affected by various factors related to both Finland's domestic economy and the global economy. When performing assessments, it is difficult to distinguish between the particular effects of the Entrepreneurship Policy Programme, economic trends and the government's general financial policy. In addition, it is difficult to separate the impacts of, for instance, the government's Employment Policy Programme and the Entrepreneurship Policy Programme. The solution chosen for the impact assessment involved aiming primarily at producing objective, general level information on the statistical development of entrepreneurship.

Special attention was paid in the government programme to the issues described below, implemented under the Entrepreneurship Policy Programme using the following measures:

### 2.1.1 Encouragement of entrepreneurship

The Entrepreneurship Policy Programme has promoted the launch and growth of small and medium-sized enterprises through various measures.

The Ministry of Labour carried out a reform of the start-up capital scheme as part of the Entrepreneurship Policy Programme. 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 ending their studies, as well as unemployed job seekers. Start-up grants have now become a general support structure for the establishment of businesses, and the experiences garnered from the scheme have been positive. At the moment, almost every third company in Finland is established with the help of a start-up grant.

While, in 2004, 4,780 new businesses were launched with the start-up grant, after the reform's entry into force in 2005 the figure rose to 6,900. During the first half of 2006, 4,320 new businesses were launched with the start-up grant and the total number of businesses initiated with a start-up grant in 2006 is expected to rise to over 8,000. 43 per cent of those allocated a start-up grant were non-unemployed.

The indirect impact of the start-up capital scheme on the employment rate has also been significant. According to a study conducted by Stenholm (2006)<sup>1</sup> for the Ministry of Labour, around 60 per cent of employers had replaced an employee who had left to become an entrepreneur. Moreover, according to the same study, the survival rate of businesses launched with a start-up grant has been higher than in the comparison group initiated without a start-up grant.

When, 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.

General conditions for entrepreneurship have been further enhanced by additional investments in research and development, and the capital management of start-up companies. As part of the Entrepreneurship Policy Programme, in the first supplementary budget proposal of 2005, an allocation of 13 million euros for the esta-

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1 Stenholm, Pekka (2006). *Entering Entrepreneurship with a Start-up Grant - Experiences from the Start-up Capital Scheme*. This study, conducted at the Turku School of Economics, will be published in the Ministry of Labour series of publications.

establishment of a fund specialising in seed financing of innovative start-up companies was approved, and the fund began operating under Finnvera plc in the autumn of 2005. Evaluations of how well the operations have gone, and whether the financing has been sufficient to meet the related needs, have been made as more experience of the activity has been garnered. In addition, the exemption from income tax granted to Finnvera plc as of the beginning of 2007 will improve Finnvera plc's operating conditions and lower the price of financing. The approval procedure for state support concerning Finnvera plc's exemption from income tax is still pending under the Commission.

Furthermore, the seed financing programme of the Finnish Industry Investment Ltd was launched in 2004. In addition, the Finnish Funding Agency for Technology and Innovation (Tekes) launched a new programme focussing 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. In co-operation with the Entrepreneurship Policy Programme, the MTI has financed several studies in support of the planning and preparation of the economic and industrial policy for growth entrepreneurship (see paragraph 3.2.1 Growth entrepreneurship studies, below).

### 2.1.2 Promotion of female entrepreneurship

The implementation plan of the Entrepreneurship Policy Programme includes several measures related to the promotion of female entrepreneurship. The promotion of female entrepreneurship was added to the implementation plan of the Entrepreneurship Policy Programme when the Government Strategy Document was updated in 2004. Measures boosting female entrepreneurship are being implemented, for instance, as part of business services and social security reforms. Furthermore, the issue is being monitored as part of the Government Action Plan for Gender Equality (Government Action Plan for Gender Equality 2004–2007, Final Report, Publications of the Ministry of Social Affairs and Health 01/2007).

As part of the Entrepreneurship Policy Programme, the Ministry of Trade and Industry set up a working group on 7 May, 2004 to ponder the promotion of business conditions for female entrepreneurship in Finland. This report, published by the working group in May 2005, identifies problems and obstacles related to female entrepreneurship, and makes a proposal on the kinds of supportive measures and rearrangements of resources which could be implemented in order to solve these problems, and how, thus boosting the willingness of women to establish businesses and act as entrepreneurs.

One of the problems and obstacles related to female entrepreneurship has been, for instance, the division of the educational and labour markets into sectors dominated by women or men, which is also becoming visible in entrepreneurship. In addition, in many degree programmes in areas dominated by women, the amount of entrepreneur education is very limited. The skewed age structure of the Finnish population also presents a challenge to female entrepreneurship, particularly in primary production since, on average, female entrepreneurs are older than other entrepreneurs.

In sectors dominated by women, there are several factors reducing women's willingness and opportunities to establish a company. According to the working group, these insecurity factors are often related to the problems of combining work and family life and, on the other hand, the weakness of certain social political benefits for entrepreneurs, including the lack of certain social benefits and unequal distribution of the cost of parenthood between sectors dominated by women and men.

The working group proposed 14 measures related to social security, the reconciliation of entrepreneurship and family life, financing and competencies, guidance, training and information, as well as research and statistical treatment. The proposed measures included more equal distribution of costs arising from parenthood, the development of a substitute service system for entrepreneurs, a shorter qualifying period for sickness insurance for entrepreneurs, the establishment of a capital investment fund for the service sector, making the mentoring models for female entrepreneurship permanent, setting up a separate female entrepreneurship portal on the Enterprise Finland website, as well as the development of the statistical analysis of female entrepreneurship.

The Entrepreneurship Policy Programme has followed the preparation and implementation of the proposals made by the working group on the promotion of female entrepreneurship. Many of the proposals made by the working group have made progress and are currently being put into practice. Progress has also been made on measures requiring additional preparation. Certain proposals, however, have not led to practical measures (for instance, the establishment of regional resource centres and female entrepreneurship development groups in the provinces). The entrepreneurship review, published by the MTI in May 2006, includes key information on female entrepreneurship (numbers, sectors, age distribution, education, regional information).

Other measures of vital importance for female entrepreneurship which have already been implemented include the enlargement of a substitute service system to cover the areas of four T&E Centres, as well as the launch of the female entrepreneurship section of the Enterprise Finland web service in March 2006. In addi-

tion, several pilot projects related to the mentoring of female entrepreneurship are being initiated in the areas of several T&E Centres.

### 2.1.3 Adjusting legislation to meet the needs of small businesses

The regulations committee of the Entrepreneurship Policy Programme (MTI report 01/2004) assessed which legal changes to implement and which eventual shortcomings to remedy in the current legislation in order to enhance the operating environment for entrepreneurship. The committee was of the opinion that, for instance, a closer study of special issues related to small employers and pondering means of improving the legal expertise available to small employers in labour-related matters were needed. Reforming the current legislation was also an important part of the regulations committee's work, including the Companies Act (624/2006), Auditing Act (Government Bill 194/2006 vp) as well as legislation concerning insolvency, social security, debt recovery procedures and procurement. As far as the Companies Act is concerned, the regulations committee considered it a priority that companies established before 1997 should not need to raise their share capital.

The new Companies Act (624/2006) that entered into force as of 1 September, 2006 is clearer and has wider coverage than the earlier one. Companies are now given more freedom of action, since various limitations and formal rules have been reduced and some new procedures enabled. Regulations concerning the legal protection of creditors and minority shareholders have been made more effective. In accordance with the new Companies Act, the mandatory minimum share capital of a private limited company must be at least 2,500 euros. Old SMEs will not need to raise their share capital retrospectively after the act's entry into force.

The regulations committee also considered it important that systematic attention be paid to the standard of legislative preparation and the assessment of the impact of legislation on enterprises. Consequently, the Ministry of Trade and Industry launched a three-year project, aiming to make the assessment of the impact of legislation on enterprises more efficient (1 December, 2004–31 December, 2007), and completed its annual report for 2005 in April 2006. The project has been gathering information on the current status of such an assessment and the related development needs through various channels, including 11 pilot projects. Assessment of the impact of legislation on enterprises has been improved in the preparation of laws, and assessment methods have been further developed. Co-operation with stakeholder groups has also been close. More information on the project for assessing regulatory impacts on business (SÄVY Project) is presented in paragraph 2.3.

On the initiative of the SÄVY Project and with the support of the policy programme, preparatory work has been initiated for the integration of different impact assessment instructions (impact on enterprises, economic impact, environmental impact, impact on regional development, and impact on gender equality). The deadline for the report of the working group, led by the Ministry of Justice, is March 2007. The working group aims to make the practical implementation of impact assessments better and more efficient.

In February 2005, the Ministry of Labour set up a working group to study the problem areas small employers (with less than 10 employees) have with respect to legal expertise in labour-related matters as well as the operability of current guidance organisations from the point of view of small employer companies. The working group also examined how small employers acquire information and solve possible labour-related problems they encounter, in practice. According to a survey by a Ministry of Labour working group (Ministry of Labour 04/2006), information services on labour relations are functional, but awareness of the existence of such services should be improved. In most cases, the most difficult issue for an employer is finding suitable employees. The legal expertise of small employers in labour-related matters can best be advanced by offering them high quality information services.

