



Eurofound

# Ethnic entrepreneurship

## *Case study: Turku, Finland*



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# About CLIP

In 2006, the Congress of Local and Regional Authorities of the Council of Europe, the city of Stuttgart and the European Foundation for the Improvement of Living and Working Conditions (Eurofound) formed the ‘European network of cities for local integration policies’, henceforth known as CLIP.<sup>1</sup> This network comprises a steering committee, a group of expert European research centres and a number of European cities. In the following two years, the cities of Vienna and Amsterdam joined the CLIP Steering Committee. The network is also supported by the Committee of the Regions (CoR) and the Council of European Municipalities and Regions (CEMR) and has formed a partnership with the European Network Against Racism (ENAR).

Through the medium of separate city reports (case studies) and workshops, the network enables local authorities to learn from each other and to deliver a more effective integration policy. The unique character of the CLIP network is that it organises a shared learning process between the participating cities and between the cities and a group of expert European research centres as well as between policymakers at local and European level.

The CLIP network currently brings together more than 30 large and medium-sized cities from all regions of Europe: Amsterdam (NL), Antwerp (BE), Arnsberg (DE), Athens (EL), Barcelona (ES), Bologna (IT), Breda (NL), Budapest (HU), Copenhagen (DK), Dublin (IE), Frankfurt (DE), Helsinki (FI), Istanbul (TR), İzmir (TR), Kirklees (UK), Liège (BE), Lisbon (PT), Luxembourg (LU), L’Hospitalet (ES), Malmö (SE), Mataró (ES), Newport (UK), Prague (CZ), Strasbourg (FR), Stuttgart (DE), Sundsvall (SE), Tallinn (EE), Terrassa (ES), Turin (IT), Turku (FI), Valencia (ES), Vienna (AT), Wolverhampton (UK), Wrocław (PL), Zagreb (HR), Zeytinburnu (TR) and Zürich (CH).

The cities in the network are supported in their shared learning by a group of expert European research centres in:

- Bamberg, Germany (European Forum for Migration Studies, EFMS);
- Vienna (Institute for Urban and Regional Research, ISR);
- Amsterdam (Institute for Migration and Ethnic Studies, IMES);
- Turin (International and European Forum on Migration Research, FIERI);
- Wrocław (Institute of International Studies);
- Swansea, Wales (Centre for Migration Policy Research, CMPR).

There are four research modules in total. The first module was on housing – segregation, access to, quality and affordability for migrants – which has been identified as a major issue impacting on migrants’ integration into their host society. The second module examined equality and diversity policies in relation to employment within city administrations and in the provision of services. The focus of the third module was intercultural policies and intergroup relations. This final module looks at ethnic entrepreneurship.

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<sup>1</sup> See also <http://www.eurofound.europa.eu/areas/populationandsociety/clip.htm>.

## Acknowledgements

The Institute for Migration and Ethnic Studies (IMES) of the University of Amsterdam is responsible for this report on Turku. Together with the contact persons of the city of Turku, Mikko Lohikoski, Maarit Tontti and Regina Ruohonen, the author has collected the data for this report. During his field visit he interviewed many city officials, representatives of organisations that work in the field of small and medium-sized enterprises (SMEs) and stakeholders of civil society in Turku (see the list at the end of this report). Several of them also commented on earlier drafts: Elli Heikkilä, Jenni Heinonen, Josef Kohlbacher, Hannele Martikainen, Tuomas Martikainen, Jouni Marttinen, Patricija Matusz, Timo Metsä-Tokila, Regina Ruohonen, Heli Sjöblom-Immala and Maarit Tontti. The author wishes to thank all of them for their time and efforts.

# Introduction 1

This fourth report on Turku's integration policies focuses on immigrant entrepreneurs in the city and policies of the city towards them. The module was prepared from a concept paper by Jan Rath that brings together the existing knowledge on the topic. On the basis of that paper, a questionnaire was prepared for the cities covering three clusters of questions. The first cluster focused on the characteristics of the urban economy in general since 1980, the second cluster asked questions about the specific profile of immigrant entrepreneurs and the third cluster was related to rules, regulations and policies of national authorities and cities.

We have followed the methodology as much as possible in the collection of data and during the field visit, but in the context of Turku some improvisation was necessary. Immigrant entrepreneurship has not been part of national or local integration policies in Turku or Finland in any significant way, resulting in a lack of data on the phenomenon and a remarkable absence of studies on the topic in Finland in general. To a great extent this is due to the relatively recent nature of immigration in Finland and Turku.

In a few organisations that work in the field of service provision for small and medium-sized enterprises (SMEs) and in the field of urban and regional economic development in general there are the first signs of specific attention being paid to immigrant entrepreneurs as part of the clientele/target group. The city itself is indirectly involved in these initiatives, but is not the driver for them.

In the absence of statistics and systematic studies, the general knowledge of the field among those who are not directly involved tends to be stereotypical, characterised by the obvious references to the observable pizza-kebab, Chinese-Thai restaurants and Thai massage parlours and the associations that go with them. That is why we have chosen the strategy of interviewing those who are somehow directly involved; the entrepreneurs themselves, the experts that provide services and support and the brokers that connect them with official institutions.

## Structure of the city

Turku is an old city, going back as far as the 13th century. Situated in the south-west of Finland, on the shore of the Baltic Sea where the River Aura (Aurajoki) goes inland, it developed as a trade town (Nordstat, 1999). It was the capital of the province of Finland, the residence of the governor, under Swedish rule until 1809 and had the Swedish name of Åbo. After Russia annexed Finland in 1809, Tsar Alexander moved the capital of the new 'grand duchy' of Finland to Helsinki in 1812. Traces of the Swedish and Russian reigns are still to be found in the city.

Industrialisation in Turku began in the 18th century during Swedish rule, particularly the shipbuilding industry, and during the 19th century many new industries sprung up in the city, such as the brewing industry. The rapid industrialisation resulted in the first significant relocations from rural areas to Turku. Around 1900, Turku had about 42,000 inhabitants.

The city's profile has changed significantly in recent decades. Its population had grown to 176,087 inhabitants as of 1 January 2010. Spatially, the city has expanded by building residential areas around the old city, particularly in the 1970s and 1980s. Economically there was also a profile shift; although the harbour and shipbuilding are still important economic activities, there has been a major shift from manufacturing (a decrease from more than 25,000 work places in 1987 to fewer than 15,000 in 2004) to services (an increase from 26,000 in 1987 to 34,000 in 2004). Turku has specifically aspired to become an internationally renowned centre for bio-technical research and business. Many biotechnology companies in Finland are located in the Turku region.

Turku is also the centre of a Finnish maritime cluster, at the heart of which are the former Aker shipyards in Turku (recently taken over and renamed STX Europe) where the biggest luxury cruise ships in the world are built. STX Europe and its subcontractors in and around Turku presently employ thousands of foreigners. Their exact number is not known; many come from new EU Member States on work contracts for shorter periods with foreign subcontractors. In these cases they are not registered officially in Turku.

Furthermore, Turku is an important university city. Its universities (University of Turku, the Turku University of Applied Sciences, Åbo Akademi University and the Turku School of Economics)<sup>2</sup> together have some 35,000 students and also attract significant numbers of foreign students. In 2007, the annual average unemployment figure for Turku dropped to 9.4%<sup>3</sup> and the economic labour market prospects were deemed positive at the beginning of 2008 (City of Turku, 2007, p. 6). However, the global financial crisis of 2008 and its aftermath have brought a new economic recession; at the beginning of 2010, unemployment for the Finnish had increased to 10% and had gone up to 33% for immigrants.

The present physical structure of the inner city is strongly determined by the great city fire of 1827 that almost completely destroyed the predominantly wooden buildings of the old city. The city was rebuilt on a grid pattern of rectangular blocks with relatively broad streets to prevent the spread of fires. The rebuilt wooden houses have been replaced – within the grid – by buildings of stone and concrete.

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<sup>2</sup> The University of Turku and the School of Economics merged on 1 January 2010.

<sup>3</sup> The percentage for native Turku residents was 8%, while that for immigrants amounted to 26% (City of Turku, 2008).

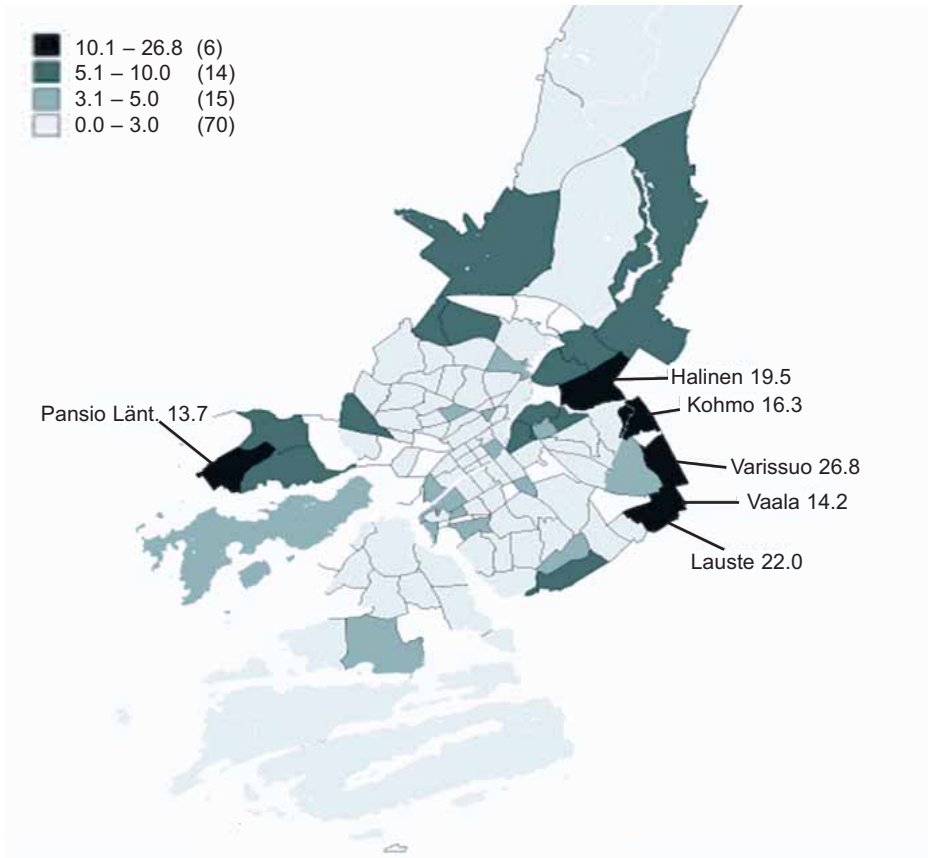
This ‘old town’ is the commercial centre of Turku and houses a mixed population of all classes, including many students. The wealthiest residents are to be found in the city centre and on the islands to the south, where many new high-quality residential areas are located. The less well-off population lives in the areas east and west of the city grid. The poorest areas are located close to the municipal borders, some five to seven kilometres from the centre. The western side of the city has a large shipyard. The Turku harbour (cargo and passenger ferry traffic) is located adjacent to the centre (south-west). To the north of the old town centre, there are vast areas of fields and forest. Turku Airport is located north of the city.

