



# **Immigrants Establishing Business in Porvoo Obstacles and Opportunities**

Ogunboye Kayode

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<b>Author</b> Kayode Ogunboye	<b>Group</b> POBBA
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<b>Supervisors</b> Yucel Ger, Evariste Habiyakare	
<p>Entrepreneurship prospects in Finland are high as the Finnish economic policy foster entrepreneurship possibilities. The aim of this research is to enlighten prospective immigrant entrepreneurs in Porvoo on the problems encountered by immigrant entrepreneurs. The study is also geared to reveal the opportunities available in Porvoo and the approaches immigrant entrepreneurs could use to enhance better business operations.</p> <p>A qualitative research method was adopted to acquire detailed information and a semi-structured interview approach was used to keep the conversation towards the research aims. The survey was carried out between July and September 2010. A total of seven immigrant entrepreneurs, one business advisor and six international business students of the Porvoo Unit of HAAGA HELIA UAS were interviewed. Other information for the research was obtained from websites of the appropriate authorities, articles, previous researches, books, and printed documents. The theoretical framework is structured to create better comprehension of the research topic.</p> <p>The findings of the research reveal that most immigrant entrepreneurs in Porvoo have prior experience and they have lived and have been operating their business in Finland for several years. The study also revealed that they encounter problems like high competition, noticeable traces of discrimination, difficulty at the early stage of their businesses, unfavorable business location, and incompetent employees. Businesses such as services for the ageing population, tourist services, import and supply of gift items, hair salons and spa are revealed as other possibilities for immigrant entrepreneurs in Porvoo. Furthermore, support possibilities that could enhance business success among immigrant are noted as opportunities that most immigrant entrepreneurs in Porvoo fail to utilize.</p> <p>Finally, recommendations are made based on the research findings and the knowledge acquired from the theory part of the research and suggestions are given for further research.</p>	
<b>Keywords</b> Immigrants, Entrepreneur, Obstacles, Opportunities, Porvoo	

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# 1 Introduction

The topic “Immigrant establishing businesses in Porvoo” could be very broad in context, as it could refer to businesses of various sizes and types. However, the focus of this research is on immigrant entrepreneurs. The term “immigrant entrepreneur” refers to people from other countries who own businesses in their host country.

This research aims to examine the problems that immigrant entrepreneurs encounter in their businesses and to further explore the opportunities available to enhance business start-up and operations among immigrants in Porvoo. It evaluates market potentials and other opportunities in Porvoo.

Although, the results could be widely valid across Finland, the research focuses on Porvoo as a study area. The thesis is commissioned by SYMBIO living lab, a part of HAAGA-HELIA University of Applied Science in Porvoo to foster research and development among students and to introduce students to the actual working life even before completion of their studies.

The interest in supporting immigrant entrepreneurship awakened already in the second half of the 1990s. In part, this was connected to immigrant unemployment, which remained high even though the overall employment situation improved. On the other hand, it was connected to hopes inspired in the authorities by the degree of business activity among immigrants as evidenced by the large number of small, immigrant-owned shops and restaurants that appeared on the scene in Helsinki. (Joronen T. 2002, 131-132).

Immigrant led enterprises are continuously increasing in Finland. “The number of immigrant-owned enterprises has almost doubled since 2001. According to Statistics Finland and the Trade Register, Finland has around 5,600 enterprises established and led by immigrants” (Helsingin Sanomat 12/2006). Entrepreneurship enhancement has been a major aim of the Finnish economic policy. It is evident in the research conducted by the Ministry of Trade and Industry that the Finnish authorities are making great effort to promote foreign entrepreneurs. The most important ones among these measures are; business advice, education or training and finances

The Finnish government is continuously striving to enhance entrepreneurship among immigrants in Finland. “For those with an entrepreneurial spirit, Finland does indeed provide ample opportunity for "going it alone" - even for foreigners. In the past it has been difficult

for non-Finnish speakers to obtain information on starting, developing and running a business. Thankfully such information is increasingly available” (Expert Finland, 2004 - 2010)

According to the registration office in Porvoo, there are about 1457 immigrants permanently living in Porvoo and there are not many visible entrepreneurs among the immigrant population. With the fast growth rate of immigrant led enterprises in Finland and the encouragement from the government discussed in earlier research, coupled with the competitive employment situation among immigrants in Porvoo; there should be more entrepreneurs among immigrants in the city. Perhaps, the result of this thesis would create a better understanding of the situation and further examine the entrepreneurship opportunities available to potential immigrant entrepreneurs in Porvoo.

## **1.1 Scope and Limitation of study**

The scope of this research is limited to the city of Porvoo which is one of the major cities in the eastern region of Finland. However, the results from this research could also be useful in other cities in Finland due to uniform culture and practice across the country. The research focuses on the immigrant entrepreneurs in Porvoo i.e. inhabitants of Porvoo, who are originally from other countries and own or would like to set up a business in Porvoo.

During the research process, there were several limitations encountered. Due to the few number of immigrant entrepreneurs in Porvoo, Analysis could not be made on quantitative bases, therefore, qualitative method was adopted with an intention to interview ten immigrant entrepreneurs in Porvoo. As the research progress, it was not possible to get up to ten interviewees as some of the immigrant entrepreneurs were not ready to speak about their business. Perhaps, this results because the researcher is an immigrant.

Another limiting factor encountered during the research is language. Two of the immigrant entrepreneurs had little knowledge of English language, thus, it was difficult to get detailed information from them. Also, the interview was conducted during the summer and this period is the peak period for most of the entrepreneurs. The researcher had to contact the entrepreneurs two to three times before the interview was successfully conducted.

Furthermore, the researcher had planned to obtain data of immigrant owned businesses in Porvoo. This was aimed to measure the possibility for immigrant owned businesses to survive

in Porvoo. Unfortunately, the information available on the business register in Porvoo does not indicate the origin of the business owners; rather it shows the business name alone.

## **1.2 Research problem aims and objectives**

The aim of this research is to enlighten prospective immigrant entrepreneur on the entrepreneurship situation in Porvoo. It will identify the difficulties encountered by immigrant entrepreneurs during the start-up and operation phase of their businesses. Furthermore, the research is geared toward identifying and revealing the opportunities available to immigrant entrepreneurs in Porvoo and the approaches immigrant entrepreneurs could use to enhance better business operations.

The research question is divided into two parts; first part being the main question and the later sub-question.

### Main questions

- What are the obstacles encountered by immigrant entrepreneurs in Porvoo?
- What are the opportunities available to immigrant entrepreneurs in Porvoo?

### Sub-questions

- How best could the problems be resolved?
- What are the support services available to immigrant entrepreneurs in Porvoo?
- How viable is Porvoo as a host destination for immigrant entrepreneurs? What are the market possibilities for immigrant entrepreneurs in Porvoo?

### 1.3 Research Structure

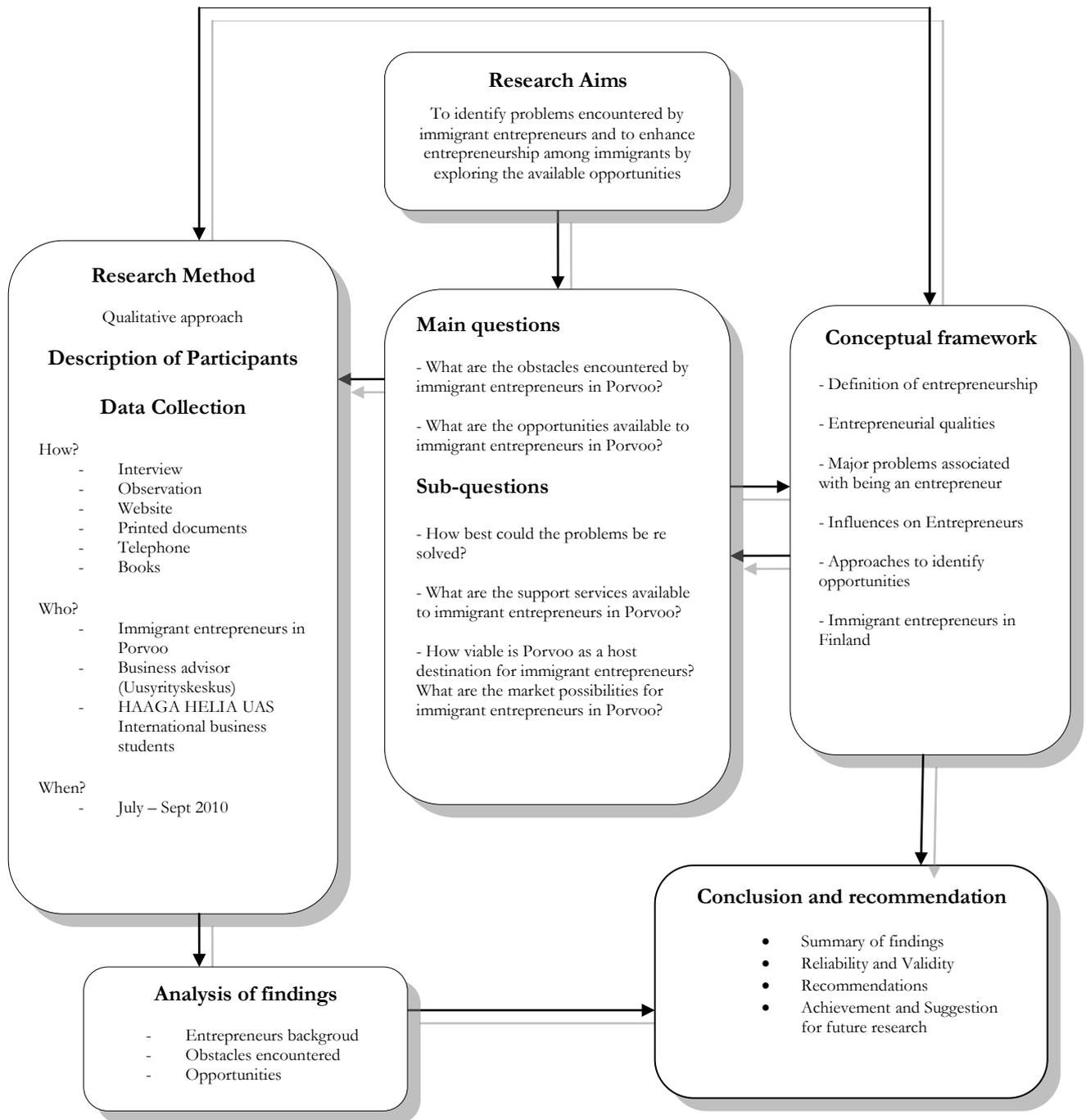


Figure 1.1: Illustration of the research structure

## 2 Entrepreneurship in Finland

This section provides background information for the research. To gain a better understanding of the research topic, the section examines a general overview of entrepreneurship situation in Finland and the research focus area Porvoo. Furthermore, it provides information on exceptional requirement by immigrant entrepreneurs in Finland.