The working group proposed a separate study on how the existing information services on labour relations could be integrated into the general business services system. In practice, unionised companies receive information on labour relations through their own union or organisation, and non-union employers can turn to the occupational safety and health authorities when seeking information on, for example, generally binding collective agreements. The labour relations service telephone, operating in the Turku and Pori Occupational Safety and Health District, offers confidential services to employers and employees alike. The financing of the service telephone has been secured for 2007. From the small employers' point of view, the most important source of information is often the accounting office used by the company.

#### 2.1.4 Making generational transfer in businesses easier

Taxation in the case of generational transfer has been made more lenient by amending the Inheritance and Gift Taxation Act. This amendment entered into effect on 1 January, 2005. The following projects related to generational transfer have been implemented or are currently being implemented under the Entrepreneurship Policy Programme.

Intensified marketing has raised the profile of the PK-Yrityspörssi, a marketplace managed by the Federation of Finnish Enterprises for those interested in selling or

buying an SME business, and has increased the number of new stakeholders by a total of 20. Services related to generational transfer and change of ownership have also been linked with the PK-Yrityspörssi.

Generational transfer of farms has been promoted by implementing proposals for measures based on the report by the committee that handled the promotion of the generational transfer of limited company and multi-sector farms from the year 2005 (Ministry of Agriculture and Forestry 3/2005). The proposals and policy lines drawn up by the committee have been taken into account in the implementation of regulatory reforms, and will be further taken into account when amending the Financing Act of Rural Industries

The pilot project of a training programme supporting generational transfer in businesses (a so-called successor school) suited to polytechnics was carried out in the Lahti University of Applied Sciences in 2005 (Ministry of Education/2005). The training programme aims to provide supplementary training for polytechnic students interested in continuing and managing an already operational SME business as an entrepreneur. A follow-up study on the subject, financed by the Entrepreneurship Policy Programme, was launched in July 2006 and is expected to be ready in March 2007.

In its report (MTI 16/2005), the family entrepreneurship working group proposed targets and measures for promoting the continuation, renewal and growth of family enterprises. In accordance with the family entrepreneurship working group's proposals, the Entrepreneurship Policy Programme implemented part of the study concerning the statistical analysis of family enterprises, completed in June 2006. In addition, the MTI's entrepreneurship review includes statistical information concerning family entrepreneurship.

### 2.1.5 Reconciliation of the requirements of parenthood and entrepreneurship

On 17 March, 2006, the Ministry of Social Affairs and Health working group that studied the cost of family leave agreed on a proposal for the more equal distribution of the cost of family leave. The working group's goal was to improve the position of women on the labour market by sharing the costs family leave causes to employers, and by encouraging fathers to take more family leave.

Parliament has accepted a government bill (HE 112/2006 vp) related to sharing the cost of family leave, enhancing the distribution of costs to the employer caused by family leave between sectors dominated by women and men, improving the posi-

on of women on the labour market, and enhancing the basic livelihood of families during the parental allowance period as of 1 January, 2007. This decision will raise sickness insurance expenditure by approximately 60 million euros a year, mainly financed from insurance premiums paid by employees and employers.

### 2.1.6 Development of more motivating social security system for entrepreneurs

The social security of entrepreneurs has been improved on the basis of the proposals made by the broad-based Social Security of Entrepreneurs 2004 working group (Ministry of Social Affairs and Health 05/2005), submitted to the Ministry of Social Affairs and Health in August 2005. The working group studied whether the social security of entrepreneurs unjustifiably differs from the social security of pay earners, thus lowering the willingness to become an entrepreneur. According to the working group, there are no extensive problems in the social security of those acting as entrepreneurs in Finland. Finland has done more to improve the coverage of legally provided social security for entrepreneurs than most other EU member states.

After the unification of the most important pension acts for employees in the private sector into a single act, the Employees' Pensions Act (TYEL), the reform of the pensions acts for entrepreneurs and agricultural entrepreneurs was initiated in accordance with the guidelines followed when reforming the Employees' Pensions Act. The goal of the reform was also to take account of proposals by the Social Security of Entrepreneurs working group concerning, for instance, the upper limit of the earned income of entrepreneurs, redefining the concept of entrepreneur family members as well as the insurance requirements for entrepreneurship. The renewed Entrepreneurs' Pensions Act and Agricultural Entrepreneurs' Pensions Act entered into force on 1 January, 2007.

Legal changes related to the social security of entrepreneurs have been implemented in accordance with the working group proposals through such reforms as the improvement of the entrepreneurs' unemployment security as of 1 January, 2005, establishing a post-protection system for entrepreneurs, and improving their opportunities to meet the employment condition for entrepreneurs. Entrepreneurs were offered 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 as of 1 October, 2007. In addition, as of the beginning of 2006, the qualifying period for sickness insurance for entrepreneurs has been reduced from nine days to four days (under the Entrepreneurs' Pensions Act insurance, entrepreneurs are entitled to sickness daily allowance for the period

when the applicant has been incapable of performing work, except for the day s/he fell ill, and the following three weekdays). From the beginning of 2007, an employee or an entrepreneur has been entitled to part-time sickness benefit during protracted sick leave. After a continuous period of at least 60 days entitling an employee or an entrepreneur to sickness benefit, s/he has the opportunity to return to his/her own work on a part-time basis and to receive part-time sickness benefit in addition to his/her pay. The improvements to occupational healthcare for entrepreneurs entered into force at the beginning of 2006 (compensation of medical treatment and other healthcare for entrepreneurs from the occupational healthcare compensation system).

### 2.1.7 Taking the needs of SMEs into account in education policy

The particular means employed to enhance the readiness of Finnish people to become entrepreneurs, if they so wish, have included entrepreneurship education and training. The implementation of the entrepreneurship education policy and action plan approved by the Ministry of Education (04/2004) was initiated when drawing up the curricula of primary schools and secondary schools. A follow-up study of the implementation of entrepreneurship education policies in primary school has been conducted as part of the Entrepreneurship Policy Programme and published in August 2006 (see paragraph 2.2.1 Promotion of the launch of entrepreneurship). In addition, five universities drew up their entrepreneurship strategies in 2005. The common entrepreneurship strategy for polytechnics was approved in April 2006, setting the goal that within ten years of obtaining their degrees, every seventh graduate from polytechnics would be an entrepreneur.

During 2006, the Ministry of Education and the Ministry of Trade and Industry prepared a joint project, "institutes of higher education as a way to entrepreneurship" which, for its own part, supported the achievement of the targets set under the Entrepreneurship Policy Programme. In order to promote the co-operation project and support the follow-up, on 13 December, 2006 the Ministry of Education and the MTI appointed a co-operation committee of higher education-based entrepreneurship for 2007–2008.

### 2.1.8 Support for hiring the first employee

The establishment of regional business services and, in particular, the start-up company centres, will largely focus on providing information for micro businesses. In addition to providing information services, it has been decided that surveys will be conducted on the impact of economic incentives. In April 2006, the govern-

ment agreed to test a system through which businesses in Eastern Finland hiring their first employee received benefits corresponding to the amount of employer's statutory payments. The trial was taken into account when preparing the new Aid-to-Business Act. The trial should be launched in the spring of 2007.

### 2.1.9 Improving opportunities for apprenticeship education among entrepreneurs

Improving opportunities for apprenticeship education among entrepreneurs forms part of the implementation plan of the Entrepreneurship Policy Programme. The goal is to take better advantage of the opportunities for apprenticeship education, for instance, in generational transfer situations, and to secure sufficient financing for such education. For instance, Jyväskylä Polytechnic and the Apprenticeship Education Centre are currently carrying out a Business Continuation Project (1 February, 2004–31 December, 2006), supporting generational transfer in a business or transition process caused by a change in ownership by means of apprenticeship education (European Social Fund and the State Provincial Office of Western Finland).

### 2.1.10 Follow-up of the development of tax and payment policy of SMEs

The Ministry of Finance will organise the reform of company and capital taxation as well as the follow-up on the use of the employer's temporary low-wage benefit system, and conduct the studies required.

### 2.1.11 Removal of needless obstacles to entrepreneurship

Charting and measuring the costs of administrative obstacles faced by SMEs has been initiated. The first pilot project studies the administrative costs caused by VAT legislation. The goal is to remove needless obstacles to entrepreneurship and reduce the costs administrative procedures cause to businesses.

### 2.1.12 The development of business services under the principle of one point of contact

The reform of public business services or services partially financed from public funds is currently underway. The provision of services is undergoing a custo-

mer-oriented reform through national service channels. 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.

On 18 May, 2006, the government made a decision in principle providing the guidelines for the reform of the Enterprise Finland service system and implementation of the reform in 2006-2008. The National Guidance Group (established on 4 July, 2007) will supervise the implementation of the reform. In addition, on 4 October, 2006, the Ministry of Trade and Industry set up four working groups which are preparing various functions related to the implementation of the business service reform (regional business services, Enterprise Finland's online and telephone services, innovation services and growth business services). The operation of regional guidance groups has also been initiated. Implementation of the tasks falling within the scope of the working groups' task descriptions has been launched within the framework allowed by current allocations.

