

# HOW TO SOLVE CHALLENGES IMMIGRANTS FACE IN BUILDING A SUSTAINABLE BUSINESS IN FINLAND

CASE COMPANY: ENYA IMPORT & EXPORT

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## Abstract

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Title of publication <b>How to solve challenges immigrants face in building a sustainable business in Finland</b> Case Company: Enya Import & Export		
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<p>Abstract</p> <p>Starting a business can be difficult and risky for basically every person, and especially if setting up a business in another country, because of all the language barriers, culture differences, obstacles from both sides of the government in some extreme examples. It would normally require extra effort to overcome these difficulties. However, with the help of the company's experience shared and explained, it could be smoother and more manageable for the immigrants who would like to start a business in their "new home". The aim of the thesis is to help migrant entrepreneurs solve similar challenges they have while starting a business by sharing and analyzing an existing example.</p> <p>The thesis goes inductively step by step and uses the qualitative research method. Primary data is from reliable personal interviews of the case company while the secondary data is collected from different sources in various forms including books and suitable materials from the Internet.</p> <p>Strategies and advice of the thesis are mastering the Finnish language, seeking government funding, participating in systematic entrepreneurial training, reducing employment pressure with the least manpower, expanding local business in Finland, and strengthening the understanding of laws and regulations in Finland. Taking all the above into account will effectively solve the problems faced by migrant entrepreneurship.</p>		
Keywords Internationalization, Immigrant, Challenges, Start-up, Entrepreneurs		

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## 1 INTRODUCTION

The economic impact of migration has always been a concern. Influenced by the tax structure and other challenges, Finland has experienced a serious loss of high-end talents in recent years. In April 2018, the Immigration Law Amendment Act of Finland came into effect. The new laws and regulations clearly point out that in order to introduce more immigrant entrepreneurs, promote Finnish economic growth and improve the current employment situation in Finland, Finland provides immigrant entrepreneurs with a special residence permit which is issued by the Finnish Immigration Bureau. The applicant can obtain the residence permit issued by the immigration office by submitting the project plan. Moreover, the State Business Promotion Bureau will give a reply (Finnish Immigration Service 2018) within ten days after receiving the application for entrepreneurship assessment.

It is not easy for immigrants to start their own business in any country, even in Finland, a country where immigrant entrepreneurs are provided with a lot of policy assistance. The thesis takes a local proprietorship in Finland as an example, makes a detailed analysis of the difficulties and challenges it encounters in the process of entrepreneurship, and puts forward corresponding solutions to these problems, in order to provide feasible advice and suggestions for Finnish immigrant entrepreneurs.

### 1.1 Research Background

With the development of global economic integration, the flow of talents, capital and resources between countries and regions has become more frequent, and the phenomenon of migration has also attracted people's attention. Data show that as of 2017, there were 373,000 immigrants in Finland, accounting for six-point-eight percent of the total population 5,503,000. In 2011, the figure was only 140,000, accounting for two-point-seven percent of the total population 5,503,000 (Helsingin Sanomat 2018.) This shows that the number of immigrants in Finland is on the rise.

Relevant studies have shown that immigrant entrepreneurship is an important factor in promoting innovation in host countries, helping host countries create new employment opportunities, bring new technologies and new methods, and help host countries improve the entry and exit mechanism of foreign enterprises. Therefore, in order to activate their own economy and attract more immigrants to settle down, some countries provide many conveniences for immigrant entrepreneurs in policy. Finland is no exception. For example, a start-up company located in Finland may apply for business sponsorship to the Finland

National Business Promotion Council. It is said that the agency can provide funding ranging from 15,000 to 30,000 euros for start-ups, as well as expert consultancy services worth 200,000 euros (Hg.org Legal Resources 2018.) Against this background, many foreigners start their own business in Finland.

However, immigrants still face many challenges in Finland. The thesis takes a proprietorship as the research object and makes a summary and analysis of the problems it faces in the early stage of its entrepreneurship. The company is called Enya Import & Export, a courier agency whose main business is to provide EMS (Express Mail Service), priority express service from Finland to China, from Finland to other countries around the world, domestic logistics services and help customers with shipping orders. Customers can send packages to the post office after printing shipping labels by themselves, and the company can also arrange door-to-door pick-up for customers which can be picked up from nearly any place in Finland.

Enya Import & Export was founded by Chinese immigrants living in Finland. According to statistics, immigrant population in Finland with origin in China reach 11,825 in 2017 (Statistics Finland 2018). In that case, studying the difficulties of immigrant entrepreneurs that has a Chinese background will be representative in Finland.

## 1.2 Thesis Objectives, Research Questions and Limitations

The main research question is:

### **How to solve the challenges faced by immigrant entrepreneurs in Finland?**

To achieve the answer to the main question, the following sub questions are composed:

*What difficulties will immigrants face when starting their business in Finland?*

*What support can immigrants have to start their business in Finland?*

The limitation of the thesis is that the thesis takes a small and medium-sized wholly owned enterprise as a case study, so it mainly adopts case study method and lacks extensive investigative basis. Moreover, the scale of the enterprise is small, and many problems are not universal. Besides, there are limitations in the research methods. In a single case study, the resource and time for studying the case is limited. In addition, this study is aimed at immigrant entrepreneurs and does not provide information on other types of entrepreneurs.

### 1.3 Theoretical Framework

In this chapter, the theories of the thesis will be explained. Theories take an important and basic role in studying the topic of the thesis.

Immigration is an active subject in transnational activities, and the transnational phenomenon has become a hot topic in academic circles. Globalization provides background, opportunity and motive force for transnational population flow, which further aggravates the trend of globalization (Schiller, Basch & Blanc-Szanton 2010). The thesis is based on this phenomenon to study immigrant entrepreneurship.

According to the theory of world system, the essence of transnational migration is that the capitalist mode of production expands and penetrates from the core country to the marginal country so that the marginal country can be integrated into the global economy dominated by the core country (Babones 2015). As a result, the socio-economic and political structures of marginal countries have changed dramatically. The traditional lifestyles are unsustainable, and a large number of people have migrated from previously closed societies to other places, thus transnational migration inevitably occurs. Increasingly developed transportation and communications also provide unprecedented convenience for transnational migrants. It can be seen that international migration is the direct result of economic globalization, and the international flow of goods, capital and information will inevitably promote international population migration.

