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The sustainability of developing startup companies in Finland

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This thesis focuses on researching about the factors influencing the growth of developing startups in the Finnish startup ecosystem. Analysing existing literature, the most common and identified factors were technology & innovation, availability of resources, funding necessities, market size and the community in the startup ecosystem. These factors had the most influence on the sustainable growth of new startups either positively or negatively. To understand the ecosystem and the ways these factors were affecting new startups, two surveys were carried out in the Helsinki startup ecosystem. One of the surveys focused on analyzing these factors from 8 different startup ecosystem entities' perspective whereas the other took into consideration the perspective of 12 startup founders. From the results it can be concluded that the factors that were affecting the startups growth positively were the ever-evolving technology & innovation, support of the community and the resources being offered by various entities free of cost. The negative factors were determined to be the access to high funding and the limitations of growth due to the market size.

| Keywords | startup, startup ecosystem, sustainability |

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Glossary

Entrepreneur An individual starting their own business venture by taking up new opportunities and often high risks

Entrepreneurship Activities undertaken by an entrepreneur on the pursuit of starting a new business involving high risks

Key Players Entities that comprise the startup ecosystems such as entrepreneurs, mentors, investors, incubators, universities, corporations, service providers, events, the government

Sustainability The quality of being able to continue over a period of time

Startup A new business or company set to start its initial operations with a new innovative business model aiming to disrupt the market

Startup Ecosystem A system of individuals such as entrepreneurs and entities such as startups, startup communities, universities and various other support organization working towards creating and scaling new startups

1   Introduction

The Finnish Startup Ecosystem has wholeheartedly accepted the new way of living i.e. entrepreneurship in building startups from scratch. Put it on the attractiveness of the Finnish market, the support of different government entities, the acceptance for innovation or the interconnectedness of the various entities in the startup ecosystem – a lot of startup entrepreneurs have found their safe haven in this Nordic country. No wonder, Helsinki - the capital city of Finland is also ranked the highest when it comes to local connectivity amongst the community that includes founders, investors, business experts. (Business Finland 2019)

The volatile nature of startups require them to have an environment that helps them survive as well as thrive. (Starting Up 2020) A startup ecosystem is a potential such environment that startups have their grasp on. Newly emerging startups can find resources, tools for growth as well as a supporting community via startup ecosystems. The existence and availability of different factors affects the growth journey of startups, if or not the startup will exist in another five years always remains a question of it being able to sustain its operations in the long run. The growing number of startups in Finland is surely a positive aspect for the economy, however the lifetime of these startups is very uncertain. Hence, the topic being explored via this thesis is the sustainability of developing startup companies in Finland.

To understand sustainability, factors that affect it must be identified and analysed. This brings us to the research question for this thesis : What are the factors influencing the growth of developing startups in the Finnish startup ecosystem?

- This thesis has been divided into five parts. The first past focuses on defining the key terms related to the research topic i.e. a startup and a startup ecosystem. It then discusses the term 'sustainability' in relation to startups in order to establish a thorough understanding of the topic being explored.
- The second part describes the Finnish startup ecosystem and how it constitutes smaller ecosystems working systematically, the Helsinki startup ecosystem being

one. Then it identifies and explores five factors namely technology & innovation, resources, market, funding and community in the ecosystem in question whilst also discussing relevant existing literature.

- In the third part the research presents two surveys focusing on identifying and analysing the aforementioned factors in the Finnish startup ecosystem and how these factors are affecting the growth of newly growing startups. Two surveys are carried out where one is aimed at 12 startup founders and the other at 8 startup ecosystem entities from different parts of Finland. The research findings from the survey are presented and discussed with reference to existing literature.

- The fourth part discusses the findings from the surveys and their relevance to the research topic. It focuses on analyzing different aspects and discussing factors that are influencing the growth of emerging startups in the Finnish startup ecosystem.

- The fifth and the last part of the thesis concludes the research summing up the findings and discussing the impact of the factors playing a role in the growth of startups in Finland.

2   Startups & Startup Ecosystems

2.1   Defining a startup

The term 'startup' refers to a new business or company set to start its initial operations with a new innovative business model aiming to disrupt the market. In the European Startup Monitor 2016, a startup is defined as a business under 10 years old with a highly innovative technology or business model striving for a significant growth in terms of the sales as well as the company.

In his book The Lean Startup, Eric Ries has defined a startup as "a human institution designed to create new products and services under conditions of extreme uncertainty". He also adds that the reason startups exist is for them to learn building a sustainable business. Ries's one of the five fundamental principles of the Lean Startup "Build-measure-learn" states that startups' fundamental task is to develop products from ideas,

measure their customer response and learn from the curve as to pivot or persevere. (Ries 2011. pp.8-9)

Starting Up defines a startup as "a group of experiments to find a solution to a problem and create a sustainable and scalable business model around it." (Starting Up 2020) Startups are the new age career choices for entrepreneurs. It is a journey to build a business from merely a thought, to developing the thoughts into ideas and building the ideas into reality using the ever evolving innovation & technologies and the minimum resources available. A majority of the startups aim to build these small scale businesses into high growth companies in a small period of time by pursuing disruption i.e. introducing services and products with advanced & easy to use technologies to increase customer engagement, creating value as well as taking high risks. "Startups are one of the best ways to solve problems and implement solutions rapidly on a global scale." (Starting Up 2020)

2.2   Startup Ecosystems

Startup ecosystems form and exist to support startups. As simplified in the Starting Up, an online entrepreneurship course by Aalto University in Finland, "The startup ecosystem consists of a group of people, startups, and related organizations that work as a system to create and scale new startups. Startup ecosystems are formed often in a relatively limited area with a center of gravity like a university or a concentration of technology companies." (Starting-up 2019)

A startup ecosystem as defined in the Entrepreneurial Growth Ambitions "is a platform for high-growth entrepreneurship with constituencies that influence the emergence and non-emergence of high-growth firms" - Sipola et al.,2016 .(Wallin, Still, Henttonen, 2016). These constituencies could be entities like startup schools, startup communities, entrepreneurship societies, accelerator programs, incubator programs, venture capital firms, investors, or legal & other financial services that support the functioning of startups.

The elements in a startup ecosystem include entrepreneurs, investors, advisors, mentors startups from different fields. These elements are surrounded by various networks of bigger and smaller companies, legal and firms, and many other facilitators as can be seen in Figure 1.
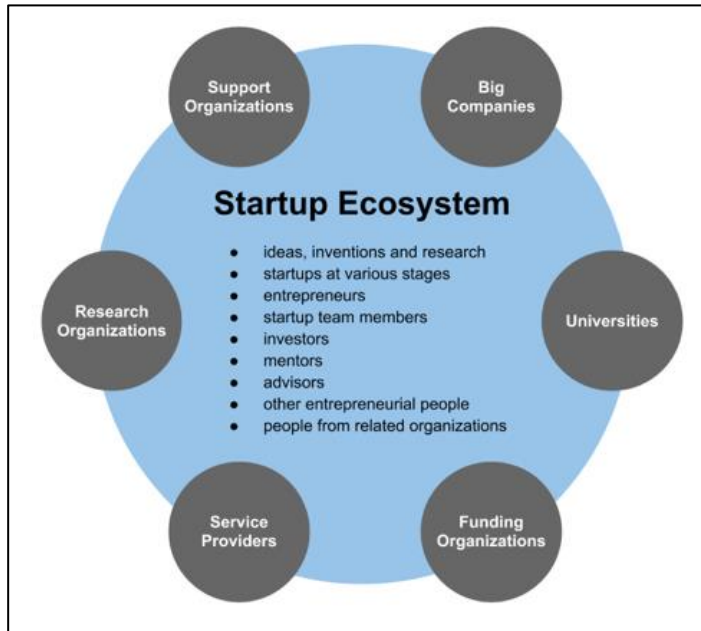
Figure 1. Startup Ecosystem, Source: Startup Commons Org

In a 2019 Forbes article by George Deeb, he listed the most important ingredients to build a startup ecosystem as to having access to great ideas, access to talent, access to capital and access to customers. The key players in the ecosystems are entrepreneurs, mentors, investors, incubators, universities, corporations, service providers, events and the government. The article stressed on the role of community in building ecosystems i.e. entities in the ecosystem should share and embrace common goals, initiate global collaborations, identify and leverage local strengths on building what they are best at and measuring performance by quantifying key metrics. (Deeb G 2019) It is very much understandable that the more and the better key players are present to make up a startup ecosystem, the better it turns out to be for the entrepreneurs to trust themselves with having the knowledge, resources, freedom and ability to turn their ideas to reality.

2.3   Sustainable growth of a startup

The Cambridge dictionary defines the term "sustainability" as the quality of being able to continue over a period of time. The 'sustainability' in question in this research is in terms of the growth of startups i.e. the startups ability to be able to build a sustainable business model for itself in the long run to be capable of operating and growing on its own. The Inc. states that "sustainable growth is the realistically attainable growth that a company could maintain without running into problems." (The Inc n.d.)

The sustainable growth of a startup is characterized by the rule that "new customers come from the actions of past customers". Customers can bring in new customers by sharing with others if they are satisfied with a product or by influencing others with them using a particular product. Funded advertising is also used to acquire new customers and grow. Another way the companies grow their customers is by building subscription-based revenue models or offering campaigns for repeat purchasing. All of these strategies are the sources to drive the growth mechanism of businesses. Startups can use various sources to drive this growth mechanism. (Ries, 2011 pp.207-208) This growth mechanism is guided by different factors such as the market, the availability of resource and funding, a supportive community as well as the presence of technology and innovation.

