

# How to Establish a Business in Finland as an Immigrant



Bachelor's thesis

Valkeakoski Campus and International Business Degree

Autumn 2022

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This thesis aims to study the Finnish business culture, especially from the perspective of an immigrant who would like to start a business or invest in Finland. This research covers the most common legal aspects when setting up a business, the most challenges faced by a foreign entrepreneur and what strategies need to be considered when overcoming these challenges with regards to business experts with a foreign background and the experts from Business Service Enterprises. The researcher used a qualitative-exploratory research method for this thesis. The research design of this thesis is multiple case studies. The data that has been taken is from two different professional groups through semi-structured interviews. The first group belongs to foreign entrepreneurs and the other one is from the experts in Business Service Enterprises.

The author recognized that the biggest challenges for immigrant entrepreneurship in Finland are the Finnish language and culture and insufficient working and investment capital. With a decrease in the working population of Finland, the population and economic growth is dependent on immigration. The Finnish government has been taking initiatives to attract international talent to help Finland to compete with the rest of the world for the best talent.

The thesis concludes that in Finland, various business services provide training services, monitoring, business counselling and guidance for entrepreneurs. These business services also grant financial support to the entrepreneurs during the start-up and development phase of business through grants and subsidies. Everyone can apply for funding and does not need to repay. To be eligible for funding, entrepreneurs must have a solid business plan and a competitive and profitable business. To get into Finnish culture, experts of Business Services encourage foreign people to build a network by attending events. Through networking they will be able to build trust among others and open financial possibilities through making connections with investors, suppliers, and partners that enhance opportunities to grow a business. In addition, the legislation to be followed is quite strict and important in Finland and it is therefore advisable to hire a professional service for dealing with the documentation process to avoid delays and legal issues, especially for a foreigner. A person with professional skills can be a successful entrepreneur with the right mindset and a good execution strategy to implement a business idea.

Keywords: Immigrant entrepreneurship, Start-up entrepreneur, foreign background, enterprises, working and investment capital.

Pages/Appendices: 31/2

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# **1 Introduction**

## **1.1 Background**

At an international level, Finland has obtained high rankings with regards to business to setting up a business with stable economic and political environment conditions. Despite a small country with the population of 0.07 per cent of the world's population, Finland is home to world-leading international names, including telecommunications company Nokia, mobile gaming companies Rovio (Developer of Angry Birds), Supercell, and Fingersoft, and machinery companies such as Kone, Metso, Valmet, and Wärtsillä. (Väänänen, 2020 & Edunation, 2020) There are approximately four thousand start-up companies that begin operating in Finland each year (Edunation, 2021). Finland engages in efforts to encourage people to start new venture and overcome barriers of economic growth by providing plenty government support and consultation services to everyone (Väänänen, 2020). In 2019, Business Finland provided innovation funding of 168 million euros for Finnish start-up companies (Edunation, 2021).

## **1.2 The Motivation for Research**

The business environment of Finland is quite predictable and safe due to the strict rules and regulations followed by the authorities and this why Finland is one of the least corrupted countries in the world. Finland is renowned for its knowledge-based and innovative economy due to free-trade and openness to foreign investment that thrives on a vibrant and friendly start-up ecosystem (Väänänen, 2020 & Business Finland, n.d. -a). The Finnish authorities introduced a new resident permit category for start-up entrepreneurs at the beginning of April 2018. The motive of the scheme is to accelerate economic growth and employment through bringing new skills which has an influence on Finland's employment rate and economic dependency ratio. (Yle news, 2018) Moreover, as per the report of the Research Institution of the Finnish Economy, ETLA (2018) stated that "the contribution of foreign residents to the inflow and outflow of entrepreneurs has grown over time. The number of immigrant employees has grown by almost 90 percent from 2006 to 2014, while

the number of foreign-origin persons in self-employment has increased by 92 percent”. (ETLA report 83, 2018, p.7)

From the author’s perspective, this research is important for Finland’s well-being and competitiveness as Finland’s population is aging fast and the share of working age people is decreasing in relation to the population and for that Finland needs migrants to compensate for the labour deficit. (Ministry of Economic Affairs and Employment of Finland, n.d. -a). When a person is living in a different country with different culture, starting a business overseas come with its fair share of challenge. It is often a long, complicated, and extremely confusing process, especially when the person is a foreigner in a host country. Because of that, the author has a personal motive behind this research topic to get detailed legal information to start a business from the perspective of immigrants and to develop a better understanding of the basic legislation behind business culture.

### **1.3 The Research Question**

The main research question for this thesis writing is “How to establish a business in Finland as an Immigrant”.

To study the above research question, it is, therefore broken down into following the research problem area:

1. How to consider the legal environment for immigrant entrepreneurship
2. The general process to set up a business in Finland

### **1.4 Scope and Limitations**

In general, the procedure of establishing a business in Finland is the same for everyone but for immigrants, there are some different immigration policies and other requirements to follow than Finnish citizens. This thesis writing has focused on what is required to establish a business in Finland as an immigrant. The necessary information allows the author to establish a business and to know what government support is available for an entrepreneur during the establishing state. This thesis does not include obligations of the entrepreneur when starting a business operation such as taxation, book-keeping, income register, or the entrepreneur’s responsibility for the safety of their employees. This research is relevant to starting a company as a small enterprise in Finland. Much of the information is relevant

globally, however, different countries have different procedures to follow so parts of the theoretical portion of this research may not fit when starting a business in another country.

## **2 Theoretical Framework**

“Immigrant” is a person living in different country other than home country while “Immigrant Entrepreneurship” is a process of creating opportunities to undertake entrepreneurial activities by immigrants in their country of destination. (Debic et al., 2020). International migrants have a more entrepreneurial personality than the average person contributing to economic growth, creating new enterprises. Self-employment creates a substantial number of jobs and contribute significantly to poverty reduction and development (Lofstrom & Wang, n.d.). Kerr & Kerr (2016) reports that “general rates of business ownership are higher among the foreign-born than natives in many developed countries, including the United States, United Kingdom, Canada, Australia, and Nordic countries”. Because entrepreneurship can be an engine of sustainable economic growth, various research examines what factors encourage immigrants to seek self-employment. Some factors that might explain the reason for a higher rate of entrepreneurial activity among immigrants than natives born are culture, lack of job options, regulations in the host country, social networks with fellow nationals, access to capital, and success rates due to globalization in foreign markets. (OECD Report, 2010, p. 6).