"Pushing force" refers to the existence of certain factors that are not conducive to survival and development in the place of relocation, resulting in various exclusive forces and forcing people to run away from home, e.g., political, economic, natural disasters and other special factors. It can be a factor that has a universal impact on a region or a small group. Accidents or misfortunes, such as economic depression, serious unemployment, food shortage, overpopulation, deterioration of the ecological environment, foreign invasion, outbreak of civil war, political persecution, racial discrimination and religious contradictions, are just some examples. "Pulling force" refers to the attraction of immigration. Because the conditions of the place of immigration are superior to the place of emigration, and the place of immigration presents more opportunities for living and development, or only for a small group with special opportunities, such as large labor demand abroad, more employment opportunities, and access to a certain place or freedom (such as political freedom, freedom from religious persecution, etc.) (Yasin & Naveed 2014).

## 1.4 Research Methodology and Data Collection

This chapter mainly elaborates the research methods, including the general situation of the whole research, data collection, data analysis and interview methods.

Generally speaking, the research approach can be divided into the inductive method and the deductive approach. Induction refers to the acquisition of a more general rule from many individual cases. This method is mainly based on the existing data collected and analyzed. Finally, a general conclusion can be drawn. Deduction, contrary to induction, is a method of deriving individual conclusions from existing universal conclusions or general reasoning. From a larger scope, gradually narrowing down to the required specific scope. (Heit, Evan, Rotello & Caren 2010.)

The thesis adopts the inductive method. Under the guidance of induction, single immigrant entrepreneurship will be the first object of study. By analyzing and summarizing the difficulties the single migrant entrepreneurship encounters during their start-up, the challenges faced by the general immigrant entrepreneurs and the strategies to solve these difficulties are summarized.

Quantitative research is the study of data or information through statistics, mathematics and computer technology. Quantitative research methods generally go through three stages: data acquisition, data analysis and analysis report. The goal is to develop a set of mathematical models, theories and/or hypotheses for this phenomenon. Qualitative research is a commonly used research method in the field of social science and pedagogy, usually in terms of relative qualitative research. The purpose of qualitative research is to gain a deeper understanding of human behavior and its reasons. Therefore, compared with quantitative research, qualitative research focuses on smaller but more concentrated samples to generate information or knowledge about specific research cases. (Edmondson, Zuzul 2017)

This thesis mainly adopts the qualitative research method. To investigate and study the topic, author of the thesis will acquire primary data which will be explained later in the chapter. This thesis mainly adopts the interview method, that is, a face-to-face interview with the founder of the case company Enya Import & Export Company to obtain primary data.

And based on the research purpose of the thesis, author of the thesis sets up the research questions, mainly investigating Enya Import & Export, analyzing their specific practices during their entrepreneurship, and the problems they face, such as whether they



have the initiative to obtain government funds and policy support, how to obtain funding, and whether they are familiar with the local entrepreneurship tax policy, whether they have proficiency in Finnish, if they are faced with competitive pressure from peer enterprises, and distrust from local people.

The primary data was collected from the case company directly in the thesis. After obtaining the consent of the owner and management of the enterprise, the author asked them for data during the start-up period. At the same time, they also provided author with more detailed information, such as the source of start-up funds, financial statements, tax situation, as well as the employment of employees (such as how many Finns are employed, how many immigrants are employed), which greatly facilitated the analysis of their entrepreneurial difficulties and solutions.

In order to better understand the research topic of the thesis, secondary data was also important for the thesis. In the thesis, secondary data was from consulting a lot of literature, including online information and publications such as periodicals, magazines, books and so on. Among them, the policy support, condition restriction, laws and regulations change of Finnish immigrants' entrepreneurship were the main contents that the author paid attention to. In addition, some experts and scholars carried out research on the theme of migrant entrepreneurship, including the motives, difficulties and strategies of migrant entrepreneurship.

## 1.5 Thesis Structure

The first chapter of this paper is the introduction, which mainly introduces research background, thesis objectives, research questions and limitations. Then it introduces the theoretical framework, research methodology and data collection.

The second chapter is mainly about theory studies about immigrant entrepreneurship in Finland, which is an overview of Finnish immigrants' entrepreneurship, including the general situation of Finnish immigrants, the Finnish immigrants' entrepreneurship, the basic requirements, the application conditions, the application process of Finnish immigrants' entrepreneurship, and the advantages.

The third chapter is empirical research and data analysis, including research design, data collection method, data analyzing method and ethical considerations. The fourth chapter is the analysis and research findings. Taking Enya Import & Export as an example, the difficulties and challenges faced by immigration entrepreneurs are analyzed.

The fifth chapter is to solve the difficulties of emigration entrepreneurship with answers and suggestions for the case company explained. The sixth chapter is conclusions for the thesis. And the last part is the summary of the thesis.

Here below is Figure 1, which will illustrate the structure of the thesis more clearly:

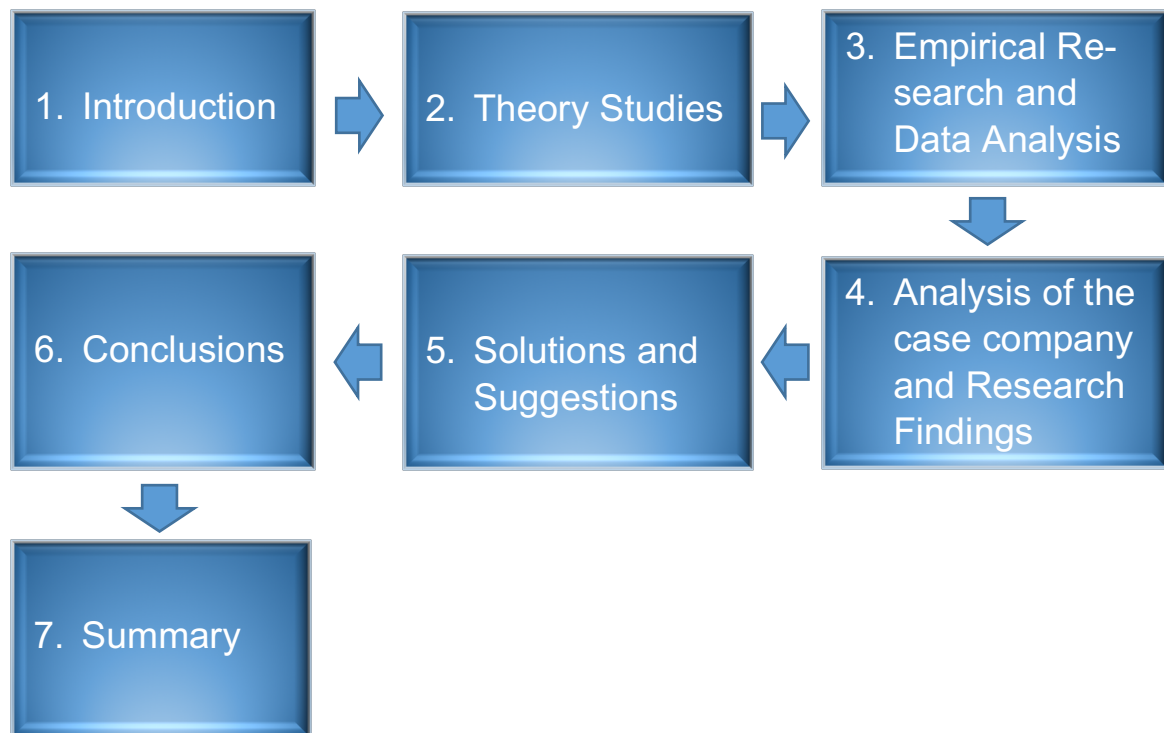


Figure 1 Thesis structure

## 2 THEORY STUDIES OF IMMIGRANT ENTREPRENEURSHIP IN FINLAND

This chapter will analyze some theories about immigrant entrepreneurship. These theories are mainly derived from previous literature. It includes the concept of immigrant entrepreneurship and its significance to host countries.

Rath (2001) believes that different countries have different definitions of emigration. Altonen & Akola (2012) define immigrant entrepreneurs as "individuals who emigrate to a new host country and start their own businesses by self-employment or by employing others". Volery (2007) argues that immigrant entrepreneurs are entrepreneurs of foreign origin who participate in economic innovation in pursuit of profits.

Koivu (2010) believes that there are two types of immigrant entrepreneurs in Finland: entrepreneurs who live permanently or plan to live permanently in Finland, and foreign entrepreneurs who do business in Finland but do not live permanently in Finland.

Whatever the definition, immigrant entrepreneurs need to meet two requirements: living in a non-descendant country and starting a business by self-employment or employing others. (Kloosterman, Robert, Rath & Jan 2001)

### 2.1 The Impact of Emigration on the World

Immigrant entrepreneurs have had a positive impact on the economy of many cities in the world and accelerated the process of globalization. The study finds that the degree of innovation in developed countries is closely related to the number of immigrants and the number of migrant entrepreneurs. Therefore, many countries, including the United States, have adopted active policies to attract immigrant entrepreneurs, such as granting special visas and reducing entry requirements (Fairlie & Lofstrom 2015).

Many experts and scholars have found that in developed countries such as the United States, Britain, Australia and Canada, the proportion of immigrant entrepreneurship is higher than that of local people (Borjas 1986; Clark & Drinkwater 2000, 2010; Schuetze and Antecol 2007; Lofstrom 2002). Hunt and Gauthier-Loiselle (2010) found that the U.S. immigrant population has a positive impact on the per capita patent rate in the United States.

Moreover, it has been found that the impact of immigrant entrepreneurs on host countries is very significant. On the one hand, migrant entrepreneurship can solve the gap between immigrants and local people in terms of educational resources and skills acquisition, and

increase the unemployment rate of host countries, and promote the maximum use of migrant labor force (Cummings 1980). On the other hand, migrant entrepreneurship also contributes greatly to the economic growth and innovation of host countries.

Eraydin (2010) emphasized the contribution of emigration to urban economic development in the study. They believe that entrepreneurship of immigrant groups can release their creativity, improve their competitiveness, and become an important force for urban economic growth and competitiveness. Entrepreneurship enables them to better adapt to the host country's life and integrate into the economy. Lofstrom (2002) analyzed the achievements of migrant entrepreneurs and found that the income level of immigrant entrepreneurs is much higher than that of ordinary immigrants. After 25 years of entrepreneurship in the US, they are expected to reach almost the same level as local entrepreneurs in the United States.

## 2.2 Motivation of Emigration

There are two main reasons for immigrant entrepreneurship: first, the high unemployment rate of migrants in host countries. They find it hard to find jobs with better pay in non-native countries. Some nationals have discriminatory views and practices against immigrants, so it is difficult for immigrants to participate in the host country's economic activities as paid employees. Most immigrants are engaged in low-paid jobs. This forces them to start looking for a better space for existence, and entrepreneurship is a good way. When they consider starting a business as a condition to generate their own competitive advantage, they can create better economic profits. They try to adapt to the complex and changeable global economic situation and fill the host country's economic gap. Second, immigrants tend to be more innovative than their own counterparts. Their courageous migration from their own countries to other countries represents their more entrepreneurial spirit - risk-taking, positive and not afraid of difficulties.

To measure how much does entrepreneurship and immigration mean for immigrants and how great their contribution is, various methods can be adopted. For one thing, business ownership and start-ups are an aspect to be measured and analyzed. A study continues to find that in many developed countries, such as the United States, Britain, Canada and Australia, people born abroad have more corporate ownership than people born in their own countries. (Borjas 1986; Clark & Drinkwater 2000, 2010; Lofstrom 2002; Schuetze & Antecol 2007; Fairlie & Meyer 2003). The number of immigrants who start a business in

the United States is much bigger than that of the native Americans (Fairlie 2008). For another, the important achievements from the immigrants can be also seen by their entrepreneurship. From some recent reviews of relevant literature, for example, it can be known that the proportion of immigrants in the United States far exceeds that of Nobel laureates, influential companies, patent applications, and members of the National Academy of Sciences and the National Institute of Engineering in the United States (Fairlie & Lofstrom 2015).