The Tax Administration has introduced a free web-based payment service intended for small employers ([www.palkka.fi](http://www.palkka.fi)), which makes it easier for occasional and small employers to fulfil their payment obligations as employers (including households, associations and organisations). The service entered public use in 2006.

The goal is to introduce the Tax Administration's tax account system in 2009. Planning of the system as well as the reconfiguration of, for instance, the Tax Administration's data systems required by the implementation are underway.

Revisions of the tax authority's and trade register's data systems are currently underway, as well as the legal changes required by the reform. The goal is that businesses no longer need to submit their financial reports separately to the tax authority and the National Board of Patents and Registration of Finland, with the target of having the new system operational for the submission of financial data by 2008.

### 2.1.13 The development and increase of the service capacity of the Enterprise Finland portal

The strategic plan for the Enterprise Finland online services and contact centre was completed in 2006. The Enterprise Finland portal is being revised during 2006 and 2007 in accordance with the goals described above. The strategic plan is also related to the planned overall reform of business services. For example, the sectors concerning female entrepreneurship and generational transfer were completed as part of the Enterprise Finland portal in the spring of 2006. A service package intended for young people/students is also being planned (planning stage in 2006-2007).

### 2.1.14 Development of insolvency legislation

The amendment to the law on debt rearrangement for private persons (1088/2006) that entered into force on 1 January, 2007 encourages entrepreneurs taking part in a debt rearrangement programme to seek additional income. The debtor is allowed to keep half of the additional income obtained during the repayment programme, while the other half is used for settling the debt. When rearranging the settlement of debts, the current income and indispensable expenses of the debtor are the factors with the most fundamental influence on the contents of the repayment programme to be confirmed.

On 23 January, 2007, Parliament accepted the amendment to the Company Reorganisation Act aiming to promote the inclusion of companies capable of surviving in company reorganisation schemes and making the handling of reorganisation applications more efficient in courts of law.

In addition, the Ministry of Justice has initiated several studies exploring the extent and nature of the indebtedness problems of entrepreneurs. The goal is to acquire material to be used as a basis for decision-making when evaluating whether it is necessary to take certain steps as far as indebtedness is concerned. Most surveys were completed towards the end of 2006, and a summary of the findings will be completed at the beginning of 2007.

### 2.1.15 Enhancement of cross-sectoral co-operation and commitment

Under the Entrepreneurship Policy Programme, different ministries and stakeholder groups have been working in close co-operation. Extensive co-operation across the boundaries of administrative sectors and commitment to the programme have been enhanced by means of an annual negotiation between the state and entrepreneur organisations, where labour organisations were also represented. The negotiations have monitored the development of the operating environment for entrepreneurship and mapped out which eventual legal changes or other measures were deemed important within various subsections of the programme.

The feedback the programme and its implementation have received from entrepreneur, industry and labour organisations and other stakeholders has been mainly positive. These organisations consider it positive that the entrepreneurship-related questions are being handled in a systematic manner and that the stakeholder groups are heard when matters are under preparation. In the evaluation halfway through the programme, the feedback the Entrepreneurship Policy Programme re-

ceived was mainly positive, but the matter has not been re-evaluated since then. The intention, however, is to gather together the evaluations of stakeholder groups with respect to the success of the policy programme, before the end of the programme.

### 2.1.16 Follow-up of the development of entrepreneurship

Entrepreneurship is a multi-faceted concept and it is impossible to measure its development in a one-dimensional way. Under the Entrepreneurship Policy Programme, entrepreneurship and its development are monitored, primarily with help of the MTT's entrepreneurship review, published on an annual basis. The review, launched as part of the Entrepreneurship Policy Programme in 2004, studies e.g. the number, size and location of enterprises, entrepreneurship within different sectors, as well as the profitability of businesses, income level of entrepreneurs and age distribution in companies of different sizes. With the help of the review, it is possible to establish an estimate of the societal impact of government measures affecting the prerequisites of entrepreneurship, and changes in the operating environment for entrepreneurship and entrepreneurs both nationally and regionally.

The entrepreneurship review is supplemented with evaluations of the development of willingness to become an entrepreneur, the operating environment for entrepreneurship in Finland as compared to other EU countries, competitiveness, as well as the impact analyses various ministries perform on their own activities. The next entrepreneurship review will be published in the spring of 2007. The Ministry of Trade and industry intends to continue the publication of entrepreneurship reviews, even after the end of the current government term.

## 2.2 Other key projects implemented under the Entrepreneurship Policy Programme

In the following, we will go through other implemented measures with a vital impact on the operating environment for entrepreneurship that have not been directly included in the government programme, but that are incorporated in the Government Strategy Documents.

### 2.2.1 Measures promoting the start-up of enterprises

On 7 April, 2004, the Ministry of Education published the new *policy line for entrepreneurship education* covering the whole educational system in accordance

with the mainstreaming procedures. In primary education, new curricular guidelines were introduced gradually in 2003–2006. At regional and local level, the goal is to make entrepreneurship education an integral part of the curricula and teaching of each school. Approximately 30 per cent of schools enhanced the role of entrepreneurship education when drawing up their new curricula. The new curricular guidelines for secondary schools were introduced in the autumn of 2005. Entrepreneurship education has also been made part of the curricular guidelines for vocational education.

A study related to the planning of curricula in basic education was completed in August 2006. It investigated how municipalities draw up their curricula from the viewpoint of entrepreneurship education on the basis of the new curricular guidelines for basic education, and how entrepreneurship has been integrated in the curricula.

On the basis of an amendment to the State Budget Act, *the universities* now have the opportunity *to have their own limited companies* (university company). They can use their operating expenditure allocations to subscribe for shares in companies based on a decision made by the Ministry of Education, on a case-by-case basis.

The act giving universities the right to *inventions made in universities* (284/2006), came into force on 1 January, 2007. The purpose of the Right to University Inventions Act is to promote the recognition and commercial exploitation of inventions originating in universities in a manner appropriate to both researchers and universities aiming to clarify the legal status of inventions originating in such institutions.

The MTI working group (MTI 11/2005) that studied the operating environment and means of promoting *immigrant entrepreneurship* published its final report on 13 December, 2006. In addition, the MTI's annual entrepreneurship review includes a situation report on immigrant entrepreneurship.

The operating environment for *rural entrepreneurship* has been improved by developing authority practices, regulations and the related service system. Proposals by the Ministry of Agriculture and Forestry working group (spring 2005) have been implemented in various connections during 2006, and will have a particular impact on the implementation of EU co-financed programmes during the period 2007–2013. These proposals made have impacted, for instance, on the preparation of programmes for the forthcoming period in the central administration and regions, as well as the establishment of common grounds concerning stakeholders, procedures and guidelines in granting subsidies to micro businesses by T&E Centres, and procedures followed by T&E Centre departments in the handling of business subsidy applications (such as the centralised handling of subsidy applica-

tions). In subsidy matters, special attention is being paid to sparsely populated rural areas. Coverage of regional business services will improve, and the development of rural enterprises will be included among their service agreements. The goal is to prevent applicants falling between the cracks of various subsidy systems.

On the basis of experiences garnered from the *Management of Rural Change pilot* project in 2005–2006, measures have been taken to extend the management of the change model created on the basis of this pilot project across the country as of the beginning of 2007. The goal is to establish an operating model by which to manage and guide rural structural change in a direction promoting entrepreneurship and job creation in the whole of Finland.

### 2.2.2 Improvement of business conditions for growth entrepreneurship

Efforts have been made to improve the business conditions for growth entrepreneurship, particularly in the service sector. In the Government Strategy Document of 2004, the promotion of measures related to the operating environment of growth companies was defined as a priority under the Entrepreneurship Policy Programme. However, practical measures could not be taken before the decision-making process for the budget of 2005.

Appropriations needed for the *seed financing of innovative start-up companies and service system reform strategy* (AISP strategy) were only allocated in the first supplementary budget of 2005. The reform of public business services will also meet the challenge of subsidising growth companies. However, the reform of public business services and implementation of the planned reforms has been delayed.

*A joint growth company service* provided by Tekes, T&E Centres, Finnvera and Finpro was established on 25 May, 2005. Its purpose is to facilitate and speed up company development and growth, with customer needs as its guideline.

Since 2005, *the guidance provided for the allocation of appropriations in the budget text* has been used as a means of enhancing operating conditions for growth entrepreneurship.

### 2.2.3 Development of business services in a way that advances competencies and innovation

The centre of expertise committee prepared proposals for the reform of the centre of expertise policy in 2007–2013 (Ministry of the Interior 10/2006). These centres

will create the preconditions for new kinds of innovation activities aimed specifically at particular competence clusters, combining research with technology and business know-how.

