



MINISTRY OF
TRADE AND INDUSTRY

FINLAND

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European Commission
Enterprise Directorate-General
Rue de la Loi 200
B-1049 Brussels
Belgium

Subject **Finland's share for the implementation report on the European Charter for Small Enterprises**

The Finnish Ministry of Trade and Industry herewith sends you a description, requested by the Commission, of the actions implemented in Finland in the ten key areas of the European Charter for Small Enterprises.

Yours sincerely,

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Director General

Annukka Lehtonen
Chief Counsellor

CC: Mr Gwenole Cozigou, Head of Unit A.1 (by e-mail)



Introduction

Finnish enterprise policy aims to create competitive business environments and atmospheres in favour of entrepreneurship for enterprises, regardless of their size, field of action and location. The horizontal policy does not by any means signify ignoring the interests of small enterprises. As the majority of enterprises in Finland – as elsewhere in the EU – are small and medium-sized enterprises, it goes without saying that their needs become stressed in planning and implementation of enterprise policy.

The measures of enterprise policy are wide-scoped and the responsibility for their implementation is distributed among various administrative branches and regional operators. In Finland, enterprise policy is implemented in a coordinated manner within the framework of the long-term Entrepreneurship Project of the Government (see Annex I). The Project comprises more than a hundred concrete actions, which will be carried out in extensive cooperation between the various administrative branches. Nine ministries and the Association of Finnish Local and Regional Authorities participate in the project. The Employment and Economic Development Centres (T&E Centres), the entrepreneurs, the organisations of the sector and other partners also play a key role in this project. Good experiences have been gained from this wide-scope operating method. **Although it does not involve an individual measure but rather a horizontal way of action, the Entrepreneurship Project is suggested as an example of good Finnish practice, if these are to be registered in the implementation report of the Charter.** (Contact: Ms Annukka Lehtonen, Ministry of Trade and Industry, tel. (+358) 9 160 4795, e-mail: annukka.lehtonen@ktm.vn.fi, Internet: <http://www.vn.fi/ktm>).

1. Education and training for entrepreneurship

Entrepreneurship education is taken into consideration throughout the schooling system, from primary schools to universities.

The framework curriculum for the comprehensive school offers schools an opportunity to develop further entrepreneurial education. In the framework curriculum, entrepreneurial education forms a separate theme. Entrepreneurial education is included in school- and municipality-specific curricula. Entrepreneurial education aims at developing an attitude of 'intrapreneurship' involving flexibility, initiative, creativeness, capability of taking risks and taking own initiatives, knowledge of business activities and knowledge of the preconditions for entrepreneurship from the point of view of postgraduate studies.

In the upper secondary school, the theme of entrepreneurship may be approached by means of either a school-specific theme 'entrepreneurial education' or by integrating courses in entrepreneurship into applied studies either in connection with different subjects or as separate school-specific courses.

The Vocational Education Act states that one of the objectives of vocational education is to make students acquainted with entrepreneurial spirit and entrepreneurship. From August 2001, all vocational qualifications involve skills in entrepreneurship. Vocational qualifications and specialist vocational qualifications for adults also include courses in entrepreneurship from August 2001. Further Qualifications of Entrepreneur and Specialist Qualifications of Entrepreneur have been



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established separately. The latter is intended for persons who have been entrepreneurs for at least five years or, for instance, for situations with generational change. In 1999, an Act on Apprenticeship Training for Entrepreneurs entered into force.

In the field of commerce and administration, there are plans to start an education programme for entrepreneurship and business know-how in the SME sector (60 credits) at the level of polytechnics at the beginning of 2002. A national programme on business know-how at university level aims at promoting entrepreneurial spirit and entrepreneurship in the years 2001–2003. (*Contact: Mr Jussi Pihkala, Ministry of Education, tel. (+358) 9 1341 7383, e-mail: jussi.pihkala@minedu.fi, Internet: <http://www.minedu.fi>*)

When training schemes for entrepreneurs are considered, the Business Departments at the 15 regional Employment and Economic Development Centres (T&E Centres) offer various programmes that are targeted at company management, key personnel and persons who intend to become entrepreneurs. The programmes include training in establishing a company, task- and problem-related training, company analysis and development training and management training.

The Ministry of Trade and Industry has developed, in cooperation with the regional T&E Centres, a *ProStart programme for assessing and developing a business idea* to evaluate the viability of business ideas and the preconditions for becoming an entrepreneur and to assist in working on the idea. This service has been developed further by extending the contents of the ProStart Programme e.g. to also comprise drafting a business strategy for a starting enterprise in connection with mature and feasible establishment projects. (*Contact: Ms Sirpa Alitalo, Ministry of Trade and Industry, tel. (+358) 9 160 3680, e-mail: sirpa.alitalo@tm.vn.fi*)

The regional T&E Centres offer a management training programme for women called the “Ladies’ Business School”. The programme is targeted at women who hold a management position in SMEs. The aim of the programme is to develop the ability of participants to analyse, plan and develop their business activities and to adopt more up-to-date management systems and methods as well as to function as an effective leader. (*Contact: Ms Tuulikki Laine-Kangas, Employment and Economic Development Centre for South Ostrobothnia, tel. (+358) 6 416 3612, e-mail: tuulikki.laine-kangas@te-keskus.fi*)

2. Cheaper and faster start-up

In Finland, great efforts in the work have been laid on the development of one-stop shopping. This principle has been developed further, for instance, by developing the Business Service Points located in the 15 regional Employment and Economic Development Centres (T&E Centres).