The city of Turku is part of several larger units in Finland. First of all, the city is the centre of the Turku Region, a strip of urban areas running parallel to the coastline. The city of Turku is located vertically in the middle of this strip. The length of the city area from north to south is approximately 40 kilometres, while the widest part of the city (east to west) measures only 10 kilometres. The seven neighbouring municipalities of the Turku Region are small (2,000 to 24,000 residents). They are highly dependent on the jobs and services available in the city of Turku.

The percentage of immigrants in neighbouring municipalities is much lower than in Turku, although these neighbouring municipalities have grown more in recent decades than Turku itself.

The next level is that of the county, in which 28 municipalities of the south-west region of Finland are brought together. The Regional Council of the county is currently relevant because it makes development plans, including immigration planning for the region. The city is a prominent partner in the latter respect, since it houses 68% of all immigrants in the region.

Figure 1: Foreign language-speaking population in Turku, by neighbourhood, 2005 (%)

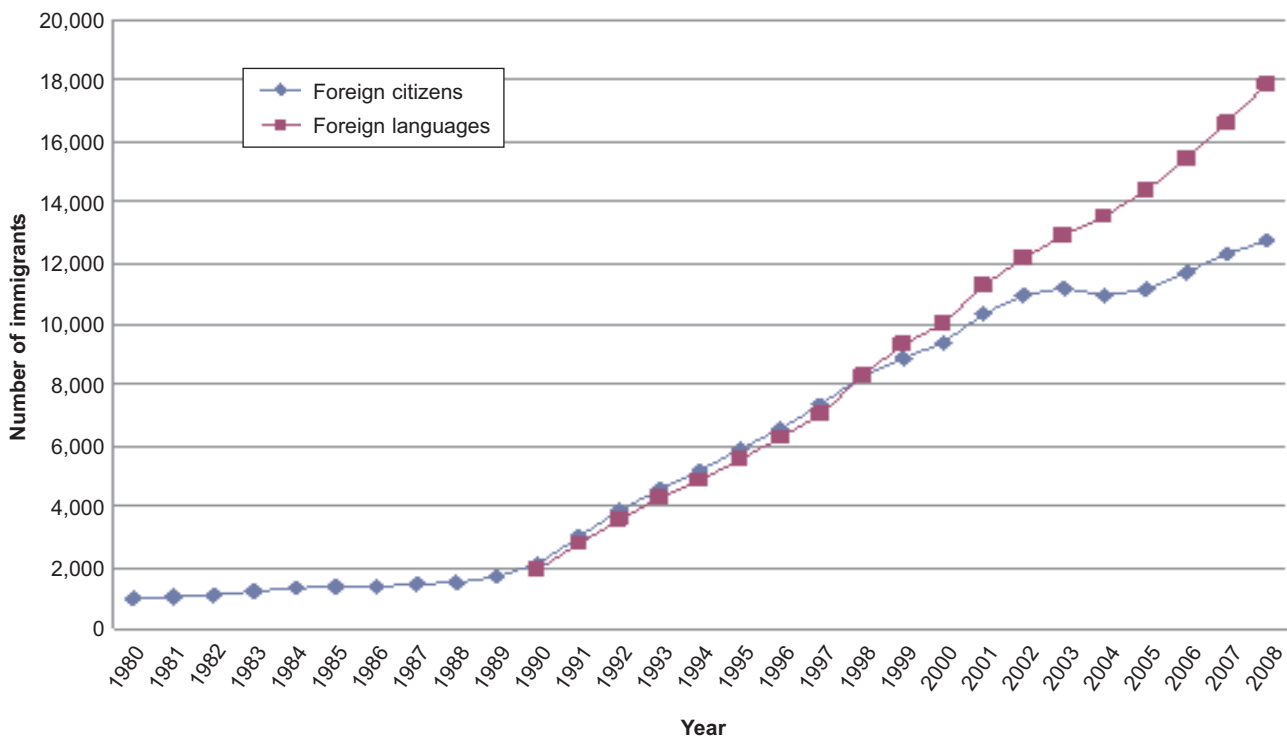


Source: Statistics Finland

## History of municipal migration

The number of immigrants in Turku was insignificant until the early 1990s, but increased steadily from that date (see Figure 2). Table 1 indicates the numbers of immigrants for which the city immigrants' office had direct responsibility – that is, refugees and Ingrian returnees. Within the refugee population of Turku, Iraqis and Kosovar Albanians are somewhat over-represented (compared to the national picture), while there are fewer African refugees.

Figure 2: *Number of immigrants in south-west Finland, 1980–2008*



Notes: Foreign languages covers languages other than Finnish or Swedish; Nationality covers those with non-Finnish passport.  
Source: *Marttinen (2010)*

Not all of the 6,394 refugees and returnees in Table 1 have stayed in Turku. Nonetheless, there are other categories of newcomers in Turku, such as foreign workers (in the shipyards and recently also in the booming construction industry), highly skilled workers (in the bio-technical industry, for example) and foreign students. No exact figures for these categories are available, but several interviewees reported that their numbers have been growing recently. A figure of some 1,800 foreign workers employed in some major industrial enterprises was mentioned, but such a figure excludes the seasonal construction workers, mostly from Estonia. Nevertheless, immigrants with a refugee/returnee background form a dominant segment of the immigrant population in Turku. It is also the part of the immigrant population that clearly dominates the policy field of integration and its facilities in Turku.

As stipulated by the national Integration Act, the municipality has special responsibilities for admitted refugees and Ingrians. Such migrants arrive by decision of the Directorate of Immigration.<sup>4</sup> The city immigrants' office makes personal integration plans in cooperation with the local labour office (the Regional Employment and Economic

<sup>4</sup> The department was recently renamed the Finnish Immigration Service (Maahanmuuttovirasto).



Development Centre). The Ministry of Labour pays the city a lump sum for the reception services. The work for immigrants (their work, education, housing, and health, for instance) within Turku is coordinated by the immigration coordinator. Since 2008 the coordinator has been relocated from the social welfare section's immigrants' office, which implements the reception services for the immigrants, to the central department of strategy and communication (which is one of the four central departments that report directly to the mayor).

Table 1: *Refugees and Ingrian returnees received by the Turku immigrants' office, 1987–2009*

Year	Refugees (direct)	Family Reunion	Others (indirect)	Ingrians	Total
1987	50	0	0	0	50
1988	64	0	0	0	64
1989	46	0	0	0	46
1990	133	22	0	0	155
1991	104	4	0	0	108
1992	169	23	16	0	208
1993	114	38	37	0	189
1994	73	41	24	127	265
1995	85	36	70	129	320
1996	80	29	39	143	291
1997	103	28	116	175	422
1998*	127	40	272	149	594
1999	115	17	95	82	309
2000	61	13	163	122	359
2001	134	45	185	86	533
2002	81	49	185	63	378
2003	25	22	230	38	315
2004	56	18	121	34	229
2005	36	48	199	40	323
2006	40	47	220	38	345
2007	46	90	97	51	311
2008	55	60	107	46	294
2009	55	52	140	29	276
<b>Total</b>	<b>1,852</b>	<b>722</b>	<b>2,272</b>	<b>1,352</b>	<b>6,394</b>

Note: \* As of 1998, the total also includes births to immigrants in these categories.

Source: *Data provided by the city of Turku*

As in the case of Finland as a whole, the immigrant population can statistically be described in several ways. If we take the criterion of nationality, 4.7% of the Turku population was 'alien' as of 1 January 2010 (8,237 foreign citizens residing in Turku). When using immigrant background (based on country of birth outside Finland), the percentage rises to 6.7% (in 2007). This means that the city of Turku has about twice as many immigrants as the national average. (Turku has the second largest proportion of immigrants in Finnish cities after the Helsinki metropolitan area.)

Table 2: Population of Turku by nationality, as at December 2009

Population in Turku	
<b>Total</b>	<b>176,087</b>
<b>Finnish</b>	167,850
<b>Russian</b>	1,109
<b>Estonian</b>	897
<b>Iranian</b>	535
<b>Iraqi</b>	486
<b>Serbia-Montenegro</b>	420
<b>Total non-Finnish</b>	8,237
<b>(%)</b>	4.7%

Source: Data provided by the city of Turku

Table 3: Population of Turku by mother tongue, as at December 2009

Population in Turku 31 December 2009	
<b>Total</b>	<b>176,087</b>
<b>Finnish</b>	154,350
<b>Swedish</b>	9,249
<b>Russian</b>	2,562
<b>Arabic</b>	1,312
<b>Kurdish</b>	1,121
<b>Albanian</b>	1,042
<b>Estonian</b>	800
<b>Somali</b>	663
<b>Vietnamese</b>	488
<b>English</b>	503
<b>Total non-Finnish/non-Swedish</b>	12,485
<b>%</b>	7.1%

Source: Data provided by the city of Turku

If the criterion of first or home language is used, 7.1% of all inhabitants of Turku have a language other than Finnish or Swedish as their mother tongue. Swedish home language speakers comprise 5.3% of the population in Turku.

## Integration history and policy development

Although Turku received refugees from 1987 onwards and has received Ingrians since 1994 (see Table 1), the first policy document, the city of Turku immigrant integration programme, was only approved by the City Council on 19 November 2001. Since this programme (required by the 1999 (there are two Integration Acts, 1999 and 2010) Integration Act) did not include concrete measures, the council nominated four working groups on: immigrant children and youth; training

and employment; collecting information; and housing. The reports, delivered in 2003, included measures that had to be implemented by the various departments of the city that had responsibility for that particular topic.<sup>5</sup>

The various departments of the city have reported annually to the City Council on the development of the measures proposed by the four working groups in 2003. The immigrant integration programme of the city was evaluated by the City Council on 12 January 2007 as part of an evaluative exercise that is planned every five years. The evaluation has led to a new policy document for the coming period; the 'City of Turku Immigrant Integration Programme 2007–2011', dated 15 August 2008 (City of Turku, 2008). The programme includes the integration services for various immigrant groups and sections of them (children, young people, working-age immigrants, women and elderly immigrants) and the cooperation with the various authorities and immigrant associations.

More specifically, four key themes or aspects are formulated for integration policy in the period up to 2011:

- key and critical age groups in terms of integration, particularly children and young people;
- critical components of services and solving the problems encountered in them;
- development of initial immigrant integration procedures;
- influencing the residential concentrations of immigrants.

The integration programme outlined the following (mentioning which department was responsible for its implementation) as key activities:

- development of Finnish language instruction and other instructions by the School Service Centre;
- supporting the integration of disenfranchised youths through vocational instruction;
- initial integration by the Social Services Department;
- supporting the integration of small children by the Municipal Health Department and counselling clinics;
- cooperation with immigrant organisations by the Turku City Office (where the coordination of integration policies was relocated);
- influencing the residential concentrations of immigrants by the deputy mayor of environmental affairs.

