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Finnish entrepreneurs - the Swedish model?

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<p>The purpose of the study was to find out what it is like to be an entrepreneur in Finland and what are the main challenges of small and medium sized companies. I also wanted to analyse the Swedish model as an option for better functioning companies and economy.</p> <p>The theoretical framework of the research was strongly based on comprehensive literature that was found on the subject researched. Qualitative research method was introduced as the way to execute and analyse the interviews established in the thesis. The interviews were added to the study to bring more personal view of the Finnish small entrepreneur's situation.</p> <p>Small and medium sized companies play a major role in Finnish economy and employment, which is why their welfare is important to all. The latest financial crisis has brought more interest towards the subject and the well being of the economy is everyone's interest.</p> <p>Sweden's strong course despite the financial situation has raised it as an example of functioning economy. This is why the Swedish model has also been introduced as a model for many Finnish functions from exporting to immigrants. In the thesis I shall present few of the main subjects.</p>	
Keywords	Entrepreneurship, Entrepreneur, Small and Medium sized companies, Economy, the Swedish model

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Appendix 1. Interview questions

1 Introduction

Small and medium sized companies (SME's) are an important part of Finnish national economy and they are a major employer in Finnish labour markets. They play a big role in building the future for Finland, which is why their welfare is significant to everyone, not only personally but also economically and communally.

But being an entrepreneur is a risky business. According to statistics (figure 1) one in every third company claims bankruptcy before five years of existing. What makes people want to become entrepreneurs and what it takes to become an entrepreneur in Finland? What are the reasons for the short length of company lifecycles? Does Finland have what it takes for people to become entrepreneurs?

Questioning the Finnish methods in entrepreneurship has always been an issue concerning many, but the recent economic crisis has been a major influencer for deeper research. The challenging financial situation, difficulties in financing and investing, and raising taxes put brakes in small businesses wheels. This brings up a question, could there be another, better way to do entrepreneurship?

Stig Gustavson, who has the Finnish honorary title of vuorineuvos, says that Sweden is a country where it is good to be an entrepreneur. (2011, 30.) The country's finance is in good condition, taxes are going down and their pension scheme works. Swedish brands are well known in the world and their products have high demand. Could there be something Finland could learn from their next-door neighbour?

In this thesis I am going to look into Finnish entrepreneurship from small and medium sized companies' point of view. I am introducing the Swedish model as an option for more thriving economy and better functioning companies. The Swedish model has been suggested as an option for many Finnish functions from economy to exportation, but in this research I am going to focus on few of the major issues such as taxation, economy and branding.

The main reason for this research was to find out what it is like to be an entrepreneur in Finland and could the Swedish model be a solution for few of the Finnish entrepreneurial and economical defects.

The purpose was to gather information for starting companies in Finland. This research can help them to identify the traps of Finnish entrepreneurial world, find solutions from the Swedish model and possibly develop their business plan.

The thesis consists six chapters, where chapter two goes through the methodology used in this research. Chapter three gives framework for the research on the basis of literature and explains the main subjects of the thesis. The literature review in chapter four begins by over viewing the Swedish success followed by a research on its economy, taxation and branding among other things. It also consists the research problem. Chapter five present the primary findings of interviews and presents the qualitative research method. In chapter six the results of research are presented, and the analysis of the results is made. The possible future developments of the chapter six end the thesis.

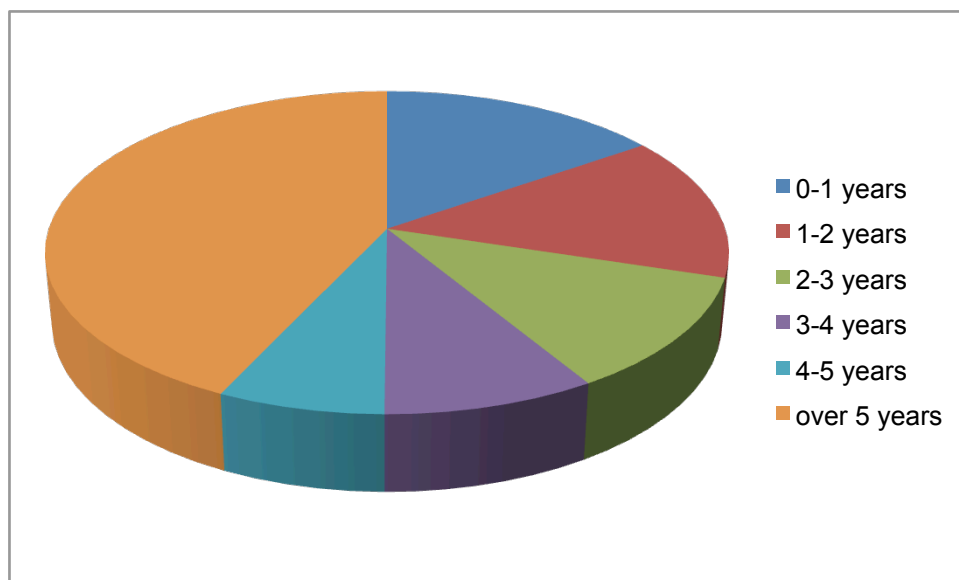


Figure 1: Finished companies according to the years of functioning (Tilastokeskus 2012)

2 Methodology

2.1 Literature review

Entrepreneurship is interesting to many people globally, which makes it a wide subject area to look into. This is why there are many books, articles and papers, and many more other forms of research written and documented about this issue. It can be looked from many angles, which makes it interesting to different forms of science from statistics to economy, culture to psychology, and many more.

Since the existent material was so comprehensive, it was clear to me to write a wide literature review with multiple sources of material. The main sources turned out to be Internet sites and articles. To generate an extensive review many books and articles were read and examined, and many Internet sites were reviewed but only the appropriate information was employed in this study.

2.2 Qualitative research

Another major form of research was carried out as interviews. Three interviewees were chosen from different fields of business, all entrepreneurs representing Finnish micro or small business industry. Two of the interviewees were able to describe the beginning of an entrepreneur's journey in detail as they had started as micro entrepreneurs themselves during the year 2012. The third entrepreneur had more hands on experience from longer period of entrepreneurship, and was able to compare time from the beginning to where they are now.

The interviewees were selected through friends and family, which made it easier to assure the amount of answers. As the forms of the interviews were implemented it was evident to execute them through e-mail, as some of the interviewees would have had to travel long distances to encounter. With the help of social media it was effortless for me to get back to few of the entrepreneurs concerning their answers and have a conversation about the issues applied in this study.

The interview started with a background check, summoning the general information about the entrepreneur, their working history, education and main motives for becom-



ing an entrepreneur. Also the basic facts of the enterprise were put together to generate a background and a starting line for the study. Information such as the amount of employees, starting year of the company, and the field of business they influence were few of the questions asked. The interview continued with more detail analysis of the situation with Finnish small entrepreneurs, and how they felt Finland as a country and as a society from a micro or small entrepreneurs point of view. The final section focused in the future, summoning up the improvements and feelings entrepreneurs have concerning the financial situation, education and future of the Finnish small entrepreneurs.

All three interviewees received the same questions through e-mail 16th of December 2012, and had a timeframe of three weeks for the answers. The full list of questions can be found from Appendix 1.

