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# Role of Human Capital in Growth Enterprises in Finland: Recruiting and Retaining Talent

*Tiina Brandt, Haaga-Helia University of Applied Sciences  
Maija Suonpää, Haaga-Helia University of Applied Sciences*

## **Abstract**

When a small business grows, one of its key challenges is to find personnel who will enhance that growth. Earlier studies indicate that in many fast-growing small and medium-sized enterprises, the main problem is finding and retaining high quality employees. Knowledge of human capital, comprising human resource processes and leadership, might help an owner in personnel matters because growth entrepreneurs must begin to increase staffing and learn how to develop and implement human resource management (HRM) practices. The faster the growth the small firm is facing, the more likely it will experience human capital problems.

The research question of this study focuses on the experiences of Finnish entrepreneurs with regard to recruiting and retaining personnel to enhance company growth. This empirical study focuses on twenty-nine Finnish growth-oriented entrepreneurs' views on issues related to human capital. Most of the entrepreneurs were interviewed face-to-face, and a couple via Skype or phone. The interviews were semi-structured and took approximately one hour each. They were then transcribed and read through several times. Qualitative content analysis was applied.

The results support earlier studies, indicating that there are many challenges in finding the right personnel. Especially, employees with international experience were highly valued but especially hard to find. A company changes as it grows; therefore, personnel need to be flexible and able to learn new skills. These changing requirements were one of the more challenging issues in recruitment. In order to retain personnel, entrepreneurs apply mainly modern leadership skills and generous remuneration. To support growth entrepreneurs, it is important to recognize personnel needs at different stages of growth.

**Keywords:** growth entrepreneurs, human capital, human resources

## **Introduction**

The role of small and medium-sized companies (SMEs) in the creation of jobs and output has been highlighted in a variety of domestic and international studies over the past thirty years (Criscuolo, Gal, and Menon 2014; Hijzen, Upward, and Wright 2010). It demands innovativeness and courage to grow a company, challenged by the company's special traits and past development. Growth is especially difficult for SMEs because of their lack of resources, which have been bound to the continuation of the company (Simons et al. 2007). Usually there are not enough people with developmental or other resources to take the big steps (Baden-Fuller and Pitt 1996).

In Finland, companies with 50–100 employees are, compared to small companies, critical to economic growth and employment. From 1996 to 2006, the approximate number of growth-oriented firms in Finland ranged from 5,000 to 9,600 (Simons et al. 2007), out of a total of some 300,000 enterprises. Most of them are small, while companies employing over 250 people accounted for just 0.2 percent of the total, but employ more than 40 percent of the Finnish working population, and generate most of the turnover and export business. High growth orientation (20 percent annual growth) companies represent just a couple of percent of companies (Pietarila 2015). Finnish companies seem to find it especially difficult to grow over the size of one million and over five million euros of turnover (Komulainen 2016).

The complexity of gathering a workforce is one of the central issues limiting hires, and growth-oriented companies in particular are hampered in this way. More than half of Finnish SMEs consider that the difficulty of acquiring the knowledge and personnel they need limits some degree of growth (Kuismanen, Malinen, and Seppänen 2019). According to Penrose's (1959) theory of firm growth, knowledge and skills are "resources" that allow firms to create a competitive advantage. This can occur through the development of new products and processes, and also by increasing the firm's ability to absorb knowledge generated elsewhere. In addition, knowledge and skills create dynamic capabilities that allow firms to reconfigure their operations in fast-changing markets and grow at above average rates (Teece, Pisano, and Shuen 1997).

In the twenty-first century, most jobs will continue to be in SMEs and, thus, it is critical that those companies will overcome the barriers to growth. Recognizing those barriers is important to help enterprises grow. Finland has now succeeded in creating a startup culture and enhanced its overall culture of entrepreneurship. The next phase should be the enhancement of growth companies, as commented on by enterprise specialist Kajala from Business Finland, an organization that funds and supports companies for innovations and investments (Pietarila 2015).