Until now, immigrant entrepreneurship has not been on the policymaking agenda related to the integration of immigrants – it is not mentioned in any of the documents referred to above. (This does not mean that nothing happened in this field; a number of activities are carried out as part of the facility structure for SMEs in the city and region, as we shall see later.)

Integration is seen as part of normal administrative committee service operations. It requires cooperation between administrative committees and other actors, clearly defined appointments of responsible parties and, above all, municipal-level coordination.

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<sup>5</sup> Up until now, three aspects of Turku integration policies have been studied in CLIP reports: the first on Turku housing policy (Penninx, 2007), the second on diversity policy in employment and service provision (ibid, 2009) and the third on policies to influence intergroup relations in the city (ibid, 2010).

The relocation of the coordination function in the department of strategy and communication within the City Office directly under the mayor should reinforce cooperation and coordination. Furthermore, the City Board decided to institute centralised municipal integration funding (€160,000 in 2007) within the central administration. A budget for its allocation is made every year and approved by the City Board. Integration funding is allocated to initial integration procedures (Finnish instruction and guidance) for immigrants in the integration phase.

The City Council also decided to use an integration index in order to monitor the effects of the integration measures. This index includes three main standards of measurement; the secondary education level of the immigrant youngsters, the (un)employment of immigrants and their level of income.

At the regional level, the regional immigration plan of South-west Finland, *Monikulttuurinen Varsinais-Suomi*, was approved in autumn 2007. The Employment and Economic Development Centre for South-west Finland, the Regional Council of South-west Finland, the South-west Finland Centre of Expertise on Social Welfare, the Finland Future Research Centre of Turku School of Economics, the cities of Turku and Salo and other stakeholders have participated in the preparation of the plan. The objectives were to promote work-related immigration, to strengthen the participation of the immigrants and to develop services needed by the immigrants. Six specific tasks were identified: promoting work-related immigration; employment of the immigrants and utilisation of their skills; promoting integration of the immigrants to be members in Finnish society; developing humanitarian immigration (for groups such as refugees); increasing the attractiveness of south-west Finland as a place to move to, to live and to work; and strengthening structures that promote active immigration policy. Because of the economic recession, these immigration themes have not been a priority during the two-and-a-half years since the report was published.

## Elected representatives and officials

Within the city of Turku, the institutional setting of the administration has been reformed over the past 15 years. The old administration was based on strong public power, whereas the new administration is built on the idea of a consolidated municipality according to the market economy ideal. The new system is quite complicated and the basic structure is as follows.

The political authority rests with the City Council, consisting of 67 members who are elected every four years.<sup>6</sup> In the most recent elections, one member of (Somali) immigrant background was chosen as councillor (for the Green Party).<sup>7</sup>

The council meets every three weeks. After local elections, the City Council in turn elects the City Executive Board from its members, consisting of 13 members and representing all major parties. This board meets every week. Only the chairperson works full time on this job; other members work part time. The City Executive Board has 11 specific boards that steer the work of certain fields, including the Board of Health, Municipal Social Welfare Board, and the Educational Board. The most important person in the executive part of the organisation is the mayor; he or she is nominated by the City Council, not from its members, for a period of time that is longer than four years.<sup>8</sup> The mayor is supposed to be and

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<sup>6</sup> In the present council, nine political parties are represented. The Coalition Party is the largest (20 seats), followed by the Social Democrats (15), the Green Party (11) and the left Union (10). The True Finn Party won two seats in the last elections, but one of the elected councillors left the party. The Blue and Whites of Finnish People has one seat in the council (see <http://www.turku.fi>).

<sup>7</sup> Several other parties had candidates with immigrant backgrounds on their lists, but only one actually made it. Some others, however, do participate in committees for city policies.

<sup>8</sup> The present Mayor of Turku, Mikko Pukkinen, in office since 1 January 2006, was nominated for a period of seven years. He is not from Turku but has substantial political experience in the Coalition Party.

act above parties. He heads the City Office in which some 300 officials work under the generic headings of administration, finances, human resources, and strategy and communication. The mayor prepares all plans and presents them to the Executive Board.

In the next layer down from the mayor are three major sectors, each headed by a deputy mayor (who are full-time, professional executives), also nominated by the City Council, not from the City Council itself. Each is responsible for a sector that comprises several departments:

- the sector for services (including health, social welfare, cultural affairs, sports and youth affairs);
- the sector for competences and business development (including education, vocational education and the Turku University of Applied Sciences);
- the sector for environmental affairs (including real estate, technical services, environmental protection and city planning, harbour and waterworks).

Each of the deputy mayors has a number of boards for specific fields. The administrative units operate to a great extent independently. This has intensified an inward orientation, which has had consequences for integration policies. Until recently, these policies were coordinated by the immigrants' office, located within the department for services within the social welfare section. As we have seen in the earlier CLIP reports on housing and on diversity, that implied a long administrative route towards other relevant departments and their relevant sections. In 2008, in connection with the new Integration Programme, the City Executive Board decided that immigrant affairs and policy coordination would be placed under the City Office, led by the mayor, under strategy and communication. However, this decision has not been implemented. In May 2010, the same City Executive Board decided, as part of a general organisational reform, that the responsibility for immigration affairs and policy coordination should be transferred from the mayor to the deputy mayor for services. However, the responsibility for practical implementation is not clearly defined within the City Office staff, which continues to hamper the development of coordinated efforts in the field of immigration.

# Turku's urban economy 3

## Historical development of the urban economy

The city of Turku is a typical economic-administrative centre with a diverse economic structure. The city is a versatile centre of culture and education, it has a strong economic basis of production for export and Finnish markets, it is logistically a (harbour) gate for international trade and transport and it is a regional trade and services centre.

In terms of employment, manufacturing and services grew hand in hand in Finland until a period of deindustrialisation started in the 1970s. Another break in the economic and structural development in Finland occurred in the early 1990s, when a fundamental economic crisis hit the country, when some 20% to 25% of jobs were lost in a couple of years. That crisis triggered more structural change in almost all regions of Finland that continued during the years of economic recovery (1994 to 2008). First there was an early period of reindustrialisation (1994 to 2001) that was followed by another phase of deindustrialisation, but this time without a total decrease of job opportunities. At the national level this economic recovery was also expressed in a continuous decrease of general unemployment from 17% in 1994 (53% for foreigners) to 15% in 1996 (48% for foreigners), 11% in 1998 (39% for foreigners), 9% in 2001 (31% for foreigners) and 8% in 2006 (24% for foreigners).<sup>9</sup> The county of South-west Finland (and its capital, Turku) is one of three counties where the number of employed has exceeded the pre-crisis level of employment.

The general development sketched above for Finland is also the case for Turku. An important specific characteristic of Turku, however, is that shipbuilding has been the engine of industrial growth, accompanied by metal engineering, electrical apparatus, textile and garments and food and drinks manufacturing. In addition, chemical and medical industries made a breakthrough during the 1960s and 1970s. The mid-1970s were the culminating point of employment in manufacturing in Turku. Employment started to decrease thereafter in all branches of manufacture, except the chemical and medical industry. During the years of recovery, metal engineering and shipbuilding strengthened substantially in the Turku region and in the city as well. General unemployment in Turku decreased, parallel to the national development outlined above, to its lowest level of 9.4% in 2007. It is only since the financial crisis of 2008 that unemployment in Turku has risen again to 10% in general and 33% for foreigners. (The number of registered unemployed in South-west Finland increased from a low level of some 15,500 at the end of 2007 to nearly 25,000 at the end of 2009; see Varsinais-Suomen ELY-keskus, 2010, p. 1).

## Main industries and services

Services account for two-thirds of all employment in the Turku region as well as in the city itself. The share of industry is about one-quarter, and about one-tenth of the employed work in the construction sector.

Health and social services, trade and education are the largest branches in terms of employment, followed by logistic services. Business-to-business services have shown extensive growth during the years of recovery. The increase of these services has been linked to the growth of shipbuilding and the metal engineering industries, which are the main manufacturing industries in Turku today.

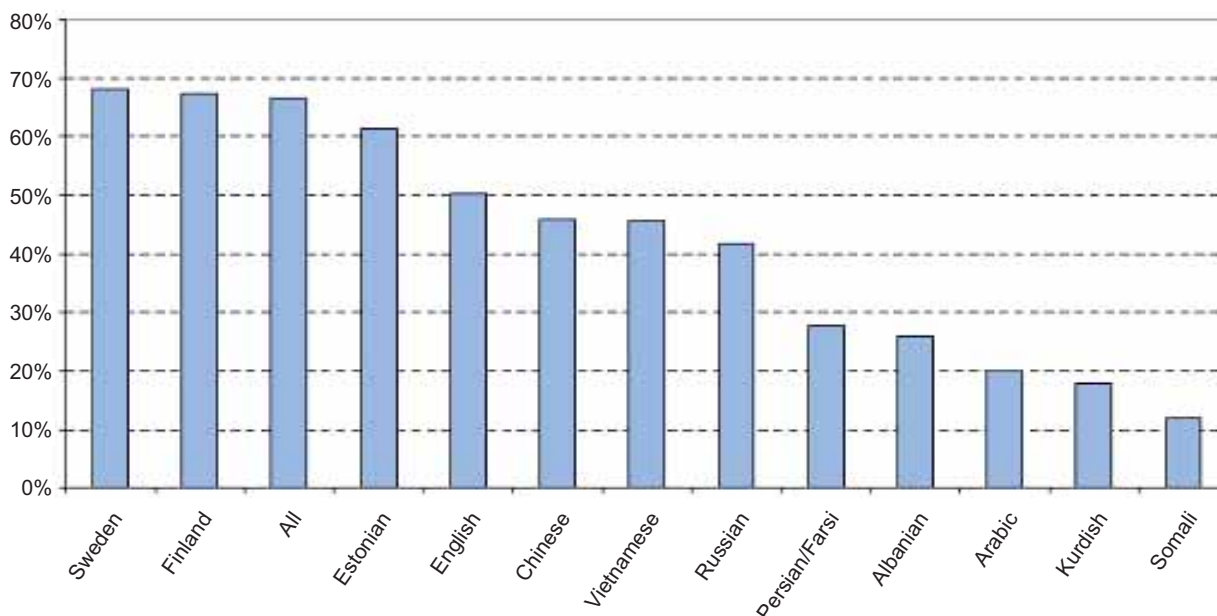
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<sup>9</sup> Data based on Statistics Finland, Ministry of Labour, presented by Elli Heikkilä in a presentation, 'Integration of immigrants in the recession time – and comparisons to better economic times', *Nordisk Ambetsmannamöte*, Ministry of the Interior, 29 September 2009.

## Size of the workforce

The size of workforce is about 150,000 in the Turku region. Some 89,000 of these live in the city of Turku itself. Figure 3 shows that immigrant employment rates are low, particularly when it comes to immigrant groups that have come to Finland as refugees or asylum seekers.