#### 2.2.4 Predictability of regulatory environment, operation of markets and reform of public sector service production

The comprehensive *Auditing Act* reform has advanced to the parliamentary handling stage (Government Bill 194/2006 vp/12 October, 2006). This reform aims to raise the standard of auditing legislation to European level, thus increasing the credibility of balance sheets and elevating the quality of auditing. The new law would increase possibilities for cross-border activities between auditors and auditing communities, and lay a foundation for international co-operation between control authorities. In accordance with the proposal, in the future only auditors approved in the manner prescribed under law may be accepted as auditors. This law would exempt the smallest communities from mandatory auditing. In response to this, however, the right of minorities to require that an auditor be chosen for a community would be included under the communities' duties.

The diversification of methods for producing *public services* has been promoted by supporting the development of procurement and tendering competencies. At the beginning of 2004, the MTI and the Association of Finnish Local and Regional Authorities launched an information service on public procurement as a joint, three-year project providing information on questions related to tendering for public procurement projects.

The amendment of the *Act on Competition Restrictions* entered into force on 1 May, 2004 (318/2004). This legislation has been harmonised with EC antitrust rules. The amended law gave significantly greater powers to national competition authorities.

A new law on *social enterprises* that came into force on 1 January, 2004 will consolidate the status of social enterprises as an employment opportunity for handicapped jobseekers and the long-term unemployed. Social enterprises can be allocated employment subsidies and combined subsidies on the basis of more relaxed rules and for a longer period of time than would otherwise be possible.

### 2.3 Taxation

According to the government programme, measures relating to taxation have not formed part of the Entrepreneurship Policy Programme. Still, e.g. the development

of corporate taxation has been one of the most important follow-up targets in the Entrepreneurship Policy Programme. Participation in the preparation of the reform and influencing the formation of government views formed significant parts of the Entrepreneurship Policy Programme's field of operations, particularly in 2003 and 2004.

Key measures related to taxation carried out during the government term of 2003–2007 include the following:

The reform of *company and capital taxation* entered into force as of 1 January, 2005, lowering the corporation tax rate from 29 to 26 per cent and the tax rate on capital from 29 to 28 per cent. The transfer gain from direct investment shares owned by a corporation was exempted from tax under certain conditions, and dividend taxation was reformed by abolishing the imputation system for corporate taxation. The tax treatment of foreign capital investors has been changed so that risk investments made in a Finnish capital fund or a target company are taxed in an equitable manner.

A sliding lower limit for the threshold liability for VAT was introduced as of 1 January, 2005. Thereby, the seller is not liable to pay VAT if the turnover of the accounting period does not exceed 8,500 euros. Tax relief gradually reduces as turnover increases, and is paid in full when annual turnover exceeds 22,500 euros.

The law on *an employer's temporary low-wage benefit* entered into force at the beginning of 2006. The employment of ageing workforce is supported through a system by which an employer can deduct from its tax accounts a certain sum tied to the wage level of over 54-year-old full-time employees. At its highest, the benefit corresponds to around a tenth of total employee expenses. It is estimated that this benefit will make it easier to keep aged employees in the workforce and employed, and improve the employment opportunities of service sector entrepreneurs in particular.

The *net-worth tax* was abolished as of the beginning of 2006 and the maximum household tax deduction was doubled as of the beginning of 2006.

## **2.4 Key measures under preparation with an impact on the operating environment for entrepreneurship**

Due to their extent, duration or unfinished preparation, some of the key projects implemented under the Entrepreneurship Policy Programme are such that they are expected to be transferred to the next government term. As concerns these ques-

tions, the Entrepreneurship Policy Programme has considered it important that decisions be made on which ministries will answer for the subsections in question, and schedules already set have been clearly defined.

This table, presented in Annex 1, gathers together the entrepreneurship affairs included in the Entrepreneurship Policy Programme or to be prepared after the policy programme is over. The table lists only the projects whose continuation remains open as far as the next government term is concerned. However, the Entrepreneurship Policy Programme and the ministries answering for them still intend to have specifying discussions about the projects before the end of the current government term.

It would not be practical to go through all of the projects under preparation in this report. However, we do want to mention one implemented project of vital importance to the Entrepreneurship Policy Programme, the project for assessing regulatory impacts on business (SÄVY Project 1 January, 2004–31 December, 2007), set up on the basis of the regulations committee's proposals for certain measures. In the following paragraph, we will handle some of the key questions related to the SÄVY Project from the perspective of the Entrepreneurship Policy Programme.

#### 2.4.1 SÄVY Project

The project for assessing regulatory impacts on business, the SÄVY Project, was set up under a decision made by the Ministry of Trade and Industry on 26 October, 2004, with the goal of making the assessment of regulatory impacts on business an essential part of good legislative preparation. The term of the project is from 1 December, 2004, to 31 December, 2007. Factors contributing to the establishment of the project included the proposals of the government development group for legislative planning and management (Permanent Secretary working group for legislative drafting) and the Entrepreneurship Policy Programme, as well as international development measures and recommendations.

A special unit, located at the Ministry of Trade and Industry, headed by a project leader and consisting of an expert advisor and assistant, answers for the practical implementation of the project. In accordance with the decision on setting up the project, a civil servant appointed by the Ministry of Justice will also participate in the implementation of the project, carried out with financing from the Entrepreneurship Policy Programme.

In accordance with the project decision, the SÄVY Project is tasked with:

- acting as a joint expert unit of the ministries, to promote taking the assessment of regulatory impacts on business into account in legislative preparation. Special attention must be paid to the assessment of impacts on business of legislative projects included in the government's legislation programme of 2005 and 2006;
- developing assessment methods for assessing regulatory impacts on business;
- organising regular communication between the ministries and the business world on questions related to assessing regulatory impacts on business; as well as
- participating in international activities concerning the assessment of regulatory impacts on business.

Successful co-operation between the ministries has played a vital role in the implementation of the project's goals and tasks. Active co-operation with all ministries was initiated at the very beginning of the project, and efforts have been made to strengthen it further as the project has advanced. During 2006, the project organised a meeting with the leadership of key ministries and committee counsellors of parliament, with the assessment of regulatory impact on business forming the basic perspective. Among the issues handled in the meetings was the SÄVY Project analysis of the assessments of the regulatory impact on business of government proposals for 2005.

The SÄVY Project has systematically underscored that it is at the disposal of all ministries.

The most concrete form of co-operation between ministries has been the 11 pilot projects the ministries defined together with their stakeholders in the spring of 2005. The objective of this pilot co-operation is to test different methods for assessing regulatory impact on business, and to gather good examples for other legislative projects.

In addition, without the experiences garnered from pilot projects, it would have been impossible to pinpoint the strengths, weaknesses and development needs of the current impact assessment system. Consequently, the SÄVY Project initiatives aimed at developing the system have been based on both the experience gained from pilot projects and other co-operation between the ministries. A key challenge throughout the project has related to activating ministries in assessing the regulatory impacts on business at a sufficiently early stage. This challenge has formed the basis of the way in which the project has been put into practice.

One of the tasks of the SÄVY Project is the organisation of regular communication in questions related to the assessment of regulatory impacts on business between

ministries and the business world. The most important form of such communication has been the work carried out by the project support group, with representation from key ministries and research institutes as well as key business and employee organisations. The project has encouraged business to develop its own role as a producer of information in support of the assessment of regulatory impacts on business, an initiative already adopted by business organisations.

On the basis of the experiences of the SÄVY Project, it is obvious that continuous attention must be paid to the assessment of regulatory impacts on business. The need for such assessment is permanent and thus, in the future, this kind of support task for regulatory preparation should not be carried out on a project basis. The rising requirement level of both the EU and national regulatory preparation also calls for permanent arrangements. Efficient structures and operating methods must be established for securing the continuation of work already initiated. As systematic a regulatory policy as possible will strengthen the operating environment for businesses and, simultaneously, support the development of both the assessment of regulatory impacts on business and the entrepreneurship policy in general.

## **3 Review of the development of entrepreneurship during the government term**

### **3.1 Development of entrepreneurship and business at a general level**

Meeting the objectives included in the government programme requires business expansion and an increase in the number of companies. The number of companies (excluding primary production) is on the increase in Finland, now being higher than ever before. The number of entrepreneurs and entrepreneur family members (excluding primary production) has risen by as much as 10 per cent during the government term. The economy is growing rapidly due, for instance, to the fact that household demand has remained strong. Cyclically, well-timed tax cuts have strengthened spending power, which has been reflected in companies' business expansion within the service sector in particular. In addition, the rate of employment is on the rise.

The impact of measures boosting entrepreneurship on actual entrepreneurial activity, businesses and the business environment is difficult to measure because, in addition to official measures planned to promote entrepreneurship, entrepreneurship is impacted upon by various factors related both to the Finnish and the global economy.

In impact assessment, the key document has been the Ministry of Trade and Industry's annually published entrepreneurship review, with the help of which the systematic follow-up of the development of entrepreneurial activity has been possible during the government term. The purpose of the review is to provide a general picture of the operating environment for entrepreneurship and business activity and development trends in Finland by studying, for instance, the number, size and location of enterprises, entrepreneurship within different sectors, as well as the profitability of businesses, and the income level and age distribution of entrepreneurs. The review has also charted the progress of the Entrepreneurship Policy Programme. Special attention has been paid to companies just starting to operate, business growth, and the impact on employment. As far as entrepreneurship is concerned, the entrepreneurship review has also supported the planning and implementation of economic and industrial policy. It would be appropriate to continue publishing the Ministry of Trade and Industry's entrepreneurship review even after the end of this government term.

