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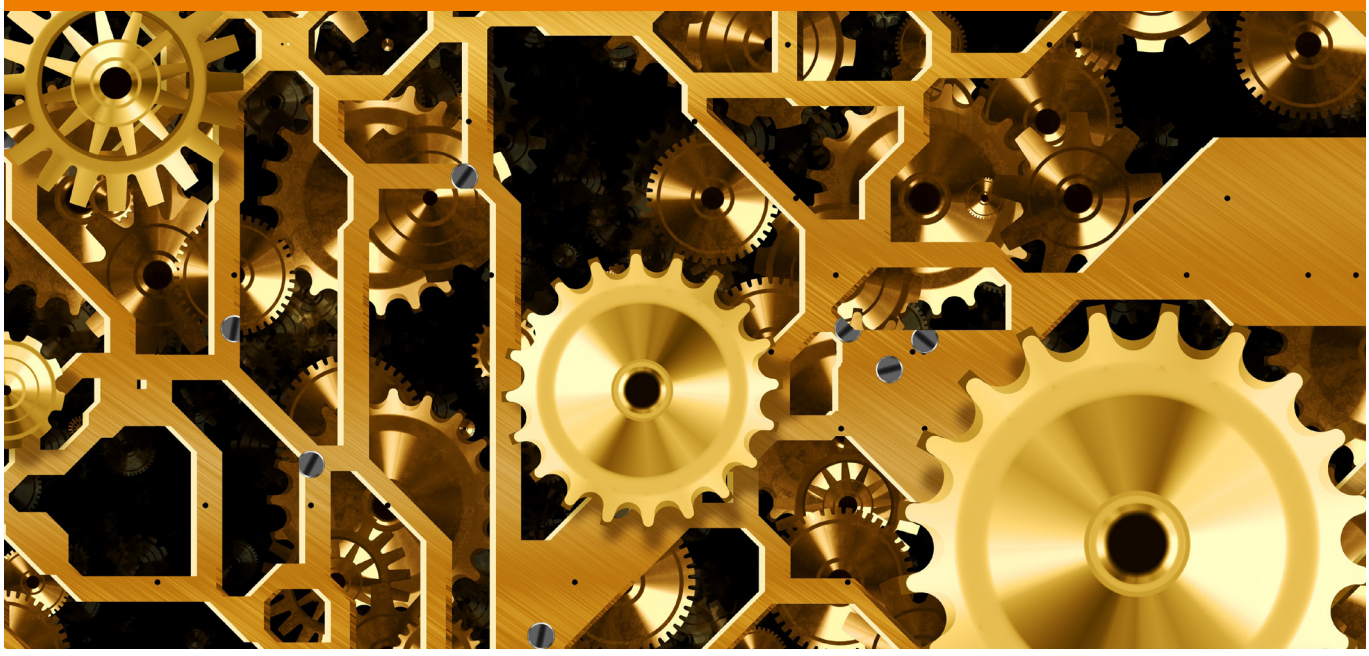
GLOBAL ENTREPRENEURSHIP MONITOR

Finnish 2015 Report



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TIIVISTELMÄ YDINTULOKSISTA

GEM tutkimus tutkii kansallisesti ja kansainvälisesti yksilöiden yrittäjyysaktiivisuutta ja uuden yritystoiminnan perustamista väestötasolla sekä yrittäjyyteen liittyviä puitetekijöitä. Tämä Global Entrepreneurship Monitor (GEM) -tutkimus tarkastelee sitä, miten suomalaiset sijoittuvat yrittäjyysaktiivisuudessa ja yritystoiminnan perustamisessa suhteessa EU-maihin vuoden 2015 osalta. Tämän lisäksi tutkimuksessa tarkastellaan ja verrataan yrittäjyyden puitetekijöitä Suomessa sekä kansainvälisesti. Seuraavassa esitetään Suomea koskevat keskeiset tulokset muihin EU-maihin verrattuna.

1. Yrittäjyyspotentiaali Suomessa korkealla tasolla

Suomessa 49% aikuisväestöstä tunnistaa hyviä liiketoimintamahdollisuuksia ympäristössään. Väestötasolla liiketoimintamahdollisuuksien havaitseminen on aikuisväestön keskuudessa noussut viime vuodesta ja se on aiempien vuosien tapaan korkeammalla tasolla kuin EU-maissa keskimäärin. Liiketoimintamahdollisuuksia tunnistetaan EU-maista eniten Ruotsissa (70%). Tämän lisäksi Virossa (51%) tunnistetaan liiketoimintamahdollisuuksia väestötasolla hyvin. Nämä Suomen naapurimaat ovat perinteisesti olleet EU-maiden parhaimmistoa liiketoimintamahdollisuuksien tunnistamisen suhteen. Liiketoimintamahdollisuuksien tunnistamisesta on kuitenkin vielä matkaa varsinaisen yrityksen perustamiseen. Kuitenkin usko siihen, että yrittäjyys on mahdollista myös omalla kohdalla, on jonkin verran yleistynyt Suomessa, vaikka se eurooppalaisittain on matalalla tasolla.

Suomalaisesta aikuisväestöstä 37% uskoo, että heillä on yrityksen perustamiseen ja johtamiseen liittyviä taitoja. Vaikka tämä osuus on lievästi kasvanut viime vuosina, sitä on pidettävä suhteellisen matalana EU-maiden vertailussa. Tässä vertailussa EU-maista nämä taidot ovat tänäkin vuonna yleisimpiä Puolassa (56%) ja Slovakiassa (52%).

GEM-tutkimuksessa selvitetään myös epäonnistumisen pelkoa, jonka tutkimusten mukaan tiedetään vähentävän yrittäjäksi ryhtymisaikeita. Suomessa epäonnistumista pelkää 40% työikäisistä aikuisista. Tämä osuus on selvästi pienempi niiden työikäisten aikuisten keskuudessa, jotka ovat havainneet hyviä liiketoimintamahdollisuuksia ympäristössään (33%). Keskimäärin 46% EU-maiden aikuisväestöstä pelkää epäonnistumista. Epäonnistumisen pelko ei kuitenkaan kytkeydy tutkimuksessamme suoranaisesti esteeksi yrityksen perustamiselle. Vaikuttavia tekijöitä on muitakin.

Suomalaisesta työikäisestä aikuisväestöstä yrityksen aikoo tulevan kolmen vuoden aikana perustaa 11%. Suomi jääkin tässä hieman EU-maiden keskiarvoa, 13%, alhaisemmalle tasolle.

EU-maista yrittäjyysintentiot ovat korkealla tasolla erityisesti Romaniassa, jossa 29% aikuisväestöstä ilmoittaa aikovansa perustaa yrityksen seuraavan kolmen vuoden aikana. Erityisen matalina yrittäjyysintentiot näyttäytyvät Bulgariassa (5%) ja Espanjassa (6%).

2. Yrittäjyysaktiivisuus Suomessa kasvanut

Myönteisistä asenteista ja aikomuksista huolimatta aikuisväestön yrittäjyysaktiivisuus Suomessa kasvustaan huolimatta on edelleen jokseenkin vaatimatonta: 6.6% aikuisväestöstä on aloittamassa uutta yritystoimintaa. EU-maista alkuvaiheen yrittäjyysaktiivisuus on korkeimmalla tasolla Latviassa (14%) ja Virossa (13%). Vähiten aloittavia yrittäjiä EU-alueella on Bulgariassa (4%) ja Saksassa (5%). Yli 3,5 vuotta yrittäjinä toimineita Suomessa on hieman enemmän kuin alkuvaiheen yrittäjiä, noin 10 % aikuisväestöstä. Tämä osuus on kasvanut viime vuodesta, ja on tällä hetkellä EU-maiden toiseksi korkein heti Kreikan jälkeen. Alhaisin yli 3,5 vuotta yrittäjänä toimineiden osuus on Kroatiassa ja Luxemburgissa (3%).

Suomalaisista alkuvaiheen yrittäjyysaktiivisuus on korkeimmalla tasolla 35-44 –vuotiaiden keskuudessa. Vähäisintä se on 55-64 –vuotiaiden osalta. Alkuvaiheen yrityksiä Suomessa perustavat etenkin miehet, ja korkeammin koulutetut. Yli 3,5 vuotta yrittäjänä toimineet ovat keskimäärin hieman vanhempia kuin aloittavat yrittäjät. Pidempään yrittäjänä toimineiden yrittäjyysaktiivisuus on korkeinta 45-54 –vuotiaiden keskuudessa.

3. Yrittäjien tavoitteet Suomessa edelleen suhteellisen vaatimattomat

Suomalaisista yrittäjistä korkeaa kasvua tavoittelee noin 10%. Tämä vastaa EU-maiden keskiarvoa. EU-maista kovimmat kasvuodotukset yrittäjillä on viime vuoden tapaan Romaniassa, jossa aloittaneista yrittäjistä 18% tavoittelee työllistävänsä ainakin 20 uutta työntekijää seuraavan viiden vuoden aikana. Matalimmat kasvuodotukset taas ovat bulgarialaisilla yrittäjillä (1%). Suomalaisista yrittäjistä korkeimmat kasvuodotukset on yrittäjänä toimivilla miehillä.

Kansainvälistymispyrkimyksiä GEM-tutkimuksessa tarkastellaan yrittäjän kansainvälisten asiakkaiden osuudella. Yrittäjä määritellään kansainväliseksi, mikäli vähintään 25% yrityksen asiakkaista on muualta kuin yrittäjän kotimaasta. Suomessa kansainvälistymispyrkimykset ovat perinteisesti olleet vaatimattomalla tasolla – osuus on jopa hieman laskenut viime vuodesta, jolloin 13%:lla alkuvaiheen yrittäjistä on kansainvälistymispyrkimyksiä. Nyt kansainvälistymispyrkimyksistä raportoi vain 7% suomalaisista alkuvaiheen yrittäjistä. EU-maista kansainvälistymispyrkimykset ovat korkeimmalla tasolla Luxemburgissa (40%) ja matalimmat Espanjassa (6%).

GEM-tutkimuksessa innovaatiohakuisena yrittäjinä pidetään yrittäjiä, jotka tähtäävät uusilla tuotteilla uusille markkinoille. Suomessa innovaatiohakuisia uusia yrittäjiä on 20%. Tämä

osuus uusista yrittäjistä on selvästi alle EU-maiden keskiarvon. Innovaatiohakuisuus on hieman laskenut Suomessa viime vuodesta, jolloin 23% uusista yrittäjistä raportoi innovaatiohakuisuudesta. Luxemburgissa (48%) uusien yrittäjien innovaatiohakuisuus on tänäkin vuonna EU-maiden kärjessä. Matalin innovaatiohakuisuus on Bulgariassa (9%).

On kiinnostavaa havaita että yli 3,5 vuotta yrittäjänä toimineiden ja yritystoimintansa vakiinnuttaneiden yrittäjien yrittäjyyteen liittyvät tavoitteet ovat kaiken kaikkiaan vaatimattomammalla tasolla kuin uusien yrittäjien tavoitteet. GEM-tutkimus ei pureudu näihin syihin, ja tavoitetason yleinen lasku yritystoiminnan edetessä vaatisi oman selvityksensä.

4. Yrittäjyyden puitetekijät ja merkitys

Vuosittain GEM-tutkimuksessa selvitetään asiantuntijoiden näkemyksiä yrittäjyyteen liittyvistä kansallisista olosuhteista ja niissä tapahtuneista muutoksista. EU-maiden keskinäisvertailussa Suomi on asiantuntijoiden mukaan edelleen kilpailukykyinen ja yritystoiminnalle suotuisa talous huolimatta heikosta suhdannetilanteesta. Kansalliset asiantuntijat arvioivat yrittäjyyspolitiikan ja säätelyn, ensimmäisen ja toisen asteen koulutuksen, kulttuuristen ja sosiaalisten normien, fyysisen sekä taloudellisen ja juridisen infrastruktuurin sekä markkinoiden avoimuuden ja dynamiikan tukevan yrittäjyyttä vähintäänkin samalla tasolla kuin EU-maissa keskimäärin. Teknologiasiirron, rahoituksen ja korkeakoulutuksen ei arvioida tukevan yrittäjyyttä yhtä hyvin. Vuosittain asiantuntija-arviot osoittautuvat myönteisemmäksi kuin yrittäjien arviot. Onkin kysyttävä, onko markkinoilla sellaisia tekijöitä, jotka jarruttavat yritysten perustamista, hyvistä yrittäjyyttä tukevista politiikkatoimenpiteistä ja -ohjelmista huolimatta.

Yrittäjyyskeskustelu käsittää myös yksilön yrittäjämäisen toiminnan olemassa olevassa organisaatiossa (sisäinen yrittäjyys). Suomessa työntekijöiden yrittäjämäinen toiminta on hieman korkeammalla tasolla kuin EU-maissa keskimäärin ja lähes samaa tasoa alkuvaiheen yrittäjyysaktiviteetin kanssa. Yrittäjämäisesti organisaatiossa toimivat tunnistavat liiketoimintamahdollisuuksia ja kokevat, että heillä on yrittäjyystaitoja. Tämän voimavaran hyödyntäminen joko olemassa olevien organisaatioiden uudistamisessa ja kasvussa tai uuden yritystoiminnan synnyttämisessä on toistaiseksi riittämättömästi hyödynnetty mahdollisuus.

Uudet yritykset eivät näyttäisi Suomessa eivätkä muuallakaan syntyvän yksinomaan vakaan tai tukevan talous- ja veropolitiikan tuloksena. Vaaditaan olemassa olevaa, orastavaa tai potentiaalista kysyntää tuotteille ja palveluille, infrastruktuurin ja korkean osaamisprofiilin lisäksi. GEM-tutkimus tunnistaa selvästi nuorten ja korkeasti koulutettujen yrittäjäpotentiaalin, joka Suomessa on kehittynyt myönteisesti viimeisten 3-4 vuoden aikana. Lisäksi monet koulutetut ovat ns. hyödyntämätöntä yrittäjyyspotentiaalia – he tunnistavat liiketoimintamahdollisuuksia ja heillä on yrittäjyysosaamista, mutta he eivät toimi yrittäjinä.