### **2.1 Theories of Immigration Entrepreneurship**

Several theories shed light on the dynamics of immigrant entrepreneurship. The theories presented by the author in this paper have been adapted to the internet context. A brief overview of a few prominent theories is as under:

#### **Cultural approach**

The cultural approach highlights the importance of shared cultural traits that emphasised individualism, motivation, legitimation of entrepreneurial vocations and self-reliance and that’s why certain ethnic minority groups have high rates of entrepreneurship (Ghufran, 2018, p. 4). Entrepreneurship may not only be driven by economic motives but also by

psychological motives like higher willingness to take on risks, desire to innovate and creation of new products. The social identity and culture of immigrants plays an important role in motivating them to become entrepreneurs. These immigrants are exposed to the business environment from a very early age which helps shape up their business minds. OECD report (2010) explained that “the legacy of Jim Crow laws in the United States (which prohibited business ownership) may explain the lower rates of entrepreneurship among black Americans even if they no longer face the same discrimination but an attitude toward risk and entrepreneurship can persist and be passed down within the family and community”. (OECD Report, 2010, p. 7)

### **Disadvantage or Push factor theory**

Migrants typically have lower rates of employment which lower the opportunity cost of self-employed is often referred to as the push effect of unemployment. However, there are other factors that may compel immigrants in the direction of creating a new venture are earning lower wages than natives in the paid-employment sectors and job dissatisfaction (ETLA Report 83, 2018, p. 5). These conditions are emphasized significantly due to lack of network and guidance, lack of education or language skills, criminal backgrounds, employers' inability to recognize foreign credentials, and racial or ethnic stereotyping (OECD Report, 2010, p. 9).

### **Ethnic market niche theory**

An ethnic group is group of people who shared geographically same attributes of culture, sets of traditions, religion, or language and that is what distinguish them from others. The ethnic theory suggests that immigrant group form a niche in a market and that specific market niches brings opportunities to the immigrants to create a new venture in areas that do not attract native entrepreneurs. (Asoba, 2020, p.4) From a labour market perspective, immigrants have low earning jobs than the natives with limited opportunities of job progression. This gives an economic advantage to the immigrant entrepreneurs and meanwhile, they have access to cheap labour in return for employment and training explains a solution where everyone benefits economically (Ghufran, 2018, p. 6).

### **Pull factor theory**



Immigrants' desires to become self-employed can be identified by the better business and economic opportunities, better living conditions and nature of regulations of the host country. These pull factors help them to determine the ease of entering a market, better financial support, contract enforcement, and access to capital that they do not have in their home country (OECD Report, 2010, p. 9). Promoting entrepreneurship is a national priority in most developed countries and many developed countries have created special visa programs to attract foreign investors and entrepreneurs (Lofstrom & Wang, n.d.).

### **Schumpeter's theory**

Being creative is an essential factor for being an entrepreneur to create an opportunity in a heavily competitive market. According to Schumpeter's theory, creativity leads to the development of new innovative ways of doing business and allows entrepreneurs to think outside the box. (relivingmbadays, 2013) One of the major benefits of innovation is its contribution to the economic growth of a country which leads to higher productivity. Immigrant entrepreneurs spur innovation and develop economic growth through their productive skills. As per the facts stated by the Organization for Economic Co-operation and Development, OECD (2018), "the foreign students tended to pursue more education and be in sciences and engineering fields compared to natives". (OECD Report, 2010, p. 14)

## **2.2 Migration Policy and Entrepreneurship**

Immigration seen as the catalyst for a creation of new jobs, new enterprises, and economic growth. To make Finland more attractive to international talents, the Finnish government has focused on promoting immigration entrepreneurship by introducing start-up residence permit category in cooperation with Business Finland for applicants from outside the EU who would like to establish a business as a convenient migration channel from third countries in April 2018. (Yle news, 2018) Finnish start-up companies raised the highest amount of funding in 2018 and foreign investment has reached around 208 million € (Edunation, 2021). Finland has created special visas and entry programs to attract more specialists and employees with special skills not currently available in Finland.

### **Talent Boost Programme**

Talent boost is a cross-administrative program for work-based immigration on a large scale by Prime Minister Sanna Marin's government to focus on attracting employees with special skills, specialists, students, and researchers not currently available in Finland. Also, the focus is on retaining international students already in Finland after completing their education by making the Finnish labour market more attractive and responsive to them. The main objectives of the Talent boost entry program are:

- Recruitment of international professional and students to develop multicultural organizations
- Creating a talent boost network to find and recruit international talent.
- Swift and smooth processing of education and work-based residence permits.
- Extending residence permit to cover a period of two years after graduation and allowing permit holders to accept short-term work.
- Preventing the exploitation of the foreign workforce. (Ministry of Economic Affairs and Employment of Finland, n.d. -b)

## **2.3 Business Immigration in Finland**

Ministry of Economic Affairs and Employment of Finland states that, "Migration and the mobility of international talent are increasingly important issues for the Finland's wellbeing and competitiveness. According to a number of reports, the availability of the is one the biggest obstacles to growth and internationalisation in companies and other organisations. Finland's working population is decreasing, and population growth is based exclusive on immigration. Finland competes with the rest of the world for the best talent". To boost international investment in Finland and make Finnish companies internationalise, the government of Finland launches various programmes that attract international skilled people to work, study, and to invest in Finland. (Ministry of Economic Affairs and Employment of Finland, n.d. -a) Business immigration program by self-employment allows to start a business and get settled in Finland.

### **2.3.1 Starting up a new business in Finland**

To start a business in Finland person must have a residence permit with a minimal starting capital of 35000 € to cover the company's expenses. Entrepreneurs need to stay for two

hundred days annually in Finland to manage their business own (Finconsult, n.d.-a). At least two founders needed of a start-up team to apply for the Finnish start-up permit with significant ownership of the team applying for permit of not less than 60 percent of the company. The start-up permit can be issued for two years first time and it can be renewed before getting expire. (Business Finland, n.d. -b) However, there are different business models available in Finland such as Private Entrepreneurship (Tmi), Limited Liability Company (Oy), General Partnership (Ay), Limited Partnership (Ky), Public Limited company or Corporation (Oyj), and Cooperative Association (Osk) (Finconsult, n.d. -b & 1Office, 2016). Finconsult, the Immigration company in Finland recommend establishing a company using either Private Entrepreneurship or LLC business model for foreign businessman (Finconsult, n.d. -b).

**Private Entrepreneurship-** This is the most common and simplest business form in Finland that does not require special formalities (The Nomad Today, 2018). The advantage of having this model of business is low a cost of business registration about seventy-five euros, no need for minimal capital, and one person is responsible for decision making. (Finconsult, n.d. -b). This form has no board of member or a managing director. The private trader responsible to take care of company's finance separately through accounting. Private traders used to operate business alone and will make all decisions. The main drawback of being private trader is that there is always personal risk involved for the company's commitment with his personal assets. It means in case of bankruptcy private trader is responsible to pay all the company's debts or obligations contracted using his assets. (The Nomad Today, 2018)

**Limited Company-** A Limited Liability Company (LLC) is an independent legal entity just like a natural person. The company money and debts belong to the company only. A one person can register an LLC company however, it is obliged to have at least one deputy member. The initial minimum capital is to be deposited of 2.500 € to a bank by the shareholders to operate but this minimum capital abolished by July 2019. In this business model no minimum capital is to deposit anymore but the registration cost is 330 €. The biggest advantage is the entrepreneur is only liable for the business operations and the amount of capital invested in the company rather than personal assets in case of bankruptcy (The Nomad today, 2018). Another form of a limited company is a Public limited company constituted by at least three board members and a CEO on board of representatives. This

form allows the public to trade its shares on a stock market and this is used by large companies. To constitute a Public limited company minimum partner needed is one and the minimum share capital needs to deposit in a bank to operate is 80.000 €.