Newly emerging startups face a lot of struggles in finding the product market-fit, the right resources, the right guidance and the right people to get started with. A study aimed to understand different aspects of entrepreneurial growth ambitions stated that the growth of each startup depends on different aspects and personnel. The growth ambitions are complex, socially constructed concepts that are influenced by startups' institutional and market contexts, business model's scalability, personal characteristics, experiences, perceptions of the obstacles and barriers. Each startup has their own different needs therefore require different forms of support as well. (Wallin, Still & Henttonen 2016)

In order to understand sustainability, it is also important to understand startup failures. Once we are able to figure out what is not working for a startup, it becomes easier to deduce what actions would work in the favour of it. Startup failures are inevitable and it

is necessary to identify factors leading to these failures. As per the 2018 'Startups' road to failure' study by Cantamessa, Gatteschi, Perboli and Rosano, the high-risk, high-reward strategy followed by startups can lead to significant failure rates and a low ratio of successful startups. This study reported about the startup failure patterns. The analysis of startup failure is done by using the SHELL model (Software, hardware, environment, liveware people and liveware environment) by Hawkins in 1975. The quantitative analysis of 214 startups focused on the SHELL categories to investigate the typical failure patterns and answer three questions. The first question addresses if the causes for failure change over the lifecycle of startups, the second question investigates if there are clear relationships between startups failure causes and their operating industries and the last question investigated the reasons for the failure. As per the findings the top four reasons for failure were: no business model or a wrong business model, lack of cash/funds, lack of business development and no product fit or no market fit. These were also divided based on the age of the startups i.e. the reasons for the failure in the initial year were the lack of a business model (24%) and business development (28%), run out of cash (24%), no traction (24%), and inexperienced management (12%). (Cantamessa, Gatteschi, Perboli & Rosano 2018.)

Looking at the reasons for the failure of startups mentioned in this study, it can be derived that these issues would rise from a lack of guidance and knowledge on how to get started. Any startup's foundation is built on a solid basis of research. A proper guidance would be needed to carry out the appropriate research and create a business model or identify the product-market fit. Not everyone has prior connections to get expert advice regarding the appropriate steps to be taken of, therefore, in such cases there is a high need of having a startup ecosystem available to reach out to for help, support in various forms and getting to understand that how can one get a mere idea in their head out in the open reality of the world and make money with it.

3 Introduction to the Finnish Startup Ecosystem

In recent years Finland has seen a rise in the emergence of new businesses starting from scratch. Finland registered 9879 new business openings from July 2019 until September 2019, a majority of which were from technical, scientific and other

professional backgrounds whereas there was a 6% decrease in the closure of businesses as compared to the year 2018. (Statistics Finland 2020) The statistics are an indication of how entrepreneurs are taking up initiatives to start their own businesses in Finland.

In Finland, the startup ecosystem is the backbone of a majority of the startups since the ecosystem allows the interaction of various key players to develop new ideas. The startup ecosystem in Finland has been a student led revolution. Finnish startup ecosystem has been described as hyper-collaborative in nature as compared to various startup ecosystems around the world who are more hyper-competitive. This implies that the startup environment in Finland encourages cooperation and collaborations and is as well inclusive of the new emerging talent. (Starting Up n.d.)

10 years back from today the approach to entrepreneurship was not the same as it is now. The ecosystem has developed leaps and bounds. An article by Kim Oguilve in the year 2019 highlighted the recent trends in the Finnish startup ecosystem. Diversity and inclusion took the top spot as it was recorded how events like SLUSH are focusing on initiatives being led by diverse minorities. (Oguilve 2019) Finland has not recorded any concrete prior data on being diverse and inclusive, however now there are startups like Inklusiiv bringing them to the fore. Inklusiiv is startup found in 2019 and is a "non-profit organization on a mission to advance diversity and inclusion in working life". (Inklusiiv n.d.) The second trend recognized was to solve "talent challenges with new perspectives". (Oguilve 2019) Finland has potential talent in the country itself that is unemployed. This is because a majority of this talent is an immigrant and face issues like language barriers, cultural restrictions. However, now the ecosystem is more inclusive of the internationalism and is attracting talent from outside Finland.

Startups like Inklusiiv i.e. startups with a mission form a major part of the startup ecosystem in Finland. This also brings the third trend that Oguilve highlighted in her article i.e. "Impact and societal change". The startup ecosystem is flourishing with startups that want to bring in a change, leave an impact and many that consider environmental sustainability to be a business fundamental.

Startup ecosystems are complex to understand as startups in different fields act differently within startup ecosystems. A 2019 study by Taina Tukiainen, Thommie Burstr.m, and Martin Lindell explored the strategies of technology startups within and between business ecosystems in Finland. 43 small Finnish technology companies were studied. The qualitative study indicated that the technology startups use three different behavioural strategies i.e.

- Single Ecosystem Strategy - some startups "act within one defined business ecosystem"
- Multi Ecosystem Strategy - some startups "use multi-ecosystem strategy to act between and gain benefits from several ecosystems"
- Ecosystem-Creation Strategy - some startups "create an ecosystem challenging the logic of other ecosystems" (Tukiainen, Burström & Lindell 2019)
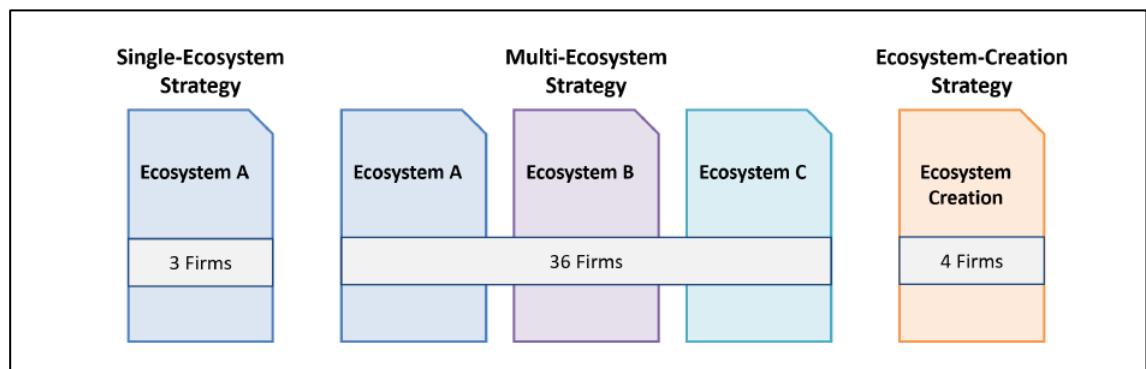
Figure 2. Business ecosystem strategies used by tech startups. Source: Tukiainen, Burström & Lindell 2019.

One fine example of the way startups use the ecosystem-creation strategy is the Gaming Industry Ecosystem in Finland as highlighted in the Starting Up course. The game industry has been a major contributor to the global turnover in mobile games with 7% of the total in 2016. Supercell, Rovio, Seriously, Small Giant Games and Remedy are companies that are the key players in this games industry ecosystem. These giants welcome collaborations and make it easy for new entrepreneurs to approach them for mentoring purposes. (Starting Up n.d.)

The multi-ecosystem strategy can be found in Helsinki and Espoo regions of Finland where the key players like Maria01, Startup Sauna, A grid, Aalto University, The Shortcut, KIUAS Accelerator, Aalto Entrepreneurship Society, events like SLUSH, Arctic-15, Junction, A-grid co-working and various others come together from their own ecosystems to form the biggest startup ecosystem in Finland i.e. the Helsinki startup ecosystem.

3.1   The Startup Ecosystem in Helsinki

There has been a boost in the number of startups in Helsinki. Helsinki alone is home to 500 technology startups as per Business Finland. These technology startups are a major driving force for the European economies including Finland. (Wallin, Still & Henttonen 2016). The startup ecosystem in Helsinki, Finland is so closely knit that it is easy to find solutions amongst the community for general startup problems. Several universities in the metropolitan area have created entrepreneurship societies that encourage students and equip them with relevant guidance and resources to pursue entrepreneurship as their career choice. There are a plenty of other entrepreneurship communities that offer workshops and services for free to the participants. Talent accelerators are working towards diversity and inclusion within the Finnish tech startups ecosystem and create possibilities and connection for international talent here as well. (The Shortcut 2020) All of these entities are interlinked with each other in some ways that help startups develop a network of useful connections that they can return to for advice.

4   Factors influencing the sustainable growth of startups in Finland

A startup's growth mechanism is highly determined by different factors in the startup ecosystem. Existing studies have helped identify these factors. In a study on accelerators in Silicon Valley the role of accelerators for new entrepreneurs' success in America was explored. Peter, the author studies 2 dozen Silicon Valley's accelerators, through interviewing people from there and contrasting the findings with Europe. As per the findings Europe lacked successful role models, mentors for guidance. Europe was also missing angel investors and venture capitalists willing to risk an investment in new

entrepreneurs, which is not the case in Silicon Valley as per his study. Peter states that as an entrepreneur it is necessary to develop a stigma-free, risk taking mindset while also being helpful in order to be successful and stepping forward to provide assistance and guidance where possible, setting up more angel and venture capital funds. (Ester 2017) The study marks resources, funding and the presence of a supportive community to be important factors in determining the growth of startups. Businesses are using innovation created by technologies to collaborate with universities, stakeholders as well as different research entities in an ecosystem. (Tukiainen, Burström & Lindell 2019) Technology & innovation play a major role in shaping a startup.

Based on the existing research the five major factors that have influenced the sustainable growth of startups are technology & innovation, resources, funding, market, community. This research is focused on analysing these five factors.