These one-stop shops have become a central point from which prospective entrepreneurs as well as entrepreneurs can get information on, for instance, various procedures involved in applying for licences, permits and authorisations. As regards the most recent improvements, Patents Officers, Female Entrepreneur Advisers and Technology Advisers have been recruited for the service points to strengthen the advisory and support services available. Moreover, the service points have started to function as focal points for submission of certain permits and applications, which are then distributed through the proper channels to appropriate public authorities. Among other things, the service points have also increasingly adopted the function of first-stop shops providing links and guidance to other



public services needed by new and would-be entrepreneurs. (*Contacts: Ms Marja Molari, Ministry of Trade and Industry, tel. (+358) 9 160 3708, e-mail: marja.molari@ktm.vn.fi, Ms Kirsi Wendelin-Arponen, Employment and Economic Development Centre for Varsinais-Suomi, tel. (+358) 2 210 0591, e-mail: kirsi.wendelin-arponen@te-keskus.fi, Mr Jusa Susia Employment and Economic Development Centre for Häme, tel. (+358) 3 851 5222, e-mail: jusa.susia@te-keskus.fi, Internet: <http://www.te-keskus.fi>*)

The new corporate information system called Business Information System BIS was introduced at the beginning of April this year. This system is maintained jointly by the National Board of Patents and Registration and the Finnish Tax Administration. As of 1 June 2001, entrepreneurs only need to fill in one single registration application when establishing a company. This registration form can be submitted to a one contact point, which redirects it to both parties. In connection with this reform, all the entities under this system receive one common Business Identity Code instead of the previous register numbers and other codes. The codes are administered by an ADP-based system into which certain code and basic data on all Finnish companies and corporations are entered. The information entered into the system has been public and available to all citizens through common data networks free of charge from the beginning of June this year. In future, other public organisations are expected to join up in the use of the common register. (*Contact: Mr Timo Pekkarinen, Ministry of Trade and Industry, tel. (+358) 9 160 3566, e-mail: timo.pekkarinen@ktm.vn.fi, Internet: <http://www.prh.fi> [website of the National Board of Patents] and <http://www.ytj.fi> [the system's own website]*)

At the end of last year, the normal registration period in the Trade Register was reduced to about two weeks, but in the first quarter of this year it was nearly four weeks. It is expected to get somewhat shorter towards the end of the year and stay within the targeted limits in the near future. In practice, the registration period does not, however, preclude the start-up of business activities. Business activities can be started once the entrepreneur has filled in a registration notification. (*Contact: Mr Timo Pekkarinen, Ministry of Trade and Industry, tel. (+358) 9 160 3566, e-mail: timo.pekkarinen@ktm.vn.fi, www.prh.fi*)

3. Better legislation and regulation

The Ministry of Justice is drafting a new Bankruptcy Act, which is to revise the Bankruptcy Act dating back in part to the year 1868 to adapt it to the modern requirements of economic and societal life. The aim is to incorporate, mainly unamended, the reforms implemented during the last years into the Act. This revision will improve the clarity and transparency of legislation. One of the objectives of the revision is to ensure the best possible result in realising the assets of a bankrupt's estate. Specific provisions will be incorporated into the Act on the position of a bankrupt (right of access to information, consultation, coercive means, etc.). The Proposal for a Bankruptcy Act is scheduled for circulation of reports for comment during 2001. (*Contact: Mr Jussi Heiskanen, Ministry of Justice, tel. (+358) 9 1825 7716, Internet: <http://www.om.fi>*)

The Ministry of Justice has initiated a project to assess the needs for revising the debt settlement of private persons. The aim is to consider extending the use of debt restructuring so that more persons indebted due to the recession of the past decade would be entitled to debt settlement. The proposal is due for completion by 31 March 2002. (*Contact: Mr Jussi Heiskanen, Ministry of Justice, tel. (+358) 9 1825 7716, Internet: <http://www.om.fi>*)



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Furthermore, a legislative project concerning credit data of entrepreneurs and corporations will be launched in the Ministry of Justice. In the drafting process, it will be considered what kinds of credit data can be registered e.g. on bankrupt entrepreneurs. The Ministry will draft the proposal for the use of credit data in cooperation with the various parties concerned. In the future, further drafting will be vested with a working group. (*Contact: Ms Anna-Riitta Wallin, Ministry of Justice, tel. (+358) 9 1825 7693, Internet: <http://www.om.fi>*)

