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# Challenges and opportunities

– Being a foreign entrepreneur in Finland



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# CHALLENGES AND OPPORTUNITIES - BEING A FOREIGN ENTREPRENEUR IN FINLAND

In the near future Finland will be having more retirements and also many entrepreneurs are disappearing. At the same time, due to globalization, more foreigners are coming to Finland through studies, work, family and other reasons. Many of them are considering opening a business here.

This is a qualitative research about the challenges and opportunities that foreign entrepreneurs face in Finland; and how these entrepreneurs describe entrepreneurship.

Study was conducted by interviewing four different entrepreneurs, using semi-structured interview with five different themes. Three of the entrepreneurs were foreigners and one of them was Finnish, so that comparison could be made.

Qualitative research approach was used since there is no register about foreign entrepreneurs in Finland that could've been used. Also this approach could give deeper and more diverse understanding of the data since the data analysis concentrated on finding the subjective views, expressions and meanings of the interviewees.

The main findings and results of the study were, that the biggest challenges that foreign entrepreneurs face in Finland are finding funding, having a language barrier and establishing a network. Most of the foreign entrepreneurs don't have a support group consisting of family and friends in Finland, so acquiring new contacts is crucial for the business, but trust is hard to build with Finnish people. Biggest opportunities that Finland offers for foreign entrepreneurs are the support services and help for starting entrepreneurs and the supportive environment for IT-related products and services.

According to the analyzed data being creative and able to see opportunities where others can't, being courageous, proactive, having a solid plan and working hard belong to entrepreneurship. Foreign entrepreneurs in Finland think that the Southern and Southwestern regions are best for foreign entrepreneurs since most of the international activities take place here and the population is bigger.

One interesting finding was that even though Finland is promoting itself being very supportive towards entrepreneurship and it has a lot of assisting and guiding services available for aspiring entrepreneurs, still the amount of entrepreneurs, especially young ones, is low.

KEYWORDS:

entrepreneur, immigrant, foreigner, culture

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# 1 INTRODUCTION

I came to Finland to study in the year 2008. Before that I had not visited this country, heard the language or neither was I familiar with places. It would be fair to say that everything was a bit of a shock for me. But after four years I have settled here. I have always been very interested on entrepreneurship and studying various courses in business has given me ideas about starting up my own business. I'm aware that it is not going to be easy and that if I want to be a successful entrepreneur here, it will require a lot of planning and also luck.

I have followed the other immigrants here in Finland and how they started their own businesses. One thing with the foreigners often seems to be, that it's easier to establish your own business than get employed by a Finnish company. Also if you don't happen to speak Finnish it becomes very difficult to be employed by anyone.

I wanted to uncover about how do entrepreneurs who are from outside Finland feel being an entrepreneur here; what the challenges are and what are the opportunities. This idea also interests me due to the growing globalization, Finland is becoming more international. More immigrants are moving here and a lot of them are establishing their own businesses. My goal was also to find out how the culture affects the establishing of a business: how does it work when a foreigner wants to establish a business in a new environment.

I decided to conduct this study by interviewing foreign entrepreneurs about these challenges and opportunities. I interviewed four different entrepreneurs, three foreigners and one Finnish. Including a Finnish entrepreneur to the study provided me with a platform to compare; do the same challenges occur for immigrants and for local entrepreneurs?

The object of my study is to find out how is it to be a foreign entrepreneur in Finland. Since there is no data available specifically about foreign entrepreneurs in Finland, I decided to make a qualitative research based on interview data. I wanted to find out how immigrant entrepreneurs themselves feel and experi-

ence entrepreneurship in a foreign environment, Finland. I think a qualitative research will suit my needs the best since I'm especially interested on the subjective answers of the foreign entrepreneurs about the process of starting the business and being an entrepreneur in an environment that is relatively new for them. Most of them don't speak Finnish, at least not much, and it will take time to get use to the customs, legislations, rules and information needed. They will face a lot of challenges but also there are opportunities that drive them to be entrepreneurs.

So my research questions are:

1. What are the biggest challenges for a foreign entrepreneur in Finland?
2. What are the opportunities for a foreign entrepreneur in Finland?
3. How do they describe entrepreneurship?

To acquire the valid data I'm going to interview people with a foreign background who have moved to Finland and established a business. I decided to concentrate on entrepreneurs instead of immigrant employees, since entrepreneurship is more independent way of business, and because it is very interesting for me personally. I chose immigrant entrepreneurs instead ethnic entrepreneurs, since ethnic entrepreneurs may have been living in Finland for a long time and they may already know the language and have been integrated in the society.

My research will be qualitative and it will not give general answers about the foreigners in Finland, but concentrate on the subjective views of the interviewees and give insight to the subject. My study will be close to case study because of its time and place relations; it will be about the views of these four entrepreneurs in this time and place, so it doesn't give general answers.

I wanted to interview entrepreneurs with different nationalities and from different industries. I will mention later that the business and its possibilities and obstacles may vary a lot due to industry. Some businesses are easier to start since they require less capital and force. Also every entrepreneur is unique and their

own background, education, experiences, connections and attitudes affect how they feel about foreign entrepreneurship.

The interviewees were gathered through my own personal network. I asked my foreign contacts they know people who have immigrated to Finland and started a business here. As mentioned earlier, there is no existing name or company register of immigrant entrepreneurs in Finland so gathering the contacts for the interview this way was the only option.

Why I chose to include a Finnish entrepreneur in the study is because I felt that by being able to compare what obstacles occur for both Finnish and immigrants and what occur only for immigrants I can get a better picture of the impact that being an immigrant has to being an entrepreneur.

## 2 BEING AN ENTREPRENEUR

With first I will start by looking into some definitions and aspects of being an entrepreneur. Being an entrepreneur is a very special thing and requires specific attitude, determination and innovation.

There is not any universal definition of entrepreneur and no one type of a person that can be suited for an entrepreneur. Still, there are some qualities and characteristics that an entrepreneur often has or should have. According to the Oxford English Dictionary, an entrepreneur is a person who tries to profit by risk and initiative (See Burns 2011, 11). Words that are often linked with entrepreneur are flexibility, opportunity, adaption and innovation.

### 2.1 Entrepreneurship's meaning

Entrepreneurship is important for the prosperity of economies, nations and for the individuals. Entrepreneurs normally have small to medium size companies and in many countries, for example in Finland and United States, these companies create up to 75-80 percent of new jobs. (Burns 2011, 6-8.) Small and medium size companies are been studied for their contribution to the wealth of the economy and its growth. According to Eurostat 2008, in 2005 companies hiring up to 250 people were covering 98.8 percent of all the companies in Europe (Burns 2011, 7). So entrepreneurs' input for the economy is indisputable. Also the small companies are often most responsible of the new patents, products and innovative solutions. (Carsrud & Brännback, 5-6.)

According to Burns, small and medium sized firms have taken the first place from big enterprises. The shift occurred lately, and Burns gives some reasons why. One thing that affects this is that there has been a change in many economies from production and manufacturing towards service industry, where normally there are more small companies. Small companies' advantage is their flexibility and ability to produce personalized, tailored services at local levels. Also some big companies have been broke down to smaller units that answer



only for the core services of the company. That has led to subcontracting a lot of other activities to small companies. Technology has had a huge impact too. Because of the development of technology, small companies were able to take care of a lot more than before, because of soft wares, computers and online activities. The communication with clients, suppliers etc., became easier and enabled entrepreneurs to work from home. Last big effect that technology has brought is reducing fixed costs, which makes production more profitable in smaller and flexible units. The changes in markets and social trends have also opened up new, smaller markets since unique services are wanted. (Burns 2011, 9.)

Carsrud and Brännback introduce one definition about entrepreneurship. That is Joseph A. Schumpeter's (1934) innovation model-vision, which states that entrepreneurs carry out new combinations (See Carsrud & Brännback 2007, 7). From this innovation statement Carsrud and Brännback draw five different forms of how the innovation may occur: it can be a new good or a new quality of good; it may be a completely new method for production of a good; it may be entering a new market or creating a new market; it can be discovering a new source of raw materials; and finally it can be establishing a new organization. In addition to these, also leadership is important for entrepreneurship. (Carsrud & Brännback 2007, 7) I feel that entrepreneurship is about seeing something that doesn't have a value and by changing, modifying, or showing it in a new light it gets a value.

Carsrud and Brännback also introduce Kirzner's view of the abilities of an entrepreneur. According to Kirzner, an entrepreneur is alert, meaning he or she is able to see or spot opportunities. An entrepreneur is also market oriented, meaning he or she is able to see viable opportunities and can adapt to changing market situations. (See Carsrud & Brännback 2007, 8)

## 2.2 Personality

Many argue that in order to become an entrepreneur, some skills are needed and certain personality types are more easily driven to be entrepreneurs. According to Carsrud and Brännback, any intelligent person, who is goal and achievement driven, can be an entrepreneur. They also argue that some skills needed in entrepreneurship can be taught, but some skills exist because of the personality of the individual. (Carsrud & Brännback 2007, 4-5.)

Entrepreneurs are often very good in utilizing their networks and the resources available for them to create new information and use it. They seek new combinations of the use of information and resources. But there are differences between entrepreneurs. The more experienced ones normally are better in doing strategies and plans, in order to create a viable business. Carsrud and Brännback look into the entrepreneurial personality and argue that there can be found certain personality characteristics that affect positively to successful entrepreneurship. Strong motivation for personal achievement is one of these factors. Other factors are strong will to work hard, ability to be a team player and cooperate, strong receptivity to learn new and different things, skill of listening, setting goals and visions, efficiency and being able to take (moderate) risks. But Carsrud and Brännback also point out that all these factors can be seen in any individual who wants to be successful in what they do. Achievement orientation and cooperativeness are key factors for success. Being open to new ideas and seeing unformed patterns is also a key factor. And because of the importance of networks and cooperating, good communication skills are essential for successful entrepreneurs. Last, Carsrud and Brännback point out maybe the most known factor that comes to mind when thinking about entrepreneurs: they are ambitious and have a passion for their idea, which drives them to meet their goal. (Carsrud & Brännback 2007, 13-16.)

Carsrud and Brännback describe four different entrepreneurial types. First one is the achievement entrepreneurs, whose need for achieving their goals are very high. These entrepreneurs are often full of energy and have the tendency

to be in charge and to start things. They are often leaders and have strong sense of their personal responsibilities and control of their lives. They are also very committed to their company. They tend to be good in many things, but this may also mean that they are not the best team players, since they think they are able to do anything. (Carsrud & Brännback 2007, 16-17.)

The next type Carsrud and Brännback describe is the salesman entrepreneurs, who are good in using people skills and the softer side of management. These entrepreneurs respond to other people's needs and wants. They are keener on spending time on the sales than managing the business; they normally let someone else to do the managing for them. Although they may seem to be a bit off from the center of the business, their approach is very critical since they are responsible for satisfying the customers and answering to their needs, developing the products and making the marketing successful. (Carsrud & Brännback 2007, 17.)

The third entrepreneur type is the stereotypical technology entrepreneurs, the inventors. They are the ones who develop and invent new ideas, ways and processes for products and methods of producing. They are very analytical and take calculated risks. They are innovative and think always about new approaches. The only negative side in them is that they might be too idealistic at times; this may be difficult if there are tight deadlines. (Carsrud & Brännback 2007,17.)

The last entrepreneur type that Carsrud and Brännback describe is the manager entrepreneurs. They tend to be very competitive and not the best in cooperating and team playing. They like to be in charge and enjoy power. Mostly these types of entrepreneurs can be found in big organizations instead of small ones. They are often extremely good in marketing but not that good when it comes to being a personal sales person. They are best in managing companies. (Carsrud & Brännback 2007, 17.)

Burns also describes entrepreneurial characteristics. According to him, entrepreneurs are opportunistic, innovative, self-confident, visionary, proactive, self-

motivated, can take risks and are able to live in an uncertain situation. Burns also considers other factors like religion, social group, education and the national culture, that the entrepreneur has grown in. (Burns 2011, 34)

The most important thing for an entrepreneur, no matter what type he or she represents, is to plan their ideas and strategies well before starting. They also need to learn about their business environment and how to navigate in it. The starting entrepreneurs need a lot of patience since creating their networks, customer relationships and learning to identify and know the biggest competitors will take time. There will also be a lot of surprises on the way and unexpected situations, so flexibility in all aspects is needed from the entrepreneur.

### 2.3 Networks

Networks are crucial for entrepreneurs for information; some information can be accessed through legal documents and learning about regulations but there is a lot of information that can be acquired only through partners and actors in the network. This data, that can be accessed through the network is often very valuable since it has been gathered through experience and there's no way a starting entrepreneur would get the same data fast. Getting to know the right people for accessing the information is important, and an entrepreneur can't overlook any personal relationships when it comes to networks. Networks can include old university contacts, local political organization, social events, different kind of conferences, family, realtors, lawyers, public accountants, consultants, old employer, suppliers, wholesalers, engineers or scientists, brokers and government agencies (Carsrud & Brännback 2007, 28-29).

According to Carsrud and Brännback, many successful entrepreneurs belong to not one, but many networks. Just the membership of a network is not enough; also the quality of the network is important. The network needs to be viable and as diverse as possible. Entrepreneurs can however learn to be better in building networks and building trust between partners. It's crucial to be active and seek for new acquaintances, but also to manage the existing relationships. This may

be at times very time-consuming, but it may just be the thing that makes the business successful. Networks may also help to find funding by finding direct investors or acquiring investors through the network, since people invest in ventures they know through someone. (Carsrud & Brännback 2007, 26-29.)

So all the factors mentioned above are challenges and opportunities that entrepreneurs have to consider. In the world where business environments keep on changing on a rapid pace, technological and regulatory uncertainties, high development costs, ambiguous markets and unbalanced competitive structures also have to be accepted and addressed as challenges that the entrepreneur needs to consider (Carsrud & Brännback 2007, 32). Having a good network around can help to cope with these challenges. Many times the best innovations also come due to a network collaboration of companies and entrepreneurs.

