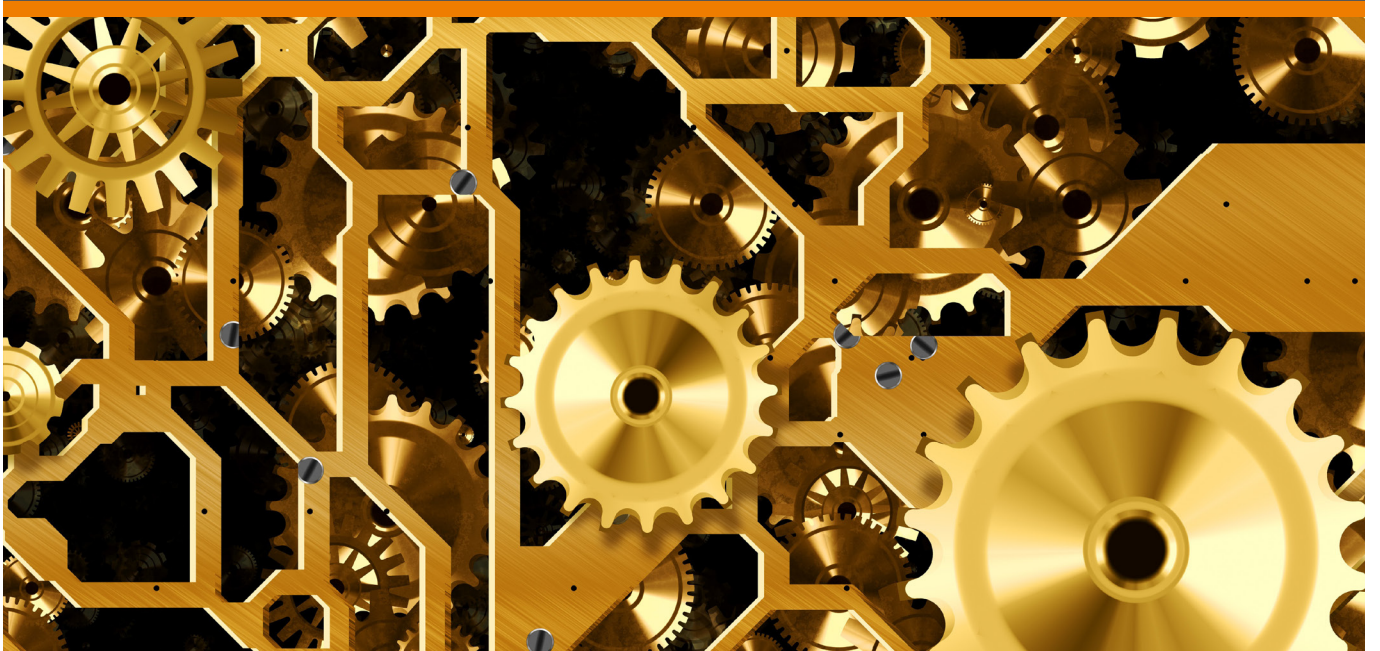




Turun yliopisto
University of Turku

GLOBAL ENTREPRENEURSHIP MONITOR

Finnish 2014 report



Stenholm Pekka, Suomalainen Sanna, Kovalainen Anne, Heinonen Jarna, Pukkinen Tommi



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TIIVISTELMÄ YDINTULOKSISTA

Global Entrepreneurship Monitor (GEM) 2014 -tutkimus tarkastelee vuoden 2014 tutkimusaineiston avulla sitä, miten Suomi sijoittuu taloudellisesta epävakaudesta kärsivien EU-maiden joukossa. Ainutlaatuinen GEM tutkimus tutkii vuosittain yksilöiden yrittäjyysaktiivisuutta ja uuden yritystoiminnan perustamista väestötasolla sekä yrittäjyyden puitetekijöitä 23 EU-maassa. Seuraavassa tiivistetään Suomea koskevat keskeiset tulokset verrattuna muihin EU-maihin.

1. Yrittäjyyspotentiaali Suomessa vahvaa tasoa

Suomessa 42% aikuisväestöstä tunnistaa hyviä liiketoimintamahdollisuuksia ympäristössään. Vaikka väestötasolla liiketoimintamahdollisuuksien havaitseminen on Suomessa laskenut jonkin verran aiemmista vuosista, se on edelleenkin korkeammalla tasolla kuin EU-maissa keskimäärin. Liiketoimintamahdollisuuksia tunnistetaan EU-maista eniten Ruotsissa (70%). Tämän lisäksi Tanskassa (60%) ja Virossa (49%) tunnistetaan liiketoimintamahdollisuuksia väestötasolla hyvin.

Runsa kolmannes suomalaisesta aikuisväestöstä uskoo, että heillä on yrityksen perustamiseen ja johtamiseen liittyviä taitoja. Siitä huolimatta, että tämä osuus on lievästi kasvanut, sitä on pidettävä suhteellisen matalana. Tässä vertailussa EU-maista nämä taidot ovat yleisimpiä Slovakiassa ja Puolassa (54%).

GEM-tutkimuksessa selvitetään myös epäonnistumisen pelkoa, jonka tutkimusten mukaan tiedetään vähentävän yrittäjäksi ryhtymisaikeita. Suomessa epäonnistumista pelkää 42% työikäisistä aikuisista. Tämä osuus on EU-maiden keskiarvoa alhaisempi. Epäonnistumisen pelko EU-maista on korkein Kreikassa (71%) ja matalin Isossa-Britanniassa (38%). Epäonnistumisen pelko on suhteellisen matala myös Sloveniassa ja Alankomaissa (39%). Kaiken kaikkiaan Suomessa epäonnistumisen pelko on varsin samalla tasolla kuin Irlannissa (42%), Ruotsissa (41%) ja Tanskassa (41%).

Huolimatta suhteellisen hyvästä yrittäjyyspotentiaalista aikuisväestötasolla, seuraavan kolmen vuoden aikana yrittäjäksi aikovia on suomalaisessa työikäisessä aikuisväestössä vain 8%. Suomi jää tässä aikomista koskevassa vertailussa muita EU-maita alhaisemmalle tasolle. EU-maista yrittäjäksi aikovien osuus on suuri etenkin Romaniassa (32%) ja Liettuassa (20%). Matalimpina yrittäjyysintentiot taas näyttäytyvät Saksassa (6%). Suomessa nuorilla, miehillä ja korkeasti koulutetuilla on muita korkeammat yrittäjyysintentiot.

2. Yrittäjyysaktiivisuus

Myönteisistä asenteista ja aikomuksista huolimatta aikuisväestön yrittäjyysaktiivisuus Suomessa on vaatimatonta: 6% aikuisväestöstä on aloittamassa uutta yritystoimintaa. EU-alueella aikuisväestön yrittäjyysaktiivisuus näyttyy korkeimpana Liettuassa ja Romaniassa, joissa uutta yritystoimintaa on aloittamassa yli 11% aikuisväestöstä. Alkavien yrittäjien osuus on erityisen matala Italiassa (4%). Yli 3,5 vuotta yrittäjinä toimineita Suomessa on hieman enemmän, noin 7% aikuisväestöstä, mikä vastaa EU-maiden keskiarvoa. EU-maista yli 3,5 vuotta yrittäjänä toimineiden osuus on korkea Kreikassa (13%), Itävallassa (10%) ja Alankomaissa (10%). Alhaisin kauemmin yrittäjänä toimineiden osuus on Ranskassa (3%).

Suomessa korkeasti koulutetut perustavat uusia yrityksiä alhaisemmin koulutettuja todennäköisemmin. Uusia yrityksiä perustavat erityisesti 35-44 –vuotiaat, joiden keskuudessa yrittäjyysaktiivisuus on 10,5%. Osuus on EU-maiden keskiarvoa korkeampi. Muiden ikäluokkien suhteen Suomessa uusien yritysten perustaminen jää EU-maiden keskiarvosta, paitsi 55-64 –vuotiaiden osalta, joiden keskiarvo vastaa EU-maiden keskiarvoa.

3. Yrittäjien tavoitteet

Suomalaisten yrittäjien yrityksiensä kohdistamat kasvutavoitteet ovat lisääntyneet aikaisempiin vuosiin verrattuna, taloudellisesta taantumasta huolimatta. Korkeaa kasvua (yli 20 uutta työpaikkaa seuraavan viiden vuoden aikana) tavoittelee noin 12% uusista yrittäjistä, mikä on enemmän kuin EU-maissa keskimäärin (9%). EU-maista tämä osuus on korkein Romaniassa, jossa noin 21% uusista yrittäjistä raportoi tavoittelevansa korkeaa kasvua. Matalimmat kasvutavoitteet, ymmärrettävästi, ovat Kreikassa, jossa noin 3% uusista yrittäjistä ilmoittaa olevansa voimakkaasti kasvuhaluinen. Suomi sijoittuu vertailussa samalle tasolla Ruotsin ja Iso-Britannian kanssa.

Kansainvälistymispyrkimyksiä GEM-tutkimuksessa tarkastellaan yrittäjän kansainvälisten asiakkaiden osuudella. Yrittäjää pidetään kansainvälisenä, mikäli vähintään 25% asiakkaista on muualta kuin yrittäjän kotimaasta. Näin tarkastellen Suomessa 13%:lla alkuvaiheen yrittäjistä on kansainvälistymispyrkimyksiä – osuus on hieman kasvanut, mutta on yhäkin vaatimattomalla tasolla sijoittuen viimeiseksi EU-alueella. Uusien yrittäjien keskuudessa kansainvälistymispyrkimykset ovat korkeimpia Luxemburgissa (42%). Tämän lisäksi kroatialaiset (38%) ja belgialaiset (33%) uudet yrittäjät suuntautuvat voimakkaasti kansainvälisille markkinoille.



GEM-tutkimuksessa innovaatiohakuisena pidetään yrittäjiä, jotka tähtäävät uusilla tuotteilla uusille markkinoille. Suomalaisista uusista yrittäjistä vain 23% on innovaatiohakuisia – osuus on alle EU-maiden keskiarvon. Luxemburgissa (53%) ja Tanskassa (46%) uusien yrittäjien innovaatiohakuisuus on EU-maiden kärjessä. Innovaatiohakuisuus on matalin Romaniassa, jossa vain 16% uusista yrittäjistä raportoi olevansa innovaatiohakuisia. Yli 3,5 vuotta yrittäjänä toimineiden yrittäjyyteen liittyvät tavoitteet ovat kaiken kaikkiaan vaatimattomammat kuin uusien yrittäjien tavoitteet.

4. Yrittäjyyden puitetekijät ja merkitys

Vuosittain GEM-tutkimuksessa selvitetään asiantuntijoiden näkemyksiä yrittäjyyteen liittyvistä kansallisista olosuhteista ja niissä tapahtuneista muutoksista. EU-maiden keskinäisvertailussa Suomi on asiantuntijoiden mukaan edelleen kilpailukykyinen ja yritystoiminnalle suotuisa talous huolimatta heikosta suhdannetilanteesta. Kansalliset asiantuntijat arvioivat yrittäjyyspolitiikan ja säätelyn, rahoituksen, fyysisen infrastruktuurin sekä markkinoiden dynamiikan yrittäjyyttä tukevaksi. Korkeakoulutuksen ja erityisten kohdennettujen politiikkaohjelmien ei arvioida tukevan yrittäjyyttä yhtä hyvin. Suotuisat asiantuntija-arviot eivät kuitenkaan kohtaa todellisuutta suhteellisen vaatimattomalla tasolla olevan uusyritysperustannan näkökulmasta. Onkin kysyttävä, onko markkinoilla sellaisia tekijöitä, jotka jarruttavat yritysten perustamista, hyvistä yrittäjyyttä tukevista ekosysteemin osista huolimatta.

On hyvä muistaa, että yrittäjyyskeskustelu ei rajoitu uuden yritystoiminnan synnyttämiseen ja olemassa olevan liiketoiminnan kasvattamiseen. Yrittäjyyttä on myös yksilön yrittäjämäinen toiminta olemassa olevassa organisaatiossa (sisäinen yrittäjyys). Suomessa työntekijöiden yrittäjämäinen toiminta on EU-maiden keskitasoa, vaikkakin se on laskenut aikaisempiin vuosiin verrattuna. Yrittäjämäisesti organisaatiossa toimivat näkevät ympärillään hyviä liiketoimintamahdollisuuksia ja katsovat, että heillä on yrityksen perustamiseen ja johtamiseen liittyviä taitoja. Tässä toisen palveluksessa työskentelevien ryhmässä on näin ollen selkeää yrittäjyyspotentiaalia.

Uudet yritykset eivät näyttäisi Suomessa eivätkä muuallakaan syntyvän yksinomaan vakaan tai tukevan talous- ja veropolitiikan tuloksena. Vaaditaan olemassa olevaa, orastavaa tai potentiaalista kysyntää tuotteille ja palveluille, infrastruktuurin ja korkean osaamisprofiilin lisäksi. Etukäteen on mahdotonta määritellä, mistä uudet ideat ja potentiaaliset yrittäjät löytyvät, vaikka GEM-tutkimus tunnistaa selvästi nuorten ja korkeasti koulutettujen yrittäjäpotentiaalin. Myönteiset käsitykset



yrittäjyydestä eivät Suomessa edelleenkään konkretisoidu uusiksi yrityksiksi ja liiketoiminnaksi. Jossakin määrin huolestuttavaa on, että talouden pitkittynyt alavire muiden työllistymisvaihtoehtojen puuttuessa voi synnyttää sekä yksilöiden toimesta että politiikkatoimin tuettua yrittäjyyttä, jolla on heikot kestävän menestyksen tai kasvun edellytykset.



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1 INTRODUCTION

What is the state of entrepreneurial activity in Finland and other European Union member states? How does the entrepreneurial potential look like in Finland in 2014? These questions and many others will be answered in this report. The report is based on the annual Global Entrepreneurship Monitor (GEM), a unique global assessment of entrepreneurial activity, and it focuses on the annual results of entrepreneurial activity in Finland in 2014.¹

The report introduces the state-of-the-art figures of the emerging, new and established entrepreneurship in Finland as a one of the EU's member states. The focus on EU member states instead of the group of innovation-driven economies, for example, was chosen in order to address the current state of entrepreneurial activity in EU which is currently facing a devastating economic turbulence. Moreover, we show how the various aspirations among new entrepreneurial activities in Finland score within the EU. Additionally, we look at the intrapreneurial activity and entrepreneurship training in Finland.

