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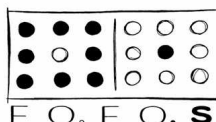
**Summary report of the WP2:
Report concerning identified strengths and weaknesses of
existing guidance and career counseling services included
in self-employment in Finland, Poland, Romania and Austria
(Project Deliverable 2.5)**

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1 Introduction

This report is a part of the LdV project “*SELF-EMPLOYMENT - Guidance and Counseling for Self-Employment*”. The aim of the whole project is to identify the location and the value of guidance and counseling services aimed at people considering self-employment. The project partners are from Poland, Romania, Finland and Austria. In the whole project self-employment is defined as a one-person company. (See also appendix 1).

It is very important to research self-employment. Micro, small and medium-sized enterprises are socially and economically important, as they represent 99 % of all enterprises in the EU and provide around 65 million jobs and contribute to entrepreneurship and innovation.¹

The main target groups of the self-employment project are 1) students that have just graduated and will soon graduate who consider self-employment, 2) unemployed people that consider self-employment, and 3) people that are working somewhere else at the moment, but consider self-employment as a future option, and 4) those currently self-employed.

The objective of this summary report is to present the outcomes and findings of the project so far² and to present some ideas that should be taken into account when the project moves on to a new phase in 2006³.

This report presents identified strengths and weaknesses of existing guidance and career counseling services included in self-employment in Finland, Poland, Romania and Austria. For further project information and downloads please see www.self-employment.org.

¹ SME definition: Commission Recommendation of 06 May 2003 (2003) European Commission. <http://europa.eu.int/comm/enterprise/enterprise_policy/sme_definition/index_en.htm>

² The project phase that is referred to here is the Work Package 2 (WP2) that consists of deliverables D2.1, D2.2, D2.3 and D2.4 and additionally D2.5, which will be the summary report of the whole WP2. The D2.4 was a summary report of the D2.3, so it is not included in this report.

³ The project phase that is referred to here is the Work Package 3 (WP3).

2 State of the art of self-employment in the partner countries

2.1 Introduction

The D2.1 desk study reports on the state of the art of self-employment in Poland, Romania, Finland and Austria was the first part of the LdV project “*SELF-EMPLOYMENT - Guidance and Counselling for Self-Employment*”. It was conducted in the same format in Finland, Romania, Poland and Austria.

The main research question in this desk study report was: *What is the state of the art of self-employment in each country?*

This research question was divided into the following three sub-questions: How is self-employment defined? What kind of national support for and actions on self-employment are there? National and international research made on self-employment?

2.2 Key findings in this phase

Poland

In Poland, the Polish law does not offer an unequivocal, universal definition of self-employment, although the phenomenon itself has been existing for many years⁴. Nevertheless, as indicated by the authors of the report “Self-employment in Poland in the context of accession to the European Union”⁵, this concept is used mainly in the context of activities performed for businesses on a basis other than an employment contract. In practice it essentially means “*being employed by oneself*”.

Self-employment as such has been functioning in Poland for a relatively short time, but its popularity has certainly been growing. This is due to, among other things, the difficult situation on the employment market. However, if we were to take a closer look at the specifics of this phenomenon, we would come to the following conclusion: there are three situations/groups of persons that contribute to the decision of taking up self-employed activity:

- persons entering the labour market and functioning outside of it, e.g. graduates or unemployed persons, for whom the decision to become self-employed results from the desire/need to create a work place for themselves – “*self-employment as a chance*”
- persons already operating on the labour market who come to the conclusion that self-employment will be a more beneficial form of employment for them – “*self-employment as a conscious and free choice*”

⁴ An accelerated growth of enterprising, including self-employment, occurred particularly during the years of the so called “government and economic transformation”, i.e. after 1989.

⁵ Tokaj-Krzewicka A. Żołnierski A. (Edit.), „Raport on condition of SME’s sector In 2002-2003”. Warsaw, PARP, 2004. The report is a part of a bigger study from a research project commissioned by Polish Agency for Enterprise Development and conducted in October 2003.

- persons already operating on the labour market who decided to take up self-employment under the influence of pressure from their employer – “*forced self-employment*”

Thanks to public statistical services existing in Poland it is possible to estimate the approximate number of self-employed people in Polish economy. There are two sources of information on the condition of self-employment in Poland: the REGON register and the Labour Force Survey in Poland (BAEL)⁶. However, the method used to collect data for the former source is too much declarative⁷. Therefore, for analytical purpose, data from the BAEL survey are more reliable.