## **2.4 Being an entrepreneur in Finland**

There are some specific things that one needs to know when doing business, no matter what the location. Each country has their own rules and regulations about taxes, the starting-up phase, registering the business, customs and visas. All these things are important and have to be considered when one wants to start up a business in Finland.

Next I will go through some of the statistical information about the entrepreneurship and its development in Finland. Then I will go through some basic things an entrepreneur will face in Finland when starting up a business.

### **2.4.1 Entrepreneurship in Finland**

According to the Global Entrepreneurship Monitors Finnish 2011 report, Finland is considered to be quite high on the entrepreneurial activities. Finland is an innovation driven economy and is on the fourth place measured with the index of Global competitiveness. The index measures the scale of how hard or easy doing business is. (GEM Finnish 2011 Report, 9.)

According to the GEM report Finland is doing very well compared to other innovation driven economies, when it comes to the government supporting entrepreneurs. Although measured in government support programs for entrepreneurs, Finland is doing a bit worse than other innovation driven economies. The report claims that there is room for improvement with the attitudes and the culture towards entrepreneurship. One reason that puts Finland behind some of its fellow peers, for example Sweden, is that the internal market openness is not as good as in some other innovation driven economies. (GEM Finnish 2011 Report, 10-11.) I have noticed myself that Finnish people are shy about their business ideas and feel that their courage is not enough. This could be changed by changing the environments' attitudes.

The GEM report also shows how Finland takes place measured on the scale of the Global Entrepreneurship and Development Index (GEDI). This index uses three different measurements. Entrepreneurial attitudes, entrepreneurial activity and entrepreneurial aspiration. On the whole index, Finland keeps the 17th place, staying behind for example of United States (1<sup>st</sup>), Sweden (2<sup>nd</sup>) and Australia (3<sup>rd</sup>). But when the index is broken down to its three dimensions, Finland gets better results. When it comes to entrepreneurial attitudes, Finland scores better than many others. The entrepreneurial attitudes-index consists of following pillars: startup skills, non-fear of failure, networking and cultural support for entrepreneurship. But the report claims that although Finland get high scores on this sub-index, the scores may be explained with the fact that the issues measured by the different pillars can also be applied to paid work. (GEM Finnish 2011 Report, 12-13.)

With entrepreneurial aspirations Finland is doing worse than the others. The entrepreneurial population in Finland, and the institutions related to it, are scoring especially badly in risk capital, high-growth orientation, and in internationalization, which all are very important factors for innovations. Networking, cultural support and start-up skills are factors that Finland is successful in the overall GED index. (GEM Finnish 2011 Report, 13-14.)

The report shows, that the best opportunities for entrepreneurship are given to the highly educated individuals. This indicates that the education correlates with the ability of seeing opportunities and possibilities. But the report also shows that the amount of these people, who see possibilities for starting up a business, is higher than the amount of people who actually think they have capabilities of starting up the business. The same phenomenon is shared with other Nordic countries. Age also plays a role, since older people (over age 45) feel having these capabilities more often than younger ones. Older people have less fear of failure, although the overall fear level in Finland is quite low compared to other countries. Then again, more young people have entrepreneurial intentions. The level of early staged entrepreneurship activity is lower than average in Finland but has been growing. Then again, the level of established business ownership is higher than average, 8.8 percent of the population (aged 18-64). (GEM Finnish 2011 Report, 15-17) There is a gap between the people who want to become entrepreneurs and then actually implementing it and turning the idea to reality. Young people especially should be encouraged with their aspirations since so many retirements are facing Finland and there is room for new businesses and ideas.

Finnish entrepreneurs are not having high expectances when it comes to expanding, in the sense of hiring more workforce or internationalizing the business's activities. One very interesting fact that the report shows is, that although Finland's level of new entrepreneurs and business owners is quite low compared to other countries in the GEM report, the level of entrepreneurs as employees is very high. This means employees that develop new business activities for their main employer, for example a new product or a completely new unit or subsidiary. This again brings it back to the earlier notion that although the attitudes in Finland towards entrepreneurship are positive, and a lot of the population sees entrepreneurial possibilities and opportunities around them, it doesn't make them yet entrepreneurs. Also, the dominating class in "courage" to become a solo entrepreneur, or to be an employee entrepreneur, is middle-aged men, mostly educated ones. (GEM Finnish 2011 Report, 21-29.)

The report claims that the lowering levels of governmental support packages for entrepreneurs are due to the economic recession and the Euro-crisis. So Finland's biggest problem seems to be, that despite the positive attitudes and the high potential Finland has for entrepreneurship, it doesn't happen. Also the atmosphere may not be the best encouraging growth: aspiration among potential entrepreneurs is lacking. The high level of entrepreneurial activity shows, that it may be safer to involve in entrepreneurial activities within the main employer, the mother company. (GEM Finnish 2011 Report, 33-35.)

So entrepreneurship can be seen to be quite strong in Finland. But still there is room for growth. In the results of Global Entrepreneurship Monitor in 2005 only 5 percent of Finns were thinking of starting their own company. Compared to, for example, United States, the figure was 12.4 percent in 2005. Finland's number at the time was very small and even surprising, considering that Finland has been kept as a very competitive and innovative country. (Carsrud & Brännback 2007, 16-17.)

#### 2.4.2 Establishing a business

According to Tuulikki Holopainen, in Finland business can be carried either by a private entrepreneur, in the form of a business that has been established by one or more persons, or then an organization that has at least three members who work co-operative. Also a foreign organization can establish a branch in Finland. So a person who is a natural resident in the EEA (European Economic Area) may carry out legal trade with proper practice in Finland. People who come outside the EEA are required to have a trade permit. But the nationality of the person who wants to establish a business is not the most important thing, but the permanent residence of this person. The trade permit can be granted by the National Board of Patents and Registration (NBPR). When a person wants to apply for the trade permit, they need to send the applications to the NBPR in Finnish or in Swedish, and the application should include (See Holopainen, 2009):



- The name, nationality, place and state of residence of the applicant,
- What is the permit that is applied,
- The name of the business that will be established,
- Grounds why the permit should be granted,
- Postal address and other contact information, or the chosen representative of the company

In addition to the points above, the application should also be accompanied by a certified copy of the applicant's passport. There is also a fee to be paid when the permit is granted. After the permit is granted, the entrepreneur needs to make a basic notification or start-up notification to the trade register. This notification consists of all the information concerning the business that will start to operate. This information includes the nature of the trade, and the municipality of the main company. (Holopainen 2009, 70-74.)

The information of the start-up notification will also go to the Tax Administration in Finland. This start-up notification will also inform the Tax Administration if the entrepreneur is liable to register as value added tax payer. Basically this value-added tax payment concerns the sales of all the goods and services conducted in business in Finland, and also the import of goods and the intra-Community acquisition of goods. Basically the tax always needs to be paid on sales unless there is a special exemption. These exceptions come from the following situation:

- The sales don't happen in Finland
- The sales don't happen in the conduct of business
- Special provisions concerning corporate bodies or promoting religious societies, the public good, severely disabled entrepreneurs or, if the business sales are small scale (net sales less than 8500 euros for an accounting period)

- Or the sales of goods or services consist of social welfare, health and medical care, vocational training and general education, insurance and financial services, gambling and lottery, some copyrights , fees for performing artist, some vessels and aircraft used in international aviation, and newspapers and periodicals in the form of subscription
- Sales in abroad
- Sales of goods inside a community

So the seller of the goods is almost always liable to the tax. But if the seller happens to be foreign and doesn't have a fixed establishment in Finland, the tax goes on to the buyer's responsibility. (Holopainen 2009, 13, 15-16, 86-87.)

In addition to all the above mentioned steps, there are differentiating steps and additional forms that need to be filled by the applicant or the applicants. These depend on the business form (co-operative, limited company or other) and the area of the business. For example, when one wants to sell alcohol beverages there needs to be a specific permit for this granted by the State provincial Office, nowadays the State Administrative Agency, which of are six in the country. If one wants to retail alcohol beverages, the limit of the level of alcohol in beverages is 4.7 percent of alcohol. Beverages that include alcohol more than that will only be sold in Alko, the governmental controlled alcohols seller in Finland. There are also permits that need to be considered and notified about, when doing business with food. (Holopainen 2009, 70-74.)

If the business operations include working in a facility that may cause health risks; public facilities like theaters hotels or such; saunas or swimming halls; buildings keeping for animals; or other facilities that require extra concern about hygiene like for example hairdresser, tattoo parlor or a gym, the health protection authorities of the municipality need to be informed, with a written notification. (Holopainen 2009, 70-74.)

As mentioned above, when a person wants to start a business, first they need to have trade permission or they need to be natural residents inside the European Economic Area. After they have acquired the trade permission, they need to have a trade name for the company. Trade name of a private entrepreneur can't include more names than the name of the owner of the company. This name of trade needs to be registered either in Finnish or Swedish, since these are the two official languages in Finland. The trade name needs to include an indication of the corporate form of the business. (Holopainen 2009,14.)

After registering the name of the company in Finland in the trade register, the entrepreneur needs to assign a representative for the business. This representative will be able to receive summons and other notifications on the behalf of the company. The representative should be resident in Finland, except if the entrepreneur resides in the EEA. (Holopainen 2009,14.)

After this the legal steps and start-up issues should be ready and solved. Of course there are still steps that are needed to be considered if, for example, the company will be a branch of foreign organization. But my main focus was to tell about private entrepreneur's steps, since most of the immigrant entrepreneurs are small: companies formed by one or few. Also as already mentioned above, entrepreneur has to acquire some permits depending on what industry he or she will be working and what the product is (trade permits, licensing to alcohol beverages, approval of food premises etc.).

Then there are issues to be considered when an entrepreneur wants to hire employees. The entrepreneur needs to be registered as an employer, if he or she has any employees. In Finland there are some rules and restrictions concerning for example the minimum wage, working hours, holiday compensation, work protection, work certificate, arranging healthcare for employees, employer payments to the tax office and getting a statutory insurance for the employee, and making sure the employee has his or her annual leave based on their holiday days that come from the work days. The employer needs to give the employee a valid work contract, preferably written, and a work certificate after the employment has determined. When the employer pays the wage for the em-

ployee, the employer has to credit the employee's tax withdrawals and social security payments to the Tax Administration. (Holopainen 2009, 102-130.)

In addition to the facts above, obviously the entrepreneur needs to also have determined the business idea, business plan, market strategy and be aware of the situation in the market that they work in, and be able to be alert for new opportunities and changes that take place in that market. They also have to be analytical to some extent, in order to drive their business to success and maintain it: developing the concept defining the main product or products and designing and developing them; defining the entrepreneurial strategy, whether it will, for example, include strategic alliance or partnering; and finding the partners and suppliers.

## **2.5 Foreign entrepreneurship**

Studies have concluded different views on immigration entrepreneurs. Masurel, Nijkamp and Vindigni (2004) introduce a culturist approach, that points out that because of their cultural characteristics, immigrant groups have greater tendency to self-employment. But there is also the structuralist approach, and Razin (2002) claims, that the external factors that exist in the host environment, like discrimination or entry barriers for some industries due to language or education, push immigrants towards self-employment. (See Aaltonen & Akola 2012, 3.) But because there are so many different groups of immigrants and their cultures vary vastly, no straight answer can be given about the reasons for high tendency of immigrants' self-employment.

Traditionally, immigration businesses have concentrated on industries that are easily accessible. These could be retail, restaurants, small shops, garments and low-technology. But there have been changes, and now a lot of especially Asian immigrants are dealing with high-technology and online businesses. The immigrant businesses are also getting more international than before. (Joronen 2002,125.)

According to Burns, immigration is often seemed to have a positive influence on the propensity of starting up businesses. In the UK for example, there are much more self-employed immigrants than locals. Although, there are differences between different ethnic groups. Asians, like Indian, Pakistani etc., have bigger rates than the Brits in self-employment, but black Caribbeans and Africans have lower rates than the Brits. Asians are generally recognized to be the most ethnic minority group to become entrepreneurs. One reason for this has been claimed to be the high expectations coming from the family. Asians are also found to have better networks, in the means of network with investors. Asians have a lot more informal finance sources which come through the broad network of friends, family and the ethnic community. So Asians have social capital combined with financial capital, while people from other groups only have the option to seek a formal investment, like a loan from a bank. (Burns 2011, 45; 281.) Burns also claims that because immigrants don't necessarily have any other option, they are more prone to take the risk of starting up a company and also committing to it and working long hours. (Burns 2011, 46.)

Joronen finds in her study that in general, immigration groups seem to have stronger networks and they are good in building and maintaining them; and most importantly, utilizing them. This has to do with the fact that in lot of the immigrant groups' cultures, family and friend support system is very strong and the network comes through that. "Everyone helps everyone", the mutual solidarity that exist in the group. Joronen calls this "ethnic resources", the assistance a person gets from other members of his or her ethnic group. According to Joronen, ethnic resources have been seen very important for those immigrants who are not as successful in other resources, like education, skills or capital. These factors are often related to bourgeois background, which many of the immigrants don't represent. Networks don't only help with acquiring capital, know-how and business contacts, but also cheap labor, which is important for the growth of business. Many Finnish employees refuse to work on smaller salary but once again, immigrants may not have other option. (Joronen 2002, 123-124)

These networks can also be divided to two groups: networks with weak ties and networks with strong ties. The networks with weak ties are formed from acquaintances from previous employments, different associations or hobbies. The strong ties network refer to very intimate relationships that a person has, such as family, siblings, cousins and spouse. Joronen states that mostly the weak ties networks are more crucial for the success of the immigrant's business than the strong ties networks. This makes sense, since the acquaintances can be members of other ethnic groups and can help with the integration to the business world and society, and offer contacts outside the immigrant's own ethnic group and help the business grow. Then again, the strong ties networks are important in the beginning, especially since this phase of the business can be the most challenging and include the most setbacks, so having support around will help. Still, as Joronen points out, it needs to be remembered that the solidarity in an ethnic group can't always be utilized in business, and that the ethnic group is not the only factor defining the immigrant and his or her business. (Joronen 2002, 123-125.)