Myönteiset käsitykset yrittäjyydestä eivät Suomessa edelleenkään konkretisoidu uusiksi yrityksiksi ja liiketoiminnaksi. Talouden hidas kehitys muiden työllistymisvaihtoehtojen puuttuessa voi synnyttää sekä yksilöiden toimesta että politiikkatoimin tuettua yrittäjyyttä, jolla on heikot kestävän menestyksen tai kasvun edellytykset. Nähtäväksi jää, missä määrin orastavat merkit talouden myönteisestä kehityksestä vaikuttavat suomalaisten yrittäjyysaktiviteettiin tai yrittäjien tavoitteisiin.

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1 INTRODUCTION

The report is based on the annual Global Entrepreneurship Monitor (GEM), a unique global assessment of entrepreneurial activity, and it focuses on the annual results of entrepreneurial activity in Finland in 2015.[1] In this national GEM report we introduce the state-of-the-art figures of the emerging, new and established entrepreneurship in Finland as a one of the EU's member states. We focus on EU member states instead of the group of innovation-driven economies, for example, in order to address the current state of entrepreneurial activity in EU which is still facing a devastating economic turbulence.

We address questions, such as what is the state of entrepreneurial activity in Finland and other European Union member states? Or how does the entrepreneurial potential look like in Finland in 2015? Moreover, we show how the various aspirations among new entrepreneurial activities in Finland score within the EU. Finally, we briefly look at intrapreneurial activity of employees within existing organisations.

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

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

1 Monitoring started in 1999 with 10 participating countries, including Finland. Nowadays the GEM project has expanded to include annually over 60 countries covering opinions of over 150.000 adults. The GEM project analyses countries across the different stages of economic development.

2 FINLAND – A PRIME MEMBER OF EUROPEAN UNION COUNTRIES

Key highlights

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

2.1 Economic performance

In this report we focus on the European Union's member states[2] which have participated in GEM study in 2015. By doing this we follow previous report and shed light on entrepreneurship among EU member states, for which the recent economic development has been tough. That being said, we acknowledge that even if among the 21 EU countries participating in GEM the basic physical and commercial infrastructure is opportune for entrepreneurial activities, the countries are different in multiple and complex ways. For instance, the differences between GEM countries are enormous when measured by GDP, by legal and by governance structures, or when compared through their citizenship, their rights and possibilities, to mention some key national differences. The differences in the economic and societal structures govern also entrepreneurial frameworks which vary across countries.

Entrepreneurship acts as an essential part of the engine boosting economic performance of an economy. To illustrate this, we assess the relationship between early-stage entrepreneurship and economic development in terms of GDP per capita (Figure 1). The early-stage entrepreneurial activity (TEA) rate is defined as the percentage of individuals aged 18–64-years who are in the process of starting or are already running new businesses which are 42 months old at most[3]. By following Wennekers and the others' (2005) assessment the Figure 1

[2] In 2015 GEM data set EU-member states comprise 21 out of 60 economies participating GEM: Belgium, Bulgaria, Croatia, Estonia, Finland, Germany, Greece, Hungary, Ireland, Italy, Latvia, Luxembourg, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and United Kingdom.

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

illustrates a U-shaped relationship between early-stage entrepreneurial activity and the economic development. In modern economies early-stage entrepreneurial activity increases along with the economic development (Wennekers et al., 2010), but entrepreneurial activity is high also among less developed economies. For instance, in Senegal, a country with low GDP output, the engagement in early-stage entrepreneurial activity reaches almost 39%, whereas in Norway the same share is less than 6% of adult population. In general, EU countries score low (around 8%) in early-stage entrepreneurship, but entrepreneurial activities consist of different kind of activities compared to less developed economies. In EU countries entrepreneurial activity is more often motivated by opportunities than necessity, and exploits knowledge more than physical resources.

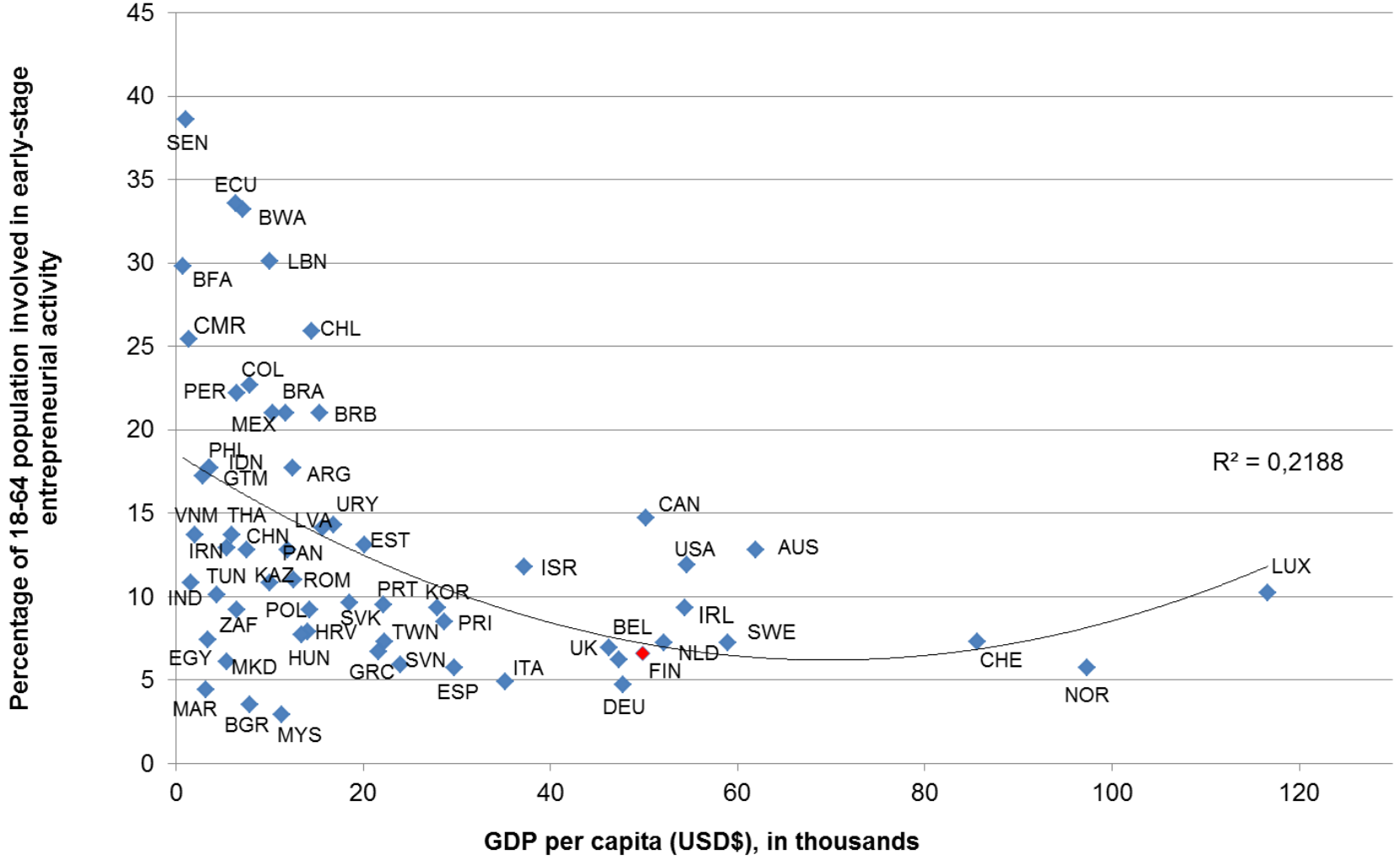

Figure 1: Early-stage entrepreneurial activity in terms of GDP per capita in 2015 (USD)

When assessing the selected global indexes and GDP per capital (in purchasing power parity), which are widely used in measuring the economic development, EU member states are far from an identical group. In addition to GDP, World Bank's Ease of Doing Business and World Economic Forum's Global Competitiveness Index as well as the Heritage Foundation's Index of Economic Freedom are often used in comparing economies (see Appendix A for definitions). Table 1 summarizes the group of EU countries that participated in GEM in 2015, and shows their position when measured with the related indexes. Among its' peers Finland seems to continuously offer an opportune environment of starting, running and expanding a business. For instance, with regards to protecting the rights of minority investors Finland seems to lag behind to its' peers. Furthermore, Finland's global status as a competitive economy is enduring, despite some structural rigidity.

Table 1: EU countries participated in GEM 2015 and their ranking in other selected indexes

Country	GDP per capita (US$)[a)]	Global Competitiveness Index[b)]	Ease of Doing Business[b)]	Index of Economic Freedom[c)]	Early-stage Entrepreneurial Activity (TEA)[d)]
Belgium	47 327.6	19	43	44	6.2
Bulgaria	7 851.3	54	38	60	3.5
Croatia	13 475.3	77	40	103	7.7
Estonia	20 147.8	30	16	9	13.1
Finland	**49 842.7**	**8**	**10**	**24**	**6.6**
Germany	47 773.9	4	15	17	4.7
Greece	21 672.7	81	60	138	6.8
Hungary	14 026.6	63	42	58	7.9
Ireland	54 339.3	24	17	8	9.3
Italy	35 222.8	43	45	86	4.9
Latvia	15 692.2	44	22	36	14.1
Luxembourg	116 612.9	20	61	19	10.2
Netherlands	52 138.7	5	28	16	7.2
Poland	14 336.8	41	25	39	9.2
Portugal	22 124.4	38	23	64	9.5
Romania	10 000.0	53	37	61	10.8
Slovakia	18 500.7	67	29	56	9.6
Slovenia	24 001.9	59	29	90	5.9
Spain	29 721.6	33	33	43	5.7
Sweden	58 898.9	9	8	26	7.2
United Kingdom	46 297.0	10	6	10	6.9

[a)] GDP per capita is retrieved from the International Monetary Foundation.
[b)] Ranking, 1=Most competitive economy/Doing business is easy. Global Competitiveness Index comprises 144 countries, and Ease of Doing Business Index covers 189 countries.
[c)] Overall score, 100=Highest economic freedom, 1=Lowest economic freedom. The Index of Economic Freedom comprises 186 countries.
[d)] Percentage of adult (18–64-aged) population is retrieved from the Global Entrepreneurship Monitor.

2.2 Business environment

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

In Finland governmental policies and finance continue to support entrepreneurship

In 2015 Finland scores better than its peers in the overall governmental support for entrepreneurship (Figure 2). Moreover, in Finland the regulatory environment is perceived more suitable for entrepreneurship than in Nordic countries or in EU member states on average. Among all GEM countries Finland reaches top 10 placings with regards to governments' approach to entrepreneurship (Kelley et al., 2016). This is supported by the Ease of Doing Business index and by the Global Competitiveness index results: Finland stands out as one of the best countries for running a business among the EU member states (Table 1).

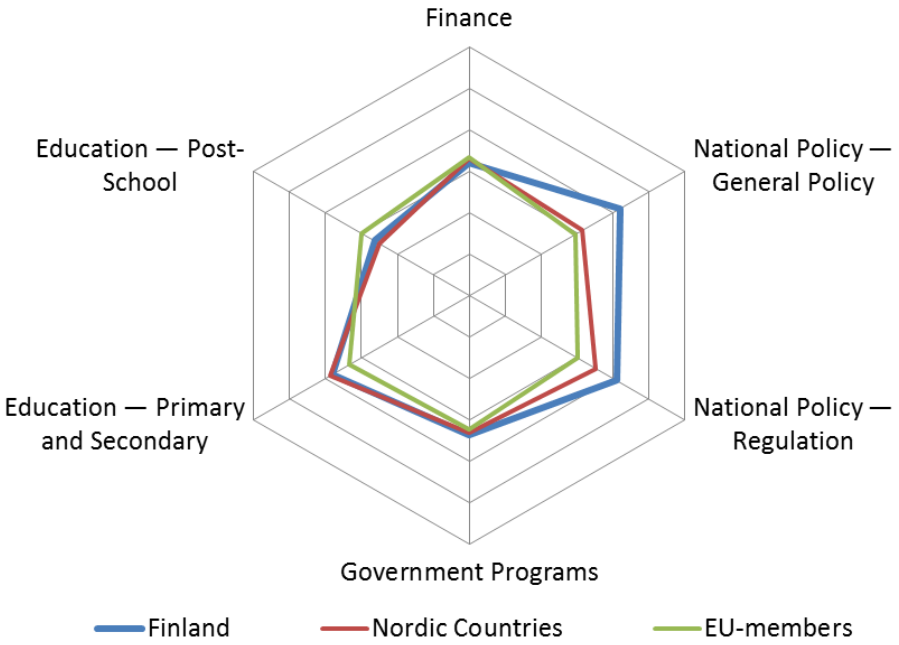

Figure 2: Institutional support for entrepreneurship in Finland, Nordic countries and EU economies in 2015 (1/2)[4]

Despite the economic downturn infrastructure and market dynamics are manageable in Finland

When measured with another set of framework conditions, the differences between EU member states, Nordic countries and Finland in institutional support for entrepreneurship seem to even out in Figure 3. This is in many ways understandable: frameworks, such as R&D transfer, and internal market dynamics, need to function efficiently in order to amplify drive for innovations. In comparison to EU member states these framework conditions are perceived to be in relatively good shape in Finland: Finnish experts perceive the physical infrastructure is relatively opportune for entrepreneurship.