The research question addressed in this study concerns the experiences of Finnish entrepreneurs with regard to recruiting and retaining personnel to enhance company growth. The sub-questions are as follows:

1. What are the barriers to recruiting personnel for growth-oriented companies?
2. What personnel qualities are needed in growth-oriented companies?
3. How do growth-oriented companies retain their personnel?

The paper is organized as follows. First, we present Finland as a business context in which to examine the current status of business and entrepreneurship activities in the country. Next, we look at the background theories on human capital, and how human capital relates to enterprise growth. We then present the methods and results of the study, our conclusions, and a brief discussion on the study's limitations and future avenues for research.

### **Finland as a Business Context**

Finland is a member of the European Union with a population of 5.5 million. Its most important trading partners are Sweden (10 million) and Germany (82 million). The role of SMEs is important to the Finnish economy and they contribute 61 percent of GDP. The SME contribution to GDP in Sweden is slightly less at 53 percent, and for Germany the same as Finland at 61 percent. (GEM 2016/2017)

More than 99 percent of all Finnish businesses are small, and their share of overall employment is in excess of 65 percent. Almost 70 percent of self-employed persons who employ paid labor have no more than five employees, and 4 percent have 21–50 employees. Two-thirds of Finland's entrepreneurs are male and one-third female. The level of education among entrepreneurs is a little lower than employees on average; however, that varies by industry. Over 35 percent of Finnish entrepreneurs are aged 55–74 and only 15 percent are 35 years or younger. (Sutela and Pärnänen 2017)

Entrepreneurship is considered high status in Finland, where 83 percent of the population value entrepreneurship positively. However, Finns are accustomed to salaried employment, and only 40 percent of the population considers entrepreneurship a good career choice, compared with 54 percent in Sweden and 52 percent in Germany. At the individual level, the perceived opportunity perception level among the Finnish adult population is 50 percent but the intention to start a business is only 11 percent. The trend is similar in Sweden, where the opportunity perception level at 79 percent is higher than in Finland, but the intention level is lower at 8 percent. In Germany, the opportunity perception level is 38 percent, the lowest of all three countries, and similarly the intention level is just 6 percent. (GEM 2016/2017)

Several structural changes are shaping entrepreneurship in Finland. An increase in digital platforms and the sharing economy, as well as the growth in self-employment, light entrepreneurship, international mobility, and immigration, provide not only new paths for entrepreneurship but also the need of active governmental policies and actions to promote

and strengthen entrepreneurship in the economy (Härmälä et al. 2017). Generally, Finland has a business-friendly economy. Governmental policies and infrastructure support entrepreneurship well, except in the case of business startups, that is, new and growing companies. According to Lahtinen (2016), the Finnish government's startup strategies lag in international comparisons, and the state needs to continue to work closely with the startup community to create a more attractive business environment for startup companies.

## **Background Theories and Earlier Studies**

### *Growth and Human Capital*

The European Commission (2019) classifies SMEs into three categories: (1) micro company, fewer than ten employees, turnover equal to or less than 10 million euros, (2) small company, fewer than fifty employees, turnover equal to or less than 10 million euros, and (3) medium-sized company, fewer than 250 employees, and turnover equal to or less than 50 million euros.

The term “growth” denotes the process of becoming larger in size, and multiple terms such as a growth company, high growth company, and startup can be found in the business literature. Growth companies are considered more important to society than low growth companies because they employ more people. A high growth company as defined by Eurostat–OECD “has an average annualized growth greater than 20% per annum, over a three year period, and with ten or more employees at the beginning of the observation period. Growth is thus measured by the number of employees and by the turnover” (Eurostat–OECD 2007: 61). In this study, the focus lies on SMEs that are growth-oriented.

SME growth depends largely on the willingness of the management to make it grow, as well as collective entrepreneurial behavior on the part of the firm's management and employees. Entrepreneurial behavior involves those activities that individuals generate when they creatively combine resources and identify and pursue opportunities (Mair 2002).

The recruitment of a skilled workforce, efficient use of company resources (human, technological, financial), and access to new knowledge, are key factors for SME growth. Entrepreneurs share work and acquire know-how also by subcontracting and networking. Some 44 percent of Finnish entrepreneurs use subcontracting to support their growth. SMEs with established networks grow faster than other companies (Sutela and Pärnäinen 2018; Moreno and Casillas 2007).