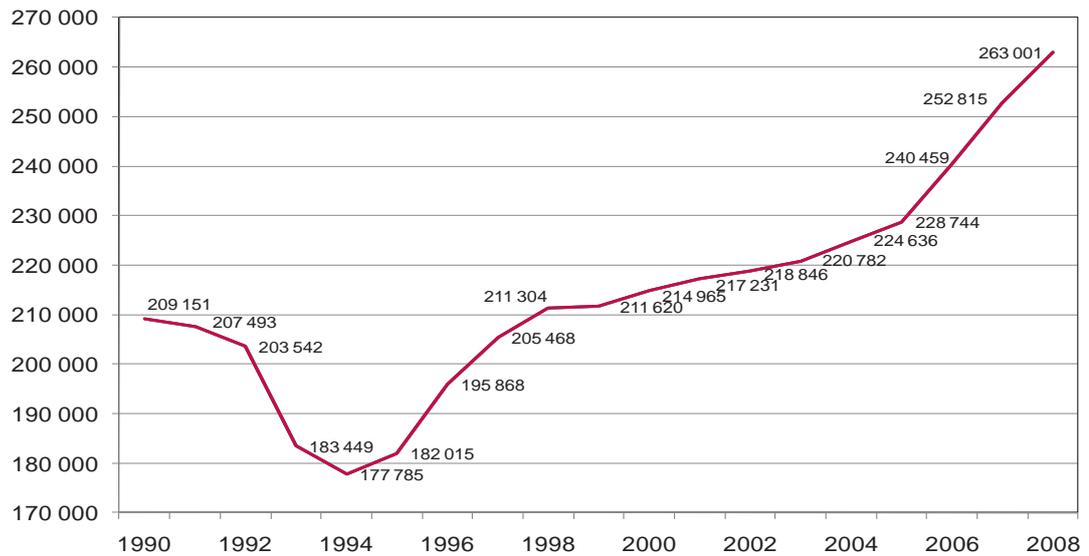


Figure 2.1: Growth of enterprises in Finland (Statistic Finland, Business register 2008)

The chart above shows the growth trend of enterprises in Finland for about two decades. The chart demonstrates how Finland has been attracting more enterprise right after the recession in the early 90s. The continuous increase in enterprises is a clear indication of the support from the Finnish government in other to create a stable economy. The chart also reflects a high chance for business survival in Finland. It is imperative to note that the support from the government is based on favorable policies to enhance entrepreneurship in the country which include in Porvoo.

Finnish society is being dominated by entrepreneurs. According to Statistics Finland 2008, 93.3% of the total number of enterprises in Finland is micro enterprises (1-9 employees). This is a clear indication that there is a good prospect for entrepreneurs in Finland. The business situation in Porvoo is similar. Business registration in Porvoo has been increasing steadily during the past few years.

Table 2.1: Number of registered businesses in total (Sources: Uusyrityskeskus, Porvoo)

<b>PORVOO</b>	
Year	No of Registered business
2009	4012
2008	3847
2007	3650
2006	3435
2005	3357
2004	3389
2003	3570
2002	3542
2001	3401
2000	3257
1999	3053

As seen in the table, Porvoo recorded a total number of registered businesses of 4012. For a city with a population of about 48000 to have such amount of business, it shows that Porvoo could be a very good destination for businesses. Business registration is continuously increasing in Porvoo. As shown on the above table, between 2006 and 2009 there is an average number of 200 new businesses registered. Though the figures for immigrant owned businesses are not available, the growth trend of businesses in the city of Porvoo gives positive impression to potential immigrant entrepreneurs.

Table 2.2: Forms of businesses registered yearly in Porvoo (Sources: Uusyrityskeskus, Porvoo)

Forms of businesses registered yearly in Porvoo									
Porvoo	Private Enterprises	Public company	Limited partnership	limited liability company	Others KOY	Others OK	Others AYH	Total	
2009	157	5	9	116		2		289	
2008	173	5	8	146		3		335	
2007	194	6	9	123		1		333	
2006	161	5	11	103	1	1		282	
2005	154	3	14	93				264	
2004	147	8	19	78		3	1	256	
2003	120	7	24	56	1	2		210	
2002	131	7	12	52		1		203	
2001	91	10	13	33	1	2		150	
2000	117	6	15	46	1	1		186	
1999	108	2	14	29				153	

There are four major business forms which are private enterprises, public company (general partnership), limited partnership, and Limited Liability Company. Table 2.2 shows that private enterprises otherwise known as the entrepreneurs account yearly for about 50% of businesses registered in the city of Porvoo. It could be assumed that Porvoo possess the required attributes to entrepreneurial success

## **2.1 Porvoo in Brief**

Porvoo is known to be one of the various tourist destinations in Finland; it is a small city with an area of 654 km<sup>2</sup>. Demographically, Porvoo is characterized with a population of about 48000 people of which more than half are economically active. The city has a major role in the economic situation of the eastern part of the province of Uusimaa. Porvoo is a bilingual town; Finnish and Swedish are the main language of communication (a mixture 67% Finnish speaking and 33% Swedish speaking Finns). However, most of the residents of Porvoo understand English language.

Information obtained from the Finnish registration office shows that immigrants permanently residing in Porvoo are 1457 as at 23th February 2010. This implies that immigrants are less than 3% of the city population. Therefore, business success in Porvoo largely depends on the Finnish and Swedish Population.

Porvoo is noted for trade and services as a major means of livelihood. More than half of the working age group in Porvoo are engaged in different types of business and just a few work in the industrial sector (City of Porvoo 2010). This fact is shown on figure 1.2 above. Furthermore, Porvoo is located close to two among the major seaports locations in Finland i.e. 47 km to Helsinki and 69 km to Kotka. Therefore, potential immigrant entrepreneurs could take advantage of import and export business.

### 3 Conceptual framework

The importance of entrepreneurship in today's economic success can never be over emphasized, in that entrepreneurs are continually growing to be the bedrock of every society. There is no exact way to define the term entrepreneurship or entrepreneur, several scholars and researchers have defined it in different ways. However way it is being defined, the concept focuses on same meaning. According to the Federation of Finnish Enterprises (2009) entrepreneurship can be determined in a wider context as an attitude, as a way to think and act about work in general. Entrepreneurial behavior is needed when one works for him/herself as well as when one works for someone.

#### 3.1 Definition of Entrepreneurship

The Business Dictionary (2009) describes entrepreneurship as “Capacity and willingness to undertake conception, organization, and management of a productive venture with all attendant risks, while seeking profit as a reward. In economics, entrepreneurship is regarded as a factor of production together with land, labor, natural resources, and capital. Entrepreneurial spirit is characterized by innovation and risk-taking, and an as essential component of a nation's ability to succeed in an ever changing and more competitive global marketplace.”

According to Per Davidson (2005, 1), Different scholars have defined entrepreneurship in diverse ways. Some of which includes:

- new entry (Lumpkin & Dess, 1996)
- the creation of new enterprises (Low & MacMillan, 1988)
- the creation of new organizations (Gartner, 1988)
- a purposeful activity to initiate, maintain and aggrandize a profit-oriented business (Cole, 1949)
- taking advantage of opportunity by novel combinations of resources in ways which have impact on the market (Wiklund, 1998)
- the process by which individuals – either on their own or inside organizations – pursue opportunities without regards to the resources they currently control (Stevenson & Jarillo, 1990)

- the process of creating something different with value by devoting the necessary time and effort; assuming the accompanying financial, psychological, and social risk; and receiving the resulting rewards of monetary and personal satisfaction (Hisrich & Peters, 1989)

From the above definitions, three important points derived are Creativity, innovation and exploration of resources (opportunities)

The strength of any society today largely reflects the class of entrepreneurs present in that society. “Entrepreneur density, innovative propensity and managerial ability determine the character, strength and future of economic development.” An entrepreneur success results from the intelligence, imagination and strength of purpose and these factors are further fostered by hard work. (Kumar 2008, 32)

According to the dictionary definition, an entrepreneur is “a person who undertakes an enterprise or business, with chance of profit or loss” The word “entrepreneur” is derived from the French verb *entrepredre*, which means “to undertake” it depicts someone who takes risk. (Kumar 2008, 33)

Today an entrepreneur is a developer who recognizes and seizes opportunities, converts those opportunities into workable/marketable ideas, adds value through time, effort, money or skills; assumes the risks of the competitive market place to implement these ideas; and realizes the rewards from these efforts. In other words an “EN – TRE – PRE – NEUR” is an individual who creates, develops and manages a business venture with personal risk for potential profit. (Kumar 2008, 33)

According to Schumpeter, “an entrepreneur in an advanced economy is an individual who introduces something new in the economy – a method of production not yet tested by experience in the branch of manufacture concerned, a product with which consumers are not familiar, new source of raw material or of new markets and the like” (Kumar 2008, 34)

### 3.2 Entrepreneurial qualities

For entrepreneurs to act outstandingly in their businesses there are certain qualities they must possess these qualities according to Kumar (2008, 37-38) are highlighted below:

- Courage is an asset for every entrepreneur especially at the early stage of their businesses
- Sense of judgement (foresight) is an important asset an entrepreneur should possess i.e. foreseeing the needs or demands in a society.
- Determination is an essential quality an entrepreneur should have; they have to be optimistic at all time.
- Action, goal oriented, and being focused is an important prerequisite for becoming a successful entrepreneur.
- Creativity is the key in entrepreneurship. For an entrepreneur to be successful, self-motivation, being result oriented, self-confidence is essential factors to be considered.
- Responsibilities and perseverance is highly needed to be successful as an entrepreneur, Furthermore, an entrepreneur should be a thinker and doer, a planner and worker and emotionally stable and considerate.
- Effective human relations and communication is resourceful asset every successful entrepreneur possesses. An entrepreneur should be technically sound and competent.
- Attributes and skills is another strong quality an entrepreneur should possess to be successful as illustrated on the figure below.