### **2.3.2 Buying a running company in Finland**

According to Finconsult, the immigration company in Finland purchasing running business is the best option for a foreigner to become an entrepreneur in Finland as a company has special customers, licenses, and agreements with valid registration in the Trade register and tax office. In this business program, an entrepreneur can apply resident permit application for an entrepreneur by purchasing a ready-made business and becoming an owner of a company with a background in Finland. Through this program, an entrepreneur can buy a business on an average of fifty thousand euros and get all company's assets, customers, employees, and contracts by purchasing a running company. For this, entrepreneurs need to stay in Finland for at least six months a year. (Finconsult, n.d. -a)

### **2.3.3 Property Management Business**

In Finland, a proper ecosystem of economic policies for immigrant entrepreneurship has emerged in the past couple of years. As a result, foreign investors have entered the Finnish market through a Co-investments structure. The foreign investments in the Finnish property market increased to € 27 billion in 2022 from € 25 billion at the end of 2019, despite the COVID-19 global crisis and the total share of the invested property markets stood at 33%. (KTI, 2021) Finnish real estate is considered one of the best businesses in Europe due to stable growth in property and rental delivering stable, steady yield for investors and a functioning residential market, and liberal regulation of the residential rental market. To apply as an entrepreneur by starting a Property Management company in Finland with an average price of an investment project is 300,000 Euro (Finconsult, n.d. -a).

## **2.4 Steps to Become an Entrepreneur in Finland**

Finnish Economy authorities strongly recommend consulting a legal expert before establishing a business in Finland. The business advisors in Finland provide free guidance and

coaching for dealing with legal documents and helps to identify the significant growth challenges. Every region in Finland has its business consultation organizations e.g., The New Enterprise Centres (Uusyrityskeskus), the State-Employment office (TE-Toimistot), the Ministry of Economic Affairs and Employment (TEM), and the Federation of Finnish Enterprises (Yrittäjät). (The Nomad Today,2018) To set up a business and become a successful entrepreneur there is a procedure need to take into consideration to set up a business as follows:

#### **2.4.1 Create a Business Plan**

A good business plan is a roadmap that guides an entrepreneur at each stage of starting and managing a business and is used as a tool for business development. In other words, a business plan is a formal written document that indicates how to structure, run, grow, and implement the business idea in practice. (Uusyrityskeskus, 2021, p.22). An innovative and solid business plan will increase opportunities for investment and launch of a business (Just Landed, n.d. -b). A business plan identifies financial resources, estimated costs, and estimated revenues. A cash flow statement, balance sheet, income statement and a budget are the main key components of the business plan that helps to assess the company's position in the market to identify the need of the capital for an investment in a start-up (Uusyrityskeskus, 2021, p.22).

#### **2.4.2 Choose a trade form and name of the company**

Selection of the most suitable form of enterprise to carry out business operations in Finland is important to determine the organized structure of the business for example, who is responsible for a loan (owner or Company), and if the owner owns the company alone or with others (Just Landed, n.d. -b). The type of organization influences a company's taxable income significantly. If a company is a legal entity, then the income tax would be incurred as a part of the company's tax while it is a personal tax for other forms. (Suomi.fi, n.d. e) For a start-up, choosing the right name for a business is the biggest and essential decision as it is the first impression to the customers and investors. The company's name is the trademark design that has the power to create a brand image to stand out from the competition or

completely break it. To establish the identity of a business, the name must be indistinguishable and must convey a right message. (Uusyrityskeskus, 2021, p.46)

### **2.4.3 Obtain the necessary Licences and Permits**

Industries under authorizations: In Finland, opening and registration of a company is very easy and quick. Finland has freedom of enterprise which means people have a right to engage in commercial activities with a business id. However, several business activities and services are subjected to a separate permit and license by law such as environment permit, hygiene certification and licenses to serve food and alcohol. Licenses and permits are often valid for a while and need to renew periodically. Before starting a business, always need to ask:

1. Do business activities require a special permit to operate the business?
2. Is there a need for approval by a local authority or a special education certificate to execute a business?

“All information on permits, licenses, and approvals is specified by industry and municipality at [WWW.SUOMI.FI](http://WWW.SUOMI.FI) as well as available at [WWW.UUSYRITYSKESKUS.FI](http://WWW.UUSYRITYSKESKUS.FI).” (Uusyrityskeskus, 2021, p. 35)

### **Permits and Notifications obliged to immigrants**

To work and to engage in commercial activities by a foreign employee and entrepreneurs in Finland are subject to a permit.

**Citizens of Nordic countries:** A person who belongs to Nordic countries other than Finland does not require a specific permit, but they need to register themselves to the Digital and Population Data service Agency within a week of moving to Finland if the stay is longer than six months. To register a business online to the Finnish Trade register a Finnish personal identity code is compulsory for them but, a personal Finnish code is not mandatory if the file start-up notification is on paper. (Uusyrityskeskus, 2021, p.37)

**Citizens of EU/EEA member states:** A person who is a citizen of EU member states other than Nordic countries does not need to have a resident permit. But they must register themselves within three months of staying in Finland with the Finnish Immigration Service ([www.migri.fi](http://www.migri.fi)). Need to follow the procedure to register with the Digital and Data Service same as the citizens of the Nordic countries. The rules and regulations are equal for all the residents who have the Finnish Social number to start a business in Finland. (Uusyrityskeskus, 2021, p.37)

**Citizens of Non-EU countries:** If an individual living outside the Europe Economic Area (EU, Iceland, Liechtenstein, Norway) needs to follow the rules and regulations to work and act as an entrepreneur. Before establishing a Finnish company by a non-EU citizen, he needs to get a permit first from the Finnish Patent and registration office and then he might apply for the entrepreneur's resident permit through the Finnish Immigration Service. To get the permit, a person can apply by submitting a word file or through an application form. (Suomi.fi, n.d. -a & Uusyrityskeskus, 2021, p.37)

### **Permits and notifications applicable to non-EU citizens**

If an individual of non-EU nation wants to work as an entrepreneur in Finland, then need a residence permit before coming to Finland. In Finland, anyone with a permanent residence in a country belonging to the European Economic Area can start a business without the need for a residence permit. The need of a residence permit is dependent on the place of residence rather than the nationality of an individual in Finland. (infoFinland.fi, n.d.) The individual living in Finland with valid residence permission based on reasons other than entrepreneurship and holding the Finnish security code can also start a business and work as a self-employed. On the other hand, a person moving to Finland based on entrepreneurship residence permit can also work for another person. However, the primary source of earnings must be from owned businesses (Finnish Immigration Service, n.d. -a).

