

Entrepreneurship in Finland

FINLAND IS THE BEST COUNTRY FOR STARTUPS!

Favorable conditions for the development of small business and entrepreneurship have been created in Finland. It is a great place to start if you are planning to expand your business in EU countries! It is not possible to say that it is easy doing business in Finland. The competition is high as in other countries, but all bureaucratic procedures are minimized. There are a lot of organizations that help to develop your business in Finland. The Finnish society is extremely well organized, and Finland occupies a significant place among the most stable countries in the world. Finland, widely known as reliable, competitive and high-tech innovation country, that creates favorable and dynamic business conditions.

Finland is a country with great opportunities!

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Small and medium-sized enterprises in Finland. Statistic data

Number of businesses in the Trade Register, 03.01.2024

The most popular form of company type in Finland are Limited liability company (42% or 288211 companies). Comparative analysis of the number of businesses by company type for January 2024 - 2020 can be found at the Finnish Trade Register.

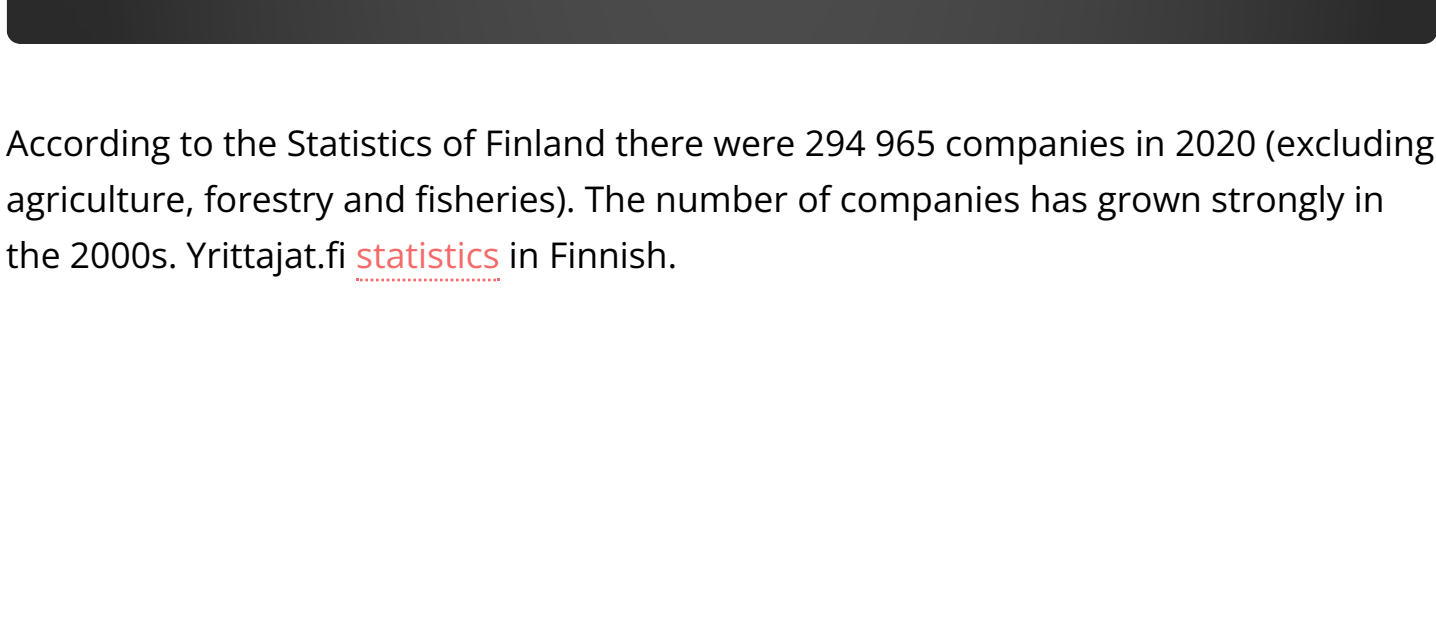
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Opened and closed companies, 2nd quarter 2023

According to the Statistics Finland, 10 100 new companies have started their business in the 2nd quarter of 2023 (from April to June) and 7 915 companies have closed their business. See another slide "[Enterprise closures in Finland](#)". The number of companies that had been closed was at 29.7 % higher than in the corresponding period in 2022.

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Dynamics: Growth in the number of companies 1990–2020



According to the Statistics of Finland there were 294 965 companies in 2020 (excluding agriculture, forestry and fisheries). The number of companies has grown strongly in the 2000s. Yrittajat.fi [statistics](#) in Finnish.

Companies' structure in Finland, 2020



According to the Statistics of Finland, 2020, the largest share of companies (93%) belongs to micro-enterprises. See the [SLIDE](#).

