

Inclusive Entrepreneurship Policies,
Country Assessment Notes

Finland

2020

This note is part of a series of notes on country-level inclusive entrepreneurship policies and programmes prepared by the Organisation for Economic Co-operation and Development (OECD) for the European Commission. These notes provide an overview of current and planned policy actions and identify some actions that could be implemented to address gaps in the current support offering, or improve current offerings.

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Foreword

Inclusive entrepreneurship policies seek to ensure that everyone has an opportunity to create a sustainable business for those with realistic potential, regardless of their background. Business creation by people from under-represented and disadvantaged groups (e.g. women, youth, seniors, immigrants, the unemployed, people who experience disability) helps generate jobs, thereby fighting social and financial exclusion while stimulating economic growth.

These policies have become much more relevant with the COVID-19 pandemic, which has led to rapidly increasing unemployment and inactivity. Addressing this jobs crisis is one of the top policy priorities in European Union and OECD countries and inclusive entrepreneurship schemes have strong potential for moving some unemployed people back into work. Moreover, these policies can be leveraged to help re-boot economies as there is untapped growth potential among some of the target groups.

This note is the fourth country assessment note prepared by the Organisation for Economic Co-operation and Development (OECD) in collaboration with the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission on the state of inclusive entrepreneurship policies and programmes in each EU Member State. Each note provides an overview of the entrepreneurship activities by women, youth, seniors, immigrants and the unemployed. It also provides an assessment of policies and programmes that support people from under-represented and disadvantaged groups in business creation and self-employment, and suggests policy actions to address gaps in the support system and to improve the quality of available support offers. The notes cover national-level policies and programmes and, where relevant, sub-national initiatives and actions by the non-governmental sector.

The 2020 notes include a special section on entrepreneurship support for people who experience disability. This section provides an overview of the entrepreneurship activity levels, obstacles faced and policy responses. It also contains a new section on entrepreneurship framework conditions to provide additional context for interpreting the tailored policies and programmes.

These country-specific notes are part of a wider programme of work by the OECD and the European Commission that includes “The Missing Entrepreneurs” publications, the Better Entrepreneurship Policy Tool (www.betterentrepreneurship.eu), a series of Policy Briefs on specific target groups, policies and issues, and national policy reviews of youth entrepreneurship and women entrepreneurship. This work stream examines how public policies and programmes can support inclusive entrepreneurship. This includes refining regulatory and welfare institutions, facilitating access to finance, building entrepreneurship skills through training, coaching and mentoring, strengthening entrepreneurial culture and networks for target groups, and putting strategies and actions together for inclusive entrepreneurship in a co-ordinated and targeted way. Governments are increasingly recognising the challenge of inclusive entrepreneurship, but there is still much to do to spread good practice. For more information please refer to: www.oecd.org/employment/leed/inclusive-entrepreneurship.htm.

Acknowledgements

This note is part of a series of notes on country-level inclusive entrepreneurship policies and programmes prepared by the Organisation for Economic Co-operation and Development (OECD) for the European Commission. These notes were prepared by the OECD Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) led by Lamia Kamal-Chaoui, Director, as part of the programme of work of the OECD Local Economic and Employment Development (LEED) Programme, led by Karen Maguire, Head of Division. They provide an overview of current and planned policy actions and identify some actions that could be implemented to address gaps in the current support offering, or improve current offerings.

This note was prepared by Prof. Jarna Heinonen of the University of Turku (Finland). Cynthia Lavison of the OECD CFE edited the note under the direction of Dr. Jonathan Potter, also of the OECD CFE.

An online seminar was organised to review the draft note on 9 September 2020. Suggestions and inputs were received from participants which included representatives of the Finnish Enterprise Agencies, the Ministry of Economic Affairs and Employment, the VamY Federation of Finnish Entrepreneurs with Disabilities (*Suomen Vammaisyrittäjät*), and the Finnish Association of People with Physical Disabilities.

Much of the data contained in this note were prepared under the direction of Dr. Jonathan Levie of the Global Entrepreneurship Monitor.

Finally, this note benefited from feedback and suggestions provided by Julien De Beys and Guy Lejeune of the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission.

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Key messages

- Finland offers a supportive environment for entrepreneurship. This includes very low levels of administrative burden for start-ups and easy access to debt financing for new and small firms. However, self-reported levels of entrepreneurship skills are below the European Union (EU) median despite highly skilled workforce, which has a negative influence on entrepreneurship rates.
- The self-employment rate was slightly below the EU average in 2019 (11.8% vs. 13.4%). This rate was relatively stable over the last decade but it decreased somewhat after 2016. Women accounted for a slightly greater share of the self-employed relative to the EU average (35.2% vs. 32.6%) while immigrants made up a smaller share (6.8% vs. 10.9%).
- Over 2015-19, the overall total early-stage entrepreneurship activity (TEA) rate – which estimates the share of the population involved in starting and managing business that are less than 42 months old – was 6.9% in Finland. This was about equal to the EU average. Similarly, the share of people involved in starting new businesses (“nascent entrepreneurship”) was in-line with the EU average, but youth were nearly 25% less likely to be involved in creating businesses. The share of people who owned a new business (less than 42 months old) was also approximately equal to the EU average across all population groups.
- If all groups engaged in early-stage entrepreneurship at the same rate as core-age men, there would be 170 000 more entrepreneurs. Approximately two-thirds of these “missing” entrepreneurs would be women and nearly half would be entrepreneurs over 50 years old.
- Overall, entrepreneurship policy focuses on innovative and growth-oriented entrepreneurship. While inclusive entrepreneurship is not a clear policy priority, increased attention to group-specific needs is foreseen in the forthcoming entrepreneurship strategy.
- General entrepreneurship support programmes are widely available, including as part of the suite of active labour market policies. Some tailored actions are used to support specific population groups in business creation (e.g. entrepreneurial education for youth, labour market integration for immigrants), but financial measures are strictly generic. Public policy measures are complemented by specialised non-governmental organisations.
- A significant barrier to entrepreneurship for some people in under-represented and disadvantaged groups is that social security system, which can create disincentives for self-employment. Challenges include complexity, difficulties to assess benefits levels and accounting for salaried work and self-employment.
- While the environment for entrepreneurship is favourable overall, entrepreneurship policy can be made more inclusive with the following actions:
 - Introduce more flexibility in the social security, unemployment and pension schemes so that it is easier to enter self-employment without a fear of losing a base income;
 - Strengthen communication and collaboration between public support agencies for entrepreneurship and employment and private/third sector organisations and projects engaging with under-represented and disadvantaged groups; and
 - Streamline entrepreneurship and integration support for the immigrants and increasing sensitivity to their needs within the mainstream support system.

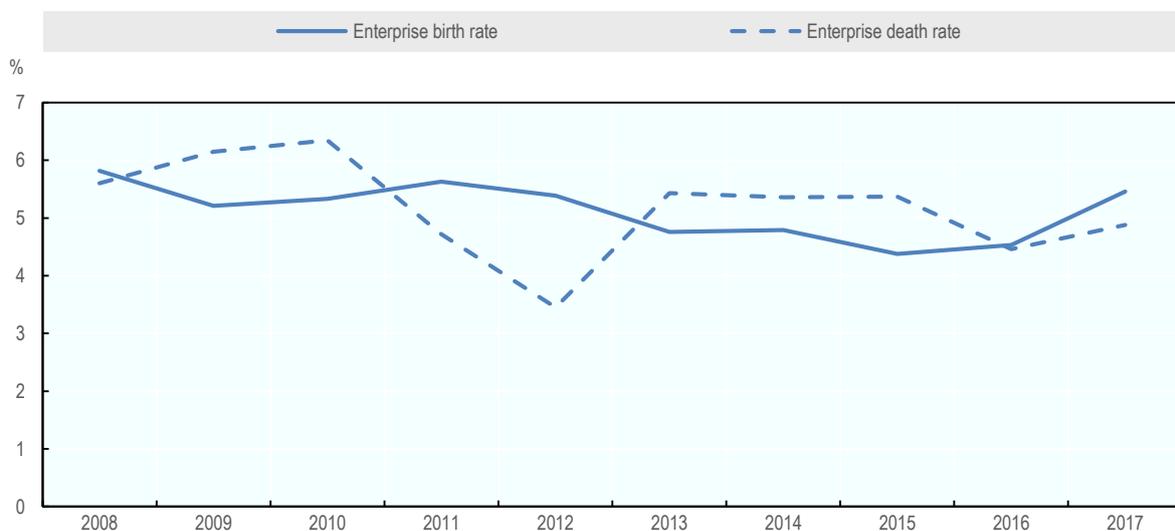
1 Inclusive entrepreneurship trends

Conditions for entrepreneurship

The enterprise birth rate declined slightly following the financial crisis, falling from 5.8% (essentially the same as the European Union (EU) median of 6%) in 2008 to 4.4% in 2015 (Figure 1.1). The business entry rate has been recovering since, but remained below the EU median in 2017 (5.5% vs. 7.5%). Conversely, the business exit rate increased in the immediate aftermath of the financial crisis but decline substantially between 2010 and 2012, falling from 6.4% to 3.5%. It increased again and reached 4.9% in 2017. There was a net growth in the business population between 2011 and 2013, and in 2016-17. Like the entry rate, the exit rate remained under the EU median during the last decade.

Figure 1.1. Business entry and exit rates

Enterprise entry and exit rates 2008-17



Note: Enterprise birth rate is the share enterprise births in the reference period (t) divided by the number of enterprises active in t. Enterprise death rate is the share enterprise deaths in the reference period (t) divided by the number of enterprises active in t. The construction sector is excluded from these rates.

Source: Eurostat (2020), Business demography statistics, <https://ec.europa.eu/eurostat/web/structural-business-statistics/data/main-tables>.

Finland is often assessed as being business-friendly, notably due to a strong regulatory environment with a robust insolvency framework and contract enforcement regime. The tax compliance costs are also relatively low and the level of administrative burden on new start-ups ranks among the most favourable within the EU (Figure 1.2). This has been supported by several government actions, including the creation of the independent Council of Regulatory Impact Analysis at the Prime Minister's Office in 2015 to improve

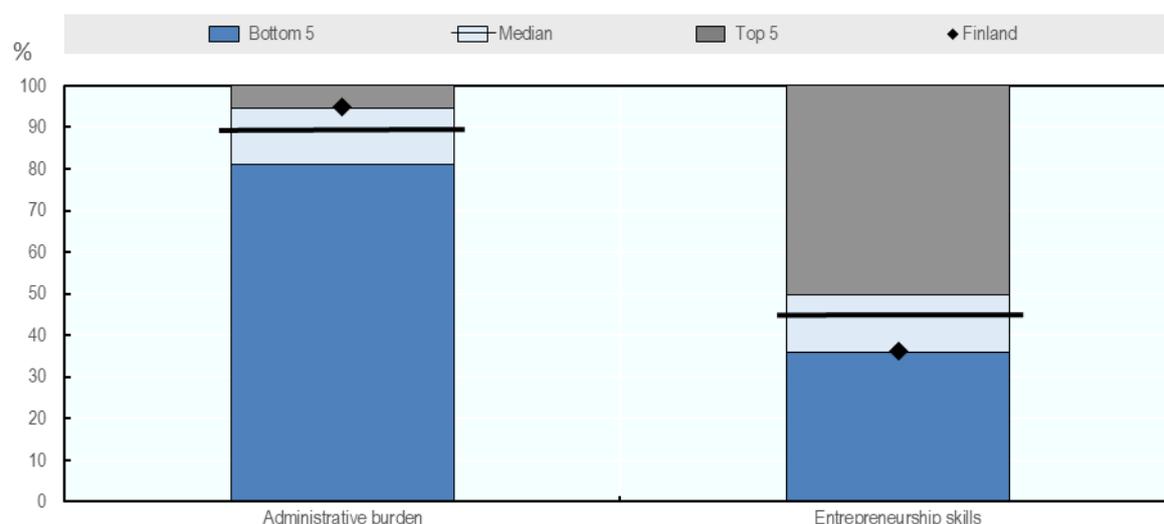
the quality of new legislation and assess the impact of government proposals. The 2017 annual review of the Council revealed that impact on enterprises represented the most common area for improvement in impact assessments in draft government proposals (OECD, 2019).

Overall, skills levels are high in Finland. For example, Finland has high levels of adult literacy and training and student proficiency by international standards (OECD, 2019). However, Finnish people are less likely than the EU median to report that they have the skills and knowledge to start a business (Figure 1.2).

Access to finance for entrepreneurs is fairly. Bank lending to Finnish SMEs has expanded steadily over 2015-17, with the economic upswing contributing to an increased demand for SME finance (OECD, 2019). This has been supported by several policy actions. For example, the European Commission adopted the SME initiative programme in Finland in 2017. The programme will provide guarantees to financial intermediaries that give loans to SMEs, and are expected to unlock over EUR 360 million of fresh loans for Finnish businesses.

Figure 1.2. Conditions for business creation

Ranking relative to other European Union Member States, 2019



Note: The median score reported represents the median among EU Member States. Administrative burden is a score of 1 to 6 given to a country to reflect the relative scale of the administrative burden that new start-ups face. Entrepreneurship skills is the share of the population who report that they have the skills and knowledge to start a business. This indicator is an average of the period 2015-19.