- **The Resident permit application for entrepreneurship**

Being an owner of the company is not only the condition of getting an entrepreneurship residence permit by the Finnish Immigration but also is to work for his company in Finland. The application for a residence permit will be processed in two stages for an entrepreneur:

1. The company's financial position will be assessed by the Centre of Economic Development, Transport, and the Environment (ELY Centre) if the company meets the profitability criteria with enough resources gained through business activities. The assessment is based on the documents attached with the resident permit application and will give its partial decision to the application. (EnterFinland, n.d. & infoFinland.fi, n.d.)
  2. After the approval of the ELY centre for the application, the Finnish Immigration Service will proceed with the application and give its decision based on their assessment. (EnterFinland, n.d. & infoFinland.fi, n.d.)
- **The specific requirements of the resident permit application for an Entrepreneurship**
    1. A person must be self-employed, and the form of a business is one of the following:
      - i. A private entrepreneur
      - ii. A partner in a general partnership form
      - iii. A general partner rather than sleeping partner in a limited partnership
      - iv. A member of the Board of Directors of a Cooperation
      - v. Shareholder of the Limited Liability company
    2. Business must be profitable and able to support the means of support of an entrepreneur by the income of a business. The ELY Centre will assess whether a business meet criterion or not.
    3. The entrepreneur must have to register business in the Trade Register maintained by the Finnish Patent and Registration office.
    4. Report on the Number of employees



5. Documents concerning assets and other income
6. If a company is already in business, then needs financial statements, and the latest updated accounts.
7. If company is not yet in business, Finnish Immigration service content that “need a document of calculation of profitability (estimation of the company’s revenues and costs for the next two years) and copies of agreements signed with customers and partners if such exist” by an entrepreneur. (Finnish Immigration Service, n.d. -a)

- **Residence permit application for a start-up entrepreneur**

To establish a start-up business in Finland by an individual who lives permanently outside the EEA must have a residence permit. To get a start-up residence permit, an individual should apply for a residence permit by submitting all the required documents to the Finnish Immigration. For this, a start-up entrepreneur must have a good business plan with the motive to grow internationally and enough finance in his account to cover all the company’s expenses (infoFinland.fi, n.d.). With a Finnish start-up permit, a person can work for another employer without a separate residence permit for an employed person, but livelihood must be ensured by earnings from the business operations with the main purpose of staying in the country, must, however, be entrepreneurship (infoFinland.fi, n.d. & Finnish Immigration Service, n.d. -b). For a start-up entrepreneur, the Finnish Immigration Service will decide to issue its decision on the application (EntreFinland, n.d.). Getting the start-up residence permit involves two steps:

1. For the first Finnish Start-up Permit, the applicant must have a Positive Eligibility Statement from Business Finland that remains valid for two months only to serve as a start-up entrepreneur.
2. Apply for a start-up residence permit through the Enter Finland service and visit the Finnish Immigration Service office or the Finnish diplomatic mission to establish a personal identity. (infoFinlad.fi, n.d.)

- **The specific requirements of the application for a start-up entrepreneur**

1. Positive Eligibility Statement from Business Finland (no more than two months old) for first Finnish start-up residence permit. If the statement has expired, a person will not be considered a start-up entrepreneur. A person does not need this eligibility statement from Business Finland if applying for an extended permit.
2. Recent financial statements to show person have sufficient financial resources in Finland to secure means of support or the latest updated accounts (income statements and balance sheets) from the beginning of the accounting period to apply for extending residence permit as a start-up entrepreneur. (Finnish Immigration Service, n.d. -b)

#### 2.4.4 Secure Funding

##### Initial Development funding

Executing a business plan into reality always needs money. The business plan and the nature of the business have a significant role in the need for initial funding. (Uusyrityskeskus, 2021, p.32). In Finland, there are many available financing options for start-ups such as loans, start-up grants, investment companies, Crowdfunding companies, and public financing organizations.

- **Finnvera's Start Guarantee**- if an entrepreneur is looking for financial solutions but do not have securities needed by the bank, Finnvera's start guarantee can be a suitable option. Finnvera stated, "Finnvera is a specialized financing company owned by the state of Finland that offers loans, domestic guarantees, and export credit guarantees" (Finnvera, n.d. -a). The bank applies directly to Finnvera on his behalf. The minimum amount of the loan guaranteed by the initial guarantee is EUR 12,500 with guaranteed coverage that can be at most 80% of the loan. However, the total sum of Start Guarantees granted to one enterprise may not exceed EUR 80,000 at one time. (Finnvera; n.d. -a) The criteria for start-up guarantee of Finnvera is explained by Uusyrityskeskus as, "A new Start Guarantee can be granted to the same enterprise after a minimum of two months have passed since the decision on the previous guarantee was made. The total sum of the Start Guarantee granted to one

company may not exceed EUR 160,000. If the Start Guarantee criteria are not met, enterprises can apply for Finnvera Guarantee for funding obtain from a bank. In addition, a business can apply to Finnvera for an investment and working capital loan (Finnvera Loan) as well as a Personal Entrepreneurial Loan” (Uusyrityskeskus, 2021, p.32).

- **Start-up grant: Support for the livelihood of a new entrepreneur-** Start-up grants are intended for new entrepreneurs granted by the TE Office to promote new business and employment. Its purpose is to secure a new entrepreneur’s livelihood and to encourage people to continue as entrepreneurs. It is granted for a maximum of 12 months during the starting phase when the income generated by the company is low and it is applied within six months when the business starts. The eligibility criteria for a start-up grant include:
  - A. Full-time entrepreneurship
  - B. Capabilities for entrepreneurship
  - C. The solid and profitable business plan

The monetary value of the start-up grants equals the basic unemployment allowance and is paid for five working days in a week. (Suomi.fi, n.d. -c & Ministry of Economic Affairs and Employment of Finland, n.d.- b)

- **Business Development Aid-** The Business Development Aid is meant to grant the fund by the ELY Centre for SMEs development and long-term competitiveness on a discretionary basis. To get the Business Development Aid, company must need to meet the pre-required conditions of growth and profitability of the project (Uusyrityskeskus, 2021, p. 32). The ELY Centre issues the Business Development Aid only if the growth and the development efforts of the company are significantly distinguishable from its normal operations to improve competitiveness. The objective of the funding is to provide better business opportunities and helps businesses to explore new markets. There are some exceptional industries to which this financial aid is not available by the ELY Centre for example, this aid cannot be granted either to a fishery, farms, or forest holding or cannot granted to the businesses related to

processing of agricultural products and for investments in energy and transport sector. (Suomi.fi, n.d. -b)

- **Rural Development fund-** To facilitate entrepreneurship in the Finnish countryside, ELY Centres helps by subsidies from the Rural Development Fund with the motive to make rural region of Finland a better place to live. Through this funding, companies can have start-up aid if it creates an entirely new business with the motive to diversify their business activities. While through investment aid, companies are encouraged to expand their business in rural areas. This fund aims to create employment opportunities and make the rural living environment more attractive. (Uusyrityskeskus, 2021, p.32)
- **The EU EaSI Guarantee instrument-** The Employment and Social Innovation programme is the European union programme launched by The EIF (European Investment Fund) and the European Commission specifically for microfinance with the objective of increasing the availability of finance to the vulnerable group who desire to start their own enterprises, micro-enterprises, and social enterprises. EIF (2019) states that “the EIF does not provide financing directly to the micro-entrepreneurs or social enterprises. Through the EaSI Guarantee Instrument, the EIF offers the guarantees and counter guarantees to financial intermediaries, thereby providing them with a partial credit risk protection for newly originated loans to eligible beneficiaries” (EIF, 2019). The value of EaSI Guarantee loans is of up to EUR 25,000 for a maximum of six years terms with a micro credit guarantee rate of 80% and offers guarantee free of charge to their customers (Uusyrityskeskus, 2021, p.33 & EIF, 2019).
- **TEMPO Funding-** According to Business Finland “Tempo is a funding package granted by Business Finland intended for start-ups, SMEs, and mid-cap Finnish companies aiming for international growth. The maximum amount of Tempo funding is EUR 50,000. Funding from Business Finland covers 75 percent of a project cost which can be at most EUR 66,667”. Clear international growth plan companies must submit before applying for Tempo funding that identifies the competitive situation in the selected market. The funding constitutes a grant that does not have to pay back. To be eligible for Tempo funding, companies must have a limited company form with at least two full-time employees working in it. Moreover, companies must have an innovative product and competitive advantage with EUR 30,000 in their Equity and

have not received support money of more than EUR 200,000 over the current year and two previous tax years. (Business Finland, n.d. - c & Business Finland, 2021)

