

IMPACT STUDY OF COMPETITIVENESS

How promotion services can help to
secure long-term growth and
transformation in Finland

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BACKGROUND

The aim of Business Finland is to strengthen their customers' long-term competitiveness by supporting them in developing capabilities that are required for renewal and building resilience.

This report contains an assessment of the extent to which Business Finland's promotion services (to attract foreign investments, talents, tourists, and AV productions) have helped develop a dynamic, diverse, and agile Finnish business environment, which is conducive to innovation and can adjust to unexpected circumstances.

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FOREWORD

Business Finland has three strategic target areas, which are 1) Economic Growth, 2) Sustainable Development and 3) Competitiveness. Impact studies implemented in each target area and impact studies presenting their results comprise the actual and official method for monitoring Business Finland's success and impact.

Focus of this impact study was to concentrate on competitiveness target area. Competitiveness is key to ensuring long-term prosperity. By focusing on improving the competitiveness of both Business Finland customers and Finland, we avoid sub-optimizing economic growth in the short term. Aim of Business Finland is to strengthen customers' long-term competitiveness by supporting them in developing capabilities that are required for renewal and resilience. On a societal level, the goal is that Finland becomes a more attractive and resilient business landscape that is agile in reacting to external challenges.

In this impact study, evaluation targeted on Business Finland's Finland Promotion services, which are Invest

in Finland, Visit Finland, Work in Finland, and Production incentive for Audiovisual Industry. Main questions were, How do Business Finland activities (promotion services) succeed to improve competitiveness of innovation and operational environment in Finland? What are the results and impacts of various promotion services? Are there any synergies if companies have used several services or separately? What kind of critical obstacles and bottlenecks have affected the possibilities to achieve the goals of each promotion services when considering the competitiveness target area?

The evaluation team of Implement Consulting Group P/S carried out this impact study. Business Finland wishes to thank the evaluators for their thorough and systematic approach. Business Finland expresses its gratitude to the steering group and all others who have contributed to the study.

Helsinki, September 2023

Business Finland

EXECUTIVE SUMMARY

In 2020, Business Finland updated its strategy, setting the operational guidelines for the organisation until 2025. The overall purpose of Business Finland's promotion services is to generate prosperity for Finland by accelerating the sustainable growth of its customers globally. Business Finland sees prosperity as being created at the intersection of three equally important areas: economic growth, sustainability, and competitiveness. While the three areas are closely interlinked, this study focuses on Business Finland's contribution to competitiveness.

OUR OVERALL APPROACH AND FINDINGS

Implement Economics has been asked to produce a comprehensive impact study of Business Finland's success in achieving the objectives set in the strategy on competitiveness for four promotion areas: Invest in Finland (foreign investments), Work in Finland (international experts), Visit Finland (international tourists), and Film in Finland (international audiovisual productions).

FIGURE 1: DESIRED RESULTS AND IMPACTS IN THE IMPACT MODEL FOR COMPETITIVENESS



Source: Implement Economics based on Business Finland's project description and 2025 strategy.

As part of the assessment, we have investigated Business Finland's results for customers and impacts on society across 14 different transmission channels to competitiveness. These are closely linked to the intervention logic spelled out in the strategy.

The assessment was based on desk research on Finland's business and innovation environment, interviews with Business Finland's customers and business partners (a total of 27 interviews), statistical data analysis, and international benchmarking.

Two overall findings stand out. Firstly, the new strategy has not yet been fully implemented with continuous follow-up and actionable reporting of the strategy executi-

on. The strategic priorities have not systematically been cascaded into each promotion area or translated into tangible targets. More importantly, the strategy to a greater extent seems to have added new tasks rather than point to activities that should no longer be prioritised. This opens the risk that resources are stretched too thinly to achieve the desired impacts for society.

Secondly, and related, countries compete intensively over attracting productivity-enhancing and value-creating activities. With limited budgets available, organisations such as Business Finland needs to prioritise and focus resources.

HIGH VALUE CREATION FROM BUSINESS FINLAND'S INVESTMENT PROMOTION SERVICES

Foreign companies can be a rich source of job creation, innovation, and knowledge that can have positive knock-on impacts on economic activity and productivity throughout the Finnish economy. Promoting inflows of foreign investments can therefore strengthen Finland's long-term competitiveness. This study has explored how Invest in Finland has created direct results for customers and impacts for society through eight transmission channels to competitiveness.

RESULTS FOR CUSTOMERS

- **Increase in the number and turnover of foreign companies** | Invest in Finland has assisted 162 foreign investment projects, amounting to more than 2.9 billion, to Finland between 2018 and 2022. In the same period, Covid-19 challenged the revenues of these same companies, like many others. Nonetheless, the revenue growth of these companies, amounting to 14% between 2018-2019 and 9% between 2020 and 2021, is still indicative of healthy business performance.
- **Increase in the number of companies and other actors in ecosystems** | Currently, Invest in Finland has ongoing projects in 10 active ecosystems. The number of projects in active ecosystems increased towards 2021 but has stagnated since (likely correlated with Covid-19).
- **Increase in R&D expenditures** | By targeting and prioritising companies with R&D-intensive projects or presence in R&D-intensive industries, Invest in Finland's activities have contributed to value-producing R&D networks and partnerships. In fact, 71% of interviewed Invest in Finland customers claimed to have already increased, or plan to increase, R&D spending following their investment decision in Finland.

IMPACTS FOR SOCIETY

- **Growth in the number of greenfield investments** | Approximately 57% of all investments that Invest in Finland has supported since 2018 were greenfield investments. While the high share of greenfield investments reflects that Invest in Finland has been successful in attracting this type of FDI, the share has remained relatively stable since 2018.
- **Increase in the turnover and internationalisation of ecosystems** | Approximately 20% of all the companies in the 10 identified and active ecosystems are Invest in Finland customers. This suggests that Invest in Finland's customers have contributed to the internationalisation of Finnish ecosystems, with potential turnover impacts through access to new markets and networks and knowledge spillovers from foreign companies.
- **More diversified business life and exports** | While 60% of all Invest in Finland-supported investments have landed in the Helsinki area, the remaining countries have distributed themselves all over Finland. Moreover, most interviewed investors were planning to engage or increase their existing engagement with local suppliers following the investment.
- **Higher level of expertise** | Our assessment did not include interviews with local Finnish companies, including suppliers to foreign companies. Therefore, we have not been able to attribute growth in the level of expertise to the presence of these foreign companies specifically. However, empirical evidence has shown that foreign companies increase the level of skills and productivity of the labour force.
- **Stronger country image** | Today, more investments that Invest in Finland is involved in receive a high opportunity score (labelled as "platinum" or "gold" investments) compared to five years ago, indicating that more attractive investments are landing in Finland. This development is likely to strengthen the country's brand image and Finland's competitiveness.

Overall, we find that the promotion services have played a key role in attracting foreign investments to Finland. By helping to attract FDI that likely would not have all landed in Finland, Invest in Finland has improved the competitiveness of the Finnish society and economy.