The Government adopted guidelines for regulatory business impact assessment by its decision-in-principle of 14 January 1999. These guidelines complement the guidelines issued by it in 1998 on assessment of the economic and environmental impacts of legislative projects. In order to facilitate the application of the guidelines, a project for drawing up practical model examples was initiated, in 1998 already, under the auspices of the Ministry of Finance. The assignment of the Working Group monitoring the process of drafting the model examples was completed in July 2001. (*Contact: Mr Sakari Arkio, Ministry of Trade and Industry, tel. (+358) 9 160 3567, e-mail: sakari.arkio@ktm.vn.fi, Internet: <http://www.vn.fi/ktm>*)

The Finnish Accounting Act and Ordinance were revised in the summer of 2001 so that the allowances in disclosure provided for by the Accounting Directive were increased. The allowances are mainly focused on the notes of accounts. The presentation of the so-called abridged profit and loss statement will now also be allowed for small enterprises. The size criteria of small enterprises were also revised in the Accounting Act to correspond to the maximum size fixed in the Directive. These amendments will enter into force on 31 December 2001. (*Contact: Mr Markku Jänkälä, Ministry of Trade and Industry, tel. (+358) 9 160 3568, e-mail: markku.jankala@ktm.vn.fi, Internet: <http://www.vn.fi/ktm>*)

4. Availability of skills

In order to ensure the availability of skilled employees, the link between educational establishments and enterprises will have to be strengthened.

The objective of the Development Plan for Education and Research (1999–2004), approved by the Finnish Government on 29 December 1999 and aimed at promoting the co-operation between educational establishments and working life, is to improve the quality of education and promote traineeship abroad. The plan involves, among other things, a programme to support on-the-job learning, which comprises training of 20 000 on-the-job instructors and 10 000 teachers, continuance of the apprenticeship-related training programme for on-the-job instructors (60 000 trainers), teachers' secondment, experimental and development projects and information about them.

At comprehensive schools, a two-week period of practice in working life (the so-called TET period) is arranged for all pupils. All vocational qualifications were step by step transformed into courses giving 120 credits by August 2001. After the reform, the basic vocational training will contain a period of professional practice giving at least 20 credits. At the same time, competence-based qualification will be included in vocational qualifications in order to prove that the objectives of vocational training have been achieved. Competence-based qualifications will be planned and carried out in co-operation between the business sector and other sectors of working life. (*Contact: Mr Jussi Pihkala, Ministry of Education, tel. (+358) 9 1341 7383, e-mail: jussi.pihkala@minedu.fi, Internet: <http://www.minedu.fi>*)



From the sector of training personnel of enterprises, the example provided by the commercialisation of the Multiskills Analysis based on experiences gained from the pilot, piloted at the Employment and Economic Development Centre (T&E Centre) for Satakunta, can be mentioned. By the Multiskills Analysis, SMEs can be made to participate in methodical, long-term drafting of development and training plans and in their introduction. When the educational needs of the personnel have been mapped out and know-how profiles based on them have been drawn up, the training can move from “hit or miss” to precision training. As a result of the Multiskills Analysis, the expertise, multiple skills and cooperation of the personnel improve. A renewed Multiskills Analysis will be launched on the market in November 2001. (*Contact: Ms Anne Jortikka, Employment and Economic Development Centre for Satakunta, tel. (+358) 2 620 4129, e-mail: anne.jortikka@te-keskus.fi*)

During the ESF programming period 1995–1999, the Labour Market Department of the T&E Centre for Ostrobothnia developed a Research Model for Employment and Education Needs (TKTT), in which, by means of an interview form, changes in short-term labour use, recruitment problems, education and professional needs, new business and enterprise ideas, outsourcing needs, obstacles to exports and the economic situation of growth-intensive firms are mapped out. A panel of experts analyses the results and makes proposals for actions. The model is currently being commercialised for the use of all T&E Centres in order to reduce recruitment problems and to improve the precision of training. The new commercialised method will be ready for launching on the market by the end of 2001. (*Contact: Jouni Marttinen, Employment Centre for Varsinais-Suomi, tel. (+358) 2 210 0468, e-mail: jouni.marttinen@te-keskus.fi, Internet: <http://www.te-keskus.fi>*)

5. Improving online access

In October 1999, the Government launched the Development Project for e-Government (JUNA). The project is one of the measures taken to transfer public services to the electronic environment. It aims at co-ordinating and supporting the development of electronic services. The main objective is to increase the number of electronic services available and to develop the expertise needed to produce these services. The JUNA project mainly focuses on the needs of citizens, enterprises and service providers and it covers all sectors of public administration. The project will last until the end of 2002. (*Contact: Mr Timo Ojala, Ministry of the Interior, tel. (+358) 9 160 8299, e-mail: timo.ojala@sm.intermin.fi, Internet: <http://www.intermin.fi/suom/juna/english/index.html>*)