### **Support for Business Development**

- **International Growth- Business Finland:** Business Finland assists Finnish companies when exploring a new market, preparing for the international growth, or developing a new product of their businesses through Internationalization services by identifying challenges and market opportunities concerning the International Growth and by offering innovation funding like Tempo funding and R&D funding. (Uusyrityskeskus, 2021, p. 86)
- **Financing and working capital:** Businesses can apply for Finnvera's financing through the Entrepreneur loan, Financing loan, bridge financing loan, or SMEs guarantee for acquisitions and investments for an increased need of working capital. Finnvera grants financing for SMEs even without securing collateral. (Uusyrityskeskus, 2021, p. 86 & Finnvera, n.d.-b) The minimum amount of Finnvera's Bridge financing loan and loan financing is EUR 50,000 while the minimum amount of the Entrepreneur loan is EUR 10,000 (Finnvera, n.d. -b)
- **Enterprise Development aid:** After start-up, the business must go through various other stages. Not only the financial help available but also consultation, expertise or making networks services available from experts are on offer in Finland to make a better condition for the business. (Uusyrityskeskus, 2021, p. 84) The business development aid is available with the motive of development either by inducing new products and services or by entering a new market to explore the business opportunities. The development aid funding contribution depends on the size and location of the enterprise and is supported by 10 to 30 percent of the total project investment. However, the rest of the project investment must be by enterprise itself. (Centre of Economic Development, Transport, and the Environment, n.d. & Uusyrityskeskus, 2021, p.84)
- **Rural business funding:** Ninety-five percent of Finland's surface area is considered rural and business subsidies for rural areas offer opportunities to create more entrepreneurial activities and jobs in rural areas. Rural businesses experience more challenges in the entrepreneurial field. To stimulate rural communities with strong

market development and innovation to become more entrepreneur-friendly, their businesses need to have the assets and manpower to grow. This is the reason rural business development grants become so important. The main motive is that business contributes to the productivity of the rural area and brings new opportunities for sustainable development of rural area. Under the Rural Development Programme, the Investment Funding grants to the small businesses with fewer than fifty employees and operating in rural areas while, through Start-up Aid, the finance issue for establishing a new business in the countryside region. (Centre of Economic Development, Transport, and the Environment, n.d.)

#### **2.4.5 Business Insurances- To avoid unexpected costs**

**Statutory Pension Insurance for Self-Employed:** YEL is mandatory pension insurance for the self-employed or a light entrepreneur and must take out within six months of the starting date of business activities by an entrepreneur. With YEL insurance, entrepreneurs accrue pensions and take care of other social security of the self-employed person. The YEL income is equal to the monetary value of the entrepreneurial activities of the self-employed. A self-employed person can receive various types of benefits, so salary is not only contributed to YEL income. YEL insurance contribution is a certain percentage of the YEL income. The more self-employed pay, the better the social security and pension would be. The minimum estimated value of YEL income is EUR 8,261 and the upper value is EUR 187, 625 annually. (Varma.fi, n.d.) The YEL insurance is the mandatory insurance for the entrepreneurs if the business activities are for at least four months. But, if business activities are for less than four months or at a small scale with work input lower than 689€ per month, then no need to take out YEL insurance for the person. (Uusyrityseskus, 2021, p. 14 & Varma.fi, n.d.)

**Business Insurances:** Besides YEL pension insurance, businesses need business insurance to cover the costly damages of the business operations and liability claims that are not likely to cover by the entrepreneur's personal YEL insurance. The extent of business activities and the nature of the business help to determine the right insurance required by the business. To keep business running safely, entrepreneurs need to decide what insurance would be suitable for their business operations.

- **Employee Insurance:** The pension insurance for employees is the mandatory insurance that ensures pension cover for the employees of the self-employed person if at least one employee is working under him. If company the qualifies as a temporary employer, then entrepreneurs do not need to take out TyEL insurance.
- **Accident Insurance Policy:** Often the highest liability of the company is the entrepreneur himself, and his input into the business activities is vital. Business operations might suffer much even by his short absence caused by illness or accident. An injury or occupational disease of an entrepreneur can reduce his workability and put a business at risk. Self-employed person does not get sick allowance or paid vacations, so the insurance must cover day to day expenses. (Uusyrityskeskus, 2021, p. 50)
- **Liability insurance:** According to the Tort Liability act, an entrepreneur or businesses are liable for the damage caused either to a person or an object. The liability insurance will help businesses in situations where businesses have caused damage to their customers or their property. Make sure these insurances come into effect immediately once business operations have been started. (Uusyrityskeskus, 2021, p. 50)
- **Property insurance:** To execute a business need workforce, not the things. However, some material things are vital and expensive for operating a business such as expensive machinery, equipment, and goods for sale. The business assets might company own, but they are irreplaceable and valuable to the business and property insurance covers the company in case of unexpected accidents and tragedies like fire, flooding, weather, and other causes to make sure a company can get compensation for unbearable loss to get business rolling as usual. (If, n.d.)

#### 2.4.6 Start-up notification and Registration

Start-up notifications must be filed either in Finnish or in Swedish on official start-up notification forms though all forms are available in Swedish, Finnish, and English to the Trade Register. But if an individual is using a set-up package in English for limited liability companies, fill in the forms in English. The same form can be used to register a business in the Tax Administration's register. The handling fee must be paid in advance and paid receipt must be enclosed with the start-up notification. A business ID is accorded to the business as

soon as its notification is entered into the Business Information System by either the PRH, the tax administration, or any other local register offices. The person or a business who filed the notification receives a Trade Register Extract when the start-up notification has been entered that contains the details entered in the Trade Register free of charge.