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

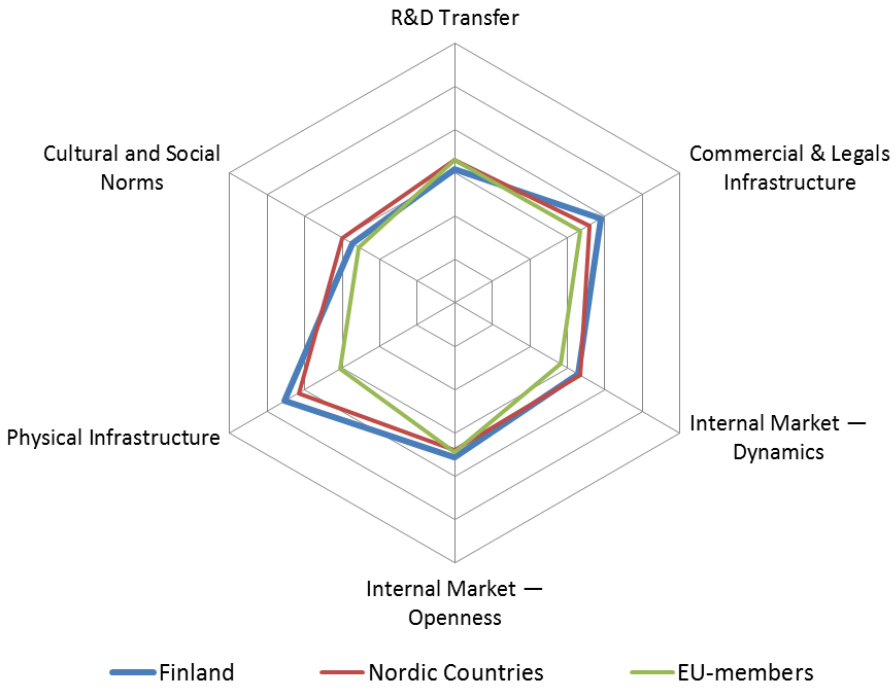

Figure 3: Institutional support for entrepreneurship in Finland, Nordic countries and EU member states in 2015 (2/2)[5]

Based on the experts' opinions the cultural and social support for entrepreneurship is fairly even among the selected economies. There are several developments, the rise of start-up culture, new successful start-ups, in Finland which would let us assume that the perceptions on cultural support would be higher. Even if entrepreneurship seems to flourish in economies with multicultural backgrounds (Baumol et al., 2007), the causality between cultural and entrepreneurial attitudes and higher rates of entrepreneurship is highly disputable (Bottke and Coyne, 2009). Even if these aspects are supported in Finland, their expected outcome, an improvement in the rate of new and nascent entrepreneurship, is not evident.

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

3 ENTREPENEURIAL POTENTIAL IN FINLAND

Key highlights

- **Opportunity perception level in Finland is higher than in other EU member states on average**
- **Fear of failure in Finland is lower than in EU member states on average**
- **Perception of entrepreneurial capabilities in Finland has increased from last year**
- **Entrepreneurial intentions in Finland have increased – the share in Finland is highest among Nordic countries**

The key results of the potential entrepreneurship in Finland in 2015 are discussed in the following. We will relate the results to other EU member states and Nordic countries. We will focus on self-perceptions, namely opportunity perception, perception of entrepreneurial capabilities, untapped entrepreneurial potential, and entrepreneurial intentions of individuals.

3.1 Entrepreneurial perceptions

Opportunity perception level increased from last year

The level of opportunity perception in adult population is relatively high in Finland compared to other EU member states (Figure 4). 49% of Finnish adult (18–64 years) population has perceived good opportunities for entrepreneurship. The share has increased from the year 2014 when 42% had perceived good entrepreneurial opportunities. Opportunity perception level in Finland continues to be higher than among EU countries on average (35%), in which the share has remained same compared to last year. In EU countries the opportunity perception level is lowest in Greece (14%). The share in Greece has even decreased from last year, when 20% of adult population had perceived good entrepreneurial opportunities in their region. In EU member states the opportunity perception level is highest in Sweden (70%). Opportunity perception level in Finland continues to be lower than in other Nordic countries. In Norway, 69% of adult population has perceived good entrepreneurial opportunities. (Appendix B Table 1).

In Finland opportunity perception is related to individuals' educational attainment. Opportunity perception can be considered highest among highly educated. Individuals, who hold at least a

post-secondary degree, perceive opportunities for entrepreneurship more often than their less educated counterparts. Gender and age are not associated with opportunity perception of individuals.

Perception of entrepreneurial capabilities has slightly increased

The share of individuals who perceive of having necessary entrepreneurial capabilities to start a business has increased from previous years. 37% of Finnish adult (18–64 years) population considers having necessary capabilities to start a venture, while in last year 35% considered equally. Despite of this increase, the perception of entrepreneurial capabilities remains still lower than among EU member states (43%) on average. In EU countries the share is highest Poland, where 56% of adult population perceives having necessary entrepreneurial capabilities. The share is lowest in Italy (31%). In Nordic countries, the share is equally high in Finland and in Sweden, but lower in Norway, where 31% of adult population considers having necessary entrepreneurial capabilities to start a business. (Figure 4 and Appendix B Table 1).

A deeper examination of GEM data shows that in Finland the perception of entrepreneurial capabilities is associated with gender and age. The perception of entrepreneurial capabilities is higher among men, and individuals aged 35–44-years or more. On the contrary, the perception of entrepreneurial capabilities is lowest among the youngest age group, individuals aged 18–24 years.

In Finland, opportunity perception has usually been higher than perceived capabilities for starting a business: the number of Finns who perceive good opportunities for entrepreneurship (49%) is higher than the number of those who perceive having skills for creating new businesses (37%).

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

In this study we define untapped entrepreneurial potential as non-entrepreneurially active individuals who consider having skills for starting a business, and have perceived entrepreneurial opportunities (see Bosma and Schutjens, 2007). The results show that in Finland 16% of adult population has perceived both business opportunities and the skills needed in themselves, but who are not entrepreneurially active. Individuals with untapped entrepreneurial potential have higher entrepreneurial intentions than the rest of the Finnish adult population, and their fear of failure is lower than on average. Furthermore, individuals in this group usually have higher education than their peers in general, and male in particular. The age groups does not differ from each others.

Fear of failure remains lower than among other EU member states

Fear of failure can constraint individuals from seizing business opportunities and actualizing their entrepreneurial intentions (Kelley et al., 2016). In Finland, the fear of business failure among the whole adult population is 40%.The share is lower, 33% among the individuals who have perceived entrepreneurial opportunities. The share among the whole adult population in Finland is lower than in EU countries in general (46%). In EU member states, fear of failure is highest in Greece (64%) and in Italy (61%), and lowest in the United Kingdom (37%). In addition, the share in Finland among opportunity nested population can be considered to be relatively low compared to the average of all EU member states (40%) (Figure 4). In all EU member states the share is highest in Poland and Belgium (48%).

The results in Finnish GEM show that fear of failure is strongly related to two variables, that is, gender and age. The results suggest that the fear of failure is higher among women than among men. Respondents in the age group of 55 to 64-years old, and respondents in group 18 to 24-years old had a lower fear of failure than those in the family formation and family responsibility ages (25 to 34; 35 to 44) and peaking their work careers (45-54). Fear of failure is highest among 25–35-years old. The educational attainment is not associated with the fear of failure.

3.2 Entrepreneurial intentions

Entrepreneurial intentions have increased

Entrepreneurial intentions among Finnish adult population have increased from previous years. Based on 2015 GEM data, 11% of the non-entrepreneurially active adult population intends to start a business within the next three years (Figure 4). Despite of increase of entrepreneurial intentions, the share in Finland remains still slightly below the average of EU member states (13%). The level of entrepreneurial intentions is high especially in Romania (32%) and in Latvia (22%). Among the Nordic countries, the share of adult population expecting to start a new business during the following three years is lowest in Norway, where the share continues to be 5%. Compared to the previous years, the share in Finland has risen and is slightly higher than the share in Sweden, where 8% of the non-entrepreneurially active adult population intends to become entrepreneurs within the next three years.

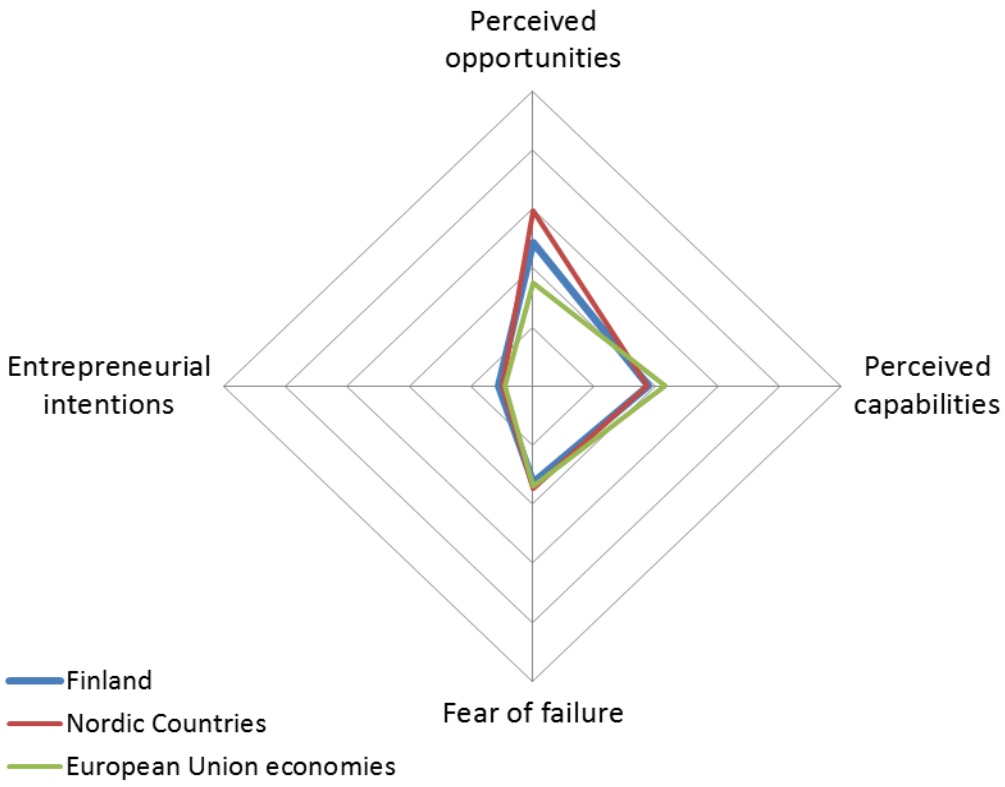

Figure 4: Entrepreneurial potential in Finland, Nordic countries and EU member states in 2015 (as % of population aged 18–64)[6]

Entrepreneurial intentions are higher among men than among women in Finland. 14% of Finnish non-entrepreneurially active men is willing to start a business within next three years, when at the same time the share among women is 8%. In addition, the younger adults (18–24-years old and 25–34-years old) have higher entrepreneurial intentions than their older counterparts in Finland. Entrepreneurial intentions are not associated with educational attainment of individuals.

6 The scale is the percentage of the adult population. The further the data point is from the center, the higher is the prevalence of the topic in question. Fear of failure is measured among opportunity nested individuals.

4 ENTREPENEURIAL ACTIVITY IN FINLAND

Key highlights

- **The early-stage entrepreneurial activity slightly increased from last year – slightly less than 7% of adult population in Finland is engaged in early-stage entrepreneurial activities**
- **Established business ownership is higher than in European Union member states on average**
- **The most common reason for business exit remains to be family or personal reasons**
- **Business operations did not continue in over half of the business discontinuation cases**

4.1 Entrepreneurial activity

The early-stage entrepreneurial activity has increased in Finland

The early-stage entrepreneurial activity (TEA) involves slightly less than 7% of the adult population in Finland in 2015 (Figure 5). The early-stage entrepreneurship comprises of all individuals aged 18-64 in an economy who are either a nascent entrepreneur (actively involved in setting up a business that has not paid salaries for more than 3 months) or owner-manager of a new business (owning and managing a running business that has paid salaries for more than 3 months, but no more than 42 months). In all EU countries on average 8% of adult population is engaged in early-stage entrepreneurial activities. The Finnish adults' engagement in early-stage entrepreneurial activity is just below the average (Appendix B Table 2). In European Union member states TEA is highest in Latvia (14%) and Estonia (13%), and lowest in Bulgaria (4%). In the Nordic countries TEA is highest in Sweden, slightly higher than 7%, and lowest in Norway, slightly less than 6%. The demographic assessment of the engagement in the early-stage entrepreneurial activity and in the established business ownership is presented in the chapter 7.

The established business ownership rate among EU member states is second highest in Finland

The established business ownership[7] (EBO) (10%) in Finland has increased from last year (7%) being now second highest among the EU countries. In EU member states slightly more than 6% of adult population operate as an owner-manager of an established business that has paid salaries reported for more than 42 months. In the EU member states the EBO is highest in Greece (13%), and lowest in Croatia and Luxembourg (3%). In the Nordic countries 7% of adult population is currently an owner-manager of an established business. The share is highest in Finland and lowest in Sweden (5%).