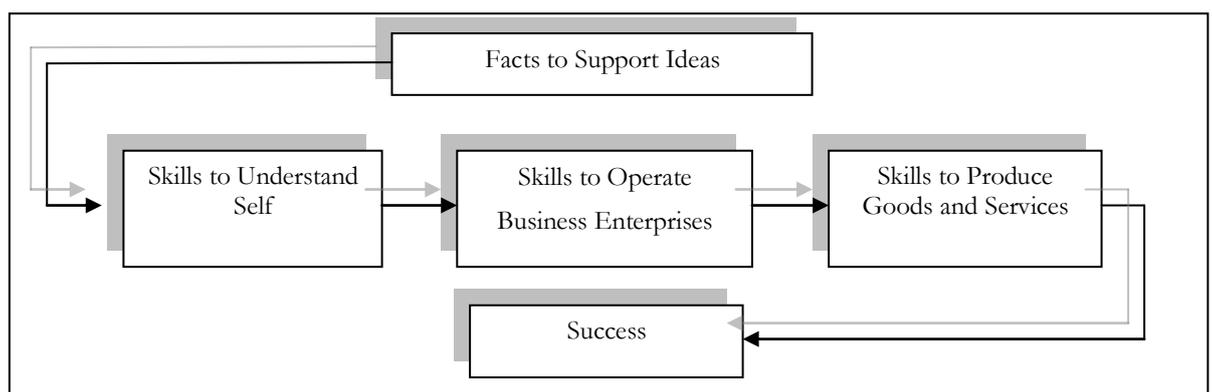


Figure 3.1: Attributes and skills for entrepreneurs (Kumar 2008, 38)

Figure 3.1 above shows clearly the step to entrepreneurial success. The combination of detailed business idea, personal qualities, business expertise, and technical competence are part-way to becoming a successful entrepreneur. Managerial and technical skills are indispensable requirements of an entrepreneur and an entrepreneur should also possess all other qualities and be conscious at all times to ensure success.

### 3.3 Major problems associated with being an entrepreneur

Entrepreneurs might be seen as heroes and with various benefits attached with being an entrepreneur, several challenges still confront entrepreneurs and before embarking on the journey of entrepreneurship these problems should be considered. Entrepreneurs unlike people in other sectors barely live a normal life with their family. At the early stage of the business, their business had to come first and they encounter several stressful challenges which they have to manage. Also, an entrepreneur should be prepared to forgo regular income as the income solely depends on the state of their business at every given period. Furthermore, time management is a major problem of an entrepreneur as 24 hours of the day is almost at some point not enough. (Kumar 2008, 36)

### 3.4 Influences on Entrepreneurs

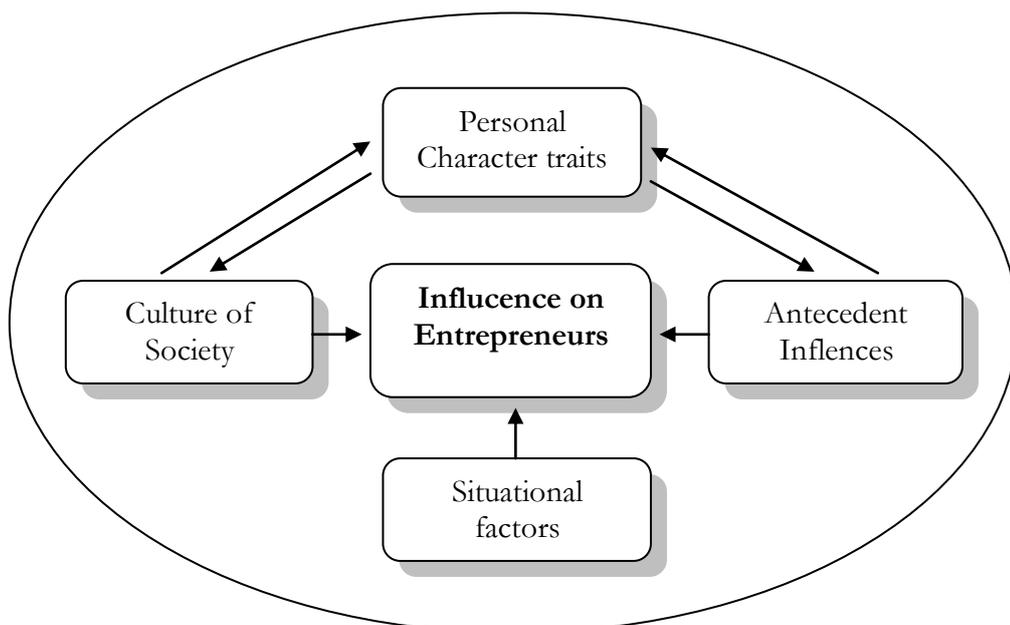


Figure 3.2: Influences on Entrepreneurs (Burns 2007, 30 in Kärki 2009)

According to the above model, entrepreneurs are both born and made. Entrepreneurs use their talents which is inborn to influence their business decisions. Also, they are shaped by all the experiences they have had during their lives. This includes their antecedent influences i.e. the social environment they are in and the culture of the society they have grown up in.

Situational factors are the ones that influence the person prior to inception of their businesses or at the moment when one makes a decision to become an entrepreneur. Situational factors could be negative or positive factors, otherwise described as push and pull factors i.e. it could be as a result of problems encountered in the host environment or the opportunities available.

Notable push factors are unemployment, loss of jobs, social value (liberty and freedom to make personal decision). While the pull factors could be the market demand, supports availability, high prospect for profitable businesses etc if the above measured influences are favorable, then the volume of starting new businesses should be high. Over time if the volume of entrepreneurs grows, the entrepreneurial behavior affects the society and influences everyone they are in contact with. Therefore all the factors are interrelated. (Burns 2007, 30. in Kärki 2009)

According to Kuratko & Hodgetts (2007, 132-133), the decision to behave as an entrepreneur is as a result of several factors.

One set of factors includes the individual's personal characteristics, the individual's personal environment, the relevant business environment, the individual's personal goals set, and the existence of a viable business idea. In addition, the individual compare his or her perception of probable outcomes with the personal expectations he or she has in mind. Next, an individual looks at the relationship between the entrepreneurial behavior he or she would implement and the expected outcome.

Their emphasis focused on comparison between expected outcome and the perceived outcome. They noted that entrepreneurial motivation drops, if the expectation exceeds the actual outcome and vice-versa.

### 3.5 Approaches to identify opportunities

Opportunities are most often regarded as the brainchild behind successful businesses. According to Barringer & Ireland (2008, 38), opportunities is a favorable set of circumstances that create the need for new product, services, or business. They further explain that business start-up are often stimulated by external or internal factors i.e. either by searching for new opportunities or identifying the problems or gap of existing businesses and create a business out of it. And they emphasized that opportunity recognition should focus on the need and demand of a society rather than just a reflection of the entrepreneurs passion and field of experience.

The market opportunity for a product seizes when the market is saturated. “Once a market for a new product is established, its window of opportunity opens. As the market grows, firms enter and try to establish a profitable position. At some point, the market matures, and the window of opportunity closes.” (Barringer & Ireland 2008, 39) Most entrepreneurs fail in their operations simply because the market in which they decided to enter could not accommodate new entrants not as a result of the business ideas they had. Therefore, market potentials analysis is a prerequisite for business success.

Barringer & Ireland (2008), noted three steps to identifying business opportunity, these steps are observing trends, solving a problem and finding gap in the market.

- **Observing Trends:** The notable trends in a society that could result to business opportunity are economic factor, social factor, technological advances and political action and regulatory statutes. A change in the above measured trends creates ample opportunity for entrepreneurs. These trends could be observed personally by the entrepreneurs or entrepreneurs could purchase forecasts and market analysis from independent research firms. According to Bygrave & Zacharakis (2008, 91), customer are not static, their profile and behavior change over time, to keep track on customer, entrepreneurs need to spot trends that is influencing their buying behavior and those that could influence it in the future. By so doing, more opportunities are visible in the market and this will help to ensure business sustainability.