In a study conducted in Sweden in the end of the 1990's, by a committee set by the Swedish government, it was researched what factors immigrants themselves considered important for the success of starting up a business. The study showed that acquiring information was one of the most important success factors according to the recipients. Getting information about the customers, business sectors, different business types, the markets, how system of services works, and how the different customer groups are and which to focus on. Knowing one's competitors, and identifying their strengths and weaknesses, and knowing the regulations and laws were also kept very important. Most of this information the immigrants got through their own ethnic network and acquaintances, who work on the same field of business. Other significant factors according to the study were entrepreneurial spirit, good business idea, tolerating setback, enough contacts and networks, language skill and cultural competence and marketing. (Joronen 2002, 129.)

Joronen has listed different factors that affect the decision of an immigrant becoming an entrepreneur. These are push- and pull factors. The push factors are normally reasons that “force” the immigrant to become an entrepreneur: the lack of language skills, suitable education, enough work experience or other factor that makes it hard for getting a job in the new environment. Discrimination and unemployment are also big issues in the labor market, and it has been studied that mostly the unemployment rates are higher among immigrants than among the major population of a country. (Joronen 2002, 128-129.)

Pull factors refer to the opportunities that the entrepreneur can spot in the surrounding environment, but also to the characteristics and life situation of the individual. The individual characteristics are, for example, longing for freedom, wanting to be independent, wanting to achieve or one wanting to actualize oneself. Also tolerance for uncertainty is important. If the environment is going through an economic boom or the circumstances are very favorable for small businesses, this may affect the decision to start up a business. (Joronen 2002, 128.)

With both the push and the pull factors can be seen fluctuation due to the economic situation. During economic downturns and recessions, the push factors take place more than the pull factors. Correspondingly, during economic upturns and booms, the pull factors override the push factors. (Joronen 2002, 129.)

### 2.5.1 Foreign entrepreneurship in Finland

The statistics Finland show that there are a lot of foreign based companies in Finland. The business activities of foreigners have been growing since the year 2000. One reason for this is, that in immigrant families there is a strong background for entrepreneurship and risk taking. In the year 2005 there were 6000 companies, around 2.5 percent of all the companies in Finland, that were completely or partly own by immigrants. Still this statistical information is not too accurate because it doesn't include the immigrants that have already got the Finn-

ish nationality, so the amount of companies is probably a lot higher than the 6000. Most of the businesses are small, and a lot of the times family is involved strongly in the business as temporary help or as employees. (Statistics Finland: Lith 2007.)

There are differences between the entrepreneurs and their nationalities. According to the research of Statistics Finland, one third of the companies are owned by immigrants coming from EU countries; mainly Swedish, British, German and Danish immigrants. Immigrants from Estonia, Russia and other parts of Europe have around 30 percent of the companies. Asians, for example Turkish, Vietnamese, Indian, Thai and Chinese, have less than a quarter from the companies. Africans and Americans (North-America and South-America) both have approximately 3 percent of the companies. And finally, five percent of the companies are owned by multiple nationalities, though most of them still Europeans. (Statistics Finland: Lith 2007.)

The businesses vary depending on where the entrepreneur comes from. Immigrants from Nordic countries, EU-countries in the Western Europe, Russia and the Baltic countries are mostly concentrated on business life on the services industry and sales. Especially businesses that trade abroad have a lot of Russian background entrepreneurs. Immigrants coming from Turkey, Middle-East, North-Africa and other parts of Asia are mostly concentrated on restaurant business. In construction business there is a large group of Estonian entrepreneurs and carrier industry has a large group of Russian entrepreneurs. Geographically Africans, Estonians and Asians are concentrated on the capital region; whereas Russians and immigrants from EU-countries have a lot of business activities in other parts. (Statistics Finland: Lith 2007.)

The Statistics Finland's research also questioned, if there are ways that immigration entrepreneurship could be encouraged and improved. Culture and starting up are hard for an immigrant; getting a loan from bank without previous customership can be difficult, and immigrants feel that there is more bureaucracy in Finland than, for example, in Southern European countries. There the money



required to start up a business may be a lot less than in Finland, connections are easier to get and the taxes are lower. (Statistics Finland: Lith 2007.)

### 2.5.2 Services offered for foreign entrepreneurs

There are quite a few consulting services offered for foreign entrepreneurs in Finland and services that offer consulting and help for aspiring entrepreneurs. According to their own information, almost all of them offer service in English. Some of the biggest entrepreneurial services are Potkuri (in Turku), Federation of Finnish enterprises and Enterprise Finland (See links in references). Potkuri is located in Turku and offers, among other things, trade register services, personal consultation, counseling about patents, access to network of expertise help and training services. Enterprise Finland offers a lot of information about legislation, Finland's business culture and environment, how to get permits, how to start and what needs to be considered, and where to get more information, expertise help and training. Federation of Finnish Enterprises is narrower in their website information, and requires joining a local association in order to get the full services and information.

One more big national service is Tekes, the Finnish Funding Agency for Technology and Information ( [www.tekes.fi](http://www.tekes.fi) ). They offer information assistance in establishing business; contacts and networks, feedback from business ideas and funding for development projects for companies in Finland. Obviously they work with technology companies. Their services are free of charge and Tekes is a government's agency.

There are also services through universities. These are for example Boost Turku, which is an entrepreneurship society that aims to promote entrepreneurship and help university students in Turku region to establish their startups. They offer advice, network contacts and organize different kinds of events for entrepreneurs, among other things. (See Boost Turku) Another service linked to educational institutions is Aalto University's center for Entrepreneurship, which of-

fers services for the students in Aalto University and the capital region (See ACE).

In addition to the mentioned above, there are also a lot of webpages that offer information from entrepreneurship. Some of the websites are Finnish and offer specified information about entrepreneurship in Finland; other sites are international, but include a section for Finland. Finnish websites are for example Expat Finland (See expat Finland), that offers links and information about many kinds of issues, from legislation to finding an accountant.

### 3 CULTURE IN ENTREPRENEURSHIP

Culture has a huge impact on business. Due to my own background, I think that the foreign culture affects everything one does. The different language, rules, ways of conducting business, ways of negotiating, ways of selling, small talk, clients behavior are all very important for an entrepreneur.

According to Burns, there is no thing such as an entrepreneurial culture, but only a suitable environment for entrepreneurs to prosper. This environment includes social, political and educational sphere. Achievement oriented societies, that prefer individualism and material wealth, are normally seemed the best environments for entrepreneurs. (Burns 2011, 50)

According to Schiffman, Kanuk and Hansen, culture includes language, knowledge, laws, work patterns, religion and other factors. Culture can be referred as the society's personality. In business sense, culture means all the beliefs, values and customs that affect the business and the consumer in their decision making. Culture is very important factor in business, since its effect is everywhere and in every decision a consumer makes, although the effect may be taken for granted and may appear invisible. Culture affects where we want to eat and what time, what we consider to be luxury, what is considered necessary for everyday life, what we wear in sense of dress codes to certain occasions, what is our daily rhythm etc. Culture is learned in the process of socialization, meaning growing up in a certain environment and learning the "rules", norms, customs and ways of dealing with things in this environment and society. Culture is learned by imitating from others and being taught by others. (Schiffman, Kanuk & Hansen 2012, 342-343.) All this has a big effect on how an entrepreneur can develop a product; make a marketing plan; get in touch with customers; and finally, how to make the customer choose his or her product or service instead of other options. Culture determines, for example, if a certain kind of advertisement for a product is successful.

Culture's values and norms reflect the reaction towards entrepreneurs. In a culture, where industrial progress through structural change is preferred, social status given for entrepreneurs is high. Correspondingly, in cultures where stability by formal authority is preferred, the social status of entrepreneur is low and high status is given for bureaucrats and politicians. The cultural belief system affects how the economic system is built, and how entrepreneurship is valued. Beliefs also affect the distribution of property rights. If the system has legitimation of equality of opportunity, it affects entrepreneurs positively by lower taxation and encouraging risk taking; in contrast to a system where there is legitimation of equality of income. Mostly entrepreneurship is more successful in a culture that believes in private companies. (Casson 1995, 90.) One more thing that affects the entrepreneurship in a culture is the class division. Attitudes in the middle-class are more open and encouraging towards wealth accumulation, upward mobility and social competitiveness; whereas in so called working class, conformity and solidarity between other workers is preferred. (Casson 1995, 92.)

Next I will go through some specific aspects that Finland has culturally. I will start by the general and then move to cultural behavior.

### **3.1 Cultural behavior in business**

Cultural behavior and our cultural background affect a lot on the way we act and do business. Although the contracts are similar in each country, there are a lot of other things that affect whether a successful business can be established and maintained. Communicating with contacts, like customers, business partners and suppliers is very important for entrepreneurs. Communication depends on the mutual understanding between the parties, and if the cultures are very different, there may be misunderstandings in the communication situation. Things like greeting customs, handshakes, business cards, office customs, punctuality, gestures, dining and drinking habits, posture, eye contact and dressing all matter. (See martin & Chaney 2006.)

Building a relationship is essential among business partners and it can only be built through good and effective communication. The more the immigrant puts effort on learning the local customs, the more favorable he or she would show in the eyes of the members of the host environment. By observing the local culture and understanding its values towards family, work, education religion, equality, public behavior, status and social class, will help improving one's interaction with others. (Martin & Chaney, 43; 89) So by learning through communication, the communication becomes better. Preparing for the new culture will help in the process of establishing a successful business.

Entering a new culture may be very hard at first, and establishing a business in a new culture is even harder. Nancy J. Adler introduces a U-curve model that describes the phases a foreigner goes through when coming to a new culture. First stage is full of excitement of the new culture and exploring it. Next comes the disillusionment stage, where the "reality" of the new culture starts to unveil itself. In this stage the challenges of becoming a foreigner come out, since everyday routines are hard to do when the ways of working are not familiar. The stage after this is the culture shock, where the frustration and confusion come in. Foreigner may feel irritated because there are a lot of misunderstandings. The last stage is the adapting stage, where the foreigner starts to feel comfortable operating in the new culture. Life becomes more satisfying and working more efficient. (Adler 2002, 263.) Asking help from the host culture's members can be difficult, since normally people don't recognize their own cultural norms because they have adapted them and find them normal. I have experienced this myself and can relate to the theory about the U-curve. I think that personality of the foreigner affects a lot on the intensity of the culture shock.

### 3.1.1 Communication

Business is all about communicating, and when a foreign entrepreneur comes to a new culture, learning how to communicate in the culture is crucial. Learning

the ways of communicating and understanding the messages can be crucial and challenging. Problem solving, negotiating and exchanging information are vital activities when being an entrepreneur. An entrepreneur has to be able to communicate with colleagues, employees, clients and suppliers. Cross-cultural communication is harder than communicating within same culture, since the use of verbal and non-verbal communication may be very different. Certain tones of voice, physical setting, and facial expressions can affect whether the sender and the recipient interpret the message same way. (Adler 2002, 73-74.) Many times there are misunderstandings in cross-cultural communication because of misperception, misevaluation and misinterpretation of the message (Adler 2002, 76). Culture affects how we interpret messages, since we are used to think in a certain way.

Communicating is mostly based on conversation, and although people can speak the same language, they may speak it very differently. Things that need to be remembered in intercultural communication are conversation taboos, self-disclosure, arguing and repartee. Conversation taboos refer to subjects that should be avoided in business conversations. They may vary in different cultures, but a good rule is to avoid politics, religion, racial issues and too personal issues, like income, marital status or age or commenting on the appearance of other person. In the U.S. for example, terrorism is a sensible issue and should be avoided, whereas in the Middle-East one should avoid asking about the wife of a man. Self-disclosure means the information that one reveals from himself or herself in order to give the others opportunity to get to know him or her better. The amount of information revealed varies in different cultures but mostly nothing too personal should be revealed. Arguing is one thing that varies also a lot. In the U.S. for example, arguing in business is avoided due to its negative impact. Then again in some countries arguing in business is considered normal, even preferred. Repartee is American term and it means the preferred form of interaction. It means that the other person says couple of sentences and then gives the speaking turn to the other person. In some cultures talking too long on one's turn is considered rude, like in Finland. Also using jokes and humor may get different response in different cultures, so one should avoid joking too much.

The use of idioms, slang and popular national sayings should be avoided since they may cause translational problems. One should always use as “easy” language as possible. (Martin & Chaney 2006, 128-132; 137-139.)

Non-verbal communication plays a huge role in intercultural communication. In some countries straight eye contact is preferred, like in U.S and in Finland, but in some countries it's considered rude and disrespectful, like in many Asian and Latin American countries. Facial expressions and gestures are also culture related and have different interpretations in different countries. Last, touching is also sensitive area, since in some countries people tend to stand close to each other but in some being too close or touching may be considered weird and unpleasant. In these countries that have high respect for personal space, touching is reserved only for close friends and family. (Martin & Chaney 2006, 132-135.)

### 3.1.2 Marketing and consumer behavior

Getting the attention of the customers and finding the right strategy for marketing also varies according to the cultural area. In different regions different things affect the consumers' behavior. According to Walls, Minocha and Rees (2010) it is important to identify the differences in consumers' behavior in a certain country or region, as it may be crucial for choosing the right marketing mix. Walls Minocha and Rees introduce Dawn Lacobucci's research that tried to identify consumer behavior differences in different regions. According to the research, there could be seen differences between Asia, Latin America, Northern Europe and Southern Europe. According to the research, in Northern Europe, Southern Europe and Asia the price was seen as a key indicator of the product's quality, but not in Latin America. When the research tried to find out what were the main reasons for repeat purchases, there were also a lot of differences. In Northern Europe, Asia and Latin America the quality of the product was seen important for repeat purchases, but not in Southern Europe. In Asia, Latin America and Southern Europe the product after sales services was seen important for repeating purchases but not in Northern Europe. The “value for money” factor was

only seen important in Latin America for repeat purchases. Finally, the promotion of the product had the most impact for repeat purchases in Asia and Latin America, but not really in Southern and Northern Europe. In the conclusions of the research it was pointed out that the more a company puts effort on doing regional marketing research and finding out about specific cultural customers, the better marketing strategy they are able to create. (Walls, Minocha & Rees 2010, 353.)

