

## Inclusive entrepreneurship trends and policies in Finland

*This profile presents key indicators on self-employment and entrepreneurship activities by women, youth and seniors in Finland, and briefly describes key actions undertaken under the Entrepreneurship Package that are relevant for inclusive entrepreneurship.*

**Key trends:** The self-employment rate was approximately equal to the European Union average in 2016 (12.4% vs. 14.0% for the EU). Despite this similarity, Finnish people were slightly less likely than the EU average to expect to create a business over the next three years during the 2012-16 period (10.7% vs. 13.0% for the EU). This gap was particularly large for youth (15.6% vs. 21.3% for the EU), although interest towards entrepreneurship has increased in this age group with 20% of students reporting that they were likely to start their own business. Despite Finnish women being more highly educated than men and the country generally considered to be a leader in achieving gender equality in the labour force, the rate of self-employment (8.2%) was only half that of men (16.4%). However, new women entrepreneurs were nearly as likely as new men entrepreneurs, and as likely as the EU average, to report that they introduced new products and services over the 2012-16 period.

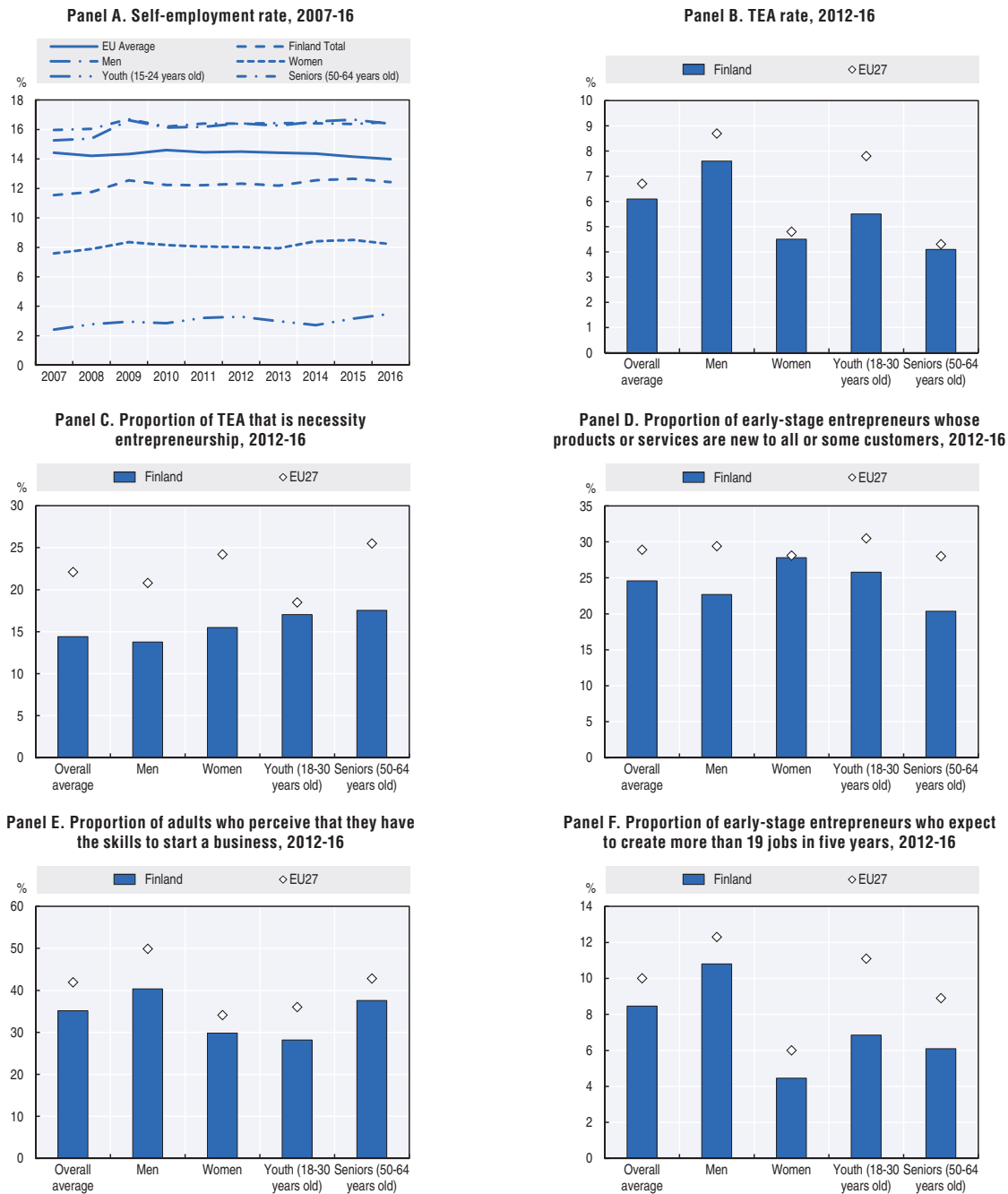
**Hot issue:** There is a current policy debate on the role of the benefits system in facilitating or hindering entrepreneurship. Despite a number of recent changes in the regulations, the benefits regime continues to be a barrier and this is particularly important for disadvantaged groups, as they are often benefits recipients. Many potential entrepreneurs from these groups may risk losing their benefits-based income level – even if the business fails. In addition, the mandatory social security insurance (YEL) imposes a fixed cost that is not sensitive to fluctuations in business income, which can be disadvantageous in the early phases of small-scale business activity. More flexible benefits and YEL systems would facilitate a lower threshold for exploring entrepreneurship.