Source: World Bank (2019), Ease of Doing Business Survey; GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

Recent labour market trends

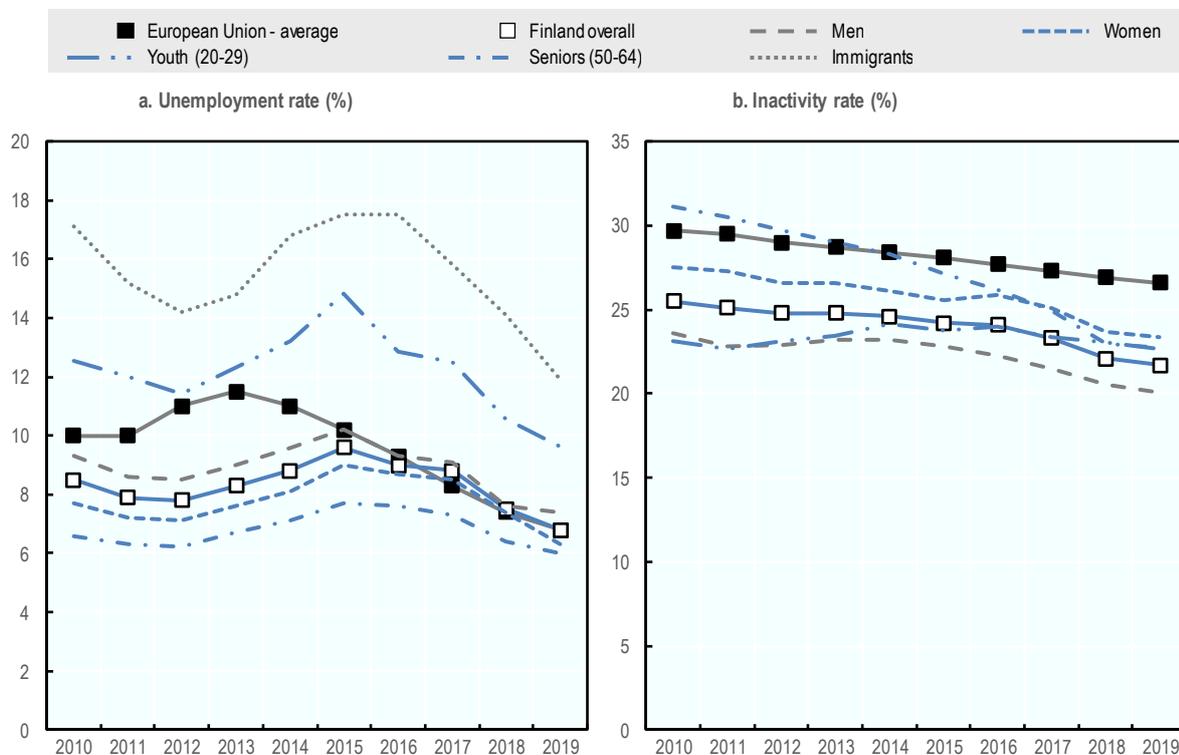
Labour market developments affect entrepreneurship and self-employment activities. This section focuses on key indicators at national level, but regional differences exist. The unemployment rate in Finland was equal to the EU average in 2019. After being under the EU average for the first half of the decade, the unemployment rate converged with the EU average in 2015 and has been following it closely since, falling from a peak at 9.6% in 2015 to 6.8% in 2019 (Figure 1.3). The unemployment rate was highest among immigrants (11.9%) and the youth (9.6%), but a downward trend was observed in recent years for all groups. Women were less likely to be unemployed than men, but the gap has reduced slightly over the past decade. It should be noted that women's unemployment rate was under the EU average (7.2%) while men's was over the EU average of 6.5%. The COVID-19 crisis has affected employment, particularly

among youth and women: Students and those who graduated in spring 2020 had difficulties finding jobs. Similarly some female-dominated services suffered from restrictions aimed at reducing interactions between people, such as closure of restaurants and shops (Taskinen, 2020).

The inactivity rate (i.e. the share of the working age population that is inactive in labour markets) has decreased steadily over the past decade and remained below the EU average in Finland (21.7% vs. 26.6% in 2019) (Figure 1.3). In 2019, the inactivity rate was highest among youth and seniors (both 22.7%) and lowest among men (20.1%). The inactivity rate was higher among women (23.4%) than men. The inactivity rate of seniors decreased substantially over the past decade, falling from 31.1% in 2010 to 22.7% in 2019. A possible contributing factor in recent years is a change of the pension scheme introduced in 2017 to encourage those aged 63 to 67 years old to work longer with an extra accumulation in their future pension benefits.

Figure 1.3. Unemployment and inactivity

Proportion of the labour force that is unemployed and proportion of the working age population that is inactive



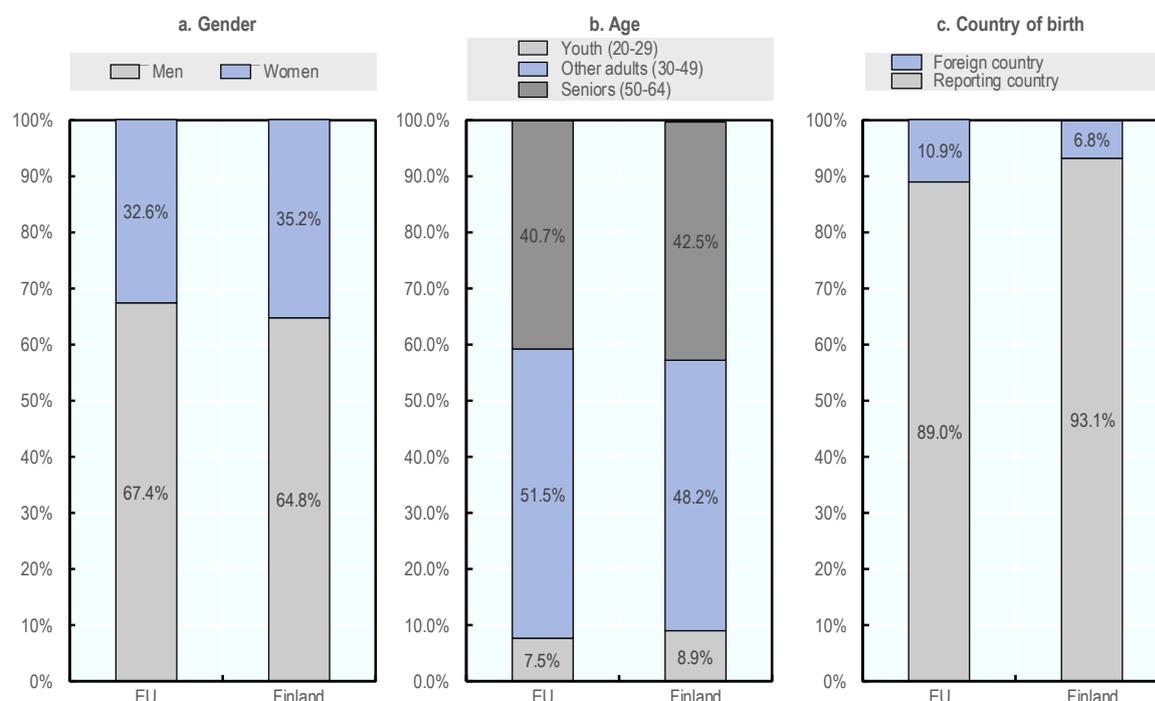
Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

Self-employment activities

There were approximately 294 000 self-employed people in Finland in 2019. The composition of self-employed differs slightly from the EU average (Figure 1.4). Women made up 35.2% of the self-employed in Finland in 2019, slightly over the EU average of 32.6%. Self-employed workers in Finland were also more likely than the EU average to be at the tails of the age distribution. Youth and seniors were both slightly over-represented compared to the EU levels. Finally, immigrants represented a significantly lower share of the self-employed in Finland than the EU average (6.8% vs.10.9%). This may reflect the relatively smaller size of the immigrant population compared to many western countries, although the number of residents born outside Finland has increased from 250 000 in 2010 to almost 400 000 in 2019 (Statistics Finland, 2020).

Figure 1.4. Composition of the self-employed

Proportion of self-employed workers, 2019



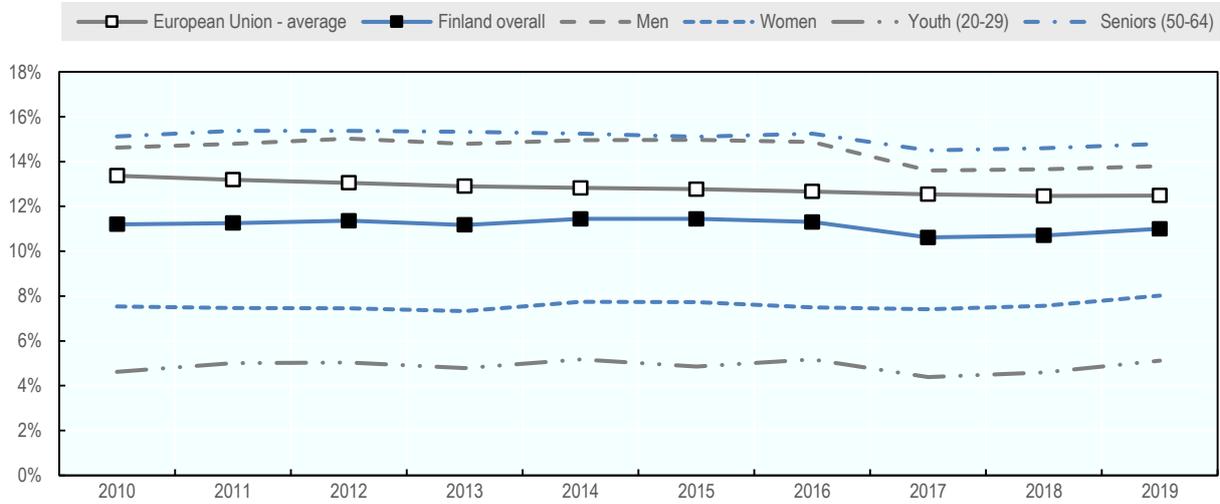
Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

The self-employment rate in Finland was slightly below the EU average in 2019 (11.8% vs. 13.4%) (Figure 1.5). This rate has been relatively stable during the last decade with a slight decrease after 2016, likely due to less favourable economic cycle. This decrease was driven by declines in self-employment among men and seniors whereas the self-employment among women and the youth increased modestly over this period.

About 30% of self-employed workers in Finland employed others in 2019, in line with the EU average (30.7%) (Figure 1.6). However, the gender gap was wider than the EU average in 2019: while men were more likely than the EU average to employ others (35.0% vs. 33.3%), women in Finland employed others less often than the EU average for this group (22.4% vs. 25.3%). Immigrants and seniors employed others around the same rate as the national average (30.0% and 31.6%). According to a recent study, most of the self-employed do not want to employ others and believe that their customers wish to rely on them personally (Sutela and Pärnänen, 2018).

Figure 1.5. Self-employment rate

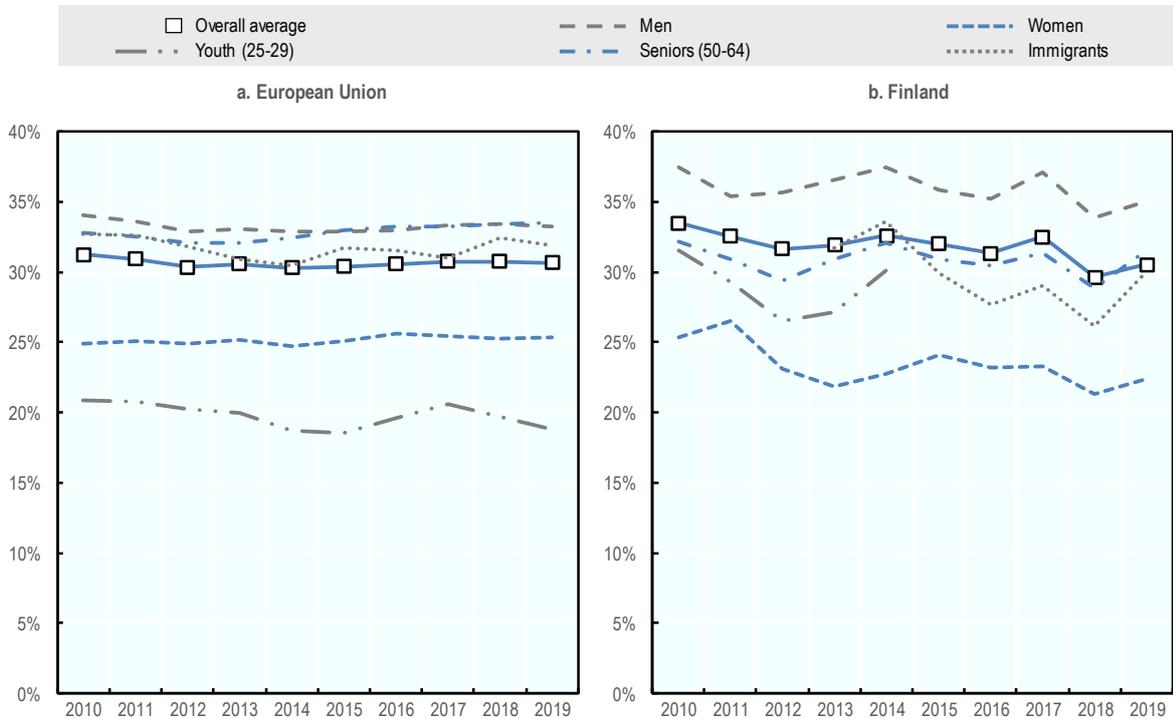
Proportion of employment that is self-employment



Note: Data for youth for 2011 includes data for the age group 20-24, which is of low reliability.
 Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