GEM is a major research project aimed at describing and analyzing different phases of entrepreneurship as well as the profile of entrepreneurs within a wide range of countries. GEM's contribution to the knowledge and understanding of the entrepreneurial process is unique since, to date, no other data set exists that can provide consistent cross-country information and measurements of entrepreneurial activity in a global context.

In Finland, the GEM project is led by professor Anne Kovalainen and it is conducted by researchers from Turku School of Economics at the University of Turku: Pekka Stenholm, Anne Kovalainen, Jarna Heinonen, Sanna Suomalainen, and Tommi Pukkinen. The Finnish GEM study is sponsored by the Ministry of Employment and the Economy and the Turku School of Economics.

¹ Monitoring started in 1999 with 10 participating countries, including Finland. Nowadays the GEM project has expanded to include annually over 70 countries covering opinions of over 150.000 adults. The GEM project analyses countries across the different stages of economic development.

2 FINLAND – A PRIME MEMBER OF EUROPEAN UNION COUNTRIES

Key highlights

- **Finland is a competitive and business friendly economy among the studied EU countries**
- **In general Finland has a well-developed support system for entrepreneurship: Finnish governmental policies, regulation, financing, physical infrastructure, and internal market dynamics are supportive for entrepreneurship**
- **On the other hand, higher education and government programs are less supportive for entrepreneurship in Finland**

2.1 Economic performance

In the following we focus on the European Union's member states² which have participated in GEM study in 2014. Our previous GEM reports have addressed various comparisons between Finland and innovation-driven economies, but since the economic development has been harsh for EU member states, we now set our focus on them.

We acknowledge that even if among the 23 EU countries participating in GEM the basic physical and commercial infrastructure is opportune for entrepreneurial activities, the countries are different in multiple and complex ways. For instance, the differences between GEM countries are vast when measured by GDP, by legal and by governance structures, or when compared through their citizenship, their rights and possibilities, to mention some key national differences. The differences in the economic and societal structures govern also entrepreneurial frameworks which vary across countries. The entrepreneurial framework conditions are likely to affect the extent to which entrepreneurial opportunities are discovered and exploited within a country (Levie and Autio, 2008).

² In 2014 GEM data set EU-member states comprise 23 out of 73 economies participating GEM: Austria, Belgium, Croatia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and United Kingdom.



Entrepreneurship acts as an essential part of the engine boosting economic performance of an economy. To illustrate this, we assess the relationship between early-stage entrepreneurship and economic development in terms of GDP per capita (Figure 1). The early-stage entrepreneurial activity (TEA) rate is defined as the percentage of individuals aged 18–64-years who are in the process of starting or are already running new businesses which are 42 months old at most³. By following Wennekers and the others' (2005) assessment the Figure 1 illustrates a U-shaped relationship between early-stage entrepreneurial activity and the economic development. In modern economies early-stage entrepreneurial activity increases along with the economic development (Wennekers et al., 2010), but entrepreneurial activity is high also among less developed economies. In general, EU countries score low in early-stage entrepreneurship, but entrepreneurial activities consist of different kind of activities compared to less developed economies. In EU countries entrepreneurial activity is more often motivated by opportunities than necessity, and exploits knowledge more than physical resources.

³ See the exact definition of early-stage entrepreneurial activity (TEA) in Appendix A: Glossary of main GEM variables.

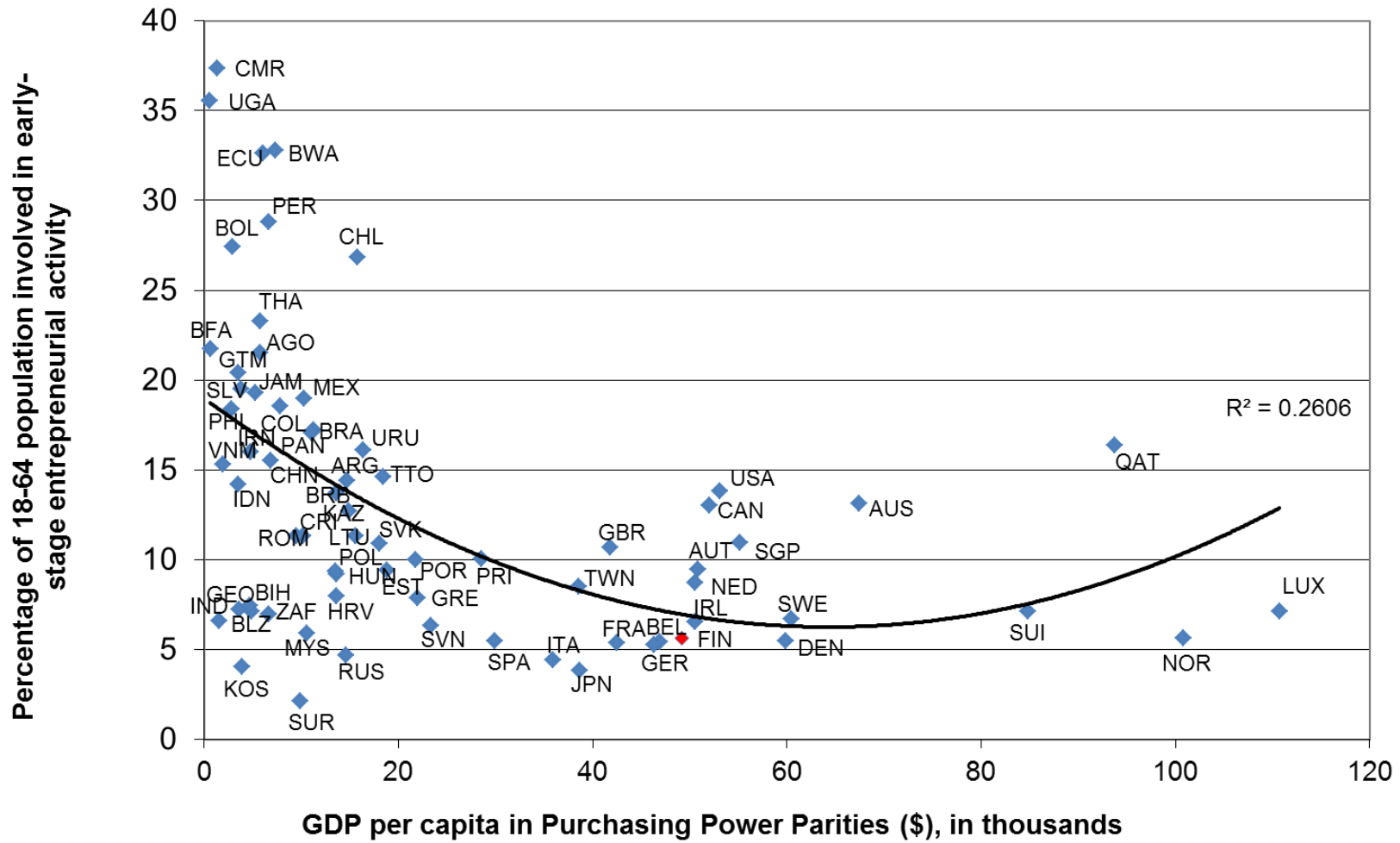


Figure 1: Early-stage entrepreneurial activity in terms of GDP per capita (PPP)

When assessing the selected global indexes and GDP per capital (in purchasing power parity), which are widely used in measuring the economic development, EU member states are far from an identical group. In addition to GDP, World Bank's Ease of Doing Business and World Economic Forum's Global Competitiveness Index as well as the Heritage Foundation's Index of Economic Freedom are often used in comparing economies (see Appendix A for definitions). Table 1. summarizes the group of EU countries that participated in GEM in 2014, and shows their position when measured with the related indexes. Among its' peers Finland seems to continuously offer an opportune environment of starting, running and expanding a business. Furthermore, Finland's global status as a competitive economy is enduring, despite some structural rigidity. Among all European countries Finland's competitiveness is second best after Switzerland (Schwab and Sala-i-Martin, 2014).

Table 1: EU countries participated in GEM 2014 and their ranking in other selected indexes

Country	GDP per cap in PPP (US\$) ^{a)}	Global Competitiveness Index ^{b)}	Ease of Doing Business ^{b)}	Index of Economic Freedom ^{c)}	Early-stage Entrepreneurial Activity (TEA) ^{d)}
Austria	50 546.7	21	21	71.2	8.7
Belgium	46 878.0	18	42	68.8	5.4
Croatia	13 607.5	77	65	61.5	8.0
Denmark	59 831.7	13	4	76.5	5.5
Estonia	18 783.1	29	17	76.8	9.4
Finland	49 146.6	4	9	73.4	5.6
France	42 503.3	23	31	62.5	5.3
Germany	46 268.6	5	14	73.8	5.3
Greece	21 956.4	81	61	54.0	7.9
Hungary	13 480.9	60	54	66.8	9.3
Ireland	50 503.4	25	13	76.6	6.5
Italy	35 925.9	49	56	61.7	4.4
Lithuania	15 537.9	41	24	74.7	11.3
Luxembourg	110 697.0	19	59	73.2	7.1
Netherlands	50 793.1	8	27	73.7	9.5
Poland	13 648.0	43	32	68.6	9.2
Portugal	21 773.1	36	25	65.3	10.0
Romania	9 499.2	59	48	66.6	11.3
Slovakia	18 046.8	75	37	67.2	10.9
Slovenia	23 289.3	70	51	60.3	6.3
Spain	29 863.2	35	33	67.6	5.5
Sweden	60 430.2	10	11	72.7	6.7
United Kingdom	41 787.5	9	8	75.8	10.7

^{a)} GDP (PPP) per capita is retrieved from the International Monetary Foundation.

^{b)} Ranking, 1=Most competitive economy/Doing business is easy. Global Competitiveness Index comprises 144 countries, and Ease of Doing Business Index covers 189 countries.

^{c)} Overall score, 100=Highest economic freedom, 1=Lowest economic freedom. The Index of Economic Freedom comprises 186 countries.

^{d)} Percentage of adult (18–64-aged) population is retrieved from the Global Entrepreneurship Monitor.

2.2 Business environment

The GEM study assesses the factors that either enhance or hinder individuals' selection over engaging in entrepreneurship through the entrepreneurial framework conditions (EFC) of each country (see Appendix A for definitions). These conditions influence the entrepreneurial opportunities and capacities which are ultimately manifested through entrepreneurial activity in a country (Levie and Autio, 2008). Nationally, the EFCs are assessed by asking from the national experts—including e.g. researchers, policy makers and entrepreneurs—their opinions about the current state of framework conditions. Experts' perceptions are reflected in the following when analyzing Finland among EU countries (see Appendix A).

Finnish governmental policies and finance continue to support entrepreneurship

A closer look into EFCs shows that once again Finland scores better than its peers in the overall governmental support for entrepreneurship (Figure 2). In Finland the regulatory environment is perceived more suitable for entrepreneurship than in other EU member states. This is supported by the Ease of Doing Business index's results: Finland stands out as one of the best countries for running a business among the EU member states (Table 1, p. 11). Of all framework conditions in Finland the entrepreneurship education at higher education and government programs are rated unfavorably. This holds true in most GEM economies (Singer et al., 2015).

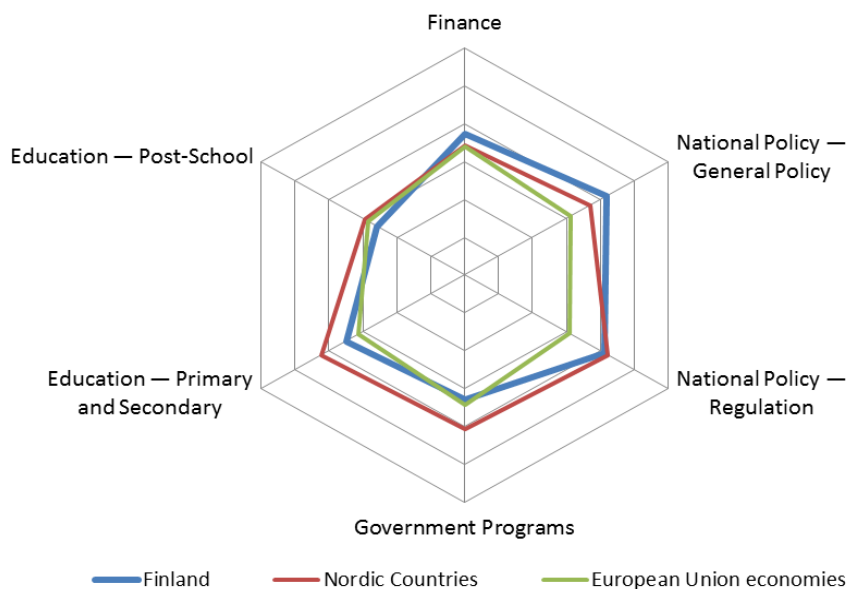


Figure 2: Institutional support for entrepreneurship in Finland, Nordic countries and EU economies (1/2)⁴

⁴ Values of indicators are based on averaging the Z-scores (standardized values) for the countries in each of group and the scale is standardized between -1.50 and 1.50. The further the data point is from the center, the better is the perceived state of the topic.

Despite the economic downturn relatively stable markets in Finland

When measured with another set of framework conditions, the differences between EU member states, Nordic countries and Finland in institutional support for entrepreneurship seem to even out in Figure 3. This is in many ways understandable: frameworks, such as R&D transfer, and internal market dynamics, need to function efficiently in order to amplify drive for innovations. These framework conditions are perceived to be in relatively good shape in Finland. When the internal market dynamics are measured and compared within EU member states, Finland seems to be slightly ahead of the others.⁵ Moreover, the physical infrastructure is perceived relatively opportune for entrepreneurship in Finland. On the contrary, internal market openness indicating the easiness of new firms to enter the market is lower in Finland than in their peers.

