



DISCLAIMER: Please note that SME Fact Sheets are not standalone instruments, do not constitute a comprehensive assessment of Member States' policies and should be regarded as a supplement to, and not a substitute for, available national publications. **Please refer to the methodological note before reading this SME Fact Sheet.**

1. SMEs in Finland – a brief fact check:

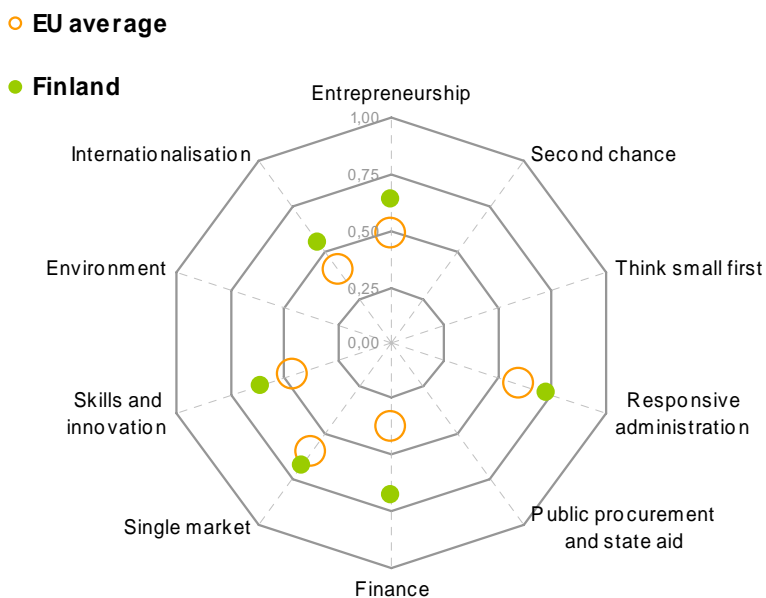
In Finland there are approximately 36 SMEs per 1000 inhabitants, which is almost in line with the EU average of ca 40. The proportion of SMEs as compared to all enterprises is also at par, as are the relative proportions of micro, small and medium-sized enterprises respectively. However, in terms of SME employment, Finnish SMEs account for a smaller share of total employment than the EU average, due to a relatively low level of employment in the micro and small enterprises sector. This relationship is also reflected in the value added of the Finnish SMEs

	Number of enterprises			N° of persons employed			Value added (MEUR)		
	Value	%	EU-26 average	Value	%	EU-24 average	Value	%	EU-26 average
Micro	175.790	92,7%	91,8%	222.888	20,3%	29,6%	12.015	17,5%	21,1%
Small	11.376	6,0%	6,9%	193.007	17,6%	20,6%	10.651	15,5%	19,0%
Medium	1.805	1,0%	1,1%	201.611	18,4%	16,8%	12.874	18,8%	17,8%
SMEs	188.971	99,7%	99,8%	617.506	56,3%	67,1%	35.540	51,8%	57,9%
Large	569	0,3%	0,2%	479.770	43,7%	32,9%	33.040	48,2%	42,1%

Source: Eurostat SBS data base, 2004 and 2005 data.

2. Finland's SBA profile¹

The SBA policy radar for Finland yields a remarkably positive picture, Finland is above par (quite markedly in four cases) in all six SBA sections with sufficient data for averages to be calculated (Entrepreneurship, Responsive administration, Finance, Single market, Skills and innovation and Internationalisation). Also, in the four sections where no category-average could be calculated the existing indicators are predominantly positive.



Source: European Commission, DG Enterprise

¹ It should be noted that the different dimensions of the radar correspond to the set of 10 principles foreseen in the European Commission's Small Business Act.



I. Entrepreneurship: Finland's performance in this category is outpacing that of the EU average. 87% agree that persons growing a successful new business receive high status in Finland, compared to 69% EU average. Finns also seem more likely to consider that school education helped to develop an entrepreneurial attitude (ca 62% compared to 50% on the EU level). However, on the negative side, the survival rate of Finnish enterprises two years following their birth is actually below the EU average. The share of high-growth enterprises is also lower in Finland than in its' EU peer countries (2,9% compared to 4,2%).

II. Second chance: For the single available indicator for this section – degree of support for allowing a second chance, Finns seem to be even more supportive than the average EU citizen, with 88% expressing such support (compared to 80% on the European level).