The TYVI data transfer model introduced in 1997 provides enterprises with a uniform way of giving information electronically to authorities and to instances handling authoritative tasks. The system aims at facilitating notification of information and at reducing the related workload and costs. Electronic notification of information is mainly free of charge for enterprises. The recipients of electronic notifications are presently the tax administration, Customs, Statistics Finland, TEL retirement pension insurance societies, LEL Short-term Employee’s Pension Fund and the TaEL Pension Fund for Artists and Reporters. For instance, VAT notifications and annual tax returns can be submitted to the tax administration through the TYVI model, as well as Intrastat returns to the Customs, TEL annual returns and the LEL and TaEL pay and employee notifications. The project is coordinated by the Ministry of Finance. (*Contact: Mr Seppo Kurkinen, Ministry of Finance, tel. (+358) 9 160 3261, e-mail: seppo.kurkinen@vm.vn.fi, Internet: <http://www.tyvi.org>*)



Electronic services intended for SMEs can be used to both diversify services and to improve their availability. Besides that organisations serving SMEs develop Internet pages of their own, five of the most important operators will introduce a joint corporate portal this autumn. The aim is to realise a joint portal designed for the needs of enterprises that are starting their operations and that are already in full operation. Via this portal, the customers can e.g. find and identify easily the services and to conduct their business electronically. The following organisations providing SMEs with services participate in the project: Finnvera, Tekes, Sitra, MTI/T&E Centres and Finpro. In the corporate portal, services are compiled into tailor-made core packages of services intended for various types of enterprises. (*Contact: Mr Raimo Porttikivi, Ministry of Trade and Industry, tel. (+358) 9 160 2647, email: raimo.porttikivi@ktm.vn.fi, Internet: <http://www.vn.fi/ktm>*)

The portal will be extended into a wide-scoped corporate portal, and participation will be offered to other organisations providing SMEs with services, too. It will become part of the portal of the Finnish public administration, which will be published in 2002. The portal project of the public administration (www.suomi.fi) is led by the Ministry of Finance. (*Contact: Ms Pirkko Romakkaniemi, tel. (+358) 9 1603247, e-mail: pirkko.romakkaniemi@vm.vn.fi, Internet: <http://www.vn.fi/vm>*)

The Ministry of Trade and Industry set up a working group in 1999 to set standards for an electronic notification procedure for financial statements. However, the proposal of the group was not widely adopted. In 2000, Statistics Finland and the Finnish Tax Administration continued this work and started to harmonise their respective financial statement formulae. At the moment, the income statement and balance sheet formulae of these instances are similar, but there are still some differences in other areas (disclosure information). In 1999, the Finnish Tax Administration launched a pilot experiment that made it possible to send electronic tax return forms. Since April 2001, this alternative has been open to every company in Finland that has suitable software. With this e-tax form, companies can also give electronically financial statement data to Statistics Finland. The National Board of Patents and Registration may also participate in this kind of cooperation with the above-mentioned two bodies in the near future. (*Contact: Mr Tapio Hintikka, Finnish Tax Administration, tel. (+358) 9 7311 3700, e-mail: tapio.hintikka@vero.fi, Internet: <http://www.vero.fi>*)

In the summer of 2001, a report on the tax and payment system of small-scale employers and the so-called tax account system was completed. In the memorandum drafted on this topic, a proposition is made for a free-of-charge payment services system operating via the Internet and a settlement centre to be built in order to facilitate meeting occasional employer obligations or those of small-scale employers. The system enables employers to take out accident and pensions insurances, calculate wages and salaries, taxes and compulsory social insurance payments and to conduct their payment transactions. They could also submit the final notifications related to payments, employees and employment contracts to the pension insurance and accident insurance companies and to the tax administration in connection with salary payments. The system is scheduled for take-up in 2003. The aim of the tax account system is to combine the advance payments of taxes, social security payments, i.e. national pension and sickness insurance payments, VAT and advance taxes so that the number of payment transactions would be as low as possible. The earliest possible date of introducing this system would be in 2006. (*Contact: Ms Mirjami Laitinen, Finnish Tax Administration, tel. (+358) 9 731 136, Internet: <http://www.vero.fi/english>*)



Furthermore, please see Theme 2 for information on the electronic Business Information System BIS.

6. More out of the Single Market

On international scale, the Finnish telemarket is very free. As a whole, liberation of competition has led to a substantial lowering of the price level of teleservices, improved quality of teleservices and to rapid technical advancement of the sector. Finland has been predecessor in liberating the electricity market, and the retail sale prices of electricity have dropped a little. The Finnish natural gas market is at the moment dependent on single supplier. Secondary market has, however, been opened for major gas suppliers.