### 3.1.3 High context and low context cultures

As stated, culture is a big factor in all the aspects of life, and affects business as well. Wall, Minocha and Rees introduce Elias's ideas that national cultures are outcomes of historical power struggles between different groups. The struggle has been about the dominance in different nation states. The values and ideas associated with the successful group of the power struggle will eventually become part of the national culture. But there are also other factors that affect the process. These are ecological factors and religion (background). (Walls, Minocha & Rees 2010, 172.)

Religious background can affect the structure of the society: whether individual or groups (like family) are more preferred, and how much age and hierarchy is valued. Ecological factors mean the effect the environment has for the culture. Especially in the Finnish context I find this meaningful, since it has been claimed that harsh and rough climates and hard agricultural conditions may over time and generations lead to hardworking, resilient, tough and patient people. (Walls, Minocha & rees 2010, 172.) In my opinion Finland has experienced this, since their history and weather conditions have been hard, and Finland started to develop to its current state of welfare and high-technology society quite late. So I think that the environment may have affected the Finnish culture quite a lot. Especially the short season of farming and growing and the long dark winters have had an impact.



There are other characteristics that can be found in each culture that need to be evaluated. Walls, Minocha and Rees introduce Hall's (1976) idea that cultures can be divided into high-context and low-context cultures. Culture can be defined by looking at the ways people communicate with each other. In high context cultures, personality is more defined by a group or family than individualism. Correspondingly, people in low context cultures are more individualistic than group oriented. There is also a difference between the two culture types about personal space. In high context cultures the personal space has low boundaries. Correspondingly low context cultures have low sensory involvement: the boundary for personal space is high. (See Walls, Minocha & Rees 2010, 173.) Finns hold onto a formal handshake and maintain their distance from another person when talking to them, while for example people from Latin American countries can come very close. Finns find this rude; others may find keeping the distance rude.

According to Hall (1976), when considering the division between high context and low context cultures, one dimension is the verbal and non-verbal communication. In high context countries the use of non-verbal communication is higher than in low-context countries. In low context cultures the explicit communication is preferred. (See Walls, Minocha & Rees 2010, 173.) I find this very important since people in Finland, according to my own experience, are very straight in what they say and also mean what they say. This may well cause misunderstandings in, for example, meetings when the other party doesn't know how to interpret the messages, if the sender of the message and the receiver are from different cultures. In some Asian cultures, especially in Japan, the non-verbal communication is used a lot. It's important in business that the other one studies the other party's culture beforehand in order to avoid any misinterpretations or misunderstandings, or even conflicts.

Hall (1976) mentions one more factor in differences between low context and high context culture; this is the perception of time. In high context cultures time is not viewed as linear as in low context cultures. In high context cultures being late is not considered so bad, since the time schedule is thought to be flexible.

Correspondingly in low context cultures punctuality is important since time is viewed linear. (See Walls, Minocha & Rees 2010, 173.) I have noticed this especially in Finland, since here punctuality is highly respected, even demanded, and it's even better if one comes early.

So all things mentioned above have a huge impact on the ways people interpret and understand each other. This is why these things should be thought through when working and establishing a business in a foreign culture. For an entrepreneur, who comes from a high context culture, it can be very different to adjust to the low context culture and respond to the demands that are expected from him/her.

#### 3.1.4 Hofstede's cultural dimensions

Wall, Minocha and Rees introduce Geert Hofstede's (1980) ideas of different dimensions in national culture. After conducting a research Hofstede came up with five major dimensions. These are individualism, power distance, uncertainty avoidance, masculinity and femininity and long-term orientation. (See Wall, Minocha & Rees 173.) These dimensions can be applied to different countries and they reveal a lot of the culture and attitudes towards entrepreneurship.

Individualist societies put the individual's needs and interests first instead of the group's. According to Hofstede, people in individualistic societies can have a lot of self-respect and are independent, but they have low boundaries for taking criticism or listening to others that have opposing. Example of these kinds of societies: UK, Netherlands, USA. Correspondingly in collectivist societies believe that the group's interests and needs come before the individual's. Social networks in these kinds of societies are well-defined and people are expected to put the group's interest and wellbeing before themselves. Group members try to fit to the group harmoniously and avoid causing conflicts. Example of these societies: Mexico, Hong Kong, Taiwan. (See Wall, Minocha & Rees 173-174).

By talking about the dimension of power distance Hofstede means to what extent the less powerful members of culture consent to the unequal distribution of

power. Hofstede makes a division to different groups: large power distance countries and small power distance countries. People in large power distance countries are more used to hierarchy in companies and organizations. The hierarchy is strict with clear borders and the subordinates will not easily approach the boss. People in these countries accept the authority and power of their boss based on simply his or her higher position on the hierarchy and don't question it. Example from a large power distance country, i.a.: Spain, France and Philippines. People in small power distance countries are the opposite. The subordinates are dependent on the boss only to certain limits and they prefer consultation. They don't tend to accept the authority of the superior just because of their position. The emotional distance is small and subordinates can easily approach the boss. Small power distance countries are, for example, Ireland, Germany, Australia, UK and USA. When companies are working together and they have different power distance degrees, it may cause trouble. For example, a company from small power distance country sends a team to negotiate with a company that has large power distance degree. The team that was sent is young and innovative, and is loose by its hierarchy, so it doesn't have a clear leader. The receiving company may feel this team as an insult, since they respect authority and hierarchy that the young team doesn't display. (See Wall, Minocha & Rees 174-175).

With uncertainty avoidance Hofstede refers to the extent to which people in a culture feel threatened by unfamiliar and uncertain situations. Being threatened by these kinds of situations may show, for example, as stress and as need for rules, written and unwritten, that brings predictability to the situation. The trust between the citizens and the authorities in a culture is an important aspect of uncertainty avoidance. One again Hofstede divides countries/cultures into two groups: those that have weak uncertainty avoidance and those who have strong. In cultures that have weak uncertainty avoidance there is a belief of the competence of an ordinary citizen. This means that citizens are able to affect the authorities and there is a mutual trust between them. People in these cultures tend to be more open and positive for change. Cultures with weak uncertainty avoidance are, for example, Nordic and sub-Saharan countries. Cultures

with strong uncertainty avoidance prefers decisions to be left in the hands of specialists and experts. They have mutual distrust to each other. People in strong uncertainty avoidance cultures want to avoid ambiguity till the last drop, and prefer routine ways of dealing with issues, even bureaucratic ways. Countries with strong uncertainty avoidance are i.a. Eastern European and Latin American countries, and Japan. (See Wall, Minocha & Rees 2010, 175).

Hofstede used masculinity-femininity dimension because in some countries the social gender roles are very clear and distinct and in others they overlap. Masculine cultures refer to people, mainly men, being ambitious and determined, and material values, like possessions and money are high. Women in masculine cultures are expected to stay at home or then work in industries traditionally kept suitable for women. In feminist cultures both men and women are more tender, modest, and relationships and the quality of life overall are more important than material and money. The masculine/feminine dimension can also be called goal behavior dimension: people in masculine cultures adopt aggressive goal behavior and people in feminine cultures adopt passive goal behavior. (See Wall, Minocha & Rees 2010, 175-176).

Hofstede's last dimension is long-term/short-term orientation, and with it Hofstede refers to society's attitude towards the future and the present. Long-term oriented cultures tend to practice thriftiness and persistency, value tradition and delay immediate gratification of need. China is the most long-term oriented country according to Hofstede, followed by Japan and Taiwan. Correspondingly, short-term countries are concentrated on the present and want to gratify needs immediately, like spend money during economic recession. Short-term orientation sits with all the western countries. (See Wall, Minocha & Rees 2010, 178).

### **3.1.5 Attitudes**

Attitudes towards different kind of groups have a huge impact on these groups. Finland's Ministry of Employment and Economy published a report that re-

searched discrimination on the Finnish Labor market. In the report group of researchers studied the discrimination in the Finnish Labor Market due to nationality, language, ethnicity and many other factors.

According to the report, there is discrimination if someone is rejected or unequally treated because of his or her ethnic national origin, nationality and/or language. The research was published this year (2012) by the ministry of Employment and Economy in Finland. (Larja et al. 2012.) In the report it is shown, that although very strong legal framework about discrimination on ethnic bases exists because of national laws, ethnicity-specific policies and the European Union directives; discrimination still exists. In the report it is mentioned that according to the Eurobarometer study in 2009, it was shown that discrimination based on ethnicity was the most widespread form of discrimination in Europe. (Larja et al. 2012, 51-52.)

The report shows that according to the Statistics Finland in 2011, now the biggest immigrations group in Finland, determined by citizenship, are the Estonians (circa 29 000 Estonians) and Russians are the second biggest group (circa 28400 Russians). The next groups are Somali, Chinese, Swedish, Thai, Iraqis and Turkish citizens. In the end of the year 2010 there was 3.1 percent of the population who didn't have Finnish citizenship. (Statistics Finland 2011, see Larja et al. 2012, 51-52.) In the report it is also referred to Health and Work survey that indicated that around 30 percent of Finnish employees had a foreigner as a co-worker in 2009. From 2006 the number had went up circa 4 percent. Most of the foreign co-workers can be found from the Southern-, and Western-Finland. (Larja et al.2012, 52.) Immigration to Finland is growing.

As mentioned earlier, for some immigrants becoming an entrepreneur may be the only option for employment. Also there are wage differences between Finns and immigrants, and often entrepreneurship is a way for an immigrant to make himself or herself a decent salary that's compatible on the national level. According to Lith, immigrants are interested on entrepreneurship because it can lead to economic independency and respect in the society. (Statistics Finland: Lith 2007).

According to the Discrimination in The Finnish labor market report, the unemployment rate of non-Finnish citizenships went up after the economic recession in 2008, and when it had been at its lowest in 2008, around 19 percent, in the end of the year 2010 it was as high as 28,6 percent. It is a big difference compared to the unemployment rate of the entire population, which at the same time was 7.9 percent. According to the Eurobarometer surveys, ethnic background and/or skin-color was the third biggest thing to affect job applying, according to the respondents in the European Union. But in Finland this factor was ranked higher than the average in other European countries: over half of the Finnish respondents thought this to be a very significant factor when seeking for a job. (Larja et al 2012, 52-54.) Larja et al. also refer to a survey made in 2001 that indicates, that the discrimination in a recruitment situation was experienced differently by different ethnic groups. In this study there were participants from different ethnic groups: Somalis, Russians, Turks, Albanians, Arabs, Estonians, Ingrian Finns and Vietnamese. Among the groups, Somalis and Arabs reported to have experienced most discrimination while the Estonians reported to have suffered it the least. (Jasinskaja-Lahti, Liebkind & Vesala 2002, see Larja et al 2012, 54-55.)

It has also been researched that the attitudes towards foreign workforce fluctuate. Magdalena Jaakkola researched Finns' attitudes in 1987, 1993, 1998, 2003 and 2007. Her studies indicated that before an economic downturn the attitudes towards foreign workforce are always better, but after the economic situation gets worse, the attitudes become more negative. According to Jaakkola's study, the attitudes vary a lot depending on the location. Participants of the study, who lived on urban areas, were more positive with their attitudes. Also other factors made the attitudes more positive, like high education, leading position or having contact with immigrants. Attitudes are somewhat more positive towards immigrants from neighboring countries and other European countries. (Jaakkola 2009, see Larja et al. 2012, 57-58.)

But as the report concludes in the end, and as I mentioned in the beginning, reasons of discrimination have to be solved because the immigration to Finland is growing, Finland is getting more multicultural every day.

### 3.2 Finland as a specific cultural area

Finns are known to be honest, hardworking and punctual, and their trust may be hard to earn. I myself have acknowledged the fact that Finns rather buy products or do business with people or sources they are familiar with.

Entrepreneur has to work with local (Finnish) people no matter what the business is that he or she has. Whether it's about getting the local clients or finding local business partners, it's important to get a deep understanding of the culture. For example in the Middle-east, the business meetings and talks are very different. The culture itself is very talkative, curious and loud, so one can imagine the situation when an extrovert Arab business man comes to a meeting with a Finn and tries to kiss him on the cheek in the beginning, then asks how is he's family. The Finn will probably get scared, because according to my own experience, Finns like to keep their distance or their personal space, and in meetings they want to go straight into the issue and skip the small talk. Then again, in many countries the small talk and "getting to know one another" phase in the beginning of a business meeting is very important for successful result.

Finns are known to be honest, and when discussing something, they tend to go straight to the point. According to Martin and Chaney, Finns are lacking some skills when it comes to small talk and chitchat. Finns actually go and study in order to become better at this. (Martin & Chaney 2006, 129). In a business meeting, Finns don't like to waste time and talk about too personal issues, which then again is normal for people from some other cultures.

## 4 RESEARCH METHODOLOGY

My research is a qualitative research as stated in the introduction. I chose qualitative research, since I'm using semi-structured interview as my data collection and my goal is to find out how the interviewees themselves feel and describe entrepreneurship, problems and possibilities that they have faced in Finland. I believe qualitative research gives me a deeper understanding of the subject and the meanings in the data, than if I would've used quantitative research approach.

According to Saunders, Lewis and Thornhill (2007), with the use of qualitative data, research can concentrate on meanings expressed through words. (Saunders et al. 2007, 472). Because the expressions and the meaning are what I want to concentrate on, I feel that choosing qualitative research is justified.

### 4.1 Data collection

I decided to use semi-structured interview as my data collection method. This interview type can also be referred as a theme interview, though semi-structured interview differs a bit from theme interview. In theme interview, the interviewer has chosen certain themes before the interview. The aim is to process all these themes during the interview, but the interviewer will not necessarily have all the questions ready, and he or she can make up questions while the interview proceeds. So the way the interview proceeds defines how the interviewer will react, and which kind of questions the interviewer next proposes.

According to Ghauri and Gronhaug, semi-structured interview has preset the topics and themes of the interview; the sample sizes and the questions that will be asked (Ghauri&Gronhaug 2002, 101). So this is how it differs from unstructured interview, or in-depth-interview. But it also differs from structured interview in the sense that, in semi-structured interview there is room for the interviewees own answers. Although there are questions determined beforehand, the ques-



tions are open and not strict yes/no questions, that can be answered in only one way, which are used in structured interviews.