### 2.3 Survey of Immigrants in Finland

Finland is a highly developed capitalist country and a highly industrialized and liberalized market economy. Finland is one of the member states of the European Union, but the per capita output is much higher than the average level of the European Union, equivalent to its neighbor Sweden.

But the number of immigrants in Finland has been less than that of other developed countries. In the early 1990s, there is only one percent of the foreign population in Finland (Joronen, 2002). However, in recent years Finland's policy of attracting foreign talent has been strengthened, so the number of immigrants is increasing. Statistics from the Finnish Statistical Office in 2015 showed that the number of foreigners born in Finland in 2014 was about 33,000, accounting for five-point-eight percent of the total number. (Statistics Finland 2018)

### 2.4 Overview of Finland Immigrants' Entrepreneurship

In the 1990s, the unemployment rate of Finland immigrants was very high. In the later 1990s, Finland began to support migrant entrepreneurship in order to solve the problem of high unemployment. Gradually, immigrant entrepreneurship has become an important force to enhance Finland's employment rate and to activate the national economy. (Fregert & Pehkonen 2009.)

Data show that in 1985 Finland had 400 companies run by immigrants. The number of immigrant enterprises increased to 2,600 in 2001, 5,000 in 2004 and 6,400 in 2010. According to the Finnish Ministry of the Interior's annual migration report for 2012 (Kelm, Lasek & Brzozowski 2012), there are more than 9,000 immigrant entrepreneurs in Finland. Forty-three percent of the immigrant enterprises are in Helsinki.

Joronen (2012) believes that the number of future immigrants in Finland will continue to rise and will provide vitality for creating more jobs and boosting the country's economy.

## 2.5 Basic Requirements for Finland Immigrants to Start Businesses

In Finland, immigrants can get permanent residency through entrepreneurship. The applicants establish a new company in Finland, submit a business plan for government approval, obtain a residence permit in the form of self-employment, operate the company after landing in Finland, and receive wages not less than the minimum wage from the company. After four years of continuous operation, they can obtain permanent residence. Their spouses and children under the age of 18 may simultaneously apply for immigration to Finland with the applicants and enjoy the same benefits as foreigners with permanent residence in Finland. And then they can apply for naturalization through language tests. (Finnish Immigration Service 2019.)

## 2.6 Application Conditions for Finland Immigrants to Start Business

Immigrants in Finland need to satisfy the following conditions: certificates of bank deposits under their personal names; applicants aged 18 years and under 55 years old (if their spouse is over 55 years old, the younger one can serve as an applicant); no criminal record; applicants have certain business knowledge and skills. Applicants must provide business plans and expected investment profits. Also, applicants must have a stable source of income. Their career can meet their own living expenses and that of their family in Finland. (Finnish Immigration Service 2019.)

## 2.7 The Application Process for Finland Immigration Business

To start a business in Finland, Chinese immigrants need to follow the following procedure: sign service contracts, write business plans and first-year financial budget; pay company registration fees and funds; obtain company registration ID; submit business plans and residence permit applications to the Finnish Embassy and Consulate in China, await approval; obtain residence permit; land in Finland and apply for personal ID, social security number and bank account; complete the company handover procedures and start the operation.

If only one spouse works for a new company and the other comes to Finland with a family

member visa, it is necessary to prove that the income of the working spouse can cover the normal living expenses of the family in Finland. When the salary income of the worker's budget reaches the average level of Finland (currently the average monthly income before tax is 2,500 euros in Finland and 2,800 euros in Helsinki), other income or deposit certificates are required to prove that the customer can afford all the household expenses without the assistance of the Finnish government. For the person without a job, the government will grant certain allowances and study and work in Finland. (Finnish Immigration Service 2019.)

### 3 EMPIRICAL RESEARCH AND DATA ANALYSIS

#### 3.1 Empirical Research

The data analysis method adopted in the thesis is mainly one-to-one interview. The steps of empirical analysis are as follows: firstly, the author has a preliminary understanding of the founders of Enya Import & Export, including their age, education level, how long they have been in Finland and so on. And then, the author has investigated the difficulties they encountered during their entrepreneurship in Finland. Finally, the author gets the hang of the strategies they have adopted to overcome these challenges.

After the interview, the answers of interview questions are sorted out, classified and summarized, and the interview conclusions of each person are drawn. Finally, the combination of the two is analyzed.

Different data correspond to different challenges, such as the source of start-up funds of Enya Import & Export in the early stage, which can reflect whether the Finnish government has applied for financial assistance. The financial report data of the company during start-up can reflect its profit window, and; the tax situation can reflect the pressure of the company to adapt to Finnish entrepreneurship policy. Employees' data can reflect their recruitment and so on.

#### 3.2 Data Analysis

First, in this chapter, a table of interview results will be introduced, they are the primary data the author acquired in the interviews with Enya Import & Export staff.

In the left vertical columns, the interview questions are presented. And in the columns at the table, the interviewees are listed.

Answers of interview questions are then filled in the matching columns.

There are in total of ten questions with four interviewees.