Figure 3: Rate of employment by language in Turku region, 2004



Source: Marttinen (2010)

## Characteristics of the workforce

The number of immigrants started to increase very rapidly in the early 1990s and Turku has been one of the most popular destinations for immigrants in Finland. As we have seen, the number of foreign citizens grew to 8,237 in 2010, and measured by language the total number of people speaking a language other than Finnish or Swedish as their mother tongue amounts to 12,488. This has meant an increase in the immigrant workforce as well. Today, the number foreigners in the total workforce is estimated at about 4,000 in Turku. Measured in terms of those who speak neither Finnish nor Swedish as their first language, they number around 5,000. The most important immigrant groups are Russians, Estonians and immigrants from Islamic countries like Iraq, Iran, Albania and different regions in the former Yugoslavia.

Immigrants are mainly employed in services. Two-thirds of them work in services, 20% in manufacturing and 10% in construction. The most typical occupations are restaurant worker (pizza/kebab), cleaner and salesperson (in an ethnic shop). These same occupations are also the occupations through which they enter the Finnish labour market.

Employment within the immigrant population increased rapidly between 2004 and 2007. The situation worsened from the end of 2007, when unemployment started to grow – one year earlier than for the Finnish population. The unemployment rate of immigrants has increased since then by 10%. The general unemployment rate within the Finnish population is now about 10% but stands at 33% among immigrants. Within immigrant groups, unemployment is strongly correlated with age; for young immigrants it is 25% and for older people (above 55 years) it is more than 60%.

## Development of SMEs

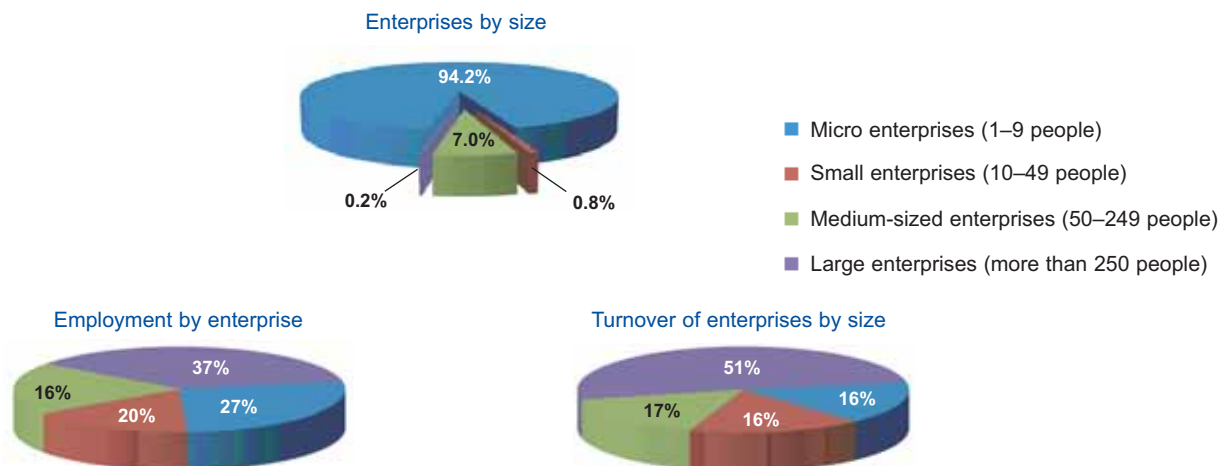
SMEs have increased in Finland since the 1980s. According to 2007 figures from Statistics Finland (based on the Enterprise Register), Finland has a total of 253,000 enterprises (excluding agriculture). Of these, 99.7% are SMEs employing fewer than 250 employees and 93% had fewer than 10 employees. In all, 154,000 entrepreneurs work as self-employed sole traders, meaning that they do not employ others. (Nearly one-third of the entrepreneurs are women, which is comparatively high in Europe.)

The role of SMEs in Finnish employment and the economy is rated as significant, which is indicated by the fact that 62% of all employees in the private sector work for SMEs employing fewer than 250 people, their companies generate 49% of the total turnover of all businesses and they account for 13% of all Finland's export revenues.<sup>10</sup>

These figures may look impressive in themselves, but in a comparative perspective it turns out that the percentage of employers and self-employed is relatively low, which is all the more surprising since, according to the Federation of Finnish Enterprises, entrepreneurship is held in high esteem in Finland.

The number of SMEs increased annually by some 2% to 4% in the 2000s. The trend continued in Turku in 2009. Starting a new firm is often a reaction to worsening employment chances in the regular labour market, but if the crisis persists it is expected that new start-ups will decrease.

Figure 4: *Enterprises in Finland by size, employment and turnover, 2007*



Source: *Statistics Finland, Enterprise register 2007. Taken from the website of the Federation of Finnish Enterprises.*

## Sector and spatial distribution of SMEs

The picture of SMEs in Turku does not differ greatly from the national picture. It is a very typical city in Finland in this sense. Traditionally SMEs have had an important role in the industrial structure of the Turku region. The 1980s and part of the 1990s were decades of revitalisation of the SME sector. In the 2000s the number of SMEs and the number of workers employed by them increased further, but their share of the total turnover and output did not grow. In the case of

<sup>10</sup> Source: Website of the Federation of Finnish Enterprises, available at [http://www.yrittajat.fi/en-GB/federation\\_of\\_finnish\\_enterprises/about-ffe/](http://www.yrittajat.fi/en-GB/federation_of_finnish_enterprises/about-ffe/).



Turku, employment in SMEs increased only in important industries such as metal engineering, shipbuilding, construction, logistics, restaurants and trade as well as manufacturing as a whole. However, the role of SMEs in newer services is strengthening. In many cases the reason for this growth is expanding outsourcing by private and public actors. Today, urban service activities are mainly SME based and they are active for manufacturing as well as for the social and cultural sector.

In terms of spatial distribution there has been a thinning of services in the city centre and an extensive growth of 'urban services' in mega-markets on the outskirts of the city.

### SME policies in South-west Finland, the Turku region and Turku

To understand Turku policies related to SMEs, we need to take several levels into account. In the first place, there is a specific national policy to stimulate business. National policies towards SMEs are presently within the Ministry of Employment and the Economy.<sup>11</sup> This ministry has been developing policies to stimulate SMEs, particularly new start-ups, for some 20 years. During this time it has created some regulations that are important for SMEs in general and for immigrant entrepreneurs. A first important measure has been a regulation stipulating that unemployed people wanting to establish themselves as entrepreneurs can get financial benefits (nowadays about €700 a month) during the start-up phase of their business. This is commonly called a 'start-up-grant' and to get such benefits a business plan for the new enterprise has to be made and accepted. The benefits can be extended twice by six months up to a maximum of 18 months (for each extension, a positive opinion on progress is needed). Some five years ago, the regulations were broadened in the sense that start-ups who are not unemployed may also receive the benefits. It seems that the regulation is used extensively. A consultant from Turku's Regional Business Service Centre Potkuri stated that his business advice centre produced 414 'statements' (the documents necessary to get the benefits).<sup>12</sup>

A second important measure of the ministry is financing businesses. The Ministry of Employment and the Economy has a special financing fund, called Finnvera. Its website<sup>13</sup> describes its status as follows: 'The state-owned specialised financing company Finnvera plc improves and diversifies the financing possibilities of the companies through loans, guarantees and export financing services ... Finnvera complements the financial market and its operations promote the development of business activities, regions and exports.' Immigrant entrepreneurs are not specifically mentioned on the website, but it has become clear from interviews with consultants from Turku's Regional Business Service Centre Potkuri and from immigrant entrepreneurs themselves that the fund can be used and is used by immigrant entrepreneurs too. It is not clear how frequently immigrants are able to receive Finnvera loans or guarantees for financing their business, but our impression from different interviews is that it is not used/received frequently.

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<sup>11</sup> The former ministries of Trade and Industry and of Employment and the Economy merged at the beginning of 2009 under the new name of the ministry. The combination of labour market and economy in one ministry is rather exceptional in European terms. The advantage of having the combination within one ministry is that possible contradictory motivations for policies on immigrant entrepreneurship (the economic growth argument vs. the social argument of creating employment) are more easily reconciled.

<sup>12</sup> One of the researchers on immigrant entrepreneurship remarked that the 'start-up-grants' are not automatically granted. They are harder to get for entrepreneurs who start a business in branches with high competition, such as the restaurant business. Many immigrants operate in that sector. Furthermore, to receive the grant one has to have experience in business or one has to participate in an entrepreneurship course (mainly organised in the Finnish language only). Some immigrant entrepreneurs have profited from an ESF-funded project in the eastern Turku region to start a business.

<sup>13</sup> See <http://www.tem.fi>, accessed on 2 February 2010.

Thirdly, the ministry is reported to be active in financing educational activities and courses both for starting and for established entrepreneurs, including special courses for immigrant entrepreneurs. Nowadays this is mostly done through regional centres for economic development, transport and the environment (ELY-Centres; see below).

Although no explicit policy documents have been produced at the national level relating to immigrant entrepreneurship specifically, the topic has been on the agenda of a Taskforce for Promoting Immigrant Entrepreneurship installed by the former Ministry of Trade and Industry that produced a report on the ‘current situation and proposals for measures’ (Ministry for Trade and Industry, 2007). The summary of the report states: ‘Since most immigrant businesses are sole traders or micro businesses, promoting the opportunities for this business category as a whole constitutes the main method of encouraging immigrant entrepreneurship. On the other hand, more focused measures are called for to increase immigrant business activity, strengthen business skills and capacity and enhance the competitiveness and growth aspirations of existing businesses.’

The summary continues by stating: ‘The task force proposes 13 measures, some of which can be implemented directly and some are subject to further preparation and investigation. Measures were reviewed in terms of general operational prerequisites for immigrant entrepreneurship, and in terms of advice, training, funding, research and provision of information. Development of the current business support system, rather than creation of new services, should form the cornerstone of any promotional measures. Service concepts should be employed more effectively and tailored to meet the needs of immigrant businesses. Proven operational models, such as the NYP Business Services in the Helsinki metropolitan region and the business service models in the Kotka–Hamina region are to be employed more widely.’

The taskforce concludes that the government should continue its efforts to promote immigrant entrepreneurship in the long term and proposes that an immigrant entrepreneurship council be set up to continue the taskforce’s work (Ministry for Trade and Industry, 2007, p. 77). However, the report does not seem to have been followed up by new policies; the author did not find any reference to a Council for Immigrant Entrepreneurship nor any other follow-up measures (also not by any of the interviewees for this study).

This brings us to the regional level and its policies. A very recent regional administration reform (Ministry of Finance) created 15 ELY-Centres (regional centres for economic development, transport and the environment) in Finland that bring together different former regional institutions in the following fields: business and industry, labour force, competence and cultural activities; transport and infrastructure; and the environment and natural resources. The centres bring together the regional activities of six different national ministries. One new ELY-Centre is located in Turku to serve the southern part of the County of South-west Finland. Each of the ELY-Centres has three major departments that cover the fields mentioned above. The Turku ELY-Centre employs some 400 people to fulfil its comprehensive tasks of regional planning (including EU funds for the region) and channelling the measures and facilities of the national level described above to local organisations and institutions. For our study, the department of business and industry, labour force, competence and cultural activities of the ELY-Centre in Turku is the most important. With regard to immigration and immigrants, the ELY-Centre has a coordinating task in steering immigration and immigrant policies for the region, it steers the employment offices and it is active in the organisation and financing of educational facilities (including for immigrants). It ‘buys’ training courses that are implemented by several local organisations, such as the adult educational centres and vocational training institutes. It has an annual budget of €22 million for training, of which some €3 million is spent on training for immigrants. The ELY-Centre finances general civic integration courses for immigrants (whose participants are sent by the employment office or Turku’s Regional Business Service Centre Potkuri). It also plans to finance courses on the basics of entrepreneurship in the near future.