The Trade Barrier Service operating within the framework of the Trade Department of the Ministry of Trade and Industry prepares and coordinates measures to improve the efficiency of market access of Finnish enterprises and to dismantle barriers to trade. The Service receives notifications of trade barriers encountered in Finland, in other Member States of the EU or in third countries and attempts to find solutions to the problems. The Service operates as part of the network of contact points of the Single Market. (*Contact: Mr Petri Kuurma, Ministry of Trade and Industry, tel. (+358) 9 160 3627, e-mail: petri.kuurma@ktm.vn.fi, Internet: <http://www.ktm.fi/kaupaneste>, Ms Johanna Ala-Nikkola, Ministry of Trade and Industry, tel. (+358) 9 160 4622, e-mail: johanna.ala-nikkola@ktm.vn.fi, Internet: <http://www.ktm.fi/kaupaneste>).*

In the Entrepreneurship Project, one of the basic aims of the Government has been to open public services for competition. Since the public sector is still large in Finland, the question concerns entrepreneurship to a great extent. Increasing public procurement means new business opportunities for enterprises. Public procurement is still affected by structural factors, which limit especially the municipalities' incentives to use this mechanism. In the Entrepreneurship Project, the objective is to abolish some of the factors which affect enterprises the most. The Programme Committee for Competition Policy also handles these issues. This work, led by the Minister for Foreign Trade, further explores the issue and tries to find areas among public services where there could be more role for entrepreneurship than what is currently observed. The Committee will finish its work in early 2002. (*Contact: Mr Petri Lehto, Ministry of Trade and Industry, tel. (+358) 9 160 3218, e-mail: petri.lehto@ktm.vn.fi, Internet: <http://www.vn.fi/ktm>*)

An Electronic Information Channel for Public Procurement will be inaugurated on 15 October 2001. The aim of the channel is to improve communication between contracting entities and enterprises. SMEs in particular are the target, as are the smaller municipalities with less resources for sophisticated electronic tools and methods. The channel publishes smaller procurement notices (below the threshold value) and sorts them according to supply (CPV) code and geographical location. It also contains useful information in the form of legal information, model documents, purchasing profiles of contracting entities and enterprises, links to useful sites of cooperative organisations etc. There are about 450 municipalities and 200 governmental contracting entities in Finland. The channel contains a collection of web site addresses of those entities for the use of enterprises. From and via the web site pages in question one can find the necessary tendering documents and submit a tender as well. The enterprises can also create a profile according to which they can obtain interesting tenders directly to their e-mail address. The procuring entities can create an "acquisition profile" containing information about the volume of acquisitions annually, number of



population in the municipality, ABC-products purchased and so on. (*Contacts: Ms Saira Eskola, Ministry of Trade and Industry, tel. (+358) 9 160 3265, e-mail: saila.eskola@ktm.vn.fi, Internet: http://www.ktm.fi/julma Ms Arja-Hannele Lilja, Edita Oyj, tel. (+358) 020 450 2312, e-mail: arja-hannele.lilja@edita.fi, Internet: http://www.ktm.fi/julma*)

7. Taxation and financial matters

In the Government Programme, the Finnish Government is committed, during the term of office of the Government, to reductions of FIM 10-11 billion in taxes and tax-related payments to achieve a cut in personal income tax and indirect labour costs. Considering even the tax relief decided by the Government for 2002, this goal has already been achieved.

A working group appointed by the Ministry of Finance on 19 June 2001 is studying the possibility of reforming capital and company taxation. The working group is commissioned to assess the need for developing income and capital taxation, and especially income and property taxation, with a view to international development and increasing tax competition. The working group shall complete its work by the end of October 2002.

Flexible business succession processes are typical for a strong, dynamic business environment. With a view to this, the provisions of the Finnish Inheritance and Gift Tax Act on tax relief relating to business succession were amended in the beginning of 2001 so that the requirement concerning holding on which the tax relief is based was reduced from 20 percent down to 10 percent. This reform was aimed at increasing the benefits of business succession. Also other steps for the same purpose have been taken earlier.

In order to make the taxation for entrepreneurs with low income more reasonable, the opportunities for entrepreneurs to decide the share of their capital income on which the taxation is based have been increased as from the beginning of 2001. A farmer, self-employed person, death estate or a partner in a partnership for taxation purposes may decide that the share of the capital income subject to taxation is 10 percent, instead of 18 percent, of the net assets of farming or business activities or of the partnership assets of a partner in a partnership for taxation purposes. The current trend in the tax treatment of entrepreneurial income, i.e. that entrepreneurial income to a larger extent than before is treated as earned income in taxation, results in tax reduction, especially for low-income entrepreneurs.

Also entrepreneurs' right to deduct expenses due to business travel on certain conditions has been extended. As from the beginning of 2001, it was decided that self-employed persons and farmers are entitled to deductions to the same amount that an employer may compensate an employee for his travel and mission expenses (daily allowance, kilometre allowance). They are entitled to make deductions due to the use of their own car in business operations or in farming and on the basis of increased living expenses due to a temporary business travel in connection with business operations or farming.