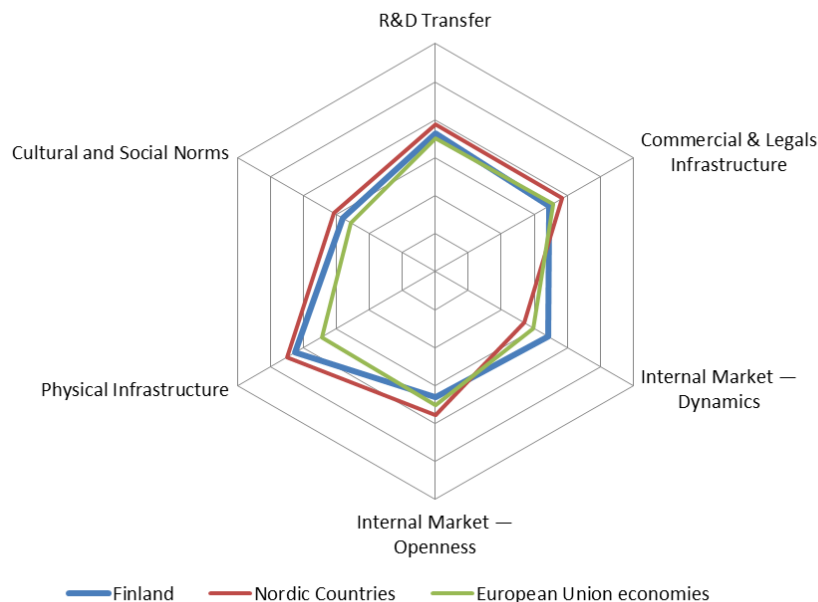


Figure 3: Institutional support for entrepreneurship in Finland, Nordic countries and EU member states (2/2)⁶

Based on the experts' opinions the cultural and social support for entrepreneurship is fairly even among the selected economies. There are several developments, the rise of start-up culture, new successful ventures, in Finland which would let us assume that cultural support would be higher. It has been argued that there is a need for change in the culture and entrepreneurial attitudes in Finland (Ministry of Finance, 2012), but after all entrepreneurship

⁵ Internal market dynamics is measured with the two following variables: “the markets for consumer goods and services change dramatically from year to year”, and “the markets for business-to-business goods and services change dramatically from year to year”.

⁶ Values of indicators are based on averaging the Z-scores (standardized values) for the countries in each of group and the scale is standardized between -1.50 and 1.50. The further the data point is from the center, the better is the perceived state of the topic.



seems to flourish in economies with totally opposite cultural backgrounds (Baumol et al., 2007). Thus, the causality between cultural and entrepreneurial attitudes and higher rates of entrepreneurship is highly disputable (Bottke and Coyne, 2009). Even if these aspects are supported in Finland, their expected outcome, an improvement in the rate of new and nascent entrepreneurship, is not evident as is shown later in this report.

3 STATE OF ENTREPRENEURIAL POTENTIAL

Key highlights

- **Opportunity perception level is still high in Finland**
- **Fear of failure in Finland is lower than in EU member states on average**
- **Perception of entrepreneurial capabilities is relatively low**
- **Despite high entrepreneurial potential, entrepreneurial intentions remain low in Finland**
- **In Finland entrepreneurial intentions are higher among young, men, and highly educated**

In the following, we highlight key results of the potential entrepreneurship in Finland in 2014, and relate the results to other EU member states and Nordic countries. For instance, we discuss opportunity perception, perception of entrepreneurial capabilities, untapped entrepreneurial potential, and entrepreneurial intentions.

3.1 Entrepreneurial perceptions

Opportunity perception level decreased from previous years – still higher than among EU countries on average

In Finland the level of opportunity perception in adult population is relatively high (Figure 4). The share of individuals who perceive good opportunities for entrepreneurship is 42% of the adult working age (18–64 years) population. The share has slightly decreased from the last year when 44% had perceived good opportunities. In Finland, opportunity perception level continues to be higher than among EU countries (35%), but lower than in other Nordic countries (59%, Figure 4) on average. In EU countries the opportunity perception is lowest in Slovenia, where 17% of adult population has perceived good opportunities. Opportunity perception is also low in Croatia (18%) and in Greece (20%). In Nordic countries the related share is high especially in Sweden, where 70% have perceived good opportunities for entrepreneurship. (Appendix Table 1 in Appendix B).

In Finland opportunity perception is related to individuals' educational attainment and age. Opportunity perception is highest among highly educated. Individuals, who hold at least a post-secondary degree, perceive opportunities for entrepreneurship more often than their less educated counterparts. Results based on the GEM data show that opportunity perception level



is highest among 25–45 years old, and lowest among 45–54 years old. Gender is not associated with opportunity perception of individuals.

Perception of entrepreneurial capabilities has slightly increased

The share of individuals who perceive of having necessary entrepreneurial capabilities to start a business is 35% of adult population in Finland. The share has slightly increased from last year's share, 33%. In Finland, however, the perception of entrepreneurial capabilities is still lower than among EU countries (42%) on average. In EU countries the share is high especially in Slovakia (54%) and in Poland (54%). In Nordic countries, the share is highest in Sweden (37%) and lowest in Norway (31%). (Figure 4 and Appendix Table 1 in Appendix B).

A deeper look at the results show that in Finland the perception of entrepreneurial capabilities is related to gender, age, and educational attainment. The perception of entrepreneurial capabilities is higher among men, and individuals aged 45–54-years. On the contrary, the perception of entrepreneurial capabilities is lowest among individuals aged 18–24 years. Individuals, who hold at least a post-secondary degree, perceive capabilities for entrepreneurship more often than their less educated peers.

In Finland, opportunity perception has usually been higher than perceived capabilities for starting a business: the number of Finns who perceive good opportunities for entrepreneurship is higher than the number of those who perceive having skills for creating new businesses. Similar figures are found in EU and Nordic countries.

The untapped entrepreneurial potential – non-entrepreneurially active individuals who have perceived opportunities and skills for entrepreneurship

In this study we define untapped entrepreneurial potential as non-entrepreneurially involved individuals who consider having skills for starting a business, and have perceived entrepreneurial opportunities (see Bosma and Schutjens, 2007). The results show that in Finland nearly 15% of adult population has perceived both business opportunities and the skills needed in themselves, but who are not entrepreneurially involved. Individuals with untapped entrepreneurial potential have higher entrepreneurial intentions than the rest of the Finnish adult population, and their fear of failure is lower than on average. Furthermore, individuals in this group are usually higher educated than their peers, but their gender and age do not differ from the others.



Fear of failure is lower than among other EU countries

Fear of failure can inhibit individuals from seizing entrepreneurial opportunities and transforming entrepreneurial intentions into action (Singer et al., 2015). In Finland the fear of business failure (42%, Figure 4). has slightly increased compared to the last year. The share in Finland, however, can be considered to be relatively low when compared to the average of all EU countries (47%) (Figure 4). Among EU member states the share is remarkably high in Greece (71%) and lowest in United Kingdom (38%). The fear of failure in Finland is higher than the average in Nordic countries (39%), where the share is lowest in Norway (33%).

The Finnish results show that fear of failure is strongly related to gender and age. The results suggest that the fear of failure is higher among women than men. Older individuals (55–64-years old) seem to have lower fear of failure than younger age groups. Fear of failure is highest among 25–45-years old. The educational attainment is not associated with the fear of failure. In Finland, the fear of failure is lower among those individuals who have perceived good entrepreneurial opportunities (37%).

3.2 Entrepreneurial intentions

Despite the entrepreneurial potential, entrepreneurial intentions remain low

Despite of high level of perceived capabilities and high recognition of business opportunities, actual engagement in entrepreneurship remains low. Only 8% of the adult population intends to become an entrepreneur in the next three years (Figure 4, measured among non-entrepreneurially active individuals). The share of adult population that intends to become an entrepreneur in the next three years is relatively modest compared to other EU countries' average (12%). The level of entrepreneurial intentions is high especially in new member states, such as Romania (32%), Lithuania (20%), and Croatia (19%). Among Nordic countries, the share of adult population expecting to start a new business during the following three years is highest in Sweden and in Finland and lowest in Norway (5%).

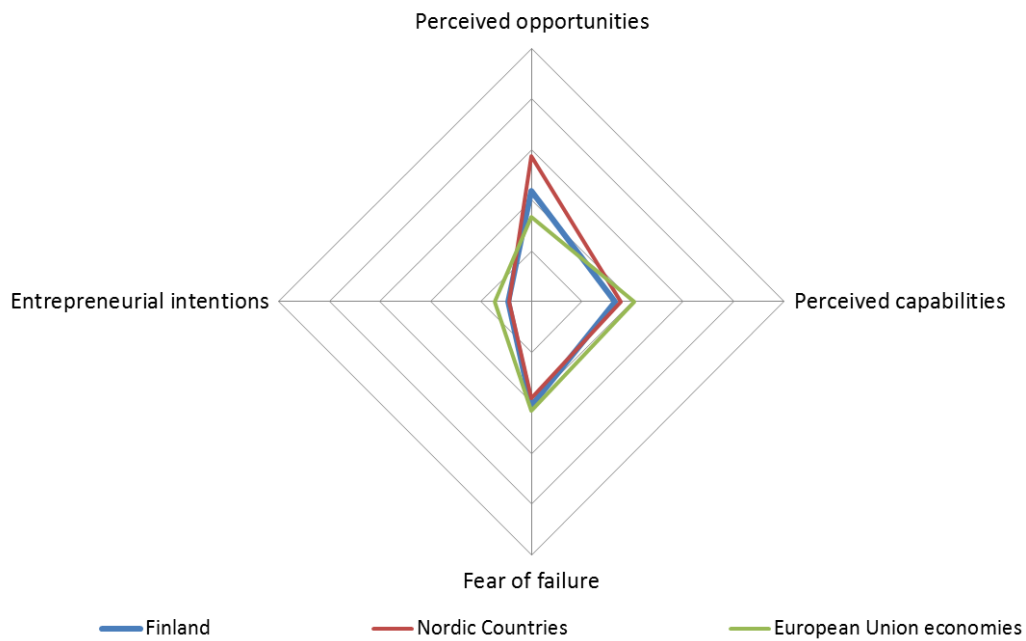


Figure 4: Entrepreneurial potential in Finland, Nordic countries and EU member states in 2014 (as % of population aged 18–64)⁷

A deeper look shows that younger adults (18–24-years old and 25–34-years old) have higher entrepreneurial intentions than their older counterparts in Finland. Entrepreneurial intentions are also higher among men than among women. Individuals holding a post-secondary degree, have higher intentions for entrepreneurship than their counterparts.

⁷ The scale is the percentage of the adult population. The further the data point is from the center, the higher is the prevalence of the topic in question.

4 STATE OF ENTREPRENEURIAL ACTIVITY

Key highlights

- **The early-stage entrepreneurial activity remains low**
- **Established business ownership is at the same level than in European Union member states**
- **In all 6% of adult population in Finland is engaged in early-stage entrepreneurial activities**
- **The most common reason for business exit is personal reasons**
- **After the business discontinuation, business operations continued more often than in 2013**

4.1 Entrepreneurial activity

The early-stage entrepreneurial activity remains low in Finland

The early-stage entrepreneurial activity (TEA) involves 6% of the adult population in Finland in 2014 (Figure 5). The early-stage entrepreneurial activity rate comprises all individuals aged 18-64 in an economy who are either a nascent entrepreneur (actively involved in setting up a business that has not paid salaries for more than 3 months) or owner-manager of a new business (owning and managing a running business that has paid salaries for more than 3 months, but no more than 42 months). In EU countries on average 8% of adult population is engaged in early-stage entrepreneurial activities. Finnish adults' engagement in early-stage entrepreneurial activity is below the average (Appendix Table 2). In European Union member states TEA is highest in Lithuania (13%) and Romania (13%), and lowest in Italy (4%). In Nordic countries TEA is close to the Finnish values being highest in Sweden (7%). The demographic assessment of the engagement in early-stage entrepreneurial activity and established business ownership is found in the chapter 7.

The established business ownership is higher in Finland than in Nordic countries

The established business ownership⁸ (EBO) (7%) in Finland is close to the average of the EU countries (Figure 5). In EU countries the EBO is highest in Greece (13%) and Austria (10%), and lowest in France (3%). The share of EBO in Finland is higher than in Nordic countries on average (6%). In Nordic countries, the share of EBO is lowest in Denmark (5%).

⁸ Established business ownership rate is defined as the percentage of individuals aged 18–64-years in an economy who own and manage a business which is over 42 months old.

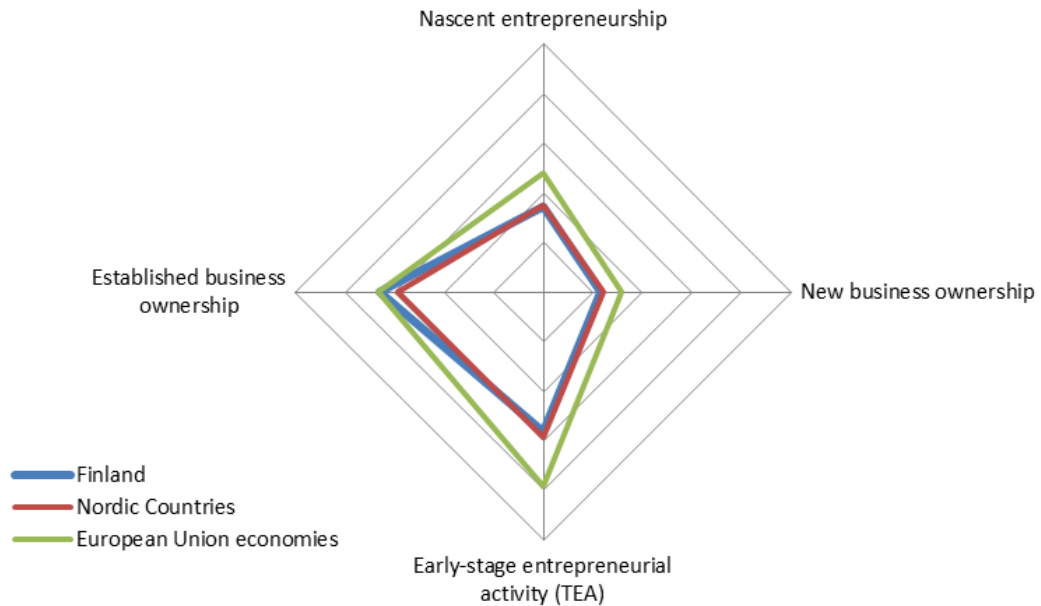


Figure 5: Different stages of entrepreneurial activity in Finland, Nordic countries and EU countries in 2014 (as % of population aged 18–64)⁹

4.2 Business discontinuation

In the GEM study the business discontinuation comprises selling, shutting down, or otherwise discontinuing an ownership/management of the business. Finnish adult population remains relatively low (2.3%) compared to the average (2.6%) of EU countries (Appendix Table 2). Among EU countries business discontinuation is most prevalent in Slovakia (5.2%), and lowest in Slovenia (1.5%) and in Germany and France (both 1.7%).