When it comes to the local level of Turku and surrounding municipalities, other institutional partners come (potentially) into play. Firstly, there is the Turku Region Development Centre, which is an organisation that promotes regional

development for 11 cities/municipalities near Turku. Its tasks, among others, are the promotion of entrepreneurship and marketing for entrepreneurs of the 11 cities and attracting foreign companies to the region. International projects of cooperation (with St Petersburg, Poland and China, among others) and the promotion of friendship relations abroad are an important part of their task. In such activities, the creative industry (design industry) is one of the spearheads in terms of content. Immigrant entrepreneurship as such does not play an extensive role in its work and activities.

This is quite different when it comes to Turku's Regional Business Service Centre Potkuri. This organisation was established in 2005 as a close partnership of eight different organisations in Turku and its direct vicinity that were all active in assisting and advising entrepreneurs, but in different segments or different localities. The idea was to establish a one-stop shop for services to entrepreneurs, free of charge. The 16 employees of Potkuri come from the eight organisations (and are still paid by them). Potkuri's tasks are to give service and advice both to established companies and to starting entrepreneurs (five people are working on start-ups only); to advise on innovation and (help to) register patents; to give advice on the training of entrepreneurs and work together with training centres on this; to help entrepreneurs go to international markets; to assist with the registration of new companies, to advise them on tax matters (by someone from the tax office that is present in Potkuri). In 2009, Potkuri registered some 1,500 customers and 782 new start-ups (of which an estimated 15% were immigrants). Potkuri may also make 'statements' (on the quality of plans of immigrant entrepreneurs and their progress in implementation) for the Aliens Police (which is necessary if they do not yet have a guaranteed residence status) and to Finnvera (when an application is made for a loan) or for applications to receive start-up benefits (see above).

Finally, two educational institutions should be mentioned here because they are relevant for immigrant entrepreneurs at the local level of Turku and the immediate surroundings. Firstly, there is the Turku Adult Education Centre, founded by the city of Turku but now independent. The educational work of its 200 employees is funded by governmental and private agencies for specific educational tasks such as training the unemployed, monitoring apprenticeships and retraining as well as basic language courses. These language courses are particularly but not exclusively for refugees and unemployed immigrants, for whom a basic course runs for three to four months against a standard payment of €3,000/€3,500 each. Courses are given on four different levels, including an academic one, and 25 teachers are involved in this work on a permanent basis.

Apart from a long tradition and experience in teaching Finnish language courses, the centre has also developed specific courses for starting entrepreneurs (paid by the government of South-west Finland). These introduction courses, which last 15 evenings, have attracted many participants, helped by the fact that they were free of charge for the students, but also by the fact that the certificate it yielded was generally accepted and often even required. There are three to four courses annually with 90 students each and immigrants have started to participate. For 2010, the plan, depending on financing, was that there would be five courses, having some 450 students, of which an estimated 50 would be immigrants. The centre also has specific training courses for starters in specific branches; recently there was a course for aspiring taxi drivers who planned to get a licence for a taxi company. This course costs €1,400 for the individual participants and it actually prepares them for the test that has to be done with the relevant authorities for such licences in Helsinki. Some six or seven immigrants also participated in the course (often bus drivers who want to establish themselves in the taxi business).

The adult education centre in Raisio, a neighbouring city in the Turku region, has a rich tradition of giving language and civic integration courses comparable with its Turku counterpart, but it is smaller (50 employees, 13 or 14 of whom work specifically for immigrants). It has organised its language courses in four consecutive modules (that take a year in total). Passing Module Three is supposed to be sufficient to pass the national Finnish citizenship test. Module Four is on-the-job training.

Interestingly, the centre has recruited (mainly from its Module Three participants, but not exclusively) some 21 immigrants for whom it is now organising a specific business incubator course. The basic idea is that all have the same common goal of establishing (and in some cases changing to) a well-prepared and well-founded business. The course entails some basic common elements like learning to make a solid business plan, but also specific elements that pertain to the specific business they have in mind. The centre has acquired a year's funding for this course directly from the Ministry of Business and the Economy. The teachers expect that this kind of advanced, intensive and tailor-made course will help immigrants to establish solid and profitable enterprises, although they realise that after the course the aspirant entrepreneurs will still have to go through many procedures (possibly helped by Turku's Regional Business Service Centre Potkuri) and, most importantly, will have to tackle the difficult problem of getting finance for their business.

# Profiles of ethnic entrepreneurship 4

## Statistical sources and studies

As elsewhere, new businesses have to register themselves in the Trade Register. The Trade Register has different categories under which businesses may be registered. For small and medium businesses the following categories are the most important; limited liability company, private trader, limited partnership company and general partnership company. In principle, the registration procedure is easy ('10 minutes' work through the internet', according to Turku's Regional Business Service Centre Potkuri consultants) and cheap (€75 for private traders, more for the other categories).

The registration forms for start-up notifications ask for information on the nationality of the private trader/partners/board members, but country of birth and country of birth of parents (to include naturalised immigrants and children of immigrants) are not included. These data can only be added by combining the Trade Register data with population registration data. Since this is a complicated and costly procedure, this is done only in exceptional cases in Finland. Thus, all statistics related to immigrant entrepreneurs are based on nationality, except for a few on language.

In practice, statistical data about immigrant entrepreneurs both at the national level and in Turku are not readily available. One of the scarce sources is a short overview in Finnish written by Pekka Lith (2005) about companies owned by foreigners and foreign-born individuals in Finland. The article refers mainly to the hotel and catering establishments, which is the second most important sector for immigrants after finance and insurance services. According to that article, there were 1,830 immigrant companies in 2004 in this sector, that is 17% of the total in that sector in Finland. This figure is based on the Trade Register and Tax Register. Lith suggests that immigrant entrepreneurship, although it encounters all kinds of problems, has risen significantly and has a high potential for the future. The report of the Taskforce of the Ministry for Trade and Industry also gives some statistics, again pertaining to the whole of Finland (partly based on Lith's work; see Ministry for Trade and Industry, 2007, section 4.2). Sometimes data from the Labour Force Survey are used to indicate the numbers and percentages of self-employed among Finns and immigrants.

Not only is statistical data meagre, but scientific research and publications are also scarce. An interesting exception is the qualitative study that Wahlbeck (2007, 2008) did among 27 Turkish entrepreneurs in the 'kebab economy' in South-west Finland and Turku. He shows how this special branch of new fast food was started by Turkish entrepreneurs who had lived for some time in Finland, and were usually married to a Finn and fluent in Finnish. 'The idea to establish fast-food outlets came from Germany and Sweden, where numerous kebab shops were founded in the 1980s. The first entrepreneurs utilized their transnational connections, as well as the assistance from their Finnish spouses to establish the first kebab shops in Finland ... In more recent years, the example set by immigrants who had arrived in Finland earlier has been crucial for those arriving later on. Usually, a Turkish kebab owner has previously worked as an employee in a kebab shop owned by another immigrant, usually an immigrant from Turkey. After some time, the employee establishes his own shop, or, in some cases, he buys the shop where he has been employed' (Wahlbeck, 2004, 2007, p. 550). Kebab food became an accepted product in Finland, and through the internal mechanisms within the group, the number of outlets grew.

Another qualitative study of 20 immigrant entrepreneurs in Turku is that of Sjöblom-Immala (2006) in 2005. Half of the interviewees had Asian backgrounds. The 20 entrepreneurs are active in sectors as diverse as the commercial sector (one-third), education, construction, industry, health work, personal services, business services and the restaurant business. Interestingly, the success in different sectors varied: 'Three-fourths of the entrepreneurs are satisfied with the success of their business. Entrepreneurs in the areas of construction, industry, hired labour, dental services and language training view their business as successful. The entrepreneurs in hairdressing, those in restaurant business and especially those in retail consider their situation less successful' (Sjöblom-Immala, 2006, p. vii).

### Definition of immigrant entrepreneurship

The term used in Finnish is *Maahanmuuttajayrittäjä*, which means immigrant entrepreneur. The term 'ethnic entrepreneur' is rarely used in everyday language. The term 'ethnic' is used more often by officials. As we have seen above, the registration of companies itself contains only information on the nationality of the partners/entrepreneur.

### Development of immigrant entrepreneurship

The report of the Taskforce of the Ministry for Trade and Industry gives some statistics pertaining to the whole of Finland (Ministry for Trade and Industry, 2007). First, it shows that the growth of immigrant entrepreneurship is a recent phenomenon that took place mostly after 2000 (as measured by the year of foundation of enterprises). The number of immigrant self-employed (using the nationality criterion in the Labour Force Survey) has doubled in the period 2001 to 2005. In 2005 it had reached a level of 16% among foreigners, while the comparable figure for native Finns was 10% (Ministry for Trade and Industry, 2007, p. 9 and 22 ff).

Measured with data on ownership of companies, the report indicates that 5,600 companies in Finland are at least 50% owned by foreigners – that is, 2.4% of all companies (Ministry for Trade and Industry, 2007, p. 9 and p. 25). When it comes to size, immigrant businesses are very small in terms of people employed; more than half (51.4%) just employ the entrepreneur, while another one-third (32.6%) employ one to four persons. The main sectors in which immigrants are active are trade (26.5%), real estate and business services (21.5%), accommodation and restaurants (20.1%), personal services (7.5%), construction (7.3%), industry (4.9%) and transport and communication (4.7%) (Ministry for Trade and Industry, 2007, p. 26).

The city and region of Helsinki has been the most significant area to which immigrants and immigrant entrepreneurs have been attracted from the beginning. Helsinki has also been the city and region where a significant infrastructure for support for immigrant entrepreneurs has been developed in recent years (see Joronen, 2006 and the CLIP Helsinki report for this module by Patricija Matusz (available from Eurofound)).

Marttinen (2010) gives the following data for 2004 for South-west Finland: in 369 enterprises, the person in charge was a foreigner; these make up 1.9% of all enterprises in South-west Finland. These 369 immigrant companies accounted for 0.5% of the total turnover; they employed 960 persons, half of them employees, the others being the entrepreneurs themselves. Thus, the enterprises were small, nearly 60% of them covering the entrepreneur only.

Of these 369 immigrant entrepreneurs in South-west Finland, 64% had established themselves in the Turku region. Their date of establishment indicates that immigrant entrepreneurship is indeed recent; 60% of these immigrant companies were established in the 2000s.