When a small business focuses on growth, one of its priorities is to find personnel who will enhance that growth (Barrier 1999). Earlier studies indicate that recruiting and retaining high quality staff is a major challenge for fast-growing SMEs (e.g., Atkinson and Storey 1994; Frazz 1998; Hornsby and Kuratko 1990; Simons et al. 2007). Growth in small firms usually involves increasing the number of employees engaged in

the business, as well as the overall complexity of the enterprise (e.g., multiple sites, multiple product lines, increasingly complex marketing environments). As the scale and scope of the firm broaden, owner-manager will experience pressure to delegate responsibility within the firm and build an effective team (Heneman, Tansky, and Camp 2000). Finnish entrepreneurs commented that growth needs economic potential to invest and hire. SMEs are usually bound to operational functions, so they suffer from a lack of time and know-how for development (Simons 2007). Small businesses generally find it difficult to compete for and attract skilled new staff and retain existing skilled staff (Walker et al. 2007), as they are up against their larger counterparts. With limited resources, small firms typically focus on short-term needs in their human resource management (HRM) activities (Anderson and Boocock 2002). Both their financial and human resources are restricted, which forces them to live for the moment. Recruiting is easier for larger businesses because they usually have the ability to pay more and offer financial and non-financial incentives that are difficult for small businesses to match. So, there is uncertainty regarding continuous workflow, perceived difficulty in finding appropriate staff, perhaps less ability to manage staff, and a lack of knowledge about how to terminate the employment of unsuitable staff (Barrett and Mayson 2004; Klass, McClendon, and Gainey 2000; McElwee and Warren 2000; Storey 2004). These may be challenging issues for small firms to handle if the owner-manager is not skilled in human resource management.

An educated and skilled labor force is considered essential to the success and growth of small business, and for businesses to gain a competitive advantage in the global economy (Cosh, Duncan, and Hughes 1998; Huang 2001). Young startups are argued to be particularly dependent on skilled labor because of the particular challenges of establishing a new business under conditions of uncertainty (Cardon 2003). Cardon (2003) emphasizes the role that contingent labor can play in enabling firms to acquire the appropriate skills and capabilities during periods of expansion.

According to the study from Finnish growth companies concerning key personnel, the new resources had been recruited very cautiously. The fact that the key personnel were too much focused on the daily operations had also been a challenge (Simons 2007). Finnish companies had experienced several other challenges concerning growth and human capital. These included the following: finding the personnel with needed know-how, getting employees to participate in the development of the company, developing plans for know-how, increasing experience of know-how of growth and government of change, and managing the development of projects (Simons 2007).

#### *Human Resource Challenges in Growing Companies*

The human resource capabilities of the small business owner-manager are critical. Managerial capabilities are developed through knowledge

acquisition and experience, such as educational background, prior experience in the industry, and prior experience in a high growth firm, all consistently found to have a positive impact on firm growth (Agarwal et al. 2004). One strand of this literature argues that family-owned firms in particular lack managerial expertise because the practice of handing down control to the next generation limits the talent pool (Bloom and Van Reenen 2010). This may explain the negative relationship between family ownership and growth that is evident in the literature on firm growth (Hart 2011).

Prior studies indicate that poor managerial competencies have often been linked to small business failure (Gaskill, Van Auken, and Manning 1993; Jennings and Beaver 1997; Perry 2001), and that management-controlled SMEs have stronger preferences for growth than owner-controlled firms (Hay and Kamshad 1994). Interestingly, Finnish entrepreneurs usually know their own strengths and weaknesses but have not thought about how their role would change when the company grows; they thus have no concrete plans as to how to develop their own functions and management (Simons et al. 2007).