There are potential initiatives that Invest in Finland could pursue going forward to provide even more value to customers and society:

- **Expanding and strengthening FDI promotion to other FDI origins** | FDI originating from Russia has historically accounted for a large share of all FDI inflows to Finland. With the expected gap left behind by missing FDI inflows from Russia, Invest in Finland needs to expand and strengthen its FDI promotion to investors of a different origin.
- **Increasing focus on Finland's strategic ecosystems** | The visibility and tracking of ecosystem participation can be improved by Invest in Finland. Without a comprehensive and up-to-date list of ecosystems and a matching of FDI projects to the ecosystems, it is difficult to evaluate performance and steer resources in the right direction if the correspondence is unclear.
- **Benchmarking internationally** | Benchmarking Finland's FDI performance against peers could be done more systematically to better understand the potential for attracting more FDI. This requires access to relevant and global databases on FDI and a benchmarking methodology.
- **Closing gaps in CRM data on lost FDI projects** | Invest in Finland's CRM data on lost FDI is incomplete, but feedback from potential investors could constitute a source of insights that can help Invest in Finland target its resources more towards potential investors and inform policymakers on weaknesses in the Finnish business environment. Also, Invest in Finland should aim to track where certain investments land.
- **Improve and use the opportunity scoring more proactively** | Invest in Finland has an opportunity to strengthen its business intelligence by using the opportunity scoring more systematically and backing it with objective and quantitative measures. Given the strategic focus on sustainability, it could be particularly useful to be more specific and consistent with the assessment of sustainability – and to require more concrete sustainability information and metrics from Invest in Finland customers.

WORK IN FINLAND CAN PLAY A KEY ROLE IN ATTRACTING INTERNATIONAL TALENT

The current and growing labour shortages and demographic changes in Finland pose a significant challenge to Finland's economy and the welfare system, as businesses struggle to find available labour with the required skills, and an increasing share of the population will leave the labour force to become pensioners. Attracting international talent can therefore strengthen Finland's long-term competitiveness. This study has explored how Work in Finland has created direct results for customers and impacts for society through six transmission channels to competitiveness.

Since Work in Finland was only established in 2022, we have not been able to quantify the impact of their services on competitiveness. Instead, we have assessed Work in Finland more qualitatively, based on interview insights and its role in the Talent Boost Programme.

RESULTS FOR CUSTOMERS

- **More international orientation in training and hiring |** Work in Finland is considered to play a key part in the achievements of Talent Boost Programme by helping to strengthen the permanent structures and improve customer-driven service paths related to labour migration. Work in Finland provides companies with leadership mentoring, talent attraction campaigns and events targeting international experts, managing websites to aid recruitment, as well as the Talent Manager network to establish recruitment flows from Talent Boost countries. Work in Finland also coordinates Talent Funding, which is a grant available to SMEs and midcap companies looking to internationalise their personnel.
- **Increase in the number of experts and tourists |** Since the adoption of the Talent Boost Programme in 2017, the number of permits for self-employed, specialist, and scientific research work has grown significantly, reflecting the range and diversity of different international talent moving to Finland. Work in Finland is expected to carry an important role in proactively identifying and attracting targeted talent groups and expertise to Finland in the future.

IMPACTS FOR SOCIETY

- **Higher level of expertise** | Since the adoption of the Talent Boost Programme in 2017, the number of specialists moving to Finland has increased by 88%. In its strategy, Work in Finland has also described several tasks related to the attraction of these specialists specifically. However, it is again too soon to assess the role of Work in Finland in this development specifically.
- **Increase in the turnover and internationalisation of ecosystems** | Interviews conducted as part of this study with foreign investors highlighted that Finland's ability to attract and retain foreign talent is conducive to economic performance, and is a reason for choosing to locate in Finland. By helping to attract international talent, Work in Finland is thought to play a key role in the broader internationalisation of the Finnish economy and ecosystems.
- **Increased attraction of new talents** | An international and diverse population is an important factor in terms of integration and community-building for foreign talent. The OECD Talent Attractiveness indicator places Finland 14th among 38 OECD countries for talent attractiveness. Finland's placement according to this indicator has improved by 4 places since 2019, indicating that integration efforts and other efforts of the Talent Boost programme may be at play.
- **Stronger country image** | An international workforce and the promotion of work-based immigration signal to foreign workers that a country is open and accommodating to international labour, thereby helping to boost the country image as a working and living location.

Work in Finland is expected to play an elemental role in the attraction of foreign talents to Finland, thereby helping alleviate growing labour market pressures, and the matching of Finnish and foreign-owned companies with the best expertise from a global talent pool.

There are potential initiatives that Work in Finland could consider now, while structures, certain focus areas and ways of working are still being established:

- **Clarifying roles and responsibilities** | There is an opportunity for Work in Finland to clarify its roles and responsibilities, that are separate and clearly distinguishable from its partners. This is for example very relevant in the expansion of the Talent Boost responsibilities to the regions, whereby the roles and mandates of regional actors are still largely unclear, potentially leading to delays and inefficiencies.
- **Enriching knowledge base on employer attitudes and barriers** | In order to drive more evidence-based initiatives, Work in Finland and/or its partners could look to conduct surveys among Finnish employers to understand their perceptions, preferences, and challenges relating to international talent attraction and retention.
- **Increasing promotion efforts to a wider group of talents** | Work in Finland and the Talent Boost programme could place even greater emphasis on promoting broader groups of talents to Finland. These efforts should match those that have been directed towards attracting specialists in key sectors (e.g., ICT), as future labour market developments are expected to require a broad variety of different skills.
- **Strengthening partnership efforts in key countries** | To the extent possible with finite resources, Work in Finland should continue and even increase its efforts in forming partnerships and sustainable recruitment channels globally in countries with identified concentrations of specific talents or growing population of high-skilled workers.

REQUEST FOR SCALING UP VISIT FINLAND'S TOURISM PROMOTION SERVICES

Tourism promotion efforts can help bring Finland on the map as a destination for both leisure tourists and business travellers (with potential synergies from an improved country image to the promotion of both foreign investments and international talent). By increasing economic activity in the tourism industry, upskilling, and facilitating knowledge sharing, Visit Finland's services can contribute to the long-term competitiveness of the Finnish economy. This study has explored how Visit Finland has created direct results for customers and impacts for society through six transmission channels to competitiveness.

RESULTS FOR CUSTOMERS

- **Increase in the number of experts and tourists** | The number of visits by foreign visitors has increased in the last decade, though in some regions more than others. Interviews with Visit Finland customers suggest that Visit Finland's efforts have made Finland more visible globally as a tourism destination and in professionalising local tourism businesses in Finland, enabling them to enter more markets and attract more diverse types of tourists.
- **Increased adoption of digital tools** | 67% of interviewed Visit Finland partners state that their digital skills have improved since working with Visit Finland. VF cu
- **Increased profitability through new business models** | Visit Finland customers highlight that their collaboration with Visit Finland has improved their competencies and enabled them to upgrade their business models through three focus areas: sustainable travel, new market intelligence and internationalisation. The Visit Finland Academy, which provides training and knowledge-building in these three areas, has received very positive feedback from customers.