A total of 294 965 companies, excluding agriculture, forestry and fisheries

- 0.2% Large companies (≥250 people) 662
- 1.1% Medium sized companies (50-249 persons) 3 109
- 5.6% Small businesses (10-49 people) 16 632
- and 93,1% Micro enterprises (1-9 people) 274 562

Small and medium-sized enterprises' (SME) Barometer 2/2023

Finnish Entrepreneurs (Suomen Yrittäjät), Finnvera and the Ministry of Employment and the Economy make twice a year a SME's Barometer, which describes the activities and the economic environment of small and medium-sized enterprises. The [Autumn 2023 SME's Barometer](#) is based on 4 573 SMEs' responses. Barometer provides a comprehensive picture of Finnish SMEs' perceptions of economic environment changes and the factors influencing the business and prospects of its development. The report shows the resulting data from the perspective of the whole SME sector and also by main sectors of industry, construction, trade and services. The Regional Reports compare development between companies in the area and the surrounding areas as well as the country as a whole.

SUMMARY (Updated 29.10.2023)

- Following an exceptionally negative beginning of the year, the economic expectations of SMEs have almost returned to close to their slightly negative level from a year ago. The easing of the energy crisis and the leveling off of the effects of the Russia–Ukraine War turned the direction of expectations upward, although they still remained negative. The state of the economy is expected to weaken slightly over the next year. Weak expectations are partially explained by the Russia–Ukraine War, the record-fast rise in interest rates, and the cost level, which has remained high for the second year.
 - 21% of SMEs estimate that economy will improve over the next 12 months, 27% believe it will weaken, and slightly more than half of SMEs estimate it will remain at the same level.
 - Expectations for the development of turnover have strengthened at the same time as general economic expectations have risen from the spring lows.
 - In recent years, expectations regarding profitability have weakened strongly while general confidence in the economy has decreased. However, profitability expectations have improved slightly in all main industries compared to spring 2023.
 - Slightly more SMEs than before expect their solvency to improve. After an exceptional previous year, expectations about the development of solvency have therefore begun to slowly recover.
 - SMEs estimate that they will significantly reduce their investments in the near future. As a result of weakened business cycle and growth expectations, there are more companies that are going to reduce their investments in all main industries than those that will increase investments. The weak development of the investment expectations is related to exceptionally high uncertainty caused by the Russia - Ukraine War, continued inflation and rapid rise in interest rates.
 - The considerable negative effects of the war and the very uncertain future prospects have slightly weakened expectations about the development of the number of personnel. Only 14 % of SMEs plan to increase the employee amount, and 12% of companies expect the number of their personnel to decrease. Nevertheless, the vast majority, 74 %, of SMEs still intend to maintain their current **headcount**.
 - The expectations of an increase in production costs have decreased slightly from their peak in autumn last year. However, the balance figure for the expectations still remains high. The price-setting margins of SMEs' on their own products and services has also increased, but the growth rate has slowed down. The increase in price-setting margins cannot compensate for the rise in the prices of intermediate products: production costs are expected to increase almost one-and-a-half times faster than the prices of end products. Somewhat surprisingly, but the situation is alleviated by the moderate pay increase expectations despite the fact that many industries are suffering from labor shortages.
 - Sustainable economic growth, the general employment situation and the profitability development of the national economy depend on the ability and possibilities of the private sector to operate and develop. Unnecessary restrictions to the business opportunities or competition have a negative impact on the growth potential of the national economy and employment. Correspondingly, supporting the companies' growth opportunities is linked to a better employment situation and the easing of public finance challenges.
 - The positive thing is that the long-standing decline in the number of growth-oriented companies has halted, at least for now. The share of SMEs which seek growth intensively has increased by 2 percentage points. However, the share of growth-oriented companies is modest, and the long-term declining trend causes the concern.
 - Digitalisation and robotisation, together with other technological developments, are progressing rapidly, regardless of economic cycles, and are affecting the daily operations of the companies more and more strongly. 15 % of SMEs have introduced new technology over the last year and 43 % have invested in digitalisation. In all industries, slightly more than half of the companies had arranged training for their personnel. In addition, three out of ten companies have introduced new products or services to the market.
 - A relatively high proportion of SMEs, 22 %, report that they are engaged in research and development activities in some form. As expected, there are significant differences between industries in the R&D activity. The largest share is found in industry, where 39 % of SMEs conducting R&D activities.
 - The strict regulation of banking and the weakened creditworthiness of companies are reflected in the use of external financing by SMEs. The proportion of SMEs that have a loan from a bank or other financial institution has changed very little in recent years. Finnvera has remained a significant financial player and its role as an alternative and supplement to bank loans has grown slightly. Finnvera's guarantee plays a key role in obtaining financing: almost a third of those who applied for bank financing said that the availability of financing required Finnvera's guarantee. It is notably that growth-oriented companies in particular are interested in Finnvera's financing.
 - The COVID 19 pandemic period increased the pressure on the digitalization of the business of SMEs, because face-to-face interaction decreased and an increasingly large part of the daily work of companies took place digitally. Now the speed of implementation of digital services and tools seems to have evened out.
 - Own websites are still clearly the most commonly used digital tool in the business of companies. In addition, SMEs make use of, for example, social media, cloud services and online purchases.
 - Russia-Ukraine War has caused a significant increase in the uncertainty related to economic prospects and financing. The overall impacts extend beyond just those companies that have direct business risks related to Russia. This war affects SMEs in very different ways. Almost half of the companies state that it had a negative impact on the company's business or production. However, it is clear that there is still great uncertainty regarding the war and its effects, and uncertainty is poison to the economy. It slows down both investments and consumption in Finland. The most important of the uncertainty factors is prolonged inflation and the resulting rapid and strong increase in the interest rates, which has a direct impact on, for example, purchasing power.
- Small and medium-sized enterprises' (SME) Barometer 2/2022. SUMMARY