In Finland 35% of business exits takes place due to personal reasons. Other common reasons for exit were another job or business opportunity (16%), non-profitability of business (15%), and retirement (14%). Business operations continued after exit in slightly less than in half of the cases. In 2013 only one out of three exits business operations continued after the business discontinuation.

⁹ The scale is the percentage of the adult population. The further the data point is from the center, the higher is the prevalence of the topic in question.

5 ENTREPRENEURS IN FINLAND – GROWTH, INNOVATION AND INTERNATIONAL ASPIRATIONS

Key highlights

- **Early-stage entrepreneurs’ growth expectations have increased from previous years**
- **Innovation aspirations of Finnish entrepreneurs have slightly declined—especially among established business owners**
- **International aspirations have slightly increased—still only 13% of Finnish early-stage entrepreneurs has strong international orientation**
- **Entrepreneurial ambitions are lower among established business owners than new entrepreneurs**

In the following, we highlight key results of entrepreneurial aspirations in terms of job growth, innovation, and international aspirations in Finland in 2014. We relate these results to other EU member states.

5.1 Growth aspirations

In this report the early-stage entrepreneurs’ growth expectations are categorized into three following groups:

- No or low job expectation early-stage entrepreneurial activity: 0 or maximum 5 jobs;
- Medium job expectation early-stage entrepreneurial activity: expects between 6–19 jobs;
- High job expectation early-stage entrepreneurial activity: expects 20 jobs or more.

Among Finnish early-stage entrepreneurs 12% expect to provide 20 or more jobs during the next five years (Figure 6). High growth expectations have increased from last year, when 8.5% of early-stage entrepreneurs expected to provide 20 or more jobs in five years. The share of 12% in Finland is higher than the average in EU countries (9%). However, the variation between EU economies is excessive. The share of early-stage entrepreneurs with high job expectations is in Romania 21% and in Hungary 19%, when the same share is 3% in Greece and 4% in Luxembourg and Spain.

Among Finnish early-stage entrepreneurs over half have intentions to provide any jobs now or during the next five years. The intention is strongly related to gender: entrepreneurially active men seem to have more often growth aspirations than women.

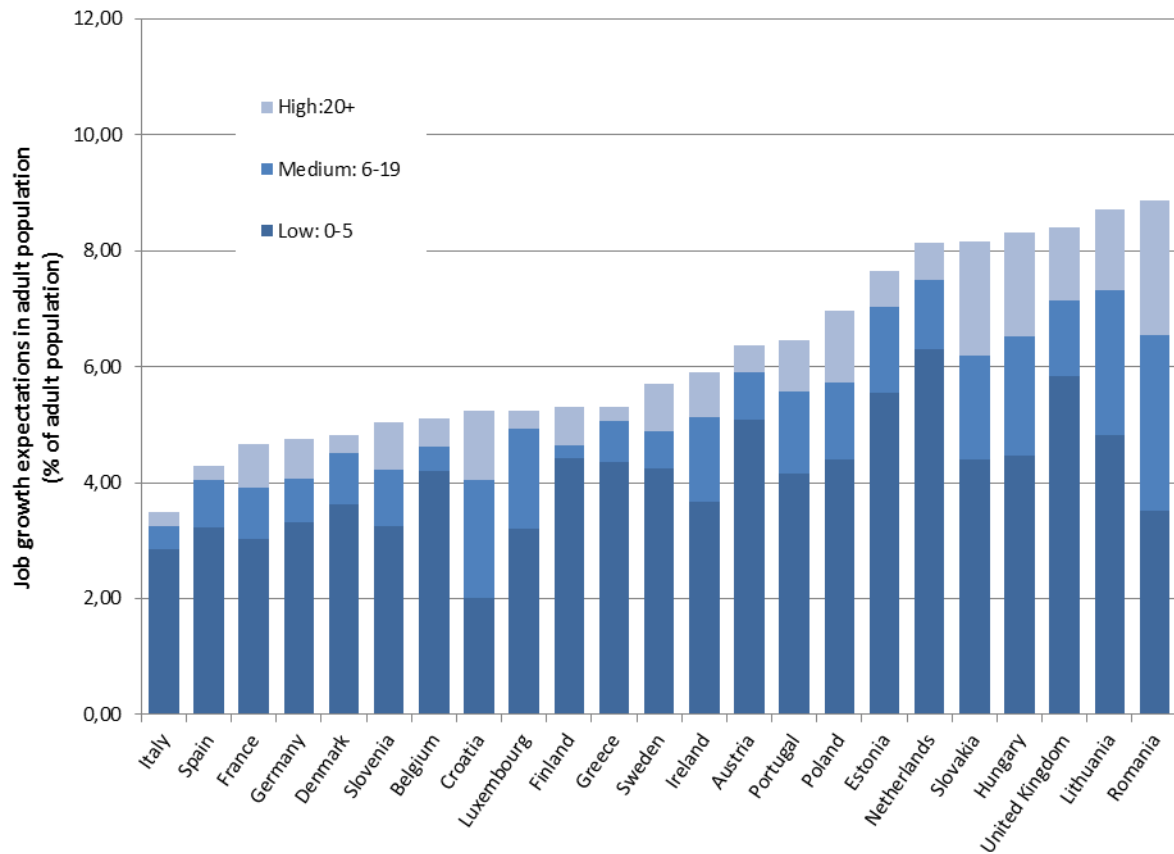


Figure 6: Job growth expectations of early-stage entrepreneurs in EU countries in 2014

5.2 Innovation aspirations

Innovation aspirations remain more prevalent among early-stage entrepreneurs than established business owners

Innovation aspirations of entrepreneurs are measured from the market perspective: Are product and/or service new to all or some customers and if few or no other businesses offer the same product/service (see Appendix A for definitions)? If an entrepreneur considers that his/her products are new to the customers and there are not many other competitors, then she/he belongs to the innovative orientation group. When interpreting this, one must take into consideration that a new market-product combination in some economies may already be old whereas it may be standard in the market in other economies. In Finland 23% of the early-stage entrepreneurs are innovatively-oriented according to this measure (Figure 7). The share

has slightly increased from 2013, when 22% of the Finnish early-stage entrepreneurs were innovation-orientated, but level remains still relatively low compared to other EU countries (30%).

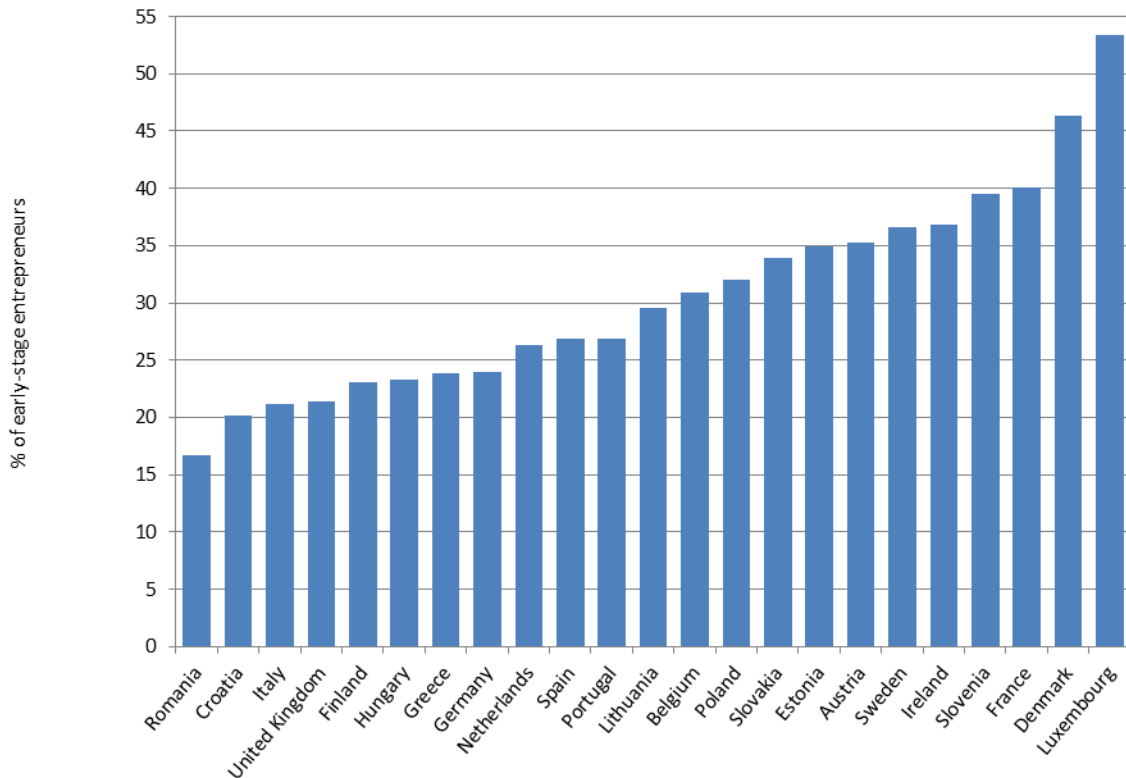


Figure 7: Innovative orientation of early-stage entrepreneurs in EU countries in 2014

5.3 International aspirations

International aspirations remain low among early-stage entrepreneurs

Early-stage entrepreneurs' international aspirations are measured as a share of customers living outside of the early-stage entrepreneur's country (see Appendix A for definitions). Here, the international aspirations are assessed in terms of the proportion of early-stage entrepreneurs who have at least 25% international customers. In all, 13% of Finnish early-stage entrepreneurs have strong international orientation (Figure 8). The share has slightly increased from 2013, when 11% of entrepreneurs had international aspirations. Generally highest levels were found in EU countries (23%), where international aspirations in Luxembourg are 42%, in Croatia 38%, and in Belgium 33%. Finland, however, is an exception, and we are lacking behind other EU countries. Unfortunately, this hold trues also among the innovation-driven economies (Singer et al., 2015).

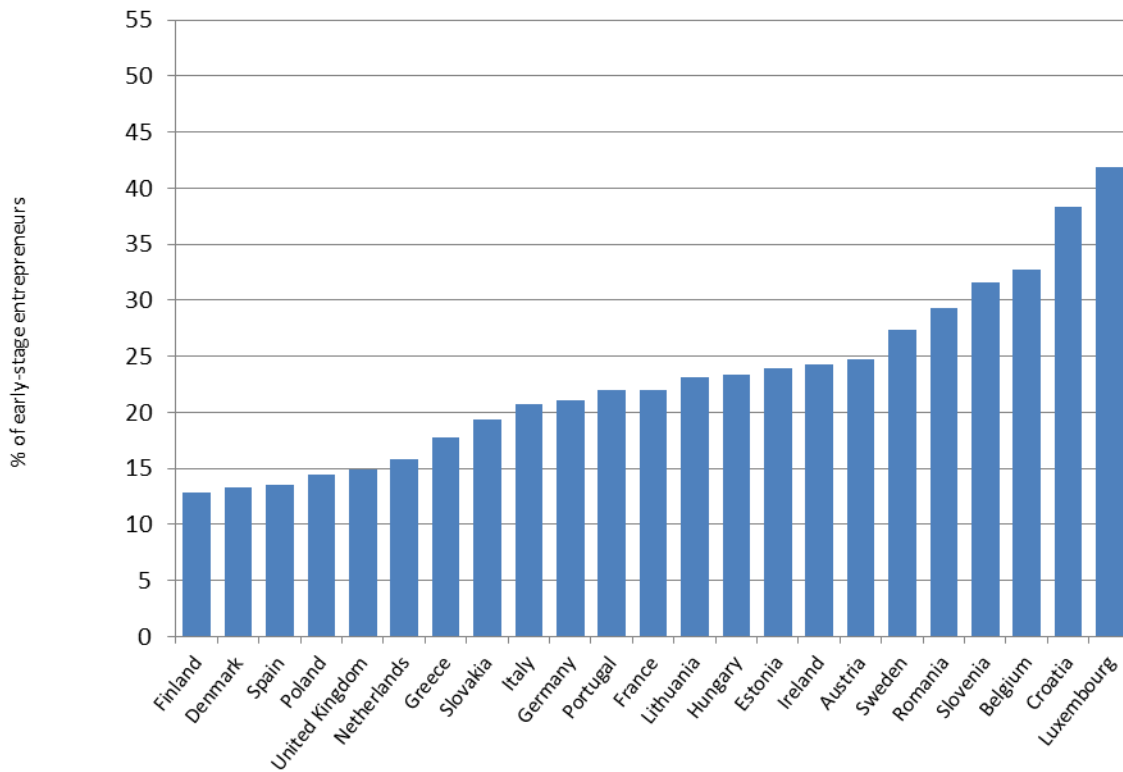


Figure 8: International orientation of early-stage entrepreneurs in EU member states in 2014

Established business owners' entrepreneurial ambitions are modest

Over half of Finnish established business owners have intentions to hire a new person to their business during the next five years. However, only a few (3%) belong into high growth aspirations category. The results based on GEM data suggest that high growth expectations are less common among the established businesses than among the early-stage entrepreneurs. This may indicate that some entrepreneurs may have different trajectories for their goals at the start-up phase, and/or high growth period may remain short and appear on very early-stages of entrepreneurial life-cycle.

The share of innovation aspired individuals among the established business owners is clearly lower than among the early-stage entrepreneurs (7%) in Finland. The share has declined from last year when 17% of established business owners had innovation aspirations.

Among the established business owners 9% show that they have international aspirations with at least 25% international customers. Among EU countries the average is 21%. This share is especially high in Estonia (33%) and Luxembourg (26%).

6 SPECIAL TOPICS: ‘INTRAPRENEURSHIP’ AND ‘ENTREPRENEURSHIP TRAINING’

Key highlights

- **In Finland the entrepreneurial employee activity is at the average level among EU member states**
- **Finnish adults who have engaged in the entrepreneurial employee activity have good perceptions of opportunities and their entrepreneurial skills**
- **Entrepreneurially-active individuals have participated more often in entrepreneurship training than non-entrepreneurs**
- **Participation in entrepreneurship training during and after education is higher among those who have entrepreneurial intentions and who perceive of having enough skills to start a business**

6.1 Entrepreneurial employee activity

Finland has less entrepreneurial employee activity than in previous years

As an additional aspect to entrepreneurial activity across the globe, the GEM study assesses entrepreneurial activities within existing organizations. The entrepreneurial employee activity (EEA), is defined as employees developing new activities for their main employer, such as developing or launching new goods or services, or setting up a new business unit, a new establishment or subsidiary (see Appendix A for further definition).