4.1   Technology & Innovation

Technology inspires startup ideas and people build those ideas into businesses. The Finnish startup ecosystem has allowed diverse teams to prosper. The transparency and honesty that individuals share in the business atmosphere is commendable as it has allowed great results from teams that just met at events happening in Helsinki such as Junction. Hackathon events like Junction allow brilliant minds to come together and form innovative solutions for pre-existing problems. On the other hand, the mega Finnish tech event, Slush is the biggest tech event for startups in the whole of Europe and is an innovation in itself. The event has allowed hundreds of startups to come to the forefront in the global market. Attracting the highest number of investors globally, this event has allowed Finnish startups to get funded and grow their businesses. Surprisingly, the events mentioned above are volunteer lead events and have been running for over 5 years. Finnish startups have been innovating new ideas and disrupting trends in many tech industries. For example, in the gaming industry – Supercell and Rovio are leading names. Different programs and competitions are allowing the entrepreneurial population to team up and build solutions that not only benefit businesses but the society.

4.2   Resources

Resources in this research are being discussed in terms of availing networking opportunities, building connections to initiate collaborations as well as access to knowledge and new learning methodologies. Finland has various accelerator and incubator programs serving the startups in the ecosystem. This research discusses the KIUAS accelerator in detail because of its dominance in the startup ecosystem in Finland, the progress it has made in terms of building these resources and helping numerous startups progress in the positive direction. A new initiative called Starting Up is also being discussed as it is one of its kind online available learning resource for whoever wants to be an entrepreneur or just wants to learn more about entrepreneurship.

4.2.1   Accelerator & Incubator Programs

In the recent years a lot of incubator and accelerator programs have been introduced to help Finnish startups undertake new challenges. "Business incubators are perceived as important mechanisms for sustainable development as they involve relevant stakeholders and activities to interact with each other." (Hernández & Carràa 2016)

A discussion paper by Paul Miller and Kirsten Bound discussed the main features of startup accelerator programmes and how accelerator programmes rose to action. An accelerator programme has an open highly competitive application process, assures availability of pre-seed funding, focuses on teams rather than individuals, has a set time frame comprising mentoring events etc. and provides support for new startups. Besides the founders of startups, entities like angel investors, venture capital firms, large technology firms, service providers e.g. accountants, lawyers etc. also highly benefit from these accelerator programmes. Founders emphasized that more than the funding aspect they benefited in making connections with other businesses and could get better advice on running their company and developing the product. These accelerator programs provide a validation for startups i.e. once selected your startup is seen as a "promising startup". Other aspects were group support from colleague startups in the accelerator program as well as the disciplined curriculum which made sure that deadlines were met. (Miller & Bound 2011)

- KIUAS - The best accelerator program in Finland

Mentioning the biggest names of Finnish startup ecosystem, Kiuas - The best accelerator program in Finland, makes it to the top of the list, also being one of the leading startup accelerators in the Nordics. It is Finland's biggest startup accelerator founded by the students of Aalto University's Entrepreneurship Society. In 2010, they started off with Summer of Startups, an accelerator program targeted for university students which continued to happen every year till 2016. Team Up and Summer of Startups then got together in 2017 which resulted in founding Kiuas, a leading name in its category today. Till date Kiuas has organized more than 25 programs, has served more than 200 alumni startups and continues to assist hundreds of startups every year.

The organization's alumni have been able to raise more than 30 million euros. Kiuas plays an integral role in helping early stage startups to step into a journey "from idea to first revenue and beyond" with the help from their 15 partner companies that equip the Kiuas participants with the much needed tools and services for free for a certain period of time. (Kiuas n.d.) The programs are free of charge for participation while Kiuas takes zero equity from the startups. Their programs open the gates for the startups to access a large community of over a 100 mentors, coaches, industry experts, venture capitalists, investors along with alumni that create a close knitted Kiuas community helping startups build a network, at times find new team members, co-founders, etc. Kiuas has four sets of beliefs; "from founder to founder, unconditionality, quality over quantity and people & community." (KIUAS n.d.)

Currently, Kiuas offers 4 programs; Kiuas Inside, Kiuas Start, Kiuas Accelerator and Starting Up.

- Kiuas Inside

Kiuas Inside is an online platform that allows people to create their profiles and hunt for team members, potential co-founders, be a part of a project or simply get acquainted with the resources to build a business. Joining the platform requires to create a profile and get approved by the Kiuas team which assures that only the well deserving candidates get to display their interests or projects in the space. Currently, only Finnish-based profiles and projects are selected to be a part of KIUAS Inside which can change

in the near future. At the moment, Kiuas Inside presents 82 profiles, 52 projects available to join and 20 resources.

- Kiuas Start

Kiuas Start is a three-week program that "turns your project into reality". (Kiuas n.d) The program is designed for the stages of idea, prototype or MVP building. The participants get to receive 1-on-1 mentoring, experience inspiring Founders Talks, attend workshops, set and achieve their weekly goals, build connections and network with community members, all completely for free. The exciting part of each week is the 24-hour product sprint where participants set a goal to develop a particular product or service and present it the next day. Apart from the invaluable feedback, suggestions and mentoring, Kiuas Start offers some perks and benefits e.g. in the form of various tools and services worth $350K free to use for a certain period of time and 24/7 access to Startup Sauna; co-working space for as long as someone wishes for during and after the program. This year, Kiuas organized their first ever virtual Kiuas Start to continue what they have been doing even during the COVID-19 crisis and remained as successful as any other program they have organized earlier.

- Kiuas Accelerator

Kiuas Accelerator is a nine-week program that "takes your startup to the next level". (Kiuas n.d) This program is meant for the pre-seed, launch stage of a startup. 1-on-1 mentoring, workshops, weeklies and product sprints are what happen during the nine weeks but more focused on topics related to product-market fit, market entry, growth, sales, scaling up, fundraising. However, this program ends with a Demo Day with more than 600 people and judges attending and listening to the pitches of the Kiuas Accelerator batch that leads to winning a prize amount money along with winning some other invaluable perks and receiving exposure. Other benefits such as free working space, free tools and services worth $350K, etc are applicable for all the participants as in the Kiuas Start.

4.2.2 Teaching & learning entrepreneurship beyond borders

Starting-Up is an online course offering by Aalto University contributing to the Finnish startup ecosystem. It is an online course to learn about entrepreneurship and started in 2019. It has been created by Kiuas together with Maki.vc, Aalto Ventures Program and Reaktor. The course is available for anyone, even the ones with no prior knowledge, anywhere and at any time to get insight from founders on starting a business and get an understanding of other relevant aspects. (Starting-Up n.d) Such initiatives are the "hypercollaborative" ways of working of the Finnish Startup Ecosystem.

4.3 Funding

The Finnish Government is the top institution providing funding for new enterprises. Entities like Business Finland, ELY Keskus, Finnvera are all government funded. The Ministry of Economic Affairs and Employment of Finland supports new entrepreneurs via different grants such as a monthly start-up grant amounting up to 700€s per month. Such grants have an eligibility criteria and require the entrepreneurs full time commitment to their business. (Ministery of Foreign Affairs and Employment of Finland n.d.) Business Finland and Finnvera provide grants, loans, guarantees, subsidies to assist startups in starting their operations, scaling them as well as help them financially to internationalize. There are various other entities helping startups in growing and succeeding.

Finland also has "one of the largest and most active business angel networks in Europe" to connect startups with angel investors or private investors. The network is known as FiBAN i.e. Finnish Business Angels Network. The organization is said to have over 650 investors from Finland and various Nordic countries. (FiBAN n.d.)

Venture Capital firms from outside Finland have been supporting Finnish startups. The investment numbers have increased gradually over the past three years. However, in the past years, investment into Finnish startups has increased. The internationalization of the market has allowed the capital numbers to soar high as compared to the past years as can be seen in Figure 3. In the year 2018 the Finnish market attracted an

investment of €203 million whereas by the initial months of 2019 the venture capital raised was €116 million. It has also been recorded that international investors are attracted towards the last funding rounds for Finnish startups raising funding. (Pääomasijoittajat 2019)
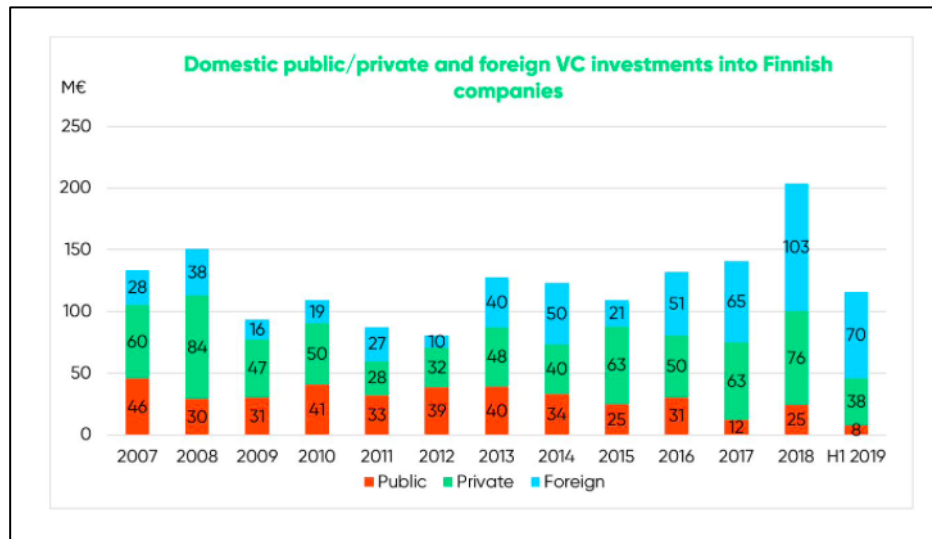

Figure 3.   Investment increase in Finnish companies (Pääomasijoittajat., 2019)

There are various funding availabilities for newly growing startups in Finland however the bigger rounds of funding still struggle to attract investors. The underlying reasons for the same could be the limited reach of the startups which is increasing as the ecosystem is boosting, but it is happening at a rather slow pace if compared to the emerging speed of new startups.