#### **2.4.7 Employing others**

When recruiting an employee, there must conclude a written employment contract that states the details of the employment relationship. Each employer needs to consider the labor cost of hiring an employee such as salary paid for the job, indirect wages, employer contribution (withholding tax, employer's health insurance premium, and statutory insurances), and other labor costs such as employee benefits, occupational health care, and staff training. (Suomi.fi, n.d. -d)

#### **2.4.8 Business Advisor**

To start a business in Finland is easier and safer compare with other countries. However, there is a lot of paperwork need to be handled while establishing a business. They are complicative and mostly written in Finnish or in Swedish. It is advisable to find a business advisor to help more in detail to set up a profitable business. In Finland, there are national services, such as Business Finland, TE-Palvelut, and Uusyrittyskeskus that provide professional assistance and provide help to fill out all the forms. (Just landed, n.d. -b)

### **3 Methodology and Practical Research**

#### **3.1 Research Design**

For most of the research topics, collecting and analysing data a qualitative, a quantitative, or mixed-method approaches can be used. A rule of thumb for deciding whether to use qualitative or quantitative data is:

1. Use of quantitative data if the research topic is to confirm or test something (a theory or hypothesis)



2. Use of qualitative research methodology if the research proposal is to understand something (concepts, thoughts, experiences)

In this research, a qualitative-exploratory approach is chosen to capture support services and the factors that motivate foreigners to become an entrepreneur by enlightening up the challenges and obstacles immigrants can have while establishing a business in Finland as Finland has a stable economy with high standards of living. This country offers one of the most business-friendly and supportive start-up environments and is fluent in international trade and they have developed good English language skills. (Pitkänen, M. n.d.)

### **3.2 Data collection and Analysis**

Data collection is the procedure of gathering, analysing and interpretation of accurate insights from relevant and valid sources to find an answer to the research problem and evaluate the outcomes (Simplilearn, 2022). The data for this study were collected at two stages through conducting interviews with:

#### **3.2.1 The immigrant entrepreneurs who are running a business in Finland**

To know the common difficulties and obstacles faced by immigrants to establish a business in Finland and how they overcome and deal with hard times they had, the author conducted interviews with three immigrant entrepreneurs are: Juan Nieto (Nieto's food truck), Davinder Singh (Intian Helmi restaurant) and Adil Ramazani (Erik's Kabab Pizzeria). It was face-to-face interviews with Juan Nieto in February 2022 and with Davinder Singh in April 2022. Adil Ramazani had a busy schedule to give an interview either face to face or online and we agreed that the author will send him questions through e-mail and after that, he will revert with all the answers to the questions whenever it is possible to him. These all interviews were conducted from February-May 2022. All interviewees agree that Finland is a business-friendly country by providing start-up grants and free start-up services to encourage new businesses and employment. The outcome of the interview with them is as such:

#### **The motive behind being an entrepreneur**

In Finland, there could be various main factors that motivate immigrant people to be an entrepreneur and to start their businesses activity: lack of employment opportunities, language barrier, job dissatisfaction, or better living standards. The author recognized through his findings that for immigrants the biggest challenge to survive in Finland is to have a job in their profession. It could be because of the language barrier or the lack of trust in immigrants by Finnish people and for that, they are forced to do blue-collar jobs. That is what motivates them to become self-employed by providing employment opportunities to other immigrants to support them. All the above, being an entrepreneur is the passion for ideas, goals, and doing beyond your comfort zone. There are several common challenges faced by the entrepreneurs but being an immigrant, they might encounter distinctive issues. After all, the self-satisfaction achieved by going beyond their comfort zone and achieving success has an amazing experience in life experienced by all these interviewees.

### **Major challenges to starting a business**

Registration of start up a business in Finland is easier with a good business plan. Though the biggest challenge is dealing with permits and related paperwork during entrepreneurship. The main issue with dealing legalized documents for an immigrant is they are in Finnish and complicated. As a foreigner, how educative or experienced a person could be but still, it is challenging to handle alone and to avoid any kind of hassle in the whole process it becomes easy to contact legal experts. It makes costs to hire experts or professional services to handle paperwork as these services usually require a fee. The author also realized how a business that required special authorization and permits could take time around a year to start a business because of complicated procedures. For food-related businesses, the health inspector would not come with a notice. Entrepreneurs need to take care of the essential details up to date. Moreover, as an entrepreneur, if your businesses need a permit then it might be possible for a fixed period, and after that need to apply again that which makes another expense. Another challenge is to get a start-up grant that is meant to support entrepreneurs during the initial stage of running a business. It is possible only if a business plan is more profitable and distinctive than other businesses in the market. In case there is already the same kind of businesses in the market then entrepreneurs would not have a chance to get a start-up grant.

## **Finnish Business Culture**

The author came to know through entrepreneur experiences that administrative procedure is very hard and unnecessary rules are strictly enforced in Finland. Because of this needs to follow each little rule of doing business otherwise it can ruin business activities. Secondly, Finnish people have mixed behaviour that is not easy to understand. They like to try new things but are still afraid to go forward to ask if do not have an exact idea about it.

## **Discrimination against Immigrants in Finland**

Finland is famous as a bureaucratic country with very hard rules and all these rules are common to all. While establishing business it is not common to face any kind of discrimination in Finland. Although in Finland, brotherhood culture is very commonly found, and if you have a good relationship or approach with the authorities, then definitely it contributes to a wide range of positive outcomes. In this case, immigrants with a good approach to the official person are not common. One of three entrepreneurs shared his experience of how his co-worker enjoys the benefit of acquiring double space for his business at the same price as he is giving for half premises of his co-worker. It is possible only because of his good contacts with the authorities. Like in every country known to right people in business culture will give you benefits of getting better premises, more secure environment.

## **Support from Entrepreneurial associations**

Finland is famous for providing different kinds of support services in the process of starting a business for entrepreneurs including business counselling, mentoring, and grants for promoting and developing entrepreneurship in Finland. In this study, the author's finding is that immigrant entrepreneurs can have counselling for entrepreneurial activities before establishing a business, and it is quite beneficial, and each region has its business service center. Potkuri (Business service center in Turku) where the interviewee had counselling services regarding the form of enterprises, assistance from where to get financial support, and obtaining authorization from the legal authority. Finnvera, for obtaining finance to support business activities is the best option and easy to approach as per one of the

interviewee's experiences. Finnvera helps you by providing a guarantee for bank loans but only if your business idea is good and profitable.

### **Suggestions on how to overcome challenges while establishing a business in Finland for other immigrants**

For immigrants, learning the Finnish language and cultural values is the right step to establishing common grounds to communicate and understand customers and Finns will appreciate efforts regardless of proficiency. As Finns are afraid of trying new things, especially for what they do not have any idea. In this case entrepreneurs need to be active with good marketing skills that give clear information of business name and idea to the Finns. For dealing with legalization documents within a time it is good to manage by hiring professionals but, entrepreneurs need to be sure what specific services they would need from professionals otherwise it would make them more cost by using professional services before starting. Getting financial support is not as easy as it seems. It is advisable to know all the prior conditions of government financial support for SMEs to plan finance of operating business activities. Moreover, Finnish business advisor organizations must organize various kinds of events of entrepreneurship about start-ups, taxation, financial management, etc. for immigrants as per the interviewee's point of view.