- **Solving a Problem:** Identifying problems in a society and brainstorming for solution to those problems is another notable way to identify business opportunity. Barringer & Ireland (2008) further stressed that there are many problems that are yet to be solved. Every society is prone to change and this change always creates a vacuum which must be filled to make the society functional. These vacuums are opportunities for entrepreneurs in such society. According to John Gardner, “ Every problem is a brilliantly disguised opportunity” (Barringer & Ireland 2008, 45)
- **Finding Gap in the Marketplace:** Another enthusiastic approach noted by Barringer & Ireland (2008) is for prospective entrepreneurs to look into the market for unsatisfied customer needs by existing businesses. They emphasized that “there are also gaps in the marketplace that represent customer needs that aren’t being met by anyone. These gaps are hard to recognize but offer potentially large rewards for those able to fill them” i.e. an idea could emerge from existing businesses as there are always need for improvement of businesses to satisfy the dynamic and rational taste of customers. Thus, potential entrepreneurs could generate ideas from the improvement measures.

However, these steps in identifying business opportunities require influences of the entrepreneurs’ personal characteristics to be effective. Entrepreneurs who have the right experience, who are creative, with the right social network, and generally alert are most likely to be more successful in exploiting business opportunities with the above ways measured. Figure 3.3 shows how new businesses could be created by identifying opportunities.

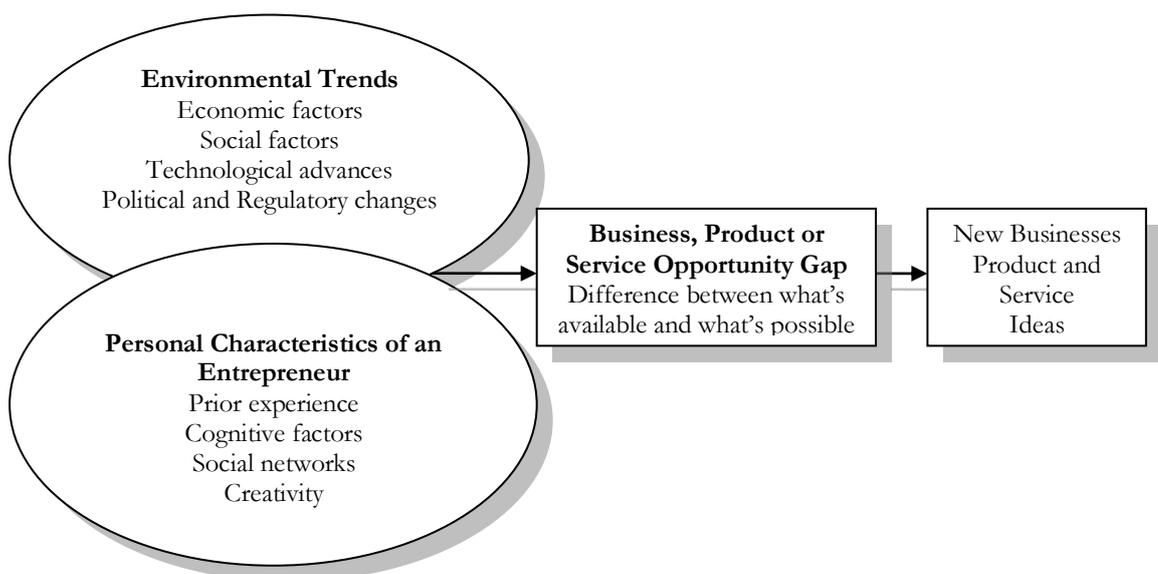


Figure 3.3: Opportunity recognition process (Barringer & Ireland 2008, 50)

The above figure illustrates how entrepreneurs' personal characteristics could be used to examine environmental trends in a society to identify business opportunity gap in such society and further translate to a successful business.

### 3.5.1 Environmental trends

**Economic factors:** Customer disposable income in any society could be shaped and reshape by economic situation of such society. The higher the income level in a society, the more they are willing to buy products and services to enhance their living condition. A very good example was cited by Barringer & Ireland (2008, 42) to explain how economic factor influences market demand in a society. "An increase in the number of women in the workforce and the subsequent increase in their disposable income is largely responsible for the number of boutique clothing stores targeting professional women that have opened in the past several years".

Basically, this factor focus on targeting the working class in any given society as spending is often high among these groups. Therefore, with proper monitoring of products or services they buy, entrepreneurs could identify opportunities.

**Social factor:** Social trend in a given society is another business opportunity determinant. Change is a constant factor of nature and the process of change in the social environment create opportunities for new businesses. Social factors could be: The ageing of the population in the society, family and work patterns (e.g., the number of two-income households and the number of single-parent families), the globalization of industries, social gathering, tourism, culture and values of a society, etc.(Barringer & Ireland 2008, 43)

**Technological Advances:** As the world continues to advance, the need for more advance technology is increasing rapidly. Technological advances often result from economic and social changes. The emphasis on this factor is that it provides easier approach to getting things done. Opportunities lie on old inventions, to identify these opportunities, an entrepreneur could observe the social and economic reactions to these old inventions and eventually they could come up with a better approach.(Barringer & Ireland 2008, 44). They further explained that opportunities could emerge from creating an added value to existing inventions. For instance the RealNetwork is an added value to the internet.

**Political Action and Regulatory Changes:** Every change in the political situation and laws in a society also create opportunity for new business inventions. For instance, “global political instability and threat of terrorism have resulted in many firms becoming more security conscious. These companies need new products and services to protect their physical assets and intellectual property as well as to protect their customer and employees” (Barringer & Ireland 2008, 44). This translates to open doors for new businesses.

However, to achieve the predetermined goals of identifying business possibilities in a society, the above environmental trends are influenced by the personal characteristics of the entrepreneurs.

### 3.5.2 Personal characteristics of an entrepreneur

**Prior Experience:** Previous experience in a particular business sector contributes immensely to spotting out available opportunities in such business sector. “By working in an industry, an individual may spot a market niche that is underserved. It is possible that while working in a particular area, an individual builds a network of social contacts in that industry that may provide insights that leads to opportunities” (Barringer & Ireland 2008, 48). They further stated that entrepreneurs with experience have better chances to identify business opportunities.

**Cognitive Factor:** The cognitive factors measure the level of alertness of an entrepreneur. It is the ability to notice things without engaging in deliberate search. The level of alertness in a particular sector, often result from the level of knowledge acquired on such sector. (Barringer & Ireland 2008, 49)

**Social Networks:** Barringer & Ireland (2008, 49) emphasized on the importance of social network to identifying opportunities. It was noted that people who build substantial network of social and professional contacts are more likely to identify opportunities than those with sparse network. Therefore, entrepreneurs are supposed to be outspoken and active in interpersonal relations. Furthermore, they emphasis that ideas or opportunities are often more viable from weak-tie relationship (casual acquaintances) Most often new information are acquired from people you do not frequently interact with.

**Creativity:** A Creativity characteristic is noted to be the key factor that activates all other factors. It forms the basis for idea generation. Barringer & Ireland (2008, 50) explain creative process in five stages these are: Preparation (this are prior experience and knowledge of the entrepreneurs), incubation (at this stage the entrepreneurs thinks about the problems or consider idea), insight (this is the stage that the opportunity is recognized and the entrepreneurs could proceed or withdraw at this stage depending on knowledge and experience required), evaluation (this is the viability assessment stage of the idea, it is a crucial and indispensable stage in the creative process), and elaboration (this is the final stage were the idea becomes a reality).

With the above factors put together, businesses opportunity gaps are identified and this further translate new business establishment in the given society.

### **3.6 Immigrant entrepreneurs in Finland**

An immigrant entrepreneur in this thesis, refer to business owners from other countries in Europe, Asia, North America, Africa, South America and Australia residing in Finland. This section will review previous researches on immigrant entrepreneurs in Finland so as to attain a better understanding of the research topic.

#### **3.6.1 Characteristics of immigrant entrepreneurs in Finland**

The amount of entrepreneurs is high among immigrants who come from countries with traditional SME sectors. Those countries for example Turkey (37% of immigrated workforce are entrepreneurs), Thailand 20%, Iraq and Iran (16%), former Yugoslavia, UK, Vietnam, China, Germany (11-15%). In comparison less than 2 % of African workforce immigrated to Finland were entrepreneurs (Nieminen, 2006 in Habiyakare 2008). Immigrants are running mainly service companies in Finland. Of this, over 25% are in the wholesale and retail trade, and another 20% each in real estate, rental, and the hotel and restaurants branches. (Lith, 2006 in Habiyakare, 2008)

Effective customer relations, access to money, knowledge of the Finnish language and sales/marketing are the main determinants of survival and success as a foreign entrepreneur in the Finnish business market (Habiyakare, 2008). This indicates that there is a high risk of failure if immigrant entrepreneurs have problems with the above factors.