3 Theory

3.1 What is an enterprise?

There are many ways to look at enterprise. Meretniemi and Ylönen (2009, 8) find that own enterprise gives freedom to execute own ideas, and has a financial advantage to earn more than in paid work. Finnish dictionary on the other hand defines enterprise with cold facts stating that enterprise is an act, which succeeds, fails, or is useless. It gives a company only three options (Sutinen & Viklund 2005, 34.) Passila (1997, 9) defines enterprise with more complex definition saying enterprise is a juristically defined ensemble, which independently through its own organisation executes its own goals. He continues by saying that enterprise has its own lifecycle and it is usually there to fill in some gap of existing necessity. Finnish entrepreneurs' association again has more general overview writing that enterprise or parts of it functions where it has the best grounds to grow and operate, never mind the native country. It can be private or public, big or small, national or international. There are many forms and sizes of enterprises and they are divided to large, medium size, small and micro companies. (Finnish entrepreneurs 2012)



3.2 What is an entrepreneur?

According to Finnish census entrepreneur is a person between ages 18- 74, which owns a valid entrepreneur pension insurance at the last week of the year, is not unemployed during the last workday of the year, or does not work as a serviceman/woman, or do non-military service during the last week of the year. If a person simultaneously has a valid work contract and self-employed persons pension insurance, entrepreneurial income is required to be greater than earned income to be defined as an entrepreneur. Entrepreneur is also a person whose entrepreneurial income exceeds a defined income limit, presuming that he/she is not retired during the examination week. Income limit is defined every year together with deductions, utilising labour force survey concerning information on entrepreneurs (Tilastokeskus 2012).

Finnish labour force survey defines entrepreneur as a person who is engaged in economic activity in his/hers own account and at his/hers own risk. Entrepreneur can be employer or sole trader, such as practitioner or freelancer. Person working either alone or with family in limited company, owning minimum half of the enterprise is also defined as an entrepreneur (Tilastokeskus 2012).

US Small Business Administration defines entrepreneur as follows “an entrepreneur is a person who organizes and manages a business undertaking, assuming the risk for the sake of profit. An entrepreneur: Sees an opportunity. Makes a plan. Starts the business. Manages the business. Receives the profits.” (US Small Business Administration, 2013.)

3.3 Entrepreneurship in Finland

In 2011 there were 322 232 companies in Finland employing 1 486 000 people. Out of all these companies, 99,8% were small and medium sized companies making little over half of the combined annual revenue. Large companies' (employing more than 250 people) share was 0,2%, making 49% of the total revenue. Most of the entrepreneurs worked in trading (14 % of all companies), where the revenue grew by 8% and personnel with 3 600. The highest growth in net revenue was in mining and quarrying business, with 16% growth. A good year was also in construction business, where the number of enterprises grew by 550 companies and total revenue by 9%, raising the



total net revenue to 26,4 million Euros. Compared to year 2010, when construction business was the only business with negative net revenue, this was a positive year with all business fields making growth (Tilastokeskus 2012.)

Compared to 2010 there were 3 300 companies more in 2011, making it a one percent rise in total numbers. Personnel numbers grew by 3%, stating that 42 100 people more were employed by Finnish entrepreneurs compared to year 2010. Medium sized companies grew the most in numbers in 2011 with 7% growth and a personnel rate growth of 6%. Small and large companies did not have great changes compared to year 2010. The total annual revenue grew by 7 % compared to previous year, with 26,3 million Euros (Tilastokeskus 2012.)

According to studies of Tilastokeskus 2012 (figure 2) there were fewer starting companies in the year 2008 than in 2009 and the amount kept declining until 2010. At the same time the amount of finishing businesses kept declining until 2011. In 2011 there were 2,5 % fewer companies starting than in 2010 and in the same year the amount of companies quitting grew by 14% compared to previous year.

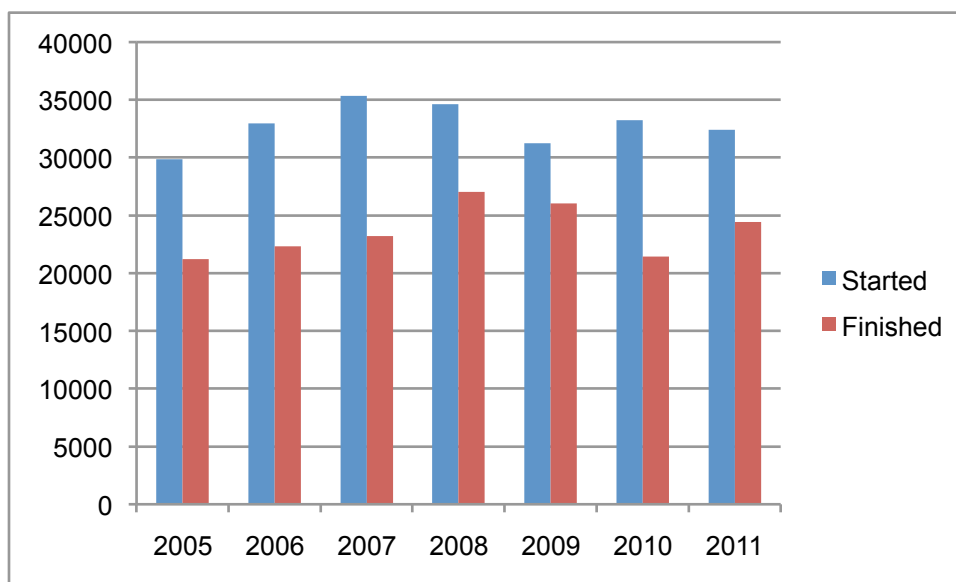


Figure 2: Started and finished companies during years 2005-2011 (Tilastokeskus 2012)

3.3.1 Small and medium sized companies

Small and medium sized companies (also known as SMEs) are the foundation of Finnish economy. There were 1 483 026 small and medium sized companies in Finland in the year 2011. This equals for 65% of all private sector employments, making small and medium sized companies a major employer and a great influencer in Finnish national economy (Tilastokeskus 2012.)

“Micro, small and medium-sized enterprises (SMEs) are the engine of the European economy. They are an essential source of jobs, create entrepreneurial spirit and innovation in the EU and are thus crucial for fostering competitiveness and employment.”

(Günter Verheugen, Member of the European Commission)

But what are small and medium sized companies? According to EU commission to be a medium-sized company there needs to be fewer than 250 people employed, have revenue no more than 50 million euros or balance up to 43 million euros. To fill the standards of a small company there needs to be less than 50 employees and have revenue or balance up to 10 million euros. For a micro company the limit for revenue or balance is two million euros and there needs to be less than 10 people working. In addition to these criteria's companies need fill the definition of independence which defines how dependent companies are on other companies, or if they have partnerships with other organisations. No more than 25 % of all equity is allowed to be in the hands other major company so that a company can fill the independence definition. Also it can be added that all of these three criteria's need to be valid at the same time. (Association of economic life 2012)

SME definition				
Form of enterprise	Employees	Revenue	OR	Balance
Micro	< 10	≤ 2 million €		≤ 2 million €
Small	< 50	≤ 10 million €		≤ 10 million €
Medium	< 250	≤ 43 million €		≤ 50 million €
Large	> 250	> 43 million €		> 50 million €

Figure 3: Small and medium-size company definition (Association of economic life 2012.)

3.4 Essentials of entrepreneurship

According to entrepreneur and a book writer Pyykkö (2011, 17) entrepreneurship is constant search of opportunities. It is also psychological and mathematical: deliberately affecting peoples minds, so that there will be something in the last line. Meretniemi and Ylönen (2009, 8) find that entrepreneurship is a comprehensive way of living that changes personal lives and requires self-management, discipline and control of life. Doctor of Philosophy Matti Peltonen defines entrepreneurship as a way of thinking, acting and reacting making an entrepreneur form up and act using its intellectual and physical resources. It also makes individuals and work communities to act sufficiently to reach appointed objectives (Sutinen & Viklund 2005, 34.)

Sutinen & Viklund (2005, 12) state that entrepreneurship is business that has five basic elements, which are needed for founding an enterprise. These are needs, demand, competition, profit and continuity. These elements are in tight interaction with each other and have an effect on business' future. Figure 4 represents the harmonised interaction of the five elements.