Figure 1.6. Self-employed as employers

Proportion of the self-employed who employ others



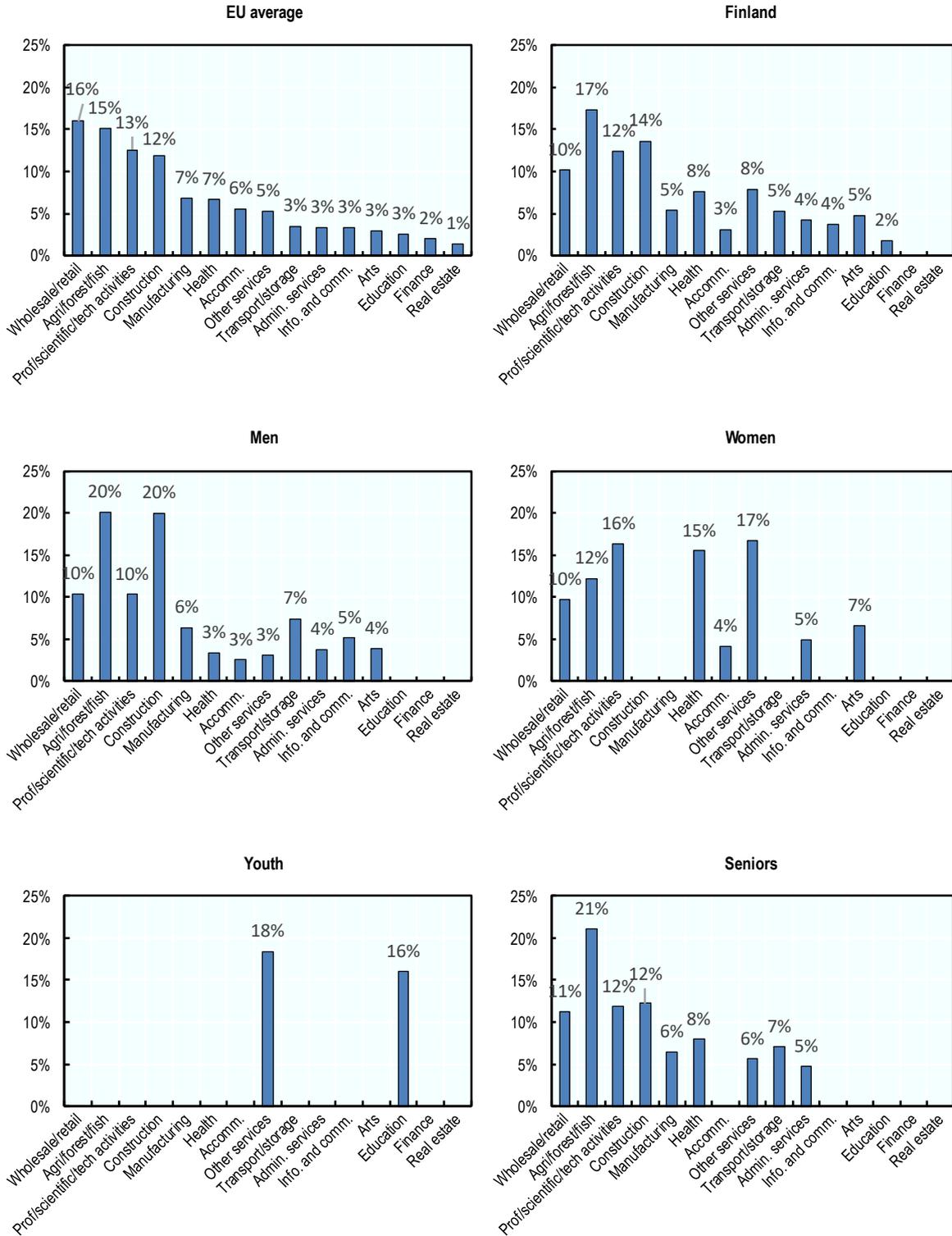
Note: The definition of youth in this figures covers 25-29 years old, which differs from the definition used in other self-employment figures. Data for the age group 20-24 have been excluded because the estimate is not statistically robust. Reliable data is not available for immigrants for 2010-12 and for youth for 2015-16 and 2018-19.
 Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

In 2019, the largest sectors of activities for self-employment in Finland were Agriculture, forestry and fishing (17.3%) and Construction (13.6%). Both sectors were over-represented in Finland compared to the EU average. This was followed with Professional, scientific and technical activities, in line with the EU average (12.4% vs. 12.6%) (Figure 1.7). The importance of the agricultural sector reflects in part the aging population and the high rate of self-employment among seniors, for which this is the most common area of activity (21.1%) although the sectoral structure of senior self-employment activities has diversified in recent years. Men are also more active in these two sectors (20.1% work in Agriculture, forestry and fishing and 20.0% in Construction) than women who concentrate in service sectors. Self-employed women work primarily in Professional, scientific and technical activities (16.3%), other services (16.7%) and in Human health and social work activities (15.5%). Limited data was available for youth, but they were more active in Other services and Education. Only 10.1% of self-employed workers in Finland worked in wholesale and retail trade in 2019, under the EU average (16.0%). This may be partly due to the highly concentrated retail sector in Finland, particularly in grocery trade (see Toivanen, 2017).

In line with the sectoral distribution of the self-employed, Professionals (20.4%), Service and sales workers (17.1%) and Skilled agricultural, forestry and fishery workers (16.5%) were the most prevalent occupations among the self-employed in Finland in 2019, followed by craft and related trades workers (15.9%) and Technicians (13.6%) (Figure 1.8). Plant and machine operators and assemblers was more than twice as common an occupation among the self-employed in Finland as in the EU as a whole (9.1% vs. 3.5%) and was particularly common among men (13.1% vs. 4.9% in the EU). Conversely, Manager was a much less common occupation in Finland than in the EU (5.0% vs. 11.4%). The prevalence of Skilled agricultural, forestry and fishery workers was particularly high among seniors (20.2%) highlighting the aging structure of the sector. Women worked primarily as Service and sales workers (30.5%) and Professionals (24.9%), while Craft and related trades workers (21.9%) and Skilled agricultural, forestry and fishery workers (18.2%) were the most commonly reported occupations among men. Limited data was available for youth, but Professionals (22.8%) and Service and sales workers) were the most commonly reported occupations in this group.

Figure 1.7. Self-employment by economic activity

Distribution of the self-employed by sector, 2019

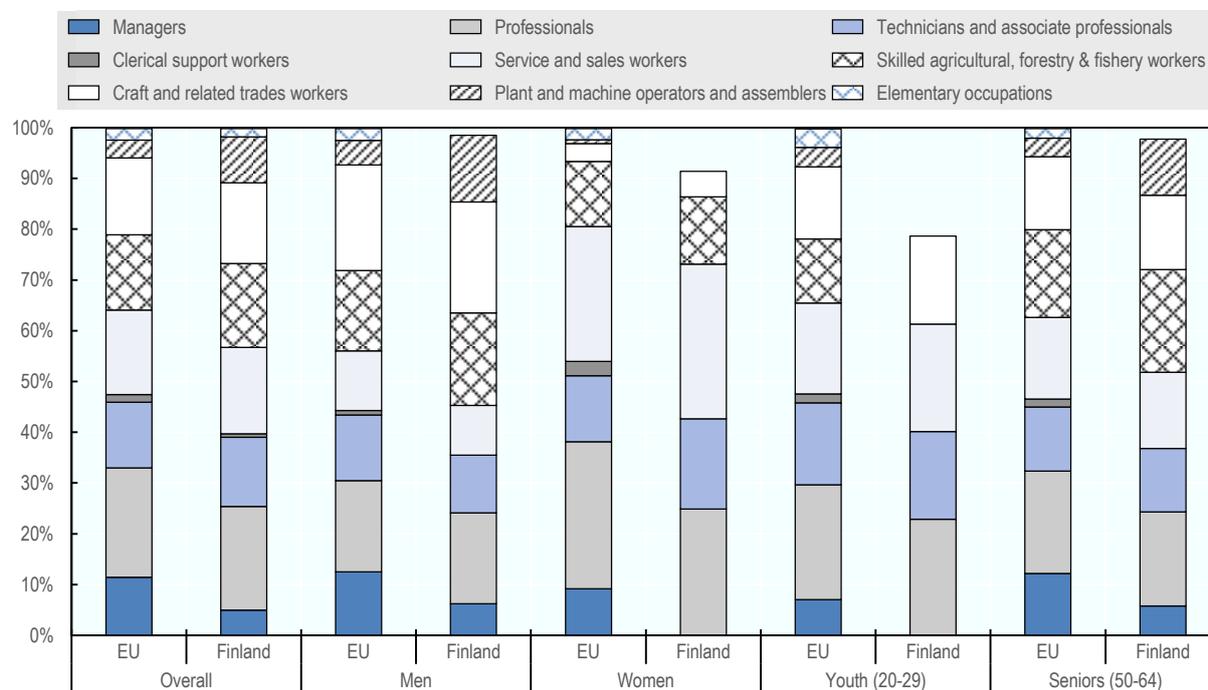


Note: Reliable data for youth is not available for most sectors, and some data for the national average, men, women and seniors are unavailable or have been suppressed due to the quality of the estimates.

Source: (Eurostat, 2020_[1])

Figure 1.8. Self-employment by occupation

Distribution of the self-employed by occupation, 2019



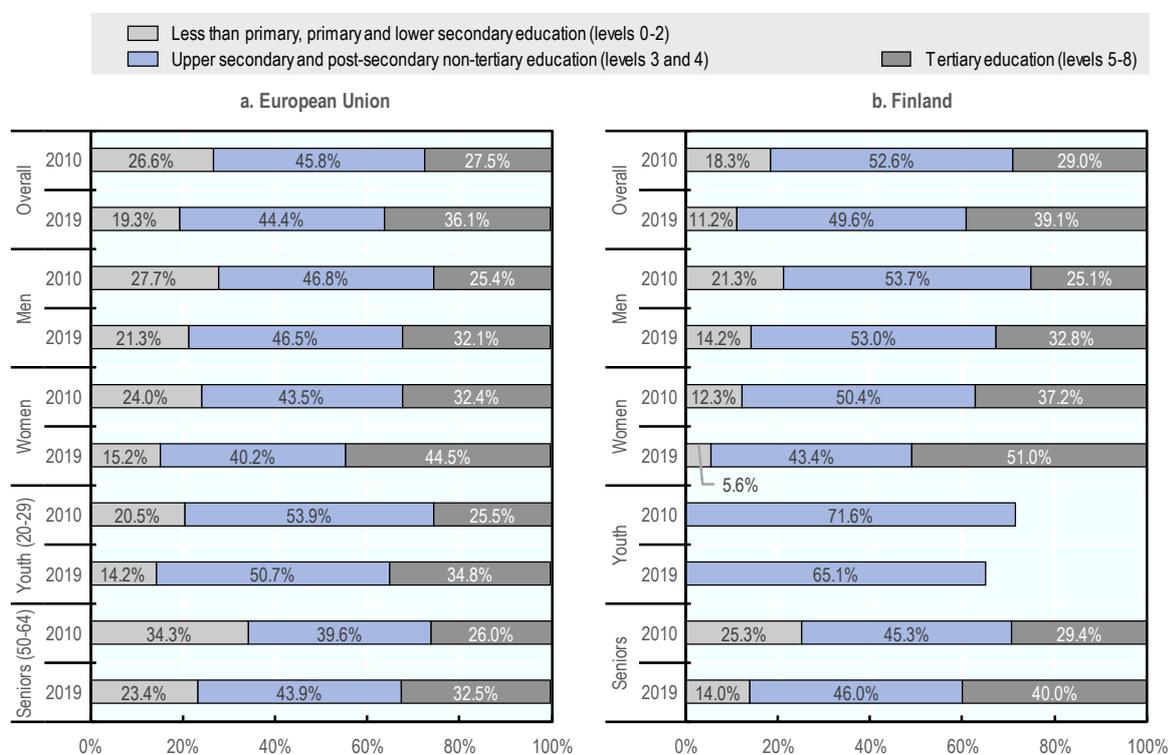
Note: Reliable data for youth is only available for 4 ISCO08 occupation out of 10. Reliable data for women is only available for 5 ISCO08 occupation out of 10.

Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

Self-employed workers in Finland are generally more educated than the EU average. In 2019, 11.2% of the self-employed had only completed lower secondary education or less in Finland, under the EU average (19.3%) (Figure 1.9). Similarly, the share of the self-employed with a tertiary education was above the EU average (39.1% vs. 36.1%). The education level of self-employed workers in Finland was higher than the EU average across all the groups in 2019. As is observed in the EU at large, self-employed women had significantly higher educational achievements than their male peers in Finland: in 2019, over half had completed tertiary education while slightly under one-third of men had. Although education level of self-employed has increased in general in all groups from 2010 to 2019, it is to be acknowledged that the self-employed are highly heterogeneous in terms of educational background: professionals working in knowledge-intensive sectors are highly educated whereas workers in services, construction, transportation and industries may only have primary education (Sutela and Pärnänen, 2018). It should also be noted that the educational level of entrepreneurs in Finland is slightly lower than this of salaried workers (Sutela and Pärnänen, 2018).

Figure 1.9. Self-employment by education level

Distribution of the self-employed by educational attainment



Note: Reliable data is not available for youth for levels 0-2 and 5-8. Break in time series in 2014.

Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

Entrepreneurship activities

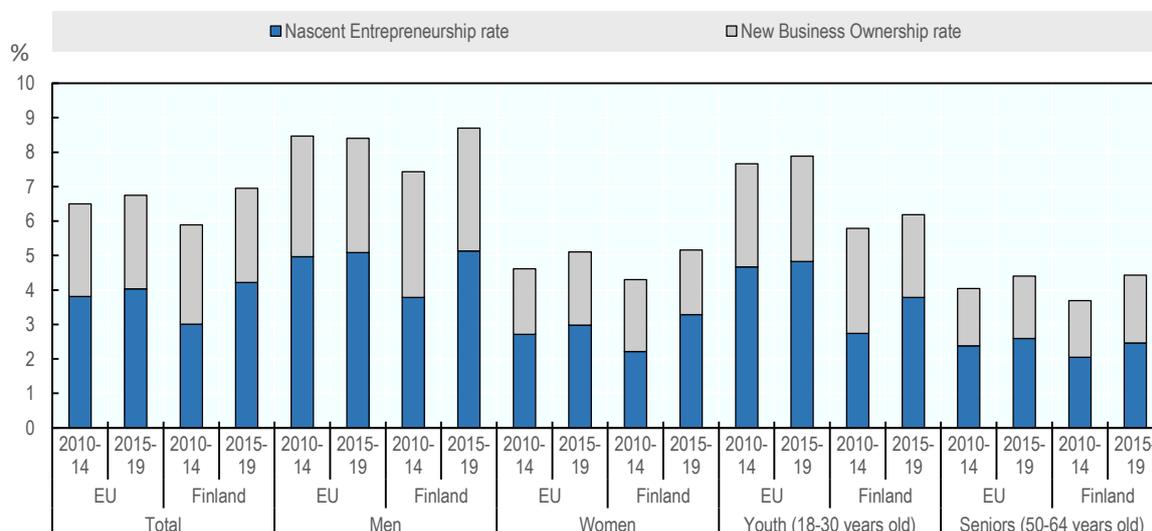
Over the period 2015-19, the overall total early-stage entrepreneurship activity rate (TEA) was 6.9% in Finland. This includes the share of the population involved in nascent entrepreneurship activities (4.2%) as well as the share that owns a business that is less than 42 months old (2.7%). This is close to the EU averages for this period – 4.0% and 2.7% (Figure 1.10).¹ Engagement in nascent entrepreneurship was higher in 2015-19 than in 2010-14 for all groups in Finland, and this increase was more pronounced than at the EU level. The level of nascent entrepreneurship was in line with the EU average for 2015-19 for most groups, but it was under the EU average for youth (3.8% vs. 4.8%) and slightly above the EU average for women (3.3% vs. 3.0%). New business ownership was relatively close to the EU average for all groups. The gap was widest from youth, who were slightly less active than the EU average (2.4% vs. 3.1%).