I wanted to use semi-structured interview since I wanted that the interviewees can answer with their own words. I'm interested on how they feel about entrepreneurship and I wanted to hear about their own experiences. So I think a structured interview would've not given as much information and data than the semi-structured interview. Why I didn't use unstructured interview is that I had determined certain themes and questions that I was looking information from and answers for, and in unstructured interview it could not be guaranteed that the interviewee will answer or discuss the topics that are important for my research.

#### 4.1.1 Preparing for interview

Before I had my interviews with the entrepreneurs, I had to plan and prepare the interview. Since I decided to use semi-structured interview, I had to determine the topics and themes that should be covered in the interview, and also determine the questions that I wanted to ask in the interview. Based on my research topic and my research literature, I tested certain themes and questions and finally determined to use the ones I've used.

According to Ghauri and Gronhaug, there are certain steps that need to be taken before the interview. The interviewer needs to analyze the research problem, and then really understand what information is needed from the interviewee and then evaluating who will be able to give this information that is needed. After choosing the interviewees the interviewer should also be sure that they are willing to answer the questions truthfully. (Ghauri&Gronhaug 2002, 102.) After this comes the drawing of the questions.

Also before the actual interview, one needs to decide how much time will be used for the interview. My time scale for the interview was from 30 minutes to 45 minutes, which I also told the interviewees when setting up the interview. Then one needs to decide how the interview will be recorded, and the inter-

viewees also need to be informed about this. (Ghauri&Gronhaug 2002, 102.) I decided to use a voice recorder so I could analyze the data after the interview without being afraid that I forgot something. When making a semi-structured interview, I feel that one needs to be concentrated on the interview situation and interact with the interviewee, so making notes could harm the data collection. That is why I felt recording it was the only way for me to proceed. Choosing the place for the interview is also very important since it needs to be calm and quiet enough for talking, and a place where the interviewee would feel comfortable answering the questions. Especially when using a voice recorder, it is very important to make sure that the place of the interview isn't too noisy.

## 5 ANALYSING THE DATA

I interviewed four different entrepreneurs, out of which three were foreigners and one was Finnish. They were all quite new to entrepreneurship since their businesses were 1-3 years old. The entrepreneurs themselves were aged between 24 and 29. Three of them were male and one female. Three of them had online businesses and one had traditional retail shop.

The same questions were used with all of the interviewees. Altogether I had 5 themes in the interview. These themes were basic information, business information, entrepreneurship, culture and improvements.

In the basic information theme, the interviewees were asked when and why they came to Finland and why did they decide to become entrepreneurs in Finland. In the business information theme I asked the interviewees about their business: what is it; the size of the business; how and why did they start their business; do they think that their business is especially suitable for their region or it doesn't matter; and do they feel some regions in Finland are easier for doing business. In the other theme we talked about the biggest issues facing starting entrepreneurs and the biggest challenges entrepreneurship has. We talked about their experiences; did they get help and from where or who; in what stage of the business challenges occurred; what Finland has to offer for an entrepreneur; and do they feel some sort of business succeed here easier than others. In the culture theme we talked about Finland as a business area: how do they feel about the Finnish culture in the sense of entrepreneurship, what are the main differences between their own and Finnish culture and who are their main clients; and does the culture affect their clientele. In the last theme, I asked them if they feel some changes or improvements should be done or the foreign entrepreneurship in Finland and who should do these changes; and other issues they wanted to talk about.

In addition to all these questions, there were some additional questions in each interview depending on the interviewee's answers; specifying questions.

After collecting all the data, all the interviews were transcribed. This way it was easier for me to analyze them since they were in written form. I started to analyze the data by dividing the recipients' answers under different themes. I used the same themes as I used in the interview, although this still meant I needed to find the things related to that theme that occurred in different answer. I tried to find and detect patterns from the data, and I left out the material that wasn't relevant in my opinion.

Next I will go through the themes and essential answers and findings that I got by going through and organizing the data from the. After that I drew up the results based on my analysis and notes, and then display them in the conclusions. My research will combine elements from the inductive and deductive approach, since I'm going to assimilate the findings with the existing research found in the literature part (deductive approach) but I'm also letting findings arise from the data freely (inductive approach). (See Saunders et al. 2007)

To secure my interviewees' anonymity, I will identify them according to their age, sex and home country: M29Pakistan, M29 Bangladesh, M27Vietnam and F24Finland. M29Pakistan started his business in 2008, M27Vietnam started his business in 2011, M29Bangladesh started his business in 2012 and F24Finland started her business in 2010.

### 5.1 Theme1: General information

The first theme was about where they came from and how did they end up coming to Finland. The three males came from different countries: Pakistan, Vietnam and Bangladesh. The female came from Finland. When asked about why did they come to Finland, M29Pakistan answered he came because of studies, and so did M27Vietnam and M29Bangladesh. The Finnish entrepreneur was excluded from this question for obvious reasons. All of them had graduated from their studies except F24Finland. Two of them have studied in university and have a Master's Degree, M29Pakistan and M29Bangladesh; and two of them in AMK, M27Vietnam and F24Finland for Bachelor's Degree.

Next they were asked about the reasons for becoming an entrepreneur (in Finland). M29Pakistan stated that his studies sparked the motivation in him to start a business since they include entrepreneurial studies, and that his father is also an entrepreneur.

M27Vietnam answered that he had an idea and that he wanted to execute it and make profit from it and he didn't want to wait any longer.

M29Bangladesh said his goal has always been to become an entrepreneur and that he saw an opportunity to become an entrepreneur in Turku since there is not too much competition and he got a good business idea.

F24Finland answered that she became entrepreneur accidentally, she and her sister came across free premises, started to think about a missing product/service from the region the premises was located and then got the idea for their business concept. It wasn't planned.

## 5.2 Theme 2: Business information

Next they were asked about their line of business and the size of their company. M29Pakistan has an internet company that is on the IT management field and offers consulting and concept developing services, focusing on small and medium size companies. His business is small, team of seven and it works from Turku. M29Bangladesh has an internet software development company that works from Turku. Company is small. M27Vietnam has a one person internet marketing company that works mostly in internet. He works from Helsinki. F24Finland has a home decorating store located in Naantali.

When asked about why and how they started their businesses, answers varied a bit. M29Pakistan wanted to make something of his own and he was preparing his mind for developing a product since the start of his studies. First he organized workshops to test the business concept with his associate, and then based on the results developed the concept before launching the business.

M29Bangladesh took part of Boost Turku's (entrepreneurship society in Turku) competition, where he went with his idea and ended up teaming with another person whose idea was similar. They developed the concept and got an offer for the project.

M27Vietnam had the idea ready so he registered the company in Boost Turku and then he started to put up a website and accruing customers.

F24Finland started her business with her sister because they saw an opportunity and decided to take it, so they spotted a need for a service in a region and built up the company.

When asked about if their business is suitable for their region especially, M29Pakistan answered it doesn't really matter where he operates from since he does the business mainly online and via internet, mostly to outside Finland. But he also stated that Turku is a hard market area in his opinion.

M29Bangladesh thought Turku to be a good region for his company since there are not too many entrepreneurs in the region, so the competition is little. He is able to offer less costly services faster than the competitors on the region.

M27Vietnam operates from Helsinki and thought it's the best option since international activities are concentrated there, not in small cities and it's the best option if one doesn't speak Finnish.

F24Finland developed her business to suit the region and answered that in her opinion the best locations for home decoration business are in Turku region and in the capital region, because there are more population than up in the North.

Ethnic entrepreneurship in Finland is quite fresh as a phenomenon. There are also big differences by areas, since most of the companies are located in the capital region of Finland. Statistics Finland shows that 56.5 percent of the companies in 2005 were located in capital region, while in the Southwestern-Finland there were only 6.8 percent of the companies. This goes together with the fact that most of the immigrants in Finland live in the capital region. Though, in the Southwestern Finland there are 9.8 percent of the immigrants but only 6.8 per-

cent of immigrants' companies so this shows that in Turku and its near areas there would be room for development. Most of the companies are concentrated on services industry. But retail and wholesale are also big and importing products is growing. (Statistics Finland: Lith 2007.)

### 5.3 Theme 3: Being an entrepreneurship

In this theme the interviewees got to answer questions about the characteristics they think an entrepreneur should have, what are the biggest issues that need to be considered when becoming an entrepreneur and what are the biggest challenges of being an entrepreneur, in their opinion.

Interviewees described many features that the entrepreneurs should have in their opinion. M29Pakistan emphasized having the right mindset, being motivated, being determined about establishing the business and being able to take risks. These help to overcome the problems that will occur later. Without taking risks nothing will ever happen and so many people only dream to become an entrepreneur but are too scared to take the risk. Being inspired is the key, and people should try to be innovative, try new things and ideas, even if they fight against theory. One should always challenge oneself and not choose the easiest route. He also states that one good quality for an entrepreneur is to be able to accept criticism, learn from it and turn it to positive since without criticism one can't develop and learn.

M29Bangladesh said that he was taking a risk and trying to always imagine a good product that would make it possible to start a business. So being creative and being able to live in an uncertain situation is crucial in his opinion. He also tells that believing in oneself is important; he said that believing his own abilities to be able to make it as an entrepreneur helped him. According to him, being able to act on the right moment, to seize the opportunity is very important. According to him, before becoming an entrepreneur one should be sure to be able to handle a lot of stress and be courageous.

M27Vietnam emphasizes patience, because the beginning of the business is not easy. He says it will take around 6 months before the first customers come. But one should not stop moving, one should strive forward all the time, keep working hard until some results appear. He says one needs to love what they are doing, make a decision about the business and then stand behind the decision. It may be very challenging to adjust to the life of an entrepreneur, since the business needs a lot of time, money and other sacrifices from personal life, and when difficulties occur, they tend to occur at the same time. Everything in the beginning will be a challenge.

F24Finland says that when being an entrepreneur one needs to be “a bit crazy” in sense that it will be big change in life and require sacrifices from other parts of life and the risks are big. One also needs to have a “balanced mindset” in order to stand all the risk and uncertainty. Trusting one’s instincts and boldness is also needed. When asked to describe the biggest issues that should be considered before becoming an entrepreneur, F24Finland says that one needs to be ready to put one’s whole life into the business: the money, the effort and the time. Entrepreneurs don’t ever have a day off. According to her, the biggest challenges in entrepreneurship are to be able to trust yourself and avoid questioning your decisions. The change in life that entrepreneurship brings is huge, and may take time to get adjusted to that; it may be even shocking in the beginning.

### 5.3.1 Theme 3.1: Challenges

This section interviewees were asked to tell about their biggest obstacles and difficulties that they had come across, when did these obstacles and difficulties occur (starting up phase or later) and what were they related to (for example taxation, legislation).

M29Pakistan described gaining motivation and specific knowledge being one of the biggest challenges. But he states that challenges also vary depending on the business area, the product or service and the entrepreneur himself or her-



self. One of his own biggest challenges has been turning the theoretical knowledge into realism, but he said that tearing the work into pieces helps in this, organizing a workshop and testing the model and then developing it from that. Being a good leader and showing tireless example is also challenging. M29pakistan described how in the beginning of his business people weren't too supportive. He tells how he was questioned about making his business successful since he doesn't know the language.

M29Bangladesh describes his biggest obstacles that he came across have been finding funding and creating trustworthy connections. He describes finding funding for a starting entrepreneur hard if you are a foreigner; one needs to put a lot of effort in convincing people about their business. Other problem he tells about is getting granted the visa for staying in Finland. According to M29 Bangladesh, these problems occurred in the business' start-up phase and are still going on since he hasn't got his visa decision yet. He says it makes things very hard, since many of the benefits offered for Finnish entrepreneurs and the stress is multiplied since on top of the starting up issues one is uncertain whether he can stay in the country. One more issue he mentions is the attitudes towards foreigners. He has faced some unfriendly attitudes when visiting the bank, Kela, tax office or police station and this ends up as getting bad service experience.

M27Vietnam describes biggest issues that he has faced to be the funding and the language. He tells that because in Finland, if you want to do business you have to know even some Finnish. This is a problem still affecting him. When asked if the legislation has ever caused any difficulties, M27Vietnam answered that he thinks the legislation in Finland is very clear and easy to follow so he doesn't believe it will be an issue even in the future.

F24Finland was asked to tell about the obstacles she has faced, when they occurred and what were they related to. According to her, the biggest challenge has been trusting herself in the more difficult times. She gives an example of slower seasons when the sales are quieter; her retail store is the busiest during the summer season since it's located in Naantali, a popular summer holiday

destination among Finns and tourists. So believing in having customers throughout the year has been a challenge, but she overcame that after the initial phase of the business. Another problem that she is worried at the moment is the economic recession and situation in Europe and in the world, and how it will affect the business. She believes the situation will get worse before it becomes better and predicts next years to be uncertain and it will be challenging to overcome that.

### 5.3.2 Theme 3.2 Opportunities

In this section the interviewees were asked to tell about the benefits and opportunities that Finland has to offer to an entrepreneur. They were also asked if they have received enough help and information and where did they get it. They were asked if they have used any services offered for entrepreneurs by organizations or associations. Finally they were asked if they feel there are certain business sectors that companies succeed better in Finland, and identify these business sectors.

M29Pakistan tells the location of Finland is good since he travels a lot for his company. He also referred to regional differences, and thought about the positive effect that moving from Turku to Helsinki would bring since Turku is pretty closed as a business environment and many entrepreneurs here are very used to their own ways: they are not too open to change. He has been in the Federations of Finnish Enterprises (Suomen Yrittäjät) and in Potkuri, which is an organization offering help for starting-up entrepreneurs. He told he got a lot of help but he also states that the help was only given to some extent; not all his questions were given answers because there was no knowledge and getting the information in English was often delayed. He actually organized a workshop in English in collaboration with these organizations which gave him name and credibility and helped him build a network. But still he feels that the help is not enough and it should be offered more in English. He got help from another foreign entrepreneur in the beginning of his business, who was experienced entre-

preneur himself. When asked about if other businesses succeed better than others in Finland, M29Pakistan thinks that selling physical product is risky and it would be better to concentrate on IT services and knowledge development. This is also because there are lots of differences between areas in Finland and having an online business can serve people regardless of their location with less costs. So online companies that are technologically oriented. He thinks involving the technology to the product or service is important because of the cost minimization through technology, for example by utilizing social media and free open source technology.