### 3.1.1 Development of the number of businesses

There is now a record number of businesses in Finland, both in absolute terms and in relation to the population (excluding primary production, i.e. mostly farms). At the end of 2005, the total number of businesses in Finland was 236,435. According to a very preliminary ministry estimate, at the end of 2006 the number had already passed 240,000. In other words, in the light of current information, the net total of enterprises has increased by over 12,000 during this government term. These estimates are based on the Ministry of Trade and Industry's own calculations, utilising the preliminary data provided by the Register of Enterprises and Establishments (Figure 1). There are already slightly over 45 businesses per thousand people, which is more than during the previous economic boom towards the end of the 1980s.

An average business has 6 employees, representing the European average. Finnish businesses have slightly over 1.3 million employees. SMEs account for 99.7 per cent of all businesses, and they employ 61.7 per cent of the workforce. Almost 94 per cent of companies are micro enterprises. Sole entrepreneurs account for approximately 40 per cent of all entrepreneurs. Slightly over 0.2 per cent of companies are big businesses (number of personnel > 250), but they employ almost 40 per cent of the total workforce in the corporate sector. Since 1995, over 75 per cent of new jobs in Finland have been created by SMEs.

The number of businesses has been increasing in Finland since 1995. At the end of the 1990s, on average, the number of companies rose by 3.5 per cent a year. In 1998, the number of companies exceeded the level preceding the economic slump. The growth has slowed down slightly in the 21<sup>st</sup> century: in 2000–2003 the growth rate fell, on average, to approximately one per cent a year. In 2004, the number of businesses increased by approximately two per cent.

In 2005 and 2006 the steady growth in the number of companies has continued, spurred on by increased economic activity in the SME sector and good economic prospects. According to the data on business entries and exits of Statistics Finland's Register of Enterprises and Establishments, in 2005 26,453 new companies entered the market, representing an increase of 5.3 per cent in the number of start-up companies from the previous year. The highest number of companies, a total of 6,980 new businesses (26.4 per cent), entered the real estate and business services sector. In 2005, 21,170 businesses ended their operations, representing a reduction of 3.2 per cent in business exits from the previous year. According to the very latest information based on the same statistics, during the second quarter of 2006, 6,927 new companies were launched. During the same period the year before, the number of business entries was 6,643. In 2005 and 2006, for instance, the demand for start-up grants and the customer base of start-up company centres have been increasing significantly.

During Finnish EU membership, since 1995, more than every fourth farm has stopped operating. Still, the share of farmers and other entrepreneurs involved in primary production in Finland is one of the highest in the EU (25 per cent in 2005). According to the Ministry of Agriculture and Forestry, in 2005 there were almost 70,000 farms in Finland. The estimated number of operational farms in Finland in 2013 is approximately 50,000–53,000.

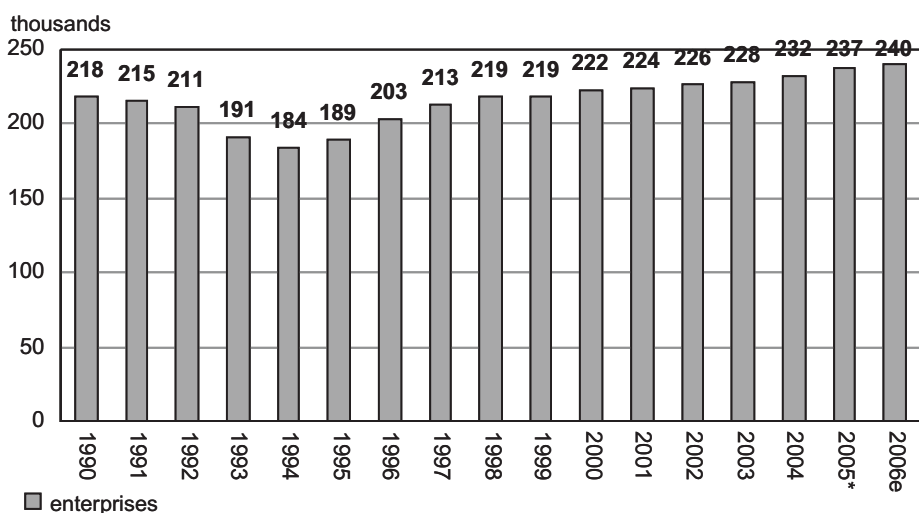


Figure 1. Number of enterprises (excl. primary production) in 1990–2006  
(Sources: Register of Enterprises and Establishments, Statistics Finland and MTI)

At European level, Finnish business density represents a lower medium level, when the number of enterprises is considered in relation to the population. According to a survey by the EU statistics authority, Eurostat, the business density is the highest in Romania (89 businesses/1,000 people). In economically successful countries, such as the Netherlands (34 businesses/1,000 people) and Great Britain (29 businesses/1,000 people), the business density is the lowest. In the Nordic Countries, the business density is the highest in Sweden, and then come Norway, Finland (45/1000) and Denmark, respectively.

### 3.1.2 Entrepreneurs

The share of entrepreneurs of the total employment rate fell in the early 1990s, mainly due to structural change in agriculture and the increase in the number of pay earners related to the recovery from the economic depression. However, according to the Labour Force Survey by Statistics Finland, the number of entre-

preneurs other than farmers has increased steadily since 1993, except for a blip in 2001 (Figure 2). During the current government's term, the increase in the number of entrepreneurs has accelerated, and their share of the employment rate has slightly risen. According to the Labour Force Survey, during the current term, the number of entrepreneurs and entrepreneur family members (excl. primary production) has increased by 10 per cent, including December 2006, based on a sliding 12-month average. According to the Labour Force Survey, at the end of 2006 there were 234,000 entrepreneurs and entrepreneur family members (excl. primary production) in Finland, growing by almost 11,000 on the year before. An entrepreneur family member refers to a person working in a company owned by a member of the same household without actual pay.

On the other hand, the share of entrepreneurs of the total employment rate (including primary production) in Finland has remained at a relatively modest level in the EU 15 comparison, compiled from the labour force surveys of different countries (Figure 3).

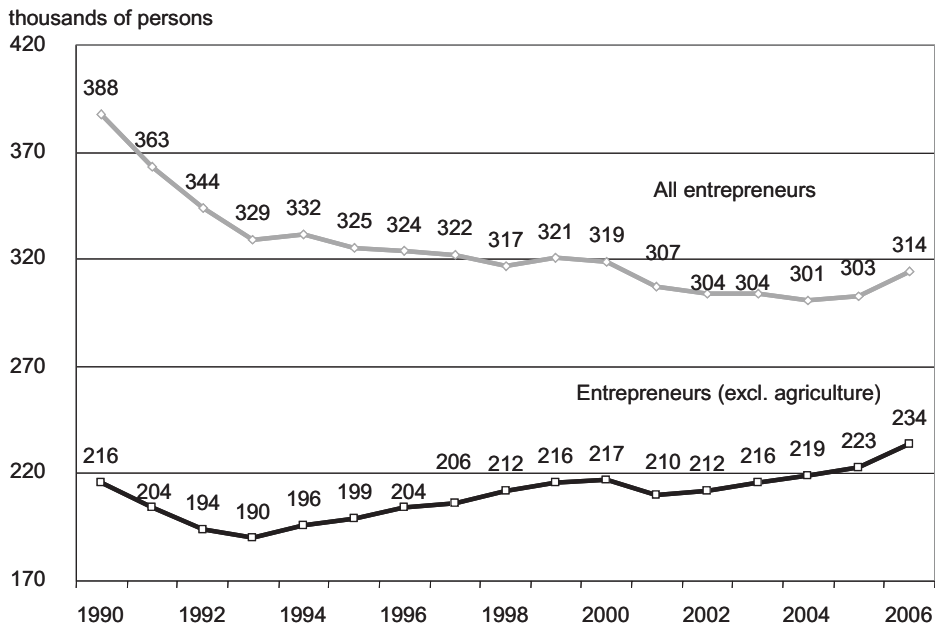


Figure 2. The development in the number of entrepreneurs (including entrepreneur family members) in Finland (Source: Labour Force Survey, Statistics Finland)