As results from GUS data (see the BAEL survey) in the 3rd quarter of 2004 there were 2 470 000 persons working for their own account, including 856 000 outside of individual agriculture. In the same time period, the total number of working persons was 13 974 000. It follows that nearly 18% of working persons are self-employed.

The most popular section for self-employment is, similarly as in the case of business activity, trade and repairs. It is worth mentioning that *self-employment is a form of activity more popular in the male part of population than the female one*. As GUS states in its report “Labour Force Survey in Poland - III Quarter 2004” in the 3rd quarter of 2004 there were 1 559 000 men working on their own account and only 910 000 women.

Self-employment, as a relatively new occurrence on Polish labour market, is quite poorly investigated on the national level. As in the case of services and trainings, in the research field the interest of opinion-creating environments is mainly focused more on the SME sector rather than on the phenomenon of self-employment as such. However, it is unquestionably a subject that emerges more and more frequently in the context of analysis of the labour market and the changes that take place there.

Finland

In Finland, in 2003 there were 124,000 self-employed persons in Finland. At the same time the number of entrepreneurs with employees was 89,000. In Finland the preconditions for entrepreneurship are estimated favourable. Even so, the amount of entrepreneurs is not so high in Finland. Today there are more enterprises in Finland than ever before. At the end of 2003, the total number of enterprises (excluding agriculture) was approximately 230,400. The number has been on the increase since 1995. Still, the number of enterprises per capita is lower in Finland than in the countries with very high entrepreneurial activity. The number has increased most in real estate and business services, social and health care services and in other personal services. (Yrittäjyyskatsaus 2004.)

The public administration supports and promotes the operations and operating environment of businesses in different ways - developing the business environment and helping new enterprises are important areas of development. The varying needs of an enterprise in the different stages of its life cycle are also taken into account in

⁶ We mentioned here two main sources of statistical data describing self-employment in Poland. Some information can be also found in research “National Population and Housing Census” made lastly in 2002.

⁷ It is based on declarations that an enterprise will be a one-person-company.

the measures undertaken by the public administration to support entrepreneurship. The public administration and various organisations in different sectors of industry provide support and advisory services for those considering starting up their own business. Business start-ups may qualify for a start-up subsidy or training subsidies. Advisory and funding services are available for small and medium-sized enterprises (SMEs) or rural business enterprises that want to develop, broaden or internationalise their operations. (Suomi.fi... 2005.) There are hardly any support, actions, or services tailor-made for one-person-companies. They are all more or less addressed to all SMEs. This is a positive thing, as in this way all the support needed by the companies (whether big, medium or small) can be found from the same place.

The available *public business advisory services* are targeted to all firms but particularly SMEs. The usage rate of business advisory services among certain customer segments such as individuals with low level of vocational training, firms operating in the service sector and firms having difficulties to cope is low and these groups need to be emphasized in the public business advisory service schemes. To enhance new enterprise activity it would be good to take part-time entrepreneurs, young entrepreneurs and highly educated as a special target groups. (Harju & Pukkinen 2004.)

There are and have been several different kinds of *regional and local initiatives* on self-employment. However, they are not usually only aimed at self-employment. It is more common that they are aimed at SMEs as a whole and all people considering entrepreneurship; not only to people considering self-employment.

There is also a wide range of *supporting services* available. Here also, the main characteristic of the Finnish system is that most of the information on the supporting can be found on the Internet.

Additionally, there are all kinds of *privately funded services* aimed at people considering self-employment. Here also it should be noted that they are not usually only aimed at self-employment. It is more common that they are aimed at SMEs as a whole and all people considering entrepreneurship; not only to people considering self-employment.

Austria

In Austria the quota of self-employment according to EUROSTAT has been 10.9 % including agriculture and 8 % without agriculture in 2002. From altogether 408.000 persons in self-employment, 229.000 work in the field of services, 126.000 in agriculture and 52.000 in the field of production. Although according to Austrian data for 2000 more than 50 % of persons in self-employment are one-person-companies without employees, most of the support services in Austria are designed for growing foundations that create additional jobs while the fact that a one-person-company has already created a job for its founder seems to be neglected in many statements related to labour market policy.