4.4   Market – The Market Size, Fail early Learn Faster

The Finnish market is comparatively smaller and safer to have a new innovation and MVPs being tested here. This also saves startups the risk of putting in too much monetary resources while allowing generating good results as to how capable the business can be of reaping results in different markets. However, this cannot be applied to every startup in Finland. Startups could start building in Finland however at a certain point internationalization becomes a necessity because the market size is to earn big profits.

"For high-growth ventures, an exit is often considered the ultimate goal of building a profitable venture." (Pissoni & Onetti 2018) Finland definitely is the safe experimenting market for a startup, to test new products, to innovate. However, the market size being too small makes it a wise move for any company to think ahead of time with regards to internationalization and scaling up. In order for a startup to sustain its operations it is a necessity to either "exit" or find new markets to grow in terms of revenue and the company.

The role of the market will be further explored in detailed in the research section of this thesis.

4.5   Community

The community in the Finnish startup ecosystem is the ultimate force that has revolutionized the concept of "entrepreneurship" in the recent times in Finland. This community consists of various entrepreneurship societies, volunteer lead events like SLUSH, Junction hackathon as well as co-working spaces like Maria01, Epicenter Helsinki, A-grid etc.

4.5.1   Entrepreneurship Societies

What is it that is happening the right way at Finnish Business Universities currently? – the encouragement for entrepreneurship. Almost every university such as Aalto University, Haaga-Helia, Metropolia and Laurea - Universities of Applied Sciences to name a few, have their established entrepreneurship societies as well as startup schools & communities that arrange events and programs to help entrepreneurs learn and grow. Not only to develop skills and competencies as entrepreneurs, these entrepreneurship societies are a good means of receiving exposure as a startup, feedback from the peers and even develop or build a team. This is possible because their alumni groups or mentors involved are able to refer suitable people from their networks for various purposes and since the societies have a huge reach, they do provide startups an access to the available talent pool to some extent.

4.5.2   Startup Networking Events - SLUSH

Slush is the world's leading startup and tech event which is a completely student-driven, volunteer based non-profit movement with a mission of "creating and helping the next generation of ground-breaking entrepreneurs". (Slush n.d.) It has grown tremendously from a small gathering of people in Helsinki into huge tech, startup events organized in Helsinki every year. The aim behind founding Slush was to change the perceptions about entrepreneurship and encourage that spirit to innovate and create own startups. The Slush events offer networking opportunities with startups, investors, tech influencers, some stage talks to witness, networking, matchmaking, roundtable discussions, workshops, pitching competitions and side events. (Slush n.d.)

In 2019, Slush ended up hosting up to 25000 attendees, 4000 startups and scaleups, 2000 investors from all over the world with more than 130 nationalities and 25000 meetings happening through the Slush Matchmaking tool where all of that was being organized and handled by 2500 volunteers. Slush is now organizing big events also in China and smaller events in other parts of the world such as Singapore, London, Paris, Berlin, Stockholm, New York and more than 40 other cities. (Slush n.d.)

- Slush Academy

Slush offers a three-month accelerated learning summer programme called Slush Academy that provides coaching from experienced founders and paid internship opportunities in successful startups. The programme is free of charge and also provides an entry to ticket to the Slush main event. The motive behind it is to free the emerging entrepreneurs from the ideas and business practices of the past and allow them to explore and innovate by prioritizing performing over theoretical learning and developing and implementing the competencies. The programme encourages diversity and a global mindset as the Slush event itself does. (Slush n.d.)

- Soaked By Slush

Soaked by Slush is Slush's free media platform launched in November 2019 that shares stories about different tech startups, innovations, discussions and assistance to future entrepreneurs. This platform plays a role in providing exposure to many as well as insight to the solutions to the problems that different startups might be facing. With gaining

over 60,000 views, this platform has definitely proven its worth in the eyes of entrepreneurs and relevant entities as it equips the visitors with the knowledge that is much needed in the forms of written blogs about different aspects of business and podcasts. (Soaked n.d)

4.6   Analysing the factors

Looking at the availability of various factors such as technology and innovation, resources such as various incubators and accelerators, a supportive community network at such a big enough level, make Finland a very attractive place for entrepreneurs to get started and take risks. Having numerous accelerators and incubators to benefit from for free, equips entrepreneurs in ways that helps them in the longer run without spending almost any amount. Huge networking events that attract investors, coaches and industry experts from all around the world offer the opportunity to make connections and pitch ideas which can result in positive outcomes and possibilities. The possibilities to gain knowledge about entrepreneurship and pursue it as a career choice in Finland are endless. Considering the aspect of receiving support at the initial stages, several organizations are present to support entrepreneurs to innovate and succeed with their startups and ultimately bring benefit to the economy. The provision of startup grants creates a whole feeling of security where the entrepreneurs can focus on the progress of their startup with a full-time priority while not having to worry about earning separately for a living at the very early stages.

However, it cannot be neglected that in the end Finland is a small country where huge investments are not being made if we compare it to the Silicon Valley. There is enough availability of funds for early stages of a startup however, when aiming to grow and gain stability, startups either have to scale globally, exit to a bigger corporation or eventually die of not being able to sustain their operations in the long run.

Since the Finnish market is small and limited talent pool does not always necessarily help startups find a competent team member with the similar approach and passion towards the startups as the rest of the team. In some cases, language barriers do not allow

startups to onboard certain people no matter how good they are in their field. In such cases, certain startups look out for outsourcing team members especially developers, as their resources and time limitations do not allow them to invest anymore time in finding the right person within Finland and further wait to begin their operations. On the other hand, startups can find it especially hard to onboard a developer from Finland due to them being very expensive and their budget being limited. To stay on the safe side, they opt for outsourcing e.g. a developer that is cost-friendly. However, that restricts them from receiving certain funding from Finnish entities or even take part in particular accelerator programs and workshops for not having a team completely based in Finland, even though the startup is registered in Finland. Such aspects can sometimes become a halt to the growth of emerging startups as they either have to waste time waiting to find the right person in Finland or cross their budget limits and onboard an in-house developer that effects the costs of other operations.

5   The Research

5.1   The Startup Founders Survey

This survey was designed to collect data from the startup founders in Finland to investigate the factors that influence the growth of emerging startups striving to build a sustainable business in the Finnish startup ecosystem. Different factors such as the role of the community, resource and funding availability, technology and innovation as well as the market are being explored and examined through this research. Participants were assured of the confidential handling of their data i.e. their startups' names will be kept anonymous and their personal information stays undisclosed due to privacy concerns. A possible estimation of time it would take to fill the survey was provided in the beginning to increase their motivation to take part in the survey.

5.1.1 Data Collection

This survey was designed in a manner to obtain detailed answers by asking several open-ended questions. The sample consists of founders of 12 startups in Finland. These startups are related to various genres and backgrounds such as tech, health & fitness, digital platforms, climate change, travel, social media, etc.

54.5% of these founders are between the age of 28 to 40 years old, 9.1% between the age of 18 to 28 years and the rest above 40 years old with 90.9% male founders.

Half of the participants reported that they founded their startup less than one year ago and the rest of them 2 to 4 years ago, one of the startups was founded 4 to 7 years ago as can be seen in Figure 4. Majority of these startups have 5 people working in it where some have as few as 1 or 2 members but there is also one with 40 people working in the startup.
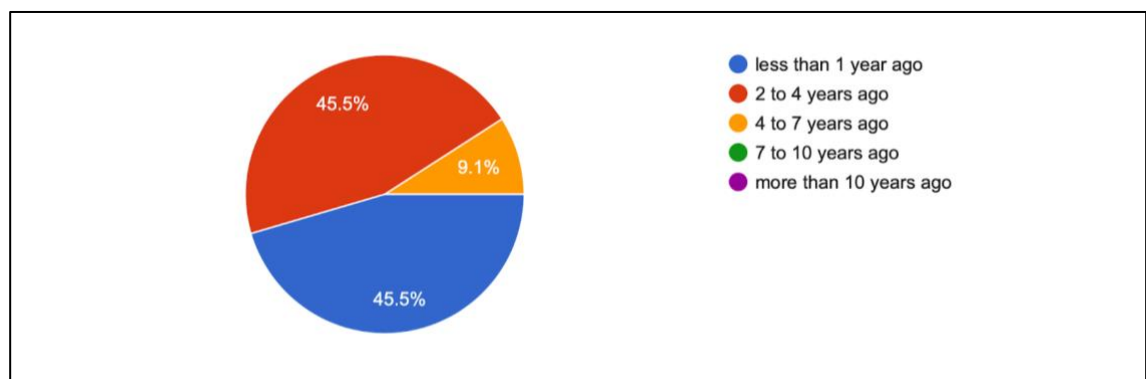
Figure 4.   Age of the participants' startups

5.1.2 Results and analysis of the startup founders survey

The participants were asked about the reasons they pursued entrepreneurship in Finland. One of the participants answered it was because of "the kind of support you get here if you decide to pursue entrepreneurship. The coaching, benefits and the overall ecosystem is quite positive." whereas others stated reasons such as their

- "passion for entrepreneurship, for building something big and impactful and to be rich."
- "internal drive to get more challenging things to work on my life"
- "I was an entrepreneur before I came to Finland, but when I got here I saw opportunities and lack of decent working opportunities for a Brit with no Finnish language skills so it made decisions to go it alone easier."