One reason for poor managerial competencies among business owners may be that they are reluctant to participate in formal training and development, even though they acknowledge that HRM is important to their business (Webster, Walker, and Brown 2005). To facilitate greater participation by owner-managers in training activities, Ehrich and Billett (2004) have recommended the development of pedagogic principles suited to the changing skills-development needs of small businesses. Of particular interest to the business owner-manager would be the impact that training will have on the business, not just in terms of the bottom line, but also for its relevance and application to day-to-day operations. Storey (2004) and Westhead and Storey (1996) have also highlighted that there is insufficient emphasis placed on the link between management training for small business owner-managers and business performance. This is despite owner-managers' recognizing the importance of developing and maintaining management skills (Loan-Clarke et al. 1999; Smith and Whittaker 1996).

According to Klass, McClendon, and Gainey (2000), small businesses may not recognize the complexity of human resource training and expertise and, therefore, rely on what they have learned vicariously from previous work experience. A study of fifty high growth and fifty slow growth firms showed that high growth firms were more likely to engage in training and employee development, and also more likely to use financial incentives to motivate and reward employees (Barringer, Jones, and Neubaum 2005). Barrett and Mayson's (2007) study of 600 small firms reached similar conclusions as to the relevance of training and incentives for growth. Bryson and Forth (2016) studied 513 SMEs in the United Kingdom after the recession. Investment in human capital brought rewards in terms of employment growth: firms where at least

40 percent of core non-managerial employees had undertaken off-the-job training grew at a significantly faster rate than those that were less training-intensive, and they also had lower exit probabilities over a three-year period. There was also a positive association between performance pay for employees and higher employment growth: those firms paying at least some of their employees according to subjectively assessed merit in 2011 grew 3.5 percent per annum faster than observationally equivalent firms without such a scheme.

The empirical literature on employee involvement indicates that small firm financial performance is positively associated with the least bureaucratic, more informal methods of direct communication between employees and management (Bryson 1999). According to Barrier (1999), owners of growth companies must learn to communicate their vision, mission, and values to their employees, along with a clear understanding of how the firm is to reach those goals (Barrier 1999). In the case of Finnish companies and growth challenges (Simons et al. 2007), communication issues were also found to be critical to growth. Finnish companies would need to communicate the goals to the entire personnel, install plans on how to commit the whole personnel to growth, and develop the communication between the dimensions. However, according to a UK study of 513 companies, communication and team-working were not correlated with growth rates and were in some cases linked to poorer growth performance. It is apparent that whatever firms chose to do in terms of investing in human capital, reorganizing production and incentivizing workers made a difference to how these SMEs emerged from the recession. Firms applying autonomous team-working grew at a rate of nearly 5 percent less per annum than similar firms that did not use teams, while there was no association with non-autonomous teams. (Bryson and Forth 2016)

### *HRM Models and Growth*

Despite the growing research interest in small-business human resource management (HRM) issues during the past years (de Kok and Uhlaner 2001), most HRM models are designed from the large companies' perspective (Hornsby and Kuratko 1990; Cassell et al. 2002; Mazzarol 2003). It is not self-evident that the models would be directly transferable to the small-business context, which is generally characterized by informality and flexibility (de Kok and Uhlaner 2001). The results of HRM would, at least, be unpredictable, if the HRM models are applied as such without taking the context into account (Storey 2004). However, it is a commonly established notion that the formality of HRM practices increases alongside the size of firm growth (Hornsby and Kuratko 1990; Mazzarol 2003). There are nevertheless still companies among the biggest in Finland that do not have even HR managers, and thus it may depend on the owner's education, skills, and the working field, if any formal HRM practices exist (and still the company may work very well).



The model of “Growth-HR-Management” by Mazzarol (2003) presents founder-owner entrepreneurs who seek to grow their company. In the model, the direct and indirect influencing factors are presented. It is about having negative or positive outcomes relating to employee turnover, productivity, and commitment. Directly influencing factors include HRM policy and practices, such as informal to formal recruitment and incentives, and low to high team-building and appointment of managers (Mazzarol 2003). In other words, when the goal is to grow and build HRM policy and practices to support it, and further to ensure the commitment and productivity of employees, formal HR practices would be very useful.