The EEA rates are presented in the whole adult population. In 2014 the rate of EEA is 4.5% which is about the average among the EU countries albeit the rate is lower than previously (Figure 9). It also falls behind of the engagement in early-stage entrepreneurial activity. In 2011 the share of EEA (8%) in Finland was among the highest in the innovation-driven economies (Stenholm et al., 2012), and in 2013 the rate was slightly lower, 5.8% (Stenholm et al., 2014). Among the EU member states Denmark has the highest levels of EEA, 11.7%.

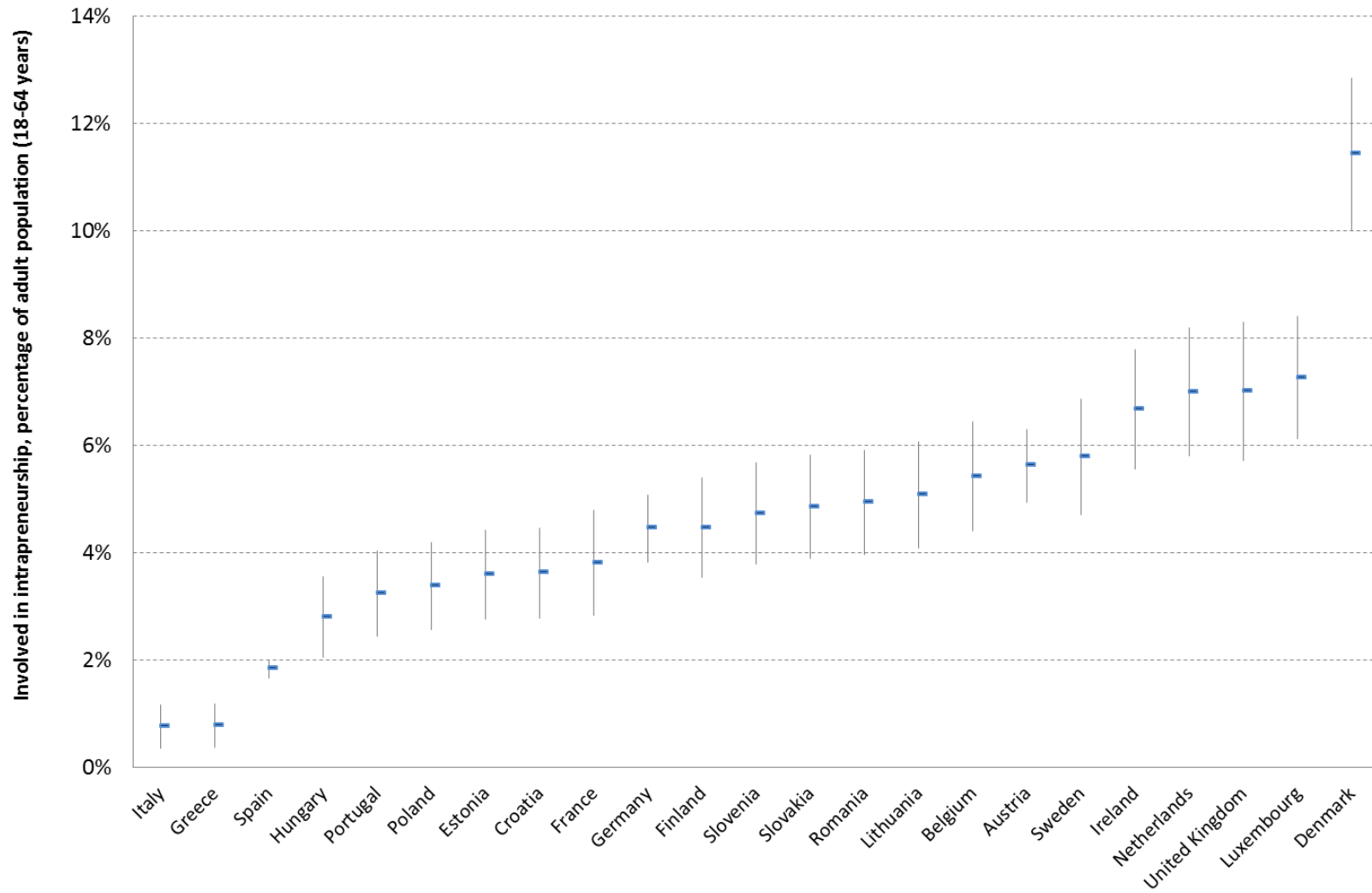


Figure 9: Entrepreneurial employee activity in EU member states (as % of population aged 18–64) (adapted from Singer et al., 2015)

Further analyses show that in Finland the EEA is more prevalent among highly educated individuals and among individuals who belong in the upper 33% income tile. Similarly, the EEA is more prevalent among those who are employed by others in full-time work and who are employed in private business. Similar results were found in the previous Finnish assessments (Stenholm et al., 2012; 2014). In Finland also individuals aged 25–34 years are more often engaging in the EEA than their older peers.

Furthermore, our results show that those who are entrepreneurially active employees have higher entrepreneurial intentions and perceptions of suitable opportunities and possess entrepreneurial skills more than the Finnish adult population in general. Moreover, those engaged in the EEA are less fearful of failure than the Finnish adult population in general. These findings imply that the entrepreneurially active individuals working in established organizations have strong entrepreneurial potential.

6.2 Entrepreneurship training

There is a lot of support available for Finnish entrepreneurs, but only a few exploit it

Next we give focus on entrepreneurship training and especially how much it has been exploited among studied Finnish adults. Training in starting a business is divided in two aspects: during and after individuals' education. The former covers entrepreneurship courses and training given at primary and secondary education; the latter covers various forms of training available outside education system. Finnish society provides entrepreneurs and individuals considering becoming entrepreneurs with various forms of support. Offering support services for entrepreneurs and small businesses is written in the Finnish legislation, and the statistics indicate that the majority (80%) of the direct public subsidies are used by SMEs (Statistics Finland, 2012).

In this annual report the focus is on training on starting a business during and after one's education in school. When analyzed against the engagement in any entrepreneurial activity—early-stage and established—the figures show that entrepreneurially active individuals have participated more often in entrepreneurship training during and after their education (Table 2). The results show that the participation differs statistically significantly between entrepreneurially active and non-active individuals.

Table 2: The participation in training on starting a business during and after education in adult population in Finland

	<i>During (p<0.01)</i>		<i>After (p<0.001)</i>		<i>All respondents^{c)}</i>	
	Entrepreneurially active ^{a)}	Entrepreneurially non-active ^{b)}	Entrepreneurially active	Entrepreneurially non-active	<i>During</i>	<i>After</i>
Yes	36	26	41	16	27	19
No	64	74	59	84	73	81
Total	100	100	100	100	100	100
^{a)} n=238						
^{b)} n=1750						
^{c)} n=1988						

A closer look at the entrepreneurship training during and after one's education shows that those with entrepreneurial intentions and those who perceive of having necessary skills for starting a business have participated in training more often than their peers. Participation in entrepreneurship training during the education is also higher among younger respondents than among their older peers. For instance, 35% of respondents aged 18–24 years have had entrepreneurship training during their primary and secondary education when among 55–64 years old the respective share is 17%. Moreover, those who fear for failure more than others have not participated in entrepreneurship training during or after their education. Similarly, entrepreneurship training at primary and secondary education is not associated with innovative or growth expectations later in life.

The participation in entrepreneurship training after the education is higher among individual's with entrepreneurial intentions and who perceived of having required skills to start a business. However, the participation in entrepreneurship training after education is positively associated with growth expectations in general, albeit this does not hold true with high growth expectations.

7 PORTRAIT OF ENTREPRENEURIAL ACTIVITY

Key highlights¹⁰

- **In Finland early-stage entrepreneurship is highest in age group of 35–44, the share is higher than the average in EU or in the Nordic countries.**
- **In Finland highly educated individuals are more prone to early-stage entrepreneurial activity than those with lower education**
- **Established business ownership most prevalent among individuals with secondary degree**

7.1 Entrepreneurial activity by age

Early-stage entrepreneurial activity

In Finland the early-stage entrepreneurial activity is lowest among individuals aged 18–24-years, 1.5% (Figure 10). The level early-stage entrepreneurial activity among this youngest age group has decreased from last year (6%). On the contrary, the early-stage entrepreneurial activity is highest among individuals aged 35–44 (10.5%). This share is higher than the average in European Union or in the Nordic countries. Among EU countries the share is highest in Romania and Lithuania, where 13% in the age group 35–44 is engaged in entrepreneurial activity (see Appendix Table 3). Moreover, the age distribution is similar in Finland and Nordic Countries, whereas in EU countries is more diffuse especially among younger age groups.

¹⁰ The demographic analyses included in this chapter are uncontrolled for cross-effects.

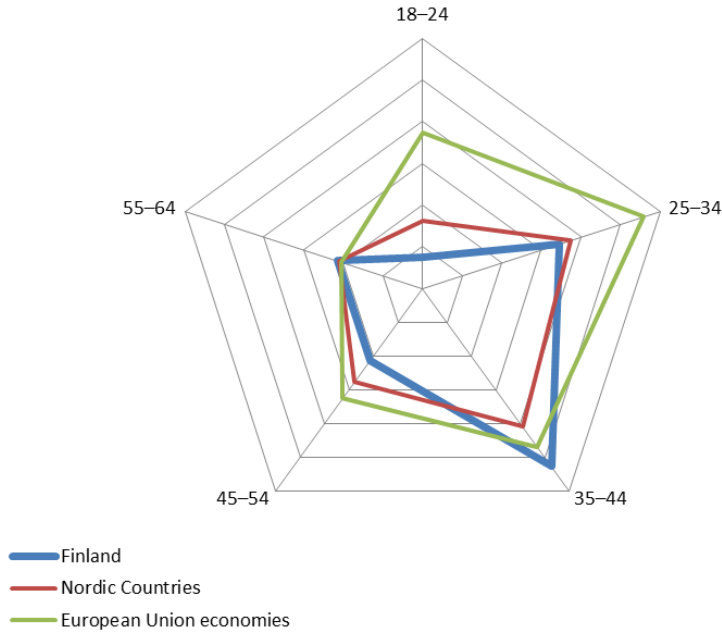


Figure 10: Early-stage entrepreneurial activity by age in Finland, Nordic countries and EU countries in 2014 (as % of population aged 18–64)¹¹

Established business ownership

The established business ownership is most prevalent among middle-aged individuals (45–54-years) in Finland (Figure 11). This tendency is same than in Nordic and EU countries. Among middle-aged individuals the rate of established business ownership is highest in Greece, where 19% of aged 45–54 own an established business. The rate is lowest in Belgium, where only slightly fewer than 4% of individuals aged 45–54 are business owners.

¹¹ The scale is the percentage of the adult population. The further the data point is from the center, the higher is the prevalence of the topic in question.

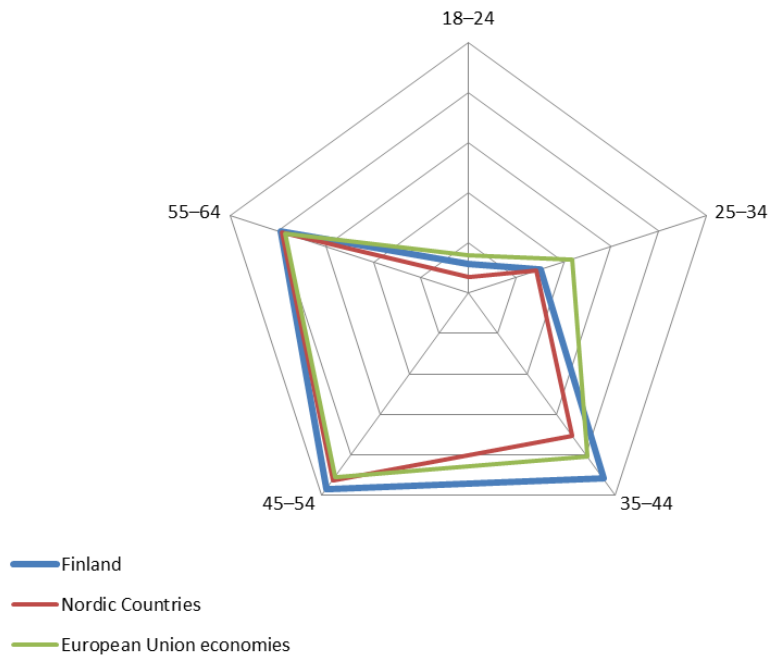


Figure 11: Established business ownership by age in Finland, Nordic countries and EU countries in 2014 (as % of population aged 18–64)¹²

7.2 Entrepreneurial activity by gender

Early-stage entrepreneurs

In Finland men are more likely to be entrepreneurially involved than women. This tendency is same as in all geographic regions. In Finland, the share of female early-stage entrepreneurs is 4.6%, when 6.6% of men are involved in early-stage entrepreneurial activity. We are lacking behind the average of EU members states, where 5.5% of female and 10% of men are involved in early-stage entrepreneurship. In addition, the gender difference in Finland is not as wide as in EU countries in general. The difference is widest in Hungary and in Sweden, where men are exceptionally more often likely to be entrepreneurially involved than women (Table 3).

Established business ownership

Men seem to dominate also in entrepreneurial engagement in established business ownership among EU countries (Table 3). In Finland, men seem to engage in established business ownership slightly more often than men in EU economies. The share among women, however, is lacking the average of EU countries. In Finland the ratio between female and male established business owners indicates that an established business owner is about two

¹² The scale is the percentage of the adult population. The further the data point is from the center, the higher is the prevalence of the topic in question.

times more likely a male than a female. In other EU countries the share of men and women as established business owners is most even in Spain, where 6% of female and 8% of men are established business owners, and in Luxembourg, where 3% of female and 4.3% of men are involved in established business ownership.