Some of the most common important success factors of self-employment are economic experience, knowledge and contacts of the founder before starting self-

employment. Considering existing guidance and counseling services in Austria, persons in self-employment should be targeted in groups that take into consideration the economic past of a one-person-company founder: 1.) one-person-companies that enter into the labour market as first economic experience of the founder, 2.) persons in self-employment with certain professional experience and motivated to a foundation due to unemployment, 3.) founders who directly (want to) change from employees into self-employment. More or less in the shade there is another group of one-person-companies in Austria, 4.) freelancers that do not assign to classical professions like lawyers, architects etc.

Although there are first initiatives, one-person-companies and especially those in new self-employment, still have to be regarded as a business sector without a political lobby.

Romania

In Romania, self-employment is at the same time one of the oldest forms of labour and a very modern one. Its existence is connected to well-established sectors like agriculture, as well as to newly developing high-tech sectors involving information and communication technologies and tele-work. It includes established occupational forms like the sole trader and the independent professional, as well as new occupations that arise from the use of new technologies and the growing flexibility of labour forms and contracts. The Self-employed can view themselves as entrepreneurs, as workers bearing a heavy load of economical and social risks, or as something in-between. The self-employed are an increasingly diverse and heterogeneous group, who cannot easily be brought under one definition.

Recently has been adopted a new law regarding authorised individuals and family associations that simplifies the procedures of authorization. The law nr.300/2004 lays down the conditions for individuals, Romanian or foreign citizens coming from EU member states and the states in the European Economic Area, to carry out economic activities within the territory of Romania as freelancers or organised in household associations.

So, under self-employment, two types of unincorporated agents, without legal personality, are grouped: on the one hand, so-called own-account workers, and, on the other hand, family associations and other small-scale unincorporated businesses. The common feature of these entities is that their capital is not distinguished from the personal assets of their owners, therefore the income they draw from operations is included in the gross operating surplus (GOS) of the household sector.

From the economic point of view, there are also two types of individual or family businesses from which the GOS of households takes its source: one is rural and agricultural, the other is urban and mainly geared on services. The most numerous and also the most traditional ones are family agricultural farms, which may be of a very small size (like from less than one hectare to two or three hectares) and appear as the "heritage" of what the communist system was always obliged to let to rural households so that these may get their foodstuff. These farms are mainly oriented towards the self-consumption of their owners.

Besides, there is another type of small businesses dealing with services in urban areas and which is definitely more dynamic and modern. Small enterprises appear as the economic agents' best adapted to the transition context: first of all, the size of start-up capital needed for operation is very low; taxation is lower. Such an enterprise⁸ has maximum flexibility and accommodates the easiest the product/services or market innovations. They are generally operating in the services sector, taking advantage of the previous underdevelopment of this sector and the consequent high demand; until the excess demand in services has not been answered, small enterprises provide their managers with higher than average incomes.

However, the self-employed (or the micro-entrepreneurs) are of several types: some are start-ups turning into competitive market segment, others are viable, but inhibited, others are rather inactive, while a part could be certainly included into the subsistence economy.

According to official data, self-employment has been on a growing trend since the mid-nineties. The number of self-employed and non-paid family workers increased by 11.8% and 9.7% respectively between 1996 and 2001. In 2001, according to the Romanian LFS, of the total employed population, 54.3% was employees, 24.1% self-employed, and 20.2% non-paid family workers. Employers, whose number has been decreasing since the mid 1990s, represented only 1.2% of the total employed population in 2001. Self-employment is nearly entirely in agriculture (89.2% of all self-employed) while 80.2% of the employers are in the service sector, in particular, in trade (62.8% of all employers)⁹.

2.3 Conclusions

Self-employment was found to be a very important research topic. Micro, small and medium-sized enterprises are socially and economically very important, as they represent 99 % of all enterprises in the EU and provide around 65 million jobs and also contribute a great deal to entrepreneurship and innovation.

A fundamental need referring to additional research in the field of one-person-companies is to complete statistical inquiry by data about one-person-companies and persons in self-employment without employees. This approach would be necessary in partner countries and the European Union in general.