Table 1. Statistical table of the interview results

	Interviewee 1	Interviewee 2	Interviewee 3	Interviewee 4
Age	28	32	36	23
High Education	Bachelor	Master	Master	Bachelor
How long have you lived in Finland?	2 years	4 years	3 years	1 year
Why did you start a business in Finland?	Because of the employment difficulties	Low income as an ordinary employee	Financial motivations	Want to stay in Finland after graduation
What challenges did you encounter during your start-up?	(1) Language difficulties (2) Lack of information channels for obtaining policy and capital support	(1) Difficulties in employment	(1) Lack of systematic training	(1) Acquisition of start-up capital grant
Are you proficient in Finnish?	can only use basic Finnish	Yes	Yes	Not at all
Have you ever encountered the distrust of Finnish locals?	Often	Sometimes	No	Often
Source of venture capital	Friends	His own saving	His own saving	Families
Have you ever sought government help?	No	No	No	No

Have you ever participated in the systematic entrepreneurship training?	No	Yes	No	No
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By interviewing four entrepreneurs of Enya Import & Export, the author found the following situation: Fifty percent of the respondents are in their twenties, and the others are in their thirties, all of them are young. Two are undergraduates and two are master graduates. They have not been in Finland for a long time, the longest being four years and the shortest being only one year. The most important reason why they emigrated to Finland is education. Two of them are studying in Finland and one is to enable their children to get a better education in the future. As for the main reasons for their entrepreneurship in Finland as immigrants, one suffered from job loss in Finland. One said it was because of low income as an ordinary employee in Finland, and one was motivated by an eagerness to make money, and the youngest one wants to stay here after graduation from university. Starting a business can provide him with good opportunities.

Two of them are proficient in Finnish, and the other one can deal with some simple conversations, while the one who stays in Finland for the shortest time does not speak Finnish at all. Two people thought that starting a business in Finland often encountered distrust from Finnish locals, while those who are proficient in Finnish only sometimes encountered such distrust. But without exception, they have all experienced the mistrust of Finns.

Their venture capital mainly comes from their savings, friends and family support. In the process of entrepreneurship, they have not sought the help of the government. Only one has ever participated in entrepreneurship training.

## 4 ANALYSIS AND RESEARCH FINDINGS

This chapter mainly analyses and studies the difficulties and challenges encountered by Enya Import & Export in the business process.

The author visited the start-up team of Enya Import & Export and acquired a detailed understanding of their personal situation, entrepreneurship, difficulties encountered and solutions and so on. The purpose of ethical considerations in the study is to protect the privacy of the interviewees from infringement, and to ensure the accuracy, authenticity and high quality of the data collected and the results of the interview. In the process of carrying out the research, it is very important to maintain mutual respect, trust and good cooperative relationship with the interviewees.

### 4.1 Language Difficulties

Martikainen (2005) considered that language is one of the important factors that affect immigrants' adaptation to Finland's life. Finns have only two official languages. The national language is Finnish, and about ninety-two percent of the people's mother tongue is Finnish. A small number of people's mother tongue is Swedish. Finnish language has fewer consonants, long words, rich vowels, and very complicated grammar. There are 15 variations. Learning Finnish is difficult for immigrants.

According to the investigation and understanding, the main members of Enya Import & Export consist of four persons, among whom two are proficient in Finnish and serve as core members. They are mainly responsible for signing service contracts, writing business plans and financial budgets, and submitting business plans and residence permit applications to the Finnish Embassy and Consulate in China.

Interviewee 1 can only use basic Finnish and cannot communicate with the others skillfully. Therefore, he is mainly responsible for raising funds, applying for company ID, social security number, bank account and other work, as well as later business matters.

Interviewee 4 is basically able to communicate in English instead of Finnish, only to understand part of Finnish. Therefore, he is mainly responsible for docking with China's EMS, Priority Express Company to provide Finnish express intermediary services to China and other countries.

In short, in order to overcome the challenges posed by language barriers, Enya Import & Export's initiative team works in a division of labor and passed the entrepreneurship period more efficiently. However, according to them, the lack of mastery of the Finnish language also lead to the loss of many potential customers and business opportunities. They find that at the beginning of their business, the locals in Finland have no confidence in them. When Finns want to express brokerage services, they prefer companies run by local Finnish companies or people who are proficient in Finnish and can communicate with them freely. More than eighty percent of the clients express intermediary services are local people in Finland and some immigrants. This led to their unsuccessful business at the beginning.

Moreover, because they are not proficient in Finnish, they have fewer opportunities and platforms for cooperation, less access to entrepreneurial information and knowledge. It is also difficult to cooperate with other local institutions, so they miss many opportunities for cooperation.

#### 4.2 Lack of Information Channels for Obtaining Policy and Capital Support

Finland has considerable financial support for immigration. The start-up grant aims to ensure that entrepreneurs have the basic funds they need during their start-up and operation, and to encourage the establishment of new enterprises and promote employment. Start-up grant includes basic grant, which is equivalent to about 32.4 euros per day for 12 months for entrepreneurs. (Soldan & Kristina 2017.)

Applying for this start-up grant needs to meet the necessary requirements: you have not succeeded in finding a job; you intend to transform into an entrepreneur after a period of employment; you are a part-time entrepreneur, but you expect to become a full-time entrepreneur. When you plan to start a business and apply for a venture fund, you can contact Enterprise Finland Telephone Service first.

However, due to the lack of investigation in advance in the early stage of its establishment, and the lack of familiarity with the Finnish business process, Enya Import & Export is not clear that they can seek help from the government and apply for financial assistance. After the successful application of the company, Enya Import & Export's entrepreneur learned that Finland had an entrepreneurship grant, but it was no longer possible to apply.

### 4.3 Lack of Systematic Training

Because the founders of Enya Import & Export are relatively young, with the average age of under 30 years old, they lack entrepreneurial experience. Coupled with the special identity of immigrants, they lack systematic awareness of entrepreneurship. It is not difficult for these young people to start a company in Finland where they are strangers.

In fact, the Employment and Economic Development Offices has set up training services for new entrepreneurs, such as explaining to entrepreneurs the conditions, application process and available policy support needed to start a business in Finland. It will also guide entrepreneurs to make business plans and make use of them to apply for entrepreneurial subsidies. These kinds of training are provided free of charge by local governments and educational institutions, bringing substantial help to migrant entrepreneurs (Te palvelut in Finland 2018).

However, since the founder does not know that Finnish institutions can provide training and consultation services for new entrepreneurs, interviewee 3 did not participate in training, so the information source of the whole process of entrepreneurship is based on her own exploration, inquiries about relatives, friends and online inquiries. This makes it difficult to start a business.