M29Bangladesh tells about the opportunities and benefits he has come across. He tells that his region (Turku) doesn't have too many entrepreneurs in his line of business so there are better chances for fast and good success, and more possibilities in general. He tells he got help from Boost Turku, which is a service offering help with the business start-up for university students. He also visited Potkuri and got help from there too. One source of help that he really appreciates is his boss, whose business advices he describes being very important. When asked about which businesses are more probable to succeed than others in Finland, he first said that he doesn't really think about other than IT, which is his own field, but in his region, if he would have to name one business sector it would be restaurants. He argues that there are not many ethnic restaurants with good quality.

M27Vietnam thinks that Finland offers good benefits for starting entrepreneurs in the form of the startup money. He didn't get this support since he was unaware of its existence. But he told about other benefits that he considers to be very good; because of his low income levels he doesn't have to pay the full VAT (Value Added Tax) to the Tax administration. So when asked if he got enough information and help, he answers that he got all the information from one website. He couldn't tell the name but he described the site to have kind of a checklist for all the things starting entrepreneur should take care of, from health care to business registration. Sometimes when it comes to a translating something, he may ask help from his Finnish friends. He also has used Boost Turku as help

in the starting up phase of his business, before moving to Helsinki. He thinks the service is good since it's free and helps with the business plan and marketing plan. He thinks that the most successful business sector in Finland is the IT related businesses. He mentions mobile and internet applications and software. According to him these kinds of ventures have the potential of growing fast (like Rovio with Angry Birds) and then receive help from the government.

F24Finland was asked the same questions as from the others. According to her Finland's benefit is that it's very pro entrepreneurship, but she finds it problematic because at the same time when the entrepreneurship is promoted, no support is really added for the starting entrepreneurs. She had tried to get funding through Finnvera, but was rejected because their business sector was told to have too much competition; although according to her in the region the business is located there are no competitors. So this made her a bit skeptical about the government's help. She got help from her parents with advices and information about the taxation. Also friends and family friends, who have entrepreneurial background themselves, were a big help. When asked about the success of certain businesses over others, F24Finland answers that in her eyes Finland has history of being good with technology related and oriented companies, and some of them have received a lot of attention on the international scale too, so this is a suitable environment for them and also the pharmaceutical companies are successful in her opinion. But then she also states that she believes if the entrepreneur is really determined with a good vision and enough help, it really doesn't matter that much on what the business is, it all comes down to the person.

#### 5.4 Theme 4: Culture

In the culture team, the interviewees were asked to tell about the effects of culture in business: how do they find Finland as a unique area of doing business and do they think Finnish culture is easy or hard for foreign entrepreneurs. They were also asked if the Finnish culture is different from their own and to give ex-

amples of these differences. Finally, they were also asked to tell who are their main clients, Finns or foreigners, and do they think culture has some kind of affect to their clientele.

M29Pakistan told his culture differs completely from the Finnish culture. First thing he tells about are the factors for becoming entrepreneurs. In his culture people are starting a business because they have no other option for income; here people start a business when they see an opportunity. He tells that entrepreneurship in his culture may be very small and primitive, like selling fruits on the street. He also gives an example of comparing IT companies, and argues that here software may be developed for innovation and experiment; then again in his culture everything is developed to a need. But here not enough risks are taken, although there is enough money, and support from the society but people don't take risks because of culture. His own clients are both Finnish and foreigners but his services and products are designed for international market. So they are accessible to everyone.

M29Bangladesh also designs his business and products to be international. With online businesses this is easy. He says he thinks big from the start, so he is aiming for international success. He says it doesn't matter to him where his clients are from, they are both Finnish and foreigners. When asked to tell about cultural differences between his own and Finnish culture, he claims that they are totally different. But in his opinion Finnish culture is easy since people are responsible, things are taken care of without delays, paperwork is done faster and setting up a company is definitely faster in Finland. He finds the government support system really good and there are good opportunities and possibilities for starting entrepreneurs, which are lacking in his own country, where also bureaucracy takes a lot of time. In Finland entrepreneurs are also much appreciated and receive help.

M27Vietnam describes the Finnish culture to be difficult for the foreign entrepreneur. According to him, getting people's trust and connecting with Finnish business partners is very hard if you are a foreigner. He states that one reason may be that they've had some bad experiences with foreigners before. He says

that Finnish people don't forgive easily if one lets their trust down but it's wrong in the sense that the prejudice is generalized to each foreigner. He says that it's crucial to have a network if one wants to make business in Finland. Building this network is hard when one faces issues with people's attitudes towards foreign entrepreneurs. He says you can only get customers through contacts, since customers here buy the service or product only from someone that was recommended by someone they trust, regardless of the amount of marketing. They may know you but without having the network they won't trust you and you will be left without a contract. In his country the better offer always gets to try at least. He told that he has tried to get a customer by offering 40 percent better deal but he didn't get it since the lack of connection. So the culture affects his clientele, and this is also ratified with the fact that his main clients are from U.S. and the Finnish customers he has have a foreign background.

F24Finland tells that in her opinion being a Finnish entrepreneur is easier than being a foreign entrepreneur in Finland since it may be very difficult to understand the complicated tax system, get information from the government and find a good accountant, which she feels is crucial for the business. She also says that the language barrier makes it very hard for foreign entrepreneurs in Finland. She still find also good sides, since Finland has a good social system and the government offers a lot help in certain things. So being an entrepreneur in Finland is probably better than in other countries, and here there are possibilities to try on different businesses. She highlights how difficult France for example is as an entrepreneurial region. When she was asked if she thinks Finland's culture is easy for entrepreneurs, she agrees because Finns are very independent, strong-willed, career oriented, determined and willing to try their best. But when she is asked does she think Finland's culture is easy for foreign entrepreneurs, she disagrees, although she states that it depends on the entrepreneur. Not knowing the markets and the customers' needs and customers' behavior patterns may cause difficulties. Most difficult thing according to her is the language, because most of the business is done in Finnish and not everyone speaks or is ready to speak English. Second thing would be getting to know the Finnish lifestyle and how things work and are done here, but this issue can be

solved over time. She tells that her main clients are Finnish but in the summer season there are a lot of tourists from different countries.

### 5.5 Theme 5: Improvements and changes

In the last theme the interviewees discussed about improvements and changes. They were asked if there is need for improvements and changes in Finland for entrepreneurship, what would these improvements and changes be and who would make them, for example the government, the peoples' attitudes or municipalities. They were also asked if they have any advice or ideas for other (starting) foreign entrepreneurs.

M29Pakistan thinks that massive changes should be done in order to make things better for foreign entrepreneurs. He says that there are already good ideas put into actions in the entrepreneurship associations, like knowledge platforms, but more ideas are needed. He feels that the big issues lie in the system. There is a good education system, good level of teaching and internationality, but people are not interested in becoming entrepreneurs. He says this is something he has acknowledged in his entrepreneurial studies where only few are actually considering of starting their own business. He thinks the education should be changed, since now people study entrepreneurship only to get the grade, so more practical training should be included in entrepreneurial studies. He thinks there's a big gap between the interest of entrepreneurship and to actual being one and this gap should be closed. He suggests workshops and courses that give students the chance to develop and test an idea, product or service: seeing the results of their own work could motivate them to carry out a real business. He also feels that the procedure of granting a visa should be relaxed for entrepreneurs, because in the long run each entrepreneur could create jobs and bring money to the society. He also states that people's attitudes towards immigrant entrepreneurs should be more open since there is a lot knowledge and knowhow that they could bring to Finland. The system should be "updated" since it's unavoidable that more foreigners are coming and are

willing to start companies in Finland. Workshops and training for small business owners is also one idea. As an advice for entrepreneurs he states that one should always try to think to the future and plan the next step to keep the business going and growing.

M29Bangladesh sees room for improvements in the cultural behavior, mainly the attitudes towards foreigners. But he thinks that this is something that can't be changed since there will always be people who are against foreigners. Other than the attitudes, he thinks things are quite good for foreign entrepreneurs in Finland. As an advice for aspiring entrepreneurs he highlights the importance of having a solid business idea and plan before heading to register the company. He also emphasizes the importance of finishing one's education and having learned the real skills that are required, especially in IT, for the knowhow of an entrepreneur. Without finishing one's study, the proficiency will be very incomplete. He also supports technology orientation, and he states that most people coming from Asia are studying IT. What makes IT also attractive choice of study and career, is that there are not really language barriers since English is the dominating language. He says that foreigners that have studied other subjects, like nursing or management, may face severe difficulties finding a job without learning the language. Same thing if they want to become entrepreneurs: they have to know the language in order to deal with their customers.

M27Vietnam thinks that the situation for foreign entrepreneurs is quite good in Finland at the time being, but something could be improved in people's attitudes. According to him, Finnish people should be more open-minded. He says to understand the fact that foreigners should learn the language, but he refuses to accept that as a barrier for entrepreneurship. He also states that when more foreign entrepreneurs arise, more jobs and business will be created. When asked who should initiate the changes, he thinks the initiation should come from the government, and then it would spread slowly, since Finnish people adapt new things quite slow. He says that maybe on 10 years' time people could be more open-minded. When asking for advice for aspiring entrepreneurs, he also states that good business plan should be prepared and then one should re-



member to be patient. Then he emphasizes the importance of network building. Connecting with one's Finnish friends and building trust with them, starting from the small things, crates the base for the network. Compared to many other countries, according to M27Vietnam, one can't expect a rapid growth in Finland in the business or the network, patience and slowly growing bigger is the key.

F24Finland thinks that it would be good if the government could give more support, especially for the young entrepreneurs. She means also people like her, who are still students but want to set up their own company. The support could be guidance or something else. She thinks that the foreign entrepreneurs don't receive enough help since she doesn't think that the Finnish ones receive either, so they should also receive more support from the government. In her opinion, the support for foreign entrepreneurs would not necessarily have to be loans or something like that, but getting guidance from Finnish person, a Finnish entrepreneur, who could help them to sort out issues with taxation, finding a good accountant and other general things. She thinks that the government should be the one who would initiative this huge change project. Although she doesn't think the project would necessarily last and be successful, but after the government would start it, it would spread. If only one region starts doing changes, she doesn't think it would help. She also feels that the media and government are all the time discussing how entrepreneurship is encouraged in Finland, but it doesn't really translate into reality according to her, or then the support is reserved for the big companies. She feels that people, who are just starting, small business entrepreneurs with less resource, should be supported rather than the big, already successful companies. F24Finland also stresses the importance of support group for an entrepreneur. According to her, having the support group consisting from friends and family has helped her to understand, for example, how the taxation system works. She says that acquiring contacts from everywhere will be helpful, if not on the current moment then at least in the future. For foreign entrepreneurs in Finland she wishes a Finnish support group, someone who can help them with understanding the system. The support group can also consist of foreigners if they have enough background and knowledge about living in Finland.

## 5.6 Results

All the interviewees described the features that an entrepreneur should have similarly. They all agreed hard work being important and that an entrepreneur should be seeing and seeking possibilities all the time. Being creative and thinking outside the box, taking risks, not giving up and trusting oneself were also very important. Other important qualities that entrepreneur should have before becoming an entrepreneur were the ability to stand uncertainty, determination and ambition. In the chapter 2.5 was introduced research results from study made in Sweden, where immigrants had stated success factors, which were entrepreneurial spirit, good business idea, tolerating setbacks, having enough contacts and networks, language skill and cultural competence and marketing. These go together with the study findings. Acquiring knowledge through one's network was kept important in the research and this emerged from this study's data as well. (See Joronen, chapter 2.5) In chapter 2.1 Carsrud and Brännback introduced Kirzner's ideas of an entrepreneur being alert and seeing possibilities around him or her, which also emerged in the interviewees' answers. Being motivated, goal achieving, having strong vision and being passionate about one's idea, were compatible with the data. Burns described entrepreneurs to be opportunistic, innovative, self-confident, visionary, and proactive, self-motivated, can take risks and are able to live in an uncertain situation (see chapter 2.1).

When analyzing the interviewees' answers, it also became clear that education is one factor that helps to become an entrepreneur. Especially in the IT field; without education and the knowledge it brings, developing new and innovative products is very difficult. In a research conducted by Dr. Evariste Habiyakare it was found out some factors that correlate with the foreign entrepreneur's success. Access to capital, sales and marketing and knowing Finnish language was seen to have positive impact on the success. Then factors that had a signif-

icant effect on success or failure were, among other things, time spent in Finland and the type of education. Legal issues, business location, size of business, government support, access to information, age, and gender and work experience then again didn't have effect on success. (Habiyakare 2010) This may indicate that the personality characteristics of an entrepreneur and the determination overcome external issues like taxation. Still, according to my findings, being able to access information help or at least reduces the time entrepreneur has to use in the startup phase.

The percentage rate of people from the population (aged 18-64), who became entrepreneurs because they had no other choice or option, was 12 percent in the year 2005, 13 percent in the year 2008 and 18 percent in the year 2011. (Image 5.) The growth of this number may be because of the economic recessions and the following that the growth of unemployment rate. Many big companies have let people go, so becoming an entrepreneur becomes one option to make a living. (See Figure 1, Global Entrepreneurship Research Association, 2012.)