Habiyakare (2008), recommended that immigrant entrepreneurs should take advantage of the various courses, seminars or lectures offered by the government. This would make them more aware of everything and maybe give them better ideas on how to run their businesses. He further explained that high taxation was one of the greatest inhibitors stated by the respondents and noted that there is no other way immigrant entrepreneurs can solve the tax problem than to learn how to get about making a profit with the high tax rate. Furthermore, he suggested there should be organization that could provide guidance to immigrants business; also, banks should not discriminate on offering loans to start-up businesses locally

### **3.6.2 Push and Pull factors in Finland**

Pull factors have been used to indicate opportunities provided by markets, and also individual characteristics such as need for independence or autonomy, longing for freedom, ability to tolerate uncertainty, need for self-realization, high motivation for achievement, and self-actualization. An individual's professional and life experiences generally at least have an influence on what kind of field he or she chooses in business. Similarly, having experience with small businesses is a part to encourage becoming a business-owner. Circumstances in different countries may give rise to business clusters or an exceptionally positive atmosphere for entrepreneurship in individual localities or certain geographic regions. Often the whole is the sum total of cultural, historical, economic and incidental factors. (Joronen 2002, 127)

Entrepreneurship's push factors are external circumstances like unemployment or the threat of it, dissatisfaction or disgruntlement in a current job, difficulty of professional advancement etc. Among immigrants, push factors may be expected to be emphasized as reasons for becoming an entrepreneur, because unemployment is often higher among immigrants than among the majority population. Lack of language skills, difficulty reconciling prior education and work experience with the labor market requirements of the new country, discrimination in the labor market, and other factors often limit immigrants' employment options to a handful of economic sectors and only to certain, frequently low-paying jobs. (Joronen 2002, 127)

Many studies have shown, however, that even though the decision to become an immigrant entrepreneur is generally associated with push factors, there are usually also many entrepreneurs whose decision to start a business was primarily connected to pull factors. Immigration is often associated with a decline in social status, and entrepreneurship may offer an opportunity to maintain social status. This does not apply to everyone, but depends on the values that prevail within the group. The fact needs to be taken into account if there is to be an active effort to promote immigrant entrepreneurship. (Joronen 2002, 127)

The how and why behind the decision to become an entrepreneur also has an impact on how successful the business will be. In the case of Stockholm's Iranian entrepreneurs, the lack of experience often make them copy business ideas from one another, instead of looking for new markets niches and the successful entrepreneurs preferred to invest in the same field rather than expand into new fields. "This manifested itself in a strong growth in the number of Iranian travel agencies, grocery stores and restaurants, and in the long term, in increasing competition and bankruptcies". (Joronen 2002, 128)

The relative significance of push and pull factors has been observed to fluctuate according to economic conditions. In an economic downturn, the pull factors that attract people to the market lose their power while the importance of push factors increases, and the reverse is true during economic boom times. Because the background of entrepreneurs varies depending on the economic situation, it may also be assumed that businesses that were established in different economic conditions differ from each other. Recession-time entrepreneurs may be presumed more likely to be self-employed and to be business owners rather than visionaries. Of course, this assumption does not exclude the possibility that a serendipitous combination of circumstances and personality factors could make a recession-time entrepreneur into the manager of a growing and developing enterprise. (Joronen 2002, 128)

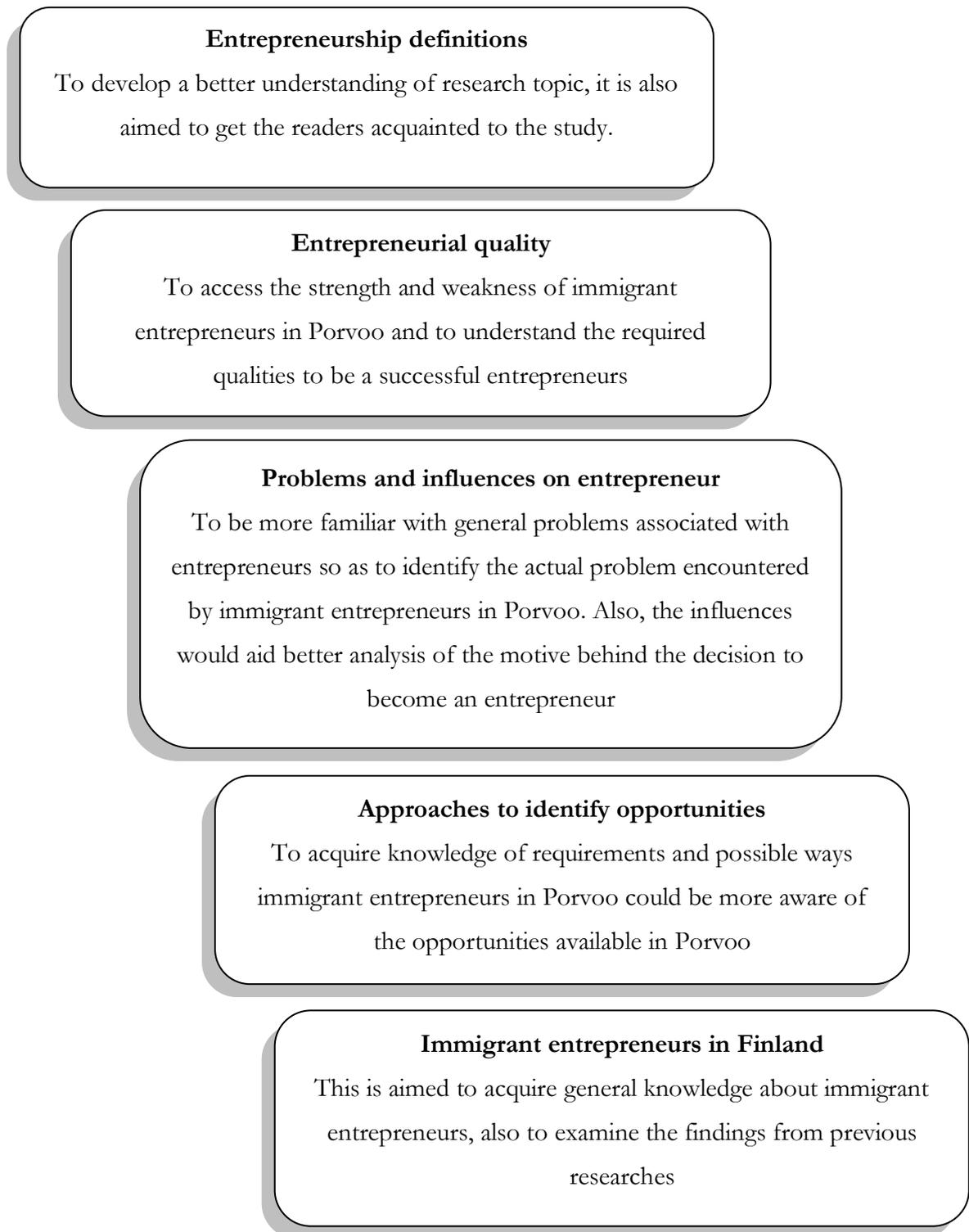


Figure 2.4: Clarification of the aims of the conceptual framework

## **4 Research approach and Methods**

### **4.1 Qualitative research approach**

Due to the research topic, to attain a more valid result, the qualitative research method is adopted so as to explore detailed information from the target group.

According to Denzin and Lincoln (1994, 2), qualitative research is a multi method in focus, involving an interpretive, naturalistic approach to its subject matter. This means that qualitative researchers study things in their natural settings, attempting to make sense of or interpret phenomena in terms of the meanings people bring to them. Qualitative research involves the studied use and collection of a variety of empirical materials – case study, personal experience, introspective, life story, interview, observational, historical, interactional, and visual texts – that describe routine and problematic moments and meaning in individuals' lives.

The qualitative research approach adopted in this thesis includes Interview, observation and interactional. The combination of these empirical materials is aimed to achieve richer results usable for analysis.

### **4.2 Description of participants**

The research participants includes; seven immigrant entrepreneurs in Porvoo, a business advisor in Porvoo, the registration office in Porvoo and six international business students from HAAGA HELIA University of Applied Science in Porvoo. The immigrant entrepreneurs were mainly in the service industry; two of the immigrant entrepreneurs are restaurant owners, two own a pizza shop, two bars and cafe owners and one was the owner of the only fur shop in Porvoo. The business advisor interviewed is the representative of New Enterprises Centre (Uusyrytyskeskus) in Porvoo.

The immigrant entrepreneurs in Porvoo already have a practical business experience as an immigrant in Porvoo. It is imperative to explore their experience in other to achieve the aim of this research. Also, the researcher chose to interview immigrant entrepreneurs operating different type of businesses to get a more diversified experience. Furthermore, information

on immigrant owned businesses, business situations and possibilities in Porvoo was needed to achieve the aim of the research. Therefore the need to interview the representative of New Enterprises Centre arises. The registration office was consulted to obtain information on the population and origin of immigrants in Porvoo. However, the information on origin of the immigrants was not available.

### **4.3 Data collection and analysis process**

The data collected were obtained from primary and secondary sources. A field survey was carried out between the months of July to September 2010. Prior to the field survey, the researcher have read previous researches on similar topics to create a framework for the survey. In other to gain the trust of the interviewees, the researcher constructed a semi-structured questionnaire with HAAGA HELIA logo and a brief introduction and confidentiality statement printed on it. The semi-structured questionnaire was also aimed to guide the conversation towards the main aim of the research. Though, more issues came up as the interview progress.

The entrepreneurs were interviewed in their business locations; they were contacted in advance to book an appointment on suitable time for the interview, however, most of them had to reschedule the appointment due to their busy schedule. The interview with immigrant entrepreneurs interviewed went smoothly, though the interview was interrupted at some point by customers, the entrepreneurs discussed their experience at length as the interviews took an average time of 30 minutes

Information obtained during the interview includes; their origin, when they came to Finland, the age of their business (to measure the sustainability possibility for immigrant owned businesses in Porvoo) , their motivations (to determine why they decided to start their business in Porvoo and why they chose the kind of business they do), their awareness of business support (to determine if they solicited for their assistance and their general opinion about the business support available), their biggest challenges as immigrant entrepreneurs in Porvoo (to determine the different problems a potential immigrant entrepreneurs could encounter in Porvoo) and analysis of their business environment to be acquainted with business competition for immigrant entrepreneurs in Porvoo, other business possibilities, and to explore their opinion on Porvoo as their host destination (see appendix 1)

The business advisor interviewed was briefed on the topic prior to the summer vacation so as to get necessary information prepared before the interview is conducted. The idea was to interview the immigrant entrepreneurs before the business advisor as this would enable the researcher discuss the problems noted from the interview with the business advisor. Due to frequent reschedule of appointment by most immigrant entrepreneurs, the interview with the business advisor was conducted after the summer vacation.