The participants stated the best aspects to have founded a startup in Finland to be:

- "People are excited about new tech, futuristic things. Excellent government support. Solving a genuine problem is supported. I love Finland in general."
- "Stable society, knowledgeable people, good social security, government support"
- "The process to launch was easy and cheap, there's a strong supportive community, business owner has a good reputation; I don't know if all these applicable to other countries as well"
- "Finland is a small country, everything is close. People speak good English, and can hire other than Finns as well. The government backs entrepreneurship and the available startup community"
- "Government support, innovative context, welfare system allowing people to take risks either as entrepreneurs or part-owner employees, plenty of people with know-how to talk to"
- "Access to startup communities for the networking opportunities, mentorships to guide you to an extent, benefit/grants to support you for the time you are busy in getting your product out, startup competitions to help you learn, grow and compete for the prize funding and exposure"
- "The support system for start-ups: Business Finland, ELY, Finnvera, supportive banks, KIUAS-program etc"
- "Did not find the startup in Finland but moved here. The presence of Maria01, the helpful culture, easy housing market and good social infrastructure for families"

The support from the Finnish Government has been highlighted by a majority of the participants to be one of the best aspects about having their startups established in Finland. The feeling of financial security that is provided in this country to entrepreneurs even while they take risks seems to boost their confidence in getting started and stepping into the entrepreneurial journey. On the other hand, entrepreneurs seem to appreciate the community and networking opportunities that Finnish startup ecosystem provides. The free guidance and mentorships programmes, numerous relevant events, possibilities to receive exposure, recognition and other perks make it easier to find solutions to the startup problems.

The obstacles that the participants faced on their startup journey:
- "Small home market, expensive workforce, access to investor capital, far away from the US market"
- "Very little funding, very far from large markets, very small talent pool"
- "Funding rounds are small; the Finnish market is often too small to extrapolate global conclusions; the world doesn't know about Finland (not the same to reach out from the Valley than from Finland) though this is changing; hiring is super-tough due to the small population and people not really inclined to make a move up north."
- "Funding, finding developers, gender bias, lack of diversity inclusion"
- "VC capital on the startup pre-seed level is difficult to attract. Time to get going. You can spend months getting grants/loans (decisions are not fast). Salaries are not supported outside of grants/loans. In the UK for instance the government used to supplement salaries to get people into work. It is more difficult to scale from Finland than say the hubs in the USA or UK."

As mentioned earlier, Finland is a small country with a smaller market, which means that even though the government provides benefits and support to the entrepreneurs, receiving adequate amounts of funding for the startups can be hard. The participants were asked if their startups were funded. 63.6% of the startups were not funded. This reflects that funding is one factor that affects the growth of emerging startups in Finland and needless to say, it is one of the crucial aspects required to succeed in the longer run. Due to Finland being a smaller market and a place as compared to Silicon Valley,

the talent pool could be small with only a little access to investors. However, the Finnish startup ecosystem entities such as Slush have been putting constant effort and hardwork towards attracting more investors, coaches, influencers, etc to Finland from all around the world and have remained successful to an extent considering that in 2019, Slush's two-day main event attracted 25000 attendees including 2000 investors. Not to neglect that Slush is completely organized by volunteers and like other entities is a non-profit organisation.

The participants of the survey were then asked if they recognized any four funding entities in the Finnish startup ecosystem to determine if they were aware of the available funding in the ecosystem. Business Finland, Ice Breaker VC, FiBan, Finnvera, Mäki VC, Wave Ventures, ELY, Nordea were the top entities listed by a majority of the participants.

When asked about the startup communities that the participants have been involved in, the recognized entities were KIUAS, Maria 01, Think Company, Ice Breaker Community, Haaga Helia Startup School, Tribe Tampere and Business Mill.

The participants were questioned about their understanding of a "sustainable startup".
- "Founders passion, conviction, vision, and attitude of coming back stronger after failure"
- "A startup which makes more money than it consumes"
- "If all expenses and profits stay the same, the startup survives"
- "There should be a credible plan (product + team) for the startup to create wealth in the medium term, so that funding rounds are not required after 2-5 years."
- "A startup that has a potential to run for a longer time without failing."
- "One that after getting to an MVP level can quickly prove the business model via sales and revenues."
- "Has clear value-adding role, and clear demand"
- "You manage to stay alive by bootstrapping"

The participants had a clear understanding of what the research is aimed. 54.4% of the participants believed that they had been able to build a sustainable startup. This shows that founders are well aware of where their startup is heading to and possibly realise which aspects they lack in.

Strengths v/s Weaknesses of the Finnish Startup Ecosystem as answered by the participants in the survey:

Table 1.   Strengths v/s Weaknesses of the Finnish Startup Ecosystem as answered by the participants in the survey:

Strengths	Weaknesses
"Understanding of problem space, genuine support, trying to get better upon feedback"	"Enabling true incubation and acceleration, more access to other international investors, enabling top talents getting attracted to Finland"
"Supportive community, beneficial institutions such as Kiuas and a growing VC presence"	"Vc, angels and Helsinki being the only place where you can technically build any startup because of limited funding, talent pool and other resources anywhere else"
"Government backing, good education, small market size"	"Population size, lack of candidates when hiring; hard to project a global product off the Finnish market; global visibility from up here is not great."
"Government funding availability, great talent availability, good work/life balance in the economy/ecosystem"	"Some VC companies in Finland are average, most are a complete waste of time and I include the likes of FiBan in that, only the really niche VC companies are any good. Finland is a small market, so scaling is difficult. No real epicentres or emerging ecosystems (i.e. Silicon Valley) (aside from maybe gaming) in Finland for startups."

"Supportive environment, "all in the same boat"-feeling"	"Bad marketing and PR, not asking enough questions, lack of enough early stage funding for making projects fly - State that is currently run by people that lack enough financial experience and creating long term financial problems"
"Agility, good technology, co-working such as Maria01"	"Not all potential ideas and start-up persons know who to approach"

Different founders seem to have a little different view about the startup ecosystem in Finland. Where many of them appreciate the community support and exposure received, there are others who believe that they feel lost to as who to approach. Similarly, where few people find the government support in Finland very useful, some believe that there is a lack of funding being provided to the startups. These differences in point of views could be that the founders of the startups that are in a good position financially appreciate the extra government support they receive whereas, the startups that are not in that good of a financial position do not perceive the government support as being enough to sustain their operations.

In order to answer the research question, the participants were asked to determine the top factors that were contributing to the growth of their startups in the Finnish startup ecosystem. Technology & Innovation, Community and Funding were the top-rated factors as can be seen in Figure 4.
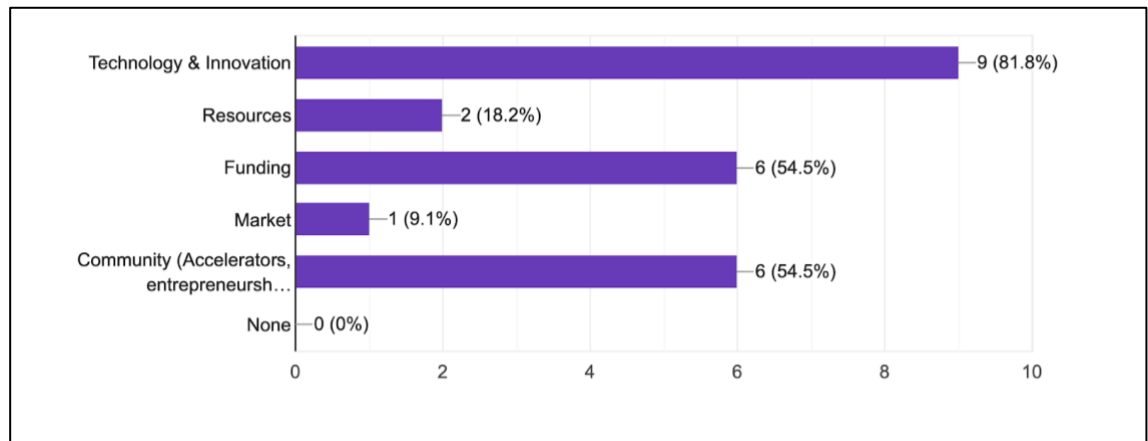
Figure 5.   Factors influencing the startups positively (Startup Founders Survey)

Upon being asked about how these factors contributed some of the participants recorded responses were:

- "We are creating a digital platform so Finland's /startup ecosystem's appreciation of digitalization and tech works in our favour. People find our business idea interesting. The community has helped us a lot in terms of receiving exposure, connections, carrying out collaborations and competition prizes have contributed to our resources."
- "I found potential co-founders from the communities and our start up is based on deep tech"
- "The funding is allowing us to build the tech and innovation in the market"
- "Being based in the heart of an ecosystem you are always having access to fast advise and support i.e. you move much faster"

The top two factors that influenced the growth of startups negatively were the lack of resources, funding and the market as can be seen in Figure 6.
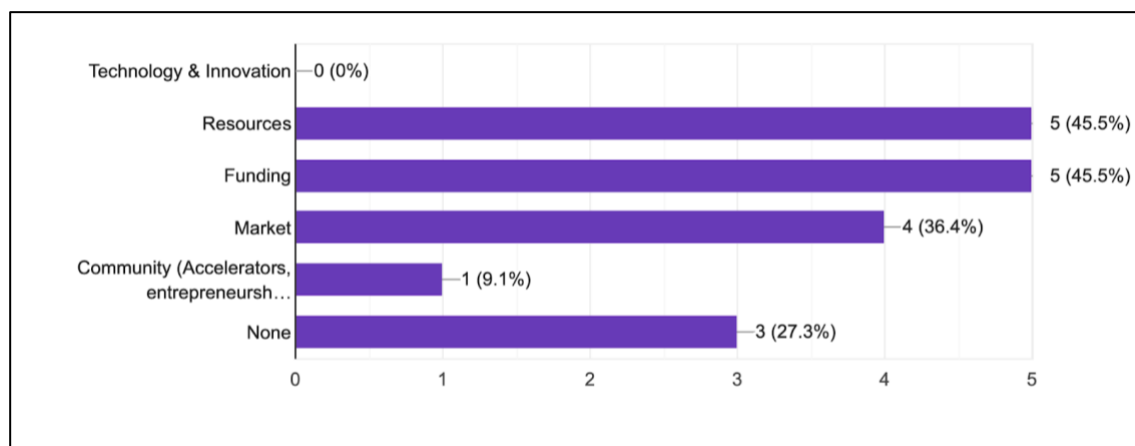

Figure 6.   Factor influencing the growth of startups negatively (Startup Founders Survey)

A participant elaborated the negative impact by stating that "The market for our services is small in Finland and the community support is average at best. It is the same for most others as Finland is a small market good enough for testing purposes only therefore growth comes from abroad. Community focuses on setting companies up, understanding legal, marketing, sales etc rather than helping understand a niche market and assisting with Funding beyond stunning advice like 'go see Business Finland about a grant or talk to VCs'. If companies really want to help startups get funding they need to thoroughly explain how to apply for a grant/loan or VC capital (step by step) after defining the most plausible possibilities with said startups. Maria 01 for instance promises this but fails to deliver. Instead of organising events where the topic may or may not be relevant, they should focus on each start up, providing an extended team to call on. No such support exists today in Finland."