⁸ Entrepreneurship and Institutions in Transition, Gérard Duchne, Philippe Rusin, Geomina Turlea

⁹ Source: Joint Assessment of Employment Priorities in Romania, 2002

3 The database and the analyses of data and statistic in the partner countries

3.1 Introduction

The D2.2 reports, analyses of data and statistic in each country, were the second part of the LdV project “*SELF-EMPLOYMENT - Guidance and Counselling for Self-Employment*”. It was conducted in the same format in Finland, Romania, Poland and Austria.

The objective of this part of the project was to collect information about all types of institutions, organizations, associations, other bodies which are involved in supporting self-employment in Finland, Romania, Poland and Austria in order to analyze the service they offer. This objective was fulfilled by filling in a database¹⁰ and writing this analysis report on it.

The relevant research questions at this phase of the project process were: What is already done to support the self-employed (one-person-companies)? What is the status of vocational system? Who offers services to people that consider self-employment? How much do the services cost?

3.2 Strengths, weaknesses, opportunities and threats in Finland

According to the database on Finland (D 2.2) and the national analyses of the databases the following strengths, weaknesses, opportunities and threats were identified on Finland.

Strengths

- The presence of support services in the whole country.
- The supply of services is extensive.
- Services are rather inexpensive.
- Nearly all information, forms and contact information on the support services for self-employment can be accessed through the Internet.

Weaknesses

- The image of one-person-companies is not so high-profile; people are not so keen on to start their own business.
- The use of services declines after the establishment phase.
- The innovative potential of the cooperation and interaction between companies and e.g. universities is not fully exploited.

Opportunities

- Self-employment could offer many people a good way to get employment.

¹⁰ In the database there was collected information about all type of institutions, organizations, associations, other bodies which are involved in supporting self-employment in order to analyse the services they offer.

- More and more possibilities e.g. for women's entrepreneurship, environmental friendly entrepreneurship and social entrepreneurship.
- Potential in the cooperation and interaction between companies and e.g. universities.
- Potential of peer and mentor firms.
- Potential in the further cooperation between

Threats

- Missing evaluation of the effectiveness of support programs
- The lack of mental support the new entrepreneurs for coping with the critical start-up phase.
- Increase of public support services costs.

3.3 Strengths, weaknesses, opportunities and threats in Romania

According to the database on Romania (D 2.2) and the national analyses of the databases the following strengths, weaknesses, opportunities and threats were identified on Romania.

Strengths

- Most support services are available in the whole country.
- The supply of services is extensive.
- Most counselling services are free of charge.
- Nearly all information, forms and contact information on the support services for self-employment can be accessed through the Internet;

Weaknesses

- Missing access to finance and lack of knowledge how to access the existing finance;
- Taxes & regulations;
- Lack of entrepreneurial culture,
- Lack of management & risk taking knowledge.
- The activity to actually start an own business is not very high.
- Missing support targeting especially one-person-companies combined with wrong expectations on every start-up company to grow and create more jobs than the one for the founder ;

Opportunities

- Self-employment offers to a lot of people a good way to access employment.
- Starting developments of lobbying for one-person-companies

Threats

- The actual effectiveness of support programs has not been evaluated much.
- The lack of mental support the new entrepreneurs for coping with the critical start-up phase.
- Poor sustainability of business support centres after the financing from the donors ceased;
- Missing specific market knowledge of most consulting providers.

3.4 Strengths, weaknesses, opportunities and threats in Poland

According to the database on Poland (D 2.2) and the national analyses of the databases the following strengths, weaknesses, opportunities and threats were identified on Poland.

Strengths

- A high number of diverse support providers.
- A broad subject range of the trainings offered.
- A wide variety of the forms of support offered.
- Possibility to use the services free of charge.
- Availability of services both at the national and local level.
- Experience in enterprise support.

Weaknesses

- Varying quality level of the services offered.
- Small number of customised, specialised support forms.
- Focusing the support on the initial stage of business activity.
- No support forms focused specifically on self-employment.
- Provisional support forms instead of comprehensive measures.

Opportunities

- The increase of enterprise importance in political activities, programmes, etc.
- Favourable changes in social perception of entrepreneurs.
- Strong promotional actions for the benefit of self-employment.
- Development of training initiatives/programmes oriented on self-employment.
- Introduction of legislative solutions in the form of incentives for self-employed.
- Possibility to finance the support forms from the means of support programmes.
- Possibility to employ new technologies (e-learning).