The interview lasted for about an hour between 3 pm to 4pm on 11.08.2010 at the office of New Enterprises Centre in Porvoo. The focus on the interview was to understand the business situation for prospective immigrant entrepreneurs in Porvoo i.e. the market possibilities for immigrant entrepreneurs, business sustainability (main factors associate with business closure in Porvoo), entrepreneurship possibilities for immigrants, possible limitation due to immigrant status, possible ways to approach the challenges immigrants encounter in their businesses and to have a general overview of business establishment in Finland (see appendix 2)

To further explore the retarding factors of entrepreneurship among immigrants in Porvoo, six international business students were interviewed to have their opinion on entrepreneurship among immigrants in Porvoo and to obtain information on more business possibilities for immigrant entrepreneurs in Porvoo. The interview was conducted through personal contact and telephone on 7-8.09.2010; this is aimed to supplement the earlier information.

During the research process, the data used as background information and in the theory part is acquired from New Enterprises Center data base, textbooks, articles, websites, and previous researches.

The analytical part of this research is divided in two parts. The first part focuses on answering the research question “What are the obstacles encountered by immigrant entrepreneurs in Porvoo?” while the second part addresses the question “What are the opportunities available to entrepreneurs in Porvoo?” and sub question “What are the support services available to immigrant entrepreneurs in Porvoo?” and “How viable is Porvoo as a host destination for immigrant entrepreneurs? What are the market possibilities for immigrant entrepreneurs in Porvoo?” The recommendation provided answers to the sub- question “How best can the problems be resolved?”

Responses from the interview conducted with the immigrant entrepreneurs, business advisors, and international business students of HAAGA HELIA University Applied Science, was used to analyze the research findings and the theoretical views was also reflected in the analysis of research results.

Conclusion and recommendation is drawn based on the research findings, personal observations and knowledge acquired from the theoretical part and previous researches. Reliability and validity of the research is further discussed to evaluate the research results.

## **5 Findings and discussion**

The chapter would be discussed in two parts so as to clearly examine the research results. The obstacles encountered by the immigrant entrepreneurs will be presented and analyzed on the first part, while the second part will focus on the opportunities available to immigrant entrepreneurs in Porvoo.

The findings revealed that immigrant entrepreneurs in Porvoo encounter problems such as high competition, financial difficulties at the early phase of their businesses, noticeable discrimination due to immigrant status, difficulties in getting competent employees, unfavorable business location, unfavorable taxation system, and knowledge of the Finnish language was noted as challenges that potential immigrant entrepreneurs are likely to encounter in their business operations in Porvoo.

Meanwhile, the opportunities identified are other market possibilities in Porvoo, financial support possibilities, and business advisory services that immigrant entrepreneurs failed to utilize. However, a brief discussion on the immigrant entrepreneurs' background is essential to foster better understanding of the research results.

### **5.1 Immigrant Entrepreneurs Background**

The immigrant entrepreneurs interviewed were mainly from Asia, one from Africa and one from Europe (Greece). The entrepreneurs are married and they have all lived in Finland for more than 9 years. Only two of these entrepreneurs are married to a Finn, others are married to someone from their home country and one divorced.

Educational background was not a major focus of the research, however, during the conversation; it was observed that most of the immigrant entrepreneurs have low educational background. All the entrepreneurs speak Finnish language, 5 of them speak English language and 2 could not communicate in English.

#### **5.1.1 Influences on immigrant entrepreneurs in Porvoo**

The immigrant entrepreneurs interviewed started their businesses in Porvoo as a result of both push and pull factors. But the pull factor played a major role in their decision to become an entrepreneur. According to Joronen (2002), even though the decision to become an

immigrant entrepreneur is generally associated with push factors, there are usually also many entrepreneurs whose decision to start a business was primarily connected to pull factors.

From the survey, it was evident that most of the immigrant entrepreneurs interviewed had prior experience as an entrepreneur back in their countries of origin. However, two among these entrepreneurs are having their first experience as an entrepreneur, however, they both have worked with entrepreneurs for about a decade, thus, had vast knowledge of what it takes before the start of their businesses. Furthermore, it is imperative to note that the immigrant entrepreneurs decided on their respective types of businesses due to their prior experience in such business.

It was also observed that most of the immigrant entrepreneurs' decision to become entrepreneurs has traces to their cultural background. Some of them responded that entrepreneurship is a common practice among their family members and in their respective countries of origin. This agrees with previous research which reveals that the amount of entrepreneurs is high among immigrants who come from countries with traditional SME sectors (Lith, 2006 in Habiyakare, 2008).

It is noteworthy, that the immigrant entrepreneurs interviewed did not emphasize on the opportunities, needs, and viability of Porvoo as the reason behind their decision to start up a business in Porvoo rather, it reflects more on their area of competence and prior experience.

## **5.2 Obstacles**

The analysis in this section focuses on the problems encountered by immigrant entrepreneurs in Porvoo and further discussed the possible problem a potential immigrant entrepreneur is likely to encounter. The interview with the entrepreneurs, International business students at HAAGA HELIA UAS Porvoo and the representative of New Enterprises Centre in Porvoo would be used for analysis.

The survey revealed that immigrant entrepreneurs in Porvoo encounter different problems at different stages in the businesses. Most of these problems were associated with Porvoo as a location for their businesses and others resulting from the negligence and believes of the immigrant entrepreneurs. However, these problems are discussed under the topic below.

### **5.2.1 Competition**

Immigrants are running mainly service companies in Finland. Of this, over 25% are in the wholesale and retail trade, and another 20% each in real estate, rental, and the hotel and restaurants branches (Lith, 2006 in Habiyakare 2008). Due to the nature of the business immigrants in Porvoo operates, the competitive level is high as most of the immigrant entrepreneurs are engaged in same types of business (pizza shops, cafeteria, and restaurants)

Among all the entrepreneurs interviewed only one of them had a different business type (Fur clothing). It was clear from the response that his business is growing really fast due to low competition. Most of the interviewee knew that the number of cafes, pizzeria, restaurant and bar compared to the population of Porvoo could result low business performance. However, when they were asked what other businesses they would do in Porvoo; it is obvious that they remain in same business because they lack other business ideas that they can realize in Porvoo.

Like in the Iranian case cited by Joronen (2002), the increase rate in bankruptcy among Iranian entrepreneurs was associated with the attitude of coping businesses, instead of researching and introducing something new in the market.

A contributing factor to the high competition problem is that the immigrant entrepreneurs in Porvoo fail to explore the market opportunities before embarking on the business decisions. They all started their respective businesses due to prior knowledge of the business. Though it is advantageous for an entrepreneur to have experience in the business field they intend to operate, market demand is crucial in all cases. According to Barringer & Ireland (2008, 38), opportunity recognition should focus on the need and demand of a society rather than just a reflection of the entrepreneurs' passion and field of experience.

### **5.2.2 Finance**

The financing of their business was another huge task sported out by immigrant entrepreneurs interviewed. Almost all the entrepreneurs interviewed had little awareness of organizations or institutions like Finnvera, Tekes, Banks, etc that grant financial assistance and loans during that start up of businesses. However, only two among the entrepreneurs made use of this assistance. Most of them are ignorant of how they operate, while some believes this assistance are not readily available to immigrants. However, most of them felt with their years of

experience as an entrepreneur, it is impossible to succeed in business with loans in Finland. Those immigrant entrepreneurs married to Finns made use of these financial supports.

No matter how these organizations are perceived or operate, it is always better to have clear and detailed information on every factor that can influence a business in order to succeed as an entrepreneur. “It is necessary to have information about the business sector, customers, and the market for products and services, as well as about how to find customers and on which customer groups to focus. Also it is necessary to know the relevant laws and regulations, and to be able to compare the benefits of different business types. Familiarity with the system of services was considered a factor in succeeding.” (Joronen 2002, 129)

These entrepreneurs have now been operating for some years in Porvoo, thus their financial situation was a bit balanced. However, for prospective entrepreneurs, starting capital could be a problem as such amount required to start –up a business is often demanding to acquire.

According to Joronen (2002), among immigrants, push factors may be expected to be emphasized as reasons for becoming an entrepreneur, because unemployment is often higher among immigrants than among the majority population. Lack of language skills, difficulty reconciling prior education and work experience with the labor market requirements of the new country, discrimination in the labor market, and other factors often limit immigrants’ employment options to a handful of economic sectors and only to certain, frequently low-paying, jobs

An important point to note is that most of the financial supports are grants not loans that the entrepreneurs are expected to repay with interest. Most of the entrepreneurs discussed about the financial constraint they encounter at the early stage of their businesses, unknowingly to them that there are certain funds allocated by the government to ease the stress of starting entrepreneurs in Finland.

### **5.2.3 Immigrant status**

Immigrant status was observed as one of the major problems encountered by immigrant entrepreneurs in Porvoo. In their response Finns are most likely to patronize the Finnish entrepreneurs even with a higher cost if an immigrant entrepreneur operates the same kind of business.

It was observed that most immigrants owned businesses in Porvoo experiencing a steady growth were either distinctive in nature or had operated several years in Porvoo. In a nutshell, the more an immigrant integrates in the environment, the more viable their business

prospects. As emphasized by Barringer & Ireland (2008), prospective entrepreneurs to look into the market for unsatisfied customer needs by existing businesses. By doing so, the entrepreneurs could come up with better business idea.

Most successful immigrant entrepreneur in Porvoo are married to someone from their country of origin and those married to Finns responded that their wives have no direct influence on their business. Though, they were assisted by their wives to raise capital for their business. Thus, being married to a Finn cannot be considered a prerequisite to business success among immigrant in Porvoo.

Those immigrants that have operated for many years explained that the early stage of their business was the most difficult phase as they could hardly earn their living from the business at that point.