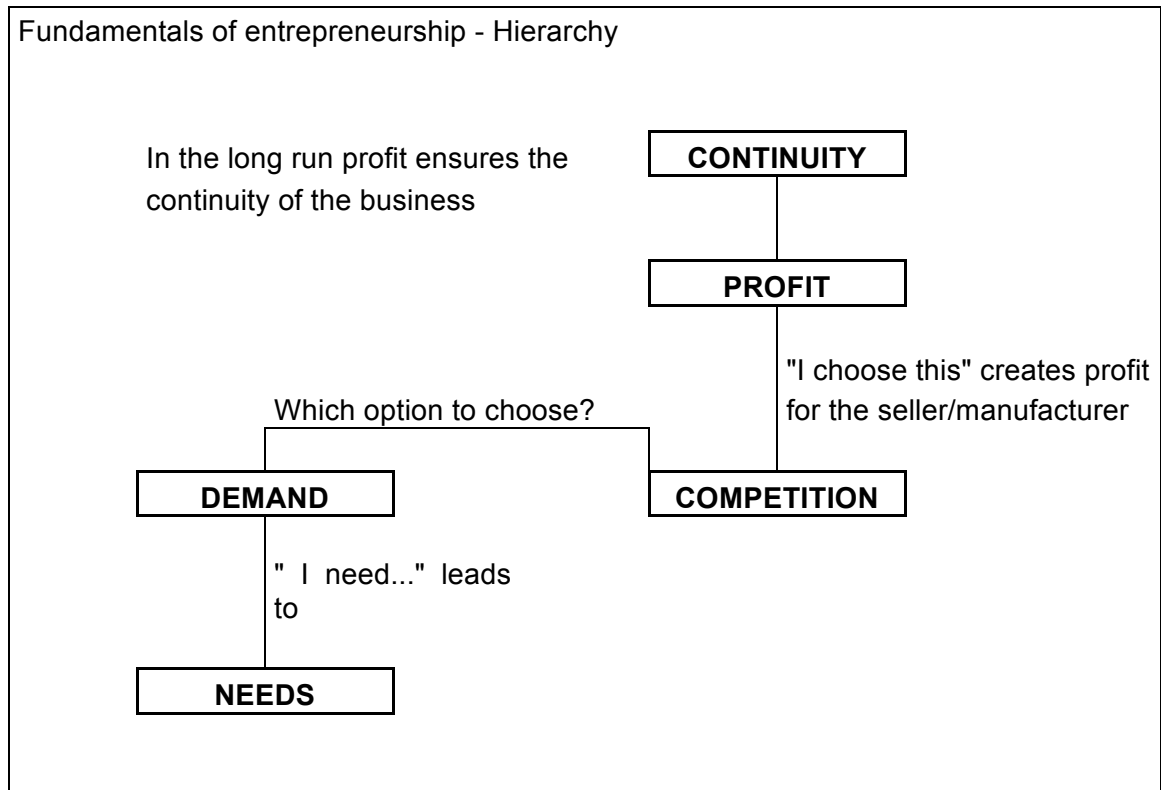


Figure 4: Basic elements of entrepreneurship – Reciprocal hierarchy (Sutinen & Viklund 2005, 12.)

Everything starts with consumers' *needs* which can be identified, physical needs such as hunger or thirst, or unidentified, which are mostly emotional, cultural and social. The most recognised theory of needs is Maslow's Hierarchy of Needs (figure 5), which recognises the people's different levels of needs. These are physiological, safety, love/belonging, esteem and self-actualisation. (eHow, what are consumers needs)

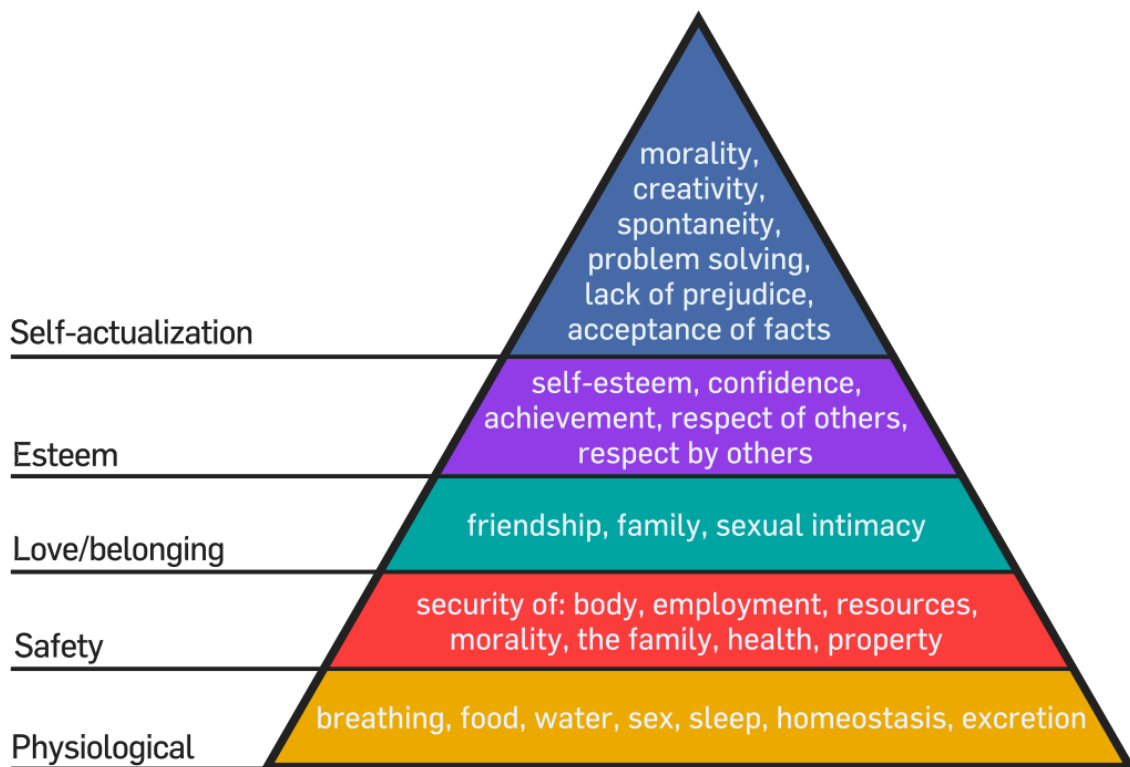


Figure 5: Maslow's Hierarchy of Needs

Identified needs create automatic demand for something, when unidentified needs are affected by stimulus of some kind. Marketing has a great affect on unidentified needs. (Sutinen & Viklund 2005, 13.)

Whether there is a *demand* for coffee, car or TV-programme, they are affected by needs. Needs create demand, which again creates *competition* between goods and companies. Healthy competition thrives businesses to do their best and this way promotes the development of goods and businesses. (Sutinen & Viklund 2005, 14-16.)

The European Commission, together with the national competition authorities, directly enforces EU competition rules, Articles 101-109 of the Treaty on the Functioning of the EU (TFEU), to make EU markets work better, by ensuring that all companies compete equally and fairly on their merits. This benefits consumers, businesses and the European economy as a whole. (European Commission)

In economics competition is divided in perfect and imperfect competition. In perfect competition there are plenty of buyers and sellers and they all have a small market share. All the products are the same with equal prices and individuals cannot affect the prices. It also free to join the markets or move away from the markets. Perfect competition does not exist and it only used as a theoretical model for pricing. In imperfect competition the situations are the opposite of perfect competition. One buyer or seller defines or affects the market prices. Monopoly and oligopoly are forms of imperfect competition. (Taloussanomat finance dictionary 2013.)

The businesses that make it in the competition generate *profit*, which is the basic reason for people becoming entrepreneurs. Without profit there is no chance for investments, and the business to grow. If there is no profit the business cannot *continue*.

Pyykkö looks at the basics of entrepreneurship from another angle defining that the basic idea of entrepreneurship is that something meaningful can be done. The business idea needs to be able to be explained in two to three sentences, and it need to consist at least what is done (better than others), who benefits from it, and what it takes to become cost-efficient. A basic business idea should be able to answer three questions:

1. Can I bring about something meaningful?
2. Who would buy from me?
3. Is it profitable? (Validate by numbers)

The first question challenges the actions of an entrepreneur and measures the resources available. There needs to be something to sell, something that others cannot do, or there would be some other competitive advantage. In an ideals situation you would be the best at the field, and people want to pay for it. (Pyykkö 2011, 19.)