### 4.4 Difficulties in Employment

The Finnish Labor Law provides that employees have the right to claim remuneration equivalent to the average salary level of the industry, to be protected by law and contracts, to enjoy a safe and healthy working environment, and to require employers to pay accident insurance and old-age insurance for them, as well as unemployment insurance associated with statutory accident insurance. They have the right to request employers to arrange legal occupational health examinations for them, to apply for leave to join trade unions.

As can be seen from this, there are many responsibilities to employ employees in Finland, which also creates financial pressures on immigrant entrepreneurs. This is also true for Enya Import & Export

Finland is a high-welfare country. Work-based social security covers income-related pensions, unemployment insurance and accident and disease insurance at work. Employers must organize pension insurance for their employees, either by obtaining insurance from

pension companies or by setting up pension funds. Employees pay a certain percentage of their salaries as membership dues. In addition, the employer must also undertake accident insurance to pay compensation to employees injured or sick at work and their families.

After the establishment of the company, the tax and insurance that the company and individual must pay are as follow:

Personal income tax: twenty-five percent of the total wage, and increase according to the level of wage income; personal endowment insurance: both husband and wife have to pay minimum standard of 1,400 Euro per year; Social insurance premium: two-point-one percent of the salary; accounting fee: the company hires accounting firms to be responsible for all financial and tax matters of the company and individuals. The firm will charge according to workload. The annual cost of the start-up company is generally between 1,500-2,000 Euro per year. (Property Insurance Industry Profile 2002.)

It is true because Finland insists on providing high welfare for its citizens that many pressures are passed on to entrepreneurs. In the course of the interview, interviewee 2 expressed this pressure. According to them, while starting a business in Finland, the actual cost of employing employees is much higher than the wages paid to them, and the financial burden is too heavy. Even for a long time, it was hard to make money.

#### 4.5 Acquisition of Start-up Capital

Apart from what was mentioned earlier, Enya Import & Export did not know at the beginning that it was possible to apply to the government for start-up funds. It was also very difficult to obtain start-up funds. Because immigrants live in Finland for a relatively short period of time, they lack good credit record and are rarely able to provide collateral. It is not easy to obtain financial support from banks or other financial institutions. It is understood that for most of the Chinese starting businesses in Finland, the start-up funds are from the support of friends and relatives or some of their past savings.

Due to the lack of start-up capital, most immigrant enterprises were co-founded by several partners. Enya Import & Export is no exception. There are two members in its start-up team. Soon after, two members joined the team to raise funds and start a company.

As stated in the interview, two members' funds come from their own savings, and one is supported by their families, and the other one borrowed from friends to raise start-up funds. Nevertheless, starting capital does not mean that the company can run well. There

are still many challenges in the start-up period, such as the salary paid to employees, the purchase of insurance for employees, the provision of various benefits to employees, and so on, each of which needs to be adequately funded. In addition, applications for office space, purchase of office facilities and equipment, and cooperation with express delivery agencies also need financial support.

#### 4.6 Great Competition Pressure

In Finland, the competition pressure of the express delivery industry is very large. Most parcels are contracted by large express companies, such as Posti, TNT, FedEx, DHL. But as a small express intermediary company, Enya Import & Export is very competitive.

Enya Import & Export is mainly engaged in express service between Finland and China. It mainly provides EMS (Express Mail Service) and Priority express service from Finland to China for local Chinese. Therefore, the limitations are obvious. It has a certain popularity in the Chinese circle, but it does not have a competitive advantage among the local people. Although Enya Import & Export also provides Finnish businesses to other countries around the world for local people, this part of the business is not yet the main business. The reason is that the popularity and market recognition of Enya Import & Export are lower than that of the deep-rooted international express companies.

#### 4.7 Weak Social Networks and Locals' Distrust in Immigrant Start-ups

Altonen & Akola (2012) believed that the early stage of migrant entrepreneurship suffers from local distrust, which is one of the important challenges for immigrant entrepreneurs. Because immigrants in Finland lack a long-standing network of contacts, such as relatives, friends, classmates, there are fewer channels for them to get help during their entrepreneurship. For example, they cannot get accurate information from the social networks around them when they try to explore the process, policies and conditions of Finland's local entrepreneurship, and they cannot get successful experience and failure lessons from local experienced entrepreneurs. When funds are tight, they cannot get timely support from people around. Moreover, immigrant start-ups are generally service industries, and the important social capital for the development of service industries is the relationship network. Without a strong and comprehensive social network, it is very difficult for immigrants to start their own businesses.

During the interview, Enya Import & Export team members generally believed that they felt their distrust in the process of contacting and communicating with Finnish local customers. In particular, members who are not very proficient in Finnish consider it "almost impossible" to successfully complete a deal with Finnish locals. Although Enya Import & Export's performance became better and better, and it gained some popularity among Finnish locals, the locals were skeptical of them in the early stages of their start-up.

#### 4.8 Lack of Understanding of Laws and Regulations in Finland

Due to language barriers, most immigrant entrepreneurs lack knowledge of Finnish entrepreneurship laws and regulations, as well as the systems involved in the operation of enterprises, such as tax system, labor law and so on. Reading these legal systems in Finland is a difficult task for emigration entrepreneurs.

In the course of the investigation, author discovers that members of Enya Import & Export generally do not have a deep understanding of Finland's legal rules, only the basic provisions, but the more detailed ones are basically unclear. Moreover, because of their busy work, few of them take the initiative to read and understand more laws and regulations. Moreover, they have not intervened in professional legal institutions, or even provided assistance by law-related persons. Therefore, when dealing with many problems, by only relying on Internet inquiries or consultation with local legal institutions, which is neither efficient nor may lead to inappropriate problem handling.



## 5 SOLUTIONS & SUGGESTIONS

In view of the challenges faced by Enya Import & Export during its entrepreneurship, the corresponding solutions are conducted as follows:

### 5.1 Being Diligent in Learning Finnish Language

A good command of Finnish is very helpful to facilitate transactions. As mentioned in the thesis, immigrant entrepreneurs lose a lot of potential customers due to their inability to use Finnish well and face more difficulties during their entrepreneurship. Therefore, immigrant entrepreneurs should strive to learn Finnish in order to better communicate with relevant Finnish officials and Finnish local customers.