Threats

- No external systems for verification of the quality of services offered.
- Poor dissemination of information concerning the possibility of using support forms.
- Low survival rate of one-person companies.
- Legal and institutional environment being “hostile” towards entrepreneurs and frequent changes in the regulations.
- “Spoiling” of the training market by unprofessional/dishonest organisations.

3.5 Strengths, weaknesses, opportunities and threats in Austria

According to the database on Austria (D 2.2) and the national analyses of the databases the following strengths, weaknesses, opportunities and threats were identified on Austria.

Strengths

- Allocation of existing support services around the counties and regions.
- Innovative potential (i.e. sustainable skills for entrepreneurs).
- Raising awareness about the increasing group of persons in (new) self-employment and other structural changes on the labour market.
- High survival rate of start-up-companies compared to the EU average.
- Organized platforms for networking between one-person-companies.

Weaknesses

- Missing representation of one-person-companies in comparable statistics.
- Missing access to micro-credits.
- Missing support especially for one-person-companies combined with wrong expectations on every start-up company to grow and create more jobs than the one for the founder her/himself.
- Barriers in society concerning the image of one-person-companies.

Opportunities

- Increasing initiatives orientated on the needs of women in self-employment.
- Research potential in the field of universities and other research institutes.
- Counseling potential for the particularities of branches and businesses and to present best practice examples.
- Simplifications in the handling with authorities and the legal documentation.
- Starting developments of lobbying for one-person-companies.

Threats

- Missing awareness for taking into account the situation of one-person-companies in the immigrant population.
- Unclear legal definition and further problems about “new self-employment” in the context of legal matters, social insurance and taxes.
- Missing evaluation of effectiveness of support program.
- Missing specific market knowledge of most consulting providers.

3.6 Conclusions

All of the four countries have the strength that the support services are available in the whole countries. The services are also low cost or even free of charge. A common strength is also that there are many types of services available. The Finnish case also has the strength that nearly all information, forms and contact information on the support services for self-employment can be accessed through the Internet; there is less bureaucracy and the access to the services is better. The Internet access becoming more common is other countries, too. In Austria there is a high survival rate of start-up-companies compared to the EU average.

There are also many common weaknesses in the partner countries. One problem is that the image of one-person-companies is not so high-profile; there are barriers in society concerning the image of one-person-companies. One weakness is that financial know how, management & risk taking knowledge and other know-how is lacking from many entrepreneurs. So, the usage of support services should be higher also after the start-up phase of the company.

A common opportunity in all partner countries is that self-employment could offer many people a good way to get employment. There is potential for example in women's entrepreneurship, environmental friendly entrepreneurship and social entrepreneurship. The Internet brings many new opportunities, e.g. for the new kinds of learning environments.

There are also threats. For example, the lack of mental support the new entrepreneurs for coping with the critical start-up phase is a threat. In Poland there is a low survival rate of one-person companies. In Austria, there is missing awareness for taking into account the situation of one-person-companies in the immigrant population. In Finland there is increase of public support services costs. And in Romania there is poor sustainability of business support centres after the financing from the donors ceased.

4 The reviewing of self-employment schemes in the partner countries

4.1 Introduction

The D2.3 reports, the reviewing of self-employment schemes in each partner country, were the third part of the LdV project “*SELF-EMPLOYMENT - Guidance and Counselling for Self-Employment*”. It was conducted in the same format in Finland, Romania, Poland and Austria. On the project website, <http://www.self-employment.org/>, the information presented in the document has been formed into a flash presentation that shows visually the different steps. In the flash presentation there are also the different documents available; the documents that need to be filled in the partner countries what one wants to become self-employed.

The idea of the reviewing of self-employment schemes aimed at to respond to the following questions:

- a. What is the name of the respective step that has to be undertaken in order to become self-employed?
- b. What is the name of the institution one needs to visit or consult?
- c. What kinds of documents are needed?
- d. Is registration and consultation available through the Internet?
- e. Is the step free of charge or not?
- f. How much time does the step take?

4.2 Key findings in this phase

Finland

In Finland there are ten steps that one has to take to become self-employed. There are only two forms to be filled in Finland. So the bureaucracy is quite minimal. Most of the services are also free of charge.