Another participant stated that they spent quite some time in the beginning looking for fundings which if received earlier, would have already launched their app and probably started building revenue. Resources i.e. (human resources) finding suitable team members was hard in the beginning that kept things on hold for some time.

One of the participants also added "I do believe that Finland can become one of the leading locations for startups in Europe for the good guys that need a hand in the beginning to launch a successful business, but it is extremely difficult to find reasoning why the A class (the guys that will attract major investment in the 10s-100s of millions) would come here. They will start elsewhere."

5.1.3 Discussion – Startup Founders Survey

The major aspects that were highlighted as having a negative influence on the growth of emerging startups in Finland were lack of adequate funding and resources. These are some aspects that are directly relevant to the size of the market. Even though the government plays a positive role in offering the benefits and support, most entrepreneurs still consider that the response rate and speed of processing the decisions is quite low which eventually effects the startups' operations. Another thing noticed in this research is that only one out of the 12 startup founders answering the survey was a female. This reflects the similarity to a European trend that the ratio of female founders in Finland is lesser than male founders. A report by JRC technical reports investigating 700 European startups including Finnish startups reported that 90% of the founders for the startups studied were men. The report focused on the startup characteristics in terms of demographics, financial performance, VC funding usage, founders' gender, internationalization of the activity. (Rossetti, Nepelski & Cardona 2018)

Factors such as technology, innovation and community are considered the golden points of the Finnish startup ecosystem. Finland, as compared to many other countries, is technologically very advanced and people prefer fast solutions. Therefore, it acts as a very suitable place for tech startups especially due to the presence of tech events like Slush, hackathons like Junction and talent accelerators like The Shortcut.

5.2 The Startup Ecosystem Survey

The second survey was designed to obtain data from 8 leading Finnish startup ecosystem entities to analyse their point of views regarding the factors that influence the growth of emerging startups striving to build a sustainable business in the Finnish startup ecosystem. Similar factors as in the first survey are examined through this research i.e. the role of the community, resource and funding availability, technology and innovation as well as the market. Confidentiality issues were taken care of during this survey's data collection as well e.g. by keeping all personal information undisclosed.

5.2.1 Data Collection

The nature of this survey was kept similar to the previous i.e. asking open ended questions and providing a similar time frame estimation for completing the survey. The survey was distributed to the Finnish startup ecosystem entities through social media, different entrepreneurship groups and connections. 75% of the entities taking part in the survey are entrepreneurship societies, 12.5% accelerators and 12.5% belong to the category of startup event, however, all of these entities are non-profit organizations.

These entities make a suitable sample for this research as 37.5% of them have existed for 10 years or above and 25% for 5 to 10 years. This means they have witnessed different trends and circumstances, utilised and provided different resources, served a variety of startups, faced various funding circumstances and overcome obstacles in many ways therefore, would have enough experience to speak about and give opinion on the aspects that this research topic aims to explore.

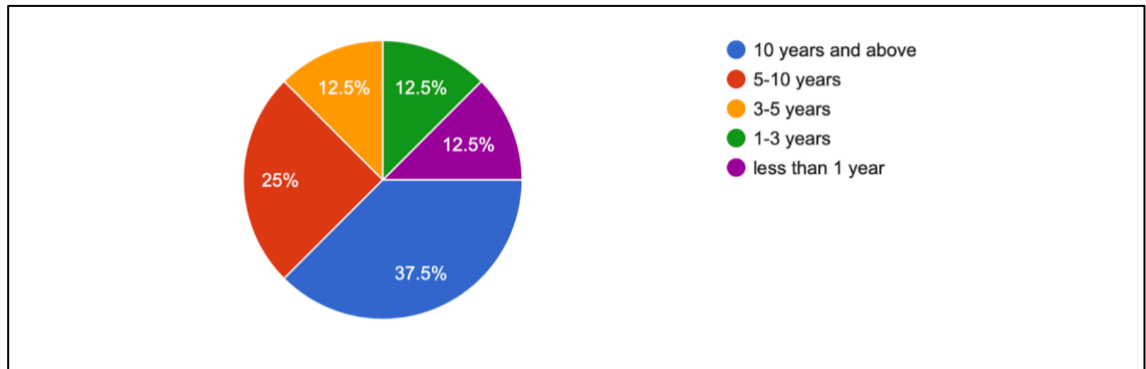5.2.2   Results and analysis of the startup ecosystem survey

Figure 7.   Years the organization has existed

A majority of the participant organizations have been existing in the Finnish Startup Ecosystem since the past 10 years and more as can be seen in Figure 7.

The maximum number of startups these communities served annually was 50 at the most and 5 at the least. Some of the participants described themselves in the following ways:

- "We are here to enlighten people in their path of being successful in future. We provide different kinds of events, workshops and seminars for entrepreneurial minded people, start-up teams and basically for everyone who is up to develop themselves, or their ideas."
- "We are on a mission to drive student entrepreneurship on the regional level with our events and programs. Together with other entrepreneurship societies and country level startup initiatives we aim to build a strong startup ecosystem in Finland."
- "Community which greets every innovation and business idea with enthusiasm. We want to promote a more innovative culture in our university and surrounding communities by supporting students and people to start their own startups. This is done through community development, events, networking, counselling and advising."

- "an entrepreneur society that encourages young students and entrepreneurs to make their dreams come true"
- "An annual event themed around sustainability and future skills of businesses. Our event is not especially focused on startups, but they are a big part of our participants."

These descriptions reflect how Finnish startup ecosystem entities' goal is to empower people to understand the importance of entrepreneurship and equip them to build startups that have the ability to last for long. Their major target seems to be students. They utilise the possibility to influence different mindsets and promote entrepreneurship to be a suitable career choice for the innovative minds. Their aim is to equip people with the necessary knowledge by connecting them to relevant mentors so that eventually due to the guidance they are able to make positive decisions and attract investors and funding.

When asked about the ways these participants served startups:
- "We are providing seminars, events and company excursions. We also have a huge network of people in the entrepreneur economy of Finland. We also have an incubator for early stage start-ups and an accelerator."
- "We help fresh entrepreneurs with resources and networks to kick start their business. We also organize weekly events with startups, have our digital mentoring program and challenge concept that supports startups while challenging our members with real life situations. We also have our co-working space free to use for our members, and additional benefits such as access to co-working spaces and free venue for startups, entrepreneurs to hold their own events."
- "We organise an event with some investors participating. Also our event provides startups with a separate cheaper ticket-type. We also include some startups in our program."
- "Events, mentoring, community development, inspiring, guiding students through innovation projects, grassroot works."

- "Events, workshops, mentoring program, pre-accelerator program, hackathons, access to our office and our tools such as HubSpot for startups, excursions, connections."
- "Accelerator, pre-accelerator, 1-on-1 coaching, other events and meetups"

A majority of these organizations organize small scale events and meetups encouraging the exchange of knowledge, receiving feedback, growing connections. As highlighted by the startup founders in the previous survey, getting suitable funding in Finland is very hard, these entities make sure that they polish entrepreneurs' skills and develop their competencies so that they become capable enough to raise and seize the funding they deserve. Being completely non-profit entities, they cannot directly provide fundings however, their contribution in terms of helping to create networks and free mentorship and guidance does the task. Getting to meet and work around diverse groups of people coming from different schools of thought help entrepreneurs gain various perspectives and solutions to their problems and become a part of a community that they can benefit from in different ways when needed.