There are various methods to learn the Finnish language. Many immigrant entrepreneurs originally studied in Finland and can take Finnish language courses during their study abroad. They also participated in local language training institutions for foreigners and systematically studied Finnish, including grammar, sentence patterns and daily expressions, or take part in local activities, such as reading clubs and outdoor activities, to broaden social circles and practice oral Finnish by making friends. In addition, Finnish can be improved by listening to the radio, watching TV programs and reading books.

Although most Finnish people can use simple English, learning Finnish is an essential part while starting a business in Finland. Learning Finnish is a long-term process. If they can persevere in learning, they will get good results in time. On the contrary, if they are afraid of difficulties and troubles and do not study Finnish well, the process of starting a business will be more difficult. After starting a business, they may miss a lot of trading opportunities because of language barriers.

Because immigrant entrepreneurs usually run businesses with several friends, this provides them with a very good opportunity to learn Finnish. They can learn together, urge each other to make progress together. Using Finnish every day to correct the wrong expressions and help each other will help to achieve better results. Besides, making friends is also a good way to learn. They can contact with the locals as much as possible and apply the theoretical knowledge to practical communication. It does not matter if the initial communication is not smooth. As long as they keep on communicating, the process itself is a learning process.

## 5.2 Actively Seeking Government Funding

In order to encourage entrepreneurship, Finland has set up an entrepreneurial grant to provide basic financial support for entrepreneurs. Before starting a business, entrepreneurs can contact Enterprise Finland Telephone Service to apply for a business grant according to the process. (Business Finland 2018.)

In addition, immigrant entrepreneurs should not only broaden their channels of understanding the subsidy policy but also contact local government agencies to consult them about relevant information, instead of confining their focus to some information on the Internet. They should also communicate with some experienced people and get more information about policy support from them. Some experienced people will be very helpful for either local entrepreneurs or immigrant entrepreneurs to start their own businesses.

Moreover, entrepreneurship is highly encouraged throughout Finland, and the Finnish National Bureau of Technology Innovation (Tekes) provides research and development funding, research funding and interest-free loan services for newly established companies. Companies that meet the funding requirements of the National Bureau of Technology Innovation of Finland can obtain up to fifty percent of the total cost of their projects (Komulainen, Korhonen & Rätty 2013). In addition, there are some social institutions that provide relevant services for start-ups, such as legal consultation and office decoration services required during the registration stage. Immigrant entrepreneurs should actively seek help and reduce their own financial burden.

## 5.3 Participating in Systematic Entrepreneurship Training

It is never been easy to start a company in non-native countries. Therefore, it is necessary to participate in the system of entrepreneurship training. Finnish immigrant entrepreneurs can take part in the training services offered by the TE Office to gain an in-depth understanding of the requirements, application process, policy support and how to develop business plans in Finland.

#### 5.4 Reducing Employment Pressure with the Least Manpower

Employment is quite large in the early days of entrepreneurship. As mentioned earlier, Finland is a high welfare country, so enterprises have to bear a large number of expenditures, including high-level remuneration, accident insurance, old-age insurance, unemployment insurance and so on. They need to bear a lot of responsibilities. Therefore, in the initial stage of business start-up, migrant entrepreneurs can employ a small number of employees, and several partners work together in a division of labor. In this way, employment pressure can be reduced.

Of course, once the company is on the right track, it is essential to hire employees after normal operation. But when the company is in good working condition, the pressure of expenditure will also be much reduced.

#### 5.5 Expanding Local Business in Finland

Most of the enterprises founded by immigrants belong to the service industry, including restaurants, cleaning companies, express agencies and so on. Basically, in the early stage of business, they rely on their limited network to do business. For example, Enya Import & Export in the thesis is to provide the package delivery service for Finnish Chinese immigrants or foreign students. However, the development space of this model is very limited, and it must be integrated into the Finnish local people in order to get more development space.

This requires immigrant entrepreneurs to contact more Finnish customers, investigate the current situation of the Finnish market, understand the actual needs of Finnish customers, and provide tailor-made services for them. Only when the services provided by immigrant entrepreneurs can effectively meet the needs of Finnish customers, they will trust and support the services provided by immigrant entrepreneurs. And we should insist on providing Finnish customers with high-quality services because they pay more attention to consumer experience and prefer to choose high-quality products and services.

#### 5.6 Strengthening the Understanding of Laws and Regulations in Finland

In 1993, Finland abolished restrictions on foreign investment and implemented a policy of freedom and openness, allowing foreign investors to invest in Finland, start or acquire enterprises. There is no special foreign investment law in Finland, but according to Finnish

law, foreign-invested enterprises enjoy the same national treatment as Finnish enterprises. Therefore, foreign enterprises invested in Finland must abide by all relevant laws and regulations as Finnish enterprises do. However, as a foreign-invested enterprise, in specific areas, such as national security, national physical and mental health, finance and other fields regulated by the Finnish government, Chapter 3 of the Finnish Trade Law stipulate that the license must be applied for to the Finnish Ministry of Trade and Industry before opening. These areas include banking insurance, nuclear energy, minerals, hazardous chemicals, private bodyguard services, travel, transportation, fishing, catering and real estate. In addition, Finnish law also stipulates that foreign businesses are not allowed to acquire property in the border area. The Landskapet Åland in Finland is the Swedish Autonomous Region of Finland. It is not governed by Finnish law. It does not allow foreigners to own local property rights (Vector images 2003).