The main societies offering consultation concerning the establishment of the firm in Finland are:

1. The Enterprise Finland (<http://www.enterprisefinland.fi>)
2. T&E Centres (www.te-keskus.fi)
3. Suomen Jobs and Society ry/ Suomen uusyrittyskeskukset (<http://www.uusyrittyskeskus.fi>)

Poland

Only a natural person of age who has a full legal capacity can become a self-employed. A person who is partly or fully incapacitated cannot undertake and perform legal actions. The same applies to an underage person. Without their statutory representative's consent those persons cannot take valid legal actions,

based on taking an obligation or disposing of their rights, which is the essence of a one-person business.

Registration of one's own company is not very complicated, but it requires visiting a few offices and institutions, which results in an average registration time of 30 days (however, it is possible to legalise one's business within 7 days). A big impediment is the lack of possibility to register via the Internet. Only copies of application forms required by individual registration offices are available online. Such form can be filled out at home and submitted to the relevant office either by post or in person.

In order for a natural person to start a one-person business the following actions must be taken (among other things):

- registering the business at the communal (*gmina*) business activity register
- obtaining a taxpayer's identification number (NIP)
- obtaining a statistical identification number (REGON)
- opening a bank account
- registering the new business with the Social Insurance Institution (ZUS)
- acquiring a business stamp.

Till the end of 2003 the individual registration obligations were arranged in such a way that they required the self-employed to go the long way round from one office to another. At present a simplified procedure of enterprise registration is also available, which offers the possibility to use the agency of communal authorities to submit the tax and statistical applications. This procedure is not obligatory. However, it does not mean that business registration time via the "simplified procedure" is shorter. Going through the formalities by agency of the communal office takes longer. It does, however, provide a simplification to people from outside the town where the offices are located.

Romania

In Romania, one can choose one of the following forms to set up a business:

- *Persoana fizica autorizata (authorised individual, free lancer)* - has an independent activity authorised by Mayoralty, and is registered in the Trade Register.

It does not have legal personality; procedure for authorisation: one stop shop within Town Halls

- *Asociatie familiala (family association, household associations)* - established by members of one family (over 16, up to fourth grade relatives), authorised and registered as the individuals.

It does not have legal personality; procedure for authorisation: one stop shop within the Town Hall.

Both can be authorised to have activities in all domains, jobs and occupations, except the ones ruled by special laws.

- *Companies*: procedure for authorisation: one stop shop within Trade Register Offices

Austria

Reviewing of self-employment schemes in Austria, seven main steps can be identified for founding a non-recorded company (i.e. a company not entered in the company register):

1. Consultation on founding, financing and legalities
2. Declaring the foundation of a new business or the transfer of a business
3. Registering a trade
4. District Health Insurance Commission (DHIC)
5. Trade social insurance
6. Revenue Office
7. Community/City

4.3 Conclusions

In Finland there are ten steps that one has to take to become self-employed. There are only two forms to be filled in Finland. So the bureaucracy is quite minimal. Most of the services are also free of charge. So, also this phase of the project made it clear that in Finland it is very easy to start a business. It is easy to gather information on the actions and the bureaucracy. The different forms and other information can be accessed easily through the Internet or via the different support service providers.

In Poland, unfortunately, registration of one's own business is one of the first problems that newcomers to self-employment must face. The same conclusion can be drawn from the report on business barriers commissioned by the World Bank¹¹. Business registration is definitely too time-consuming. It turns out that, contrary to expectations, introduction of a simplified procedure (possibility to submit most required documents at the office of *gmina*) did not result in a breakthrough; the entrepreneurs are still forced to make a personal appearance at several offices which are unable to establish an efficient collaboration. How could registration procedure then be facilitated in Poland? The most desirable solution would be to create one point for entrepreneurs and popularise online registration. Such option is made available to a limited extent by 4 centres in Poland only: Warsaw, Poznań, Opole and Kraków. It is also important to standardise the Business Activity Register entry forms; at present each office of *gmina* has its own forms, which is less than conducive to clarity. The key principle of registration procedure should consist in simplifying the forms as much as possible, avoiding replication of the same information in documents submitted to different institutions, and establishing a closer collaboration between said institutions in order to minimise the time of registration.

In Romania, the introduction of one stop shop, both in Trade Register for companies and for authorized individuals and family associations in Town Halls simplified the procedure for registering a business. The forms to be filled in and the documents needed when registering is applied are available via Internet through the web site of the National Trade Register Office, at: <http://www.onrc.ro>. The web site is regularly updated.