IMPACTS FOR SOCIETY

- **Higher level of expertise** | The same competency-building among Visit Finland customers in the areas of sustainability, market intelligence and internationalisation can be assumed to transcend across the wider tourism sector through labour mobility, knowledge sharing, and business relationships, thereby growing the competitiveness of the entire Finnish tourism sector. This, however, has not been tracked or quantitatively measured.
- **Stronger country image** | Visit Finland, together with other tourism promotion organisations in Finland, dedicate significant resources to raising the profile of Finland as a travel destination globally. Online touristic searches, an indicator of tourism demand, indicate that Finland's brand as a tourism destination has improved significantly since 2019, whereby the number of searches (reflecting interest in Finland) increased by 31% in 3 years. Interviews with Visit Finland customers indicate that this development, and in particular the improvement in the brand image of smaller areas of Finland, would not have been possible without tourism promotion efforts.
- **Increase in tourism income** | Tourism income has increased modestly (on average 3% annually between 2013 and 2019) in Finland over the last years. Growth in tourism income is a key impact indicator for Visit Finland's tourism promotion efforts, and while it can be difficult to isolate the impact of Visit Finland and other promotion efforts on the growth in tourism income, the data suggests that the efforts have been conducive.



Visit Finland and country-wide tourism promotion have existed for some time, and it is difficult to accredit growth in inbound tourism to tourism promotion efforts specifically. Nonetheless, Visit Finland's importance for the tourism sector is recognised among regional tourism organisations and small businesses, and while improvements can be made, Visit Finland is considered to perform in its role very well, especially given the limited resources (which are reported to be considerably lower than in neighbouring countries).

There are potential initiatives that Visit Finland could pursue going forward to provide more value to customers (especially smaller tourism businesses) and society:

- **Clarifying roles within the organisation** | Regional tourism organisations claim have a strong and close relationship with their key contact person, but then lack overview of the efforts of other functions and employees within them. Visit Finland should seek to clarify the roles and responsibilities of functional units and key persons, such that customers cannot make full use of the Visit Finland team.

- **Building greater flexibility and commercial focus** | Customers also highlight that Visit Finland as well as themselves could benefit from a stronger commercial and performance focus within the Visit Finland organisation. A stronger performance focus could be built by assigning activities with clear outcome targets and systematic monitoring.
- **Bridging stronger ties to the broader industry** | Visit Finland's impact on tourism businesses is mostly considered to be indirect through collaboration with regional tourism organisations, as also mentioned in the 2021 evaluation. Interviews with partners revealed that they could use more support in getting smaller travel businesses more involved in e.g., the sustainable travel journey.

STRATEGIC FOCUS ON INTERNATIONAL AV PRODUCTIONS IS BEING EFFECTUATED

The Finnish AV industry contributes to Finland's cultural, economic, and social development. Attracting international AV productions can help brand Finland (to, for example, foreign investors, talent, tourists, and other AV productions) and generate knowledge spillovers to local actors. This study has explored how Film in Finland has created direct results for customers and impacts for society through six transmission channels to competitiveness.

RESULTS FOR CUSTOMERS

- **Increase in the number and turnover of foreign companies** | Approximately 30% of all productions that have received the AV production incentive since 2017 have been foreign, though this share has increased over time. In 2022, which was Film in Finland's first calendar year of operations, the share of foreign productions that received the incentive was at an all-time high of 52%. By promoting the Finnish AV production incentive, this development implies that Film in Finland has been successful in attracting foreign AV companies to Finland.

IMPACTS FOR SOCIETY

- **Higher level of expertise & more diversified business life and exports** | By helping attract foreign productions to Finland and promoting the AV production incentive, Film in Finland contributes to the build-up of expertise and creating a more diversified business life for the local AV industry. This effect was highlighted in interviews with Finnish AV companies, who have been involved in foreign AV productions in Finland.
- **Stronger country image** | AV production featuring Finland or Finnish culture can help attract global attention and serve as a promotional tool for Finland, and therefore, AV promotion and Film in Finland are thought to have an effect on building a stronger country image. These contributions have been recognised by regional AV actors. Film in Finland also carries out targeted marketing campaigns, which in 2022 reached 2 million people, towards focus countries and AV partners - thereby also increasing the country image of Finland more directly.

The findings suggest that Film in Finland has been helpful so far in promoting Finland to the international AV space. There are, however, potential initiatives that Film in Finland could pursue going forward to provide more value to customers and society:

- **Shortening enquiry response time** | Film in Finland should seek to contact regional AV actors/commissions as soon as possible after initial enquiry. Feedback suggests that sometimes the process from the initial enquiry to contact with the commissions can take too long, shortening preparation time on the other end.
- **Strengthening promotion of the AV incentive, landscapes, and industry expertise** | Film in Finland could ramp up its promotional efforts even more, given what is possible with finite resources, focusing especially on the nature and efficiency of the AV incentive, Finnish landscapes and strong industry expertise.
- **Increasing Nordic cooperation in AV promotion** | Customers suggest that Finnish AV promotion should be done more in collaboration with other Nordic countries to really raise the international profile of Finland (and the Nordics) as an AV production location, as promoting Finland alone will likely never bring the scale to match the competition that exists outside of Europe.
- **Maintaining and building a greater presence in AV hubs** | Finnish companies in the AV industry highlight the importance of maintaining a consistent and heavy presence in Los Angeles and London, which are considered the main hubs for AV production and building relationships with location managers.

TIIVISTELMÄ

Business Finland päivitti strategiansa vuonna 2020 ja asetti organisaation toiminnan suuntaviivat vuoteen 2025 asti. Business Finlandin promootiopalveluiden yleisenä tavoitteena on tuottaa Suomelle vaurautta vauhdittamalla yritysten kestävästä kasvusta maailmanlaajuisesti. Business Finland näkee vaurauden syntyvän kolmen yhtä tärkeän alueen risteyksessä: talouskasvu, kestävyys ja kilpailukyky. Vaikka nämä kolme aluetta liittyvät läheisesti toisiinsa, tässä tutkimuksessa arvioidaan Business Finlandin panosta kilpailukykyyn.

BUSINESS FINLANDIN PANOS SUOMEN KILPAILUKYKYYN

Implement Economicsia on pyydetty tuottamaan kattava vaikuttavuustutkimus Business Finlandin onnistumisesta kilpailukykystrategiassa asetettujen tavoitteiden saavuttamisessa neljällä promootioalueella: Invest in Finland, Work in Finland, Visit Finland ja Film in Finland.

Osana arviointia olemme arvioineet Business Finlandin tuloksia asiakkaille ja yhteiskunnallisia vaikutuksia 14 eri kilpailukykyväälityskanavan kautta. Nämä välityskanavat liittyvät läheisesti strategiassa esitettyyn *interventiologiikkaan*.

Arviointi perustuu pöytätyöskirjään, Business Finlandin asiakkaiden ja yhteistyökumppaneiden haastatteluihin (yhteensä 27 haastattelua), tilastotietoanalyysiin sekä kansainväliseen vertailuun (benchmarking).