III. Think small first: The two available indicators for this section – the degree of support among SMEs for current regulations and the time it takes to comply with administrative obligations – suggest Finnish performance strikingly above the EU average. An overwhelming 69% are in support of the existing administrative rules (only 29% on the EU level) and only 2% of total SME working time is required to comply with the administrative procedures, compared to 8% on average.

IV. Responsive administration: Also in this category Finland almost consistently performs better than the EU average. In terms of the specific indicators, data suggest comparatively easy and cheap start up procedures. It takes approximately two weeks to start a business in Finland compared to 20 days on average in the EU. It should be noted, however, that these findings based on World Bank data, differ from corresponding figures obtained directly from the Member States through the Lisbon process according to which it only takes 8 days (corresponding EU average is 9 days). The cost of setting up a business is also limited to only 1% of the per capita income, compared to almost 7% on average. The cost of closing a business in Finland is also very low in relation to other EU countries (4% of the estate as compared to almost 11% on average), which is actually among the very lowest.

V. Public procurement and State aid: The two available indicators display inconclusive results for this section for Finland - the share of SMEs in public procurement contracts is slightly more than 50%, which is above the EU average of 42%.

However, the proportion of state aid devoted to SMEs is below the EU average (6% as compared with 11%).

VI. Finance: Finland's results for this category are clearly above the EU average. Finland has a favourable situation in terms of venture capital availability, both at the early and expansion stage. The interest rate spread for loans up to, and above, EUR 1 million is also comparatively small, thus making access to finance less costly for smaller entrepreneurs. Finland has also devoted a substantial share of both its EAFRD and its Structural Funds allocations for the period 2007-2013 towards stimulating entrepreneurship and SMEs.

VII. Single market: The four available indicators for this section suggest Finnish performance above the EU average. All three indicators related to the implementation and transposition of EU directives linked to the Single Market are above the average, with Finland being a top performer in terms of the number of directives overdue for more than two years (0 directives compared to 2,2 on average). In spite of these, the Finnish share of intra-EU exporting SMEs to all SMEs falls behind the EU average.

VIII: Skills and innovation: Also in this section Finland performs significantly above the EU-level. This result seems to hold true for both policy areas covered in this segment, but being particularly pronounced in the area of learning activities and continuous vocational training. The Finnish share of innovative SMEs that cooperate with other firms is markedly above average, as is the share of SMEs that have new products or income from new products (71% compared to 63%). More than 80% of all Finnish SMEs provide training for their staff, and even in micro enterprises the participation rate in learning activities is very high (78,5% in Finland compared to ca 47% on average).

IX: Environment: Three indicators are available for Finland for this section, and taken together they suggest a somewhat more favourable situation in comparison with other EU countries. It seems that the share of SMEs having comprehensive systems for energy savings trails the EU average, with only 2% claiming having introduced such solutions. On the other hand, the Finnish share of SMEs applying simple measures to save energy (37%) is above the average of 29%. Finnish companies also invest substantially more than their EU peers in environmental protection measures.



X: Internationalisation: Finland performs above the EU average in this section, and has a higher share of turnover from export than many other EU countries (5,5% compared to an average of 4,6%). Finnish SMEs are also internationally more active than their EU peers on the level of gaining income from subsidiaries and/or joint ventures abroad

(almost 8% compared to ca 5%). However, when it comes to the share of SMEs exporting outside the EU-27 relative to the total number of SMEs, the indicators for Finland are in line with the EU average, thereby mirroring the results under "Single market".

Example for a good practice in SME policy

To illustrate the efforts of the Government to promote SMEs, the statistical information of the fact sheet is enriched by an example of a good practice in SME policy – as singled out in the European Commission's Communication on "Think small first – A Small Business Act for Europe":

Title of the Project: Y4 Committee

The Y4 initiative in Central Finland is an entrepreneurship development programme for public organisations which has brought about a cultural change in the region. Cooperation between public authorities and entrepreneurs forms the basis of this approach which has resulted in a 265% net increase in the number of companies in the area. The process was named Y4 after four Finnish words, each starting with the letter Y and carrying the meaning 'Promote Entrepreneurship in Society by Co-operation'. Y4 ideology aims to increase the extent to which the business perspective is taken into account in decision making.

After winning the 2006 Grand Jury prize, the Y4 initiative has developed cooperation agreements with 22 countries, launched a Y4 start up camp and a company to manage it.

Further information: www.y4.fi

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