Finland has a free port in Helsinki and in the southern part of Hanko. In addition, there are 21 bonded zones in Finland where foreign companies can engage in assembly, manufacturing and warehousing operations. The bonded area is usually run by the company under the jurisdiction of Finland. Enterprises in the bonded area enjoy the usual preferential policies in the international free trade zone. For example, the Lappeenranta bonded area bordering Russia stipulates that enterprises with factories in the area can enjoy the duty-free treatment for importing raw materials. However, if the products which have been processed or assembled enter the customs, customs duties must be paid. For exports to the European Union or other countries, there is a need to pay twenty-two percent of the value-added tax. However, export to Russia can be exempted from import tariffs on raw materials; in addition, enterprises in the region can apply for municipal government subsidies on invoices for investment in fixed assets. The highest level of municipal government subsidy is twenty percent of machinery and equipment and fifty percent of factory investment. Finnish government also undertakes half a year's training expenses for some technicians of enterprises in the region; when the value of raw materials is less than forty percent of the price of finished products, the products can be regarded as European Union products, and the origin of products can indicate Finnish manufacturing (Department for International Trade 2015).

To start a business in Finland, it is essential to understand Finland's laws and regulations. The entrepreneurship process, application conditions, policy support requirements, tax system, labor law and so on are all to be understood by immigrant entrepreneurs. The entrepreneurs can get this information by consulting books or Internet materials, or they can go to the official websites of relevant institutions to learn about it. Usually, they should pay

more attention to local news, follow up the newly promulgated regulations in time, make full use of policy support, and take care not to violate the regulations.

If they do not know the relevant Finnish laws and regulations, and do not have the time and energy to study and understand, then it is particularly important to hire professional legal advisers for the company, of course, they can also seek the help of third-party legal institutions.

## 6 CONCLUSIONS

This chapter summarizes the thesis and describes the information collected in the research process. The answers to the research questions are given. The reliability and validity of this thesis are analyzed. At the end of this chapter, suggestions for future research are put forward.

Immigrant entrepreneurship is of great significance to Finland. On the one hand, it can improve the employment rate and solve the employment difficulties of immigrants. On the other hand, it can activate the Finnish economy and improve the innovation of Finland as a whole. This thesis takes Enya Import & Export, a wholly-owned enterprise founded by a local Chinese, as an example, to deeply analyze the challenges it encounters during its entrepreneurship and put forward corresponding solutions.

### 6.1 Answers to Research Questions

In this chapter, the sub-questions are listed below with their answers:

*- What difficulties will immigrants face when starting their business in Finland?*

The study found that the main challenges faced by migrant entrepreneurship are as follows: language difficulties, lack of information channels to obtain policy and capital support, lack of systematic training, difficulties in employing employees, limited access to start-up funds, highly competitive pressure, weak social network, and local people's distrust for migrants on the entrepreneurship, as well as lack of the understanding of laws and regulations in Finland.

*- What support can immigrants have to start their business in Finland?*

Mainly, are supports from government-funded projects to immigrant entrepreneurs which are reliable and is supported in many different aspects throughout the process of starting their own business. Like a systematic entrepreneurship training from TE office and educational institutions, starting by helping immigrant entrepreneurs with forming a well-built business plan, and step-by-step going through the process of starting a business.

Expanding Finnish local business and strengthening the understanding of Finnish laws and regulations.

And the main research question and the answer are below:

**How to solve the challenges faced by immigrant entrepreneurs in Finland?**

In view of these challenges, the author believes that staff of the case company can solve them from the following aspects: By mastering the Finnish language in a certain level, seeking government funding before start the business, participating in systematic entrepreneurial training, lowering employment pressure with the least manpower if possible, expanding business to local people by having localized services or increase local marketing expend, and strengthening the understanding of laws and regulations with the help from the Finnish government supported consultancy services, can effectively solve the challenges faced by immigrant entrepreneurship in Finland.

## 6.2 Validity and Reliability

The purpose of this study is to find the answer to the core question of how Finnish immigrant entrepreneurs solve the difficulties and challenges they encountered when starting their entrepreneurship. In this study, the questions have been answered and the purpose of the study has been achieved.

Information for this research was gathered from secondary and primary sources. The primary source means to directly interview with entrepreneurs of Enya Import & Export to acquire their answers to interview questions. Secondary sources were collected from the literature. It is enough to draw a conclusion by combining the two kinds of information. This makes the conclusion of this study reliable. Therefore, this study is valid and reliable.

## 6.3 Suggestions for Further Research

This thesis has distinct limitations. For instance, the object of study is a small and medium-sized enterprise, which cannot represent the position of large enterprises. The information that can be collected is also very few due to the size of the company. The results involved are relatively narrow. Future research can be carried out from a number of migrant enterprises not only to conduct a more comprehensive study, but also to study the development of these migrant enterprises in a period of time and the difficulties encountered, so as to provide solutions for immigrants' entrepreneurship, and better guide immigrants to start businesses.

## 7 SUMMARY

The purpose of this thesis is to have a thorough understanding of what difficulties Finnish immigrant entrepreneurs have encountered when starting their entrepreneurship. The final goal is to explore strategies to solve or avoid these problems and provide advice for Finnish immigrant entrepreneurs.

Firstly, this thesis introduces some basic information of Finnish immigrant entrepreneurs, including some requirements that immigrant entrepreneurs need to meet, the application process of immigrant entrepreneurship. Then the case company is introduced.

Subsequently, this thesis will conduct an empirical investigation and detailed analysis of the interviews with the founders of the case company. The results show that Finnish immigrant entrepreneurs have encountered many difficulties during their entrepreneurship. The last part of the thesis is to provide some feasible suggestions for Finnish immigrant entrepreneurs.

The finding of the research is that mastering the Finnish language, seeking government funding, participating in systematic entrepreneurial training, reducing employment pressure with the least manpower, expanding local business in Finland, and strengthening the understanding of laws and regulations in Finland can effectively solve the problems faced by immigrant entrepreneurship.



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Interviewee 4. Employee. Enya Import & Export. Interview 15 August 2018

## APPENDICES

### APPENDIX 1

#### INTERVIEW QUESTIONS

1. Age range
2. What is your highest education?
3. How long have you lived in Finland?
4. What are the main reasons for your emigration to Finland?
5. What challenges did you encounter during your start-up?
6. Are you proficient in Finnish?
7. Have you ever encountered the distrust of Finnish locals?
8. Where does your start-up capital come from?
9. Have you ever sought government help?
10. Have you ever participated in the systematic entrepreneurship training?