Table 3: Entrepreneurial activity by gender in Finland, Nordic countries and EU countries in 2014 (as % of population by gender)

Country	Early-stage entrepreneurs			Established business owners		
	Male	Female	Total	Male	Female	Total
Finland	6.6	4.6	5.6	9.1	4.0	6.6
Nordic countries	7.6	4.0	5.9	7.9	3.8	5.9
EU countries	10.2	5.5	7.8	9.0	4.4	6.7

A deeper insight into the early-stage entrepreneurship by gender shows that men and women may have different motivations for engaging in entrepreneurship; they are pushed or pulled into entrepreneurship for different reasons. GEM classifies the entrepreneurs, who may be pushed into starting a business because they have no other means of living, that is, no other employment options available, as necessity-driven (see Appendix A). Others enter entrepreneurship to pursue some form of an opportunity, and these GEM identifies as opportunity-driven entrepreneurs. The figures indicate that in Finland men’s entrepreneurial activity is more often than for women based on opportunity; this holds true also in the most of the Nordic and EU member states (Table 4). Finland differs from Denmark where gender differences in necessity-based entrepreneurship are opposite, and from Sweden where there are almost twice as much entrepreneurially active women motivated by necessity as men. In countries, such as Croatia (47%), Greece (43%) and Hungary (43%), women’s entrepreneurial activity is motivated by necessity. On the contrary, in the Asian countries like South Korea and Japan (34%) and in some Southern European countries, such as Spain (33%) considerable share of women’s early-stage entrepreneurship is defined by necessity as the main motivator for a business start-up.

Table 4: Opportunity- and necessity-based early-stage entrepreneurial activity by gender in Finland, Nordic countries and EU countries (as % of TEA by gender)

Country	Opportunity-based early-stage entrepreneurship (% of TEA by gender)		Necessity-based early-stage entrepreneurship (% of TEA by gender)	
	Male	Female	Male	Female
Finland	83	79	15	17
Nordic countries	87	83	7	11
EU countries	75	70	22	25

7.3 Entrepreneurial activity by education

Highly educated are more prone to early-stage entrepreneurial activity

In Finland individuals with at least post-secondary degree (7.1% and graduate 7.2%) are more prone for entrepreneurial activity than those with lower education (some secondary 4.5%) (Figure 12). This tendency is same in Nordic countries and EU countries on average, indicating that entrepreneurship is based on those qualifications acquired through higher education, and no longer belongs to lower educational qualifications (Appendix Table 5). In Finland, however, early-stage entrepreneurial activity among highly educated individuals is not as prevalent as in EU and Nordic countries in general (Appendix Figure 5).

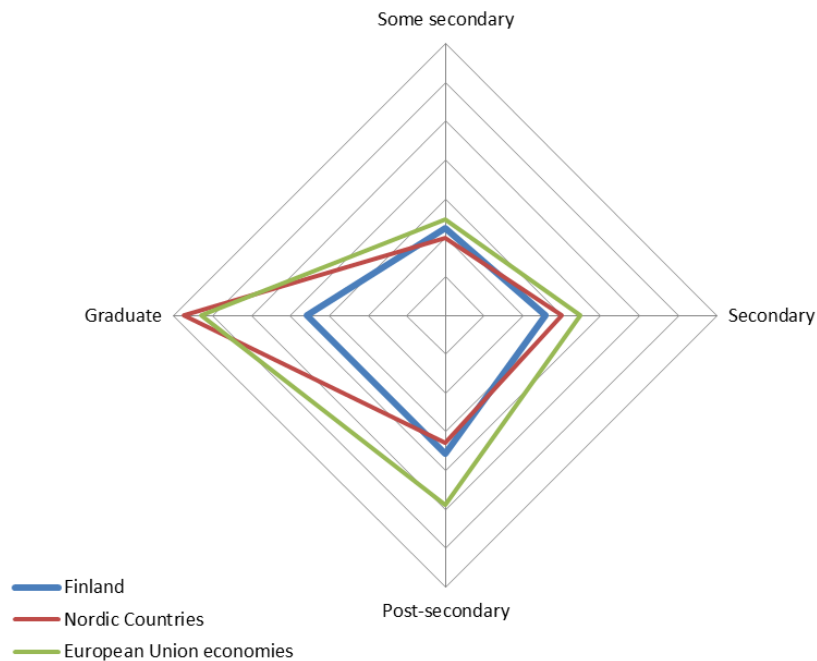


Figure 12: Early-stage entrepreneurial activity by education in Finland, Nordic countries and EU member states in 2014 (as % of population aged 18–64)¹³

The established business ownership across education levels

In Finland established business ownership is most prevalent among individuals with secondary degree (Figure 13). This tendency is not similar than in Nordic countries and EU

¹³ The scale is the percentage of the adult population. The further the data point is from the center, the higher is the prevalence of the topic in question.

member states, where individuals with higher education are more often engaged in established business ownership.

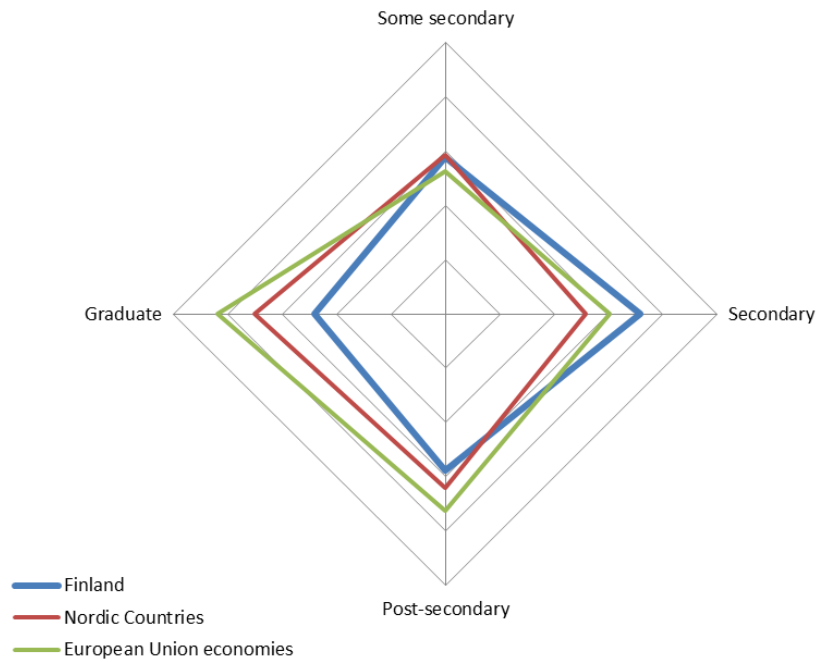


Figure 13: Established business ownership by education in Finland, Nordic countries and EU member states in 2014 (as % of population aged 18–64)¹⁴

¹⁴ The scale is the percentage of the adult population. The further the data point is from the center, the higher is the prevalence of the topic in question.

8 DISCUSSION

It seems that Europe is on way to slow recovery of the current economic downturn and the consequences of euro-crisis. Invigoration of the national economies and stabilization of the Eurozone have constrained government budgets and pushed governments to focus on austerity packages, instead of strong investment and public spending policies. Given the circumstances only minority of the resources can be devoted to economic boost activities for promoting entrepreneurship although the role of entrepreneurship in economic growth is widely acknowledged.

In Finland entrepreneurship is recognized as an important means to catalyze economic growth. This is demonstrated in the new Government programme as one strategic objective of 'employment and competitiveness' with key projects of improving conditions for business and entrepreneurship as well as renewing labour market conditions and working life in order to increase employment in Finland. The means for this policy programme are through taxation and structural changes in the employment policy. In addition, measures influencing entrepreneurship are implemented through and embedded in different policies, such as education, employment or fiscal policies.

GEM-study reaffirms that Finland is a competitive and business friendly economy with its well-developed and well-functioning support system for entrepreneurship. As to overall economic performance and business environment Finland is still a prime member of EU countries although it seems to take much longer than expected for Finland to recover from the economic downturn and readjust its former policies.

Despite the supportive policies and environment for entrepreneurship, positive perceptions on business opportunities and high entrepreneurial potential do not turn into potentially growing and remarkable start-ups and new businesses. Finland has potential entrepreneurs with new ideas and skills, but we still seem to lack the ones who take the initiatives and exploit the opportunities. It seems that start-ups and new businesses are not results from fiscal and economic policies *per se*, but emerge and are created otherwise. It is, however, impossible to define a priori where the new ideas and potential entrepreneurs come from although the GEM study clearly recognizes the potential of young and highly educated. On the other hand, there is a danger that the prolonged economic downturn and the lack of other employment options create increasing amount of unsustainable entrepreneurship.

Finnish entrepreneurs continue to have rather modest aspirations and performance levels, particularly with regard to growth expectations, innovation-orientation and international orientation. Finland is highly dependent on exports, and the global and European market



situations either slow down the effect of the national policies or boost them further. E.g Finland is one of those EU-countries whose export has suffered most due to Russia sanctions.

It is worth mentioning that entrepreneurship encompasses also individual's entrepreneurial activity in salaried work (intrapreneurship). In Finland the entrepreneurial employee activity is still at the average level among EU member states although it has declined. Entrepreneurial employees have good perceptions of opportunities and their entrepreneurial skills. This asset is hardly fully exploited in existing organisations and continuous work needs to be directed to those existing organizations.



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APPENDIX A: DEFINITIONS

Description of selected global indices used in this report

Global Competitiveness Index (<http://www.weforum.org/reports/global-competitiveness-report-2014-2015>)

The World Economic Forum has ranked world's nations according to their Global Competitiveness Index. The index comprises 12 institutional pillars (from basic infrastructure to innovation receptivity) values of which are calculated or estimated by 38 key indicators and over 100 variables. Data for the Index is gathered partially from the Executive Opinion Survey—a survey of a representative sample of business leaders in respective countries. In the latest report the survey had just over 14,000 from 144 countries. For Finland the number of respondents was 69 in 2012. The rest of the data is retrieved from publicly available sources such as the United Nations. (Schwab and Sala-i-Martin, 2014)

Ease of Doing Business Index (<http://www.doingbusiness.org/rankings>)

Annually, the World Bank launches the Ease of Doing Business Index which assesses regulations affecting domestic firms in 185 economies and ranks the economies in 10 areas of business regulation, such as starting a business, resolving insolvency and trading across borders. The index is based on the study of laws and regulations, with the input and verification by more than 9,600 government officials, lawyers, business consultants, accountants and other professionals in 185 economies who routinely advise on or administer legal and regulatory requirements. (Doing Business, 2014)

Index of Economic Freedom (<http://www.heritage.org/index/>)

The Index of Economic Freedom is also an annual index created by The Heritage Foundation and The Wall Street Journal. It is to measure the degree of economic freedom across the nations. The index scores nations on 10 dimensions of economic freedom, such as business freedom, financial freedom, freedom from corruption, by using statistics from organizations like the World Bank, the International Monetary Fund and the Economist Intelligence Unit. (Heritage Foundation, 2015)



Description of entrepreneurial framework conditions (EFC) used in National Expert Survey

National expert interviews include 88 Likert-scale (1–5) statements concerning entrepreneurial framework conditions for new and growing firms. The statements are grouped into 17 themes, based on a priori understanding, factor analysis and reliability analysis (Cronbach’s alpha). Each of the 17 themes is described in more detail below.

Condition	Description
Government policy	Support for new and growing firms at national and local government level
Government regulations	Availability of required permits and licenses, potential tax burden, predictability and consistence of taxes and other government regulations, difficulty of complying with government regulations
Government programs	Assistance through one-stop-shops, science parks and business incubators, number of government programs, capability of people working for government agencies, information about the effectiveness of government programs
Finance (private and public)	Availability of equity funding, debt funding, government subsidies, funding available from private individuals, venture capitalist funding, initial public offerings
Primary and secondary education	Encouragement of entrepreneurial behavior, instruction in market economic principles, attention to entrepreneurship and new firm creation
Higher education	The effectiveness of colleges and universities, the level of business and management education and the vocational, professional, and continuing education systems in preparation for starting up and growing new firms
Technology transfer	Transfer from universities and public research centers, new and growing firms’ access to and financial resources for technology, government subsidies, support of technology in creation of world-class new technology-based ventures, support for university spin-offs
Business infrastructure	Availability, quality and cost of using of subcontractors, suppliers, consultants, professional legal and accounting services as well as banking services
Market dynamics	Speed of change in the markets for consumer, as well as business-to-business, goods and services
Market openness	Easiness and cost of access to new markets, availability and effectiveness of anti-trust legislation
Physical infrastructure	Support of physical infrastructure as a whole, availability and cost of communications (internet, phone etc.) and basic utilities (gas, water, electricity etc.)
Entrepreneurial culture	Acceptance and support of individual success, emphasis on self-sufficiency, autonomy, personal initiative and individual’s own role in managing his or her own life, encouragement of creativity, innovativeness and entrepreneurial risk-taking

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Condition	Description
Entrepreneurial opportunity perception	Availability of good opportunities for the creation of new firms and high growth firms
Entrepreneurial skills	Individuals' ability to organize the resources required for a new business, capability to start and manage a small business, prevalence of start-up experience, individual's ability to react to good opportunities
Entrepreneurial motivation	Acceptance of entrepreneurship as means to become rich, desirability of entrepreneurship as career choice, level of status and respect for successful entrepreneurs, prevalence of entrepreneurial success stories in public media, image of entrepreneurs as competent, resourceful individuals
Supporting womens' entrepreneurship	Availability of social services available to enable women to work after they start a family, social acceptance and encouragement for women to start a business, possible differences in men's and women's capabilities to start a business and in exposure to business opportunities
Supporting high-growth firms	Policy makers' awareness of the importance of high-growth entrepreneurial activity, availability of tailored support initiatives, support bodies' competence to support high-growth firms, usage of high-growth potential as selection criteria for support, government programs selectivity when choosing recipients of entrepreneurship support



Glossary of main GEM variables

Variable	Description
Business discontinuation rate	Percentage of 18-64 population who have, in the past 12 months, discontinued a business, either by selling, shutting down, or otherwise discontinuing an owner/management relationship with the business. Note: this is NOT a measure of business failure rates.
Perceived opportunities	Percentage of 18-64 population (individuals involved in any stage of entrepreneurial activity excluded) who see good opportunities to start a firm in the area where they live.
Perceived capabilities	Percentage of 18-64 population (individuals involved in any stage of entrepreneurial activity excluded) who believe they have the required skills and knowledge to start a business.
Potential entrepreneurial activity rate	Percentage of 18-64 population (individuals involved in any stage of entrepreneurial activity excluded) who are not involved in entrepreneurial activity, but have a positive perception of their own entrepreneurial capabilities and the entrepreneurial opportunities in the area where they live.
Fear of failure rate	Percentage of 18-64 population (individuals involved in any stage of entrepreneurial activity excluded) who indicate that fear of failure would prevent them from setting up a business.
Entrepreneurial intention	Percentage of 18-64 population (individuals involved in any stage of entrepreneurial activity excluded) who are latent entrepreneurs and who intend to start a business within three years.
Nascent entrepreneurship rate	Percentage of 18-64 population who are currently a nascent entrepreneur, i.e., actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages, or any other payments to the owners for more than 3 months.
New business ownership rate	Percentage of 18-64 population who are currently an owner-manager of a new business, i.e., owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than three months, but not more than 42 months.
Early-stage entrepreneurial activity	Percentage of 18-64 population who are either a nascent entrepreneur (as defined earlier) or owner-manager of a new business (as defined earlier).
Established business ownership rate	Percentage of 18-64 population who are currently an owner-manager of an established business, i.e., owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than 42 months.
Entrepreneurial employee activity	Percentage of 18–64 age group who are currently involved in developing new entrepreneurial activities for their employer and fulfill a leading role in this activity. Broad definition covers similar activities over the previous three years.
Innovative oriented early-stage entrepreneurial activity: relative prevalence	Percentage of early-stage entrepreneurs (as defined earlier) who indicate that their product or service is new to at least some customers and indicate that not many businesses offer the same product or service.
Opportunity-based early-stage entrepreneurship	Percentage of those involved in TEA who (i) claim to be driven by opportunity as opposed to finding no other option for work; and (ii) who indicate the main driver for being involved in this opportunity is being independent or increasing their income, rather than just maintaining their income
Necessity-based early-stage entrepreneurship	Percentage of those involved in TEA who are involved in entrepreneurship because they had no other option for work



Data collection¹⁵

Since its inception in 1999, GEM's major activity has been the creation of a large data set and the construction of harmonized measures of entrepreneurial activity. GEM collects two types of data: adult population surveys and national expert interviews.