#### **3.2.2 The Finnish business advisors provide services and grants for business development.**

To know how to minimize the risks and challenges related to establishing and running a business by immigrants, the author interviewed three versatile and professional business advisory service organizations. The author had a video call on 10 June 2022, with Timur Arifulin, the Marketing manager of Fintegra company known for providing services in immigration for business in Finland. The author had several times discussions on phone with Hanna Tarvainen, the Service Specialist (palveluasiantuntija) of Varsinais-Suomen Yrittäjät and Yrittäjät is known for providing services from all fields, especially to Small and Medium-sized Enterprises (SMEs), and a personal interview with Peter Lostedt on 9 June 2022, a

Business Advisor from Turku Science Park Ltd, a business advisory organization of Turku region. These all interviews were conducted in June 2022. The outcome of the interview with them is as such:

### **Right form of business**

To have a Right form of a business is a necessity of a business. A business entity must select as per the needs and the demand of the business activities. Through the research findings, the author realised that the Limited Liability form is the best option for an immigrant to start a business in Finland. In the future, when the company grows and needs a partner to expand a business, another person can be the partner at any stage in the limited liability form of a business. Secondly, an immigrant applying for the entrepreneurship residence permit must have a business partner residing either in Finland or in European countries in their company in Finland. The reason is that a foreign person cannot establish an individually owned business until domicile in an EEA country.

### **Requirements to open a company**

In Finland, the person holding a Finnish security code and a Finnish account number can register a business. But immigrants residing outside the EEA region need to follow the international entrepreneur rules to get a residence permit. A foreign person intended for a start-up entrepreneur in Finland, needs to apply for a start-up residence permit. Getting a start-up residence permit, the start-up team must have two founders and a concrete business plan with a vision for the international growth. For this, Business Finland will evaluate whether the business plan and the resources have the potential for the international growth or not. In this case, a start-up team need to get a “Favourable Assessment or Eligible Statement” from Business Finland before sending a residence permit application to the Finnish Immigration service. Getting a Start-up residence permit is not easy with the possibility of rejection. For this, experts suggest applying for the Entrepreneur’s residence permit to a foreign person residing outside EEA region either by buying a ready-made company or by being a partner in a general or limited partnership is the most approachable way to start a business in Finland. For this entrepreneurship residence permit, a Finnish company must register in the Trade Register of the Finnish

Patent and Registration office with at least three members of the Board of Directors. In addition to the main foreign founder of the Finnish company, a Finnish (or European) resident must be involved in the Board of Directors team to get the entrepreneur's residence permit. An applicant applying for an entrepreneur's residence permit must have a business ID. If the foreign person has planned to work as a private trader, then he must be a resident of an EEA region. The process of the entrepreneur's residence permit application involves two stages. First, assessment of the profitability of the company by ELY centre (centre for Economic Development, Transport, and the Environment). Then, The Finnish Immigration Service will grant its decision.

### **Strategies to manage risks**

There is always a risk associated to every business decision due to uncertainties in business. It's good to ask and talk to the local business advisors and experts to know the associated risks with the business idea and how to deal with them in advance. Before establishing a business, it is good to consider the financial statements through the business plan template by the local enterprise agency to know all the investments and expenses required to operate the business. How accurately calculations budgeted by the entrepreneur that accurately he can examine the profitability of a business. The biggest and the most common problem for foreign entrepreneurs is likely to face is the language and cultural barrier in Finland. The Finnish people hesitate to speak in English, especially the old one. If they realise the customer service cannot talk in Finnish to them, then most will avoid using the business services. For this, it would be nice to keep a person who knows the Finnish language to deal with customers for a foreign entrepreneur as the expert's point of view. In Finland, a network has a significant role in a foreign entrepreneur's professional life as it is a less densely populated country while the immigrants residing is in a small fraction. Then, Professional networking would help them to understand the Finnish culture by getting familiar with the Finnish working culture. Hiring an accounting service to manage business finance in Finland is quite efficient instead of management by the entrepreneur itself because book-keeping is time-consuming besides being hectic. In that meantime, an entrepreneur can focus more on business activities.

### **Business Financial Planning and Funding Resources**

There is a big difference between financial planning and the financial statements. The financial column of the business plan is one of the most important tasks to be considered by an entrepreneur because without a round figure is just a concept rather than an actual plan. Besides having a good business plan, an entrepreneur needs finance to start a business. For this, the person who decides to establish a business must calculate expenses and identify income sources under the business plan as accurate as possible to get the idea of profitability by the investors or banks to finance a business. The easiest and most accessible funding option available for every kind of business in Finland is Finnvera. Finnvera helps entrepreneurs by providing a guarantee to the banks of the loans, but the coverage includes 80% at the most. In this case, a person still should have some own savings to invest the rest of 20 % of the budget. So, entrepreneurs need to know and identify every aspect of funding a business before starting a business. A foreign person from non-EU country who has a temporary residence permit in Finland can have the same financial opportunities. But a person must have enough validity of an expiring residence permit card. Otherwise, it can delay granting a fund. The immigrant who applies for a start-up entrepreneur residence permit or residence permit of entrepreneurship must have enough finance to cover the company's expenses. But, when he has the Finnish security code and register themselves with the Digital and Population Data Service Agency, they could also have the same financial support as other residents.

### **Easiness of Doing a Business in Finland**

The establishment procedure of a business is the same for a foreign person with Finnish security code as for Finnish citizens. The business registration process is done by filing a notification paper to the Trade and Register and Tax Registration with a single form (Y form). Before starting a business, the matter that needs to consider most is whether a business idea is innovative and profitable. In Finland, various Business development Agencies are available to advise entrepreneurs to consider whether a business idea is good to start or not through market research and by calculating the profitability from financial statements mentioned under financing column of Business plan template. To encourage immigrant entrepreneurship, various Business Consultation enterprises provides services in English besides the official Finnish or the Swedish language to the entrepreneurs. Moreover, several

Business Development enterprises designing their market page in English other than Finnish and Swedish official languages to penetrate the immigrant community.

#### **4 Result and Recommendations**

Finland is internationally known for its low-level corruption and high-quality administration. This aspect supports by civil servants who follow legislation and act impartially to everyone. Finnish people are well educated, and the following rule is full of self-esteem to them. Therefore, the business environment in Finland is quite transparent, safe, and predictable. According to the author, the entrepreneur faces issues with foreign backgrounds in Finland, and the biggest problem is the language and culture barrier commonly faced by immigrant entrepreneurs. Networking and making a good connection with the higher authorities is an additional advantage to the entrepreneur. But for immigrants, it is not that simple to make good connections without any references. Because of a lack of approach to the authorities, a foreign person gets an idea of discrimination against them compared to the native Finnish. However, it is just a universal brotherhood culture that exists everywhere in this world. Building a network is a very essential and crucial skill if a person wants to become an entrepreneur in Finland. Entrepreneurship networks by attending variety of events can open financial possibilities and enhance opportunities to grow business through the connections with potential investors, suppliers, or partners. However, building and maintaining a relationship with local people and local entrepreneurs can help to build trust and helps the immigrant entrepreneur to broaden the customer segment for the business so a foreign person would not feel like being a foreigner anymore. The planning of investments and working capital must be planned at the start-up phase carefully before starting a business under a business plan template. It would be wise to make an entrepreneur sure that there are enough funds for operating a business without any financial hiccups. The Finnish government provides financial support to encourage businesses, such as ELY Centres development aid, start-up grant and Funding from Business Finland. The author finds out through this research that though Finland provides various public grants and subsidies at different phases of business operations, still it is not as simple as it seems online. The entrepreneur can receive public Grants and Subsidies for establishing a business, taking the company to the next level of development, or investment in the company. These grants do not need to repay, but there are pre-required conditions that must meet by an