Kaksi yleistä havaintoa erottuu arvioinnistamme. Ensinnäkin, Business Finlandin uutta strategiaa ei ole vielä täysin toteutettu, ja toteutuksesta puuttuu jatkuva seuranta ja toiminnallinen raportointi. Strategiset painopisteet eivät ole systemaattisesti siirtyneet kuhunkin promootioalueeseen tai käännetty konkreettisiksi tavoitteiksi. Strategia näyttää enemmän lisänsä uusia tehtäviä kuin osoittaneen toimintoja, joita ei enää tulisi priorisoida. Tämä avaa riskin, että resursseja venytetään liian ohueksi saavuttaakseen halutut vaikutukset yhteiskunnassa.

Toiseksi, maat kilpailevat intensiivisesti tuottavuutta parantavien ja arvoa luovien resurssien ja toimintojen houkuttelemisesta. Käytettävissä olevan rajoitetun budjetin vuoksi organisaatioiden, kuten Business Finlandin, on priorisoitava ja keskityttävä resursseihin.

FIGURE 1: DESIRED RESULTS AND IMPACTS IN THE IMPACT MODEL FOR COMPETITIVENESS



Source: Implement Economics based on Business Finland's project description and 2025 strategy.

MERKITTÄVÄÄ LISÄARVOA ASIAKKAILLE INVEST IN FINLANDIN PALVELUISTA

Ulkomaiset yritykset ovat rikas työpaikkojen, innovaatioiden ja osaamisen lähde, joilla voi olla myönteisiä vaikutuksia taloudelliseen toimeliaisuuteen ja tuottavuuteen. Ulkomaisten suorien sijoitusten maahan-tulon edistäminen voi siten vahvistaa Suomen pitkän aikavälin kilpailukykyä. Tässä tutkimuksessa on selvitetty, kuinka Invest in Finland on kahdeksan kilpailukyvyyn välityskanavan kautta luonut suoria tuloksia asiakkaille ja vaikutuksia yhteiskunnalle. Käsittelemme Invest in Finlandin synergia vaikutuksia pääraportissa.

TULOKSIA ASIAKKAILLE

- **Increase in the number and turnover of foreign companies** | Invest in Finland on vuosina 2018-2022 ollut mukana 162 investointiprojektissa, joiden arvo on yhteensä yli 2,9 miljardia euroa. Näiden ulkomaalaisten yritysten liikevaihdon kasvu oli 14 % vuosina 2018-2019 ja jopa 9 % vuosina 2020-2021 (koronapandemian alla).
- **Increase in the number of companies and other actors in ecosystems** | Invest in Finlandin asiakkailla on tällä hetkellä käynnissä projekteja 10 aktiivisessa ekosysteemissä. Projektien määrä aktiivisissa ekosysteemeissä kasvoi kohti vuotta 2021, mutta on sen jälkeen hidastunut (todennäköisesti liittyen Covid-19).
- **Increase in R&D expenditures** | Kohdistamalla ja priorisoimalla yrityksiä, joilla on T&K-intensiivisiä projekteja tai jotka toimivat T&K-intensiivisillä toimialoilla, Invest in Finlandin toiminta on tukenut arvoa tuottavia T&K-verkostoja ja kumppanuuksia. 71 % haastatelluista Invest in Finland-asiakkaista ilmoitti jo lisänneensä tai suunnittelevansa lisäävää T&K-menojaan investointipäätöksensä jälkeen.

VAIKUTUKSET YHTEISKUNTAAN

- **Growth in the number of greenfield investments |** Kaikista Invest in Finlandin vuodesta 2018 lähtien tukemista investoinneista noin 57 % on ollut greenfield-investointeja. Vaikka greenfield-investointien korkea osuus heijastaa sitä, että Invest in Finland on onnistunut houkuttelemaan tämän tyyppisiä investointeja, osuus on pysynyt suhteellisen vakaana vuodesta 2018 lähtien.
- **Increase in the turnover and internationalisation of ecosystems |** Noin 20 % edellä mainittujen ekosysteemien yrityksistä on Invest in Finland-asiakkaita. Tämä viittaa siihen, että Invest in Finlandin asiakkaat ovat myötävaikuttaneet suomalaisten ekosysteemien kansainvälistymiseen.
- **More diversified business life and exports |** Noin 40% kaikista Invest in Finland-tuetuista sijoituksista on päätynyt pääkaupunkiseudun ulkopuolelle ympäri Suomea. Suurin osa haastatelluista sijoittajista suunnittelevat työskentelevänsä tai lisäävänsä yhteistyötään paikallisten toimittajien kanssa.
- **Higher level of expertise |** Emme haastatelleet suomalaisia toimittajia/yrityksiä osana tätä tutkimusta, joten emme ole pystyneet suoraan yhdistämään ulkomaisten yritysten läsnäoloa yleisen osaamisen kasvuun. Empiirinen näyttö on kuitenkin osoittanut, että ulkomaiset yritykset lisäävät työvoiman osaamistasoa ja tuottavuutta.
- **Stronger country image |** Nykyään suurempi osuus Invest in Finland-tuetuista sijoituksista luokitellaan "platina"- tai "kulta"-investoinneiksi verrattuna viisi vuotta sitten. Tämä viittaa siihen, että Suomeen tulee yhä enemmän houkuttelevampia sijoituksia, jotka auttavat vahvistamaan maan brändikuvaa ja Suomen kilpailukykyä.

Kaiken kaikkiaan Invest in Finlandilla on ollut keskeinen rooli ulkomaisten suorien sijoitusten houkuttelemisessa Suomeen. Invest in Finland on parantanut suomalaisen yhteiskunnan ja talouden kilpailukykyä houkuttelemalla ulkomaisia suoria sijoituksia, jotka eivät välttämättä olisivat päätyneet Suomeen.

Invest in Finlandilla on potentiaalisia aloitteita jatkosakin tarjotakseen asiakkaille ja yhteiskunnalle entistä enemmän arvoa:

- **Uusien FDI-alkuperien edistäminen ja vahvistaminen** | Venäjältä peräisin olevat suorat sijoitukset ovat historiallisesti muodostaneet suuren osan kaikista Suomeen suuntautuvista suorista sijoituksista. Vuonna 2022 Invest in Finland lopetti työskentelyn venäläisten investointien kanssa, mikä on jättänyt aukon suorien sijoitusten kokonaisvolyymiin. Tämän aukon täyttämiseksi Invest in Finlandin on siksi vahvistettava suorien sijoitusten edistämistä uusissa/ muissa maissa. Tämän saavuttaminen vaatii kuitenkin huomattavia resursseja.
- **Suurempi fokus Suomen strategiaan ekosysteemien seurantaan ja ulkomaisten sijoittajien läsnäoloa ekosysteemeissä.** | Invest in Finland voi parantaa ekosysteemien seurantaan ja ulkomaisten sijoittajien läsnäoloa ekosysteemeissä. Ilman kattavaa ja ajantasaista ekosysteemiluetteloa Invest in Finlandin on vaikea arvioida suorituskykyä ja ohjata resursseja oikeaan suuntaan.