According to the EU SBA Fact Sheet (European Commission, 2019) entrepreneurship as a career option is less attractive in Finland than in other EU countries. Salaried employment remains a cultural norm, although the political climate is favourable to entrepreneurship.

¹ Data for Finland is based on data for 2015-16 since the GEM survey was not conducted in Finland between 2017 and 2019.

Figure 1.10. Nascent entrepreneurship and new business owners

Proportion of the population (18-64 years old) that self-report being engaged in nascent entrepreneurship activities or new business owners



Note: The nascent entrepreneurship rate is defined as the proportion of the adult population (18-64 years old) that is 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 three months. The new business ownership rate measures the proportion of the population (18-64 years old) that is currently the owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19), Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

How many “missing” entrepreneurs are there?

The gaps in early-stage entrepreneurship rates across population groups suggest that there are many “missing” entrepreneurs. There are currently about 231 000 early-stage entrepreneurs in Finland (i.e. those starting or managing a business that is less than 42 months old) and this number would increase by about 170 000 if the early-stage entrepreneurship rate for core-age males (30-49 years old) was applied to the whole population.

A similar exercise can be done for each population group by applying the rate for core-age males to each group (i.e. women, youth, seniors, immigrants). This shows that about two-third of these “missing” entrepreneurs are female, nearly half are over 50 years old and about 20% are under 30 years old.

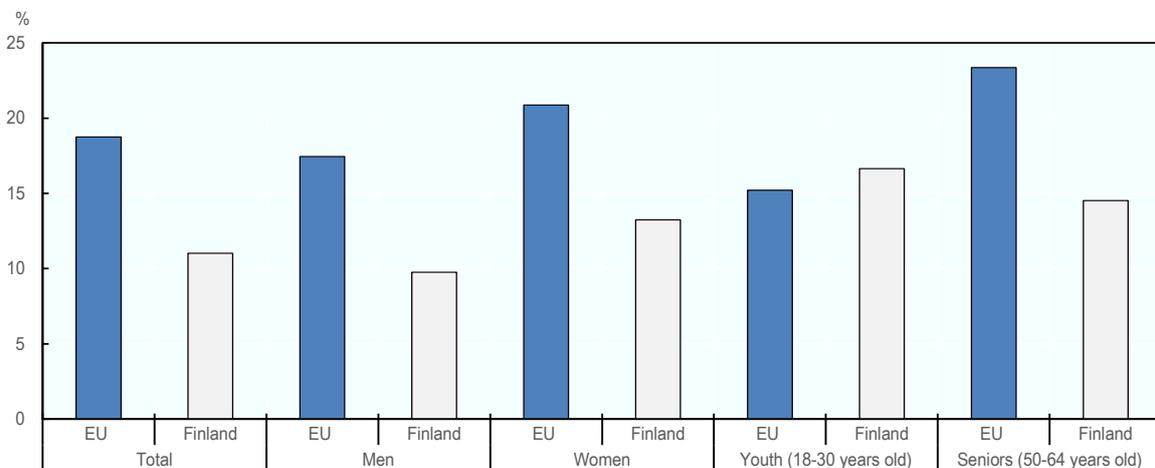
Public policy should not seek to convert all of these “missing” entrepreneurs into actual entrepreneurs. Entrepreneurship is a labour market activity that involves risk and it is not suitable for everyone. Nonetheless, the exercise of estimating the number of “missing” entrepreneurs can illustrate the scale of entrepreneurship gaps and the potential benefits if some of the gaps in activity rates were reduced.

In Finland, 11.0% of early-stage entrepreneurs reported their activity was necessity-driven over 2015-19², significantly below the EU average (18.8%) (Figure 1.11). The gap was especially large for seniors, who were 8.8 percentage points less likely than the EU average to report being driven by necessity. Men were the least likely to report being necessity-driven (9.8%), followed by women (13.2%) and seniors (14.5%) In Finland, necessity entrepreneurship was highest among youth (16.7%), while this group was the least likely to report being necessity-driven at the EU level. Youth was also the only group where the Finnish average was higher than the EU average (16.7%). This proportionately high level of necessity driven entrepreneurship among youth may be driven by the poorer labour market outcomes for this group, but also by the structure of the social security system. The system makes a clear distinction between self-employment and waged employment, with a clearer and more straight-forward access path for the latter (Saikkonen, 2019). The strong welfare support available to those with an employment history (that youth are more likely to lack) makes it less likely that they will be pushed into employment out of necessity.

A recent study (Sutela and Pärnänen, 2018) found that the divide between necessity and opportunity driven entrepreneurship is not clear-cut in Finland, with the existence of a third option – entrepreneurship by chance or drifting to entrepreneurship. The study estimated that 19% of entrepreneurship was necessity-driven, 46% was opportunity-driven, and the remainder was something in-between, were entrepreneurs were driven to entrepreneurship by chance rather than by a desire to become entrepreneurs or by the lack of opportunities in the labour market. The study also found that men were more likely to report being opportunity-driven than women, who were more likely to report being “chance-” or necessity-driven entrepreneurs.

Figure 1.11. Necessity entrepreneurship

Proportion of nascent entrepreneurs and new business owners (18-64 years old) that self-report that their entrepreneurship is necessity-driven, 2015-19



Note: Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. All EU countries participated in the GEM survey between 2014 and 2018 except the Czech Republic and Malta. Several countries did not participate in the survey in every year: Austria (2015, 2017), Belgium (2016-18), Bulgaria (2014), Cyprus (2014-15), Denmark (2015-18), Estonia (2018), Finland (2017-18), France (2015), Hungary (2017-18), Latvia (2014, 2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-18).

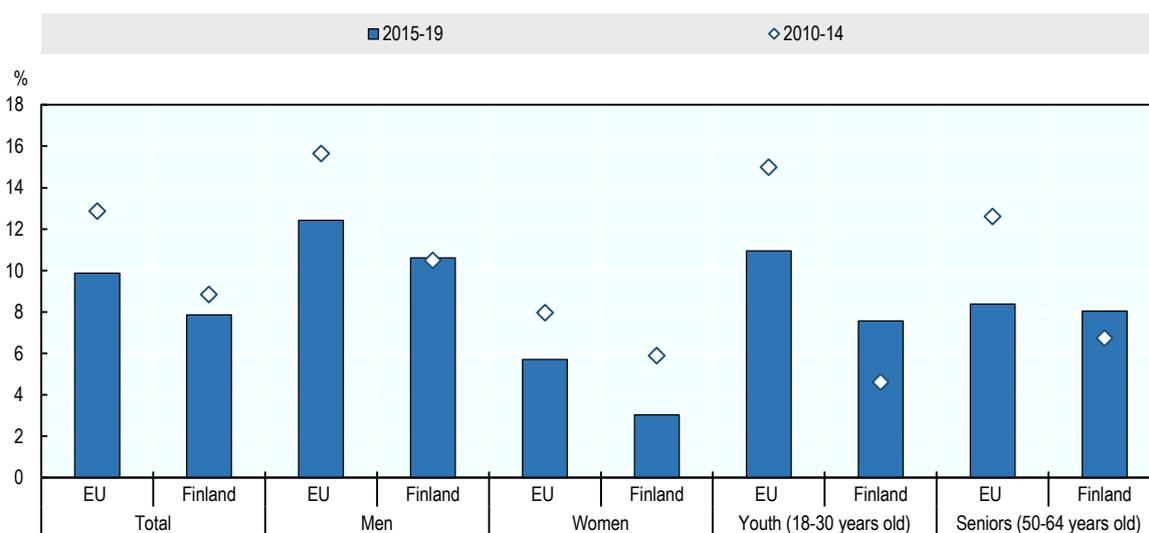
Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

² Data for Finland is based on data for 2015-16 since the GEM survey was not conducted in Finland between 2017 and 2019.

Entrepreneurial activity in Finland is less growth-oriented than in the EU average: 7.9% of nascent entrepreneurs and new business owners expected to create at least 19 new jobs over the next five years in 2015-19³, while they were 9.9% on average in the EU (Figure 1.12). Women were the least likely to expect high job growth (3.0%), less than one-third of the rate for men (10.6%) and significantly lower than the EU average for women (5.7%) Between 2010-14 and 2015-19, growth-oriented entrepreneurship has remained relatively stable in Finland (going from 8.8% to 7.9%) while the EU average has decreased slightly more (from 12.9% to 9.9%). While a decrease was observed in all groups at the EU level, significant variations were observed across groups in Finland. Between the two periods, the share of entrepreneurs expecting significant job growth increased for youth and seniors, remained stable for men, and decreased for women. The lack of growth aspirations in Finland is consistent with previous studies: for example, international comparison on entrepreneurial ecosystems Finland using GEI data (Autio, 2017) found strengths in entrepreneurial attitudes but weaknesses in entrepreneurial aspirations. Aspiration may further vary according to the type of business and the sector of activity: a study found that entrepreneurs who already employ others tended to be more growth oriented (i.e. strongly willing to grow the business) (24%) than solo self-employed workers (13%) and those working in agriculture and forestry (9%) (Sutela and Pärnänen, 2018).

Figure 1.12. Growth-oriented entrepreneurship

Proportion of nascent entrepreneurs and new business owners (18-64 years old) that expect to create at least 19 new jobs over the next five years



Note: All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19), Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

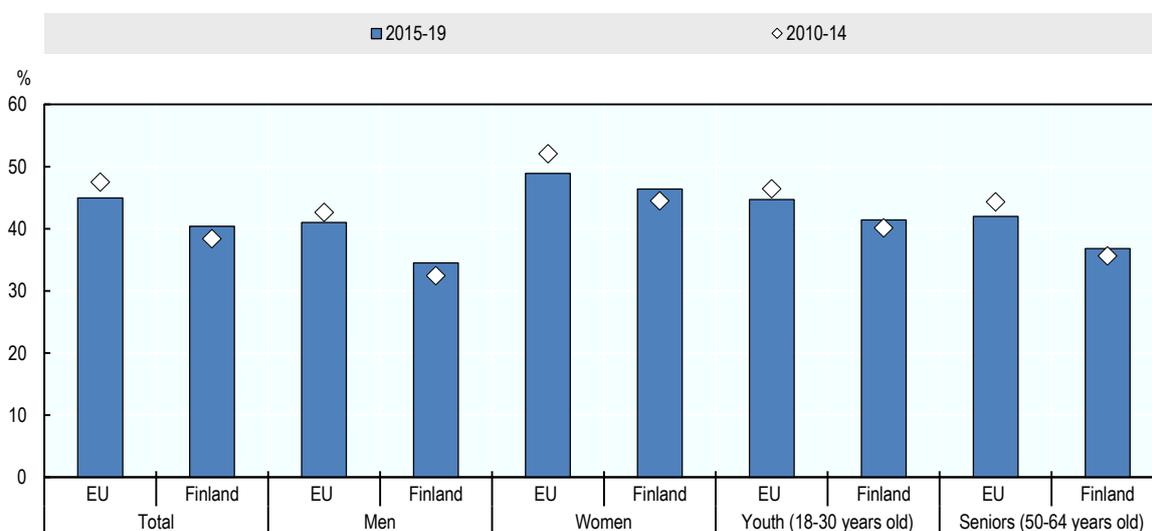
³ Data for Finland is based on data for 2015-16 since the GEM survey was not conducted in Finland between 2017 and 2019.

Barriers to business creation

While people in Finland were generally less engaged in self-employment and entrepreneurship activities than the EU average, they were less likely than the EU average to report fear of failure as a barrier to entrepreneurship in 2015-19⁴ (40.4% vs. 45.0%) (Figure 1.13). However, this share was slightly higher than the 2010-14 rate (38.4%) while the rate had decreased in the EU (from 47.5% in 2010-14). In Finland, fear of failure was lowest among men (34.5%) and highest among women (46.4%) and youth (41.4%) which is also the case in the EU average.