¹¹ Doing Business in 2006. <http://www.doingbusiness.org/>

Becoming self-employed in Austria seems to be the easier the more one is related to the Austrian Chamber of Commerce (one-person-company with a trading license) or to other professional chambers (groups 1 and 3 mentioned above). Even if there are less steps for persons in “new self-employment”, information and counselling is broadly missing in Austria, especially in the field of new professions. Nevertheless the overall effort to be registered as a one-person-company can be regarded as quite easily comprehensible.

5 Summary and conclusions

5.1 Finland

In Finland it is very easy to start a business. It is easy to gather information on the actions and the bureaucracy. The different forms and other information can be accessed easily through the Internet or via the different support service providers, e.g. Employment and Economic Development Centres, Business Development Agencies, Regional Business Development Agencies and so on. There are also plenty of support and services available not only for the start-up stage, but for the development of the company later on. Most of the services and support are public and they are relatively cheap.

Finland has often been ranked high on international competitiveness rankings. This is due to for example availability of high quality labour and scientific and technological know-how. On the other hand, the ageing of the population and unemployment can be considered problems in Finland.

In Finland the preconditions for entrepreneurship are estimated favourable. Even so, the amount of entrepreneurs is not so high in Finland. Today there are more enterprises in Finland than ever before. At the end of 2003, the total number of enterprises (excluding agriculture) was approximately 230,400. The number has been on the increase since 1995. Still, the number of enterprises per capita is lower in Finland than in the countries with very high entrepreneurial activity. The number has increased most in real estate and business services, social and health care services and in other personal services.

Self-employment holds in it new possibilities. All in all, self-employment may be even more important in the future in Finland: self-employment could offer many people a good way to get employment.

5.2 Poland

Self-employment is a relatively new occurrence in Poland. It first appeared in the early 90s with the oncoming of market economy and the introduction of freedom of business activity. Despite its 15-year presence and its growing share in the employment structure of Polish society, self-employment has not obtained a legal definition yet. In the light of regulations, self-employment does not have a separate defined status and is often put in one category with micro-enterprises.

Polish economy, like so many other competitive European economies, has been struggling with the problem of unemployment for some time. More and more often, in the context of fight against unemployment and activation of the labour market, the postulate of enterprise development through establishment of one's own business activity, thus creating a workplace in one's own capacity, arises. An attempt to put these postulates into effect is the repeatedly mentioned government programme "First Job" aimed at school graduates, and support actions directed at the unemployed. However, the statistics show that self-employment is not a form readily

chosen by those groups. The reasons for this state of affairs are to be seen in the following problems.

Graduates and unemployed are groups that perceive self-employment in terms of necessity rather than opportunity. It is often forgotten that apart from motivation and a shot of financial means for the development of one's own business (the most frequently offered and available type of support for those planning to start their own business), it is also necessary to have the knowledge, the skills and a good idea in order for the newly established company to survive. An overhasty decision may result in failure, giving up the business, and the risk of being branded as a loser, a resource less person, a bankrupt. That is why it is so crucial that the currently offered support tools be more tailored to the needs of the self-employed and the potential self-employed. The various forms of support functioning on the market (advice, trainings, financial support) are addressed to the sector of SME. This means that a person who runs a one-person-business and does not hire any employees uses the same set of services as a person who runs a company employing several or several dozen people. It needs to be realised that these persons' expectations with regard to the scope of required support are different.

A vital aspect in case of one-person-companies is the element of psychological pressure. By choosing to be one's own boss one also takes the decision to face all problems and responsibilities by oneself. Unfortunately, this burden is often so big that it requires help and support from outside. As yet, however, no support service system aimed at resolving these problems has been developed.

The most important factors that could substantially affect the increase of interest in self-employment are:

- Reduction of barriers and costs for establishing one's own business;
- Implementing on a bigger scale the tools of financial support in the form of credits, credit guarantees, systems of partial refund of the interest costs, and the professional advisory service associated with them
- Implementation of informational, advisory, and training support tools, taking into consideration the following factors:
 - duration of the company's existence on the market – persons planning to start their business, recently self-employed, or self-employed operating on the market for at last 3 years already¹²
 - status of the person who considers becoming self-employed on the labour market – e.g. a graduate, an unemployed person, a person treating self-employment as an opportunity of professional fulfillment

5.3 Romania

Self-employment can contribute a good deal to the quality of the working life. It offers individuals a chance to participate on the labour market and to exploit their talents in a less restricted way than in a situation of (un-)employment, thus also gaining more job satisfaction than they would have acquired otherwise. Moreover, self-employment

¹² Enterprises that have survived on the market for 3 years are considered to be experienced companies that should be able to operate in future without any bigger support.

can offer a good deal of societal benefit, as it contributes to more dynamic economy and a fuller mobilisation and utilisation of human resources to generate new economic activity and technological innovation.