The second question concretizes the first challenge, to bring about something meaningful. There needs to something to sell, but there is nothing without the trade. To bring up the business, there needs to be money coming from somewhere constantly to compete with the costs. Until there is revenue, everything is a cost. From the start of business the costs start running, yet there is little or no cash flow. This can be unbearable



especially in the beginning, when there is all the pressure to succeed (Pyykkö 2011, 20.)

According to Pyykkö enterprise is a financial unit and in the long run it needs to have more revenue than costs. Question three forces an entrepreneur to be mathematical and put all the numbers on paper, because without marginal profit there is no business. Not many businesses are profitable from the start, and if it would be so why would anyone work for anyone else? (Pyykkö 2011, 20.)

3.5 Lifecycle

Enterprise development from beginning to an end is generally represented in forms of lifecycles. There are many different types of lifecycles, since not all enterprises go through the same phases (yrittäjyysväylä, 2013.).

Many theories have been written about lifecycles, containing different amount of stages and content depending on which organisation is using it. According to Sutinen & Viklund enterprise lifecycle contains five clear stages, which will be presented here.

First stage is so-called “entrepreneurship phase” where it is defined whether or not a person wants to become an entrepreneur. This is a phase that all entrepreneurs go through, most not even noticing it them selves. It is phase where a possible entrepreneur ponders his/hers qualifications as an entrepreneur and future relationship in entrepreneurship (Sutinen & Viklund 2005, 4.)

The second stage is called an “idea phase”, which results in a person founding a business or by giving up the idea. It requires much more settling and decision making than first stage, but no financial input is needed yet (Sutinen & Viklund 2005, 5.)

In stage three, the “development phase”, the business is running and the focus is in the business development. According to Sutinen & Viklund this is the hardest stage of the cycle, since the goal is to achieve maximum outcome with minimum input. To keep up with the competition entrepreneur needs to be able to question issues and stay in the picture with new working methods. There is no room for comfort, since new methods come up all the time. In development phase entrepreneur already has developed daily



routines, and it can become difficult to see actions through customers' point of view. Also to make it in the competitive entrepreneurial world entrepreneur should be able to comprise a perception of the future. Without any view of the future the business is on thin ice (Sutinen & Viklund 2005, 5).

Last stages, called growth and crises, are two special situations in business which both require special knowledge and skills. In this matter when talking about growth it is meant situations where business grows through changes such as recruiting, or by opening a new store, not normal growth through financials etc. The last stage of the cycle, stage five, includes situations such as bankruptcy, which is by Sutinen & Viklund seen as one of the most important and hardest phases (2005, 6.)

4 Literature review

Entrepreneurship is a wide subject area, touching many people from politics to agriculture. Even though entrepreneurship has always been a topic raising many opinions, the recent economic down fall beginning in 2008 has been a major influencer for many new researches and debates. One topic, which has been highly praised but also criticised is the Swedish model, which has been seen as one option to bring Finnish enterprises and Finnish economy back to its tracks. Among other things, Swedish model has been introduced as an option for Finnish industries, economics and taxation.

4.1 Fundamentals of Swedish success

Sweden is the largest Nordic country and its population is almost double the amount in Finland. It is part of the western culture hemisphere, which has a firm dealing culture. Conversation has a central part in negotiations and dealings, and it reflects in projects and in everyday work. This strong conversation background is not familiar in Finland, and it does not come natural for many Finns. (Markkanen 2011, 7-8.)

Sweden's long independent history and strong background in trade are the fundamentals of its success. With strong self-confidence and good negotiation skill, which according to Meretniemi and Ylönen, (2009, 11) are seen as qualities of a successful en-



trepreneur, Swedish have an advantage over Finnish entrepreneur culture (Markkanen 2011, 12.)

With a background as negotiators, Swedish have a natural tendency for preparing and planning decisions, and looking at the whole picture comprehensively and persistently (Markkanen 2011, 8.) Debating and compromising are issues that give a positive outlook for Swedish, but also their labour market laws are more enforcing for people to cooperate than in Finland. Finnish system is mainly using the same principles as Sweden but in selection of cabinet seats for instance, Sweden is using more forceful way to make people compromise (Gustavson 2011, 33.)

Swedish also have created this “national home thinking”, which allows people and companies to thrive, and urge people to generate new ideas (Markkanen 2011, 8.) Finnish culture again sends a different mixed message, which can be associated to both entrepreneurship and general atmosphere in Finland: There is a need to succeed so that one is not a loser, but in a case when one succeeds and becomes wealthy, there is no right to enjoy it. This would be seen as bragging, and the person would be labeled as a show off (Pyykkö 2011, 329-330.) On the other hand the entrepreneurs are highly appreciated in Finland, with 78% of Finnish population respecting entrepreneurs, which is the second highest rate in EU (Helsingin Sanomat 2010.) Finnish are also very innovative, having 3766 patent applications in 2009-2010, which is more than Sweden when counting the patent/population ratio (Erola 2011, 52.)

4.2 Swedish model

Even though Swedish are doing many things differently there are more similarities in Finnish and Swedish industrial life than differences (Gustavson 2011, 29.) Even so Sweden has stronger economic growth than Finland, entrepreneurship is more thriving, and many Swedish enterprises and brands are know all over world.

Sweden has been Finland's role model for a long time, introducing many global trends to Finnish consumers (Von Hertzen, 2011.) Today Swedish methods have been introduced in many forums as a way to forward Finnish enterprises and economy.



When looking at the history, Sweden is often thought to flourish because of the welfare state that it is. Sanandaji argues that this is not the case in Herrala's and in Von Herten's articles. Sweden's financial growth was one of the world's fastest from 1870 until 1935, when the social democrats rose to power decreasing the free market economy. The biggest problems started in 1960's when the country was fiercely turned to the Left, raising the taxes systematically about one percentage point per year. In 1985 taxes per GNP was over 50%, of which 30-percentage point was income tax. (Von Herten 2011.) Entrepreneurs investing their own money and employing people lost money by making a profit. This was not profitable and in the 1950-2000 Sweden was not able to create any jobs in private sector. (Herrala 2011.)

In recent years the non-socialist government has taken charge in Sweden and the taxation has been cut and the government has been remodelled towards more entrepreneur friendlier side. (Von Herten, 2011.) Sweden has not forgotten the idea of affluent society it only has increased the opportunities of financial freedom and decreased the role of the state government.

According to Sanandaji Sweden is a textbook example of free market economy, fully working and producing good results. Long before the social government Sweden was enjoying the Lutheran work ethic, homogenous population and the environment of co-operation. (Herrala, 2011.)

Finland is government-oriented country, with strong public sector guidance. Today Finland is struggling with employment and it has not been able to create jobs in the private sector. Since small and medium sized companies are responsible for 65% of all private sector jobs in Finland, more focus should be put in the employment opportunities of these companies. Swedish history has proven that strong governmental regulation leaves little room for free acting, and kills entrepreneurial moral/spirit. The free and creative energy needs to be kept alive to ensure peoples' motivation towards entrepreneurship and independent initiative. The government's role is to maintain the rules and regulations for fare and free trade and support entrepreneurship equally. This is the background for well thriving entrepreneurship and well being of Finnish entrepreneurs.



4.2.1 Economy

Sweden's recovery from the recession of 2008 was faster than other EU countries and in 2011 Sweden's economic development was one of the fastest in EU. The success of Swedish economy is based export, and open trade is an important part of Swedish mindset. Open market is vital for the small country, and the main export countries have a major effect on Swedish economy. The financial situations in these countries are the reason why Sweden and its enterprises did suffer from decline during the recession, but in much smaller degree than in Finland. (Kiander, 2011.)