Figure 1.13. Fear of failure

“Does a fear of failure prevent you from starting a business?”
Percentage of population who responded “yes”, 18-64 years old, 2015-19



Note: All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19), Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

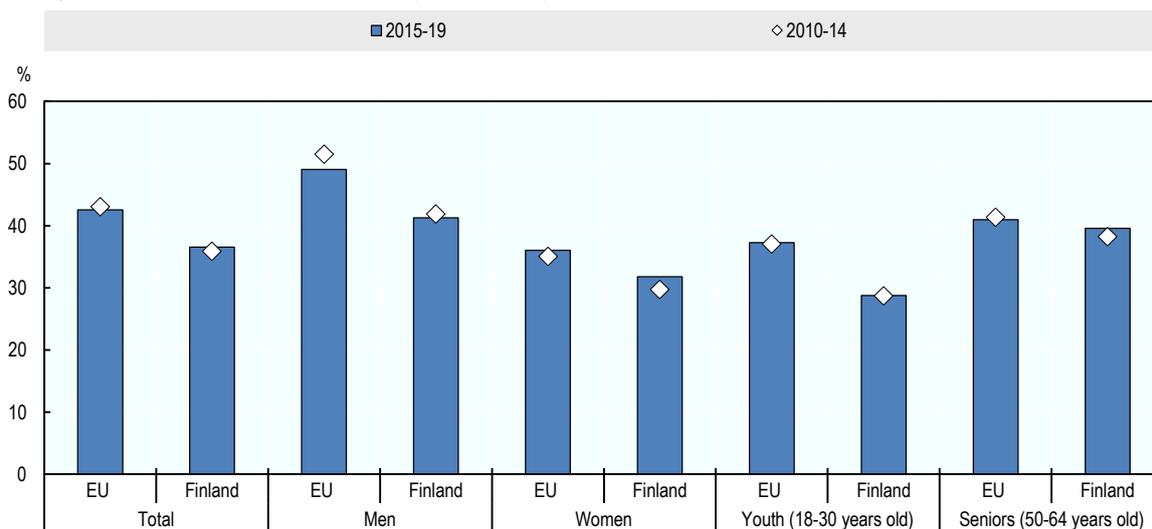
Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

⁴ Data for Finland is based on data for 2015-16 since the GEM survey was not conducted in Finland between 2017 and 2019.

On the other hand, people in Finland were also less likely than the EU average to self-report they had knowledge and skills to start a business (36.6% vs. 42.5% in 2015-19⁵) (Figure 1.14). The difference to the EU averages is widest among men (41.3% vs. 49.1%) and smallest among seniors (39.6% vs. 40.9%) and women (31.8% vs. 36.0%). Youth were the least confident in their entrepreneurship skills (28.8% vs. 37.2%).

Figure 1.14. Entrepreneurship skills

“Do you have the knowledge and skills to start a business?”
Percentage of population who responded “yes”, 18-64 years old, 2015-19



Note: All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19), Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

⁵ Data for Finland is based on data for 2015-16 since the GEM survey was not conducted in Finland between 2017 and 2019.

2 Inclusive entrepreneurship policy framework

Overview and assessment

Policy responsibility

Table 2.1. Characterisation of the inclusive entrepreneurship policy context

		Women	Immigrants	Youth	Seniors	Unemployed
1. Entrepreneurship policies for each target group are under the responsibility of the following level(s) of government (multiple levels can be checked)	National	✓	✓	✓	✓	✓
	Regional	✓	✓	✓	✓	✓
	Local					
2. A group-specific entrepreneurship strategy has been developed (either stand-alone or embedded in another strategy)						
3. Clear targets and objectives for entrepreneurship policy have been developed and reported for different target groups						
4. Monitoring and evaluation practices for entrepreneurship support are strong and wide-spread						

Note: A check-mark indicates the level policy responsibility for tailored entrepreneurship policy (multiple selections are possible) and characteristics of the entrepreneurship policy framework.

Entrepreneurship policies and programmes typically fall under the auspices of the Ministry of Economic Affairs and Employment, the Ministry of Education and Culture, the Ministry of Agriculture and Forestry and the Ministry of Finance. The Ministry of Interior was previously in charge of issues related to immigrant entrepreneurship but this responsibility has been transferred to the Ministry of the Economic Affairs and Employment in early 2020. Implementation of policy actions is carried out through several organisations reporting to the ministries on regional and municipal levels.

Entrepreneurship policy is generally developed with a one-size fits all approach and has been doing so for the past decade. This means that there are no specific entrepreneurship strategies for the under-represented or disadvantaged in the labour markets (i.e. youth, women, older people, the unemployed, people with disabilities and immigrants). These target groups are, however, discussed both in the Government programme as well as in the forthcoming Entrepreneurship Strategy particularly from the point of view of their poorer employment prospects and/or lower labour market participation. In practice there are some specific tailored measures for the respective groups. Policy planning and implementation often involve co-operation between the government, ministries, parliament, and major stakeholder organisations, nationally and within the EU.

In addition, there are some non-governmental organisations targeted to promote the needs of entrepreneurs. The main one is the Federation of Finnish Enterprises (*Suomen Yrittäjät*), an interest and service organisation for small and medium-sized enterprises (SMEs) and their owners. The Federation of Finnish Enterprises is a national organisation with no particular focus on any target group of entrepreneurs. Their task is to improve the position of entrepreneurs and the conditions for entrepreneurship, and to make Finland an entrepreneurial society. There are also non-governmental organisations and initiatives focusing on the needs of entrepreneurs from specific groups. Notable organisations include:

- Young Entrepreneurs⁶ is a network for young entrepreneurs and potential entrepreneurs. It operates as a part of the Federation of Finnish Enterprises.
- The Federation of Finnish Entrepreneurs with Disabilities (*Suomen Vammaisyrittäjät*⁷) was established in 2019 to promote the working conditions of entrepreneurs with disabilities as well as their collaboration and networks. It is a member of the Federation of Finnish Enterprises.
- In 2019 a network of immigrant entrepreneurs started under the umbrella of the Federation of Finnish Enterprises.⁸
- The Women Entrepreneurs of Finland (*Suomen Yrittäjänaiset*⁹) promotes equality of women entrepreneurs in the society and influences entrepreneurship in policy making in Finland and the European Union. It has collaborated with the Ministry of Economic Affairs and Employment for example in identifying ways to promote women entrepreneurship particularly.

Inclusive entrepreneurship strategies and objectives

An entrepreneurship strategy is being designed (consultation on draft was underway in July 2020). The Entrepreneurship Strategy fits under the strategic theme “dynamic and thriving Finland” of the Government Programme 2019-23 (Government of Finland, 2019),¹⁰ which aims to increase employment and labour market participation, decrease inequality, and narrow the income gaps.¹¹

The Ministry of Economic Affairs and Employment co-ordinated the development of the draft strategy, which was prepared in collaboration with eight other ministries¹² and the following governmental

⁶ www.nuoretyrittajat.fi

⁷ <http://vamy.fi>

⁸ www.yrittajat.fi/tiedotteet/602349-suomen-yrittajissa-aloittaa-maahanmuuttajayrittajaverkosto

⁹ <http://www.yrittajanaiset.com>

¹⁰ The government programme is entitled: “Inclusive and competent Finland – a socially, economically and ecologically sustainable society. Programme of Prime Minister Sanna Marin’s Government 10 December 2019”. The strategic themes are 1) Carbon neutral Finland that protects biodiversity, 2) Globally influential Finland, 3) Safe and secure Finland built on the rule of law, 4) Dynamic and thriving Finland, 5) Finland built on trust and labour market equality, 6) Fair, equal and inclusive Finland, and 7) Finland that promotes competence, education, culture and innovation.

¹¹ The programme finds that the greatest potential for employment growth lies in groups where employment is low due to unemployment or inactivity (e.g. seniors, those with only basic education, people with disabilities and immigrants). It includes self-employment and entrepreneurship but the overall focus is on labour market equality.

¹² Ministry of Finance, Ministry of Justice, Ministry of Education and Culture, Ministry of Agriculture and Forestry, Ministry of the Environment, Ministry of Social Affairs and Health, Ministry for Foreign Affairs, and Ministry of Transport and Communications.

organisations: Business Finland,¹³ Finnvera Plc,¹⁴ the Finnish Competition and Consumer Authority and ELY-Centres.¹⁵ The Entrepreneurship strategy co-ordinates all governmental measures promoting entrepreneurship under one umbrella. A draft version¹⁶ (Government of Finland, 2020a) was launched in spring 2020. Various stakeholders (e.g. universities and research institutions, labour and employer associations, Chamber of Commerce and other business federations, and major cities) were invited to comment on the draft in open seminars and consultations. The draft was also made accessible online for consultation, resulting in 45 statements from stakeholder organisations. The final strategy was still pending as of September 2020.

The Entrepreneurship Strategy aims to “increase trust among companies that it is worth creating employment, developing businesses and investing as well as becoming an entrepreneur in Finland”, including international attractiveness (Government of Finland, 2020a). It highlights priority areas of intervention (e.g. developing the human capital of entrepreneurs and solving the challenges related to the coverage of retirement schemes for entrepreneurs¹⁷) and identifies eight strategic themes.¹⁸ In line with the generic approach preferred, entrepreneurs from under-represented and disadvantaged groups are rarely explicitly mentioned in the draft strategy. Generic themes and measures are expected to cover these groups, and the strategy acknowledges the role of entrepreneurship and its employment potential for them. However, a dedicated theme, theme seven, “customisation of business services according to special needs and situations”, explicitly highlights the differentiated needs of women and immigrant entrepreneurs as well as of those with disabilities or partial ability to work. The strategy lists some preliminary measures such as developing the quality of business advice and services to be more sensitive of the needs of the considered target groups. The need to provide services in different languages has also been raised to support immigrant entrepreneurs (Government of Finland, 2020). Once finalised and accepted, the Entrepreneurship strategy, will be complemented by roadmaps on the implementation of the strategic themes, with concrete actions.

Monitoring and evaluation practices

Regular reporting is done on the government's work programme. The Government submits annual reports to the Parliament, which summarise the key measures taken as well as some key indicators related to the each strategic themes of the Government Programme. The 2019 annual report reflects the strategic

¹³ Business Finland is the Finnish government organisation for innovation funding and trade, travel and investment promotion. Business Finland has 40 global offices and 16 regional offices around Finland. Business Finland is part of the [Team Finland](https://www.businessfinland.fi/en/for-finnish-customers/about-us/in-brief/) network (www.businessfinland.fi/en/for-finnish-customers/about-us/in-brief/).

¹⁴ Finnvera Plc is a specialised financing company owned by the State of Finland and it is the official Export Credit Agency (ECA) of Finland (www.finnvera.fi/eng/finnvera/finnvera-in-brief/finnvera-introduction).

¹⁵ There are 15 Centres for Economic Development, Transport and the Environment (ELY Centres) in Finland. Together with the six Regional State Administrative Agencies they function as the country's regional state administrative authorities. <https://tem.fi/en/ely-centres>

¹⁶ *Yrittäjyysstrategia luonnos versio 9.3.2020* (Entrepreneurship strategy draft version 9 March 2020)

¹⁷ Other challenges identified include: (i) addressing the mismatch between skills needs and skilled workforce, (ii) encouraging innovative and growth-oriented companies, (iii) development of competition policy, (iv) assessing the effects of regulations, and (v) improving the functioning of the labour markets and supply of labour.

¹⁸ The Entrepreneurship Strategy (September 2020 draft) highlights the following themes: 1) predictable and competitive company taxation, 2) competence and access to skilled labour supporting company growth, 3) increasing growth-oriented businesses, 4) streamlining taxation and administrative procedures and promoting competition, 5) entrepreneurship as a driver for regional development, 6) new start, security and coping of an entrepreneur, and 7) customisation of business services according to the special needs and situations, and 8) cross-sectoral promotion of entrepreneurship (Government of Finland, 2020a).

orientations of the Government Programme and as such, did not explicitly discuss policies related to inclusive entrepreneurship policies.

In previous governmental periods, the Ministry of Economic Affairs and Employment published regular reports (once or twice per year) on topical issues related to business policy and entrepreneurship, such as SME finance, artificial intelligence and sustainable business. The reports as such did not monitor or evaluate policy actions, but made them visible through concrete examples. Given the nature and focus of the reports, they did not explicitly cover policies for under-represented and disadvantaged groups.

In addition, the Government and ministries commission a number of studies from research institutions and consultants annually to identify relevant societal phenomena for policy development purposes. These reports may cover under-represented and disadvantaged groups. For example, a report on entrepreneurship by people with disabilities and its support was published in 2017 (Niemelä et al., 2017).

Overall, monitoring and evaluation evidence on the use of support programmes by people from under-represented and disadvantaged groups is limited and tends to be fragmented and incidental as entrepreneurship policy is designed as generic programmes. The limited information available on assessments frameworks and monitoring practices may also reflect current policy developments: a new Government started in December 2019 and an Entrepreneurship Strategy is currently being finalised.

Recent developments

A new Government (2019-23) took its functions in 2019, with the previously described Government Programme and the upcoming Entrepreneurship Strategy will be the main relevant policy development for entrepreneurship.

Consistent with the current government, the previous one (Sipilä's Government, 2015-19) took a one-size fits all approach to entrepreneurship policy. Under this government, three main projects were carried out with some implications for inclusive entrepreneurship.¹⁹ Achievements included a reduction in business regulation and incentive traps potentially preventing people from becoming self-employed, as well as the introduction of the option for newly established self-employed workers to receive unemployment benefit during their first four months of activity. Furthermore, a study was commissioned to identify the barriers and potential of entrepreneurship among people with disabilities (Niemelä et al., 2017). While a reorganisation of the responsibilities of different regional actors was foreseen by Sipilä's Government, this reform (which would have influenced the execution of local entrepreneurship policy) was not implemented.

It is too early to assess the policy shifts between the government programmes and whether they would influence the environment for inclusive entrepreneurship, although initial report suggest that the current programme (2019-23) will put more emphasis on inclusiveness and employment than the previous one which was considered slightly more competitive and entrepreneurial. Furthermore, the COVID-19 crisis has changed the course of policy actions as well as the premises of the existing Government Programme, and its full impact on policy priorities and implementation is still unknown.

¹⁹ The projects were: "Strengthening competitiveness by improving conditions for business and entrepreneurship", "Guarantee towards community guarantee" and "Career opportunities for people with partial work ability".

Policy measures in response to COVID-19 to support entrepreneurs and the self-employed²⁰

The COVID-19 pandemic has seriously threatened and deteriorated the profitability and operating conditions of many companies. The effects differ widely between and even within industries. In Finland, the crisis has primarily weakened the service sector, and the greatest losses in sales and jobs have been witnessed in the tourism and restaurant sectors as well as creative economies due to restrictions related to travelling and gatherings (Vihriälä et al., 2020).