There are also, however, several aspects of self-employment that make it a less attractive position to be in. Examples are the sometimes problematic health and safety conditions of self-employed work. These may be the consequence of the kind of work and of the circumstances under which self-employed occupations typically take place, but they may also follow from the lack of systematic attention these aspects typically get in small and medium sized enterprises.

The same holds for lacking entrepreneurial abilities, and for insufficient opportunities for ongoing training in entrepreneurial and professional skills. These shortcomings may cause the high-potential self-employed to perform systematically below standard, or may even cause serious damage to any market position

In the decade the dynamics of self employment have been subject to a continuous process of change. Compositional change as the level of self employment rose or fell in different sectors of the economy and demographic change in the self employed themselves.

5.4 Austria

Research about self-employment bases on the fundamental problem of missing data in statistics concerning companies with less than one employee. There is also a missing obvious definition about self-employment in the Austrian law leading to ambiguous classifications in the field of founders, entrepreneurs, persons in new self-employment and atypical employment.

Nevertheless the overall effort to be registered as a one-person-company can be regarded as quite easily comprehensible, authorities and legal documentation (tax declaration etc.) is still very complicated and connected with a lot of effort for a person in self-employment. Adjustments herein could help to improve the every day work of an one-person-company.

Looking at research done about self-employment in Austria, a practical support of one-person-companies referring to their economical value to the market would be desirable. Fundamental questions for this are i.e.: "How much costs do I have in self-employment?" "How can amortization be a profit for my business?" And most important: "What can or do I have to account to a customer for one working hour?" Such research could besides result in concrete best practice examples that picture the life situation of a person in self-employment and particularities of branches and businesses. Best practice can for sure not replace consulting but could serve as a first orientation for the own self-employment and help in finding the essential questions referring to the own business.

Support services and institutions are available all over Austria and mostly open for any kind of target group in the business sector. Nevertheless a main problem regarding support services and institutions that counsel and train persons in self-employment is their lack of specific market knowledge. Therefore research, best

practice examples, information, counseling and training in the future should be prepared and organized with a more target group orientated approach.

Future programs referring to one-person-companies should be designed in a way that enables on the one side an easy understanding of the learning contents and on the other side need little expenditure of time. Lastly an one-person-company has no further staff or divisions for its tasks. Particular attention should be paid for women and immigrants as well as for jobs in the service sector. To work out the differences between a one-person-company and an enterprise with employees in more differentiated ways would be necessary for a better understanding of the general framework and needs referring to self-employment and to realize one-person-companies as an economic and social phenomenon.

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A project supported by Leonardo da Vinci: www.solocom.at

Appendix 1: The LdV project “SELF-EMPLOYMENT Guidance and Counseling for Self-Employment”

Entrepreneurship is often considered to be the engine of economic welfare. The project will benefit a great number of well-educated, high-performing, self-employed people.

The main target groups of the project are:

1. students that have just graduated (and will soon graduate) who are seeking their first job
2. unemployed people
3. people that are working somewhere else at the moment, but consider self-employment as a future option
4. those currently self-employed

The project will identify the location and the value of various support services for self-employed in Europe. It includes a study of entrepreneurship level in four countries (Austria, Finland, Poland and Romania) and a survey of existing services which support establishment or development of one-person enterprises.

The aim of the project is widely meant promotion of self-employment. Researches are to describe the condition of one-person-enterprises and help in developing suitable support service system addressed to people being self-employed or considering it.

High unemployment rate in European countries requires efficacious modes of action. Self-employment, laden with lower risk than waged/salaried employment, is one of the still underappreciated solutions. Results of the whole project will be potentially used by decision-makers from different bodies (at EU level, national and regional level) for improving conditions conducive to self-employment, as well as by career counselors for creating advanced and effective tools for guidance, counseling and other support services.

More information and more publications produced by the project can be found in: <http://www.self-employment.org/>.