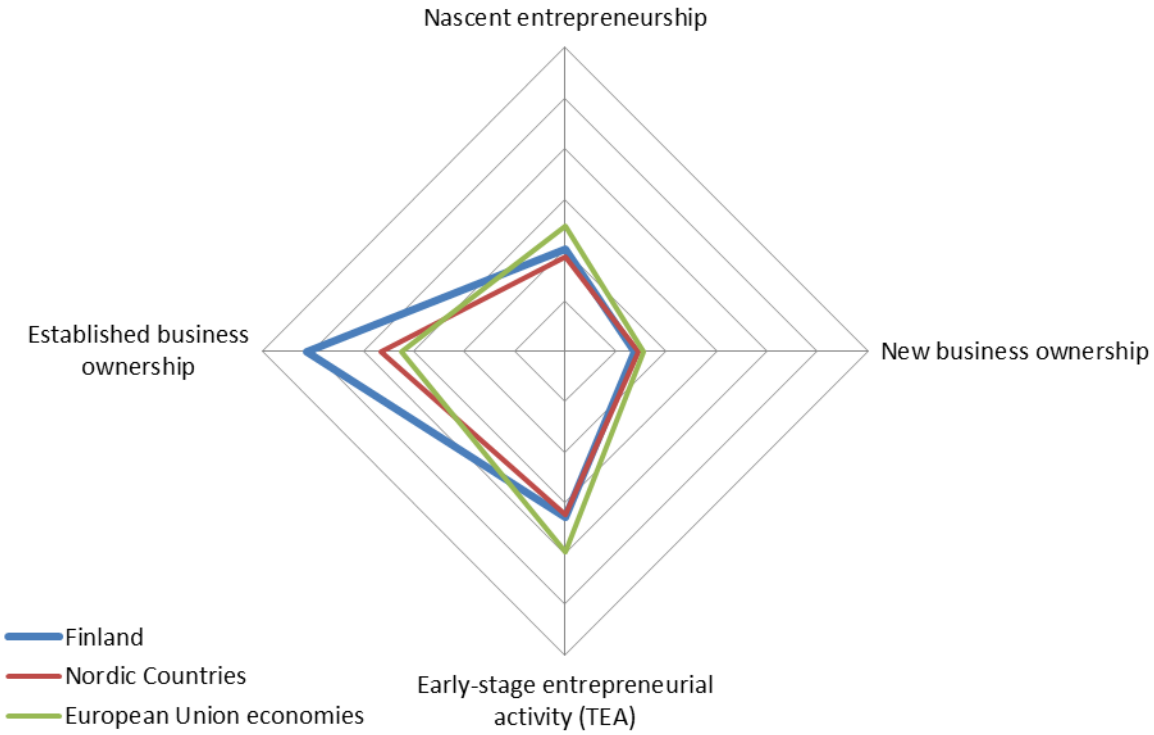

Figure 5: Different stages of entrepreneurial activity in Finland, Nordic countries and EU countries in 2015 (as % of population aged 18–64)[8]

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

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

4.2 Business discontinuation

In the GEM study the business discontinuation comprises selling, shutting down, or otherwise discontinuing an ownership/management of the business. As to business discontinuation Finnish adult population is in a same level compared to the average (2.7%) of the EU countries (Appendix B Table 2). In the EU countries business discontinuation is most prevalent in Slovakia (5.4%), and lowest in Bulgaria (1.4%). In the Nordic countries the business discontinuation rate is at the same level in Finland and in Sweden, and continues to be lowest in Norway, where only 1.6% of adult population is selling, shutting down, or otherwise discontinuing an ownership/management of the business.

In Finland 24% of business discontinuations take place due to family or personal reasons. Other most common reasons for business exit were non-profitability of business (22%), another job or business opportunity (18%), and retirement (14%). These main reasons of discontinuation have remained relatively stable over the years in Finland (Stenholm et al., 2015; Stenholm et al., 2014). Business operations did not continue after the exit in more than in half of the cases. In 2014 business operations did continue in slightly more than in half of the cases.

5 ENTREPRENEURS IN FINLAND – GROWTH, INNOVATION AND INTERNATIONAL ASPIRATIONS

Key highlights

- **Early-stage entrepreneurs' high growth expectations in Finland are equal to average of EU member states**
- **Innovation orientation level in Finland remains low compared to other EU countries**
- **International aspirations in Finland are lacking behind most of the other EU countries**
- **Established business owners' entrepreneurial ambitions are modest compared to early-stage entrepreneurs'**

In the following, we will discuss the key results of entrepreneurial aspirations in terms of job growth, innovation, and international aspirations in Finland in 2015. We relate these results to other EU member states.

5.1 Growth aspirations

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

1) No job expectations early-stage entrepreneurial activity: 0 jobs in five years;
2) Medium job expectations early-stage entrepreneurial activity: expects between 1–19 jobs;
3) High job expectations early-stage entrepreneurial activity: expects 20 jobs or more.

Of the Finnish early-stage entrepreneurs, 10% expect to provide 20 or more jobs during the next five years (Figure 6). The share in Finland is similar to average in the EU member states. The variation, however, among the EU member states is extensive. The high growth expectations among the early-stage entrepreneurs are highest in Romania, where approximately 18% of entrepreneurs expect to provide 20 or more jobs during the next five years. The share of the early-stage entrepreneurs with the high growth expectations is lowest in Bulgaria, where only 1% of entrepreneurs expect the high job growth.

A closer look reveals that the intention to provide 20 or more jobs during the next five years is strongly associated with the gender of the respondent. Entrepreneurially active men seem to have more often growth aspirations than entrepreneurially active women in Finland.

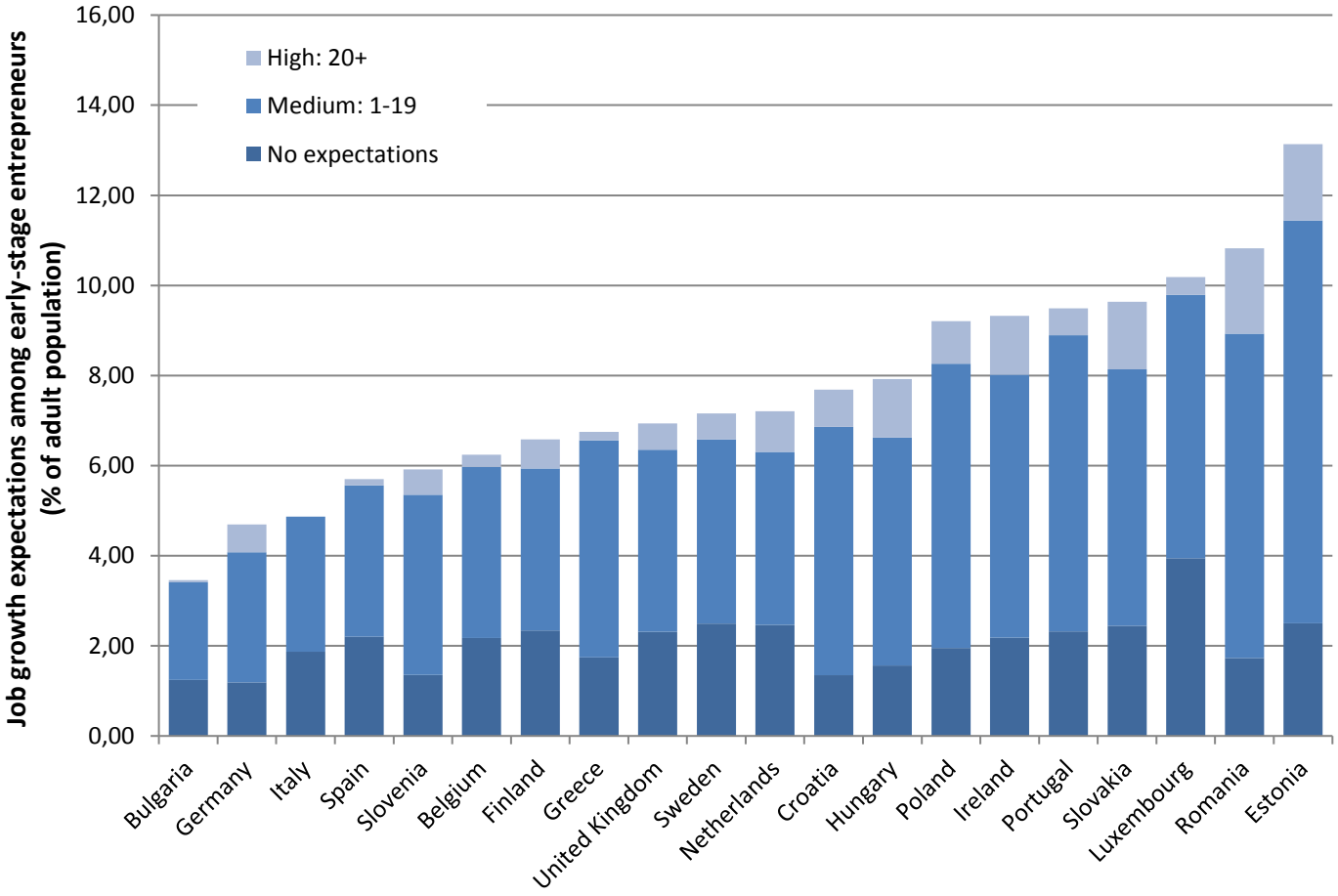

Figure 6: Job growth expectations of early-stage entrepreneurs in EU countries in 2015

5.2 Innovation aspirations

One fifth of Finnish early-stage entrepreneurs is innovatively-oriented

In Global Entrepreneurship Monitor, innovation aspirations of entrepreneurs are measured with the market perspective of the entrepreneur: Are product and/or service provided new to all or some customers and if few or no other businesses offer the same product/service (see Appendix A for definitions)? If an entrepreneur considers that the products are new to the customers and there are not many other competitors, then entrepreneur belongs to the innovative orientation group. When evaluating the results, one must take into consideration that a new market-product combination in some countries or regions may already be old whereas it may be standard in the market in other economies. Based on this measure, 20% of Finnish early-stage entrepreneurs

are innovatively-oriented (Figure 7). The share has slightly decreased from 2014, when 23% of the Finnish early-stage entrepreneurs was innovatively-orientated. Innovation orientation level in Finland remains low compared to other EU countries (29%). However, the variation in innovatively-oriented entrepreneurs is high within the EU. The share is lowest in Bulgaria, where only 9% of early-stage entrepreneurs is classified as innovatively-oriented. In Luxembourg 48% of entrepreneurs reports that the products are new to the customers and there are not many other competitors.

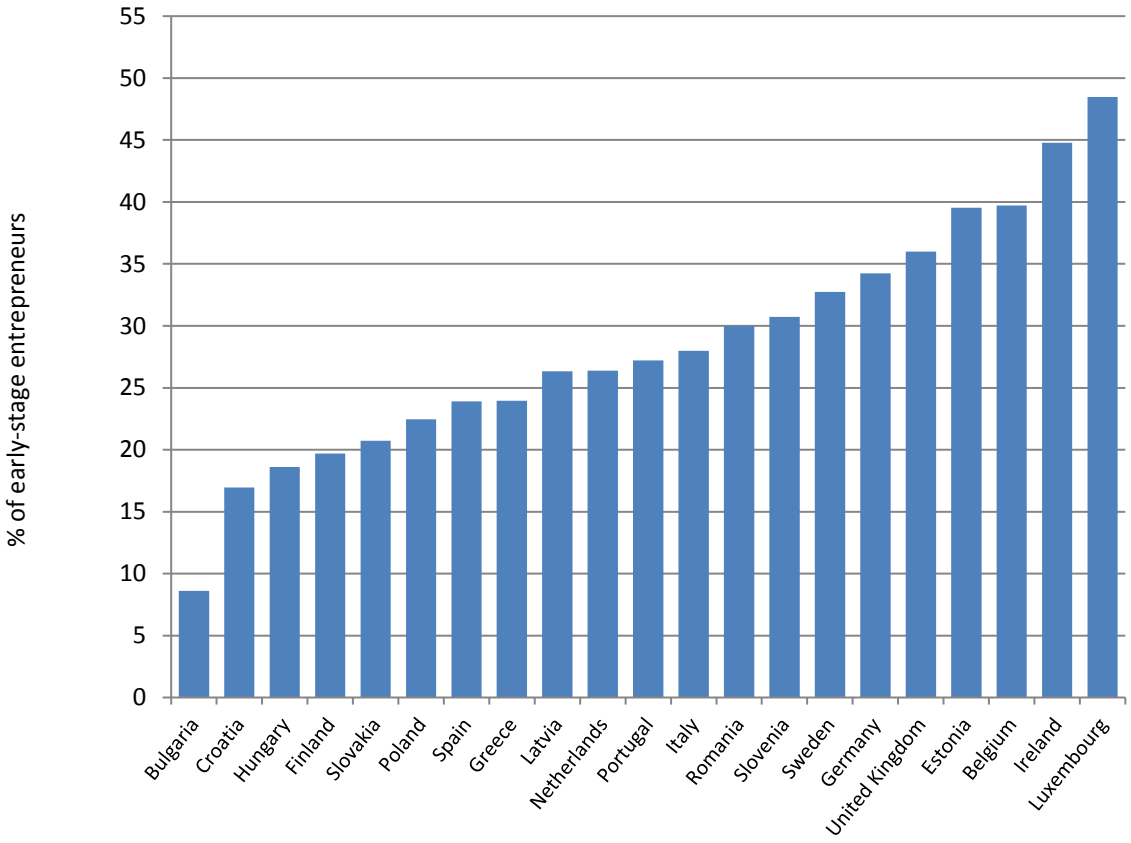

Figure 7: Innovative orientation of early-stage entrepreneurs in EU countries in 2015

5.3 International aspirations

International aspirations remain modest among early-stage entrepreneurs

Early-stage entrepreneurs' international aspirations are defined as a share of customers living outside of the early-stage entrepreneur's country (see Appendix A for definitions). In the GEM study, the international aspirations are assessed in terms of the proportion of early-stage entrepreneurs who have at least 25% international customers. In all, only 7% of Finnish early-stage entrepreneurs have strong international orientation (Figure 8). The share has decreased from 2014, when 13% of entrepreneurs had international aspirations. In EU countries,

international aspirations are highest in Luxembourg (40%), in Croatia (38%), and in Slovenia (34%). The lowest international aspirations can be found from Spain (6%).