The unemployment security system provides a reasonable income for most of the unemployed and those laid off. Therefore, economic policy has focused on maintaining the operating conditions for the business sector rather than preventing layoffs. The goal has been to provide enough liquidity for the companies through loans or other financing arrangements which have mainly been channelled through the Bank of Finland and Finnvera Plc (state-owned risk finance company). In addition, companies have been granted extended time for social security payments and value added taxes (so called revised payment arrangement of value added tax). Direct support in response to COVID-19 has mainly been granted through Business Finland (for the development and growth of the company), the ELY Centres and municipalities (available for sole entrepreneurs for ensuring the continuation of business activities). The eligibility criteria vary according to the instrument/agency and attempt to accommodate the needs of the companies most hit by the virus. A specially designed support for restaurants was announced, for re-employment and compensation for the restrictions on activities (Vihriälä et al., 2020).

Some measures targeted specifically at entrepreneurs have also been launched. Early-phase business owners receiving start-up grants are entitled to the payment even for days when they are not able to work in their business due to the coronavirus epidemic. The maximum duration of start-up grants was extended from 12 to 18 months to help business owners establish business operations in the temporarily weakened business environment. All entrepreneurs regardless of business form were temporarily entitled to labour market support to deal with the sudden decline in demand due to the pandemic. Entrepreneurs did not have to cease their business activities in order to receive the support, to be paid to entrepreneurs between 16 March and 30 June 2020. Businesses are also supported in adapting their operations by temporarily shortening the notification period for lay-offs and the duration of co-operation negotiations. Finally, Enterprise Finland's *Talousapu* (financial assistance) service offers advice to companies facing payment difficulties. *Talousapu* also provides guidance on how to deal with issues which the coronavirus outbreak has caused for companies (Government of Finland, 2020c).

²⁰ Policy measures up to mid-July 2020 have been considered. However there might be changes in duration and amount of existing measures respectively new measures upcoming.

3 Assessment of current and planned inclusive entrepreneurship policies and programmes

Developing entrepreneurship skills

Overview and assessment of policies and programmes

Table 3.1. Characterisation of schemes for developing entrepreneurship skills

		Tailored: Are public programmes tailored for the target group (i.e. dedicated)?	Consultation: Are the targeted entrepreneurs consulted during the design of programmes?	Outreach: Are appropriate outreach methods used for different target groups?	Delivery: Are specialist organisations used to deliver programmes?	Take-up: Does the support have high take-up among target group?	Scale: Is the scale of available support sufficient?	Impact: Does evaluation evidence show a positive impact?	Integrated: Is the programme delivered linked other related supports?	Links: Do tailored programmes link to mainstream support programmes?
Women	1. Entrepreneurship training	✓			✓					✓
	2. Entrepreneurship coaching and mentoring	✓			✓					✓
	3. Business consultancy, including incubators/accelerators									
Immigrants	1. Entrepreneurship training	✓				✓			✓	✓
	2. Entrepreneurship coaching and mentoring	✓				✓			✓	✓
	3. Business consultancy, including incubators/accelerators	✓								
Youth	1. Entrepreneurship training	✓			✓				✓	✓
	2. Entrepreneurship coaching and mentoring	✓			✓				✓	✓
	3. Business consultancy, including incubators/accelerators	✓			✓				✓	✓
Seniors	1. Entrepreneurship training									
	2. Entrepreneurship coaching and mentoring									
	3. Business consultancy, including incubators/accelerators									
The unemployed	1. Entrepreneurship training	✓								✓
	2. Entrepreneurship coaching and mentoring	✓								✓
	3. Business consultancy, including incubators/accelerators	✓								

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

Under-represented and disadvantaged groups are believed to have a good access to the nation-wide entrepreneurship support system, including skills support. However, the services are typically not customised according to group-specific needs. Nonetheless, some measures tailored to the specific needs of certain demographic groups are provided by associations and educational institutions.

Information and advice for business start-ups is easily available through a dedicated government portal (Suomi.fi/company). Some specialised non-governmental organisations also offer additional information and advice for specific groups, and links to the main ones are included in the governmental portal. In addition to the portal, TE Offices and ELY Centres offer entrepreneurship and business development training, consultancy and advisory services. Public coaching and mentoring services are offered to the whole population through the TE Offices. Tailored training courses and projects engaging specific groups for employment and entrepreneurship are usually organised by dedicated non-governmental associations.

Overall, organisations that target specific groups are sensitive towards their needs, but they often focus primarily on employment. On the other hand, organisations supporting business creation may lack awareness of the potential and differentiated needs of various under-represented and disadvantaged groups (e.g. persons with disabilities or immigrants). As such, linkages between the two types of organisation are important to ensure effective support, and could be further strengthened.

Women

Public entrepreneurship support is generally not tailored to gender. A specialised lobbying organisation for women entrepreneurs, the Women Entrepreneurs of Finland (*Suomen Yrittäjänaiset*²¹) provides targeted support (such as legal and economic advice), networks, peer-mentoring, information and events for women entrepreneurs locally and nationally through its local associations (approximately 70) and 6 200 members. In addition, different educational institutions around the country organise targeted programmes for women entrepreneurs on an *ad-hoc* basis. The targeted programmes may be partly publicly funded on a project basis.

Immigrants

New initiatives to support employment and entrepreneurship among immigrants were developed following the influx of asylum seekers in late 2010s as well as increasing number of migrants in recent years. Such initiatives are usually organised locally/regionally as publicly funded initiatives, resulting in a fragmented and geographically heterogeneous offering (concentrated in the capital region and larger towns). The initiatives often address both employment and entrepreneurship at the same time and typically focus on securing employment, either as an employee or a self-employed worker, rather than on business creation.

The TE Services are responsible for supporting the employment of immigrants, including provision of entrepreneurship training. Municipalities and the Finnish Enterprise Agencies (*Uusyryityskeskukset*²²) also provide tailored counselling to immigrants. Some local non-governmental initiatives provide entrepreneurship training, coaching and mentoring for this group, but these services are most developed in the capital region. For example NewCo Helsinki²³ provides services in different languages. They also

²¹ www.yrittajanaiset.com/

²² www.uusyryityskeskus.fi/in-english/

²³ A business development support organisation of the city of Helsinki, <https://newcohelsinki.fi/>

collaborate with the non-profit StartUp Refugees²⁴ and provide start-up services to International House Helsinki²⁵, which gathers different services targeted to immigrants.

Overall, there is a good range of support available, although the offering may not be easy to navigate for some newcomers, particularly those not fluent in official languages and English (Aaltonen et al., 2015; Yijälä and Nyman, 2017). Collaboration between the initiatives and enterprise associations, businesses and business support organisations needs to be encouraged to help further integrate the immigrants to local communities and businesses. To address language barriers and heterogeneity of backgrounds, the forthcoming Entrepreneurship Strategy suggests integrating professional (e.g. on business competence) and integration (e.g. on language and culture) training to support entrepreneurship among immigrants.

Youth

Entrepreneurship is presented as a skill and career option at all levels of the educational system from primary school to higher education, and interested students have access to various entrepreneurial initiatives, which usually take place as extra-curricular activities. The non-profit Junior Achievement (JA) Finland (*Nuori Yrittäjyys ry*²⁶) provides entrepreneurship education programmes for 7 to 25 year-olds through schools, colleges and universities allowing students to gain experience from running a business and for some, a smooth transition from an educational project to real business ownership. JA Finland is a part of the international JA network, active in more than 100 countries.

Many higher educational institutions are active in entrepreneurship ecosystems, giving students further opportunities to engage with entrepreneurship: for example Aalto University and University of Turku offer formal and extracurricular training in entrepreneurship and a student-run entrepreneurship association including incubators (Start-up Sauna and Start-up Journey). Business incubators across the country are usually situated in the vicinity of universities.

Entrepreneurship skills development is also available outside of the education system. The TE Services organise nation-wide workshops for young entrepreneurs (*Nuorten yrittäjyyspaja*) – including business advice, mentoring, training and a start-up grant – to support entrepreneurship among the youth irrespective of their educational background.

The unemployed

The public employment and business services (TE Services) provide labour market training targeted especially at the unemployed. This training includes a short introduction to entrepreneurship. Such entrepreneurship training (as well as other types of training) is available nation-wide for the unemployed. Attending training was one way for the unemployed to demonstrate their active engagement in job seeking to avoid a reduction in unemployment allowance in 2018-19 (Government of Finland, 2018). This “active model” was abolished in 2020.

Recent policy developments

There were no major changes in entrepreneurship skills support for under-represented and disadvantaged groups in recent years, and a generic approach to skills support is preferred. While the aforementioned Entrepreneurship Strategy continues to follow this approach, new development may arise as part of the implementation of a dedicated section on customising services to the needs of selected groups.

²⁴ <https://startuprefugees.com/>

²⁵ www.ihhelsinki.fi

²⁶ <https://nuoriyrittajyys.fi/en/info/>

Financing entrepreneurship

Overview and assessment of policies and programmes

Table 3.2. Characterisation of schemes for facilitating access to finance

		Tailored: Are public programmes tailored for the target group (i.e. dedicated)?	Consultation: Are the targeted entrepreneurs consulted during the design of programmes?	Outreach: Are appropriate outreach methods used for different target groups?	Delivery: Are specialist organisations used to deliver programmes?	Take-up: Does the support have high take-up among target group?	Scale: Is the scale of available support sufficient?	Impact: Does evaluation evidence show a positive impact?	Integrated: Is the programme delivered linked other related supports?	Links: Do tailored programmes link to mainstream support programmes?
Women	1. Grants for business creation									
	2. Loan guarantees									
	3. Microfinance and loans									
	4. Other instruments (e.g. crowdfunding, risk capital)									
Immigrants	1. Grants for business creation									
	2. Loan guarantees									
	3. Microfinance and loans									
	4. Other instruments (e.g. crowdfunding, risk capital)									
Youth	1. Grants for business creation									
	2. Loan guarantees									
	3. Microfinance and loans									
	4. Other instruments (e.g. crowdfunding, risk capital)									
Seniors	1. Grants for business creation									
	2. Loan guarantees									
	3. Microfinance and loans									
	4. Other instruments (e.g. crowdfunding, risk capital)									
The unem- ployed	1. Grants for business creation	✓*						✓*		✓*
	2. Loan guarantees									
	3. Microfinance and loans									
	4. Other instruments (e.g. crowdfunding, risk capital)									

* the start-up grant was originally designed for the unemployed only, but was later widen to all start-up entrepreneurs.

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

Financing of entrepreneurship explicitly applies a generic approach. Various governmental institutions offer grants, loans, and guarantees for business start-ups which are available to all (potential) entrepreneurs. These include the TE Offices (labour market policy); ELY Centres (regional policy); the risk-financing company Finnvera Plc and Business Finland²⁷ (innovation financing, promoting export, investment and travel to Finland).

²⁷ Created by the merger of the former Tekes and Finpro in 2018 www.businessfinland.fi.

Among these general programmes, the Start-up Grant scheme is particularly relevant for inclusive entrepreneurship. It was originally targeted at the unemployed, but is currently available to all entrepreneurs. Issued by the TE Offices, the grant provides new entrepreneurs with a regular income during the estimated time needed to get their business up and running – up to 12 months.²⁸ Recipients report that the grant accelerated the establishment of their activities and provided them with encouragement. The greatest impact was reported among women and those with modest prior experience in entrepreneurship or industry, indicating that the grant may compensate the lack of individual networks (Stenholm and Aaltonen, 2012; OECD, 2016). Eligibility for the grant is not dependent on labour market status. However, it is intended for full-time entrepreneurship and recipients cannot draw a salary or a benefit at the same time. Therefore, retirees and persons with disabilities receiving pensions are not eligible.²⁹ Some features of the Start-up Grant scheme can be disadvantageous to some social groups. For example, certain professions that are typical among self-employed women (e.g. small personal services) are seldom awarded start-up grants because the public authorities want to avoid displacement. Moreover, since 2015 a decreasing number of recipients start from unemployment and the transitions between waged work and entrepreneurship, either part-time or full-time have become more common, challenging the terms of the Start-up Grant scheme (Härmälä et al., 2020).

The ELY Centres offer grants for significant investments to support growth and renewal of SMEs. They also offer specific support for entrepreneurial activity in rural areas where labour market opportunities are scarcer. The Government has decided to streamline the provision of business subsidies by EUR 100 million, but the reductions have not been allocated (Ministry of Economic Affairs and Employment, 2019).

Banks are the main financiers of the Finnish small businesses and entrepreneurs. In general, the banking sector in Finland provides sufficient funding, although the terms of finance (i.e. credit marginal, requirement for collateral, own equity and quality requirements in general) particularly have become stricter due to the tightened EU regulations, particularly for SMEs (Pk-yritysbareometri, 2020). The COVID-19 crisis has drastically changed the financial situation and responsive actions have been taken by the Government (see section on COVID-19 responses).

Overall, the availability of start-up financing was not considered to be a major issue (prior to the COVID-19 crisis) although early stage growth companies may have faced more challenges (Autio and Rannikko, 2017). While access to finance is considered sufficient, international studies suggest that under-represented and disadvantaged groups may face more difficulties, including gender- or race-related biases in start-up financing (Henderson et al., 2015). Recent government actions have been taken to develop financing opportunities for start-ups. These focus on innovation and growth, but do not consider specific groups. Similarly, in the private sector, none of the existing crowdfunding platforms or business angel services are tailored to the needs of the inclusive entrepreneurship target groups. There may be a need for awareness-raising around the specific financing needs of entrepreneurs from under-represented and disadvantaged groups to ensure they can access existing financial support and receive holistic support. Monitoring of the use of financial instruments by different profiles of entrepreneurs could inform such efforts.

Recent policy developments

No major changes have recently taken place. The Government Programme (2019-23) provides general guidelines on future measures to strengthen financing options to start-ups and SMEs (including the

²⁸ Currently a possibility for an extension, see section Responses to COVID-19.