- **Kansainvälinen vertailu** | Suomen suorien ulkomaisten sijoitusten suorituskyvyn vertailua muihin maihin voitaisiin tehdä järjestelmällisemmin. Tämä antaisi paremman ymmärryksen Suomen potentiaalista turvata lisää suoria sijoituksia kansainväliseltä areenalta. Tämä edellyttää pääsyä kansainvälisiin tietokantoihin ja benchmarking-menetelmää.
- **CRM-tietokannan täyttö menetettyjen sijoitusten kohdalla** | Invest in Finlandin CRM-tiedot menetetyistä suorista sijoituksista ovat puutteellisia. Palaute potentiaalisilta sijoittajilta voisi antaa uutta tietoa Suomen liiketoimintaympäristön mahdollisista heikkouksista ja auttaa Invest in Finlandia kohdentamaan resurssejaan. Invest in Finlandin tulisi myös pyrkiä seuraamaan, mihin tietyt sijoitukset päätyvät.
- **Sijoitusten arviointipisteityksen parantaminen ja aktiivisempi käyttöönotto** | Invest in Finlandilla on mahdollisuus vahvistaa liiketoimintaälykkyyttään käyttämällä sijoitusten arviointipisteitystä (opportunity scoring) systemaattisemmin ja tukemalla sitä objektiivisilla ja kvantitatiivisilla mittareilla. Ottaen huomioon Business Finlandin strateginen painotus kestävyteen, olisi erityisen hyödyllistä olla tarkempi ja johdonmukaisempi kestävyden arvioinnissa.

WORK IN FINLAND ON KESKEISESSÄ ROOLISSA KANSAINVÄLISTEN OSAAJIEN HOUKUTTELEMISESSA

Nykyiset ja kasvavat työvoimapulat sekä demografiset muutokset Suomessa asettavat merkittävän haasteen Suomen taloudelle ja hyvinvointijärjestelmälle, kun yritykset kamppailevat löytääkseen saatavilla olevaa osaamista ja yhä suurempi osa väestöstä jättää työmarkkinat tullakseen eläkkeelle. Kansainvälisen osaamisen houkutteleva voi siksi vahvistaa Suomen pitkän aikavälin kilpailukykyä. Tässä tutkimuksessa on selvitetty, kuinka Work in Finland on kuuden kilpailukyyn välityskanavan kautta luonut suoria tuloksia asiakkaille ja vaikutuksia yhteiskunnalle. Käsittelemme myös Work in Finlandin synergiavaikutuksia pääraportissa.

Koska Work in Finland perustettiin vasta vuonna 2022, emme ole pystyneet kvantifioimaan sen palveluiden vaikutusta kilpailukykyyn. Sen sijaan olemme arvioineet Work in Finlandia enemmän laadullisesti haastatteluisa saatujen näkemysten ja sen roolin perusteella Talent Boost-ohjelmassa.

TULOKSIA ASIAKKAILLE

- **More international orientation in training and hiring** | Work in Finland katsotaan olevan merkittävässä roolissa Talent Boost-ohjelman saavutuksissa parantamalla työperäiseen maahanmuuttoon liittyviä palvelupolkuja. Work in Finland tarjoaa yrityksille johtajuusmentorointia, osaajien rekrytointikampanjoita ja tapahtumia kansainvälisten asiantuntijoiden houkuttelemiseksi. Work in Finland hallinnoi rekrytointia auttavia verkkosivustoja sekä Talent Manager-verkostoa, joka vahvistaa rekrytointikanavia Talent Boost-maihin. Lisäksi Work in Finland tarjoaa Talent-rahoitusta pk- ja midcap-yrityksille, jotka pyrkivät uudistamaan merkittävästi nykyisiä toimintatapojaan parantaakseen valmiuksiaan kansainväliseen kasvuun.
- **Increase in the number of experts and tourists** | Talent Boost-ohjelman käyttöönoton jälkeen vuonna 2017 itsenäisten ammatinharjoittajien, erikoisosaajien ja tieteellisen tutkimustyön lupien määrä on kasvanut merkittävästi, mikä heijastaa Suomeen siirtyvien kansainvälisten osaajien kirjoa ja monimuotoisuutta. Work in Finlandin odotetaan tulevaisuudessa kantavan tärkeää roolia kohderyhmien ja osaamisen proaktiivisessa tunnistamisessa ja houkuttelussa Suomeen.

VAIKUTUKSET YHTEISKUNTAAN

- **Higher level of expertise** | Erikoisosaaajien määrä Suomeen muuttaneiden osalta on kasvanut 88 % Talent Boost-ohjelman käyttöönoton jälkeen vuonna 2017. Work in Finlandin strategiassa on myös kuvattu useita tehtäviä, jotka liittyvät erityisesti asiantuntijoiden houkutteluun. On kuitenkin jälleen liian aikaista arvioida Work in Finlandin erillistä roolia tässä kehityksessä.
- **Increase in the turnover and internationalisation of ecosystems** | Tämän tutkimuksen yhteydessä tehdyt haastattelut ulkomaisten sijoittajien kanssa korostavat, että Suomen kyky houkuttaa ja pitää kiinni ulkomaalaisesta osaamisesta edistää taloudellista suorituskykyä ja on yksi syistä sijoittaa Suomeen. Kansainväliset osaajat auttavat edistämään Suomen talouden ja ekosysteemien laajempaa kansainvälistymistä.
- **Increased attraction of new talents** | Kansainvälinen ja monimuotoinen väestö on tärkeä tekijä integraation ja yhteisöllisyyden kannalta ulkomaisille osaajille. OECD Talent Attractiveness-indikaattori sijoittaa Suomen 14. sijalle 38 OECD-maan joukossa erikoisosaaajien houkuttelevuuden suhteen. Suomen sijoitus on parantunut neljällä sijalla vuodesta 2019, mikä osoittaa, että Talent Boost-ohjelman integraatio- ja muiden ponnistelujen vaikutus voi olla tekijänä.
- **Stronger country image** | Kansainvälinen työvoima ja työperusteisen maahanmuuton edistäminen antavat ulkomaisille työntekijöille signaalin siitä, että Suomi on avoin kansainväliselle työvoimalle. Tämä auttaa edistämään Suomen brändikuvaa työskentely- ja asuinpaikkana.

Work in Finlandin odotetaan olevan keskeisessä roolissa kansainvälisten osaajien houkuttelussa Suomeen, auttaen siten lievittämään kasvavia työmarkkinapaineita ja yhdistämään suomalaisia ja ulkomaisia yrityksiä maailmanlaajuisen osaajapooliin.