This above mentioned facts give Finland a reason to take a look at what Swedish economy is doing and what it should learn from the economically well-being neighbour. One factor separating Finland from its neighbour is the difference in economic policies. Swedish way is less corporative, more open, and takes more opinions into consideration when making decisions. For example the Swedish council of finances is gathered from independent experts of finance to ensure the best results and outlook for the government's economic decisions. In Finland this kind of "second opinion" culture is not familiar especially in politics. Also the role of labour market organisations differs when compared Sweden. These organisations have more influence on Finnish social politics and working life legislation than Swedish. For instance the Finnish federation of taxpayers is allowed to take part in the team of experts in taxation policy, which in Sweden would not be taken into consideration. (Filatov 2011.)

Another factor parting Finland from Swedish economy is visible company owners and great private foundations that actively take part in developing and guiding their companies. Business manager of H&M Stefan Persson, businessman Fredrik Lundberg and Handeldanken foundation are few of the spokesmen who spur the public economic discussion and encourage entrepreneurs. The private foundations also finance new enterprises. (Gustavson, 2011.) This is something that is needed in Finland to bring up conversation of current issues in economy and entrepreneurship. There are not many spokesmen or -women in Finland who would challenge the general public and bring forward issues that are seen as challenges or faults.

The Swedish mindset of globalisation, which was mentioned before has also another side that affects Swedish economic life in positive way. The long traditions of entrepreneurship have ensured that strategies are thought in the long run by looking in the fu-



ture and not focusing in the past. (Markkanen 2011, 10.) This creates from the beginning a different mindset of future for entrepreneurs and can help them to survive better through tough times and create more positive outlook on internationalisation.

4.2.2 Special financial districts

Even though there are many differences in economics between Finland and Sweden, Sweden is struggling with same problem as Finland, unemployment. Since small and mediums sized entrepreneurship is the foundation of employment, Sweden is thinking about creating special financial districts for small companies to boost employment. (Markkanen 2011, 11.) The basic idea is to lure people to start new businesses and employ more people by lowering taxes and labour costs. These areas would be created in remote districts with high unemployment rates, and the idea is to create several of these districts at the same time. (Noponen 2012.) A special district as a concept is not new and it is already implemented in other countries but with differing conditions.

This idea has raised conversation in Sweden as in Finland and according to critics this could lead to imprinting and ventures of location. Also results of trial rounds are not encouraging. From Finnish perspective this reminds the employer fee lowering done about a decade ago, which had a little affect on employment on certain problem areas where the fees were deducted. These special financial districts have also been introduced to rise company investing and to boost tourism and investments done from Russia and China. (Noponen 2012.)

From another point of view these districts could be able to revitalise areas struggling with aging population if done with consideration. When applied carefully method could create more jobs and help businesses to expand. If not done with care tax reduction given for areas with no hope for return can lead to more problems.

These areas have been preliminary planned in South East Finland. Generally the atmosphere towards special financial districts is negative, which is a straight reflection from EU's viewpoint. According to Kymen Sanomat (2012) special financial districts are not looked with a good eye, and they might increase the black economy. On the other hand special financial districts like these already exist in many other countries such as Russia, Poland and France with differing terms and success.



4.2.3 Taxation

Taxation is a subject splitting opinions. It always raises plenty of conversation and gets plenty of media attention. It is a difficult and wide subject area, and no matter what is done, there appears to be as much criticism as there is praise. Here are represented few of the current issues of taxation and what could be their Swedish models.

Enterprise tax has been subject of special notice, when Sweden in January 2013 lowered their enterprise taxation from 26,3% to 22%, quickly followed by Finn with deduction from 24,5% to 20%. It can be argued whether this is a follow-up of Swedish model or not but already it has been the centre of debates. According to Taloussanommat (2012) the Swedish intention is to strengthen their growth and boost their investing. At the same time it strengthens the public entrepreneurship spirit and urges people to do entrepreneurship. By following the Swedish foot steps Finland also gain the same advantages. Finnish entrepreneurs association writes in SKAL's website (2013) that this deduction will help especially SME's, since they are the ones paying half of the enterprise tax amounts. On the other hand the deduction will also give a great advantage for big companies, since their cash flow is greater, making these changes bigger in amounts. The tax deduction will also improve companies financing situation leaving more money for investing. Even though the Finnish dividend tax increase, which was applied at the same time with enterprise tax, will raise taxation for some companies, investing opportunities are seen as big bonus. (Skal 2013.) Before enterprise taxation was seen as a barrier for company investments. (Nojonen 2012.)

But where there is praise there is resistance. Finnish Minister of Finance Jutta Urpilainen says in Helsingin Sanomat that there would be no possibility for any major tax reductions in this financial situation. She also finds that this there is only much to lose in this situation, when tax revenue is lost. According to Gustav von Hertzen (2011) taxation should only be eased when public operations and expenditure cuts get of to a good start. When the subject is be looked from this angle there needs to be kept in mind that many big and even smaller companies have already moved their functions away from Finland, this way reducing tax income and jobs. Lower taxes and better investment opportunities in other countries lure companies away from Finland, leaving small and medium sized companies answer the consequences of lost jobs and taxes.



Of course taxes are important part of the states well being but with moderate lowering of taxation greater tax base can be achieved and this way more taxes will be gained.

Stig Gustavson (2011) reminds that Swedish have applied gentle taxation for high properties for a while now, which have increased the amount of wealthy people returning to Sweden. In our neighbour country it has been noticed that for the public wellbeing wealthy people and organisations are needed. Today when capital moves freely in Europe it is more important to be able to keep the possible tax income in the home country, which again can improve the common wealth of the nation.

One subject gaining positive feedback is Swedish inheritance tax policy. The main goal of the policy is to ease the change of generation of companies and minimise double taxation. It is a modern way of taxation, which focuses on what is best for the economy and companies. Today Finnish company heritor needs to pay taxes in the transition phase, which is a critical stage for companies. Mainly the taxes are taken from the company leaving it frail and weak for competition. (Uusi Suomi 2010.) Sweden has realised that it is better to transfer the date of taxation till later when the heritor changes the inheritance for money. Then the tax is calculated according to the original price of purchase. (Gustavson 2011, 30.) This encourages enterprises to continue and focus on future and not wasting their time on worrying taxes.

Today 95% of Finnish family businesses do not continue in third generation and with upcoming problem of baby boom generation many companies are facing either change of generation, change of entrepreneur or company ending. Family businesses are a major employer in Finnish labour market and if these are not continued Finnish economy is going to face problems. (Grönman 2010.) Managing director of family organisation association Matti Vanhanen points out in Grönman's article that it is normal for parents to want their children to have a better life than theirs and leave a well thriving business for them to look after. Why does the state take every 25 years 16% of some organisations, when it does not do it for cooperatives, state or municipal companies or exchange-listed companies? This is a question of fair competition. By applying the Swedish model thousands of company generation changes could be applied and this way revitalise the economy and improve employment. (Grönman 2010.)

From the Swedish history it can be learned that very high taxes cut employment and the entrepreneurial moral. Small and medium sized companies again are the main employer in the private sector indicating that enterprises suffer the most from high taxation. On the other hand Swedish taxation is still higher than Finnish taxation, yet their economy is flourishing and companies doing better than in Finland. It seems that Swedish taxation is placed in the right places and their main focus is on the well being of the economy. According to Filatov (2011) another good example of smart Swedish taxation in addition to the ones mentioned before is the industry's energy tax, which in Sweden was let go to improve the country's exporting. Finland and Sweden are both small countries depending on their exports, but when taxation cut was be needed Finland increased its energy tax for industries and this way added another barrier to improve Finnish economy. Sweden has realised that when companies are doing well the economy is doing well and vice versa. Finland on the other hand might still be learning.

4.2.4 Branding

Ikea, H&M, Gina Tricot, Tiger of Sweden, Nordea, these are only few of the well-known Swedish brands. The list of global Swedish brands is long but what is their secret? Clothing industry in particular is Swedish speciality. A good example of Swedish fashion success is reporter Marko Erola's (2011, 47) walk through Helsinki's Aleksanterinkatu, starting from Senaatintori and ending in the Square of Kolme seppää. During the few block walk Erola wrote down 24 brands of which 12 are Swedish, three Spanish only two Finnish. Rest of the seven brands were from other countries.