When it comes to their branches of activity, services of all kinds are dominant, accounting for 86% of all companies. The most important sectors were retail (26%), hotels and restaurants (23%), business services (14%), industry (8 %) and construction (8%).

Heinonen (2010) presents an interesting table in which the relative strength of entrepreneurship (based on Statistics Finland data for 2004) within ethnic groups is calculated for the County of South-west Finland. Persian-speaking immigrants (Iranians) have the highest percentage of self-employed (more than 35% of all economically active persons are self-employed), followed by Kurdish-speaking immigrants (Turks and Iraqis), who have more than 25% self-

employed, and Arab-speaking immigrants, with 17.5%. In comparison, only 7% of Finnish-speaking and 8% of Russian-speaking immigrants are self-employed.<sup>14</sup>

Specifically for the city of Turku, Sjöblom-Immala (2006, p. 17) presents some data on entrepreneurs in the city in 2001 and 2003. Firstly, she finds an increase in the number of foreign entrepreneurs from 128 to 143 in these years. The 143 foreign entrepreneurs of 2005 represent 6.4% of all foreigners in the city. Of these entrepreneurs, 36% (52 persons) have an Asian background (including Turkey, the Middle East, Thailand, Vietnam and China), while 32% (46 persons) have a non-EU European background (mainly Russians).<sup>15</sup>

There is no specific official data on immigrant entrepreneurs since 2004. However, the significant representation of immigrant entrepreneurs among those who look for professional support for business start-ups with the Regional Business Service Centre Potkuri indicates that immigrant entrepreneurship is growing quickly. For the past four years, Potkuri had about 6,000 customers who have considered setting up a company. Potkuri estimates that immigrants form about 12% of all customers. In 2009, Potkuri registered 782 new start-ups, of which an estimated 15% were by immigrant entrepreneurs. From its register, it can be concluded that at least 74 different nationalities have been among the customers. Russians form the largest group of immigrant entrepreneurs. Most of them work at the local shipyard as a subcontractor.

## Sector and spatial distribution of immigrant enterprises

Ethnic background correlates significantly with sectors where immigrants are working. Although there is no statistical data to confirm the specialities, it is observed that most of the Russian men establish themselves as entrepreneurs in sectors related to the metal industry, while Russian women are active in the service sector, for example as hairdressers or cafeteria owners. Estonians are strongly represented in construction. Immigrants from northern Africa and the Middle East set up pizza-kebab shops and restaurants or their work has some connection with exports and imports. Chinese immigrants set up restaurants and import companies, but there are also some who have set up a company to promote tourism between the countries in question. Thai massage parlours are set up by women who have married a Finnish man and settled in Finland.

Immigrants from western Europe and the US show quite a different entrepreneurial profile; they usually set up businesses in the high-tech or design-related sectors. Also, their reasons for coming to Finland are very different from those with a non-Western background, which obviously affects the process of establishing a company.

There is not a significant and visible concentration of immigrant businesses in certain parts or quarters of the city, although relatively more ethnic restaurants, kebab-pizza shops and massage parlours can be found in the area between the Central Railway Station and the centre of the city. Furthermore, in the 19th-century covered bazaar in the centre of the city, there is a significant number (up to an estimated 30%) of retail shops and restaurants serving and selling ethnic food and some shops sell other imported goods, such as Afghan rugs.

<sup>14</sup> Heinonen reports the data for 2007 in correspondence of 25 May 2010 as follows: 'The most active language groups are still Arabic, Kurdish and Persian. In 2007 the actual percentages were Arabic 20.5%, Persian 16.7% and Kurdish 16.6%. In comparison Finnish speaking reached 8.4% and Russian speaking 4.2%.'

<sup>15</sup> The studies of the Taskforce of the Ministry (Ministry for Trade and Industry, 2007) mentioned at the beginning of this paragraph for the national level are much higher. Sjöblom-Immala's data stem from Statistics Finland's longitudinal file of immigrants for 1989 to 2005 (Statistics Finland, 2006)

### Ownership of immigrant businesses

Immigrants who set up small companies always own these. In exceptional cases, the Business Service Centre Potkuri did get some customers, mainly Russians, who have set up companies that are bigger and ownership may lie somewhere else. Immigrants seldom franchise their business because, in most cases, they don't have the financial resources.

### Reasons for entrepreneurship career

As we have seen, the profile of immigrant entrepreneurship is different for entrepreneurs from Western countries, including Russia and Estonia, and non-Western immigrant entrepreneurs (who often have a refugee background).

As for the non-Western immigrants, the literature indicates that the difficulties of getting a job in the regular labour market represent a strong push factor towards entrepreneurship. Heikkilä (2005, p. 485) states that 'immigrants of the developing world face severe problems, especially the fundamental one of getting started in the labour market. High unemployment levels in Finland, the low esteem attributed to foreign work experience by Finnish employers, and inadequate language skills are the main barriers encountered by labour market entrants from abroad'. Observations by Turku's Regional Business Service Centre Potkuri business consultants confirm this. They report that: 'In most cases setting up an own company is the only way to labour market and out of social welfare. This is true especially for those whose educational background is not that strong. People from Africa or Arab countries also have difficulties in finding jobs in Finland.'

Wahlbeck (2007, 2008) researched this question in depth with 27 Turkish entrepreneurs in South-west Finland and concludes that their entrepreneurship choice is 'undoubtedly connected to discrimination in the larger labour market and various disadvantages associated with immigrant status', but that at the same time 'despite economic hardship, the freedom and social status connected to entrepreneurship is highly valued. Self-employment provides a positive self-understanding and a good social status, which the immigrants from Turkey find it difficult to achieve by any other means in Finnish society' (Wahlbeck, 2008, p. 53). Sjöblom-Immala (2006) also reports that both the push and pull factors play a role. Obviously these two factors do not contradict, but rather reinforce each other.

### Markets

As we have seen above, the entrepreneurial profile of Western (including Russians and Estonians) and non-Western immigrants is very different. They also settle in different markets. The Western immigrants seem to follow the regular pattern of Finnish entrepreneurs, in that they chose specific sectors of activity (for example, the metal industry and shipyards for Russians and the construction industry for Estonians), as we have seen. Non-Western immigrants are mainly concentrated in three different market segments:

- they set up companies that provide services, especially to other immigrants;
- they establish restaurants and fast food shops, mainly at the low end of the sector;
- they have companies that export to and import from their mother country.

### Competition

Immigrant businesses experience two different sources of competition. The first derives from their marginal position in the sectors they are active in. They have to compete with more established (non-immigrant) businesses in the same sector, except when they have found a new niche (such as Thai massage).



The second source of competition comes from the fellow immigrants who have followed the same idea of creating a small business in the margin of a sector. This competition often comes from within the same immigrant group, such as the Turks in the kebab shops and the Thai massage. Wahlbeck (2007, p. 550) states: 'In the late 1980s and early 1990s, the competition was not as fierce as it became later in the 1990s, when the number of immigrants increased and many of them started their own kebab and pizza businesses.' The imitative pattern of entrepreneurship in certain sectors obviously does not keep pace with growth of the market of customers.

In the restaurant business (kebabs-pizzerias) there is also a lot of competition between different ethnic groups, such as the Kurds, Turks, Iranians and Iraqis.

## Workforce

As we have seen, immigrant enterprises, particularly those of non-Western immigrants, are small, most of them 'employing' only the entrepreneur. These are businesses mostly built on very strong family support. Business consultants report: 'For example, if an immigrant from Kurdistan sets up a restaurant the whole family will help and work in the restaurant. It is a different question who will be paid but everybody is involved. Immigrants also have very good networks among themselves which help them in many cases. Officially companies are very small, only one or two people, but when needed family members will give a hand.'

Sjöblom-Immala (2006, p. vii) nuances this picture. She states: For the majority of entrepreneurs who recruit additional workers, hiring immigrants is not a special goal. Stronger grounds for hiring are Finnish language proficiency, along with work experience and professional skill. However, eight entrepreneurs have hired immigrants outside the family at some point during their entrepreneurship.' It is not clear how much the differences in recruiting strategies are related to the different styles of entrepreneurship of different immigrant groups in her (small) sample.

Heinonen also notes<sup>16</sup>: It is common, but not automatic, that immigrant entrepreneurs recruit immigrant employees. The customers' role is important, because in many branches that are not commonly accepted as immigrant business branches most of the customers are Finns and it is more profitable and easier for an entrepreneur to hire a Finn to serve other Finns.'

## Employment conditions and labour relations

Since immigrant companies (of non-Western immigrants) are usually family companies, labour relations (of those family members) are not perceived and organised as formal labour relations. In addition, employment of non-kin workers that are mostly from the same immigrant group is organised on characteristics (trust and loyalty) other than formal labour relations (see, for example, Wahlbeck, 2007, p. 554 ff). Measured according to formal requirements, labour conditions are quite poor in most cases and knowledge of and information on formal labour relation requirements is often inadequate. Especially with those immigrants who have been in Finland for a very short time, language problems are common. The level of unionisation is very low.

In some branches, like the 'kebab economy' (Wahlbeck, 2007, p. 555) working in an immigrant company of a fellow citizen is also seen as a sort of apprenticeship period; one learns the trade of the business to establish oneself as an independent entrepreneur in that same business.

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<sup>16</sup> Correspondence with the author, 25 May 2010.

### Problems and barriers

#### General management

Business consultants of Turku's Regional Business Service Centre Potkuri stress that the most important problem and barrier is language. If a person comes from abroad and advisers don't have any means of communication with these people, it is clear that vital information will be missing. Potkuri has some material in Swedish, in English and in Russian, but it does not have the resources to produce material in all languages needed, nor does it yet have consultants from immigrant groups. It is stressed that in order to successfully run a business in Finland, one should be able to speak the Finnish language at least a little. In high-tech companies it is possible to manage only with English, but when dealing with customers every day some knowledge of the native language is needed.

#### Financial management

An immigrant applying for a loan from local banks has two major problems to overcome. The first is the language and the second is the possible guarantees for the loan. In most cases immigrants do not have guarantees for their loans and that is why they are not awarded loans from banks. In such cases, there is Finnvera, a state financial organisation for companies and part of the Ministry of Employment and the Economy. Finnvera may give loans to immigrants but only if their immigration status is legal. A positive recommendation from Turku's Regional Business Service Centre Potkuri is an important condition too.

In many cases, though, immigrants find financing from their relatives and friends. Since it isn't easy to get official financing from banks or Finnvera, some immigrants prefer informal channels for financing within family and ethnic networks.

#### Marketing

Language is mentioned by consultants as an important problem in marketing. Furthermore, when it comes to shops and restaurants, immigrants have a hard time getting the best premises for their companies since they seldom have the financial resources to pay high rents. The best places are taken by the big companies and chains.

As we have seen in the case of the Turkish kebab entrepreneurs, establishing a business in some groups or sectors is a matter of imitating a fellow countryman or woman who has more or less successfully found a niche. Given the fact that the motivation (and maybe also the pressure) to establish oneself as an independent entrepreneur is high, in such cases the actual establishment is more dependent on the availability of an opportunity (investment money, a location) than on systematic exploration of the market, which may result in some sectors, like the kebab economy, yielding a very low income and lower survival rates of immigrant enterprises. In the absence of statistics on earnings and survival rate, however, it is hard to evaluate the importance of this factor for immigrant entrepreneurship in general.