entrepreneur. The entrepreneur must have a sound business plan ready when applying for financial grants with the motive to grow internationally and have enough potential to run a business profitably. Anyone can start a company with a Finnish Security number and Finnish bank account in Finland regardless of nationality. But a foreign person must get knowledge of Finnish culture, market research, to get familiar with the laws governing the business field and get Finnish language skills at least of basic level besides having enough professional skills to start a business. As per the author's findings, it is advisable to consider public and private organizations that provide free consultation guidance to everyone who would like to start a business in Finland. It would be easier for beginners to deal with all documentation and registration process of a business through outsourcing services to avoid delays and potential legal as most of the documents are in the Finnish language, and consideration of legislation is quite significant. To become an entrepreneur is an adventure to undergo a risk. Nowadays, being an entrepreneur is not only executing a business to print money, but it also must provide a solution to the issues related to the environment, economy, and society to go far in a business. There is no magic formula to being a successful entrepreneur. Every successful business has gone through hard times and has another side. Determination and professional skills do not guarantee an entrepreneur making a good business decision. Even great minds have made mistakes and got failures, but they have not to stop learning and trying. Being a good entrepreneur means having the right mindset with all the other professional qualities. An entrepreneur must be aware that he is not the only one with the current business idea that he has but, many people have had the same idea but failed to execute it. That is why an entrepreneur should have a good execution plan with a great business idea and be determined enough with his execution strategy to run a successful company.

## **5 Conclusion**

As the data reconfirms, migrants are valuable assets to the host country's economic growth and spurring innovation. Migrants arrive with special skills and boost the working age population. Through entrepreneurial activities, migrants can contribute economically to both their home and host country. Finland is a competitive country where upscaling entrepreneurship by the Finnish government is a policy priority. The business environment of Finland is quite economical, predictable, and profitable for investment. Setting up and running a business involves various challenges and issues at each phase of its operation.

Besides these challenges, there are many other issues faced by entrepreneurs with foreign backgrounds that are not recognizable to native Finns. An immigrant who would like to establish a business is often unaware of some features of setting up a business in Finland. This research writing is done to find out the basic procedure and legislation of setting up a business in Finland and to study the common challenges faced by an immigrant before entering to the business activities. It is found that anyone who is residing in Finland and has a Finnish security code can start a business. But getting funding for the business operation would be tough if the validity of the residence permit granted to the individual is short. For this, it is advisable to enter business with a renewed residence permit for a long period.

As the finding demonstrates, an individual who is a resident of an EU/EEA region does not require a special residence permit. However, one needs to register with the Finnish Immigration Service within three months of residence in Finland and the procedure for setting up a business is the same as for native Finns. A citizen who is from outside the EU needs a residence permit and it is a long and complicated procedure to follow. There are two kinds of permit categories based on business immigration. If a person would like to create a new venture in Finland, need to apply for a residence permit as a start-up entrepreneur. The Finnish immigration service works in cooperation with Business Finland to grant a start-up permit. In this case, Business Finland will assess the business plan of the start-up first and provide an Eligibility Statement to the applicant for further procedure. But if an applicant is willing to invest in the Finland market by buying a company, then there is a category of residence permit for entrepreneurship to apply. The ELY centre gives its decision first to the residence permit application after assessing the market position of the business. Then, Finnish immigration will proceed after getting a positive decision from ELY Centre with the entrepreneurship application. Besides permits and licence, basic business requirements need to be fulfilled by the applicant for getting a residence permit. For entrepreneurship, a company must have at least three members of the Board of Directors and one main representative must be a resident of the EU/EEA region. For the start-up, a team of at least two founders is needed with a solid business plan.

From immigrant entrepreneurs' perception, the biggest challenges faced by them are dealing with legal documentation and paperwork and Culture and language barrier. Nowadays, English is widely spoken in Finland, but not prevalent much. The Finnish people give importance to their culture and language. This is the reason that each official

documents are either in Finnish or Swedish. Finland is a bureaucratic country and documentation for setting up a business is quite confusing and complicated. It is suggested to hire a private consultation service that helps to register a business and provide services in English. These services might be expensive from the perspective of immigrants. To avoid useless expenses, an applicant must be sure and precise about what services he needed. To get knowledge of the Finnish culture, it is well worth to get understanding, learning, and looking at specific features of Finnish culture before entering entrepreneurial activities.

The question is does Finland is a discriminatory country? Further findings illustrate that the authorities strictly follow the rule of law, and they are quite aware of their rights. There is nothing like discrimination as such but, brotherhood culture is quite prominent in the Finnish working culture. Because of this, a person can have an advantage in legal aspects if have a strong link with higher authorities. However, it does not mean without having interconnections a person will suffer. To build trust among the Finnish community and make a better connection, building a network is a very significant as the immigrant community is very low in Finland. Attending entrepreneurial events can bring new opportunities to grow business through connections with potential investors, suppliers, or partners.

Migrants do have multiple reasons to go for self-employment.

It is suggested to the immigrants learn the Finnish language and get knowledge of the Finnish business culture engage in various business conferences, and seminar and develop a strong network. Finland offers growth potential and opportunities through various funding options to the entrepreneur at every stage of the business. Every grant and subsidy come with pre-conditions to meet. The significant information for getting business funding is an individual must have a strong and concrete business plan. Every grant and subsidies come with pre-conditions to meet. As per the research, no one from the interviewed immigrant entrepreneurs gets the funding before starting a business that is supposed to support during the initial phase of the business by the Finnish government. There are various kinds of growth opportunities available, and innovation is happening across every sector of the economy in Finland. It is good to start a business with innovative strategies that help to grab these opportunities.

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## **Appendix 1: Questionnaire for a Business Advisors and Associations**

1. What do you think the basic requirements of starting a business in Finland besides having a good business plan?
2. How to choose the right form of a business?
3. Do students or immigrants with a temporary residence permit can have the same financial support to start a business as the natives have?
4. As per the entrepreneur's experience getting finance is not that easy as it seems on the Finnish online sites. What could be the reason for it?
5. An immigrant entrepreneur or start-up entrepreneur must have the finance to cover the company's expenses to get a residence permit in Finland. What if they need financial support in future, do they can have financial support as others (Citizens or permanent continuous permit holders) have in Finland?
6. The biggest challenges immigrant entrepreneur is likely to face is "Brotherhood culture" of Finland and how they can confront these challenges?
7. Do you have any other comments or suggestions for immigrants who would like to establish a business in Finland?

## **Appendix 2: Questionnaire for an Immigrant Entrepreneur**

1. What makes you appeal or forces you to become an entrepreneur in Finland?
2. What challenges you have while establishing business in Finland and how did you overcome these challenges?
3. What kind of support you have received from the government or entrepreneurial associations during establishing a business?
4. What is your opinion for the business culture in Finland as an immigrant?
5. Have you experienced any kind of discrimination from authorities, entrepreneurial association, or customers during the journey of becoming an entrepreneur? Could you elaborate it?
6. Any other comments or experiences about this topic that you would like to share?