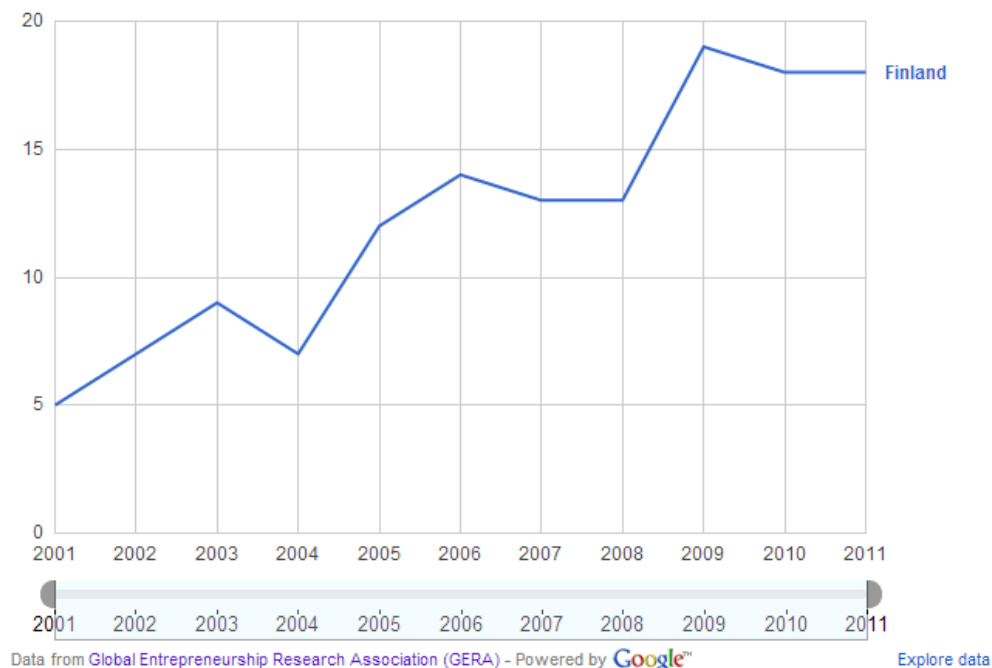


Figure 1 Necessity-Driven Entrepreneurial Activity: Relative Prevalence

Then again, there are a lot of people who decide to become entrepreneurs because they want to grow their income, become independent or they see an opportunity. The percentage from the population (aged 18-64) in this was 63 percent both in the year 2005 and in the year 2008, and 59 percent in the year 2011. (See Figure 2, Global Entrepreneurship Research Association, 2012.)

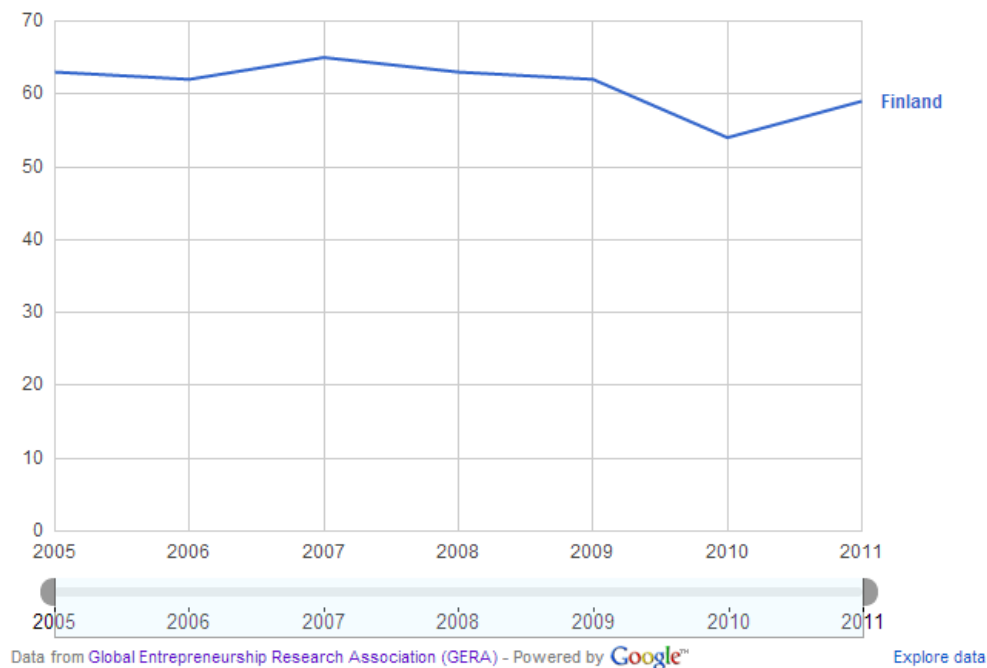


Figure 2 Improvement-Driven Opportunity Entrepreneurial Activity: Relative Prevalence

Readiness to work hard was important. M27Vietnam said one he works every-day over 10 hours, while M29Pakistan said he can't remember when was the last time he slept over 8 hours; having a company requires attention every hour of every day. F24Finland says that one of the hardest things was to adjust to the entrepreneurial life after student life, when the business occupies one's mind all the time, whether one is present in the workplace or not. Being willing to accept the change that having a business brings to one's life is important.

The inequality between Finnish and foreign entrepreneurs is quite a big issue according to the recipients. While the foreigners generally thought that they have received help and that there are organizations that offer help, the Finnish entrepreneur didn't feel the same way and wished a bigger effort from the government, especially when it comes to young aspiring entrepreneurs. The foreign entrepreneurs had all used the services offered, like Potkuri and the Finnish Federation for Enterprises. This may tell that foreign entrepreneurs seek more actively information, since they don't have support group or network consisting from family and friends.

All the interviewees agreed that Finland is supporting entrepreneurship, but still there are quite few entrepreneurs compared to the potential. M29Pakistan thought that education would be the key in changing this. Adding more practicality to studies in form of for example workshops could help. All of the entrepreneurs described Finland to be very encouraging for entrepreneurship in the paper but people don't really become entrepreneurs. There are loops in the system. The foreign entrepreneurs thought this could be related to the attitudes in Finland; that people rather "play it safe here" and go work for someone instead of taking the risk of self-employment with a possible failure. According to the GEM Finnish 2011 Report (see chapter 2.4.1), Finland scores good when measuring entrepreneurial attitudes. But when looking the amount of the aspiring entrepreneurs, Finland scores worse and this came up in the interviewee's answers as well. One reason could be that people see the potential but they don't trust their skills enough to take the risk to start a business. According to the GEM Finish 2011 report Finland has a high number of entrepreneurs as employees. The rate of people from the population (aged 18-64), that think entrepreneurs receive a high social status, is considerably high in Finland. In the year 2005 the rate was 86 percent, in 2008 it was 90 percent and in the year 2011 it was 83 percent. So although the percentage has went down, entrepreneurs are still considered to receive a high respect in Finland. (See Figure 3, Global Entrepreneurship Research Association, 2012.)

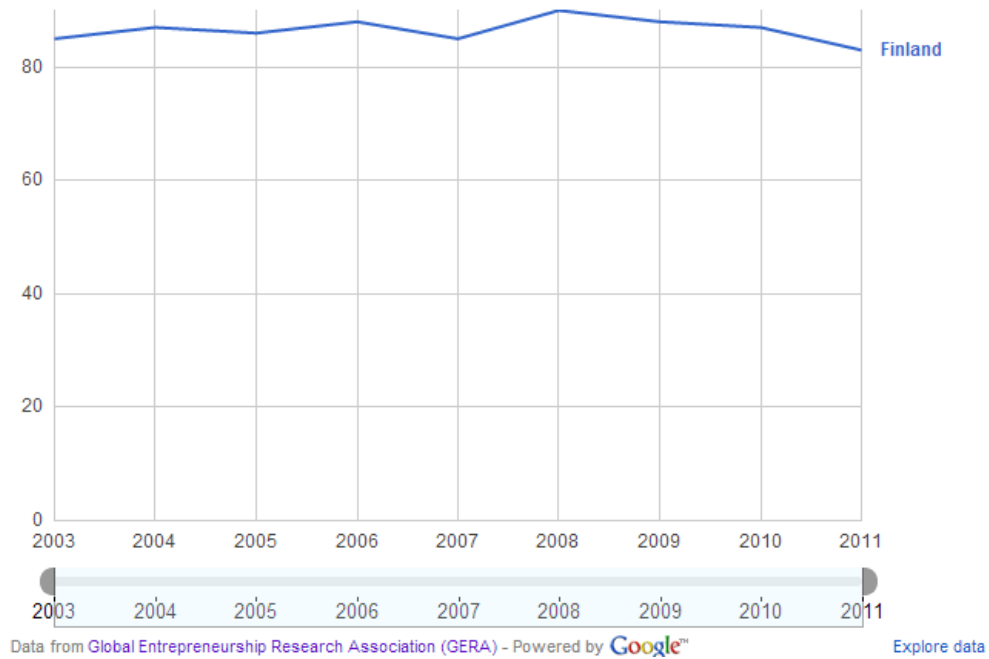


Figure 3 High Status Successful Entrepreneurship

Reports of the Global Entrepreneurship Monitor show that in the year 2005, 47 percent of the population (aged 18-64) was considering starting up a business in the area where they live a good idea. In the year 2008 it was 50 percent and in the year 2011 61 percent. So the number of people believing their chances as an entrepreneur has been growing. (Figure 4, Global Entrepreneurship Research Association, 2012.)

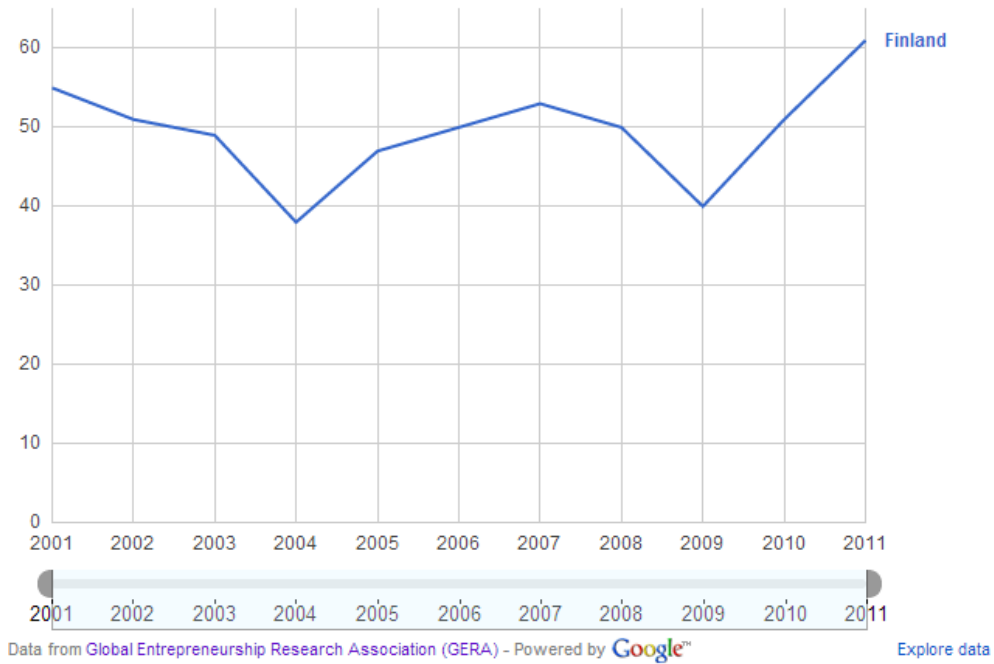


Figure 4 Perceived opportunities

Same result is indicated by the result of percentage of people intending to start up a business within three years. In 2005 4.3 percent of the population (aged 18-64) was intending to start up a business within three years. In 2008 the percentage was 5.2 and in 2011 it was 7.1. The barometers in the year 2009 were showing reducing in the percentages, but this may be because of the international economic recession that hit the world in 2008. (See Figure 5, Global Entrepreneurship Research Association, 2012.)

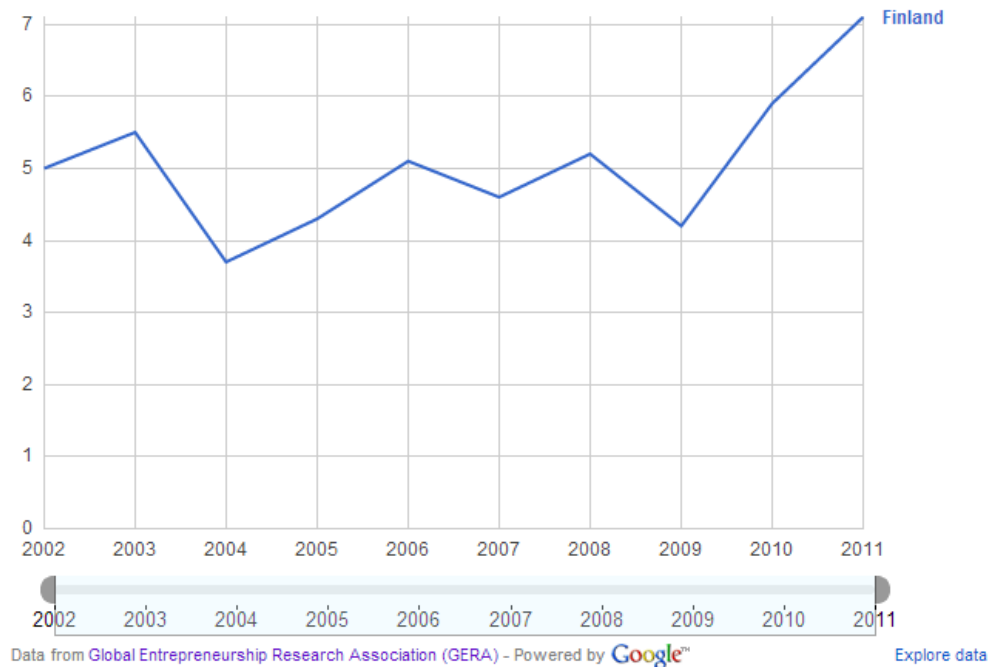


Figure 5 Entrepreneurial Intention

The results showing the percentage of population that are either starting entrepreneurs or owners of a new business show the same results. In 2005 4.9 percent of the population (aged 18-64) was either nascent entrepreneurs or owners of a new business, in 2008 the rate was 7.3 and in 2011 it was 6.3. So although the recession may have affected the growth of entrepreneurial activity, the number has still been growing steadily. (See Figure 6, Global Entrepreneurship Research Association, 2012.)