There are three factors influencing the HR policies and practices directly: (1) the owner-manager’s commitment to employee partnering, (2) company structure (e.g., ownership, complexity, number of sites), and (3) nature of the work environment (e.g., level of specialization, worker skill level) (Mazzarol 2003). The owner-managers’ commitment to employee partnering is influenced by their personal characteristics, that is, management style, management education, degree of experience, and personality. In addition, all the indirect influencers are affected by external market conditions (Mazzarol 2003).

The important aspect is the role of the entrepreneurs’ characteristics and level of commitment to employee partnering, which has a great influence on HR policies and practices. However, Mazzarol (2003) suggests the process is not straightforward, but will include a trial and error process, in which the working policies and desired growth HR outcomes are sought. Based on this model, it could be suggested that management training focusing on leadership styles, human resource development (HRD) and management HRM would be highly recommended, and result in the required policies and finally in growth HR management. Mazzarol points out that it is crucial for the entrepreneur to let go of micro-management and learn how to delegate.

In this study, the focus is on growth entrepreneurs’ experiences of human capital, especially related to recruiting and retaining personnel.

### *Method*

This empirical study focuses on 29 Finnish growth-oriented entrepreneurs’ views on HR. Most of the entrepreneurs—68 percent (n=20)—were male. The division by gender was similar to Finnish entrepreneurs overall (Sutela and Pärnänen 2018). They represented a number of fields: health (n=14), marketing or sales and marketing (n=3), trade (n=3), applications (n=2), consulting (n=1), gaming (n=1), circular economy (n=1), software (n=1), and furnishing (n=1). The health companies represented different segments, such as equipment, health care, physiotherapy, health foods, and health technology. The health sector is becoming ever more active with new companies springing up everywhere. The common factor for all the enterprises was that they were experiencing fast growth.

Entrepreneurs were asked about the challenges of growth, what kind of skills they would need, and also what kind of HRM they are using to retain their personnel. Most of the interviews were conducted face-to-face, and a couple via Skype or phone. They were semi-structured and took approximately one hour each. The interviews were transcribed, comprising a total of around 200,000 words, and then read through several times. Content analysis methods were applied to form the results.

### *Results*

The content analysis method uncovered the following themes: recruiting, the changing needs related to personnel, and retaining personnel.

#### **Recruiting Difficulties, Finding the Right People with the Right Attitude**

*Finding the Right Know-How.* Results indicate that many problems concerning growth are related to the fact that people with the appropriate international experience are highly valued and, as interviewees pointed out, may not be available in Finland at all. Additionally, recruitment errors were not only hard to resolve but, as entrepreneurs reported, also disappointing, even though they just had to accept them and move on. These mistakes also slow growth and incur further costs. According to Mazzarol (2003), and Fraza (1998), the faster the growth, the more likely the business is to experience human resource problems, one of the biggest of which is finding and retaining high quality employees. The results of this study confirm Kuismanen, Malinen, and Seppänen's (2019) findings that over half of Finnish SMEs cannot grow to the extent they desire because of difficulties in acquiring the necessary workforce:

Last year we went four months without sales because we did not get enough right kinds of people in. Recruiting, recruiting, recruiting. And now we are at that point where we cannot get skilled people to an international unit from Finland. There's not enough people. Not enough excellence. It is a bit sad situation but there's nothing we do about it, we just have to look outside the borders. (Firm A)

At this point we are not publicly recruiting for the marketing management's position. And how we are going to get the right person for that job, I really can't say how. (Firm B)

That is really tough, recruiting, we have done several mistake recruitments in every market. And just that especially in sales and sales management it is very difficult. But then, if there are any doubts, you just have to put an end to it, admit the mistake and go on from there. (Firm C)

*Finding People with the Right Attitude.* Fast-growing enterprises have high expectations of their personnel. Yet, as some of the entrepreneurs admitted, if they themselves find growth difficult, how could they expect their subordinates to excel? Growth had been problematic, for instance, when employees had to continuously adapt as that is an ability not all people possess:

The founders have been able to handle this deal, but not all employees can adapt. And there is no blame at all, because it looks quite mysterious to us too, but at least we have equity capital tight to this (firm) so it's a strong incentive. But it's hard to understand what it is like to come to work for a year that is different each day. (Firm D)

But then again, you must be able to handle uncertainty and this constant change and that all these new people come in, and they also have to learn. (Firm B)

Other qualities mentioned were the following: the right attitude, commitment, interest in one's work, an entrepreneurial approach, independence, and being a good fit with the company culture. For example, entrepreneurs reasoned that leadership is easier if the new employees are a good fit.