Työskentelyrakenteiden ja -tapojen ollessa yhä kehittyvillä, Work in Finlandilla on mahdollisuus harkita potentiaalisia aloitteita varmistaakseen korkean panoksen asiakkailleen ja yhteiskunnalle:

- **Roolien ja vastuiden selventäminen** | Work in Finlandilla on mahdollisuus selkeyttää roolejaan ja vastuitaan, jotka ovat erillisiä ja selkeästi erottuvia sen kumppaneista. Tämä on esimerkiksi erittäin relevanttia Talent Boost-vastuiden laajentuessa maakunnille, joiden roolit ja valtuudet ovat edelleen suurelta osin epäselviä. Epäselvät roolit voivat johtaa viivästyksiin ja tehottomuuteen.
- **Tietopohjan rikastaminen työnantajan asenteista ja esteistä** | Voidakseen ajaa enemmän todisteisiin perustuvia aloitteita, Work in Finland ja/tai sen kumppanit voisivat suorittaa kyselytutkimuksia suomalaisten työnantajien keskuudessa ymmärtääkseen heidän käsityksiään, mieltymyksiään ja haasteitaan liittyen kansainvälisen osaamisen houkutteluun ja säilyttämiseen.
- **Fokus laajempaan osaajaryhmän** | Work in Finland ja Talent Boost-ohjelma voisivat korostaa entistä enemmän laajempien osaajaryhmien houkuttelua Suomeen. Nämä ponnistelut tulisi vastata niitä, jotka on jo suunnattu tiettyihin avainalojen (esim. ICT-alan) asiantuntijoiden houkutteluun, sillä tulevaisuuden työmarkkina-kehitys edellyttää monenlaista osaamista.
- **Kumppanuuspyrkimysten vahvistaminen Talent Boostin fokusmaissa** | Resurssien ollessa rajalliset, Work in Finlandin tulisi jatkaa ja jopa lisätä ponnistelujaan kumppanuuksien ja kestävien rekrytointikanavien muodostamiseksi maissa, joissa on havaittu erityisiä osaamiskeskittymiä tai korkea-asteen koulutettujen työntekijöiden kasvava väestö.



TARVE VISIT FINLANDIN MATKAILUN EDISTÄMISPALVELUIDEN LAAJENTAMISELLE

Matkailun edistäminen voi auttaa nostamaan Suomen kartalle sekä vapaa-ajan matkailijoiden että liikematkailijoiden kohteena. Matkailuteollisuuden taloudellisen toiminnan kasvattaminen, osaamisen kehittäminen ja tiedon jakaminen voivat osaltaan edistää Suomen pitkän aikavälin kilpailukykyä. Tässä tutkimuksessa on selvitetty, miten Visit Finland on kuuden kilpailukyyn välityskanavan kautta luonut suoria tuloksia asiakkaille ja vaikuttanut yhteiskuntaan.

TULOKSIA ASIAKKAILLE

- **Increase in the number of experts and tourists** | Ulkomaalaisten vierailijoiden määrä on kasvanut Suomessa viime vuosikymmenen aikana, tosin joillakin alueilla enemmän kuin toisilla. Visit Finlandin asiakkaiden haastattelut viittaavat siihen, että Visit Finlandin toimenpiteet ovat tehneet Suomesta näkyvämmän globaalisti matkailukohteena sekä ammattimaistaneet paikallisia matkailualan yrityksiä Suomessa, mahdollistaen niiden pääsyn uusiin markkinoihin.
- **Increased adoption of digital tools** | 67% haastatelluista Visit Finlandin kumppaneista kertoo, että heidän digitaaliset taitonsa ovat parantuneet Visit Finlandin kanssa työskentelyn jälkeen.
- **Increased profitability through new business models** | Visit Finlandin asiakkaat korostavat, että yhteistyö Visit Finlandin kanssa on parantanut heidän osaamistaan ja mahdollistaneen liiketoimintamallien päivittämisen kolmessa painopistealueessa: kestävä matkailu, uusi markkinatieto ja kansainvälistyminen. Näillä kolmella osa-alueella koulutusta ja osaamisen kehittämistä tarjoava Visit Finland Academy on saanut asiakkailta erittäin positiivista palautetta.

VAIKUTUKSET YHTEISKUNTAAN

- **Higher level of expertise** | Sama osaamisen kehittäminen Visit Finlandin asiakkaiden keskuudessa kestävän matkailun, markkinatiedon ja kansainvälistymisen alueilla voidaan olettaa siirtyvän laajemmalle matkailualalle työvoiman liikkuvuuden, tiedon jakamisen ja liiketoimintasuhteiden kautta, kasvattaen koko Suomen matkailualan kilpailukykyä. Vaikutusta ei olla kuitenkaan mitattu kvantitatiivisesti tässä tutkimuksessa.
- **Stronger country image** | Visit Finland yhdessä muiden Suomen matkailun edistämispalveluiden kanssa käyttää merkittäviä resursseja Suomen profiilin korottamiseen matkakohteena. Matkailukysynnän indikaattorina toimivat online-haut (online touristic searches) osoittavat, että Suomen brändi matkailukohteena on parantunut merkittävästi vuodesta 2019, jolloin hakujen määrä kasvoi kolmessa vuodessa 31%. Visit Finlandin asiakkaiden haastattelut osoittavat, että tämä kehitys ja erityisesti pienten Suomen alueiden brändikuvan parantaminen ei olisi ollut mahdollista ilman Visit Finlandin panosta.
- **Increase in tourism income** | Matkailutulot ovat kasvaneet Suomessa viime vuosina maltillisesti (keskimäärin 3% vuodessa vuosina 2013–2019). Matkailutulojen kasvu on keskeinen vaikutusindikaattori Visit Finlandin matkailun edistämistoimissa. Vaikka Visit Finlandin ja muiden edistämistoimien vaikutusta matkailutulojen kasvuun voi olla vaikea eristää, tiedot viittaavat siihen, että toimet ovat olleet suotuisia.



Visit Finland ja maanlaajuinen matkailun edistäminen ovat olleet olemassa jo jonkin aikaa, eikä matkailun kasvua voida yksilöidä matkailun edistämistoimista johdettavaksi. Siitä huolimatta Visit Finlandin merkitys matkailualalle tunnustetaan paikallisten matkailutoimijoiden ja pienyritysten keskuudessa, ja vaikka parannuksia voidaan tehdä, Visit Finlandin katsotaan suoriutuvan tehtäväänsä erittäin hyvin, varsinkin kun otetaan huomioon rajalliset resurssit (jotka raportoidaan olevan huomattavasti alhaisemmat kuin naapurimaissa).

Visit Finlandilla on potentiaalisia aloitteita jatkossakin tarjotakseen lisäarvoa asiakkaille (erityisesti pienemmille matkailuyrityksille) ja yhteiskunnalle:

- **Roolien selkeyttäminen organisaatiossa** | Alueelliset matkailujärjestöt ilmoittavat olevansa vahvassa ja läheisessä suhteessa avainhenkilöihinsä, mutta heiltä puuttuu ymmärrys muiden toimintojen kattavuudesta ja työntekijöiden rooleista. Visit Finlandin tulee pyrkiä selkeyttämään toiminnallisten yksiköiden ja avainhenkilöiden rooleja ja vastuita, jotta asiakkaat voivat hyödyntää Visit Finlandin tiimiä täysimääräisesti.