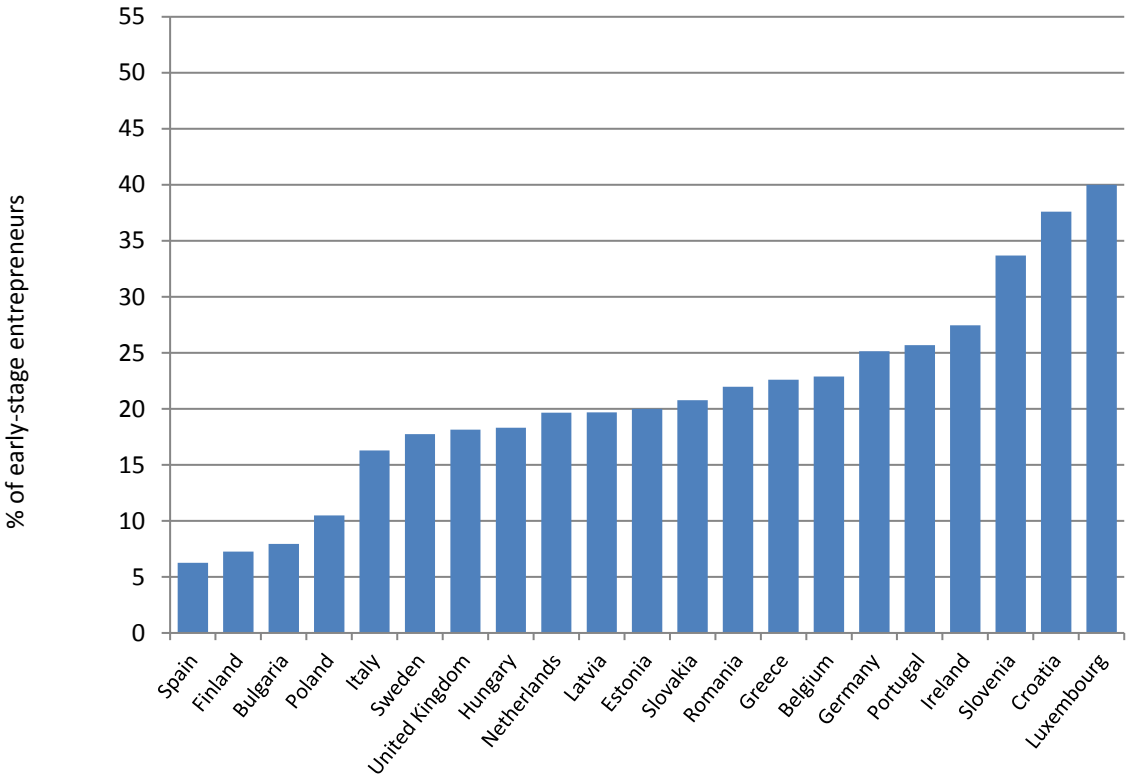

Figure 8: International orientation of early-stage entrepreneurs in EU member states in 2015

Established business owners' entrepreneurial ambitions are modest

Only 5% of established business owners aim to hire 20 or more persons to their business during the next five years, and is thus classified as belonging to the high job aspirations category. Over the half of the established business owners have no intentions to employ more personnel. The results suggest that high growth expectations are less common among the established businesses than among the early-stage entrepreneurs. This indicates that entrepreneurs may have different trajectories for their goals at the start-up phase. In addition, high growth period may appear on very early-stages of entrepreneurial process and remain short.

The share of innovation aspired established business owners is 12%, and thus clearly lower than among the early-stage entrepreneurs. The share has, however, increased from last year

when 7% of established business owners reported on innovation aspirations. Regardless, Finland is still above the average of the EU member states on innovation orientation (15%).

Among the established business owners 7% show that they have international aspirations with at least 25% international customers. The share has decreased from last year, when 9% of established owners showed international aspirations. Finland is lacking behind the average of EU member states (21%). International aspirations are especially high in Luxembourg (40%) and in Croatia (38%). The lowest international aspiration levels can be found in Spain (6%), Finland, and in Bulgaria (8%).

6 SPECIAL TOPIC: 'INTRAPRENEURSHIP' IN EXISTING ORGANISATIONS

Key highlights

- **In Finland the entrepreneurial employee activity in existing organisations is higher than the average in EU member states**
- **Finnish adults who have engaged in the entrepreneurial employee activity have good perceptions of opportunities and their entrepreneurial skills**

6.1 Entrepreneurial employee activity

Entrepreneurial employee activity among Finnish adults is almost as high as early-stage entrepreneurial activity

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

The EEA rates are presented in the whole adult population. In 2015 the EEA rate is 5.8% which is above the average among the EU countries (Figure 9). It falls slightly behind of the engagement in early-stage entrepreneurial activity. In 2011 the share of EEA (8%) in Finland was among the highest in the innovation-driven economies (Stenholm et al., 2012), and in 2013 and 2014 the rate was slightly lower (Stenholm et al., 2015; Stenholm et al., 2014). Among the EU member states Ireland has the highest levels of EEA, 6.6%, whereas Bulgaria reaches one of the lowest rates 0.4% (Figure 9) among studied EU member states and among all GEM countries. Among all studied GEM countries Norway shows an EEA rate of nearly 10%, and USA, Canada, and the UK also have reached high EEA rates (Kelley et al., 2016).

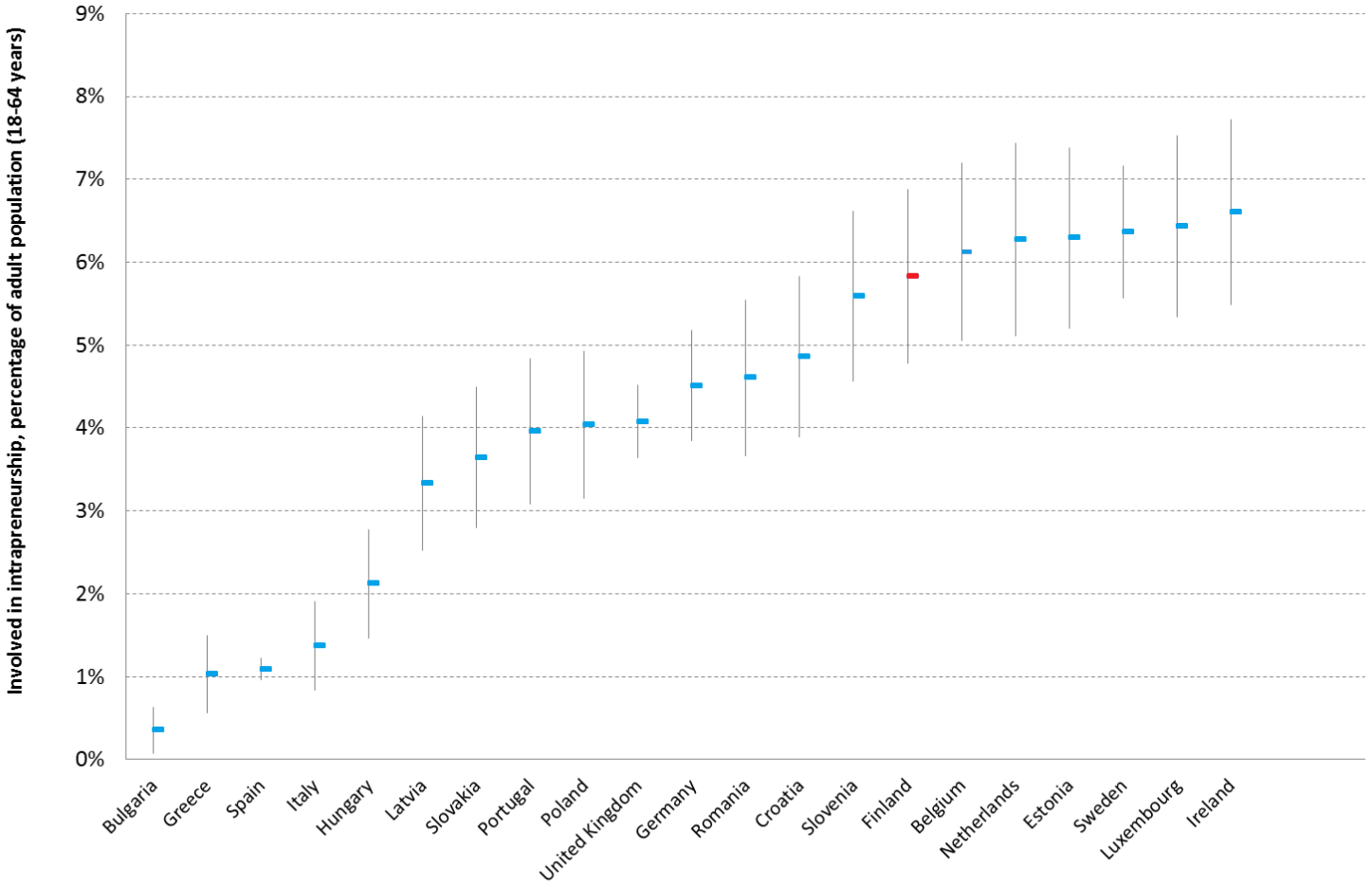

Figure 9: Entrepreneurial employee activity in EU member states in 2015 (as % of population aged 18–64)

Further analyses in Finnish adults show that in Finland the EEA is more prevalent among highly educated individuals, men, and among individuals who belong in the upper 33% income tile. Similar results were found in the previous Finnish assessments (Stenholm et al., 2012; 2014; 2015). In Finland also individuals aged 35–44 years are more often engaging in the EEA than their younger or older peers.

Furthermore, our results show that those who are entrepreneurially active employees have higher perceptions of suitable opportunities and networks, and perceive possessing entrepreneurial skills more often than the Finnish adult population in general. Moreover, those engaged in the EEA are less fearful of failure than the Finnish adult population in general. These findings imply that the entrepreneurially active individuals working in established organizations have strong entrepreneurial potential. Moreover, the results imply that EEA is more likely among employees with higher education and higher income.

7 PORTRAIT OF ENTREPRENEURIAL ACTIVITY IN FINLAND

Key highlights[9]

- **In Finland early-stage entrepreneurship is highest in age group of 35–44**
- **In Finland individuals with post-secondary degree are most prone for early-stage entrepreneurial activity**
- **Established business ownership is most prevalent among individuals with some secondary education**

7.1 Entrepreneurial activity by age

Early-stage entrepreneurial activity

In Finland the early-stage entrepreneurial activity is lowest among individuals aged 55–64-years (4%) (Figure 10). On the contrary, entrepreneurial activity level is highest among individuals aged 35–44 (10%). The share among this age group meets the average of EU member states. The share among individuals aged 35–44 is highest in Latvia (18%) and lowest in Bulgaria, in Germany, and in Italy (5%). Age distribution of early-stage entrepreneurs in Finland differs slightly from the EU countries and from the Nordic countries, where the age group with highest entrepreneurial activity seems to be individuals aged 25–34 (see Appendix B Table 3).

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

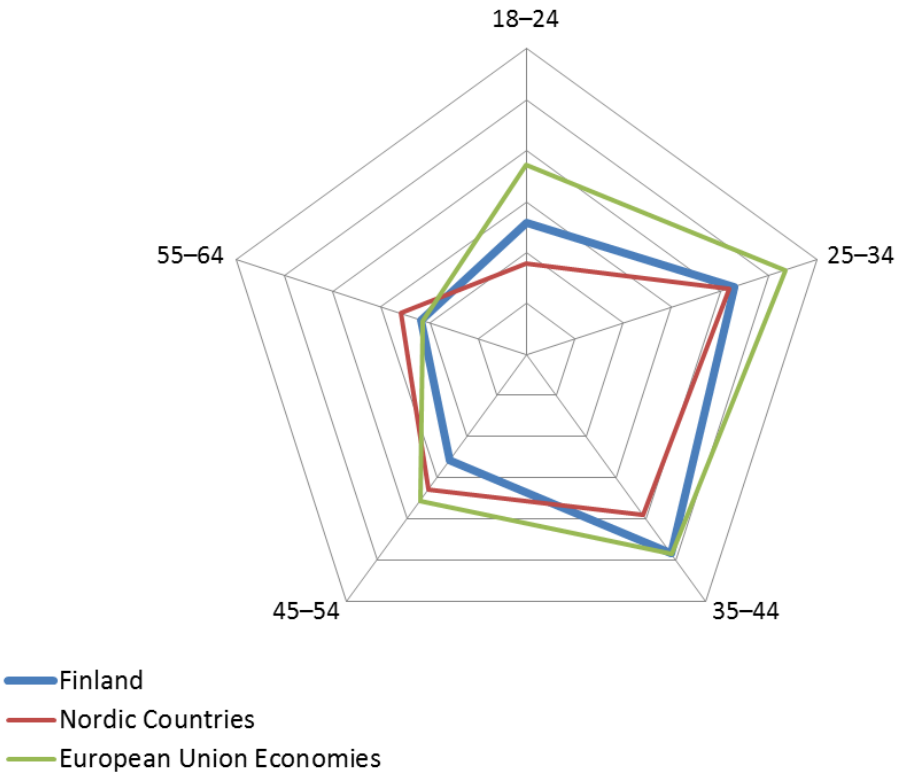

Figure 10: Early-stage entrepreneurial activity by age in Finland, Nordic countries and EU countries in 2015 (as % of population aged 18–64)[10]

Established business ownership

The established business ownership is most prevalent among middle-aged individuals (45–54-years) in Finland (14%) (Figure 11). This tendency and age distribution of established business owners' are relatively similar to the ones in the Nordic and EU countries. Among middle-aged the share of established business is highest in the Netherlands, where 15% of individuals aged 45–54 are business owners. The established business ownership is less prevalent among the youngest age group, individuals aged 18–24.