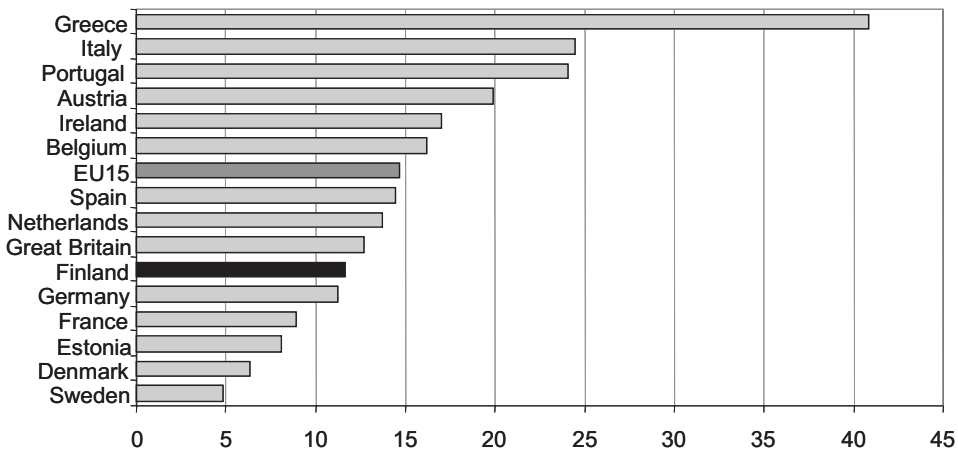


Figure 3. Share of entrepreneurs of the total employment rate in EU countries in 2005, in percentages (Source: Eurostat, Employment in Europe 2006)

### 3.1.3 Level of start-up activity

In international comparisons of the level of start-up activity, Finland's success has been rather modest in recent years. According to a Global Entrepreneurship Monitor survey, in 2006 the share of the adult working-age population actively *attempting to start a business* has remained at the same level as the year before. Furthermore, according to the GEM survey, about 5 per cent of the adult population have been actively attempting to start a business over the past 12 months or are acting as entrepreneurs in own businesses operating for less than 42 months.

By international comparison, the transfer of the adult population to entrepreneurs remains moderate in Finland. Out of 42 countries surveyed, Finland came 32nd. In comparison with the Nordic Countries, the share of people actively attempting to start a business in Finland is the second lowest after Sweden. In comparisons to other Nordic Countries, start-up entrepreneurial activity is twice as high in Iceland and Norway than in Finland.

In 2006, in Finland the share of the adult population that had been running a business for a longer period – over 42 months – was approximately 8.2 percent. As last year, *established entrepreneurship* measured in this way was highest in Finland among the Nordic Countries, and also came near the top among the countries included in the international comparison. The share of established entrepreneurs of the adult population in Finland is clearly higher than for start-up activity. Judging by this, either Finnish entrepreneurs are managing better during the first years of

entrepreneurial activity than businesses in most other countries or they are generally more committed to entrepreneurship as a career option. The downside is that, according to this interpretation, there is relatively little experimental entrepreneurship in Finland, where people test entrepreneurship as a possible alternative to employment.

Together, start-up activity and established entrepreneurship measure *total entrepreneurial activity*, whose share in 2006 was approximately 13.0 per cent of Finland's adult population, being at about the same level as a year before. As far as total entrepreneurial activity is concerned, the share of entrepreneurs of Finland's adult population is sixth highest among the 21 European countries that participated in the GEM survey.

### 3.1.4 Ageing of the population, entrepreneurship and generational transfers

In the years to come, the strengthening of entrepreneurship and competitiveness will be made more difficult by the same demographic change that almost all European countries are undergoing. The ageing of the population and the diminishing share of working-age population threaten to slow down economic growth. Finland is becoming a kind of 'laboratory' for this change, since our population is ageing more rapidly than most. The share of over 65-year-olds of the population will increase from 16 per cent to 27 per cent by 2030. With longer life expectancies, the number of over 80-year-olds will double within the same period.

There is a threat that the number of new potential entrepreneurs will diminish as the generations entering the labour market for the first time become smaller. Furthermore, it will evidently become very difficult for businesses already operating to grow simply by increasing their number of employees. Instead, they will need to increase their efficiency by changing their working methods, investing in technology and information technology, and continuously renewing the skills and competencies of their employees. The pressure to increase productivity will intensify, whereas the opportunities for achieving this goal may partially diminish since, for instance, the ability to adopt new technologies will slow down with ageing. The necessity of life-long learning will become even more emphatic in the future.

As entrepreneurs become older, the number of companies facing a generational transfer or a change in ownership will increase in the years to come.

According to one estimate, 50,000–80,000 companies will enter a transition period within the next ten years. It has been estimated that the transfer of businesses will

accumulate in 2008–2011. In the production sectors, the relative share of ageing entrepreneurs will increase. Almost two thirds of industrial entrepreneurs are over 45 years old. Problems include finding a successor or a suitable buyer for the business, the right timing of the transfer, as well as the financial consequences of the transfer for the previous incumbent and the successor. Entrepreneurship is not attractive enough to young people. Still, in the future, buying a business has much more potential as an alternative open to new entrepreneurs than in the past.

## **3.2 Growth entrepreneurship**

A competitive SME sector provides the foundation for prosperity and sustainable growth. The growth and regeneration of enterprises is vital to the vitality of the economic structure. The economy must have a sufficient amount of innovations, and new and growing businesses to replace losses in production and jobs in sectors and businesses in decline. International comparisons seem to indicate that, on average, young, innovative companies and growth-oriented medium-sized businesses create new jobs faster than big companies with established operations.

For the national economy, having highly developed entrepreneurial activity is of vital importance. Small-scale micro enterprising is not enough. A small share of businesses is creating most new jobs. According to various studies, in developed market economy countries there does not seem to be a correlation between the level of entrepreneurial activity and economic growth alone. In Finland too, the number of businesses may sometimes even fall in the future due to changes in the age structure. Thus, the most important factors are that the average size of companies increase, and growth-oriented entrepreneurship becomes stronger. The society should employ all means available to support growth-oriented entrepreneurship.

Measures aimed at increasing the employment rate and stronger economic growth may yield better results if it is possible to target these measures more effectively at potential growth companies. Naturally, the problem is how to recognise such companies reliably and what kind of industrial policy interventions could or even should be employed to influence their activities. The preparation of policies needs the support of multi-sectoral growth company research, with the prerequisites for the development of business activity as its starting point. In order to produce real added value, this research must be practical and tied to the foundations of entrepreneurship policy.

So far, growth entrepreneurship has been little studied in Finland. The challenges of growth have been recognised as an important target for development, but know-

ledge of the issue is still limited. One of the background influences is also the fact that there is no clear theoretical framework for studying the growth of companies in the economic sciences which, on the other hand, is explained e.g. by the heterogeneity of company structure and the variety of factors impacting on growth.

According to a Ministry of Trade and Industry survey, 939 of the total of 43,669 companies that began operating in 1999–2000 had become so-called rapid-growth companies by 2004, corresponding to 2.15 of all start-up companies (Table 1). The number of pay earners in companies operating in 2004 increased by a total of 7.4 per cent between 2001 and 2004. This increase was particularly emphasised in rapid-growth companies, where the number of personnel increased by 106 per cent (almost 22,000 people). According to the definition used, the average annual growth rate of combined salaries in rapid-growth companies had to be at least 20 per cent, and the company had to have at least 10 employees. About 400 of the companies were so-called 'gazelle companies', where salaries increased by at least 50 per cent a year during the same period.

Table 1. Rapid-growth companies by sector in 2004 (Sources: Tax Administration, National Board of Patents and Registration of Finland, and MTI)

	Rapid growth companies, number	Pay earners in growth companies, number	Share of rapid growth companies, %	Share of pay earners %
Agriculture, forestry and fisheries	25	467	2,7	1,1
Industry	105	8 011	11,2	19,1
Food industry	15	1 726	1,6	4,1
Forestry industry	21	766	2,2	1,8
Metals and electronics industry	42	3 536	4,5	8,5
Other industries	27	1 983	2,9	4,7
Construction	149	3 105	15,9	7,4
Trade	145	7 515	15,4	17,9
Services sector	515	22 861	54,8	54,5
Accommodation and food service operations	79	2 044	8,4	4,8
Transport and communications	82	2 501	8,7	6,0
Real estate services	28	1 144	3,0	2,8
Business services	200	13 878	21,3	33,0
Social and healthcare services	56	1 551	6,0	3,7
Recreational and sports services	35	957	3,7	2,3
Other services	35	786	3,7	1,9
<b>Total</b>	<b>939</b>	<b>41 959</b>	<b>100,0</b>	<b>100,0</b>

During the government term, the growth rate of the relative share of rapid-growth companies of new businesses has been at least in keeping with the general cyclical

growth rate. The previous 2004 survey by the Ministry of Trade and Industry – the final report of the Advisory Group on Growth Entrepreneurship from 2004 (MTI 2004) – recognised 1.8 per cent of enterprises (slightly over 1,700) as rapid-growth companies in 2003. The growth in the employment rate was concentrated in rapid-growth companies where the number of employees increased by 72.4 per cent (34,000 employees in 2001–2003). In the whole sample, the employment rate fell by 3.6 per cent. The survey included all 96,000 companies that started to operate between 1996 and 1999. The results of the survey cannot be fully generalised, since on the basis of the sources used it is impossible to distinguish with full certainty which start-ups are genuine and which are not. The reason behind high growth rates is often the fact that the absolute numbers at the start and after growth are small, and thus the impact on the total employment rate can be quite limited.