#### **5.2.4 Employees**

Another problem noted was finding and retaining hard-working, experienced and reliable employee. Most of such entrepreneurs had to employ foreigners and train them to render the services. According to the entrepreneur, “It is quite easier to manage if a Finnish speaking employee is hired”. However, most often the employees had to learn or improve their Finnish language skill while working and this translate to poor services which are not appealing to customers. A notable problem was that the Finns are not often ready to work for the immigrant entrepreneurs and one of the entrepreneurs quoted above thought that having a Finnish employee would have a positive influence on the business.

#### **5.2.5 Location and climate condition**

Most immigrant entrepreneurs interviewed emphasized that the location of their business is a retarding factor to their business growth. Service businesses located in old Porvoo and close to the lakes experiences very low sales during the winter. The immigrant entrepreneurs who own a service business in this location explain that customers prefer to patronize more convenient locations. Furthermore, an entrepreneur who has his business located in a shopping mall also had same problem during the summer.

This problem is associated with the lack of proper business and environmental analysis prior to inception of their businesses. Therefore, it is important that prospective immigrant

entrepreneurs have a clear knowledge of their intended business operation before choosing location for their businesses. For instance the fur shop located in old Porvoo had no problem regarding the location and climate.

### **5.2.6 Language**

Finnish and Swedish are the main language of communication. The entrepreneurs interviewed noted that language is an important criterion for business success in Porvoo. According to one of the entrepreneur interviewed, “Though most of the People of Porvoo especially the youths understands English language, the Finnish language is very important; I had to learn the language before starting my business” Some entrepreneurs interviewed explained that it is very difficult for them to get employee with adequate Finnish skill.

Therefore, prospective immigrant entrepreneurs in Porvoo are likely to encounter problems relating to the Finnish language skill. Also, the business expert interviewed emphasizes that the Finnish language skill is an indispensable requirement to operate as an entrepreneurs in Porvoo.

### **5.2.7 Taxation**

The Finnish taxation system was measured by two of the immigrant entrepreneurs as problem that makes their businesses difficult to manage at the early stages. They emphasized that the tax system should be more flexible for new business.

## **5.3 Opportunities**

As shown on table 1.1, Porvoo is dominated by private enterprises i.e. Entrepreneurs operating within different sectors of businesses. This could be attributed to the viability of the city to such enterprises. Furthermore, there are several opportunities available to enhance business success among immigrants in Porvoo. According to the free online dictionary define opportunity as “A favorable or advantageous circumstance or combination of circumstances”.

Barringer & Ireland (2008, 38), described opportunities as a favorable set of circumstances that create the need for new product, services, or business. These opportunities would be discussed under the following topics.

### **5.3.1 Business Possibilities for immigrant entrepreneurs**

According to the business advisor interviewed, there is a very high prospect for entrepreneurs in Porvoo. “44.8% of the businesses in Porvoo are entrepreneurs” Harri Kari (Uusyrityskeskus, Porvoo. His point was that the city of Porvoo offer diverse opportunities which account for the high self employed rate and that there are no limitation on who can start-up a business in the city. Thus, immigrants could make good use of this opportunity.

The result from the interview revealed other business possibilities or market demand in Porvoo. These include;

- Home services for the ageing population in Porvoo
- Beauty shop (Hair salons and spas)
- Tourist services
- Consulting services
- Import and supply of gift items, hand craft, cultural artifacts
- Cleaning services (Home services)

The business advisor interviewed explained that the population of old people in Porvoo are increasing daily and most of the old population would prefer getting assistance in their home. He emphasized that there is increasing demand for this services in Porvoo and suggested that immigrant entrepreneurs could take advantage of the opportunity.

Another business possibility measured by most of the students and the business advisor interviewed is the hair salon and spa businesses. They pointed out that the market is broad and the target group is not limited. Furthermore, this business type is not very many in Porvoo, however, there are technical skills required to operate the business. Thus there is need for training before commencing such business.

Considering Porvoo as a tourist destination, most interviewees suggested tourist services (tour packages and guide) most often services of such do not require much knowledge of the language; however, it is important to have little knowledge of the language. Import and supplies of gift item, hand craft and cultural artifacts was among businesses suggested due to tourism situation in the city.

### 5.3.2 Financial Support Possibilities

There are several financial organizations that render financial support to starting entrepreneurs in Finland. All these supports are available to entrepreneurs in Porvoo. Basically, there are no special requirements by immigrant entrepreneurs as long as they have the right to establish a business in Finland.

These organizations operate in different ways. They either render assistance as a loan or grants depending on their mode of operation. The survey with immigrant entrepreneurs in Porvoo shows that most of them did not ask for financial support because they are of the opinion that it is difficult for immigrant to get the support or the procedure involved in getting the financial assistance is very tedious. Furthermore, most of them thought all the financial support available are loans with unappealing interest rate and the emphasized that they cannot function well in their businesses with such loans.

This is as a result of inadequate use of available information by the entrepreneurs. The conclusions could not be backed up by facts. Some of these financial possibilities could actually ease the stress immigrant entrepreneurs experience at the early stages of their businesses. There are grants and funding available as well and these do not attract any interest. Moreover, it is advisable to acquire appropriate information from the right sources.

Table 5.1: Financial support possibilities for immigrant entrepreneurs

<b>Financial Possibilities</b>	
<b>Organization</b>	<b>Function</b>
Employment and Economic Development Office	Start-up grants (The start-up grant is discretionary support for a person establishing a business, intended to secure his/her livelihood during the business start-up phase). For more information contact the employment office or visit the website: <a href="http://www.mol.fi">www.mol.fi</a>

Finnvera	<p>Business loans and guarantee for all businesses excluding entrepreneurs in farming, forestry and building developing businesses</p> <ul style="list-style-type: none"> <li>• Entrepreneur loan (maximum €100,000)</li> <li>• Micro loans for starting businesses or existing businesses ( maximum € 35,000)</li> <li>• Loan for new and existing women entrepreneurs (maximum € 35,000)</li> <li>• Micro-guarantee helps Small and Medium sized enterprises to obtain finance for their operations i.e. Finnvera act as guarantor for entrepreneurs to obtain loans for the banks. (maximum € 85,000)</li> </ul> <p>For more information refer to: <a href="http://www.finnvera.fi">www.finnvera.fi</a></p>
Financing of the Foundation for Finnish Inventions	<p>Supports entrepreneurs to develop and exploit invention proposals by support funding, grants and loans</p> <ul style="list-style-type: none"> <li>• Grants covers all early cost in the development of innovations</li> <li>• Support funding is geared toward patenting, product development and commercialization and it is repaid without interest if the business is successful.</li> <li>• Loans could also be given without security.</li> </ul>
Tekes	<p>Tekes assists enterprises to implement projects on a larger scale, with more challenging targets and within a tighter time-frame. Tekes can provide companies operating in Finland with funding for challenging projects.</p> <p>For more information refer to: <a href="http://www.tekes.fi">www.tekes.fi</a></p>
Banks	Loans

Table 5.1 provides brief information of available financial support possibilities that immigrant entrepreneurs could consider to improve their business situation. The researcher explores several Finance possibilities and services offered by individual organizations and concluded that the above mentioned possibilities are most viable to immigrant entrepreneurs. A point to note is that these possibilities are not only open to potential immigrant entrepreneurs in Porvoo but those already operating their business could also use the opportunity to develop their businesses further with such funds as some of the funding is targeted toward research and development.

### **5.3.3 Expert Advisory Services and training**

The importance of business advisory services to starting- up enterprises in Finland cannot be over emphasized, in that it provides ample opportunities to having broader knowledge of business operations in their intended location and provides prospective entrepreneurs with the right tools required to succeed in their respective businesses.

According to Barringer and Ireland (2008), knowledge of environment trends in a given location is a part way the identifying opportunities. They noted that trends could be observed personally by the entrepreneurs or they could purchase forecasts and market analysis from independent research firms. In the case of Porvoo, business advisory organisation can provides immigrant entrepreneurs with different market information free of charge.

Immigrant entrepreneurs often encounter several problems resulting from lack of information. This research revealed that most entrepreneurs in Porvoo did not seek for advice from these agencies prior to their business inception even though they are aware of these agencies. The business expert interviewed confirmed that most immigrant entrepreneurs in Porvoo often ignore their services and explained that the services they offer could go a long way in simplifying complex issues that exposes immigrant entrepreneurs to problems in their business operations.

Basically, these organizations carries out same function all over Finland, and immigrant entrepreneurs do not have any form of restrictions to benefit from these services. In fact, most of these services are targeted towards immigrants (New Enterprises Centre, Porvoo).

The services provided by these organizations varies, however, it is targeted towards improving business situation and start-up in the society. The business advisory and training services available for entrepreneurs in Porvoo are summarized on the table below.

Table 5.2: Business advisory and training services available for immigrant entrepreneurs in Porvoo

<b>Business advisory and training services</b>	
<b>Organization</b>	<b>Function</b>
New Enterprises Centre (Uusyrityskeskus)	They assist in evaluating and developing business ideas, preparing income statements, surveying opportunities for financing, choosing the form of operations and type of business, finding out about license and notification issues, preparing a marketing plan, planning the entrepreneur's social security and pension-related matters, and finding suitable premises. More information could be obtain from the office in Porvoo (Veckjärventie 3, 06150 Porvoo)
TE Centres & ELY Centres	They analyze idea and assist in the practical matters relating to the establishment of a new business. They also offer the basic services of the National Board of Patents and Registration (start-up notifications, registration and granting of business IDs) and the Innovation Agent, including advice on the protection of innovations, patents and other industrial rights.
Business incubator	Business incubators is a systematically organized development environment that provides a novice entrepreneur with a variety of benefits e.g. premises at a reasonable rent, shared office services, and advice, training and consultation for enterprise management.
Porvoon Kansalaisopisto	Language training

From table 5.2, it is clear that just one of these organizations could assist their client almost through all required process in establishing their business. The advice rendered by these organizations could help the potential entrepreneurs to have a rethink over their business ideas. The researcher had a personal experience with one of this organization (New Enterprises Centre, Porvoo) and the service was quite helpful in decision making.