²⁹ They can receive their pension to secure a base income when starting a business. See section on regulations.

development of the domestic capital investment market, and increased investments in funds and direct investments), continuing with a generic approach.

Entrepreneurship culture and social capital

Overview and assessment policies and programmes

Table 3.3. Characterisation of public policy actions to promote entrepreneurship and develop networks

		Tailored: Are public programmes tailored for the target group (i.e. dedicated)?	Consultation: Are the targeted entrepreneurs consulted during the design of programmes?	Outreach: Are appropriate outreach methods used for different target groups?	Delivery: Are specialist organisations used to deliver programmes?	Take-up: Does the support have high take-up among target group?	Scale: Is the scale of available support sufficient?	Impact: Does evaluation evidence show a positive impact?	Integrated: Is the programme delivered linked other related supports?	Links: Do tailored programmes link to mainstream support programmes?
Women	1. Entrepreneurship campaigns, including role model initiatives									
	2. Networking initiatives	✓			✓					✓
Immigrants	1. Entrepreneurship campaigns, including role model initiatives									
	2. Networking initiatives	✓				✓			✓	✓
Youth	1. Entrepreneurship campaigns, including role model initiatives									
	2. Networking initiatives	✓								✓
Seniors	1. Entrepreneurship campaigns, including role model initiatives									
	2. Networking initiatives									
The unemployed	1. Entrepreneurship campaigns, including role model initiatives									
	2. Networking initiatives									

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

Long-term efforts to develop a strong entrepreneurial culture are in place, covering the educational system the enterprise sector and wider society. These efforts are considered to have contributed to improvements in the entrepreneurial culture in Finland in recent years. Successful entrepreneurs are highly valued and media attention for entrepreneurship is good (Suomalainen et al., 2016).

As with other areas of support, public programmes promoting a culture of entrepreneurship take a generic approach. Non-governmental mainstream entrepreneurship events like Slush and Shift also help raise entrepreneurship awareness. Nonetheless, dedicated non-governmental organisations and networks offer

tailored networking events to women, youth, and immigrant entrepreneurs. These initiatives often get some public support and complement the mainstream policy agenda (e.g. informing entrepreneurs of mainstream support options). These initiatives are, however, provided on project and/or *ad-hoc* basis by non-governmental actors and as such, their sustainability over the years cannot be guaranteed.

Women

In addition to training, coaching and mentoring activities, the Women Entrepreneurs of Finland organises networking events for women entrepreneurs, including an annual meeting (*Yrittäjänaispäivät*³⁰). The topic of women networks in business leadership has been widely discussed and several private initiatives are in place to boost women's executive business positions and entrepreneurship.³¹ Although these do not address new business creation or entrepreneurship among women *per se* they provide role models and for women entrepreneurship in the Finnish society.

Immigrants

The non-profit organisation NewCo Helsinki³² offers networking events for immigrants entrepreneurs. The Federation of Finnish Enterprises has developed a network for immigrant entrepreneurs and organises dedicated events called Business Unplugged events³³ (Federation of Finnish Enterprises, 2019). Start-up societies, particularly in larger towns operating in English, engage also younger immigrants who plan to start-up a business (Entrepreneurship strategy..., 2020). Municipalities also organise various informative events or service announcements on the opportunities related to employment and entrepreneurship targeted at immigrants.

Youth

Educational institutions are encouraged to implement entrepreneurship courses, projects and activities and integrate them in the curriculum. However, entrepreneurship education offering varies across the country and could be integrated more effectively to all teaching and working culture of educational institutions (Deveci and Seikkula-Leino, 2018).

Entrepreneurship has become more embedded in higher education institutions in recent years. For example the University of Turku strengthens its profile as an Entrepreneurial University³⁴ and promotes entrepreneurial attitudes, behaviour, and culture across the entire university (students and staff) and its various activities and stakeholders. Student-run entrepreneurship societies are increasingly popular and many education institutions collaborate with other actors in the entrepreneurship ecosystem to help students build social capital. Overall, students have generally positive attitudes towards entrepreneurship and the media has actively showcased stories of successful high-growth enterprises that have been established by young entrepreneurs.

³⁰ www.yrittajanaiset.fi/yrittajanaispaivat/

³¹ These include Women Decision Makers events of the *Talouselämä* business magazine; Women leaders programme and related study by the Finnish Chamber of Commerce (<https://naisjohtajat.fi/en/women-leaders-program/>).

³² newcohelsinki.fi/fi/events

³³ www.yrittajat.fi/keski-suomen-yrittajat/a/tapahtumat/609296-business-unplugged

³⁴ www.yrittajyysyliopisto.fi/

The unemployed

The option of entrepreneurship is to be raised up in discussions in the TE Offices for the unemployed. As a part of labour market training the unemployed can seek to entrepreneurship training.

Recent policy developments

The previous Government (2015-19) appointed rapporteurs to propose a strategic action plan to promote entrepreneurship 2018-28 (Järventaus and Kekäläinen, 2018). Entrepreneurial attitudes and skills were suggested as one goal for the future programme as they support the main target – reaching the employment level of 78% by 2028. Rapporteurs suggested using entrepreneurial intentions among youth and the share of entrepreneurs among graduates from vocational and higher education institutions as proxies to measure progress on this goal. They recommended strengthening entrepreneurship education for youth in and outside of the educational system and in basic and continuing education of teachers. The Entrepreneurship Strategy (2020) acknowledges the work of the rapporteurs but roadmaps and concrete actions have not yet been announced.

Regulatory measures

Overview and assessment of regulatory environment

Table 3.4. Characterisation of regulatory measures used to support entrepreneurship

			Tailored: Are public programmes tailored for the target group (i.e. dedicated)?	Consultation: Are the targeted entrepreneurs consulted during the design of programmes?	Outreach: Are appropriate outreach methods used for different target groups?	Delivery: Are specialist organisations used to deliver programmes?	Take-up: Does the support have high take-up among target group?	Scale: Is the scale of available support sufficient?	Impact: Does evaluation evidence show a positive impact?	Integrated: Is the programme delivered linked to other related supports?	Links: Do tailored programmes link to mainstream support programmes?
Women	1. Support with understanding and complying with administrative procedures		✓								✓
	2. Measures to address group-specific regulatory challenges	Maternity leave and benefits for the self-employed	✓								✓
		Access to childcare	✓								✓
Immigrants	1. Support with understanding and complying with administrative procedures		✓				✓			✓	✓
	2. Measures to address group-specific regulatory challenges	Entrepreneurship visa	✓								
		Administrative and tax obligations can be met in several languages	✓								
Youth	1. Support with understanding and complying with administrative procedures		✓								✓
	2. Measures to address group-specific regulatory challenges	Student business legal form	✓			✓				✓	✓
		Reduced tax and/or social security contributions for new graduates									
Seniors	1. Support with understanding and complying with administrative procedures		✓								✓
	2. Measures to address group-specific regulatory challenges	Medical leave schemes for the self-employed									
The unemployed	1. Support with understanding and complying with administrative procedures		✓								✓
	2. Measures to address group-specific regulatory challenges	Welfare bridge to support those moving into self-employment	✓						✓	✓	✓
		Mechanisms for regaining access to unemployment benefits if business is not successful	✓								

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

Overall the regulatory environment in Finland is relatively supportive of entrepreneurs. Information on administrative requirements is easily accessible online through a dedicated portal (Suomi.fi/company). Efforts to streamline business regulations and norms have been ongoing in recent years and are foreseen to continue with the new Entrepreneurship Strategy, notably through digitalisation. The previous government (2015-19) simplified licencing and reporting obligations and developed electronic communication to enhance information flow between different public authorities (Ratkaisujen Suomi..., 2018). Recent developments also include the real-time income register.

An important potential regulatory challenge for entrepreneurs in Finland is the rigidity and complexity of benefits regimes. The social security of the self-employed is arranged through a mandatory insurance (YEL), which is similar to the social security costs paid by employers for their employees. The level of contributions influences a person's entitlement level, including to retirement pension, unemployment coverage, sick leave and parental leave benefits. Contributions are based on the calculated annual income declared by entrepreneurs and can be lower than those in paid employment, affecting social security benefits. Almost 30% of the entrepreneurs consider that they cannot afford to pay high enough insurance payments and around 25% continue to do so during their retirement, both causing under coverage (Sutela and Pärnänen, 2018). This may create a barrier to entering to self-employment or cause a surprise to insufficiently inform entrepreneurs in need of relying on social benefits, as evidence suggests that people find it hard to assess the level of social security for self-employed in advance (Härmälä et al., 2017) and entrepreneurs tend to underinsure themselves in the pension scheme (Government of Finland, 2020; Järventaus and Kekäläinen, 2018). It may also be difficult for some benefit recipient to assess whether transitioning to self-employment would make economic sense. The social benefits regime could be further simplified to ensure no undue obstacles to self-employment for various profiles of aspiring entrepreneurs. Evidence also suggests there is room for improvement in assessing the effects of the regulation, particularly in *ex post* evaluation of regulations (OECD Regulatory Policy Outlook, 2018).

Women

Social security conditions for working mothers in Finland (including parental leaves and allowances as well as public and private childcare) are considered to be very strong by international standards, although they may be more supportive to employees than entrepreneurs in their structure (see above). A family leave reform is currently in negotiations with social partners. The reform aims for an equal division of family leaves and care responsibilities between both parents in families, stronger equality in the world of work, and reduced pay disparities between the sexes. The reform would take into consideration different forms of entrepreneurship (Government of Finland, 2019).

Immigrants

The suomi.fi/company portal is available in English in addition to the official languages (Finnish and Swedish). Various other public web pages are available in multiple languages to support immigrant entrepreneurs with administrative procedures (e.g. taxation authorities,³⁵ the Finnish Enterprise Agencies *Uusyrittyskeskukset*, NewCo Helsinki).

A Start-up permit for immigrant entrepreneurs was introduced in 2018.³⁶ It is awarded to entrepreneurs whose business demonstrate international growth potential, as evaluated by Business Finland. The number of applicants is modest (between its launch and April 2020, 114 decisions had been made), but

³⁵ Governmental portal in Finnish, Swedish and English. Some instructions and selected forms are provided in German, Estonian, Russian, Belarus, Polish, French, Chinese and Thai languages.

³⁶ Finnish Start-up Permit, www.businessfinland.fi/en/do-business-with-finland/startup-in-finland/startup-permit/

increasing.³⁷ Successful applicants are typically awarded a two-year resident permit (Härmälä et al. 2017). The processing time of the permit procedure is a challenge, although it has been recently reduced (Government of Finland, 2020). A programme for the recruitment of international skilled workers, Talent Boost is also available to all companies (Härmälä et al., 2017).

Youth

A year as an entrepreneur programme³⁸ (JA Company Programme) is organised in the frame of Junior Achievement Finland. In the JA Company Programme, the participants in the secondary school or in higher education establish and register a JA company that operates using real money for the duration of a semester, school year or calendar year. The programme covers each stage of a company's existence from establishing a company to winding down its operation, and supports, thus, managing business and complying with administrative burden. Various educational institutions organise such JA Company Programmes and students participate to related competitions regionally, nationally and internationally. During the course participants get practical advices and support on entrepreneurship and related administrative procedures and related public services.

Seniors

For those approaching retirement, the pension scheme might create a barrier for engaging in entrepreneurship as the amount of pension is dependent on the income-level in the final years of one's career. This might make it unattractive for seniors to leave employment and become entrepreneurs at this point (Kyrö et al., 2012), due to risk to their current but also to their retirement income.

The unemployed

Measures to reduce the incentive traps preventing individuals from taking on work or becoming self-employed have been implemented during Sipilä's government (2015-19), especially for the unemployed. Since 2017, it has been possible to use unemployment benefit to finance the aforementioned Start-up Grant (for the first four months) or wage subsidy. In addition, the duration of income-related unemployment benefit has been shortened to reduce the thresholds for employment and start-ups, and the unemployed can work as self-employed for four months without losing their unemployment allowance. In addition, an "active model" was used in 2018 and 2019, whereby the unemployed were required to demonstrate activity in labour markets or job search in order to prevent reduction in the unemployment allowance (Government of Finland, 2018). The model was abolished by the end of 2019 as it was considered mentally strenuous.

Recent policy developments

Most recent policy developments have aimed at streamlining the business regulations and norms for all entrepreneurs. The One-in and One-out experimentation project³⁹ (Oravainen and Mähönen, 2017) will be widened so that impact assessment of regulation will be improved (Government of Finland, 2020).

Future developments will also be generic in nature. Second chance entrepreneurship will be facilitated through the implementation of the EU Insolvency Directive. An assessment of the overall effectiveness of

³⁷ Migri Statistics, available at: <https://tilastot.migri.fi/index.html#decisions/21205/59/2/488010?start=580>.

³⁸ <https://vuosiyrittajana.fi/en/company/>

³⁹ The application of the One-In, One-Out principle makes the impacts of government bills on enterprises more transparent and creates a mechanism for ensuring that the regulatory burden on industries does not increase. (Oravainen and Mähönen, 2017).

insolvency legislation is currently underway. More flexible payment schedules for tax prepayment are foreseen to be introduced for small-scale entrepreneurs. In addition, Finland will ask the EU for a derogation to raise the VAT threshold for businesses to EUR 15 000 to decrease the administrative obligations of small-scale entrepreneurs. Finally, measures to effectively coordinate entrepreneurs' social security with other forms of income and to improve their pension cover are foreseen (Government of Finland, 2019).

4 Supporting people who experience disability in entrepreneurship

Self-employment and entrepreneurship activities

There is no established definition in statistics for people with disabilities and the estimates vary considerably. Different surveys indicate that between 510 000 and 760 000 adults (15-64 years old) have physical or health restrictions in Finland, among which an estimated 71 000 need physical aids or others' support (Niemelä et al., 2017). The employment rate was estimated at 60% (Nevala et al., 2010). A narrower definition of disability built on the number of people using services based on the Act on Services for Persons with Disabilities⁴⁰ suggests a much smaller 35 000 working aged adults with disabilities in Finland.