In Anglo-American countries, the share of rapid-growth companies of the total number of enterprises has been typically around 3–5 per cent, and they have generated as much as 60–80 per cent of the jobs created by all new businesses within slightly over five years from their establishment. However, definitions of growth companies abound and research frames vary from country to country, and thus these results are only indicative.

According to barometer surveys, the most common factor negatively affecting the willingness of SMEs to grow or expand their operations in Finland is their satisfaction with the already existing size of their company. Demand and competition factors play the second greatest role, followed closely by the avoidance of financial risks. When comparing the overall factors mentioned above, lack of competencies required for growth played a surprisingly small part. The small number of growth companies is also reflected in the fact that only one per cent of Finnish companies are medium-sized companies with significant potential to create jobs.

### 3.2.1 Growth entrepreneurship surveys

When revising its strategy in March 2004, the government of Prime Minister Matti Vanhanen decided that the industrial policy affecting the operating environment for growth companies must be made effective. In accordance with the Strategy Document, the related goals included drawing up recommendations for the possible refocusing of industrial policy, increasing research related to growth entrepreneurship, and preparing measures for boosting growth entrepreneurship in close co-operation with the business sector.

The minister of trade and industry set up an Advisory Group on Growth Entrepreneurship consisting of outside experts that submitted its report to the minister in

October 2004. The advisory group recommended, for example, more efficient industrial political research related to growth entrepreneurship.

So far, four growth entrepreneurship studies have been conducted under the financing and guidance of the Entrepreneurship Policy Programme and MTI's Industries Department, with such targets as potential growth entrepreneurs and companies; new and young growth-oriented companies; established SMEs (including production companies and knowledge-intensive service companies); the entrepreneurial framework conditions for growth companies; and so-called good practices included in policy measures in different countries. In addition, Finland has participated in the activities of the International Consortium for Dynamic Benchmarking of Entrepreneurship, ICE, developing entrepreneurship indicators and benchmarking methods for the OECD and Eurostat, among others.

Brief descriptions of the studies in question follow. The studies have been published in the MTI's series of publications, and presented in various forums (including Tekes' growth entrepreneurship seminar "Where do entrepreneurs come from?" and the joint research seminar of the Finnish Economic Association and the Entrepreneurship Policy Programme).

### **Measures supporting rapid-growth SMEs in nine countries: analysis, classification and recommendations (Turku School of Economics and GEM Consortium)**

The aim of the study was to identify and describe the reasons for, and mechanisms behind, the rapid growth of companies, as well as policy measures supporting growth. A comparison is also made between the special features of these measures in different countries. The focus is on growth policies and concrete measures supporting growth. The study was carried out in nine countries participating in the GEM survey: the Netherlands, Australia, Brazil, Hong Kong, Spain, Italy, Great Britain, Hungary and Finland.

### **Growth-orientation of start-up entrepreneurs (Research Institute of the Finnish Economy ETLA)**

The report explores the preconditions and promotion of growth entrepreneurship. Taking advantage of an extensive survey, the study deals with the number and growth-orientation of start-up entrepreneurs, special features of start-up entrepreneurs and companies, growth factors in the business environment, and development proposals for entrepreneurship policy. In Finland, growth entrepreneurs are most likely to be men with a good education, a technical degree, and former pay earner experience. There seems to be a connection between former work, manage-

ment and entrepreneurship experience and growth entrepreneurship. Growth entrepreneurs are more willing to take risks than others, the possibility of gaining wealth is an important motivation, and they often take advantage of new business opportunities. On average, growth entrepreneurs have a higher earlier income level and more net worth.

### **Growth and growth-orientation of SMEs (PTT)**

The study examines the growth in turnover and the number of personnel in Finnish SMEs by asking entrepreneurs about the preconditions and obstacles to growth. The study seeks to identify the common factors between both the more rapidly growing companies and those that have grown slowly or whose operations have even been reduced. The study is based on a business questionnaire in which the entrepreneurs were given the chance to estimate their own growth-orientation, growth strategies and the reasons for their actual growth in recent times. The results of the survey have been further incorporated into the data of the SME barometers for 2001–2003, making it possible to monitor how these companies have succeeded over time.

### **Opportunities and challenges of medium-large growth companies (Technical Research Centre of Finland VTT and LTT Research Ltd.)**

The study examines companies with an established status on the market employing 50–500 people. The growth potential of this group of companies has not been sufficiently targeted by research so far. As far as growth is concerned, such companies are at an important crossroads. Many companies settle for the current size of their business operations, and growth companies make up only a small share of these enterprises. Still, the impact of growth on, for instance, the number of jobs is significant. According to the results of the study, much remains to be done in identifying the growth companies in this group and the development of their resources.

In the promotion of growth, competitiveness and innovativeness, the factors that need to be taken into account in an ideal situation include the lifecycle of entrepreneurial activity, various manifestations of entrepreneurship, technology intensity, market-orientation, as well as the limitations and facilitating features of the operating environment. Companies operate in different sectors and markets exploiting different competitive advantages, depending often, for instance, on the unique features of the company or the entrepreneur in question.

We are used to considering growth-orientation a natural part of company strategy. The obstacles and incentives of company growth can be related both to internal factors within a company (for instance, the characteristics of the entrepreneur and organisation) and external factors, i.e. factors related to the business environment,

as well as factors falling between the two categories (for instance, the chosen growth strategy). Furthermore, internal and external growth factors are often intertwined.

The willingness and ability of a company to grow are primarily dependent on the company's internal factors, such as the determination of the owners, or the competencies of the company's management and personnel. One cannot order a company to grow. The task of the public sector is to guarantee as favourable a set of preconditions and as motivating an atmosphere as possible for running a business in Finland, for companies capable of growth. However, ultimately, a business becomes profitable through the implementation of its own strategies and business processes.

### 3.2.2 Need for additional research: Deeper knowledge of practices promoting entrepreneurship and of the impact of measures

In Finland, entrepreneurship has been studied extensively from a variety of perspectives. In the future, new growth research is needed more than ever before, in particular as a basis for the preparation of policy measures. The research conducted under the Entrepreneurship Policy Programme creates a foundation which can be deepened and made more concrete in the future. This research should increasingly serve the goals of mapping out market shortcomings and conducting 'means analysis' within different subsections of the policy.

Both the depth and amount of knowledge related to the challenges and incentives of new businesses and SMEs should be increased in order to gain information that can be better exploited in support of the preparation of industrial and business policies. In both Finnish and international studies, the growth of companies has been examined at a general level, without taking account of the special features of different businesses (and entrepreneurs) and sectors or the varying elements in the business environment. From the point of view of small enterprises, in principle, the growth targets are the same as in business in general, but the practical problems are of a totally different magnitude. In start-up companies the most typical problems are related to the establishment of competent management and so-called first-level organisation, as well as the adoption of a business model.

In both Finnish and international studies, the problem has often been the one-dimensional interpretation of growth, as well as a one-sided focus on the growth of net sales, profitability or increasing company personnel, which leads to losing sight of the comprehensive nature of business growth. Business growth should be seen as a holistic and dynamic phenomenon, and therefore growth should be exa-

mined from different dimensions and perspectives, including strategic, economic, constructional and organisational growth. Due to the multi-dimensional nature of the phenomenon, it is very unlikely that on the basis of statistical analysis alone it would be possible even to touch upon the key question of how a company changes when it grows and what kind of a process growth eventually becomes.

The target of the current government term was to improve business conditions for growth entrepreneurship in Finland while elevating Finland to among the top European performers in terms of its business environment. Justifiably, the targets have been set high. In the future, the formulation of target setting could be more concrete and include more precise subtargets. Future targets will be such that, in order to monitor their achievement, it should be possible to measure the operating environment for Finnish entrepreneurship in an objective manner in relation to other relevant countries of comparison. This kind of reliable benchmarking process, including representative indicator data on both the performance level of growth entrepreneurship and the progress level of the operating environment (and particularly their interdependence), is currently underway upon the initiative of the OECD and EU Commission as well as that of international research communities and statistics authorities. Finland will naturally play an active role in this development work.

Research in the obstacles to and incentives for growth entrepreneurship should pay careful attention to what kinds of market shortcomings could and should be remedied through policy measures. This is necessary in order for the promotion of entrepreneurship to be as effective as possible without distorting the incentives of those aiming to run a business and those already doing so, or disturbing the normal operation of the markets. Remedying market shortcomings is a key justification for business and entrepreneurship policy.

In 'first-stage' research financed under the Entrepreneurship Policy Programme, the focus was on identifying potential growth companies and entrepreneurs, features typical of their operation and behaviour, and studying their backgrounds. After this basic survey, in the future it would be practical to build up a more comprehensive picture of the situation by means of research of the subfactors impacting on the growth of small companies within certain selected sectors as well as problems related to the achievement of growth. In order to be successful, these surveys would probably require long-term research, as well as the combined use of qualitative and quantitative research data.