Adult population survey

Representative samples of randomly selected adults, ranging in size from 1 500 to almost 35 000 individuals, are surveyed each year in each country in order to provide a harmonized measure of the prevalence of entrepreneurial activity. The annual surveys generally take place between May and August and are based on three main elements: the sample of respondents, the interview schedule used to collect the data, and the creation of measures estimating entrepreneurship at the national level. The interview schedule consists of a set of core questions used to derive entrepreneurial activity rates and additional questions concerning the attributes and characteristics of the respondents. The interview schedule is approved by GEM national teams as a collective decision in an annual meeting held in January each year. Both survey and collection procedures are revised annually. GEM entered its Phase 2 in year 2005 and more emphasis is being put on the quality of the data. As a result, several changes will be introduced in the next couple of years with respect to data-collection procedures and, especially, sampling standards.

While the research firms in each country are among the best available, virtually every data set provided by every vendor requires some adjustments and corrections. Once all separate data sets are checked and harmonized, the files are consolidated into a single data file, each respondent having a unique identification number. The GEM coordination team then processes the data set to identify people considered as entrepreneurially active and to compute other variables related to entrepreneurial activity.

National expert interviews

Each GEM national team conducts up to 36 interviews with experts in their respective countries chosen to represent a number of entrepreneurial framework conditions. Experts are selected on the basis of reputation and experience. In the interviews, experts express their views on national strengths and weaknesses as a context for entrepreneurship and indicate what policy or program changes they believe would enhance the level of entrepreneurship in their country. The national experts also complete a standardized questionnaire in order for GEM to obtain a quantitative measure of their opinions concerning their country as a suitable context for entrepreneurial activity. The questionnaire consists of sets of five to seven related items grouped on the basis of countries and individual characteristics relevant for entrepreneurship.

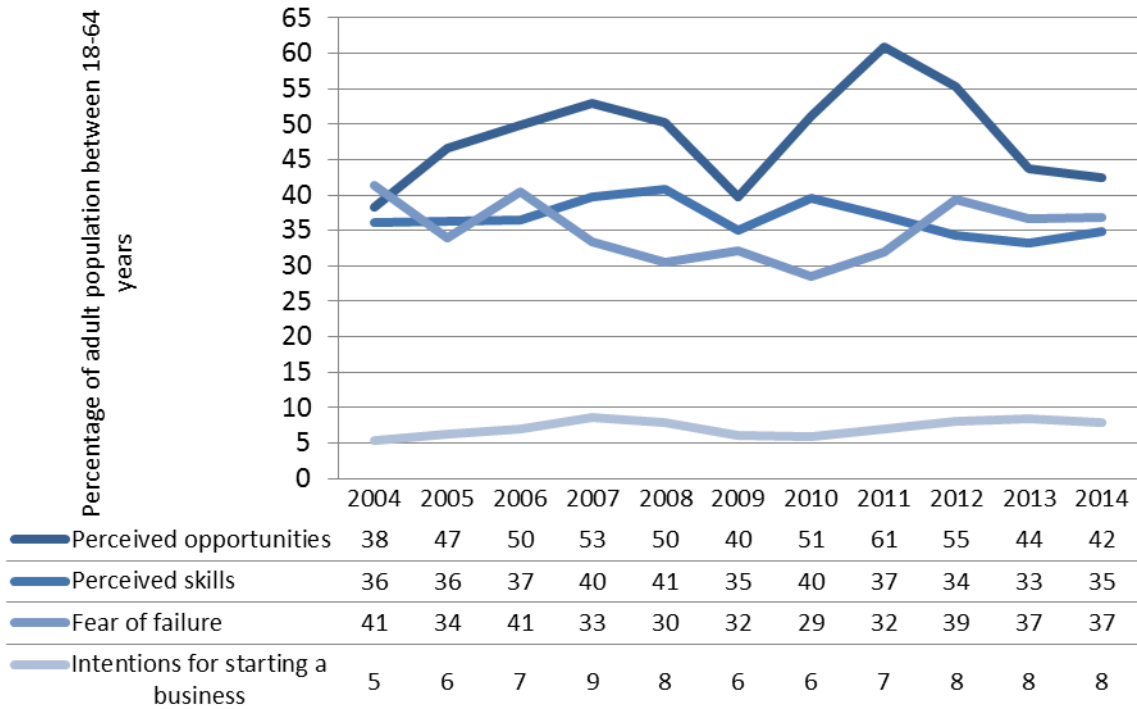
¹⁵ More on GEM's research methodology (Reynolds et al., 2005).

APPENDIX B: TABLES AND FIGURES

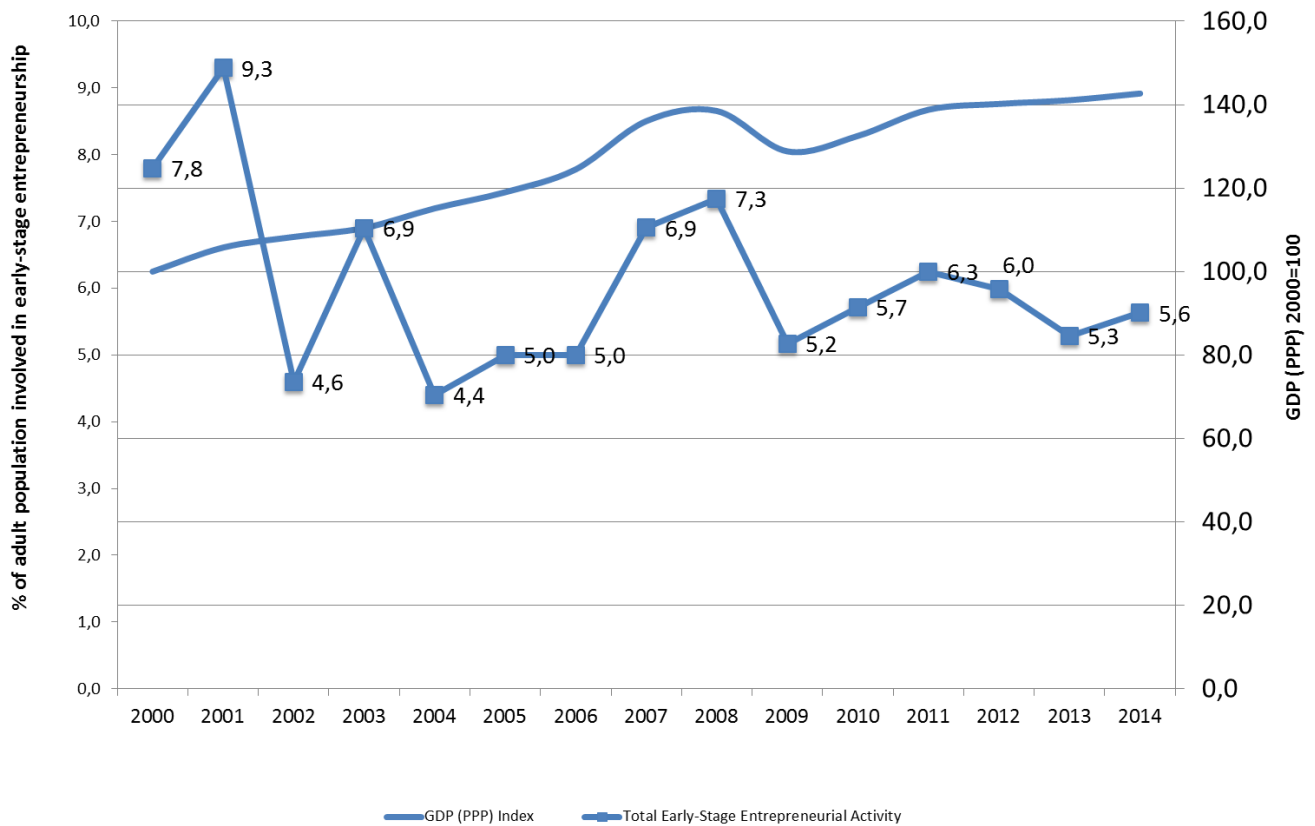
Appendix Table 1: Entrepreneurial attitudes and perceptions in EU member states in 2014 (as % of population aged 18–64) (Amoros and Bosma, 2014)

Country	Perceived opportunities	Perceived capabilities	Fear of failure	Entrepreneurial intentions*
Austria	44	49	44	8
Belgium	36	30	50	11
Croatia	18	46	44	19
Denmark	60	35	41	7
Estonia	49	42	50	10
Finland	42	35	42	8
France	28	35	43	14
Germany	38	36	46	6
Greece	20	46	71	10
Hungary	23	41	48	14
Ireland	33	47	42	7
Italy	27	31	57	11
Lithuania	32	33	49	20
Luxembourg	43	38	51	12
Netherlands	46	44	39	9
Poland	31	54	58	16
Portugal	23	47	48	16
Romania	32	48	48	32
Slovakia	24	54	46	15
Slovenia	17	49	39	11
Spain	23	48	47	7
Sweden	70	37	41	8
United Kingdom	41	46	38	7
<i>Average (unweighted)</i>	35	42	47	12

* Respondent expects to start a business within three years; denominator: age group 18-64 that is currently not involved in entrepreneurial activity



Appendix Figure 1: Entrepreneurial attitudes and perceptions for 2004–2014 in Finland



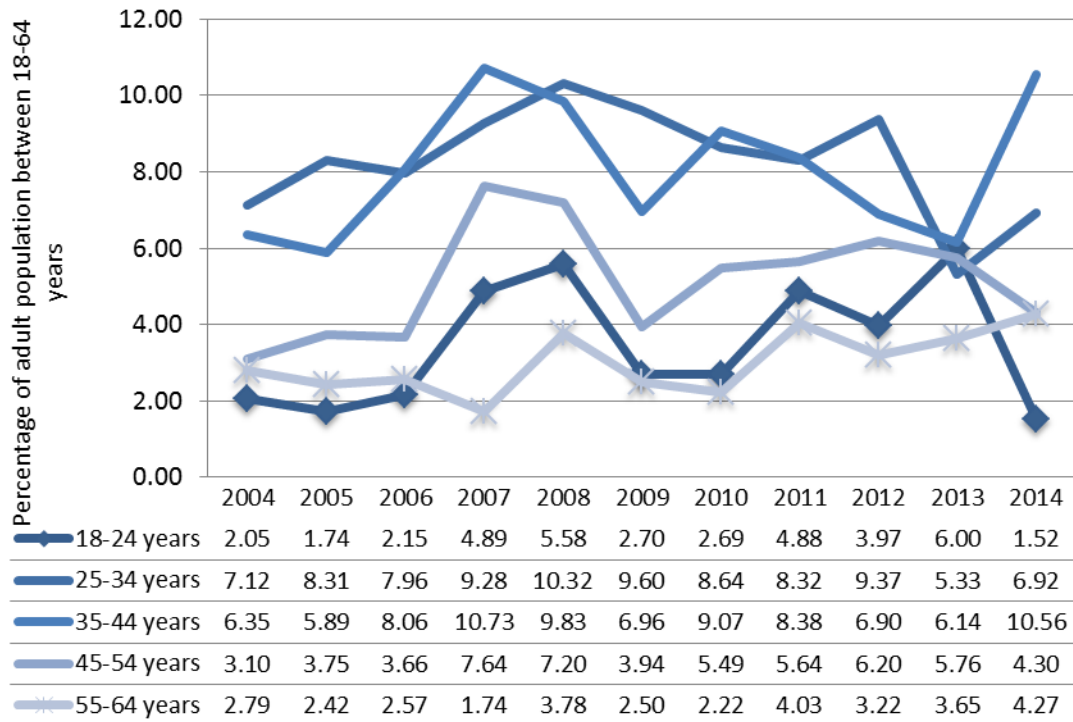
Appendix Figure 2: Development of early-stage entrepreneurial activity for 2000–2014 in Finland

Appendix Table 2: Entrepreneurial activity at different stages in EU member states in 2014 (as % of population aged 18–64)