**Recent policy developments:** Supporting and promoting entrepreneurship is a policy priority for the government. Key actions include measures in the 2017 Budget, the recently launched “Entrepreneurship Package” and the 26 “key projects”, which assess the need for policy actions and will be completed in 2017. They will be used as a basis for developing measures to encourage more disadvantaged individuals to start-up in business. Several of the key projects are relevant for inclusive entrepreneurship policy, including the projects “Strengthening competitiveness by improving conditions for business and entrepreneurship”, “Youth guarantee towards community guarantee” and “Career opportunities for people with partial work ability.” The first is a general assessment of the entrepreneurial environment while the latter two projects assess the labour market conditions for youth and people with disabilities, covering self-employment. In addition, the government is planning regulatory changes in 2017 under the “Entrepreneurship Package” to allow unemployment benefits to be used for starting a business. This means that the unemployed would continue to receive the benefits despite their engagement in entrepreneurship. This will also help in tempering fluctuations in income in the early phases of business development.

The full Country Assessment Note can be found at: [www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm](http://www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm).

**Key inclusive entrepreneurship data**

**Figure 17.1. Entrepreneurship and self-employment data for Finland**



Notes: 1. The self-employment rate is defined as the number of self-employed people (15-64 years old) divided by the number of people in employment. 2. The TEA rate is the proportion of adults (18-64 years old) involved in setting up a business or managing a business that is less than 42 months old. 3. Necessity entrepreneurship is defined as entrepreneurship activities that were launched because the individual did not have other options in the labour market. 4. Early-stage entrepreneurs are those who are in the process of setting up a business or manage a business that is less than 42 months old. 5. In Panels B, C, D, E and F, the population covered are those 18-64 years old.

Sources: Panel A: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>; Panels B, C, D, E, and F: GEM (2017), Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2012-16.

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## Reader's guide to the country profiles

This section of the book provides a short overview of inclusive entrepreneurship trends and recent policy actions in each European Union Member State. Each Country Profile highlights recent trends for key inclusive entrepreneurship indicators, focusing on activity rates, quality and barriers to business creation for people in under-represented and disadvantaged groups, drawing on a set of charts (see below). In addition, the Country Profiles briefly describe a current policy issue relevant for inclusive entrepreneurship policy development. Finally, each Country Profile describes a recent policy action that was introduced to support the unemployed, women, youth or seniors in business creation and self-employment.

The country overviews are complemented with a common set of country-specific data that benchmark key inclusive entrepreneurship indicators against the European Union average and over time. Data are presented for men, women, youth, seniors and the overall population total. These data help to show the scale of the challenge and its recent evolution. All Country Profiles contain six figures (except for the Malta profile, which does not participate in the Global Entrepreneurship Monitor survey):

**Panel A:** Self-employment rate, 2007-16. This presents the proportion of those in employment who are self-employed.

**Panel B:** Total Early-stage Entrepreneurship Activity (TEA) rate, 2012-16. This presents the proportion of the population who is actively involved in starting a business or who is the owner-operator of a business that is less than 42 months old.

**Panel C:** Proportion of TEA that is necessity entrepreneurship, 2012-16. This presents the proportion of early-stage entrepreneurship that was launched due to a lack of other opportunities in the labour market.

**Panel D:** Proportion of early-stage entrepreneurs whose products or services are new to all or some customers, 2012-16. This presents the proportion of early-stage entrepreneurs who self-report that they offer products and/or services that are new to potential customers.

**Panel E:** Proportion of adults who perceive that they have the skills to start a business, 2012-16. This presents the proportion of the population who believe that they have the knowledge and skills needed to start a business.

**Panel F:** Proportion of early-stage entrepreneurs who expect to create more than 19 jobs in five years, 2012-16. This presents the proportion of early-stage entrepreneurs who anticipate the creation of at least 19 additional new jobs over the next five years.



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