Tekijät (toimielimestä: nimi, puheenjohtaja, sihteeri)		Julkaisu-aika
Yrittäjyyden politiikkaohjelma Marjaana Aarnikka Kimmo Hyrsky Henri Kähkönen		Maaliskuu 2007
		Toimeksiantaja(t)
		Kauppa- ja teollisuusministeriö
		Toimielimen asettamispäivä
		17.4.2003
Julkaisun nimi		
Entrepreneurship Policy during Prime Minister Matti Vanhanen's Term of Government 2003–2007 Entrepreneurship Policy Programme – Final Report		
Tiivistelmä		
<p>Hallitus otti keväällä 2003 käyttöön politiikkaohjelmamennettelyn, jonka tarkoituksena oli tehostaa poikkihallinnollista päätöksentekoa. Pääministeri Matti Vanhasen hallituksen ohjelmaan sisältyi neljä politiikkaohjelmaa: yrittäjyyden, työllisyyden, tietoyhteiskunnan ja kansalaisvaikuttamisen politiikkaohjelmat. Yrittäjyyden politiikkaohjelman loppuraportissa luodaan katsaus ohjelman osana toteutettuihin toimenpiteisiin ja yrittäjyyden viimeaikaiseen kehitykseen Suomessa.</p> <p>Hallituksen yrittäjyyden politiikkaohjelman osana toteutetuista politiikkatoimista tärkeimpiä reformeja yrittäjyyden kannalta ovat olleet aloittavan yrityksen rahoituksen parantaminen, palveluyrittäjyyden saaminen Finnveran rahoituksen piiriin, yrityspalveluiden uudistaminen, pk-yritysten teknologiarahoituksen ja palveluiden parantaminen, yrittäjien työttömyys- ja sosiaaliturvaan tehdyt parannukset, yrittäjyyskasvatukseen liittyvät toimenpiteet sekä mittavat veronalennukset ja verojärjestelmään tehdyt muutokset. Lisäksi sähköistä asiointia on edistetty ja yritysten kohtaamaa byrokratiaa vähennetty. Myös starttirahauudistuksella on tällä hallituskaudella ollut merkittäviä vaikutuksia yritysten perustamishalukkuuteen.</p> <p>Yritystoiminnan aloittamisen kannalta muita merkittäviä hankkeita ovat olleet mm. yliopistojen kaupallisen toiminnan helpottaminen, osakeyhtiölain uusiminen, sekä naisyrittäjyyden, maaseudun yrittäjyyden ja maahanmuuttajayrittäjyyden edistäminen. Kasvuyrittäjyyden edistämiseksi on mm. kehitetty aloittavien innovaatioyritysten siemenrahoitusta ja palvelujärjestelmää, laadittu kasvuyrittäjyyden tutkimuksia, ja perustettu erillinen kasvuyrityspalvelu. Yritysten sukupolven- ja omistajanvaihdoksia on edistetty helpottamalla sukupolvenvaihdosten verotuskohtelua.</p> <p>Säädösympäristön ja markkinoiden toimivuutta on edistetty mm. kartoittamalla yritysten säädösympäristöä, kehittämällä lainsäädännön yritysvaikutusten arviointia, valmistelemalla tilintarkastuslain kokonaisuudistus, monipuolistamalla julkisten palveluiden tuotantotapoja, toteuttamalla kilpailunrajoituslain uudistus ja uudistamalla yksityishenkilön velkajärjestelylaki.</p> <p>Yrittäjyys on kehittynyt Suomessa hallituskauden aikana myönteisesti. Yrittäjien ja yrittäjäperheenjäsenten (pl. maatalous) määrä on lisääntynyt maaliskuun 2003 ja joulukuun 2006 välisenä aikana 10 prosentilla, ja oli vuoden 2006 lopussa 234 000. Yrityksiä oli vuoden 2006 lopulla Suomessa enemmän kuin koskaan aiemmin, kauppa- ja teollisuusministeriön alustavan arvion mukaan noin 240 000. Vastaavasti kasvuyrittäjyyden määrä on Suomessa vaatimaton, vain reilut 2 prosenttia yrityksistä päättyy nopean kasvun uralle.</p>		
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Asiasanat		
yrittäjyyspolitiikka, politiikkaohjelma, yrittäjyys, yritys, hallitusohjelma		
ISSN		ISBN
1796-0010		978-952-489-124-0
Kokonaissivumäärä	Kieli	Hinta
49	Englanti	13 €
Julkaisija		Kustantaja
Kauppa- ja teollisuusministeriö		Edita Publishing Oy

<p>Författare</p> <p>Politikprogram för företagsamhet Marjaana Aarnikka Kimmo Hyrsky Henri Kähkönen</p>	<p>Publiceringstid Mars 2007</p> <p>Uppdragsgivare Handels- och industriministeriet</p> <p>Organets tillsättningsdatum 17.4.2003</p>
<p>Titel</p> <p>Entrepreneurship Policy during Prime Minister Matti Vanhanen's Term of Government 2003–2007 Entrepreneurship Policy Programme – Final Report</p>	
<p>Referat</p> <p>Våren 2003 tog regeringen i bruk ett politikprogramförfarande i syfte att effektivera den tväradministrativa beslutsprocessen. Statsminister Matti Vanhanens regeringsprogram inkluderade fyra politikprogram: företagsamhet, sysselsättning, informationssamhälle och medborgarinflytande. I slutrapporten över företagsamhetens politikprogram ingår en översikt av åtgärder som genomförts som en del av programmet och av företagsamhetens utveckling i Finland under den senaste tiden.</p> <p>En av de viktigaste reformer som genomförts inom ramen för regeringens politikprogram med tanke på företagsamheten har varit förbättringar i finansieringen av startföretag, införlivandet av serviceföretagsamheten i Finnveras finansiering, en reform av företagstjänsterna, bättre teknologifinansiering och service för sm-företag, förbättringar i företagens arbetslöshets- och socialskydd, åtgärder hänförliga till företagsamhetsfostran samt omfattande skattesänkningar och ändringar i skattesystemet. Därtill har den elektroniska kommunikationen främjats och byråkratin för företagen minskats. Även startpengereformen har under denna regeringsperiod haft en stor inverkan på viljan att grunda nya företag.</p> <p>Övriga betydande projekt i syfte att uppmuntra personer att starta en företagsverksamhet har varit bl.a. underlättandet av universitetens kommersiella verksamhet, förnyandet av aktiebolagslagen samt främjandet av kvinnlig företagsamhet, företagsamhet på landsbygden och företagsamhet bland invandrare. För att ytterligare främja företagsamheten har man bl.a. utvecklat fröfinansiering samt ett servicesystem för nystartade innovationsföretag, genomfört en undersökning för tillväxtföretagsamhet och grundat en separat tillväxtföretagsservice. Företagens generations- och ägarbyten har främjats genom att beskattningsförfarandet vid generationsväxlingar underlättats.</p> <p>Regelverksmiljön och marknaden har främjats bl.a. genom en kartläggning av företagens regelverksmiljö, genom att utveckla utvärderingen av lagstiftningens inflytande på företagen, genom att förbereda en totalreform av revisionslagen, göra de offentliga tjänsternas produktionsmetoder mångsidigare, genom en reform av konkurrensbegränsningslagen och en reform av skuldsaneringslagen för privatpersoner.</p> <p>Företagsamheten har genomgått en positiv utveckling i Finland under regeringsperioden. Antalet företagare och företagfamiljemedlemmar (exkl. lantbruk) har ökat med 10 procent mellan mars 2003 och december 2006, och uppgick till 234 000 i slutet av år 2006. I slutet av år 2006 fanns det fler företag i Finland än någonsin tidigare, enligt handels- och industriministeriets preliminära uppskattning omkring 240 000. Tillväxtföretagsamheten är däremot anspråkslös i Finland, endast drygt 2 procent av företagen uppnår en snabb tillväxt.</p> <p>HIM:s kontaktperson Marjaana Aarnikka, tfn (09) 1606 2122</p>	
<p>Nyckelord</p> <p>företagsamhetspolitik, politikprogram, företagsamhet, företag, regeringsprogram</p>	
<p>ISSN</p> <p>1796-0010</p>	<p>ISBN</p> <p>978-952-489-124-0</p>
<p>Sidoantal</p> <p>49</p>	<p>Språk</p> <p>Engelska</p> <p>Pris</p> <p>13 €</p>
<p>Utgivare</p> <p>Handels- och industriministeriet</p>	<p>Förläggare</p> <p>Edita Publishing Ab</p>

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# Entrepreneurship Policy during Prime Minister Matti Vanhanen's Term of Government 2003–2007

## Entrepreneurship Policy Programme – Final Report

In the spring of 2003, the government adopted an Action Plan intended to intensify horizontal decision making. The Vanhanen government's programme included four policy programmes covering entrepreneurship, employment, the information society and citizens' involvement. The final report on the Entrepreneurship Policy Programme investigates the measures accomplished and describes the recent development of entrepreneurship in Finland.

The purpose of the Entrepreneurship Policy Programme has been to prepare and implement reforms supporting the establishment of extremely conducive conditions for entrepreneurship through co-operation across ministry boundaries. The Entrepreneurship Policy Programme has been managed and coordinated by the minister of trade and industry.