- **Lisää joustavuutta ja kaupallista keskittymistä** | Visit Finlandin asiakkaat korostivat haastatteluissa, että he voisivat hyötyä vahvemmassa kaupallisesta painostuksesta Visit Finland-organisaatiossa. Suorituskykyä ja kaupallista painostusta voitaisiin vahvistaa asettamalla selkeät tulostavoitteet ja järjestelmällinen seuranta toiminnoille.
- **Tiiviimpi yhteys laajempaan matkailuun** | Visit Finlandilla on pääasiassa epäsuora vaikutus matkailualan pienyrityksiin alueellisten matkailuorganisaatioiden kautta. Visit Finlandin kumppaneiden haastattelut paljastivat, että he voisivat hyötyä enemmän Visit Finlandin läheisemmästä tuesta pienempien matkailualan yritysten osallistamiseksi esim. kestävä matkailun aloitteissa.

STRATEGINEN KESKITTYMINEN KANSAINVÄLI-SIIN AV-TUOTANTOIHIN TOTEUTETAAN

Suomen AV-alan panos maan kulttuuriseen, taloudelliseen ja sosiaaliseen kehitykseen on merkittävä. Kansainvälisten AV-tuotantojen houkuttelevuus voi auttaa brändäämään Suomea (esimerkiksi ulkomaisille sijoittajille, osaajille, matkailijoille ja muille AV-tuotannoille) ja luomaan paikallisille toimijoille tietämyksen siirtoja. Tässä tutkimuksessa on selvitetty, miten Film in Finland on kuuden kilpailukyvyyn välityskanavan kautta luonut suoria tuloksia asiakkaille ja vaikuttanut yhteiskuntaan.

TULOKSIA ASIAKKAILLE

- **Increase in the number and turnover of foreign companies** | Vuodesta 2017 lähtien AV-tuotantokannustimen saaneista tuotannoista noin 30 % on ollut ulkomaisia. Tämä osuus on kasvanut ajan myötä. Vuonna 2022, joka oli Film in Finlandin ensimmäinen kalenterivuosi, kannustimen saaneiden ulkomaisten tuotantojen osuus oli kaikkien aikojen korkein, 52 %. Edistämällä Suomen AV-tuotannon kannustinta tämä kehitys viittaa siihen, että Film in Finland on onnistunut houkuttelemaan ulkomaisia AV-yrityksiä Suomeen.

VAIKUTUKSET YHTEISKUNTAAN

- **Higher level of expertise & more diversified business life and exports** | Auttamalla houkuttelevuutta ulkomaista tuotantoa Suomeen ja edistämällä AV-tuotannon kannustinta, Film in Finland edistää asiantuntemuksen rakentamista ja luo monipuolisempaa elinkeinoelämää paikalliselle AV-alalle. Tämä vaikutus korostui suomalaisten AV-yritysten haastatteluissa, jotka ovat olleet mukana ulkomaisissa AV-tuotannoissa Suomessa.
- **Stronger country image** | Suomea tai suomalaista kulttuuria esittelevä AV-tuotanto voi herättää maailmanlaajuisia huomiota ja toimia Suomen promootiovälineenä. Tämän takia Suomen AV-promootiolla ja Film in Finlandin on koettu vaikuttavan maakuvan rakentamiseen. Film in Finland toteuttaa myös kohdennettuja markkinointikampanjoita kohdemaissa. Nämä kampanjat tavoittivat vuonna 2022 kaksi miljoonaa ihmistä viidessä eri kohdemaassa.

Tutkimustulokset osoittavat, että Film in Finland on tähän mennessä ollut hyödyllinen Suomen edistämiseksi kansainväliselle AV-alalle. On kuitenkin potentiaalisia aloitteita, joita Film in Finland voisi toteuttaa jatkossa tarjotakseen enemmän arvoa asiakkailleen ja yhteiskunnalle:

- **Vastausaikojen lyhentäminen** | Film in Finlandin tulisi pyrkiä ottamaan yhteyttä alueellisiin AV-toimijoihin/komissioihin mahdollisimman pian alkuperäisen kyselyn jälkeen. Palautteen mukaan prosessi alkuperäisestä kyselystä yhteydenottoon komissioiden kanssa voi joskus kestää liian kauan, lyhentäen valmistelu-aikaa toisessa päässä.
- **AV-kannustimen, maisemien ja toimialaosaimisen edistäminen** | Film in Finland voisi lisätä edistämistoimiaan entisestään (annettujen resurssien rajoissa), keskittyen erityisesti AV-kannustimen luonteeseen ja tehokkuuteen, suomalaisiin maisemiin ja vahvaan paikalliseen AV-alan asiantuntemukseen.

- **Pohjoismaisen yhteistyön lisääminen AV-toiminnan edistämiseksi** | Asiakkaat ehdottavat, että suomalaista AV-promootiota tulisi tehdä enemmän yhteistyössä muiden Pohjoismaiden kanssa jotta voidaan todella nostaa Suomen (ja Pohjoismaiden) kansainvälistä profilia AV-tuotantopaikkana. Yksin Suomen edistäminen AV-tuotantomaana ei todennäköisesti koskaan tuo skaalaa vastaamaan Euroopan ulkopuolella olevaa kilpailua.
- **Suuremman läsnäolon ylläpitäminen AV-hubeissa** | Suomalaiset AV-alan yritykset korostavat jatkuvan ja voimakkaan läsnäolon ylläpitämisen tärkeyttä Los Angelesissa ja Lontoossa, jotka ovat AV-tuotannon pääkeskuksia ja tärkeitä suhteiden rakentamisen paikkoja sijaintipaälliköiden kanssa.

1 BUSINESS FINLAND AS A DRIVER OF **COMPETITIVENESS**



Competitiveness is key to ensuring long-term prosperity. By focusing on improving the competitiveness of both Business Finland customers and Finland, Business Finland aims to avoid sub-optimising economic growth in the short term. Rather, the aim of Business Finland is to strengthen customers' long-term competitiveness by supporting them in developing capabilities that are required for renewal and resilience. In the bigger scheme, Business Finland strives for supporting the development of a dynamic, diverse, and agile Finnish business environment, which is conducive to innovation and can adjust to unexpected circumstances.

In this chapter, we assess Business Finland's overall role as a driver of competitiveness. In Section 1.1, we give an overview of Business Finland's 2025 strategy to understand how its promotion services intend to develop capabilities that can support the renewal and resilience of Finnish businesses. As described in Section 1.2, the Impact Model for Competitiveness makes the 2025 strategy operational and specifies the desired results for customers and impacts for society within the area of competitiveness.

In Section 1.3, we share a few observations on the implementation of the 2025 strategy gathered through the data collection and interviews conducted as part of this study. Section 1.4 offers a benchmarking of Finland's overall performance based on 17 competitiveness indicators developed by the European Commission. Finally, Section 1.5 offers some conclusions and recommendations for Business Finland's future initiatives on competitiveness.

“Competitiveness is key to ensuring long-term prosperity. By focusing on improving the competitiveness of both our customers and Finland, we avoid sub-optimising economic growth in the short term. Our task at Business Finland is to strengthen our customers’ long-term competitiveness by supporting them in developing capabilities that are required for renewal and resilience. In the bigger scheme, we strive for a dynamic, diverse, and agile Finnish business environment, which is conducive to innovation and can adjust to unexpected circumstances.”