Small and medium-sized enterprises' (SME) Barometer 1/2022. SUMMARY

Small and medium-sized enterprises' (SME) Barometer 2/2021. SUMMARY

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Number of businesses in the Trade Register by company type, 03.01.2024

The most popular form of the company type in Finland is Limited liability company (42% or 288211 companies), then private traders (37% or 257452 companies) and housing company (13% or 91831 companies). Comparative analysis of the number of businesses by company type for January 2024, 2023, 2022, 2021 and 2020 can be found at Trade Register [website](#).

According to the statistic data, the number of limited liability companies are composed 42%, private traders 37%, housing companies 13% and limited partnerships 3% at the beginning of January [2024](#).

Business shares in different industries of the Finnish economy, %

Share of enterprises in different sectors %, SME Barometer, autumn 2023, Region reports. In the whole country, the service companies are composed 70%, trade 12%, construction 8% and industrial enterprises 10%.

In the Uusimaa (see [SLIDE](#)) region, the service business sector (71%), trade sector (13%) were represented relatively more and the construction sector (7%), industrial sector (8%) relatively less than the country as a whole.

Sources:

- All regional reports you can find: Pk-yritysbarmetri, syksy 2023 Alueraportti / Company's SME Barometer [autumn 2023, Regional Reports](#)

Opened and closed companies, 2nd quarter 2023

According to the Statistics Finland, 10 100 new companies have [started](#) their business in the 2nd quarter 2023 (from April to June) and 7 915 companies have [closed](#) their business.

Enterprises openings by region, 2nd quarter 2023

The number of enterprise openings in the April to June period of 2023 were at 4,1 % lower than in the corresponding period of 2022. According to the Statistics Finland (Published: 17 October 2023):

- 10 100 new companies have started their business in the second quarter of 2023.
- In the professional, scientific and technical activities industry the number of new business openings was 1 548, in the industry of construction were opened 1 465 companies and the third highest sector is trade with 1 044 opened companies.
- Compared with the number of enterprises that have started their business in the second quarter of 2022, enterprise openings increased most in the industry of electricity, gas, steam and air conditioning supply (42,2%) and decreased most in the industry of undifferentiated goods- and services-producing activities of households for own use (100%) in 2nd quarter 2023.
- Based on a regional survey, the number of enterprise openings was highest in Uusimaa in the second quarter of 2023 – 4 004 and in Pirkanmaa – 981.
- Based on a sub-regional units' survey, the number of enterprise openings was highest in Helsinki region in the second quarter of 2023 – 3 801, in Tampere region - 829 and Turku region - 682.
- By legal form, the largest number of companies have started the business in the form of natural person (sole proprietor) numbered 5 987 and in the form of limited company 3 857.

Closed companies in the 2nd quarter 2023

According to Statistics Finland, in the second quarter of 2023:

- 7 915 companies have closed their business. The number of companies that had been closed was at 29.7 % higher than in the corresponding period in 2022.
- Based on the regional survey, the largest number of companies that terminated the business in the second quarter of 2023 were situated in Uusimaa – 3 192 and Pirkanmaa - 732.
- The number of enterprise closures was highest in the sub-regional unit of Helsinki – 3 051 enterprises, Tampere - 601 and Turku - 462.
- By industry, the number of company closures was highest in professional, scientific and technical activities sphere – 1 289, trade – 1 131 and construction - 985.
- By legal form, enterprise closures in the form of natural person (sole proprietor) numbered 4 670 and in the form of limited company 2 780.
- Most recent publications at Statistics Finland [website](#)