Similarly, estimates of the number of entrepreneurs with disabilities vary widely. Niemelä et al. (2017) estimated there was between 6 000 and 11 000 active entrepreneurs with disabilities in Finland. Tötterman and Tauriainen (2018) estimated that around 1 200 persons receiving disability support or equivalent supports were entrepreneurs and 2 500 were potential entrepreneurs (i.e. considering entrepreneurship as an option). Entrepreneurship is considered an attractive option for people with disabilities as it allows them to be active in the labour market under flexible conditions (Niemelä et al. 2017).

People with disabilities face the same obstacles as other entrepreneurs (such as lack of entrepreneurial skills, finance or relevant networks and contacts) but they may be amplified. Furthermore, due to bias and insufficient understanding, people in support agencies do not necessarily actively offer support to entrepreneurship to persons with disabilities. Legislation related to social security benefits may also contain disincentives for entrepreneurship for some and support offers may not address the barriers faced (Niemelä et al., 2017). Finally, disability-linked impediments to everyday activities (due to e.g. restrictions to mobility and communication) also affect entrepreneurship (Niemelä et al., 2017). The additional challenges faced by entrepreneurs with disabilities may cause extra costs (e.g. special equipment) which may decrease the competitiveness of the business if not compensated otherwise (Kyröläinen, 2020).

⁴⁰ The Act on Services for Persons with Disabilities stipulates sufficient, suitable and equal services for people with disabilities with an emphasis on self-determination and active engagement. Services considered include social and health care, allowances, housing, and individual support.

Policy framework

Table 4.1. Characterisation of the entrepreneurship policy context for people who experience disability

		People who experience disability
1. Entrepreneurship policies for each target group are under the responsibility of the following level(s) of government (multiple levels can be checked)	National	✓
	Regional	
	Local	
2. A dedicated entrepreneurship strategy has been developed (either stand-alone or embedded in another strategy)		
3. Clear targets and objectives for entrepreneurship policy have been developed and reported		

Note: A check-mark indicates the level of policy responsibility for tailored entrepreneurship policy (multiple selections are possible) and characteristics of the entrepreneurship policy framework.

There is no specific entrepreneurship strategy targeted to those experiencing disability as Finland applies a generic approach to entrepreneurship policy. The poor labour market outcomes of people with disabilities is acknowledged in the Government Programme and the draft Entrepreneurship Strategy. The draft Entrepreneurship Strategy highlights the role of social enterprises in providing employment for people with disabilities but there is no emphasis on encouraging entrepreneurship among this target group.

An important actor regarding people with disabilities is the Federation of Finnish Entrepreneurs with Disabilities (*Suomen Vammaisyrittäjät - VamY*). The Federation was established in 2019 as a continuation of Enterprising! (*Yrittystä!*) –project (see below). Furthermore, a dedicated organisation, Vates-foundation⁴¹ promotes employment of persons with disabilities through providing development, lobbying, training, communication, and networking activities. The focus is on employment rather than self-employment (although self-employment not excluded). Vates works and collaborates with other organisations, such as national and regional associations for people with disabilities and employment services actors.

⁴¹ <http://vates.fi>

Overview and assessment of policies and programmes

Table 4.2. Characterisation of the entrepreneurship schemes for people who experience disability

		Tailored: Are public programmes tailored for the target group (i.e. dedicated)?	Consultation: Are the targeted entrepreneurs consulted during the design of programmes?	Outreach: Are appropriate outreach methods used for different target groups?	Delivery: Are specialist organisations used to deliver programmes?	Take-up: Does the support have high take-up among target group?	Scale: Is the scale of available support sufficient?	Impact: Does evaluation evidence show a positive impact?	Integrated: Is the programme delivered linked other related supports?	Links: Do tailored programmes link to mainstream support programmes?
Skills	1. Entrepreneurship training	✓			✓					✓
	2. Entrepreneurship coaching and mentoring	✓			✓					✓
	3. Business consultancy, including incubators/accelerators									
Finance	1. Grants for business creation									
	2. Loan guarantees									
	3. Microfinance and loans									
	4. Other instruments (e.g. crowdfunding, risk capital)									
Culture	1. Entrepreneurship campaigns, including role models									
	2. Networking initiatives	✓			✓					✓
Regulations	1. Support with understanding and complying with administrative procedures									
	2. Measures to address group-specific regulatory challenges	Mechanisms to move back into disability benefit system if business is not successful	✓							
		Mechanisms to move regain access to other social security supports (e.g. housing benefits) if business is not successful	✓							
		Medical leave schemes for the self-employed	✓							

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

There are policy efforts to increase the employment among people with disabilities but self-employment and entrepreneurship are seldom addressed. For example, Vates foundation’s information services, focus on supporting employers in employing people with disabilities and supporting people with disabilities in seeking employment (information on subsidies and different forms of work).

A notable initiative is the Enterprising! (*Yritystä!*⁴²) project (2016-18) which promoted entrepreneurship and well-being among persons with disabilities. The project was run in several cities by The Finnish Association of People with Physical Disabilities (*Invalidiliitto*) in close collaboration with other associations (including

⁴² www.yritysta.fi/

Vates and the Federation of Finnish Enterprises) and was funded by *Veikkaus Oy*.⁴³ It offered individual support, counselling and networks to potential entrepreneurs with disabilities. As mentioned above, VamY was founded in 2019 in continuation of this project. VamY advocates for entrepreneurs with disabilities and their support. It also provides support to its members in form of advice, seminars, networking events etc. and raises awareness of entrepreneurship as a career option for people with disabilities. Cultural awareness of entrepreneurship as an option for people with disabilities remains low, as there are few role models. VamY can help connect potential entrepreneurs with disabilities with such role models. For example, the federation showcases companies started by its member entrepreneurs with disabilities on its websites. There are also some initiatives supporting entrepreneurship as a way to create employment for people with disabilities rather than supporting their self-employment. For example, Impact Startup⁴⁴ is an incubation programme of new businesses to solve societal challenges. During the five months programme, participants from foundations and associations are trained about planning, developing, and monitoring of new businesses to create societal value. The idea is to create new businesses which might employ to people with disabilities.

Regulations are relatively supportive to entrepreneurs with disabilities but some important gaps remain. While integration of benefits and start-up financing continues to be a challenge, entrepreneurs with disabilities are entitled to resume receiving a disability pension and using associated benefits in case of business failure (conditional to a re-assessment of employability if the pension has not been paid for over two years).⁴⁵ Entrepreneurs and self-employed workers with a disability can access some of the services other people with disabilities are entitled too, but not all of them: For example, the transport services (e.g. taxi or other related support they would need to go to work and to meet customers for example) and personal assistance for everyday life are not necessarily available for a self-employed worker, although such services are available for those in pension, employed or studying. Although entrepreneurs are entitled to such services based on the Act on Services for Persons with Disabilities, the interpretation of the Act varies across municipalities (Kyröläinen, 2020). This poses a significant obstacle to entrepreneurs with disabilities.

Overall, the support system for a (potential) entrepreneur with disabilities is quite complex: relevant services are not always easy to identify and each part of the system functions independently making coordination more difficult. To address this, a government-commissioned report on entrepreneurship among people with disabilities (Niemelä et al., 2017) suggested launching customised mentoring and counselling programmes and including targeted messages for people with disabilities in general entrepreneurship training events and awareness raising seminars. The report also highlighted a need for collaboration with dedicated networks and organisations at local level. Other needs highlighted were enhanced collaboration with entrepreneurs without disabilities, promotion of entrepreneurial role models with disabilities, provision of holistic support for entrepreneurship and physical accessibility to support agencies. Finally, access to physical aids and supporting persons are crucial in promoting entrepreneurship of persons with disabilities. The recommendations have not led to significant shifts in the policy agenda, possibly in part, due to the focus on a generic approach to entrepreneurship support and the strong policy emphasis on innovative and growth-oriented businesses.

⁴³ Veikkaus Oy is the company holding an exclusive right to operate gambling in Finland. Veikkaus is entirely owned by the Finnish State and the funds generated are used for the common good (e.g. culture, sports, science, and youth work, social welfare and health, and the equine industry) and distributed to the beneficiaries by the relevant ministries. See www.veikkaus.fi/.

⁴⁴ www.impactstartup.fi/

⁴⁵ Eläkkeen lepäämään jättäminen, available at: <https://tietyoelamaan.fi/keinot-tyokyvyn-tueksi/tyoelamassa/toimeentulo-ja-etuudet/elakkeen-lepaamaan-jattaminen/> (accessed 24 May 2020).

Recent policy developments

An important recent development was the establishment of VamY in 2019. In addition to awareness raising and direct support to entrepreneurs, VamY collaborates with national associations, the Federation of Finnish Enterprises as well as the collaborative working group for people with disabilities within the Finnish Parliament (VAMYT) to support entrepreneurship among the target group as well as to lobby for related policies and initiatives.

An earlier important development was the commission of a study on entrepreneurship by people with disabilities by the previous government. The report described the barriers and opportunities, presented an operating model to increase entrepreneurship among people with disabilities, and described measures to implement the proposed model. However, the effectiveness of the proposed model could not be thoroughly reviewed, as it was based on the researchers' expert assessment rather than evidence, and as such, was not considered robust enough. As such, no significant policy changes or new measures were introduced to support inclusive entrepreneurship among the persons with disabilities. Another relevant recent document is the report on structural barriers to employment of persons with disabilities (Kyröläinen, 2020). While focused primarily on employment, the report included issues to be taken into account when considering policy intervention to support entrepreneurship by people with disabilities.

5 Policy recommendations

The Finnish environment is generally supportive of entrepreneurship. Business start-up information is readily available, regulatory burden for business creation is low, financing is available for entrepreneurs, and training is offered. Entrepreneurs from under-represented and disadvantaged groups can benefit from this mainstream infrastructure, although not all groups are necessarily well aware of the offerings, and some would benefit from further attention. COVID-19 has severely decreased the room for budget manoeuvres.⁴⁶ This may lead entrepreneurship policy to focus on measures with highest (short-term) returns, restricting resources for inclusive entrepreneurship policies. The following policy actions are suggested to improve support for the target groups and make it more accessible and effective for them:

1. ***Introduce more flexibility in the social security, unemployment and pension schemes to reduce disincentives to self-employment.*** While some actions have been taken in recently, including combining the unemployment benefit with the start-up grant, more is needed. This would include simplifying and clarifying the benefits system to reduce uncertainty for people changing regimes as well as identifying and bridging “incentive gaps” hindering employment (e.g. access to services for entrepreneurs with disabilities, disincentives in the pension regime for seniors approaching retirement age).
2. ***Strengthen communication and collaboration between public support agencies for entrepreneurship and employment and private/third sector organisations and projects engaging with different target groups.*** This could be done by actively promoting collaboration with mainstream support organisations and organisations specialised in supporting the target groups. This could help ensure the system is sensitive to different target groups’ needs, as generic support includes components for individualised support that would be enhanced by such collaboration. This would also help raise awareness of entrepreneurship among group-specific associations.
3. ***Streamline entrepreneurship and integration support for immigrants and increase the sensitivity towards their needs within the mainstream support system.*** An increasing number of immigrants use entrepreneurship as a way to find employment, often also employing other immigrants. The mainstream entrepreneurship support system does not sufficiently respond to their needs. Some progress has been made, but this could be enhanced through further collaboration with organisations involved in integration. Similarly the residence permit procedure for entrepreneurs could be accelerated.
4. ***Increase entrepreneurship awareness and promotion of entrepreneurship among all social groups with targeted messages.*** The generic approach to promoting entrepreneurship is not necessarily accessible enough for people from target groups who might find it hard to associate with (heroic) (male) entrepreneurship role models. Offering targeted messages for different under-represented and disadvantaged groups and the related associations and agencies would help increase awareness and attractiveness of entrepreneurship among them within the mainstream support model.

⁴⁶ Significant funds are needed for helping companies survive restrictions and subsequent fiscal policies supporting demand, and repairing economic damage (Vihriälä et al., 2020).

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Annex A. Methodology

Each country report was prepared by a national expert in co-operation with the OECD Secretariat. Information was collected through desk research and interviews (i.e. telephone, face-to-face, email) with policy officers, entrepreneurship support organisations and other stakeholders. The information was then verified by government ministries, programme managers and other inclusive entrepreneurship stakeholders, including through the circulation of draft reports for comment and online seminars that were organised between June and September 2020.

The reports are based on a common assessment framework that was developed by the OECD Secretariat. The framework contains five pillars:

1. Policy framework
2. Entrepreneurship skills
3. Financing entrepreneurship
4. Entrepreneurial culture and social capital
5. Government regulations

The reports provide an overview of the current inclusive entrepreneurship policies and programmes. They also notes assess programmes against the following international good practice criteria, considering the “typical” entrepreneur in each of the different target groups (i.e. women, immigrants, seniors, youth, the unemployed, people who experience disability), in the “typical” region in the country. It covers schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. The international good practice criteria used in the assessment are:

- **Tailored:** Are public programmes tailored for the target group (i.e. dedicated)?
- **Consultation:** Are the targeted entrepreneurs consulted during the design of programmes?
- **Outreach:** Are appropriate outreach methods used for different target groups?
- **Delivery:** Are specialist organisations used to deliver programmes?
- **Take-up:** Does the support have high take-up among target group?
- **Scale:** Is the scale of available support sufficient?
- **Impact:** Does evaluation evidence show a positive impact?
- **Integrated:** Is the programme delivered linked other related supports?
- **Links:** Do tailored programmes link to mainstream support programmes?

A focus is placed on the most commonly targeted population groups, namely women, immigrants, youth, seniors and the unemployed. Other groups such as the Roma are covered by the report when relevant. A special thematic section was added on entrepreneurship support for people who experience disability (Section 4) to highlight their potential as entrepreneurs and to showcase the variety of tailored entrepreneurship schemes that are in place around the European Union.