Furthermore, please see Theme 5 for information on the report on the tax and payment system of small-scale employers and the so-called tax account system. (*Contact: Pertti Kohi, Ministry of Finance, tel. (+358) 9 160 4880, e-mail: pertti.kohi@vm.vn.fi, Internet: http://www.vn.fi/vm*)



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In Finland, special attention has been paid to financing of technology start-ups.

Pension funds are allowed to invest in non-listed companies, which has boosted the development of Venture Capital markets in Finland. Pension funds have adopted Venture investments as a separate asset class, some of them targeting in this asset class at the investment level of 5 percent in their portfolio. (*Contact: Mr Pertti Valtonen, Ministry of Trade and Industry, tel. (+358) 9 160 3614, e-mail: pertti.valtonen@ktm.vn.fi, Internet: http://www.vn.fi/ktm*)

The National Technology Agency of Finland (Tekes) has together with some other European countries developed a technology rating method to help investors and financiers to analyse better the growth potential and the success probability of young technology start-ups. An Internet version of the software will be launched at the end of this year. (*Contact: Mr Jari Romanainen, National Technology Agency, tel. (+358) 105 2151, e-mail: jari.romanainen@tekes.fi, Internet: http://www.tekes.fi*)

Within the last two years, an innovation unit has been established at every major university to help in licensing and in commercialising research results. Based on voluntary agreements, the profits will be shared with the university, the researcher-inventor and the unit where he or she is working. (*Contact: Mr Petteri Kauppinen, Ministry of Education, tel. (+358) 9 1341 7479, e-mail: petteri.kauppinen@minedu.fi, Internet: http://www.minedu.fi*)

Tekes and Sitra (the Finnish National Fund for Research and Development) support seed financing by joint new pre-seed financing facilities (strengthening the eligibility of new enterprises for capital investment) for the worth of FIM 100 million within the next five years. (*Contacts: Mr Risto Kalske, Finnish National Fund for Research and Development, tel. (+358) 9 618 991, e-mail: risto.kalske@sitra.fi, Internet: http://www.sitra.fi, Mr Martti af Heurlin, National Technology Agency, tel. (+358) 105 2151, e-mail: martti.af.heurlin@tekes.fi, Internet: http://www.tekes.fi*)

The investments by the Finnish Industry Investment Ltd (TESI) in regional capital funds will be doubled during 2001, amounting to around FIM 200 million. In addition, the so-called accelerated decision-making model has been developed for regional funds for their small-scale investments in seed-phase enterprises. Besides this, the seed financing of enterprises will be strengthened by a new financing instrument to be launched in 2001 for technology villages, business incubators and other companies engaged in corporate development. A total sum of FIM 200 million will be earmarked for this within the next five years. (*Contact: Mr Mika Räsänen, Finnish Industry Investment Ltd, tel. (+358) 9 6803 680, e-mail: mika.rasanen@teollisuussijoitus.fi, Internet: http://www.teollisuussijoitus.fi*)

8. Strengthen the technological capacity of small enterprises

There is a long tradition in networking between enterprises in the value chain and policies supporting that. The actual challenge is how to make full use of ICT in the networking. The Government has commissioned regular surveys with regard to use of ICT in SMEs. The latest, from September 2001, indicates that the Internet penetration among enterprises employing + 50 persons has reached 99%. The market development and general awareness measures have been successful with the exception of micro enterprises employing less than 10 persons, and some regions. The focus has been shifted to more productive integration of network tools into company functions.



Studies have been commenced with the aim of establishing more precisely the productivity impact of digital tools in enterprises using sectoral statistics. It is believed that instead of general information the business sector needs to have sound data analysing the real impact of investment. (*Contact: Mr Pekka Lindroos, Ministry of Trade and Industry, tel. (+358) 9 160 3719, e-mail: pekka.lindroos@ktm.vn.fi, Internet: http://www.vn.fi/ktm*)

Technology policy has increasingly focused on diffusion of ICT and development of applications for enterprise use. Similarly, the long-standing policy based on further liberalisation of the telecom markets has been taken to a practical conclusion. The Government has refrained from placing unduly high licence fees on operators allowing for competitive pricing of services also in the future. The Government has also launched a number of initiatives with regard to electronic delivery of services and interfaces. (See Theme 5). ICT competence, both generic and specialised, has received increased attention in the education system, and a number of special programmes have doubled the expert education volume.