## 6 Conclusion and Recommendations

### 6.1 Summary of findings

Based on the research as a whole, the analysis reveals that immigrant entrepreneurs in Porvoo are mainly operating in the service sector. This is likened to the finding of Lith (2006); it revealed that Immigrants are running mainly service companies in Finland. Of this, over 25% are in the wholesale and retail trade, and another 20% each in real estate, rental, and the hotel and restaurants branches (Lith, 2006 in Habiyakare, 2008). Furthermore, as cited in Habiyakare (2008), opportunities for immigrants are mainly found in industries where entry is easy but the risk of failure are very high. The attitude of immigrants interviewed in Porvoo operating in one business sector is a vivid reflection on the assumption.

The result shows that immigrant entrepreneurs encounter several problems; most of these problems were associated with their approaches to business start-up, lack of necessary market information among the entrepreneurs, by undermining the advisory services available, lack of creativity among most immigrant entrepreneurs (most of the entrepreneurs started in their respective business field only due to prior experience), etc. However, the host location characteristic was also found to be part cause of the problems.

Notable problems encountered by immigrant entrepreneurs in the research are: High competition, noticeable traces of discrimination, access to competent employees, financial constrain at the early stages of their businesses, unfavorable locations of their businesses, and unfavorable taxation system.

While opportunities were the viability of Porvoo to small businesses, other businesses possibilities such as home services for the ageing population, tourism business, hair salon and spa, cleaning services, import and supply of gift items, hand craft, cultural artifacts, and consulting services. Other opportunities discussed in the research are finance possibilities and available business advisory services.

## 6.2 Reliability and validity

Reliability is the extent to which a measurement procedure yields the same answer however and wherever it is carried out. (Kirk & Miller 1986, 19) they further defined Validity as the extent to which the study gives the right answer.

According to (Kirk & Miller 1986, 19), reliability and validity are by no means symmetrical. It is easy to obtain perfect reliability with no validity at all, on the other hand, perfect validity would assure perfect reliability, for every observation would yield the complete and exact truth.

The initial plans of the research was to interview ten immigrant entrepreneurs in Porvoo, after the survey, seven immigrant entrepreneurs was successfully interviewed as some of the entrepreneurs were not willing to speak about their business. However, adequate information for analysis was obtained from those interviewed. The research was conducted during the summer; this is the peak period for most businesses in Porvoo. To ensure the responses are unbiased, the researcher allow flexibility during the interview (the entrepreneurs chose the time themselves, and they were pre-informed to interrupt the interview if the need arises)

During the course of the research, the research aim and data collected acted as a guide to the theoretical topics adopted; also the research proves reliable as the research findings had so many factors in common with previous research carried out on similar topics. Also, it corresponds with theoretical assumption.

The validity of this research is quite high as the analysis of the findings was strictly on the bases of information derived from the interviewees. To ensure that the research is valid the researcher documented the responses personally and a recorder was used to achieve proper documentation of the response during the interview with the business advisor. Furthermore, the researcher presented the analysis of the result without sentiments so as to attain a valid result.

## 6.3 Recommendations

### 6.3.1 Market Research

From all indications, immigrant entrepreneurs in Porvoo have not been carrying out market research to gain better position in the market. Most of the entrepreneurs started their business without considering the competitive situation of the business. During the interview with the entrepreneurs, it was observed that most of them lack foresight required to spot business opportunities as only two of those interviewed were able to mention other business they could do in Porvoo. Market research could go a long way to solving this problem, it enable the entrepreneurs understand the market situation. The research could be carried out prior to the start of the business or during operation.

The immigrant entrepreneur's underlined high competition as a major problem in their businesses, a part way to solve this problem could conducting research to have better understand of how their competitors operate or to identify possible gap in the market and capitalize on such opportunities to be outstanding in such business. According to Barringer and Ireland (2008), there are gaps in the marketplace that represent customer needs that are not being met by anyone. These gaps could be hard to recognize but offer potentially large rewards for those able to fill them. With effective market research, immigrant entrepreneurs could pinpoint these gaps in their business sectors.

Potential immigrant entrepreneurs could also observe the economic and social trend of Porvoo and research to identify problems in the city to influence their business ideas. "Every problem is a brilliantly disguised opportunity" (Gardner in Barringer & Ireland 2008)

It was also observed from the research that most of the immigrant entrepreneurs either do not or put little effort in marketing. Marketing induces potential customers to a business. It is recommended that immigrant entrepreneurs in Porvoo should indulge in marketing to broaden their chances success.

### **6.3.2 Use of appropriate information and support**

The research findings revealed that most immigrant entrepreneurs in Porvoo did not bother to consult business advisory services available before the start-up of their businesses. Most problems they experience were due to lack of adequate information on market, support possibilities, and these could have been addressed by business experts. It is recommended that potential immigrant entrepreneur should not undermine the services rendered by these advisors before they commence their business in Porvoo.

Furthermore, they could get more acquainted with how to run their businesses in Finland by attending entrepreneurship seminars which are organized by governmental bodies. For instance, those entrepreneurs that had problems with taxation might have lack proper information about it before they began their business.

### **6.3.3 Avoidance of Saturated business**

Most interviewee explained that their kind of business is too many in Porvoo when compared with the target market they intend to satisfy and this call for change. According to Barringer & Ireland (2008, 39), Market at some point gets to a stage when the open door closes. Potential immigrant entrepreneurs should take note that restaurant, bars and cafe businesses in Porvoo are almost at the peak point and there is a high risk of survival in same sector for new entrepreneurs. However, the potential entrepreneurs could employ creativity and information as a tool to succeed in the business.

### **6.3.4 Language Course**

Prospective immigrant entrepreneurs in Porvoo should note that the Finnish language or Swedish language skill is an essential asset they must possess in other to do business in Porvoo. All entrepreneurs interviewed speak good Finnish language and they emphasize the need for Finnish language skill for business owner in Porvoo. Therefore, potential immigrant entrepreneurs should take advantage of the language training courses organized in Porvoo. Most of this course is free of charge.

#### **6.4 Achievement and Suggestion for future research in Porvoo**

The research has successfully answered the research question. The main problems encountered by immigrant entrepreneurs in Porvoo have been spotted, analyzed, and ways to approach these problems were suggested. Furthermore, the research explore secondary information which show entrepreneurship trend in Porvoo for about a decade and revealed how viable the city of Porvoo is to small enterprises. Though did not give data on immigrant entrepreneurs, however, the information was useful to describe the city. Other market possibilities in Porvoo were identified and this provides potential immigrant entrepreneurs with business options to consider in Porvoo. Also available support possibilities were revealed.

This study only looked at the problems and general opportunities available to immigrant entrepreneurs in Porvoo. It is recommended that further research could focus on market analysis for prospective entrepreneurs in Porvoo. To acquire detailed information on business sectors with open doors to immigrants

Research could also be carried out on the locals of Porvoo perception of immigrant entrepreneurs to evaluate how receptive the city is to immigrant entrepreneurs, this research could also acquire information on possibilities for immigrant entrepreneurs to hire Finnish employees.

Another point of interest could be researching on the immigrant population of Porvoo; identifying their occupations and their opinion on entrepreneurship and the reason behind such opinions. It could also examine factor that could motivate the immigrant population to start up businesses in Porvoo.

Furthermore, the Finnish authorities' could research on the best ways to create better awareness of these support possibilities as most entrepreneurs were negligent about how these organizations actually operates.

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## Attachments

### Appendix 1: Interview questions for Immigrant entrepreneurs in Porvoo.

#### Questions

- Where are you from?
- When did you come to Finland?
- When did you start your business?
- What kind of business do you do? Have you done it before?
- What motivate you to start your own business?
- How would you describe the growth of our business?
- How do you try to get customer for your business?
- Is this your first business? If no, what about your first business?
- Are you aware of business financing and advising agency?
- If yes, did you ask for their assistance? What way?
- If you did not ask for their assistance, why didn't you?
- Are you married? If yes, how does your marriage affect your business?
- What nationality is your wife?
- What are your biggest challenges and how do you manage these challenges?
- How would you compare your business growth with that of your Competitors (Finns and Immigrants)?
- What other business could you do in Porvoo?
- How would you describe Porvoo as a place for business?

## **Appendix 2:** Interview questions for Business Advisor.

### **Questions**

- How many immigrants owned businesses have been established in Porvoo during the last decades?
- What are the main forms of small businesses in Porvoo?
- How many businesses have closed during the last two decades?
- What do you think resulted to the business closure or factors that can be attributed to business failure?
- How would you describe entrepreneurship opportunities in Porvoo?
- How would you describe the demand for small businesses in Porvoo and what business field are most viable?
- What are the prospects for immigrant entrepreneur in Porvoo? Are there any limitations due to immigrant status?
- What are the available organisations or agencies that assist in the start-up of business in Porvoo? Are there any limitations for immigrants?
- What are the main challenges that immigrant entrepreneur are likely to encounter in Porvoo and how can they confront these challenges?
- What advice do you have for prospective and existing immigrant entrepreneur in Porvoo?

### **Question for student**

- What is your opinion on entrepreneurship in Porvoo?
- Would you like to be an entrepreneur? If no, why?
- Could you suggest possible businesses immigrant entrepreneurs in Porvoo?