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

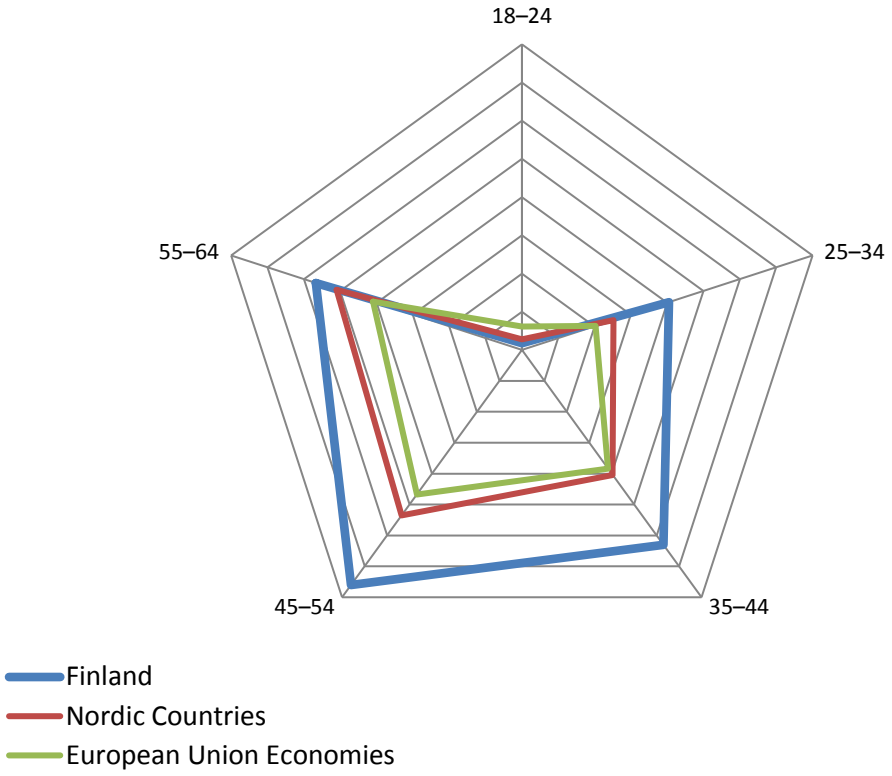

Figure 11: Established business ownership by age in Finland, Nordic countries and EU countries in 2015 (as % of population aged 18–64)[11]

7.2 Entrepreneurial activity by gender

Early-stage entrepreneurs

In Finland men are more likely to be entrepreneurially involved than women. This tendency is same as in all geographic regions. In Finland, the share of female early-stage entrepreneurs is 4.2%, in contrast to 8.9% of men who are engaged in early-stage entrepreneurship. Finland is lacking behind the average of the EU members states, where 5.6% of female and 10.3% of men are involved in early-stage entrepreneurship (Table 2). Among the EU countries, the gender difference of early-stage entrepreneurs is widest in the Netherlands, where men are exceptionally more often likely to be entrepreneurially involved than women. In the Netherlands 3.5% of female and 10.9% of men are engaged in early-stage entrepreneurship. The share among women and men is most even in Greece, where 6.0% of female and 7.5% of men are early-stage entrepreneurs.

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

Established business ownership

Men seem to dominate also the entrepreneurial engagement in established business ownership in the EU countries (Table 2). In Finland, the share of female established business owners is 6.1% when at the same time 14.2% of men are established business owners'. Finnish men seem to engage in the established business ownership more often than men in the EU or in the Nordic countries. The share among women is higher in Finland than the average of EU countries. In Finland the ratio between female and male established business owners indicates that an established business owner is about two times more likely a male than a female. In other EU countries the share of men and women as established business owners is most even in Bulgaria, where 4.6% of female and 6.3% of men are engaged in the established business ownership. The share is most uneven in Belgium, where 1.6% of female and 5.9% of men are engaged in the established business ownership.

Table 2: Entrepreneurial activity by gender in Finland, Nordic countries and EU countries in 2015 (as % of population by gender)

Country	**Early-stage entrepreneurs**			**Established business owners**		
	Male	Female	Total	Male	Female	Total
Finland	8.9	4.2	6.6	14.2	6.1	10.2
Nordic countries	8.6	4.3	6.5	10.3	4.1	7.3
EU countries	10.3	5.6	8.0	8.5	4.5	6.5

A more detailed insight into the early-stage entrepreneurship by gender shows that men and women may have different motivations for engaging in entrepreneurship. In other words, they are pushed or pulled into entrepreneurship for different reasons. GEM defines the entrepreneurs, who may be pushed into starting a venture because they have no other means of living, that is, no other employment options available, as necessity-driven (see Appendix A for definitions). Others enter entrepreneurship to pursue some form of an entrepreneurial opportunity, and these GEM classifies as opportunity-driven entrepreneurs. The figures indicate that in Finland men's entrepreneurial activity is more often than for women based on opportunity. This holds true also among the Nordic countries and the EU member states (Table 3). Among the EU countries the gender difference is not as wide as in the Nordic countries or in Finland.

Table 3: Opportunity- and necessity-based early-stage entrepreneurial activity by gender in Finland, Nordic countries and EU countries in 2015 (as % of TEA by gender)

Country	Opportunity-based early-stage entrepreneurship (% of TEA by gender)		Necessity-based early-stage entrepreneurship (% of TEA by gender)	
	Male	Female	Male	Female
Finland	84	72	12	21
Nordic countries	80	78	11	14
EU countries	76	72	21	23

7.3 Entrepreneurial activity by education

Highly educated are more prone to early-stage entrepreneurial activity

In Finland respondents with a post-secondary degree are most prone for the entrepreneurial activity (Figure 12). 8.5% of adult population holding a post-secondary degree are early-stage entrepreneurs. This tendency is similar to the Nordic countries on average. In Norway, individuals with a post-secondary degree are more often engaged in an early-stage entrepreneurial activity. Of the Nordic countries, in Sweden the early-stage entrepreneurship is most evenly distributed among the education levels, but the respondents with a graduate degree are most prone for the entrepreneurial activity. In the EU member states the respondents with a graduate degree tend to engage in the early-stage entrepreneurial activity more often than individuals with a lower education. This indicates that entrepreneurship is based on qualifications acquired through the higher education (Appendix B Table 5). An exception in the European Union is the Netherlands, where individuals with some secondary education are most prone for early-stage entrepreneurship. Almost 12% of individuals with some secondary education are early-stage entrepreneurs in the Netherlands.

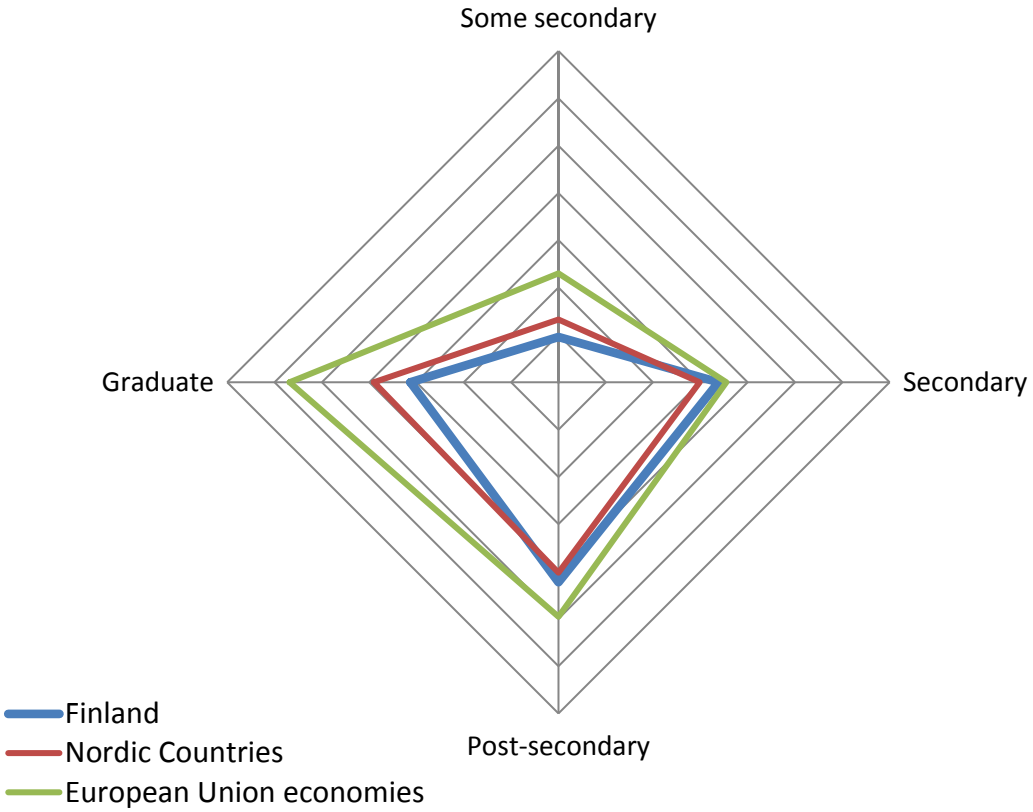

Figure 12: Early-stage entrepreneurial activity by education in Finland, Nordic countries and EU member states in 2015 (as % of population aged 18–64)[12]

The established business ownership across education levels

The established business ownership is distributed relatively evenly across all education levels. In Finland the established business ownership is most prevalent among the individuals with some secondary degree (Figure 13). 13% of adult population with some secondary degree is engaged in the established business ownership. This tendency is not alike in the Nordic countries nor in the EU member states on average, where highly educated individuals, those with graduate degree, are most often engaged in the established business ownership. The tendency in the Netherlands is similar to that in Finland. In the Netherlands 13% of the adult population with some secondary degree is engaged in established business ownership, while only 8% of the individuals with graduate degree are business owners.

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

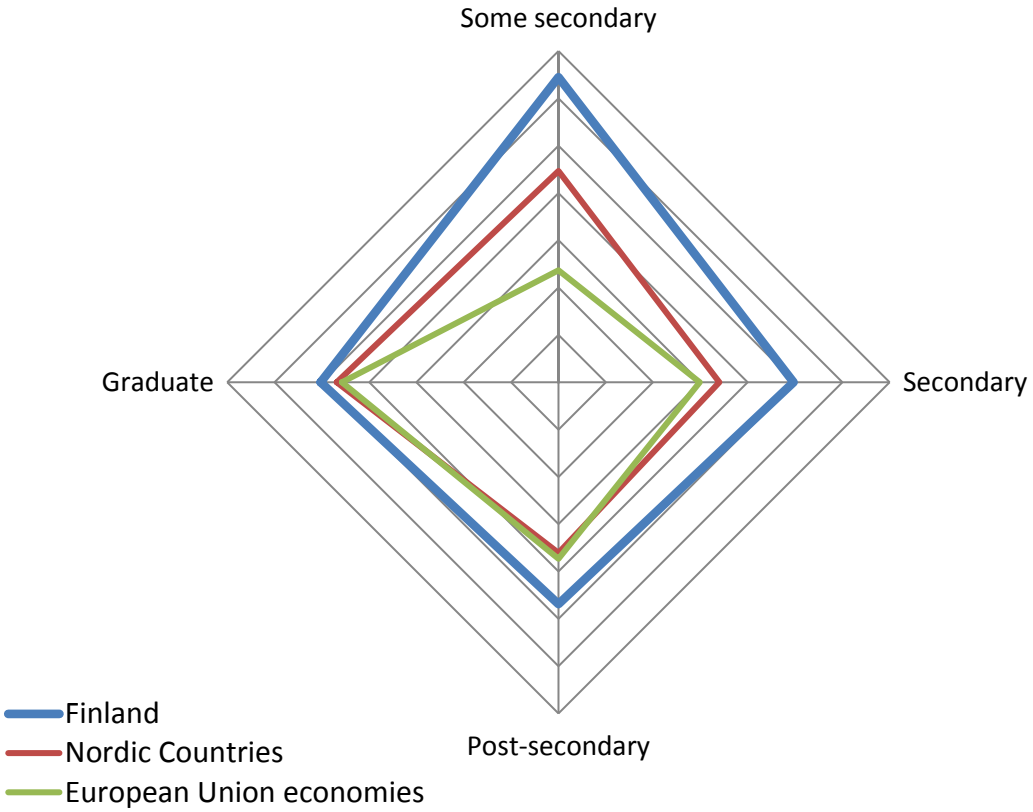

Figure 13: Established business ownership by education in Finland, Nordic countries and EU member states in 2015 (as % of population aged 18–64)[13]

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

8 DISCUSSION

The recent reports concerning the European economic recovery have been cautious in predicting the upward trend of the recovery. Several caveats are blocking the recovery, ranging from the Brexit-decision by UK to increasing political crisis in Europe. Although the invigoration of the national economies and stabilization of the Eurozone are continuously on the focus the unstable political landscape causes challenges to national governments and EU decision makers. Furthermore, the increasing migration has influenced the political and economic situation in the EU. Given the circumstances only minority of the resources can be devoted to economic boost activities for promoting entrepreneurship although the role of entrepreneurship in economic growth is widely acknowledged.

In Finland entrepreneurship is recognized as an important means to catalyze economic growth. The government has in collaboration with relevant stakeholders attempted to improve conditions for business and entrepreneurship as well as renew labour market conditions and working life in order to increase employment in Finland. The so called agreement on competitiveness has dominated the discussion including policy measures related to taxation and structural changes in the employment policy for example. In addition, measures influencing entrepreneurship are implemented through and embedded in different policies, such as education, employment or fiscal policies.

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

Despite the supportive policies and environment for entrepreneurship, positive perceptions on business opportunities and high entrepreneurial potential do not turn into potentially growing and remarkable start-ups and new businesses. Both the opportunity perception level and perception of entrepreneurial capabilities have slightly increased indicating that Finland has potential entrepreneurs with new ideas and skills. The untapped entrepreneurial potential, i.e. non-entrepreneurially active individuals who perceive opportunities and skills for entrepreneurship is well educated. The GEM study also clearly recognizes the potential of young and highly educated, who are more prone to early-stage entrepreneurial activity. In general, however, we continue to lack the ones who take the initiatives and exploit the opportunities although the early-stage entrepreneurial activity has also slightly increased. On the other hand, there is a danger that the prolonged economic downturn and the lack of other employment options create increasing amount of unsustainable entrepreneurship.