#### Rules and regulations

EU citizens have the right to establish themselves as entrepreneurs in Finland. although their right to reside in Finland must be registered with the local police department. When registering, the self-employed person must present a certificate of the registration of a trade or other reliable evidence of being self-employed.

Non-EU citizens need a residence permit for a self-employed person in order to engage in business activities in Finland. 'The Employment and Economic Development Centre is in charge of the deliberations regarding the requirements for business activities and means of support. It makes a preliminary decision, either accepting or rejecting the application

which it forwards to the Finnish Immigration Service.’<sup>17</sup> In Turku, the ‘statements’ given by the Regional Business Service Centre Potkuri function as an important means of fulfilling the last requirement.

### **Bureaucracy and intermediary institutions**

Since immigrants don’t have previous knowledge of Finnish society and their language skills are poor, they have a lot of problems with these issues. Consultants at Turku’s Regional Business Service Centre Potkuri signal that the level of awareness about regulations is very low in the traditional immigrant businesses. There are several difficulties to overcome. The first is that immigrant entrepreneurs are often not aware of relevant laws and regulations. The second is that even when they are aware of the law, they often do not have the skills to comply with them. Potkuri’s advisers – as a one-stop shop for solving problems – function as mediators and supervisors in solving these problems. As reported by the consultants, the biggest problem in doing this is, again, language. They feel, for example, that they do not have enough time and resources to produce material on health issues for immigrant entrepreneurs. Obviously, Potkuri is used by many (particularly starting) immigrant entrepreneurs, but not by all.

Sjöblom-Immala (2006, p. 32) asked 20 immigrant entrepreneurs what the biggest difficulties have been in establishing their business. The highest-ranking answer was ‘Finnish law’, followed by ‘original assets’ (financial means) and ‘location’ (finding premises). In a list of other difficulties, ‘Finnish language’ scored the highest by far.

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<sup>17</sup> <http://www.migri.fi>, accessed on 2 February 2010.

# Policies, rules and regulations 5

## Overall strategy

As we have seen, there have been no explicit and consistent specific policies for immigrant entrepreneurship at the national, regional or local level. The principle on all levels seems to be that facilities for entrepreneurship should also be available for immigrant entrepreneurs and that they should be part of these general policies, which was also clearly expressed in the document of the Taskforce of the Ministry (Ministry for Trade and Industry, 2007). Nevertheless, in the day-to-day implementation of policies, modest bottom-up initiatives have been taken at the local level to take specific initiatives to support immigrant entrepreneurs. This is particularly visible in the Regional Business Service Centre Potkuri and in some of the adult education centres that not only attract (starting) immigrant entrepreneurs, but have also started to adapt their services to the specific needs of immigrant entrepreneurs. Other institutions that could have possibly been involved – such as the Chamber of Commerce, Association of Entrepreneurs, local banks, the Turku Region Development Centre, the ELY-Centre at the local and regional level or the Ministry of Employment and the Economy at the national level – do not have the topic of immigrant entrepreneurship on their agenda in any significant way.

## Objectives and dimensions

The situation, as described earlier, means that in terms of policies there are no other objectives except for the ones outlined for general policies relating to SMEs.

## Main actors

The Regional Business Service Centre Potkuri, which advises immigrant entrepreneurs, particularly who are starting out in business, and some of the adult education centres which offer training for immigrant entrepreneurs have become aware of the importance of adapting their services to the specific needs of immigrant entrepreneurs. This characterises the incremental, bottom-up practical policies that are being developed.

## Targets

In the absence of explicit policies, specific targets are absent.

## Institutions

The Regional Business Service Centre Potkuri (<http://www.potkuri.fi>) and the Raisio and Turku adult education centres (<http://www.tuakk.fi> and <http://www.turkuai.fi>) have become the most important actors in practice.

When it comes to high-tech companies, the Turku Science Park and its business incubator (<http://www.turkusciencepark.com>) are also a potential support institution, like the Creve advice centre for creative and artistic entrepreneurship (<http://www.creve.fi>). In practice, however, neither seem to have developed specific activities for immigrant entrepreneurs.

## Access and involvement in policymaking

There is no organisation of immigrant entrepreneurs. Informal networks exist, particularly within immigrant groups, but there are no signs that they try to represent the interests of these groups to the outside world or that they try to influence policies.

There is no formal barrier preventing immigrant business owners from becoming members of business related organisations, and some do. In Turku, for example, a young Iraqi entrepreneur who runs a candy shop has recently been chosen as the Chair of a local organisation of entrepreneurs in a street (the same person was awarded the best immigrant entrepreneur in Turku the previous year; see Penninx, 2009), but this seems to be the exception rather than the rule. It seems that the low participation of immigrant entrepreneurs is not so much a matter of explicit exclusion, but more a consequence of the newness of the situation and a lack of awareness of the possibilities for participation on both sides.

### Formal access to entrepreneurship

As mentioned earlier, EU citizens have the right to establish themselves as entrepreneurs in Finland. Non-EU citizens need a residence permit for a self-employed person in order to engage in business activities in Finland. 'The Employment and Economic Development Centre is in charge of the deliberations regarding the requirements for business activities and means of support. It makes a preliminary decision, either accepting or rejecting the application which it forwards to the Finnish Immigration Service.'<sup>18</sup> In practice, the 'statements' given by Turku's Regional Business Service Centre Potkuri function as an important means to fulfil the last requirement.

### Rules and regulations

Problems begin for many entrepreneurs when they actually start a business in a certain sector. Finland is a strongly regulated welfare state, and there are numerous regulations in sectors that may pertain to getting a licence to establish a business in a certain sector, fulfilling educational and skill requirements to get a licence in certain sectors and fulfilling the requirements of the inspecting agencies. Such regulations are in principle valid for everyone who establishes themselves as an entrepreneur, but they may also have a significant selective impact for foreigners. It is reported that the 'test' for the restaurant and food sector is relatively easy ('like a formality', as someone expressed it), but in other sectors such tests may be rather difficult.

An interesting example in the Finnish case is the taxi sector. One can ask why there are relatively few immigrant taxi businesses in Finland, while we often see in cities elsewhere that the taxi sector has become a sector for immigrant business par excellence. As explained by the manager of one of the adult education centres that has started specific courses on how to establish a taxi business and how to comply with all the requirements needed, many immigrants work as bus drivers, which implies that they certainly fulfil a number of technical requirements. However, to qualify for a taxi business one has to pass a difficult test centrally organised by the relevant authorities in Helsinki, a test for which a rather sophisticated level of command of Finnish is necessary. If that hurdle is passed the actual licence for a taxi business in Turku has to be applied for with the county government of South-west Finland. This complicated route is too much for most immigrants.<sup>19</sup> The interesting consequence is that there is a phenomenon of illegal taxi businesses in Turku, called 'pimeä-taxi' (black taxi). They are said to be active in peak hours and recruit their clientele by directly addressing them. The phenomenon is partially associated with criminality, but it is unclear whether that image is well-founded or not.

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<sup>18</sup> <http://www.migri.fi>, accessed on 2 February 2010.

<sup>19</sup> 'The Finnish taxi system is based on quotas. The taxi licences are granted by the ELY-Centres. The taxi licence is granted by the ELY-Centre in the area where the taxi is going to operate. One of the basic requirements is to have the taxi driver's driving permission granted by the police. To have the permission you need to fulfil certain requirements. The basic requirement is to pass a test to show that you do know the local area. If you pass the test in Turku, you can become a taxi driver in the Turku area. But if you want to be a taxi driver in Helsinki, you need to know Helsinki and pass the test in Helsinki. After having the taxi driver's driving permission and fulfilling other requirements you can apply for the taxi licence to start your own business, but because of quotas and economic obligations it is not that easy here in Finland' (Heinonen, personal correspondence, 25 May 2010).

## Zoning plans

There have not been specific zoning plans for SMEs in the Turku area – not for SMEs in general and certainly not for immigrant entrepreneurs.

## Sector rules and regulations

There are certainly special rules and regulations, for example, for restaurants and taxis, but these rules are the same for everyone. There may be regulations for access, as explained above, that pertain to getting a licence to establish a business in a certain sector and to fulfil educational and skill requirements to get a licence in certain sectors. After establishing the business there may be special regulations that pertain to hygiene or the environment, for example, and that are controlled by inspecting agencies.

## Business acumen

As we have seen, two educational institutions at the local Turku level and its immediate surroundings have developed a significant, sometimes even specific course for immigrant entrepreneurs in the wake of their experience of offering language and civic integration courses. In 2010, the Turku Adult Education Centre planned five basic courses in entrepreneurship, totalling some 450 students, of which an estimated 50 were immigrants. The centre also has specific training courses for start-ups in certain sectors; recently there was a course for aspiring taxi drivers who planned to get a licence for a taxi company. This course costs €1,400 for the individual participants and it prepares them for the test that has to be done with the relevant authorities for such licences in Helsinki. Some six or seven immigrants also participated in the course (it is often bus drivers that want to establish themselves in the taxi business).

The adult education centre in Raisio, a neighbouring city in the Turku region, has a comparably rich tradition of giving language and civic integration courses like its Turku counterpart. This centre has recently started an innovative training project especially for immigrant entrepreneurs; it has recruited (mainly from its Module Three participants, but not exclusively) some 21 immigrants for whom it is organising a specific business incubator course. The basic idea is that all have the same common goal of establishing (and in some cases changing to) a well-prepared and well-founded business. There are basic common elements in the course, like learning to make a solid business plan, but also elements that pertain to the specific business each has in mind. The centre has acquired a year's funding for this course directly from the Ministry of Business and the Economy.

Finally, for all practical purposes, the work of Turku's Regional Business Service Centre Potkuri is of crucial importance. This organisation functions as a one-stop shop for services to entrepreneurs, free of charge. The 16 employees give service and advice both to established companies and to starting entrepreneurs (five persons are working on start-ups only). They advise on innovation and help to register patents, give advice on the training of entrepreneurs and work with training centres on this, help entrepreneurs go to international markets, assist with the registration of new companies, advise them on tax matters. In 2009, Potkuri registered some 1,500 customers and 782 new start-ups (of which an estimated 15% are immigrants). Potkuri also makes 'statements' (on the quality of immigrants entrepreneurs' business plans and their progress in implementation) for the Aliens Police (which is necessary if they do not yet have a guaranteed residence status) and to Finnvera (when an application is made for a loan) or for applications to receive start-up benefits.