25 years ago Finland exported more clothes than imported, but today situations have changed. Soon after Union of Soviet Socialist Republics collapsed, the Eastern trade crashed, taking Finnish clothing industry with it. Since then the industry has not been the same. During the couple recent years Finnish clothing industry has taken a small step towards better exporting but only few companies are collecting all the results, Marimekko and Angry Birds few to mention. (Helsingin Sanomat 2013.)

But why so many Swedish companies become world known success stories when Finnish companies tend to stay in the homeland? According to Erola, (2011, 47-49) branding and strong venture spirit are few of the reasons. Sweden's early transition to low price countries combined with adequate amount of risk investment capital and know



how have ensured a firm background for brands to rise. Branding masters H&M & IKEA have created a strong history path that other smaller companies have been able to follow.

Erola writes that many companies have grown next to something else successful, for instance Swedish jeans label Acne grew with music industry. Success feeds success, writes a fashion article in Helsingin Sanomat. Many other brands have grown together with advertising and communication agencies, starting with marketing and ending up having a business. (Erola 2011, 49.)

One good Finnish example of today's industry connections is brand called Angry Birds. It started out as a game but with its success expanded in clothing, food and toy industries. Soon it was part of travelling when Angry Birds activity parks opened in Kuusamo, Saariselkä and even in China. Angry Birds is a masterpiece of Finnish branding where modern design, simplicity, availability and good price comes together. These are some of the features that Erola (2011, 50) also lists as founding features of a good brand. Swedish products are often praised for their practicality, which can also be noticed in globally known affordable furniture store IKEA's mantra *form-function-price*.

Innovation is the base for a good brand, of which Finland is known for. According to patent registration Finland is even more innovative country than Sweden. Finnish brands often fall for the lack of finance and branding know how. Many promising companies are sold to foreign investors, who then with the right amount of capital and marketing turn the ideas in to global businesses. (Erola 2011, 52.) According to Gustavson (2011, 12) Finland's stumbling blocks are its marketing and productisation, which in Sweden are part of companies target oriented business activities. Sweden has also less purely innovation based enterprises that seek only one to two year profits from foreign trade. Their target is to make it in the long run and by taking all the aspects of entrepreneurship into consideration, they have been able to succeed.

Even though Sweden has an advantage in the marketing know how their advantage is also in the great size of the home markets. Sweden's clothing markets are 2,5 times the size of Finnish clothing markets, which feeds the supply and entrepreneurship. Finland on the other hand does not have high expectations towards home run clothing



business, and it is still treated with prejudice. This again has an affect on financing, which for starting and growing companies is never easy. (Helsingin Sanomat, 2013.)

4.2.5 Pension scheme

Swedish statutory employment pensions are funded by fixed payments, which allow the companies to anticipate the development of labour costs. This is an important feature since employment fees define where the company is situated and affects how many employees company is able to employ. It also saves people and companies from the uncertainty of repeated pension reforms. Payment increases affect the pension financing which again affects the public financing. (Lassila & Valkonen 2011, 57.)

Swedish pension scheme also urges people towards entrepreneurship and investing. According to Gustavson (2011, 32) all Swedish are in charge of deciding what pension fund manages part of their compulsory pension savings. This has increased interest towards pension investing and raised conversation. Since economy is big part of investing people have come more interested about the subject, which encourages people to invest. This again can help starting and growing business with their finance.

In Finland pension insurance companies are picked by employer, which means that entrepreneurs can pick their own insurance companies, when employees cannot. Entrepreneur pays self employed persons pension insurance, which is determined according to work incomes. It defines the amount of sickness allowance, maternity allowance, unemployment allowance etc. In 2013 the amount of self-employed persons pension insurance for person under 53 years is 22,5% of work income. After the age of 53 the amount is 23,85%. There is a 22% discount for starting entrepreneurs during their first four years of being entrepreneur. In this case the payment is 17,55% for people under 53 and 18,6% for 53 years and over. For an entrepreneur to join unemployment fund the working income needs to be 8520 € per year. With lower income entrepreneur has no unemployment fund. The smaller the work income defined, the smaller payments and benefits the entrepreneur gets. In addition to this entrepreneur also pays 23,3% pension insurance of its employees of which 5,15% to 6,5% is paid by employees depending whether they are 53 years or over. (Yrittäjät.fi 2013.)



These payments are only part of the amount an entrepreneur needs to pay to do entrepreneurship or to employ people. Pension insurance can seem like a lot of money, but without it there is no opportunity to do entrepreneurship. Especially for a starting micro and small companies the payments can be over bearing when the income is small and other living payments need to be handled. By giving employees an opportunity to influence in their pension investing, they might start to think more like an entrepreneur and become more interested in economy when their own money is at stake. On the other hand in the Swedish model the risk is moved from organisations to individuals, which in a bad situation can become costly for the individual. But then again there is also an opportunity not to take a stand on the investing.

4.2.6 Immigrants

Sweden is an open nation and has its share of immigrants. According to Markkanen (2011, 9) in 2011 14-15% of Sweden's population had a foreign background. Markkanen continues that Sweden's open society model has ensured adequate dynamics for its society and finance, not forgetting the flow of work force. By the year 2011 foreigners had founded 80 000 companies in Sweden.

Von Herten (2011) again states that Sweden is not such a good example when it comes to immigrant policies. Its nurturing, yet tyrannical policies have shaped the cultural background of Sweden in good and in bad. He finds that foreigners coming from nearby countries have been able to adapt, but others from further countries have not wanted or been able to become part of the economic life. Their unemployment rates are high, causing restlessness in certain areas.

To the outside world Finland is seen as very hostile country towards immigrants. An example of the Finnish mindset towards immigrants is in party of the Basic Finns, which has increased its share during the recent years. Their focus is in the Finnish nation and Finnish mindset, and in the media they are seen as very anti-EU party. This has gotten media attention around the world, raising concerns about Finnish attitude.

According to Finnish Ministry of the Interior in 2011 Finland had 183 133 people with foreign nationalities, what is about 3,4% of the whole population. This is much smaller percentage compared to other EU countries especially Sweden yet Finland is strug-



gling with high unemployment rates among immigrants. To make Finland more seem attractive to the outside world, improve the economy and unemployment foreigners should get to work quickly. As a solution Von Herten (2011) introduces a modification of the Swedish model, work contribution instead of nurture. Many immigrants are eager to work with lower salaries, which should be made possible. The alternatives are permanent exclusion or grey labour markets with ruthless exploitation.

4.2.7 Debated model

There are clearly more documents and research done and written for the Swedish model than against it. Sweden's strong economic growth and positive outlook on the world might have an affect on this. It has been called the economy's Pippi Långstrump and European Union has called Sweden a tiger so evidently they are doing something right. Sweden has also always been a role model for Finns, whose general mindset puts Sweden on an enviable pedestal.

Sweden has had its history of ups and downs, but now their economy is thriving. They have learned what works and what does not and focused on things that are important. Their general way of thinking and focus on good economy pushes Sweden forward despite the financial crisis.

But when looking at the issues from another angle, not everything is running its best in Sweden. According to European Commission, 2012, Swedish small and medium sized companies have not accomplished as well as before the financial crisis.

SME performance varies considerably among Member States. SMEs in Austria and Germany have exceeded their 2008 levels of gross value added (GVA) and employment in 2011. SMEs in Belgium, Finland, France and Luxembourg have, on average, experienced an anaemic performance since 2008. In the other 20 Member States, SMEs have been so far unable to bounce back to their pre-crisis levels of either GVA or employment. (European Commission, 2012)

Even though Finnish SME's performance has not been the great, Sweden is not mentioned as an achiever either. These above mentioned other 20 Member States include Sweden, indicating that Swedish SME's still have some improving to do.