The aspirations of Finnish entrepreneurs in terms of growth, innovation and internationalization continue to be rather modest. This holds true both among early-stage entrepreneurs and established business owners. As Finland is highly dependent on exports the low aspirations in international orientation is alarming. Furthermore, the Russia sanctions continue to influence Finnish exports.

Entrepreneurship encompasses also entrepreneurial employee activity within existing organisations (intrapreneurship). In Finland the entrepreneurial employee activity is higher than the average in EU countries and about as high as early-stage entrepreneurial activity. Those engaged in the entrepreneurial employee activity have good perceptions of opportunities and their entrepreneurial skills. It is a challenge to fully exploit this asset either in existing organisations or early-stage entrepreneurial activities.

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APPENDIX A: DEFINITIONS

Description of selected global indices used in this report

Global Competitiveness Index (http://www.weforum.org/reports/global-competitiveness-report-2015-2016)

The World Economic Forum has ranked world's nations according to their Global Competitiveness Index. The index comprises 12 institutional pillars (from basic infrastructure to innovation receptivity) values of which are calculated or estimated by 38 key indicators and over 100 variables. Data for the Index is gathered partially from the Executive Opinion Survey––a survey of a representative sample of business leaders in respective countries. In the latest report the survey had over 14,700 responses from 140 countries. For Finland the number of respondents was 50 in 2015. The rest of the data is retrieved from publicly available sources such as the United Nations. (Schwab and Sala-i-Martin, 2015)

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

Annually, the World Bank launches the Ease of Doing Business Index which assesses regulations affecting domestic firms in 189 economies and ranks the economies in 11 areas of business regulation, such as starting a business, resolving insolvency and trading across borders. The index is based on the study of laws and regulations, with the input and verification by more than 11,400 government officials, lawyers, business consultants, accountants and other professionals in 189 economies who routinely advise on or administer legal and regulatory requirements. (Doing Business, 2015)

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

The Index of Economic Freedom is also an annual index created by The Heritage Foundation and The Wall Street Journal. It is to measure the degree of economic freedom across 186 countries. The index scores nations on 10 dimensions of economic freedom, such as business freedom, financial freedom, freedom from corruption, by using statistics from organizations like the World Bank, the International Monetary Fund and the Economist Intelligence Unit. (Heritage Foundation, 2016)

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

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

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

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

Glossary of main GEM variables

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

Data collection[14]

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

Adult population survey

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

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

National expert interviews

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

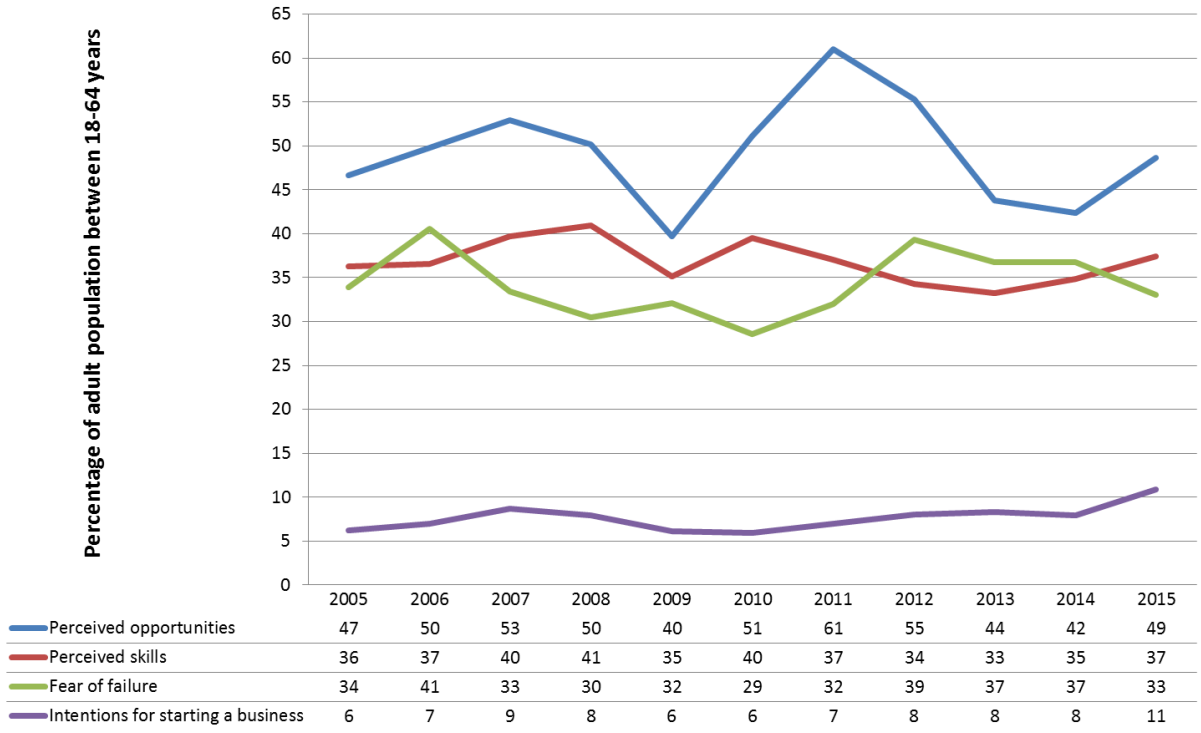
14 More on GEM's research methodology (Reynolds et al., 2005).

APPENDIX B: TABLES AND FIGURES

Appendix Table 1: Entrepreneurial attitudes and perceptions in EU member states in 2015 (as % of population aged 18–64) (Kelley et al., 2016)

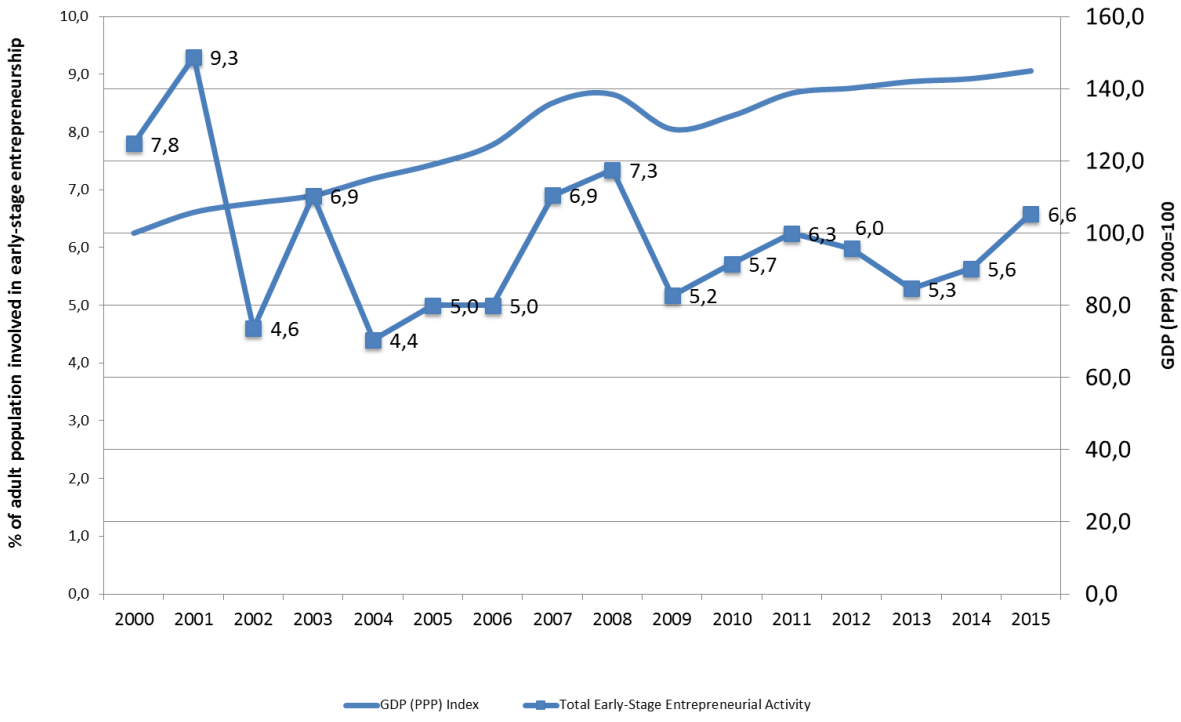
Country	Perceived opportunities	Perceived capabilities	Fear of failure*	Entrepreneurial intentions**
Belgium	40	32	48	11
Bulgaria	16	35	33	5
Croatia	22	48	34	17
Estonia	51	44	39	17
Finland	49	37	33	11
Germany	38	36	42	7
Greece	14	47	47	8
Hungary	25	39	42	15
Ireland	39	45	41	15
Italy	26	31	57	8
Latvia	35	49	39	22
Luxembourg	48	44	43	13
Netherlands	48	41	33	9
Poland	33	56	48	20
Portugal	28	49	41	16
Romania	33	46	40	29
Slovakia	26	52	34	16
Slovenia	21	49	32	9
Spain	26	45	39	6
Sweden	70	37	36	8
United Kingdom	42	44	35	8
Average (unweighted)	*35*	*43*	*40*	*13*

* Fear of failure is measured among individuals who have perceived good opportunities
** Respondent expects to start a business within three years; denominator: age group 18-64 that is currently not involved in entrepreneurial activity



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Perceived opportunities	47	50	53	50	40	51	61	55	44	42	49
Perceived skills	36	37	40	41	35	40	37	34	33	35	37
Fear of failure	34	41	33	30	32	29	32	39	37	37	33
Intentions for starting a business	6	7	9	8	6	6	7	8	8	8	11

Appendix Figure 1: Entrepreneurial attitudes and perceptions for 2005–2015 in Finland



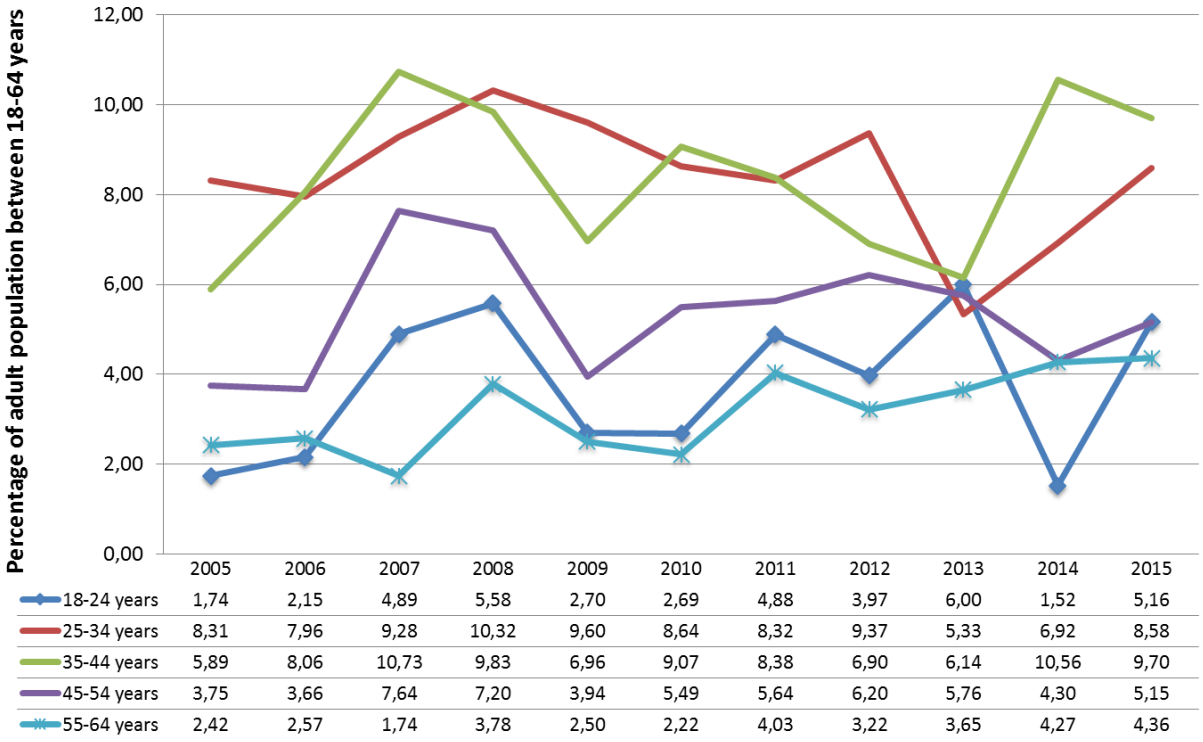
Appendix Figure 2: Development of early-stage entrepreneurial activity for 2000–2015 in Finland

Appendix Table 2: Entrepreneurial activity at different stages in EU member states in 2015 (as % of population aged 18–64)

Country	Nascent entrepreneurship	New business ownership	Early-stage entrepreneurial activity (TEA)	Established business ownership	Discontinuation of businesses
Belgium	4.5	2.0	6.2	3.8	1.9
Bulgaria	1.9	1.5	3.5	5.4	1.4
Croatia	5.1	2.6	7.7	2.8	2.9
Estonia	8.7	4.7	13.1	7.7	2.0
Finland	4.0	2.7	6.6	10.2	2.7
Germany	2.8	1.9	4.7	4.8	1.8
Greece	3.9	2.8	6.7	13.1	3.4
Hungary	5.3	2.7	7.9	6.5	2.8
Ireland	6.5	3.0	9.3	5.6	3.1
Italy	3.2	1.7	4.9	4.5	1.9
Latvia	8.6	6.0	14.1	9.6	3.4
Luxembourg	7.1	3.2	10.2	3.3	4.2
Netherlands	4.3	3.0	7.2	9.9	2.1
Poland	5.7	3.5	9.2	5.9	2.7
Portugal	5.6	4.0	9.5	7.0	3.2
Romania	6.1	5.1	10.8	7.5	3.3
Slovakia	6.5	3.4	9.6	5.7	5.4
Slovenia	3.2	2.8	5.9	4.2	1.8
Spain	2.1	3.6	5.7	7.7	1.6
Sweden	4.8	2.6	7.2	5.2	2.7
United Kingdom	4.0	2.9	6.9	5.3	2.3
Average (unweighted)	*5.0*	*3.1*	*8.0*	*6.5*	*2.7*