With regard to supporting the SMEs in making full use of the potential of ICT in their company, a new service has been launched. This service, called eSTEP, is based on a network of specially trained and certified private-sector consultants who will conduct company level e-analysis and give impartial advice in the form of action programmes integrating the digital networking tools into company functions. (*Contact: Ms Sirpa Alitalo, Ministry of Trade and Industry, tel. (+358) 9 160 3680, e-mail: sirpa.alitalo@ktm.vn.fi, Internet: http://www.vn.fi/ktm*)

A large number of pilot projects dealing with more advanced company and network development e-business projects have been financed in all parts of the country. Estimates put the total number of such initiatives at 1.200 at the moment. All regions have prepared their own technology strategies and the Employment and Economic Development Centres (T&E Centres) have recruited technology and innovation officials to support this work. The targets set in the T&E Centres also aim at making the regional business environment conducive of e-business. The education system and the availability of advisors are key elements of these strategies. Ultimately, all business support functions in all regions should have the digital networking elements integrated into them and all persons supporting the SMEs should be competent in addressing this challenge.

The TULI programme, managed and coordinated by the National Technology Agency Tekes, is an initiative to promote new, technology-based businesses originating from applied research within universities and research institutes. It was initially started in 1993 and has been evaluated twice since then, in 1996 and 2000. At the moment, the TULI programme is being revised and will most likely have some new features starting in January 2002. The TULI programme consists of regional projects, which are carried out by local technology transfer firms, typically within a science park environment. At any given time there have been some 5 to 10 projects underway. A typical TULI project has two phases: first, searching and evaluating of new, research-based business ideas in the local innovation environment and second, processing the most potential ideas towards commercialisation. In practice the latter phase usually means hiring some third party consultant to work on the idea, e.g. to conduct a preliminary market survey or to prepare an initial business plan. Realisation of the technology-based business idea can take place either in a new firm or in an already established firm as a new business area. The main goal of the TULI activity is to ensure that every potential research outcome will be commercially exploited. (*Contact: Mr Henri Grundstén, National Technology Agency, tel. (+358) 10 521 5866, e-mail: henri.grundsten@tekes.fi, Internet: http://www.tekes.fi*)



9. Successful e-business models and top-class small business support

The Government is financing publication of consumer and business manuals on electronic commerce. The independent institution publishing them is also supported to provide a framework for standardisation in the digital transactions field. Consumer confidence is strengthened by provision of information of various aspects of the net economy. The National Consumer Research Centre, a government agency operating under the MTI, has published a number of studies and guidelines for electronic trade in various sectors. (*Contact: Mr Pekka Lindroos, Ministry of Trade and Industry, tel. (+358) 9 160 3719, e-mail: pekka.lindroos@ktm.vn.fi, Internet: http://www.vn.fi/ktm*)

Technology policy includes a number of technology programmes that focus on development of applications, platforms and tools for electronic commerce use. ICT technology diffusion is actively promoted with publication of research findings etc. (*Contact: Mr Tero Kuitunen, Ministry of Trade and Industry, tel. (+358) 9 160 88890, e-mail: tero.kuitunen@ktm.vn.fi, Internet: http://www.vn.fi/ktm*)

The eSTEP product described above (see Theme 8) will integrate the NetMate communication and exchange of experience programme. NetMate is a web-service that provides enterprises with information on e-business success stories, data on the use of e-tools by Finnish industry and links to support service providers. The NetMate Programme was launched in 1998 by the Ministry of Transport and Communication mainly as an awareness tool. In 2001, the implementation of the programme has been transferred to the Ministry of Trade and Industry and the regional Employment and Economic and Development Centres (T&E Centres). The aim is to make any relevant European information and interesting information from the enterprise perspective available through this web service as well, including links to the parties implementing the GoDigital programme in the Member States. (*Contact: Mr Pekka Lindroos, Ministry of Trade and Industry, tel. (+358) 9 160 3719, e-mail: pekka.lindroos@ktm.vn.fi, Internet: http://www.vn.fi/ktm*)

10. Development of stronger, more effective representation of small enterprises' interests at Union and national level

In Finland, the contacts between enterprises and authorities are close. Enterprises are consulted, for instance, by the Enterprise Advisory Committee that works in conjunction with the Ministry of Trade and Industry. The duties of the Committee include following the development of industries and businesses, presenting proposals for developing the business environment, acting as an initiator for business environment policy measures and promoting the co-operation between enterprises, the business sector, social partners and authorities.

The Monitoring Committee on the Government's Entrepreneurship Project is an advisory body, which follows the implementation of the actions taken under the Entrepreneurship Project and negotiates for possible new actions. The Monitoring Committee is composed of the Permanent Secretaries of different ministries and the representatives of employers' associations, trade unions and other stakeholders of the business sector.



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The decision-makers and government officials meet Finnish entrepreneurs also in connection with the Entrepreneurship Project, for instance, at so called regional entrepreneurship fora. The fora are organised about once a month all over the country during the life of the project.

There are also daily contacts of more informal character and of ad hoc type between authorities and enterprises and employers' associations. The Ministry of Trade and Industry and employers' associations have, for instance, joint research and publication activities.