Also as indicated in chapter 4.2.6 *Immigrants* Sweden does not provide a working solution for unemployed immigrants whose lack of work has caused restlessness in certain areas. Sweden has not been able to integrate the immigrants in to their system losing a great entrepreneurship opportunity.

Could this be the model to improve Finnish economy and entrepreneurship despite its flaws? Does Finland have something to improve and is the Swedish model the right way? Could some of the methods be implicated in to the Finnish system, or would it be a disaster? What about models from other countries? There are still plenty more questions to be asked, and many other options to explore.

To defend the Swedish model Finland has in their neighbour country real live examples of systems that work, so why shouldn't they exploit it? Of course the model needs some deeper research and it is not perfect but it has proven to work. The subjects implemented in this research are only small portion of the opportunities where the Swedish model could be applied and there is still a great deal of research that can be done about the studied issues. This is only a scratch of the surface.

5 Interviews

5.1 Research method

When starting to put together the interviews I decided to lead with qualitative method, which focuses on small amount of cases and their analysis. In this research method the focus is more on the quality rather than the quantity (Eskola & Suoranta 2001, 13.) In my case I had three interviewees and I wanted to end up with the best way to execute their information in my study. It was clear to me to use open-ended question method, which gave the most room for the interviewees to answer the questions. Compared to structured interview, which has all the answer options ready, this half structured



method with open ended questions gave the interviewees the opportunity to understand the questions from their point of view, and gave me a better chance to understand their situation as an entrepreneur (Eskola & Suoranta 2001, 86.)

Since the interviews were executed through e-mail, there was no room for conversation. All of the interviewees received the same questions in the same order, as it is defined in structured and half structured research method (Eskola & Suoranta 2001, 86.) I had had conversations with all of the interviewees about the theme of thesis beforehand, and had explained my interest towards the subject area. After the interviews I had the opportunity to link up with two of the interviewees through social media, and continue talking about few of the questions included in the interview. This gave me more insight in the subjects discussed.

My main goal of the interviews was to give more insight and to bring experts point of view to the research. It was important to find out how Finnish entrepreneurs feel Finland as a place to do entrepreneurship and include their point of views to the research. Since the group of interviewees was merely small, three interviewees, and were selected from different fields of business the results of this research cannot be generalised in higher levels. The interviews were more used as a case study, which is the most common use of qualitative research (Eskola & Suoranta 2001, 65.)

5.2 Background

All of the interviewees are Finnish entrepreneurs, 30 or less in age, and have previous experience in working life. Two of the enterprises are situated in Rovaniemi and one in Helsinki. They all have different backgrounds in education and are working in different fields of business. First person A, studied Hotel and Restaurant Management, but has been working and further educating her self in training business. She has a tough experience in the field of exercise and is now running a business as a personal trainer. The form of the company is sole trader, it is situated in Helsinki and she has started during the year 2012.

Second interviewee, person B, is working in the garment industry. She has an education in sewing and she is a graduate from theology. She has been working with animals before executing her traineeship with known fashion brand Ivana Helsinki and tailor



Miia Pehkonen. From 2012 she has been working as a tailor in her own firm as a sole trader in Rovaniemi.

Third entrepreneur, C, has the most experience in entrepreneurship. He has been an entrepreneur since 2004, and runs a construction business in Rovaniemi. He has a background in tourism and by education he is a Vocational Qualification in Business and Administration. The form of the business is LLC.

This chapter has been written in the basis of these three entrepreneurs answers and their thoughts on the subject. Only their answers in these interviews were used with some further additional conversation conducted in the social media. The full list of questions can be found from Appendix 1.

5.3 Now in Finland in M&S companies

Starting a business in Finland is seen as a tough journey, with high expectations and even higher taxes. The bureaucracy works a deterrent for starting entrepreneurs and when wanting to expand the business, hiring has been made an even bigger stepping-stone, with high costs. On the other hand all of the interviewees state that finding information and support has been made easily reachable in most fields of business, if you are willing to find it.

5.3.1 Finance and support

Financially the Finnish government has been helping the starting entrepreneurs in the form of start up money and unemployment benefits, yet in the construction business there is no financial help. As entrepreneur C mentions, "Finnvera does not finance new-production construction at all." Also the start up money is not seen as sufficient enough. In the clothing industry, entrepreneur B finds that after rent and self employed persons pension insurance payments, there is not much left. She also says that since getting an entrepreneur's pension insurance, she is not able to get living support, even though she would not make any money. This is because in her entrepreneur's pension insurance her yearly income is marked 10 000 Euros, which states the amount of en-

trepreneur's pension insurance payment she pays every month. If this were any lower in a situation of sickness or pregnancy, the amount paid would be very small.

Information wise, entrepreneur A finds that she has been very lucky. During the beginning she was able to make it in programme called "Kolmas Tie" (Third Road) organised by Uusiyrityskeskus (New business organisation. This is a programme designed for creative business fields helping them to find a way to balance between entrepreneurship and paid work (Kolmas Tie 2011). She finds that this has been very helpful for her and it has been supporting her in the beginning. She also states that she was able to study entrepreneurs' vocational degree, with the help of government funding.

When talking about support all three interviewees have been able find support and help in the beginning or during their entrepreneurship career, some more than others. Help has come from organisations such as Uusiyrityskeskus (New business organisation), from friends and family, former work colleagues and experts. Especially when talking about practical matters entrepreneur B finds that the help of friends, family and former work colleague has been irreplaceable.

5.3.2 Culture and education

I asked the interviewees a question whether they feel that the Finnish society supports entrepreneurs or not, and received a clear answer. No. This is because entrepreneurs feel that entrepreneurship is seen and represented as a big and scary risk, with high expectations. The attitude is generally negative and is lacking support.

Another major issue is education. This was also brought up when asking question concerning respect towards Finnish entrepreneurs and the willingness of becoming one. According to interviewees there should be more information and education for a career choice in entrepreneurship and it should be supported. In schools where there is an opportunity to take a course in entrepreneurship it should not been introduced as something terrible and difficult. All the interviewees feel that there has been none or very little information during their school years about entrepreneurship as a career path. Only one of the interviewees, B, has had a course conducted in her education plan since in this is the most common form of practice in her field of business.



When asking whether the situations for entrepreneurs has changed compared to starting, all felt that it had staid the same, with few draw backs in taxation rise (ALV) and restrictions in regulations.

5.3.3 Competitors and financial situation

I asked from all of the interviewees how do they keep up with the competitors and new rivals. Most of these solutions and practice methods were results from own learning through work, or examples followed from previous work colleagues.

These are the methods used by the interviewees to maintain their professional skills:

- Reading the fields literature
- Participating in trainings
- Sticking together with other entrepreneurs from the field
- Studying more
- Following and keeping up with different medias (social and other)
- Working hard and doing different types of works
- Participating in conferences and expositions

All interviewees felt that the competition is toughest during the times of economy crises. During these times entrepreneurs felt to be under considerable strain to improve the situation yet were facing downsizing and tougher times them selves. From their point of view small entrepreneurs are not able to help the situation nationwide, quite the contrary. During recession small entrepreneurs are facing bigger problems, since they need to compete with larger organisations, and their pricing. There are fewer customers willing to pay extra for something special and this is not the time to invest in something greater.

5.4 Future in Finland

Even though the general atmosphere at the moment in Finland appears to be fairly unfavourable towards small entrepreneurs, there is faith among the interviewees that small entrepreneurship will strengthen and become more popular. Personal services and individuality in products are seen as an advantage, which will kick up the business.



On the other hand big organisations are seen as threats, taking more space from small enterprises. According to the company owners there is a fear whether there is enough work for small entrepreneurs. Especially entrepreneurs working in traditional fields of business with nothing special to sell are seen as having hard times.