Appendix Table 3: Early-stage entrepreneurial activity by age in EU member states in 2015 (as % of population in each age group)

Country	18–24	25–34	35–44	45–54	55–64	Total
Belgium	3.4	9.9	9.0	5.0	2.9	6.2
Bulgaria	4.4	3.8	4.9	3.8	0.9	3.5
Croatia	8.0	10.8	10.5	6.4	3.0	7.7
Estonia	14.7	21.5	17.1	7.3	4.6	13.1
Finland	5.2	8.6	9.7	5.2	4.4	6.6
Germany	4.6	6.3	5.0	5.4	2.0	4.7
Greece	2.9	7.3	6.9	9.9	5.7	6.7
Hungary	6.7	10.3	9.2	7.8	5.0	7.9
Ireland	9.0	8.4	9.1	12.5	7.6	9.3
Italy	5.9	6.8	5.1	3.9	3.4	4.9
Latvia	16.0	22.3	17.6	9.6	4.2	14.1
Luxembourg	9.0	12.1	11.4	10.0	7.2	10.2
Netherlands	7.3	9.7	7.8	7.2	4.2	7.2
Poland	9.9	13.1	10.6	8.3	3.9	9.2
Portugal	7.5	12.2	11.4	9.0	6.0	9.5
Romania	14.2	13.6	14.0	6.0	6.2	10.8
Slovakia	12.1	12.7	12.8	7.3	3.5	9.6
Slovenia	2.8	11.4	6.8	5.0	2.0	5.9
Spain	3.4	7.1	8.4	5.0	2.2	5.7
Sweden	5.6	9.3	7.3	7.0	6.0	7.2
United Kingdom	3.9	7.3	8.9	7.9	5.4	6.9
Average (unweigtened)	*7.5*	*10.7*	*9.7*	*7.1*	*4.3*	*8.0*

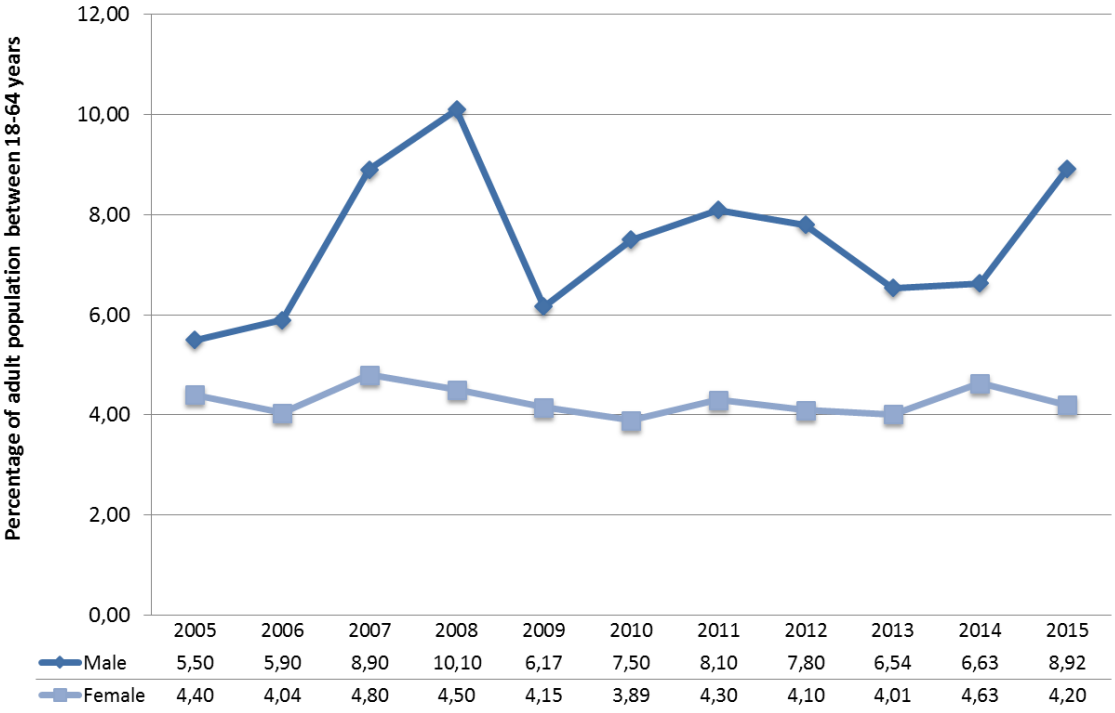


	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
18-24 years	1,74	2,15	4,89	5,58	2,70	2,69	4,88	3,97	6,00	1,52	5,16
25-34 years	8,31	7,96	9,28	10,32	9,60	8,64	8,32	9,37	5,33	6,92	8,58
35-44 years	5,89	8,06	10,73	9,83	6,96	9,07	8,38	6,90	6,14	10,56	9,70
45-54 years	3,75	3,66	7,64	7,20	3,94	5,49	5,64	6,20	5,76	4,30	5,15
55-64 years	2,42	2,57	1,74	3,78	2,50	2,22	4,03	3,22	3,65	4,27	4,36

Appendix Figure 3: Early-stage entrepreneurial activity by age for 2005–2015 in Finland

Appendix Table 4: Established business ownership by age in EU member states in 2015 (as % of population in each age group)

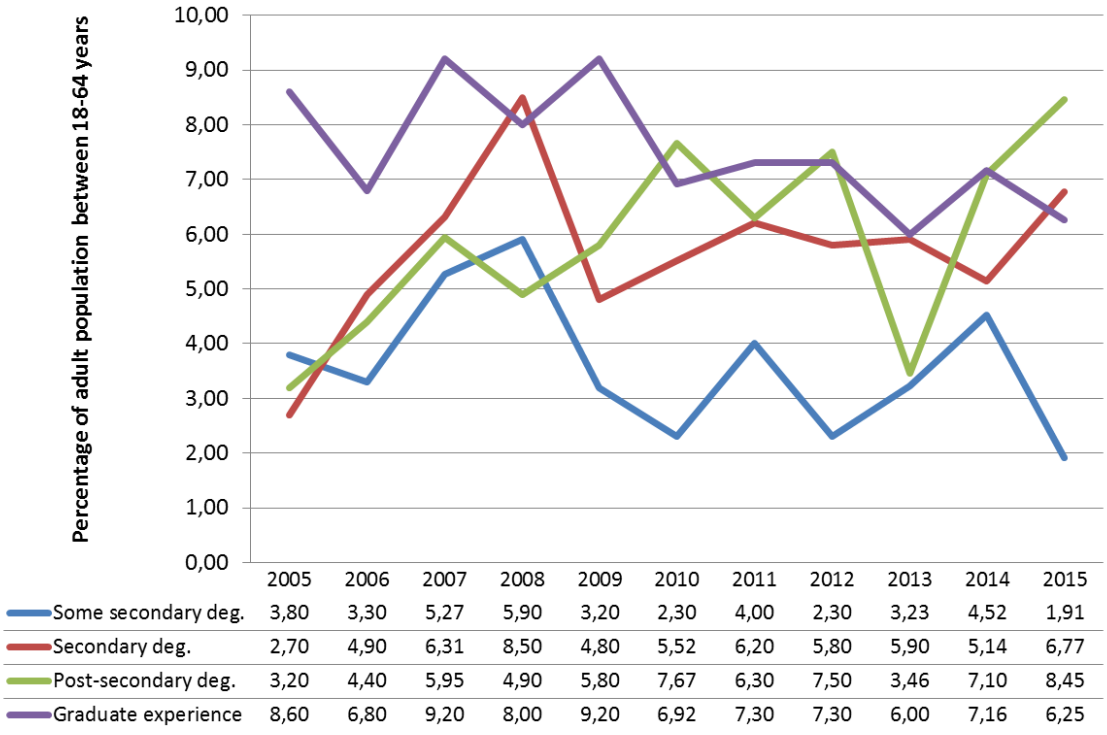
Country	18–24	25–34	35–44	45–54	55–64	Total
Belgium	0.6	2.5	4.6	5.7	4.0	3.8
Bulgaria	.	4.0	6.3	8.0	6.9	5.4
Croatia	1.0	3.4	4.0	2.1	2.9	2.8
Estonia	2.0	5.2	7.7	12.0	9.9	7.7
Finland	0.3	8.1	12.6	15.2	11.3	10.2
Germany	0.2	2.3	6.9	6.9	5.2	4.8
Greece	5.8	4.7	14.2	21.0	21.1	13.1
Hungary	2.9	4.6	6.9	8.1	8.7	6.5
Ireland	0.3	2.4	6.1	9.0	9.8	5.6
Italy	1.0	3.7	5.0	5.8	5.0	4.5
Latvia	1.7	5.6	12.5	14.2	11.6	9.6
Luxembourg	0.7	1.0	4.2	5.5	3.9	3.3
Netherlands	0.5	6.7	11.7	15.9	9.9	9.9
Poland	0.8	4.4	8.6	7.7	6.4	5.9
Portugal	1.2	4.4	8.7	9.3	8.6	7.0
Romania	3.2	6.9	9.2	8.7	7.8	7.5
Slovakia	0.4	5.4	7.2	7.5	5.9	5.7
Slovenia	0.5	1.9	5.1	7.6	4.0	4.2
Spain	0.6	3.1	8.2	11.5	11.1	7.7
Sweden	0.8	2.4	4.8	6.9	10.2	5.2
United Kingdom	0.3	2.7	6.6	7.7	7.8	5.3
Average (unweighted)	*1.2*	*4.1*	*7.7*	*9.4*	*8.2*	*6.5*



Appendix Figure 4: Early-stage entrepreneurial activity by gender for 2005–2015 in Finland

Appendix Table 5: Early-stage entrepreneurial activity by education in EU member states in 2015 (as % of population in each group)

Country	Some secondary	Secondary	Post-secondary	Graduate	Total
Belgium	1.7	4.5	6.3	12.9	6.2
Bulgaria	0.7	3.1	5.3	4.7	3.5
Croatia	0.8	9.1	9.8	10.7	7.7
Estonia	10.7	10.7	16.8	15.6	13.1
Finland	1.9	6.8	8.5	6.3	6.6
Germany	3.4	3.9	6.5	.	4.7
Greece	1.2	5.8	10.1	7.7	6.7
Hungary	4.8	8.6	9.4	12.3	7.9
Ireland	6.3	8.5	9.8	11.1	9.3
Italy	4.1	5.3	.	5.6	4.9
Latvia	4.7	13.3	17.7	15.4	14.1
Luxembourg	7.0	6.9	11.7	15.6	10.2
Netherlands	11.7	5.7	2.5	9.3	7.2
Poland	6.1	6.9	11.8	.	9.2
Portugal	6.8	9.8	11.7	14.5	9.5
Romania	2.5	10.6	11.7	22.2	10.8
Slovakia	7.5	7.1	15.6	10.9	9.6
Slovenia	2.8	5.8	7.4	6.3	5.9
Spain	2.3	5.3	8.6	14.4	5.7
Sweden	4.6	6.0	8.6	9.3	7.2
United Kingdom	4.8	5.2	8.4	11.1	6.9
Average (unweighted)	*4.6*	*7.1*	*9.9*	*11.4*	*8.0*



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Some secondary deg.	3,80	3,30	5,27	5,90	3,20	2,30	4,00	2,30	3,23	4,52	1,91
Secondary deg.	2,70	4,90	6,31	8,50	4,80	5,52	6,20	5,80	5,90	5,14	6,77
Post-secondary deg.	3,20	4,40	5,95	4,90	5,80	7,67	6,30	7,50	3,46	7,10	8,45
Graduate experience	8,60	6,80	9,20	8,00	9,20	6,92	7,30	7,30	6,00	7,16	6,25

Appendix Figure 5: Early-stage entrepreneurial activity by education for 2005–2015 in Finland

Appendix Table 6: Established business ownership by education among in EU member states in 2015 (as % of population in each group)

Country	Some secondary	Secondary	Post-secondary	Graduate	Total
Belgium	1.5	3.7	4.1	4.7	3.8
Bulgaria	1.7	5.4	7.2	6.1	5.4
Croatia	0.9	3.3	3.2	5.5	2.8
Estonia	1.0	7.0	8.8	10.4	7.7
Finland	12.9	9.9	9.4	10.0	10.2
Germany	2.6	4.6	7.4	.	4.8
Greece	8.6	10.6	15.1	15.2	13.1
Hungary	3.4	5.7	9.3	13.6	6.5
Ireland	3.9	6.1	5.7	5.5	5.6
Italy	4.6	4.5	.	5.7	4.5
Latvia	2.0	8.6	9.6	16.0	9.6
Luxembourg	4.4	3.1	2.3	4.6	3.3
Netherlands	13.0	8.9	7.8	7.6	9.9
Poland	2.0	5.6	6.8	.	5.9
Portugal	6.0	6.6	7.6	13.7	7.0
Romania	3.4	6.2	10.5	11.1	7.5
Slovakia	5.0	7.1	7.8	15.2	5.7
Slovenia	5.4	2.7	5.1	7.8	4.2
Spain	6.9	7.3	9.6	7.5	7.7
Sweden	4.8	3.9	6.4	8.7	5.2
United Kingdom	5.6	4.6	5.5	4.8	5.3
Average (unweighted)	*4.7*	*6.0*	*7.5*	*9.2*	*6.5*

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