I can't hire in my company even one person who doesn't have that fire in their eyes and within them. (Firm E)

When we hire people, it is this entrepreneurial attitude that we look for. In a way that is perhaps the most important thing to get those skills. (Firm F)

It's really important that people who we take in kind of fit into our culture, procedures, and thinking, and they can in their own role develop and contribute. This makes management a bit easier. (Firm F)

### **As Personnel Numbers Grow, Changes Are Needed in Leadership, and Planning Human Capital**

*Leadership Style should Be Modified.* When firms were growing, entrepreneurs found it difficult to change their leadership style from small-team management to organizing HR processes, duty schedules, sick leave systems, and job descriptions. Those tasks require a great deal of time, as well as know-how:

And then we had this challenge when the number of staff is suddenly increasing, the importance of management so that we can organize all the jobs and we have clear processes described and clear job descriptions... that has taken a lot of time and has caused a lot of sick leaves like in the recent years. (Firm G)

*Hiring Requires a Long-Term Outlook.* The changing demands made of the personnel were one of the challenging issues. When a company is growing, certain skills are no longer needed, and this should be taken into account when hiring personnel for the long-term. It has been noted that small firms typically appreciate informal, work-based learning, and flexibility and adaptability are more important than explicitly formulated job descriptions and skills' specifications. The transmission of tacit knowledge through ad hoc or hands-on training is fundamental (Hill and Stewart 2000). Employment costs are high in Finland, so personnel-related risks are a reality for employers. This is probably why labor-leasing agencies are becoming increasingly popular in Finland.

Many times we have to forecast the growth. Looking back we could have been more brave in the beginning. We kept doing those things we knew how to do and did them in a small way and with care, which of course is good too. (Firm H)

*Always Too Few or Too Many Employees.* If the rate of growth is not apposite, there will on occasions be too many or too few employees. The owner-entrepreneur's workload is often too high, requiring the ability to prioritize and handle stress well.

Growth is never just right. Especially in the firm like ours, the production is never the same size as growth, and the number of staff is never in line either. It is a step ahead, behind, or totally in the wrong place. So it's such a continuing thing since we have such a long value chain in our possession (before the product is ready for selling). (Firm D)

### **Personnel: Importance and Committing**

*Importance of Personnel for Growth.* In terms of achieving growth for the firm, all the entrepreneurs emphasized finding and keeping the right people, helping them to grow, and focusing on the personnel issues. Usually, SMEs do not spend time on development and are lacking in know-how (Simons 2007). On the other hand, in this study, it seems that the entrepreneurs have assimilated the need for development and learning. Maybe growth-oriented entrepreneurs have realized the importance of personnel, despite the costs and their own lack of time:

In international growth, it really is about the same thing, it depends on the right team and patience. (Firm A)

It is probably by far the most important lesson, that if a company wants to grow you as a manager have to use your time to help people grow. (Firm A)

We have structured this and it's our first principle, that for us to grow, the staff needs to grow faster. (Firm C)

*Retaining Personnel with a Compelling Organizational Culture.* In order to retain personnel, the entrepreneurs implemented on the whole very modern leadership skills and offered their employees a good benefits package. The entrepreneurs tried hard to keep their employees happy and committed. Several comments described doing things together, feeling like a family, having an empathic spirit, fostering teamwork, and growing together. Everything was focused on good feelings and togetherness, openness, discussions, and coaching. Hierarchies were neither wanted nor appropriate in these modern organizations:

I don't believe in, even in entrepreneurship, in dictatorship or my-way-thinking, making the calls and saying what is done. I believe there needs to be a vision and one has to open so people can challenge it and have the discussions. (Firm I)