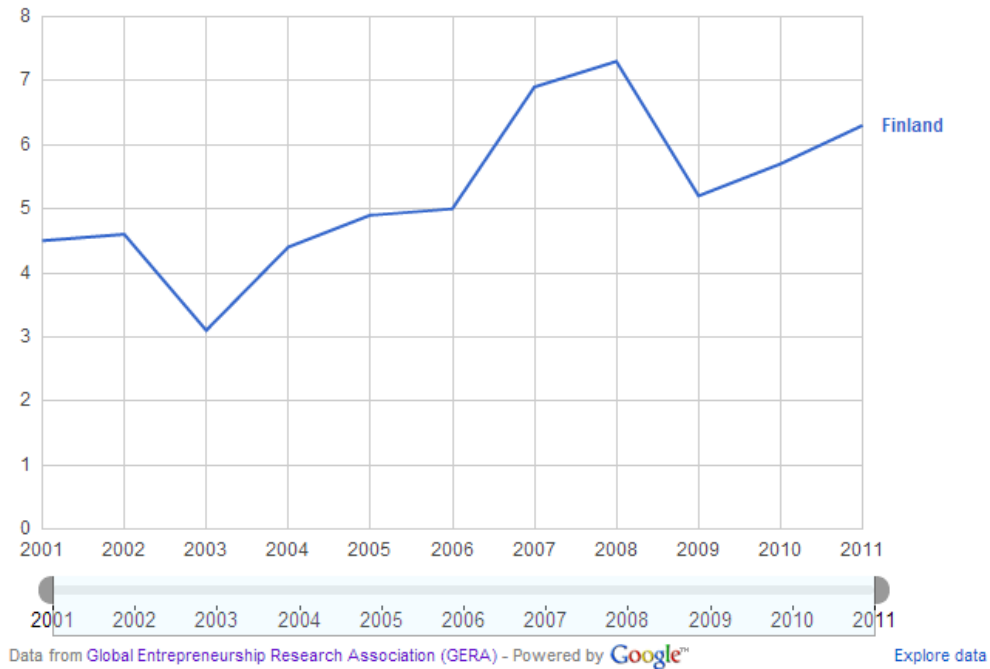


Figure 6 Total early-stage Entrepreneurial Activity (TEA)

The numbers that show how desirable career opportunity entrepreneurship is kept has been staying pretty much the same. In the year 2005 the percentage from the population (aged 18-64), who thought entrepreneurship as a desirable career choice was 37, in 2008 46 and in the year 2011 it was also 46 percent. One interesting comparison is also the reasons why becoming an entrepreneur. (See Figure 7, Global Entrepreneurship Research Association, 2012.)

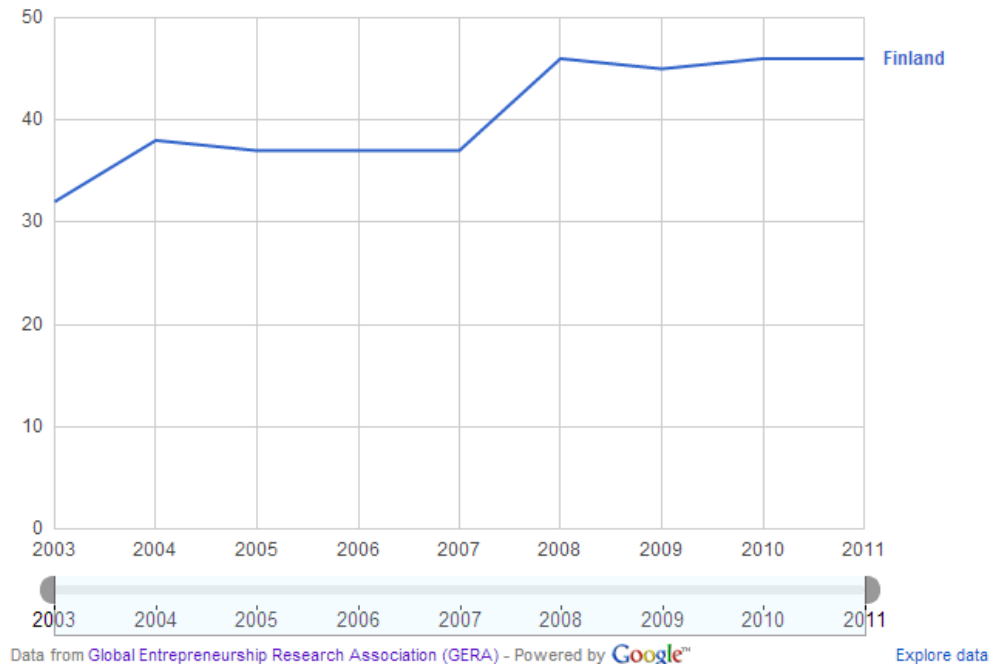


Figure 7 Entrepreneurship as Desirable career Choice

Entrepreneurs faced most problems in the beginning of the business but clearly compared to the Finnish entrepreneurs, the foreign entrepreneurs had more problems that are still affecting them, like the network and trust building with Finnish contacts and the language. Like Carsrud and Brännback (see chapter 2.2) state, also the interviewees stressed the importance of networks. Networking seemed to very important for all the entrepreneurs and M29Vietnam even stated that being successful entrepreneur in Finland is impossible without having enough contacts and adequate network. Also the fact, that no personal relationships should be overlooked when it comes to acquiring contacts for network, came out in the data findings. In the chapter 3.1 and 3.1.1 is emphasized the importance of communication in business and how it may be difficult when the parties come from different culture. In my study findings the hardest barrier for the foreign entrepreneurs was the language itself; according to them there are services and help available in English, but Finnish is still dominating language and sometimes they faced difficulties getting the service in English. And then again Finnish is a very hard language to learn.

So the start-up problems can be seen to be mutual for all the starting entrepreneurs. But also the financing is hard for all of them, the foreign entrepreneurs struggled since they were either unaware of the support money, or unable to get it due to visa problems, but the Finnish entrepreneur faced problem because of unfinished study degree. Still, the Finnish entrepreneurs can ask help from their support group or network, which the foreigners don't have, at least not ready in the starting up phase. The interviewees described the starting up the company, like registration, be quite easy in Finland. Finding the funding seemed to be the biggest issue for all the entrepreneurs.

The recipients had tried and also succeeded to get help from some organizations. Still it should be more help for foreign entrepreneurs, especially because some of the organizations don't offer same services in English. Some of the entrepreneurs used the services and one used only internet, but this tells that they are seeking for information. So the services could be promoted more so that they would attract more foreign entrepreneurs seeking help and also they should be made more international.

As Carsrud and Brännback stated about the importance of entrepreneurs as employers (see chapter 2.1), also the interviewees brought this up. As M29pakistan said, small entrepreneur companies seem to be quite reluctant to internationalize and expand, as the GEM Finnish 2011 Report shows (see chapter 2.4.1). In the IPREG Country report (2008) it is stated that entrepreneurship and innovation are considered to be key elements in economic growth. But the problem has been that in Finland concentration has been in creating more entrepreneurs, instead of creating more innovation and growth oriented entrepreneurs. With growth oriented entrepreneurship, Finland is behind other Nordic countries, despite the fact that Finland has emphasized supporting entrepreneurship in its policy since the 1990's. The report claims that Finland's inputs to support entrepreneurship are quite big but the output in entrepreneurs is quite low. So there is clearly something wrong with this. The report claims that one issue may be that in Finland the innovation policy has been an extension the entrepreneurship policy, so the innovation is not fully supported. The

report states that especially people with university degree are not interested on entrepreneurship and research institutions are more concentrated on academic outputs and careers than really creating innovations. The report also suggests that start of the solution could be increasing enterprise education and innovation incentives for businesses and universities. (Heinonen & Hytti, IPREG Country report, Finland 2008, 4-5, 8,10.)

As Joronen states in the chapter 2.5, many Asians seem to have moved to IT related companies and this come up also from the research data. All the foreign entrepreneurs were form different regions in Asia and all of them had an IT related company, which were working internationally.

In the chapter 2.5.1 was introduced statistical data from Statistics Finland that showed that most of the foreign entrepreneurs have concentrated on the Southern regions of Finland. In the study data the interviewees all agreed that the best locations to do business are in the Southern regions of Finland.

In the chapter 2.5 Joronen introduces push and pull factors as reasons to person to become an entrepreneur. The study findings show that all the entrepreneurs interviewed had become entrepreneurs through pull factors. It was their own choice and the desire to achieve something, seeing an opportunity and seizing it, wanting to be independent and respected.

## 6 CONCLUSIONS

The research questions that I tried to find answers were:

1. What are the biggest challenges for a foreign entrepreneur in Finland?
2. What are the opportunities for a foreign entrepreneur in Finland?
3. How do they describe entrepreneurship?

As an answer to the first question, based on analyzing data and study findings, I concluded that biggest challenges are being able to network and finding enough contacts and dealing with the language barrier. Also the foreign entrepreneurs faced most difficulties with getting visas, having support and facing negative attitudes from Finnish people. The attitudes made it hard for them to build trust with Finnish people and establish a network, which made it hard to acquire Finnish customers. The funding of the business is difficult for foreign entrepreneurs but the cost can be reduced with online company and concentrating on technology related products and services. The challenges seem to generally include facing the difficulties and being able to take the risk and live in an uncertain situation while working hard. In Finland challenge seems to be harder since there are not that much close support around for foreign entrepreneurs. Also getting customers in Finland relies heavily on the network contacts. But foreigners tended to seek the information offered in different services more actively and use, which may be result from the fact that they don't have network or support group consisting from family and friends who could help in these issues.

The opportunities for foreign entrepreneurs in Finland are the supporting environment for entrepreneurs general. Still, as my results show, there is a gap between the potential of entrepreneurship and the actual starting of a company. In my research results indicated that reasons for this may be the lack of person's ability to believe in him or herself. Also the network were emphasized a lot and the lack of adequate network and support group may make the becoming an

entrepreneur unattractive career choice for many. The possibilities that Finland has to offer for foreign entrepreneurs are related to technology, innovation and respect. Finland has a positive environment for developing technology related products and the government supports these projects (Tekes). There are a lot of services that offer help and instruction to foreign entrepreneurs. Entrepreneurship is also appreciated so it brings social richness for entrepreneurs' life, which can improve their quality of life since they are facing some attitudes for being foreigners in Finland. Finland's legislation and other procedures that entrepreneurs have to deal with are quite clear and well instructed. Clearly one of the biggest possibilities available is the ease and swiftness when starting up a business, the actual registration and other start up things are easily done. In some other countries, opening a business and completing all the paperwork may be a long and complicated process.

Then all the interviewees described entrepreneurship and things that are important in it. The entrepreneur himself or herself is on the key role, when it comes to the success of the company. Entrepreneurship is motivating, challenging and inspiring. For each of the interviewees, entrepreneurship has been a choice to achieve something their own and become successful. Its goal oriented, requires a lot of patience and planning. Entrepreneurship is believing in one's abilities to achieve something, and seeing possibilities where others can't see them. Entrepreneurship is turning something normal or modest into profit with doing something in a new way, in a new place, creating a new need for a product or just discovering something new. Entrepreneurship is also very rewarding since (in Finland) entrepreneurship is much appreciated. People respect entrepreneurs and their social status is higher than employees. This may be explained with the big risk taking that is associated with entrepreneurship, which affects that entrepreneurship is not that vastly adopted career option in Finland. Foreigners seem to be more active towards entrepreneurship, since the answers showed that many Finns are targeting to be employees in a good position.

Entrepreneurship requires inspiration, passion, creativeness, orderliness, intuition, good social skills, patience, strong will and strong vision, talent and solid planning when it comes to marketing, business concept and financing. Presentation skills and communicating are essential since otherwise entrepreneur can't acquire customers or deal with business partners and suppliers. Education was considered important, especially on IT related businesses. It was clear that entrepreneur's situation is always changing; all fluctuations in the economic situations and flows affect this, so there is no secure situation, work needs to be done constantly. And one finding is the positive effect of technology knowhow, whether the actual products or service is technology related or not. IT also proved to be one solution for language barrier, since in IT services and products the dominating language is English. Courage to expand and internationalize were also seen important for entrepreneurs for success. So working on IT related product with an online company offers better options for foreigners. "Traditional" shops located somewhere require more network and support and also the language, and the starting costs are higher in this kind of business.

Surprisingly, the location of the business seemed not to be that important for foreign entrepreneurs, which might be explained with the fact that all of their companies were mainly operating online. Having an online company enables the entrepreneur to have more versatile clientele, and do business outside Finland. One interviewee thought Helsinki is the best for international business activities but other one thought Turku is good because of less competition. It can be concluded that in Finland the big Southern cities offer the most possibilities for foreign and also the Finnish entrepreneurs.

## 6.1 Suggestions

The study findings show that there is room for improvement when it comes to foreign entrepreneurs in Finland. The cultural environment is not as tolerant as it could be, and the entrepreneurs suffer from lack of trust, which makes it hard

to build customership with Finnish people. Entrepreneurship, especially foreign entrepreneurship in Finland is important and it should be supported more.

Based on the interviews, some improvements could be suggested to take place in the education level and also possibly in the governmental level. Especially studies that include entrepreneurial studies should have more practicality integrated, and collaboration with companies and universities should be encouraged.

The situation is that Finland wants more entrepreneurs and in the near coming years their input for the society will be needed, since there's a lot of retirements coming. Encouraging foreign entrepreneurship would be important, since the level of Finnish people that are actually aspiring entrepreneurship is quite low. By adding foreign entrepreneurship could the culture also be turned towards more open-minded atmosphere and innovations could occur more when expertise from abroad could be utilized and collaborated with the Finnish one. The internal markets in Finland should be made more open. Foreigners should be let stay in Finland and try easier than now, the visa legislation could use some loosening when it comes to entrepreneurs.

There is huge amount of potential and possibilities in Finland, but it's not utilized right and it stays hidden. On paper everything seems to be good but as one of the interviewees said, it doesn't translate to reality and add the amount of new entrepreneurs. If all that repressed potential could be used, the challenges that entrepreneurs face would be overcome with the possibilities. A larger research from the subject and the reasons for it would be needed.



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