Country	Nascent entrepreneurship	New business ownership	Early-stage entrepreneurial activity (TEA)	Established business ownership	Discontinuation of businesses
Austria	5.8	3.1	8.7	9.9	2.7
Belgium	2.9	2.5	5.4	3.5	2.3
Croatia	6.0	2.0	8.0	3.6	3.8
Denmark	3.1	2.5	5.5	5.1	2.2
Estonia	6.3	3.5	9.4	5.7	2.0
Finland	3.4	2.3	5.6	6.6	2.3
France	3.7	1.7	5.3	2.9	1.7
Germany	3.1	2.3	5.3	5.2	1.7
Greece	4.6	3.4	7.9	12.8	2.8
Hungary	5.6	3.9	9.3	7.9	3.1
Ireland	4.4	2.5	6.5	9.9	1.9
Italy	3.2	1.3	4.4	4.3	2.1
Lithuania	6.1	5.3	11.3	7.8	2.9
Luxembourg	4.9	2.3	7.1	3.7	2.6
Netherlands	5.2	4.5	9.5	9.6	1.8
Poland	5.8	3.6	9.2	7.3	4.2
Portugal	5.8	4.4	10.0	7.6	3.0
Romania	5.3	6.2	11.3	7.6	3.2
Slovakia	6.7	4.4	10.9	7.8	5.2
Slovenia	3.8	2.7	6.3	4.8	1.5
Spain	3.3	2.2	5.5	7.0	1.9
Sweden	4.9	1.9	6.7	6.5	2.1
United Kingdom	6.3	4.5	10.7	6.5	1.9
<i>Average (unweighted)</i>	4.8	3.2	7.8	6.7	2.6

Appendix Table 3: Early-stage entrepreneurial activity by age in EU member states in 2014
(as % of population in each age group)

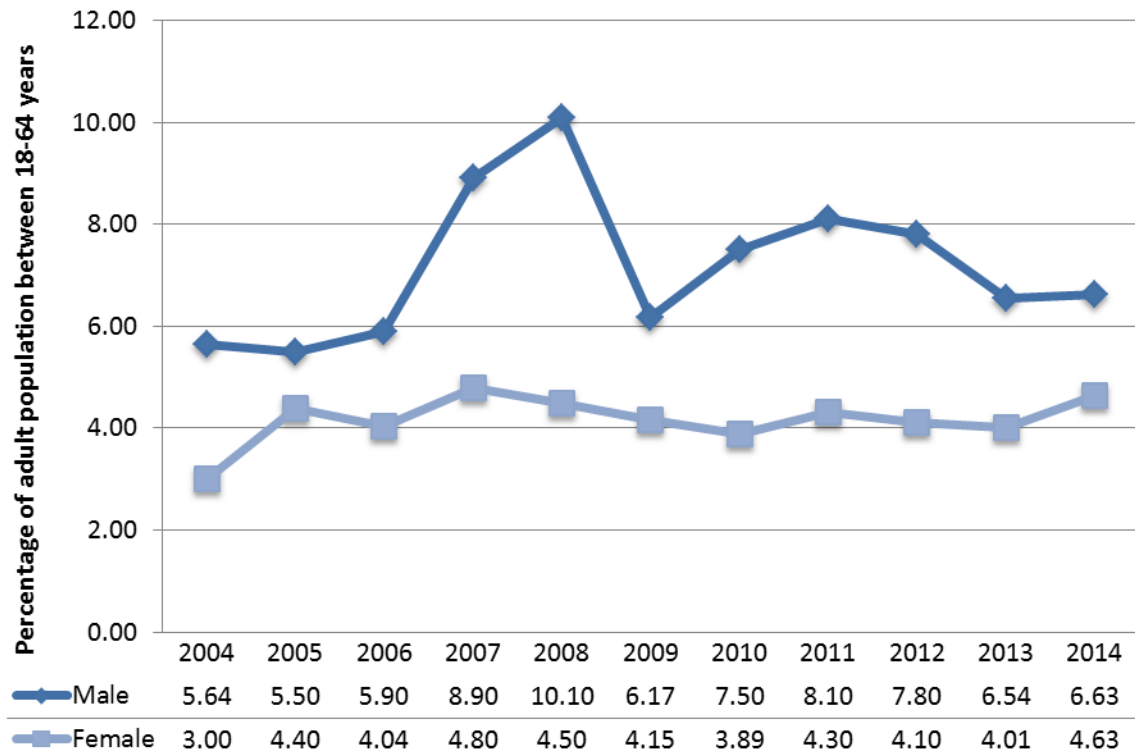
Country	18–24	25–34	35–44	45–54	55–64	Total
Austria	6.9	14.6	9.6	8.3	3.1	8.5
Belgium	5.2	7.2	5.9	5.1	3.4	5.4
Croatia	6.5	13.5	11.7	4.4	3.7	8.0
Denmark	5.3	7.9	7.7	3.7	3.0	5.5
Estonia	6.5	15.0	12.0	7.2	4.8	9.1
Finland	1.5	6.9	10.6	4.3	4.3	5.5
France	3.3	6.6	7.8	4.6	3.6	5.2
Germany	6.9	8.9	6.4	3.8	1.6	5.5
Greece	10.6	10.7	7.7	6.5	3.1	7.7
Hungary	9.5	9.1	12.2	10.8	5.0	9.3
Ireland	3.4	10.0	6.9	4.6	5.5	6.1
Italy	4.5	7.7	6.2	2.4	1.5	4.5
Lithuania	10.8	19.4	13.2	9.4	3.9	11.3
Luxembourg	7.1	10.0	7.3	6.3	4.4	7.0
Netherlands	13.0	10.9	10.1	9.3	5.2	9.7
Poland	8.1	15.8	8.5	7.1	4.9	8.9
Portugal	10.7	13.7	14.8	7.0	3.1	9.9
Romania	15.6	15.2	13.3	7.6	5.4	11.4
Slovakia	18.2	14.4	10.4	8.9	3.6	11.1
Slovenia	4.0	9.8	6.8	5.8	4.1	6.1
Spain	3.8	6.3	6.4	6.1	3.1	5.1
Sweden	3.8	7.7	7.6	7.6	6.1	6.5
United Kingdom	6.9	15.3	12.7	9.4	7.4	10.3
<i>Average (unweighted)</i>	<i>7.5</i>	<i>11.2</i>	<i>9.4</i>	<i>6.5</i>	<i>4.1</i>	<i>7.5</i>



Appendix Figure 3: Early-stage entrepreneurial activity by age for 2004–2014 in Finland

Appendix Table 4: Established business ownership by age in EU member states in 2014
(as % of population in each age group)

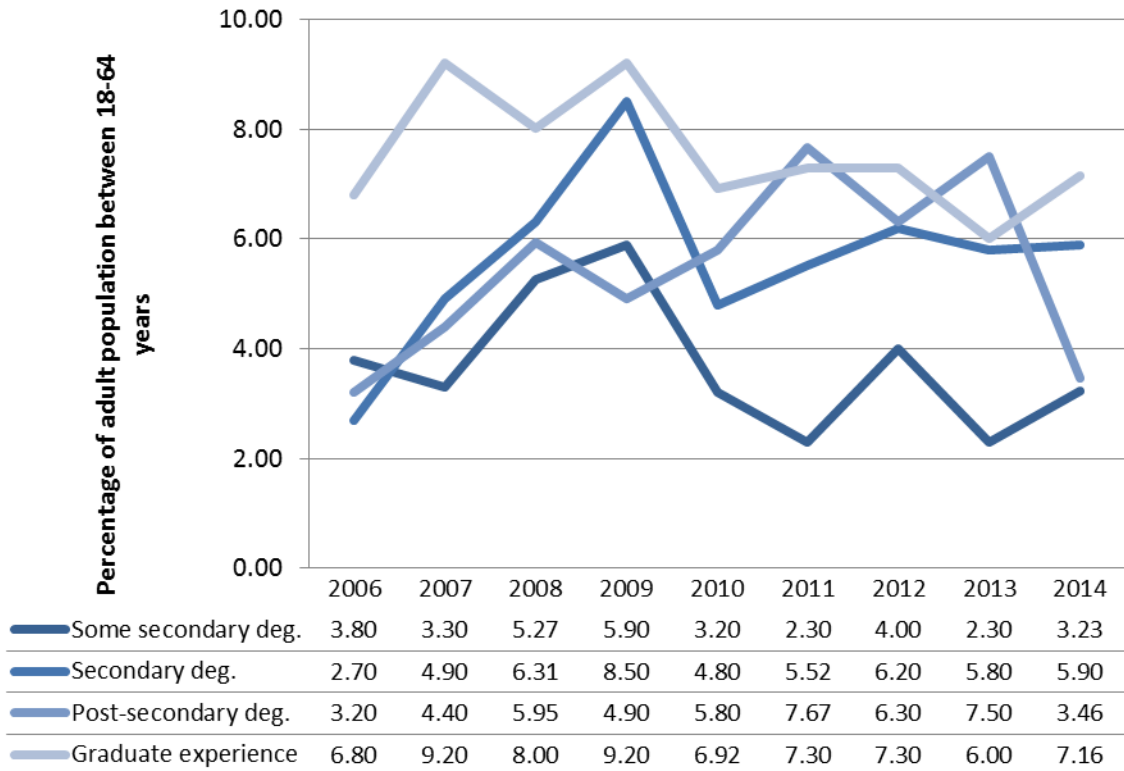
Country	18–24	25–34	35–44	45–54	55–64	Total
Austria	6.0	4.0	10.8	15.2	10.8	9.3
Belgium	0.2	2.8	5.5	3.8	4.1	3.3
Croatia	-	3.5	3.1	6.1	3.7	4.1
Denmark	0.3	2.4	5.3	10.2	5.0	4.6
Estonia	0.3	2.9	6.3	8.1	9.5	5.4
Finland	1.1	3.0	9.2	9.7	7.9	6.2
France	0.4	2.4	2.7	4.3	3.9	2.8
Germany	0.5	3.0	4.0	8.2	7.5	4.6
Greece	6.1	13.3	15.8	19.0	7.5	12.3
Hungary	1.4	5.0	10.0	9.6	10.9	7.4
Ireland	2.4	2.2	14.2	16.6	14.5	10.0
Italy	1.6	3.5	5.0	5.3	4.4	3.9
Lithuania	2.2	3.9	10.7	10.7	9.6	7.4
Luxembourg	0.4	3.0	3.1	6.0	4.8	3.5
Netherlands	1.0	6.9	14.8	12.1	8.8	8.7
Poland	2.4	7.4	9.7	7.9	7.4	7.0
Portugal	1.0	4.9	8.1	10.9	10.0	7.0
Romania	2.6	7.7	8.1	10.9	7.4	7.3
Slovakia	2.1	4.9	11.3	7.9	11.7	7.6
Slovenia	0.4	3.8	9.1	4.1	4.2	4.3
Spain	0.8	2.2	7.3	10.8	11.2	6.5
Sweden	0.3	2.0	8.3	9.3	10.9	6.2
United Kingdom	0.5	3.2	8.9	10.0	8.1	6.1
<i>Average (unweighted)</i>	<i>1.5</i>	<i>4.3</i>	<i>8.3</i>	<i>9.4</i>	<i>8.0</i>	<i>6.3</i>



Appendix Figure 4: Early-stage entrepreneurial activity by gender for 2004–2014 in Finland

Appendix Table 5: Early-stage entrepreneurial activity by education in EU member states in 2014 (as % of population in each group)

Country	Some secondary	Secondary	Post-secondary	Graduate	Total
Austria	10.4	6.8	13.8	14.5	11.4
Belgium	2.5	3.8	5.6	11.5	5.9
Croatia	4.1	8.3	12.1	7.8	8.1
Denmark	2.7	7.4	5.3	7.0	5.6
Estonia	7.6	7.6	13.0	11.9	10.1
Finland	4.5	5.1	7.1	7.2	6.0
France	3.3	6.0	4.5	8.6	5.6
Germany	3.9	4.9	7.2	-	5.3
Greece	2.5	5.6	11.8	12.4	8.1
Hungary	7.1	8.8	11.0	12.3	9.8
Ireland	5.0	4.2	8.0	5.8	5.8
Italy	4.4	3.5	-	7.2	5.0
Lithuania	2.3	9.3	10.4	14.5	9.1
Luxembourg	3.1	5.1	8.8	13.2	7.6
Netherlands	7.9	8.6	12.0	-	9.5
Poland	2.4	7.8	13.1	15.2	9.6
Portugal	6.0	10.6	12.6	19.6	12.2
Romania	4.4	9.1	13.6	-	9.0
Slovakia	6.6	11.5	12.3	14.0	11.1
Slovenia	4.1	5.2	7.5	17.9	8.7
Spain	3.8	4.8	6.9	12.2	7.0
Sweden	4.8	5.7	7.4	26.2	11.0
United Kingdom	9.7	10.4	11.0	12.5	10.9
<i>Average (unweighted)</i>	<i>4.9</i>	<i>7.0</i>	<i>9.8</i>	<i>12.6</i>	<i>8.6</i>



Appendix Figure 5: Early-stage entrepreneurial activity by education for 2005–2014 in Finland

Appendix Table 6: Established business ownership by education among in EU member states in 2014 (as % of population in each group)

Country	Some secondary	Secondary	Post-secondary	Graduate	Total
Austria	6.5	10.3	7.0	12.9	9.2
Belgium	0.8	3.9	2.8	6.1	3.4
Croatia	2.0	3.6	5.9	3.8	3.8
Denmark	2.9	3.0	5.4	9.3	5.1
Estonia	1.4	5.2	5.8	10.8	5.8
Finland	5.8	7.2	5.8	4.8	5.9
France	1.4	2.9	3.0	4.0	2.9
Germany	3.7	4.8	7.2	-	5.2
Greece	16.1	13.1	12.0	12.4	13.4
Hungary	5.7	7.3	9.2	15.9	9.5
Ireland	9.9	8.9	11.0	7.3	9.3
Italy	3.8	4.1	-	5.4	4.4
Lithuania	4.7	6.6	7.1	9.2	6.9
Luxembourg	3.6	2.5	3.8	7.4	4.3
Netherlands	10.1	9.2	11.2	-	10.2
Poland	5.1	6.5	8.3	10.3	7.5
Portugal	7.2	4.9	9.0	9.3	7.6
Romania	2.4	6.5	10.5	-	6.5
Slovakia	6.9	6.8	7.0	12.1	8.2
Slovenia	4.1	4.0	6.1	8.0	5.6
Spain	7.3	6.7	7.2	7.2	7.1
Sweden	4.5	6.0	7.2	-	5.9
United Kingdom	6.3	5.9	6.3	7.3	6.5
<i>Average (unweighted)</i>	<i>5.3</i>	<i>6.1</i>	<i>7.3</i>	<i>8.7</i>	<i>6.8</i>



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