According to an article in Helsingin Sanomat Finnish are less eager to become entrepreneurs than an average EU citizen. When asking the interviewees their reasons for this and how could the situation be improved, they all were of one mind that many faults have led to this situation and many faults should be corrected to change it. One reason found by the interviewees was that entrepreneurship is too unfamiliar subject which can seem scary to people. People are not encouraged to become entrepreneurs on the contrary tough obligations and taxation can drive away many willing entrepreneurs. There should be more aims to increase the awareness of small and medium-sized entrepreneurs and introduce it as one form of making a living.

Other big problems are hiring and taxation. Entrepreneurs feel that hiring has been made very difficult and expensive through tough regulations not encouraging businesses to expand. According to interviewees the earned money does not stay with the worker, but goes to the government in form of taxes. For example the amount an entrepreneur needs to pay to hire one employee is more or less triple the amount paid as a wage for the future employee. By reducing taxation and obligations of entrepreneurs, entrepreneurship would not be seen just as a scary and risky business, but as a good choice to do what you like, the way you like it.

Encouraging people towards buying personal services and goods is seen as a way to improve the image of a small entrepreneur. Entrepreneurs feel that by changing peoples attitudes the situation in Finland could turn to better and eventually change the situation favourable for entrepreneurs.

6 Analysis and conclusion

6.1 The starting point of the research

The target of the research was to find out whether Finland is a good country to do entrepreneurship and what is the role of the small and medium sized companies in Finnish society. The aim was to introduce the Swedish model as an option for some of the problematic issues in entrepreneurship and economy that Sweden is handling better than Finland. The theoretical basis of the research is based on several literature sources. The amount of sources turned out to be extensive, making it more important finding the right information for the subjects researched.

I interviewed three entrepreneurs to research how do they feel Finland from a small company owner's point of view. I wanted to find out what are the stumbling blocks, where they reach for help, and what do they appreciate in Finnish society as an entrepreneur. As the interview method I used e-mail, which made communication and time management easier. When two out of three interviewees had their companies situated in Rovaniemi there was no option for face-to-face interview yet with some further conversation through Facebook I was able to get back with them concerning few of the interview questions. As the research method I decided to lead with the qualitative method, which leaves more room for entrepreneurs real life experiences and opinions.

Before the interviews my own assumption of Finnish small and medium sized company entrepreneurship was that it is expensive, time consuming and not appreciated enough. It was based on my own observations of family and friend conversations, and on media view of the subject.

The meaning of the interviews was to bring something extra in to the research, more personal outlook on Finnish entrepreneurship. In the beginning of the study my impression was that Finnish and Swedish entrepreneurship differs greatly and that slowly Finnish taxation erodes small and medium entrepreneurship.

6.2 Reliability of the research

Reliability of the research can be observed through its reliability and validity, where reliability can be explained as research repeatability and validity as measurement ability of the subject. (Oulun yliopisto) It has been argued whether qualitative research is able to use these measurements in its reliability assessments.

Qualitative research has been criticised for its vague reliability criteria. Its analysis phase and reliability evaluation work in interaction, which means that the phases cannot be clearly separated. Qualitative research is more based on researcher's own reasoning rather than quantitative research, which focuses on numbers and measurements. (Eskola & Suoranta 2001, 208.)

When looking at the specific research done, it can be said that both the validity and reliability of the research is quite frail. This can be mainly reasoned with small amount of interviewees and their different situations in life. On the other hand the small batch of interviewees did offer more personal perspective for the research, helping the researcher to look at the subject from more individual level.

Since the research is a case study the material is fairly limited, it can be indicated that the repeatability and generalisation of the research is minimal. The data collected through interviews was definite and represented the interviewee's current situation of life. If the same questions were presented to the interviewees two years from the first interview date, the answers received would differ from the first round. The answers would also differ if three other entrepreneurs would answer the same questions.

Examining the reliability of the research there also needs to be kept in mind that two of the interviewees and the researcher knew each other before hand. This simplified the collaboration and made communication easier. Understanding the background of the interviewees deepened the research and the outlook of the researcher. Interviewees might have been more open with their opinions and answers because the researcher is already known. The anonymous of the interviewees might have also had an affect on this.

On the other hand this should also be looked at from critical point of view. The fact that some of the interviewees and the researcher knew each other before hand could have affected the research result and the answers the interviewees have given. Earlier conversations about the subject might have directed the flow and outlook on the interview questions and this way influence the results.

To improve the reliability of the research I tried to describe the interviewees' answers as clear as possible. Qualitative research results can be backed up by detailed research results. (Eskola & Suoranta 2001, 216.)

6.3 Research evaluation and future development

As discovered in chapter 6.2 *Reliability of the research*, the research's reliability is frail and the results could have not been presented for wider analysis of the subject. To improve the validity and the reliability of the research, much wider group of interviewees should have been researched. Selecting the group from different fields of business, different age groups and around Finland would have widened the outlook of the results. Now the research results can only be reflected to these three entrepreneurs from their fields of business.

Even though the research results cannot be repeated I am sure that the findings of the research can be connected to other researches done on this field. In case of further study the findings found by this research would support the wider study. This research gives only some guidance of the thoughts and situation of the Finnish small company owners.

For further studying it would have been interesting to compare Swedish and Finnish entrepreneurs answers about their own countries' entrepreneur situations and ask them what should be done to improve it. Stig Gustavson, owning the Finish honorary title of *vuorineuvos* says, "*It is profitable to be an entrepreneur in Sweden.*" (2011, 30.) It would be interesting to find out whether this is true for small and medium sized company owners in Sweden and what could Finnish entrepreneurs learn from them from their perspective. This way Finnish entrepreneurs could be getting an outsider's opinion for problems that the company owners might be facing. It would also provide an alternative for actions.



The study could also be executed through face-to-face interviews using half structured or theme method as the interview technique. Theme interview differs from half structured method with its question approach. It is less accurate with the form and arrangement of the questions, supporting the conversation only with predetermined themes, not questions. This provides the interviewee more freedom for the answers. (Eskola & Suoranta 2001, 86.) With this qualification the theme interview method could have given the research some new ideas or even a different approach on the subject.

Small and medium sized companies play an important role in Finnish society, so it is important for everyone to understand entrepreneurship on some level. It is also essential to bring entrepreneurship more closer to people's everyday life's and education. With this thesis I am hoping to do my part of this task and ease the step of entrepreneurship.

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Appendix 1: Interview questions

1. Background:

- Information on the entrepreneur; age, name
- Education
- Employment history
- Information about the enterprise: year of foundation, name, amount of employees, form of enterprise, net revenue
- Where the business is located
- The motives for being an entrepreneur

2. Entrepreneurship in Finland:

- What do you think of entrepreneurship in Finland in general?
- What sorts of encouragements have you received from the Government to become an entrepreneur/during your entrepreneurship? (Financially, information wise etc.)
- What sort of help/ where have you received help in tricky situations/ when starting your company?
- In your opinion do you find that our general atmosphere/culture in Finland supports entrepreneurship, how/why?
- Comparing to the year you started as an entrepreneur and today would you say the situation for entrepreneurs has gotten better or worse and how? (Looking at your own field of business)
- In this financial situation do you feel that entrepreneurs face greater expectations improving the situation compared to "normal" working people?
- According to an article in Helsingin Sanomat respect for entrepreneurs is very high in Finland, 78 % says they respect entrepreneurs. In EU standards this is top class. Yet only 41% want to become entrepreneurs, which is less than EU average 45%. Do you feel that this is the situation in Finland? What in your opinion could be the reasons for the reluctance of becoming an entrepreneur in Finland?
- What positive things you find in being an entrepreneur in Finland?
- How do you keep up your knowledge and skills against your competitors?

3. Future:

- Have you planned on relocating your company/parts of your company abroad or hiring any foreign workforce? Why?
- How the future looks for small entrepreneurs?
- What sort of improvements there should be done so that things would work better for small entrepreneurs?
- Are you planning on making any great investments in near future?
- Do you have any advise, point of views according this subject, which should be taken account in this study?