When asked about the factors attracting startups from outside to Finland, technology & innovation rated the highest amongst all the other factors as can be seen in Figure 8.
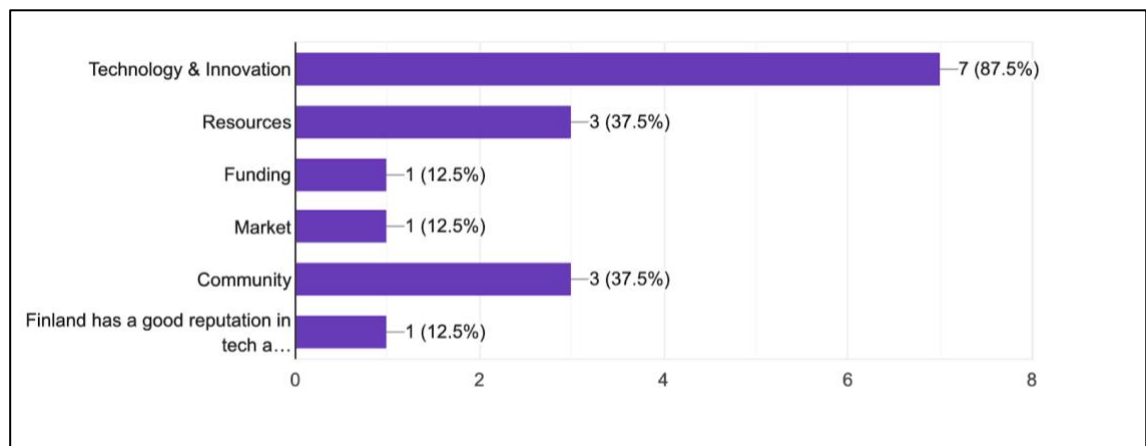

Figure 8.   Factors attracting new startups to Finland (Startup Ecosystem Survey)
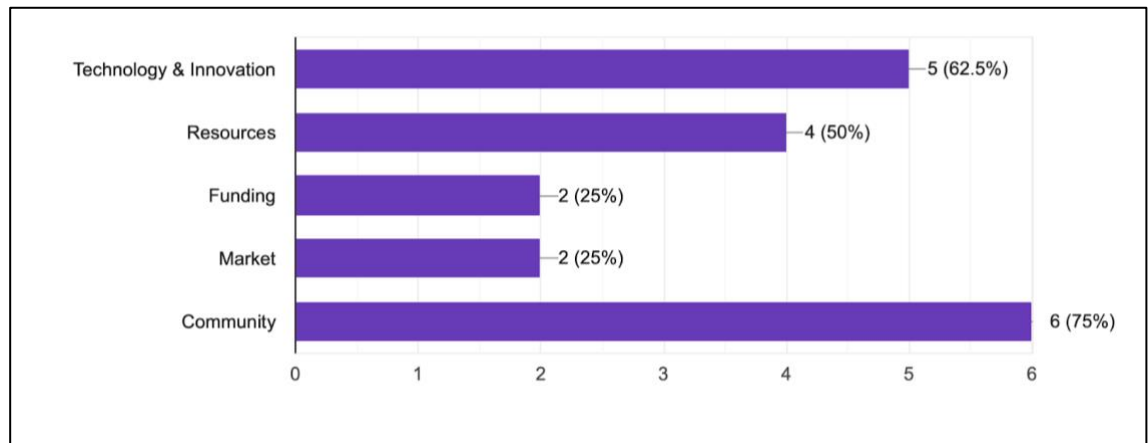
Figure 9.   Factors contributing to the growth of startups (Startup Ecosystem Survey)

Community and technology & innovation were the top two voted factors contributing to the growth of startups in the Finnish startup ecosystem as can be seen in Figure 9.

The participants were also asked about how these factors contribute to the ecosystem, to which some of them answered as follows:

- "It is easier to solve problems with the community than by yourself. Without resources it is difficult to do anything. We are mostly providing the knowledge as information."
- "Without our support, most startups will not have a chance. They need access to good mentors and the expanded networks of these people."
- "Our community consists of diverse players of the ecosystem, students, investors, mentors, and other professionals that can be potential resources for startups and help them get well-connected in the scene."
- "We have a lot of good ideas and innovative technology, which helps the startups reach their goals."
- "It's easier to start businesses in Finland because the government has boosted funding."
- "Finland has been able to create an actual startup community that is able to attract funding. Technology and innovation is still the main contributor to growth."

From these responses it can be understood that "community" spirit is the major factor contributing to early stage startups success. Different types of people coming together bring different experiences and opinions about similar issues. This helps to gain understanding of different aspects in ways that one person cannot possibly do alone. Sometimes it is refreshing to hear feedback be it negative or positive as it helps to improve. All of this is possible when there is a community to stay connected to. Startup ecosystem entities have created communities in Finland that provide a sense of belonging to entrepreneurs where they can go back to receive guidance and help whenever needed.

The participants were then asked about the top two factors influencing the growth of startups negatively in the startup ecosystem. Funding and market were voted the top two negatively affecting factors.
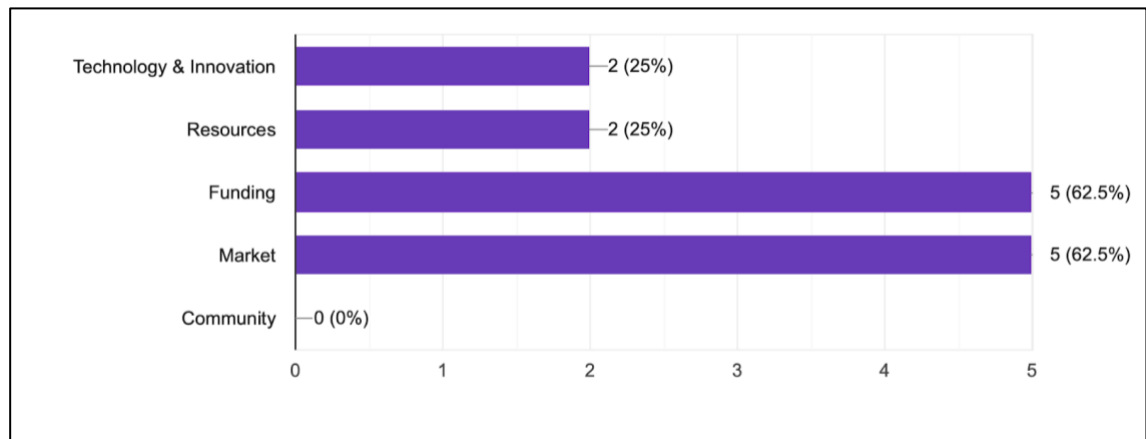
Figure 10. Factors influencing the growth of startups negatively (Startup Ecosystem Survey)

The factors were thus explained by the participants:
- "The threshold for acquiring the technology is pretty high. Most of the good ideas fall to the fact that they are unable to get the technology needed. (Mostly apps, etc)"
- "Public funding makes startups invest their time in the wrong things"
- "Not enough funding resources available, too small market size."
- "Most of the investors and mentors are living in the capital area. In Easter Finland it is not that easy to keep in touch with them."

- "Finnish culture can be very cynical, and there are many government and legislative entry barriers in many markets."
- "Finnish local market is small so it's hard for smaller companies to gain ground. The national pool of investors is small."

These views are similar to what some of the founders shared in the previous survey. This reflects that the startup ecosystem entities are well-aware of what the startups need and would be possibly working towards that in ways that are not necessarily direct. During the COVID-19 crisis, most startups have started to fail. As hard it is to organize incubators or accelerators, networking events or workshops due to social distancing laws, entities like Kiuas are continuing to serve startups in best possible ways by organizing all their offerings and events online and making sure to save as many startups as possible by providing their services in the similar way as they did earlier.

On being asked about their understanding of a sustainable startup, the concept of "sustainability" was confused with sustainability in the environmental sense and not the business being able to build sustainable operations by a majority of the participants. However a few participants understood the context based on the questionnaire information and answered that a sustainable startup "will continue to exist and make business indefinitely" and it is "a startup that both operates sustainably, but does this so that it's able to secure it's revenue and continue working in the long term."

It was also stated by these participants that the factors their organization viewed important for the sustainability of a startup were:
- "Sustaining vision, a well-grounded revenue model, a team that can commit and a technology that can actually provide growth"
- "The network is important as people in Finland are known to be lacking some social skills therefore by connecting them together the success of the startup relies more on the entrepreneur"

The participants' answers for the weaknesses and strengths of the ecosystem have been summarized in the table below:

Table 2.   Weaknesses & Strengths of the Finnish Startup Ecosystem as described by various participants in the survey

Weaknesses	Strengths
Lack of information and low growth potential	Availability of early stage funding as well as community and capability
Extremely punitive tax policy, extremely rigid labour market, limitations on how to give bonuses in shares late in the game	The ecosystem is well networked with a good helping spirit amongst the community and the country possibly has the world's best ownership rights
Too tech focused, market testing, lack of diversity	Government support, lots of early-phase capital availability, a "give-back" culture and a strong community
Lack of capital, bureaucracy and lack of interdisciplinary collaboration	Community, strong history in practical technology development, hard market that forces you to think globally"
The ecosystem is saturated, scattered and lacks a larger goal	Awareness, technology and availability of various resources
The ecosystem has a slow pace and lacks national funding.	Community, innovation and events such as Slush

These answers again reflect the community, technology and innovation factors to be the strong points that influence the growth of startups. The startup ecosystem entities highly feel that the sense of community and belonging that they create for their participating startups is what motivates them and equips them with the experiences that help them grow and flourish.

Similarly, the answers reflect that capital i.e. funding and small market are the limiting factors to the growth of startups. Even though Finland is getting more internationalised as compared to many other countries, improvement by allowing diversity and appreciating and highlighting the talent would help startups reach the right people to onboard. In fact, certain entities are working hard towards making this possible, but it seems that a lot is still needed to be done to overcome this problem.

6   Discussion

These survey-based researches targeted towards two different sample groups first provides an in-depth understanding of the factors that startup founders in Finland view as beneficial towards their start-up's growth along with the factors that limit their operations. On the other hand, a survey with Finnish startup ecosystem entities highlights their point of views regarding the same. The results derived fall into the similar categories where community, technology and innovation are viewed as the positive factors and funding situation and the market in Finland as the negative factors towards the growth of the startups. Building a sustainable business model for a startup requires a good amount of funding that is said to be limited in Finland however, a strong community support which is available in Finland to a huge extent is filling that void to a certain extent. The provision of free education, guidance, mentorship, connections, networking opportunities, exposures and certain services are there which the startups are taking advantage from but despite of that, startups would still appreciate receiving a sufficient amount of funding to fuel their operations.

However, the research focuses on the startup ecosystem in Helsinki rather than other parts of Finland, which does not allow to generalise the results completely to the rest of the country. The situations and the implementation of the given factors might be different in the north and the other parts. On the other hand, this being a survey-based research, survey had to be kept simple and as less time consuming for the participants as possible which has lead to limit the questions and not getting many participants to take part in it. Have it not been for social distancing issues, interviews would have been

a better source for data collection to gain more in-depth answers that would provide a bigger perspective on the issues being researched.