In terms of the Luxembourg process, the Ministry of Trade and Industry is responsible for Pillar II (Entrepreneurship) of the National Action Plan. In practice, the Entrepreneurship Project constitutes Pillar II. In addition, there are also actions under the Entrepreneurship Project that are included in other Pillars. (*Contact: Ms Annukka Lehtonen, Ministry of Trade and Industry, tel. (+358) 9 160 4795, e-mail: annukka.lehtonen@ktm.vn.fi, Internet: <http://www.vn.fi/ktm>*).



Annex I

GOVERNMENT'S ENTREPRENEURSHIP PROJECT GENERAL DESCRIPTION

At the beginning of 2000, the Ministry of Trade and Industry launched an Entrepreneurship Project, which is included in the Government's programme. The objective of the project is to promote stable economic growth, employment and competitiveness by enhancing the establishment of new firms and the growth and development of existing companies. The project runs until the end of the Government's current term of office (spring 2003).

The Entrepreneurship Project is implemented in co-operation with the various administrative branches. Nine ministries and the Association of Finnish Local and Regional Authorities participate in the project. The Employment and Economic Development Centres (T&E Centres), the entrepreneurs, the organisations of the sector and other partners also play a key role in this project.

In view of cooperation, a contact network has been set up between the various administrative branches. Its task is to coordinate, together with the Permanent Secretaries, the measures falling under the competence of the different administrative branches and promoting entrepreneurship and business activities. Economically or otherwise important proposals for actions will be handled by the Cabinet Committee on Economic Policy. Companies can present their views, among others, to the Committee for SMEs established under the Ministry of Trade and Industry.

Life-cycle thinking is the point of view adopted

The Government's Entrepreneurship Project examines the life cycle of a company from the entrepreneur's standpoint. Measures will be directed at those life-cycle stages that are the most critical ones in terms of the company's success.

The project has been divided into five sub-entities:

- **Functioning Markets:** The aim is to prepare a favourable ground for new business activities and the growth of existing business activity by facilitating access to markets and improving their functioning. A special focus will be on issues relating to the opening of competition in public procurements as well as in social and health care services.
- **Entrepreneurship as an Attractive Career Option:** This sub-entity consists of measures directed at encouraging potential entrepreneurs to start up a business. These include increasing the role of the educational system in furthering individuals' entrepreneurial skills and favourable attitudes towards entrepreneurship.
- **Becoming an Entrepreneur:** The viewpoint taken is that of the start-up, re-start and transfer (e.g. succession of a family business) of a business. One important measure is facilitating the start-up phase of new technology- and knowledge-intensive enterprises. Among further targets studied are development of advisory services, the entrepreneur's social security,



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female entrepreneurs and promoting the business activities of special target groups such as the disabled or immigrants.

- **The Critical First Years of Operation:** The aim is to reduce the unnecessary closures of enterprises. Important measures in this area are the development of business know-how and training, issues related to business financing and adopting the role of an employer, as well as alleviating the administrative burden and other encumbrances of business activities.
- **The Growth and Development of the Enterprise:** This sub-entity involves encouragement of companies by various means for growth and internationalisation and studies e.g. on marketing know-how, availability of professional personnel, and on utilisation of information technology and other technology in business.

Implementation

The Entrepreneurship Project will not result in a traditional type of programmes which would be implemented only after the conclusion of the project. The ongoing implementation of the project means that concrete measures will be consecutively initiated and applied to promote entrepreneurship and business activities.

Within the Entrepreneurship Project, a project plan has been drawn up in cooperation between the different administrative branches. It includes more than 100 versatile measures. Among other things, measures are applied to reduce administrative burdens, to open public service production up for competition, to provide attitudinal training and new financing and training products for entrepreneurs and to launch pilot and development projects. Some of these measures have already been implemented, some are currently in progress, and a part of them will be carried out towards the end of the project period.

The following eight priority areas have been selected as special targets of study, involving many issues that are essential for any business activity:

- **The role of the educational system in promoting entrepreneurship and enterprise**
- **Transfer of a business**
- **New technology- and knowledge-intensive enterprises**
- **Issues concerning the entrepreneur's social security**
- **Administrative and other burdens connected with business activities**
- **Availability of professional personnel**
- **Utilisation of information technology and other technology in business**
- **Opening of public service production for competition, incl. social and health care services**

The regional dimension

Regional inputs are emphasised in the project. Finland's 15 regional Employment and Economic Development Centres (T&E Centres) in particular play a key role in implementing the project. The T&E Centres have, among others, prepared entrepreneurship projects of their own for their own



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operating areas. The experiences gained will be distributed and information on practices that have been found good will be given throughout the country.

Regional entrepreneurship fora, too, are an essential part of the project. During the project, the aim is to meet entrepreneurs and those envisaging becoming entrepreneurs once a month, on the average, in connection with a regional Entrepreneurship Forum, which covers the entire country. The themes of these fora will vary according to region-specific interests and topical project issues. At these fora, the entrepreneurs and decision-makers can exchange their views on entrepreneurship and business activities. A further aim is to get the region's operators together to consider the possibilities of promoting business both regionally and locally.