### Finance

There are two important national regulations that are both general in nature but which seem to have relevance for immigrant entrepreneurs too, although they have never been adapted specifically for immigrants. The first one is the regulation created some 20 years ago by the Ministry of Employment and the Economy that stipulated that unemployed people who wanted to establish themselves as entrepreneurs can get financial benefits (currently about €700 a month) during the start-up phase of their business. These are commonly called 'start-up grants'. To get the benefits, a business plan for the new enterprise has to be made and accepted. The benefits can be extended twice up to maximum of 18 months (a positive statement on progress is needed for each extension). About five years ago, the benefits were extended to start-up entrepreneurs who are not unemployed. It seems that the regulation is used extensively. A consultant from Turku's Regional Business Service Centre Potkuri stated that this business advice centre produced 414 'statements' (that is, documents that are necessary to get the benefits).

A second important measure from the same ministry addresses business finance. The Finnvera fund aims to improve and diversify the financing possibilities of companies through loans, guarantees and export financing services. Immigrant entrepreneurs are not specifically targeted, but it has become clear from interviews with consultants of Potkuri and from immigrant entrepreneurs themselves that the fund can be and is being used by them. It is not clear how frequently immigrants are able to receive Finnvera loans or guarantees for financing their business.

### Business locations

No special facilities have been developed to guide the location of immigrant entrepreneur businesses or to improve the locations that they presently occupy. There are some initiatives and discussions in the framework of a renovation plan for the Varissuo residential area (a neighbourhood on the outskirts of the city that has the highest concentration of immigrants in Turku) to facilitate immigrant entrepreneurs to fill in gaps in local provision of goods and services, but this has not taken any concrete shape yet.

### Access to employment in immigrant businesses

There has been some cooperation between Turku's Regional Business Service Centre Potkuri and the local employment office, which has few special advisers for immigrants in employment matters.

### Staff matters

Non-Western entrepreneurs in particular often have employees – if they are employers – that have the same ethnic background as the owner. These entrepreneurs base their recruitment on trust and kinship networks. Relations between employer and employee are thus more determined by personal and context factors than by general rules. The level of unionisation is very low. Interestingly, we did not encounter any form of interest from trade unions in immigrant entrepreneurship or policy initiatives on this topic. It is likely that the number of employees in immigrant businesses is so insignificant that it is not even seen as an issue by trade unions.

## Marketing

There have been no special projects in which the question of identifying new markets and innovative products has been important. The latest incubator course at the adult education centre in Raisio will probably address this important element. Of course, it is part of the advisory task of the business consultants at Turku's Regional Business Service Centre Potkuri to advise on marketing when immigrants make their business plans.

## Transnational economic connections

Transnational economic connections exist, particularly in sectors where products relate to the countries of origin of the entrepreneurs, but there have not been specific policy initiatives to promote or facilitate such connections. In principle, the Turku Region Development Centre has a special task in such matters, but as we have seen it does not have immigrant entrepreneurs in mind when implementing this task.

## Training and management support

As we have seen, the adult education centres in Turku and Raisio have developed courses for entrepreneurs and they have attracted immigrant entrepreneurs too. Recently, the centres have been experimenting with special courses for starting entrepreneurs. The participation of immigrants in such courses is increasing, but they are still at an early stage.

## Illegal and informal practices

In general, the image of immigrant entrepreneurship is not negative. There may be occasional public concerns or suspicions about specific sectors, such as the illegal 'black taxi', the Thai massage rooms or the quality of hygiene in some Chinese restaurants, but the general attitude (in politics too) seems to be more characterised by a lack of knowledge and unawareness of the phenomenon of immigrant entrepreneurs. This may also have to do with the fact that the immigrant entrepreneur presence is rather diverse. In terms of Western countries of origin, the largest groups of immigrants are Russians and Estonians, yet they are not very visible in Finnish society. Immigrant entrepreneurs from non-Western countries are much more visible, but their numbers are (still) relatively low and there are no strong concentrations in particular localities. Although there may be occasional concerns about their possibly illegal and informal practices (which certainly exist to some extent), it seems that the perception is one that appreciates the exotic aspect implied rather than the deviance from Finnish rules and practices.

## Non-action

As described above, many institutions that could be expected to be actively involved are actually rather passive, such as the Ministry of Employment and the Economy, the Registration Agency for Businesses, the ELY-Centres, the chambers of commerce, the Association of Entrepreneurs and the banks. They do not have a negative attitude and exclude immigrants; they simply lack knowledge and do not give the topic any priority.

At the local level, Turku's Regional Business Service Centre Potkuri is the exception, having opened up their consultative work in a significant way for immigrant entrepreneurs, which has been done within a general policy of consultancy without it being given a prominent status in official policy documents. In the same incremental way, the two adult education centres in Turku and Raisio have adapted their courses for a new clientele of immigrant entrepreneurs, or they have at least started to work along that track.



# Key challenges and lessons for CLIP 6

The statistical data, combined with interviews with business consultants at Turku's Regional Business Service Centre Potkuri along with entrepreneurs and observations in Turku itself, lead to the following general observations on the development of immigrant businesses in Turku.

Immigrant entrepreneurship among non-Western immigrants is predominantly (very) small business; in general, the entrepreneurs themselves are assisted by family members. Initially, the fast food sector (kebabs-pizzerias), retail shops and personal services were the areas of business that particularly represented the most obvious access. For such an independent economic activity, modest investments were needed and few formal regulations existed. Russians and Estonians – the two largest immigrant groups in Finland and Turku – have established themselves in different sectors (business services in the metal sector, mostly related to shipbuilding and construction). Labour relations in the traditional shipbuilding sector have changed greatly in recent years through outsourcing and subcontracting, creating (or even forcing) new opportunities for small entrepreneurs.

There are clearly different profiles of immigrant entrepreneurs when it comes to their background and country of origin; Persian-, Kurdish- and Arabic-speaking immigrant groups (from Iran, Iraq, Turkey, Palestine and Lebanon) manifest a much stronger urge to establish themselves as entrepreneurs than other immigrant groups, but much stronger than the ethnic Finns too. Research indicates that the motivation and experience for this category of entrepreneurship is higher among these groups, but at the same time there has been a strong push effect from the wage labour market. The relevance of both factors has been demonstrated by qualitative research by several researchers. Overall, Russians and Estonians also account for a significant number of immigrant entrepreneurs, but the rate of entrepreneurship within these groups does not differ essentially from Finns. Actually, much less is known about this category of immigrant entrepreneurs, as they are much less visible and seem to follow the more regular established Finnish pattern of small entrepreneurship. These latter characteristics seem to apply even more to relatively smaller groups of EU and other Western immigrant entrepreneurs.

Immigrant entrepreneurship started in the late 1980s and 1990s but only became a significant phenomenon in Turku after 2000. Thus, it is a recent phenomenon. There is no mention yet of a second generation of immigrant entrepreneurs and no significant shifts for these entrepreneurs to new branches of activity, as has been observed in other European cities. Immigrants 'breaking out' of their original niches in the lower segments of sectors to successfully establish themselves in new trades is neither observed nor even talked about. Presently, all immigrant entrepreneurs are first generation immigrants. Their basic disadvantage (except perhaps for those who came to Finland on the basis of marriage with a Finnish partner) is their lack of knowledge of the Finnish language, of the Finnish regulatory context and of the way of doing and organising business.

The overall picture is that particularly non-Western immigrant entrepreneurs establish themselves in economically marginal segments of markets. Access to those segments is relatively easy in terms of low investments needed and few formal requirements, but competition there is high. Not only do they have to compete with the more powerful established businesses, but since the choice of activity is often based more on imitation than on sound market exploration, competition among immigrant entrepreneurs themselves is sharp, which makes many of the enterprises marginal in terms of turnover and income that they generate for the owner. There is little or no organisation within the immigrant entrepreneurs to protect common interests, except for the informal networks within their ethnic groups.

Immigrant entrepreneurs have a hard time in coping with all of the formalities, regulations and requirements for access to entrepreneurship and after they have started their businesses. Access to some sectors, like the taxi business, is more difficult than others, like the food sector. In general, however, such problems do not seem to be reinforced by a systematic negative image of immigrant entrepreneurs, although occasional suspicion is raised against certain categories, such as illegal taxi drivers, massage parlours or Chinese restaurants. The dominant attitude of both the public in general

and of politics and policymaking is more one of a lack of knowledge, looking at non-Western immigrants as an exotic phenomenon rather than a threat.

In terms of policies, immigrant entrepreneurship has received little systematic attention in policies on SMEs so far. At the national level, explicit policy attention was short-lived in the Taskforce for Promoting Immigrant Entrepreneurship installed by the Ministry of Trade and Industry in 2005 and its report does not seem to have had any significant follow-up in policy action. Nevertheless, a number of facilities created at the national level in the framework of promoting SMEs in general have gained importance for immigrant entrepreneurs, such as the start-up grants regulation, the Finnvera fund and the financing of training facilities and education for entrepreneurs.

The fact that these general facilities are also used today by immigrant entrepreneurs is due to the bottom-up initiatives of two institutional actors. Firstly, Turku's Regional Business Service Centre Potkuri has opened up its consultative work in a significant way for immigrant entrepreneurs, which has been done within a general policy of consultancy without being given a prominent status in official policy documents. Secondly, the two adult education centres in Turku and Raisio have in the same incremental way adapted their courses to a new clientele of immigrant entrepreneurs, or at least they have started along such a track. These institutional actors have eased the national regulations and financing of education work for immigrants.

Most institutions that could be expected to be actively involved have actually been rather passive. The passivity does not seem to be a consequence of a negative attitude that excludes immigrants, but rather is due to a lack of knowledge and prioritising.

### Good practice

A good practice example in the case of Turku is the Potkuri's consultancy practice for entrepreneurs starting out in business, which is offered in a 'one-stop shop' formula, as described earlier. Although the formula is not specifically designed for immigrant entrepreneurs, Potkuri has adapted its practice to a great extent to an immigrant clientele. The second example of good practice is to be found in the general and specific activities deployed by the two adult education centres at Raisio and Turku which work with immigrant entrepreneurs. Although partly financed by government funds, these initiatives have been developed in a bottom-up fashion.

### Other comments and suggestions

Regarding the position of Potkuri, one element should be looked into carefully. Potkuri profiles itself to immigrant entrepreneurs as a free-of-charge adviser that can help starting immigrant entrepreneurs. At the same time, however, it fulfils an aliens' control role when it comes to providing statements that testify whether an entrepreneur's business plan or business is okay or not, which is needed for the extension of residence permits. Potkuri fulfils a comparable function for ELY-Centre/Ministry of Employment and the Economy when it writes statements for applications for start-up grants or loans or guarantees from Finnvera. From the perspective of immigrant entrepreneurs, these roles of adviser on the one hand and gatekeeper to facilities on the other may be problematic. (Some comments from immigrant entrepreneurs suggest that it only makes sense to go to Potkuri if one's ideas and proposals fit with the criteria and requirements that are asked for by official institutions.) In addition, the consultants themselves may be hindered by a possible double loyalty.

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Federation of Finnish Enterprises: [http://www.yrittajat.fi/en-GB/federation\\_of\\_finnish\\_enterprises/about-ffe/](http://www.yrittajat.fi/en-GB/federation_of_finnish_enterprises/about-ffe/)

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Ministry of Employment and the Economy: <http://www.tem.fi>

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