Our way of working and what I have tried to do is that we always have to act humanely, act according to our values, and respecting others. And I see and at least hope that time of these brilliant pisseheads is over. (Firm D)

And then that we hire for life, so in a way we try and support each person in their own life so that they are motivated and enjoy this like a home, and that way that long term. . . . (Sales C)

*Retaining Personnel with Monetary Benefits.* Monetary benefits were also deployed in retaining the personnel. Being rewarded with money is not just about the concrete matter of the money itself: the appreciation that the amount of salary reflects is of greater importance. The higher the salary, the more appreciated the employee feels:

And then we have made the business model so that for example our mechanics are satisfied, they earn really well and so on, since they do such a hard job. And then we have created this training system for them that involves wealth planning so that when they start making the money they wouldn't go right away and spend on that. . . . (Firm K)

And it has been clear that we want our people to be part of this. We want to offer them a chance to subscribe our stocks and in that way engage them but also to give them a feeling that I work for my own company. I think it is for many people, even if they own just a small share, a very cool thought that I own some of this place where I work. (Firm L)

## **Conclusions**

This paper indicates that Finnish growth-oriented entrepreneurs understand the role and importance of personnel in their business and deploy thoroughly modern practices to retain their personnel. In many interviews, it was clear that the personnel were unmistakably more than just the people hired to work at the company. The entrepreneurs were sincerely attached to their staff, wanted them to feel almost as if the enterprise was their home, and were ready to give many freedoms and monetary assets to achieve that. However, finding the right personnel with the right attitude was not easy, and in some cases the process was so slow that it inhibited or hampered growth. Larger companies have many advantages in recruitment, whereas SMEs do not necessarily even have the expertise to know where to find persons with the skills and attitudes the firm needs (Barrett and Mayson 2004; Klass, McClendon, and Gainey 2000; McElwee and Warren 2000; Storey 2004). Yet, young startups are argued to be highly dependent on skilled labor (Cardon 2003). One possible solution would be that entrepreneurs could be more active with higher education institutes (HEI) and their students, and the institutes could then send the students to enterprises on, for instance, trainee programs. There is still surprisingly little cooperation between Finnish HEIs and enterprises, despite the many reported benefits. According to Huovinen, Kärpänoja, and Husso (2019), only 17 percent of SMEs collaborate with HEIs, and those firms are more innovative and focused on development; they are more growth-oriented, larger in size, working more at the national and international level, and planning to recruit more staff than SMEs on average in Finland (Huovinen, Kärpänoja, and Husso 2019). These startup enterprises could be a great opportunity for young students who want to get the most out of future possibilities and learn about entrepreneurship.

The students could also benefit from highly specialized knowledge and thus gather competitive advantage in the career markets. According to Pietarila (2015), representative Kajala from Business Finland has said that the country should enhance growth companies, and Business Finland has been especially supportive of export companies of late.

Rae and Carswell (2000) suggest that self-directed learning is an important aspect of entrepreneurship, and that the previous business and commercial experience of the owner or senior managers contributes significantly to the development of the mental models that form the basis for actions and decisions. The principal influences on this process are the

personal values, self-efficacy and goals of key individuals, as well as their ability to actively learn to develop their existing capabilities. It may be that those people who practice active learning and have more work experience cope better with the demands of the growth enterprise. So, an active advisory board or mentors could be very helpful when entrepreneurs are trying to solve for instance their recruiting problems and HR-related issues when the enterprise is growing. The importance of taking time to learn is not lost on entrepreneurs, who may easily think there is no time to develop their companies and thus they lose markets. Taking time to develop oneself, with regard for example to leadership and HR, is, while difficult, an investment that pays off in the long run.

It should be noted that close to half of the interviewees (45 percent of respondents) worked in the health sector, which may have impacted the overall results. It may be the case that a different distribution of sectors would have produced different results. For example, it may be that finding the employees may be more difficult in that sector than other sectors. Thus, more studies should be conducted in different fields to generate more specified knowledge that could help enterprises with human capital and HR processes.

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