Initiating collaborations amongst the various ecosystems in the country will help overcome the hurdles of building a market that can attract capital from around the globe. This means also taking into account startups from areas other than technology and help them build. "For entrepreneurial growth, regions need to recognize and support a spectrum of diverse entrepreneurial activities, types and stages, recognizing different entrepreneur resource, development and access needs. Healthy ecosystems develop and promote entrepreneurial resources appropriate for different types and stages of entrepreneurs, including smaller main street retail, restaurant and similar businesses." (Cowell, Lyon-Hill, Tate 2018)

The research as a whole strongly focuses on the external factors and does not take into account the internal factors such as the startup teams i.e. the founders & the employees, the product, the strategies undertaken, the working culture, the skills and abilities of the team, most importantly the customer focus. These internal factors play a critical role in determining the future of a startup as its highly unlikely that a startup without a strong team can survive in the long run. It may survive with low capital but a solid team can help build that capital. Taking internal factors into account could have helped derive improved results for the research.

7 Conclusion

Finland would definitely be "the go to market" for a business idea that wants to study patterns and establish certainty for their business idea. As the years progressed, the country has stepped towards an internationalized environment as generally Finland is making more room for welcoming new age technologies and startups. The local entities and especially the government are involved in supporting new startup ideas to help them develop into successful businesses. The country's willingness to grow its economy and the youth's entrepreneurial approach to hack that growth has shown the results in the recent years.

Carrying out research in this field helped identify the top factors that are influencing the startups growth positively as well as negatively. The research provided an insight to all of these factors i.e. technology & innovation, resources, funding, market and the community and helped establish an understanding as to how these are contributing to the sustainable growth of startups. The research carried out with startup founders and startup ecosystem entities in Finland reflect that funding, market and a small talent pool are the factors that have a negative effect on the growth of emerging startups in Finland whereas, community, technology and innovation are the factors that help startups to flourish in abundance. The collaborative nature of the startup ecosystem in Finland has eased the journey of early stage startups towards their growth journey.

Not every startup has a similar journey, the patterns might sync however each startup has its own needs and different factors affect them to a different extent. The research has its limitations in terms of geography and the sample size, due to which the results cannot be generalized to various startup ecosystems. It has not yet considered or established any relation to internal factors determining the growth journey of startups. Further research into the topic would gain insightful results and is highly encouraged by the author.

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Appendix 1 – Startup Ecosystem Survey

The sustainability of newly growing startups in Finland

This survey is being conducted to collect data for a business administration students' bachelor thesis research.

The research focuses on investigating the factors that influence the growth of emerging startups striving to build a sustainable business in the Finnish startup ecosystem. Different factors such as the role of the community, resource and funding availability, technology and innovation as well as the market are being explored and examined through this research.

The participants include different entities from the startup ecosystem such as startup schools, entrepreneurship societies, accelerator and incubator programs, startup communities etc.

The survey consists of many open ended questions in order to obtain detailed data, therefore please feel free to provide as much detail as possible. The researcher highly appreciates your time and effort being put into the completion of this survey.

If you do not permit to publish the name of your organization in the research, please mention it by the end of this survey. Respecting the privacy of your organization the name of the organization will remain anonymous. After the successful completion of the research it will be available via 'Thesus' platform - the university thesis library.

The survey takes approximately 20-25 minutes.

*Required

1. Name of your organization *

Your answer

2. What describes your organization the best? *

○ Startup School

○ Startup Community

○ Startup Event

○ Accelerator

○ Incubator

○ Entrepreneurship Society

○ Other:

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3. Are you a non-profit organization? *

○ Yes

○ No

4. What role do you serve at the organization? *

Your answer

5. How long has your organization existed? *

○ 10 years and above

○ 5-10 years

○ 3-5 years

○ 1-3 years

○ less than 1 year

6. Description of your organization *

Your answer

7. How many startups do you serve annually? *

Your answer

8. In what ways do you serve startups? For example, do you organize events? or perhaps arrange mentoring sessions? or provide resources? *

Your answer

9. Are all of the startups your organization serves based in Finland? *

○ Yes

○ No

10. If you attract startups from outside Finland, what do you think are the factors attracting them? *

☐ Technology & Innovation

☐ Resources

☐ Funding

☐ Market

☐ Community

☐ Other:

11. Amongst the ones listed, what are the top two factors contributing to the growth of startups in the Finnish startup ecosystem as per your organization? *

☐ Technology & Innovation

☐ Resources

☐ Funding

☐ Market

☐ Community

12. How are these factors contributing to the startups' growth? *

Your answer

13. Amongst the ones listed, what are the top two factors influencing the growth of startups negatively in the Finnish startup ecosystem as per your organization? *

☐ Technology & Innovation

☐ Resources

☐ Funding

☐ Market

☐ Community

14. How are these factors limiting the startups' growth? *

Your answer

15. What is your organizations' understanding of a 'sustainable' startup? *

Your answer

16. What factors does your organization view important for the sustainablity of a startup? *

Your answer

17. What according to your organization are the strengths of the Finnish startup ecosystem. List atleast 3 *

Your answer

18. What according to your organization are the weaknesses of the Finnish startup ecosystem. List atleast 3 *

Your answer

18. What according to your organization are the weaknesses of the Finnish startup ecosystem. List atleast 3 *

Your answer

19. Please provide any useful links to find information about your organization.

Your answer

Additional comments

Your answer

Do you permit to publish the name of your organization for the purpose of this research? *

○ Yes

○ No

Thank you for your time and patience.
The research is being conducted by Tarnjit Saini, a business student at Metropolia University of Applied Sciences. If you have any questions regarding the survey please feel free to get in touch at tarnjit.saini@metropolia.fi

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Appendix 2 – Startup Founders Survey

The sustainability of newly growing startups in Finland

This survey is being conducted to collect data for a business administration students' bachelor thesis research.

The research focuses on investigating the factors that influence the growth of emerging startups striving to build a sustainable business in the Finnish startup ecosystem. Different factors such as the role of the community, resource and funding availability, technology and innovation as well as the market are being explored and examined through this research.

The participants include different startup founders from diverse backgrounds. The survey consists of many open ended questions in order to obtain detailed data, therefore please feel free to provide as much detail as possible. The researcher highly appreciates your time and effort being put into the completion of this survey. The information provided will only bring value to the research.

If you do not permit to publish the name of your startup in the research, please mention it by the end of this survey. Respecting the privacy of your startup the name of the organization will remain anonymous.

Your personal information will remain anonymous at all times. After the successful completion of the research it will be available via 'Thesus' platform - the university thesis library.

The survey takes approximately 20-25 minutes.

*Required

1. Age *

☐ 18 or under

☐ 18-28

☐ 28-40

☐ 40-52

☐ 52 or above

2. Gender *

◯ Female

◯ Male

◯ Other:

3. Are you permanently based in Finland? *

○ Yes

○ No

4. What made you become an entrepreneur in Finland? *

Your answer

5. If not an entrepreneur what would you rather be when in Finland? *

Your answer

6. What according to you are the best aspects to have founded a startup in Finland? List atleast four. *

Your answer

7. What are the obstacles that you as a Startup Founder faced in the Finnish Startup Ecosystem? List atleast four. *

Your answer

8. What according to you differentiates the Finnish startup ecosystem from any other startup ecosystems around the globe? *

Your answer

Next

The sustainability of newly growing startups in Finland

*Required

About your startup

The section of the survey is to investigate your startups' journey in the Finnish startup ecosystem.

1. Name of your startup *

Your answer

2. How many years ago did you find this startup? *

◯ less than 1 year ago

◯ 2 to 4 years ago

◯ 4 to 7 years ago

◯ 7 to 10 years ago

◯ more than 10 years ago

3. Five words that describe your startup the best. *

Your answer

4. Is your startup funded? *

◯ Yes

◯ No

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5. Can you list any four funding entities in the Finnish startup ecosystem that your startup has approached or considered approaching? *

Your answer

6. Can you list any four startup communities in the Finnish startup ecosystem that your startup is a part of or has been a part of earlier? *

Your answer

7. What is your understanding of a sustainable startup? *

Your answer

8. Do you think you have been able to build a sustainable startup? *

◯ Yes

◯ No

9. What according to you are the strengths of the Finnish startup ecosystem. List atleast 3 *

Your answer

10. What according to you are the weaknesses of the Finnish startup ecosystem. List atleast 3 *

Your answer

11. Amongst the ones listed, what are the top two factors contributing to the growth of your startup in the Finnish startup ecosystem as per your organization? *

☐ Technology & Innovation

☐ Resources

☐ Funding

☐ Market

☐ Community (Accelerators, entrepreneurship societies, startup events etc.)

☐ None

12. How did these factors contribute to your startups' growth?

Your answer

13. Amongst the ones listed, what are the top two factors that influenced the growth of your startup negatively in the Finnish startup ecosystem? *

☐ Technology & Innovation

☐ Resources

☐ Funding

☐ Market

☐ Community (Accelerators, entrepreneurship societies, startup events etc.)

☐ None

14. How did the above factors limit your startups' growth? *

Your answer

15. The number of people working in your startup *

Your answer

16. Please provide any useful links to find information about your startup.

Your answer

Additional comments

Your answer

Do you permit to publish the name of your startup publically for the purpose of this research? *

◯ Yes

◯ No

Thank you for your time and patience.
The research is being conducted by Tarnjit Saini, a business student at Metropolia University of Applied Sciences. If you have any questions regarding the survey please feel free to get in touch at tarnjit.saini@metropolia.fi

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