1.1 BUSINESS FINLAND’S 2025 STRATEGY

In 2020, Business Finland updated its strategy, setting the operational guidelines for the organisation until 2025. The overall purpose of Business Finland’s promotion services is to generate prosperity for Finland by accelerating the sustainable growth of its customers globally. Business Finland sees prosperity as being created at the intersection of three equally important areas: economic growth, sustainability, and competitiveness. While the three areas are closely interlinked, this impact assessment focuses on competitiveness.

The new strategy sets direction for the desired accomplishments of Business Finland at both the customer and societal level for each promotion area. The strategy also has a renewed focus on strengthening collaboration between the promotion service areas and acting as one organisation working together towards common goals. Finally, the new strategy has a strong focus on sustainability.

Within the context of this impact assessment, the following aspects of the 2025 strategy are worth highlighting:

- Results of the promotion services for Business Finland’s customers
- Impacts of the promotion services at the societal level
- Realisation of synergies between the four promotion areas
- Incorporation of sustainability into the promotion service delivery

RESULTS OF THE PROMOTION SERVICES FOR BUSINESS FINLAND'S CUSTOMERS

The aim for Business Finland is to advance the bold renewal of its customers and the Finnish economy through research, development & innovation (RDI) incentives, building ecosystems, and actively encouraging investment in innovation, digital transformation, and new business models.

Focus is on intangible investment such as building expertise related to internationalisation, planning export-enhancing activities, and preparing for intellectual property rights (IPR) protection. The strategy focuses on digitalisation to make full use of investment and keeping up with development.

Business Finland also aims to support its customers in both building and joining value-adding networks and partnerships, as well as to develop their internationalisation capabilities. These capabilities are expected to support its customers' resilience, help them overcome sudden changes in their business environment, and enable them to renew their businesses in a more agile way and grasp new opportunities in global markets.

At the customer level, Business Finland has defined the following KPIs for its promotion services:

- Strong internationalisation-related capability and investment
- Significant investment in innovation, digital transformation, and new business models
- Value-adding networks and partnerships

Impacts of the promotion services at the societal level

The aim for Business Finland is to help Finland sustain an attractive and resilient business landscape that is not only sustainable but also agile in reacting to external challenges. At the societal level, Business Finland has defined the following KPIs for its promotion services:

- World-class ecosystems and expertise
- Diverse business environment and export portfolio
- Strong country brand
- High inbound activity

REALISATION OF SYNERGIES BETWEEN THE FOUR PROMOTION AREAS

Business Finland has an extensive domestic and global presence in around forty different locations most important to Finland, which gives insight into current and future global market opportunities, as well as Finnish potential. Business Finland also aims to be closely connected to those actors in Finland who are innovative and growth-oriented, and who can play a key role in defining Finland's future.

These insights and networks can enable Business Finland to proactively develop and refine the Finnish potential and match it with the most fitting opportunities. Realising the full potential will require Business Finland advisors to work together across service areas. The evaluation will assess the extent to which the promotion services leverage this strength and utilise synergies between the different areas.

INCORPORATION OF SUSTAINABILITY INTO THE PROMOTION SERVICE DELIVERY

The new strategy has raised Business Finland's ambition in terms of how proactively its services should be used to promote sustainability in addition to economic growth

and competitiveness. As an umbrella organisation, Business Finland strives to be developers of new sustainable solutions and operations and to promote Finland as a superpower in sustainable development. Business Finland therefore aims to incorporate sustainability across all core processes of promotion service delivery, with an equal emphasis on economic, ecological, and social sustainability.

The Business Finland 2023 targets stipulate that more than 50% of all service transactions should relate to advancing sustainable development goals. These cover transactions in which sustainability has been discussed and a clear positive link to enhancing sustainability can be established. As for the promotion services, the strategies outline that customer activities and transactions should provide strong support for sustainable solutions and awareness impact.

Although the core focus of this evaluation is competitiveness, we will nonetheless briefly assess the extent to which Business Finland has made their customers aware of their environmental and social responsibility and, moreover, assisted them to develop sustainable solutions.

1.2 BUSINESS FINLAND'S IMPACT MODEL FOR COMPETITIVENESS

Business Finland's 2025 strategy has been made operational through the development of an impact model for each of the strategic targets: economic growth, sustainability, and competitiveness. The Impact Model for Competitiveness defines competitiveness as capabilities and attractiveness in the long run. According to the Impact Model for Competitiveness, Business Finland's financing and promotion services are expected to increase customers' own R&D activities and intend to incentivise customers to invest in value-producing networks and partnerships. This is illustrated in the intervention logic below.

The aim is to create:

- **Results for customers** | Results are achieved when the R&D leverage, branding, and networks enable customers to renew their business. As illustrated in Figure 1, this could be through stronger internationalisation abilities, growing investments (in innovation, digital transformation, and new business models), and renewed value-added from networks and partnerships.
- **Impacts on society** | Impacts are achieved when the renewal of Business Finland's customers makes Finland more attractive and resilient. As illustrated in Figure 1, this could be through stronger capabilities (ecosystems and know-how), a diversified business environment and export structure, and an improved country image.



FIGURE 1: DESIRED RESULTS AND IMPACTS IN THE IMPACT MODEL FOR COMPETITIVENESS



Source: Implement Economics based on Business Finland's project description and 2025 strategy.

“As part of the yearly planning process, Business Finland’s strategic goals as well as Business Finland’s strategic priorities, are cascaded to service area and unit-level objectives, on the basis of which the service areas create their own action plans. These, in turn, are reflected and taken into account in the unit and team-level planning, and ultimately in all BFers’ personal target settings. A clear and systematic process is built to ensure continuous follow-up and actionable reporting of the strategy execution. The strategy execution is frequently revisited in Leadership Team meetings, and strategic priorities are coordinated and cross-checked on a Leadership team level.”



1.3 IMPLEMENTATION OF THE 2025 STRATEGY

The 2025 strategy foresees that Business Finland’s organisational structure, operating models, and management model need to be (re)designed to support the execution of the new strategy. Special attention was expected to be given to the coordination, cross-checking, and steering of the different service area-level plans from a Business Finland perspective.

Implementation of a new strategy requires significant resources, and the cascading of the strategic goals to all service areas takes time. Our preliminary assessment is that the implementation of the 2025 strategy is still ongoing. More time is required before the Impact Model for Competitiveness has been made operational in action plans for all promotion areas and backed by measurable targets. It is important to keep in mind that the implementation takes place in parallel with the daily operation and delivery of promotion services to Business Finland customers. There is therefore a risk that the implementation of the strategy is deprioritised, and that the needed behavioural changes are lagging.

Meeting the strategic long-term goals requires that Business Finland’s promotion services are carefully designed and targeted to companies that have the potential to improve the competitiveness of the innovation and operational environmental system in Finland. As illustrated in Figure 2, activating the long-term drivers of prosperity can be achieved both by making more resources available, securing a better use of existing resources, and/or enhancing the productivity of existing resources.

FIGURE 2: LONG-TERM DRIVERS OF PROSPERITY



Note: The term human capital refers to the economic value of a worker's experience and skills. Human capital includes assets like education, training, intelligence, skills, health, and other things employers value such as loyalty and punctuality.

Source: Implement Economics based on a detailed literature survey, including OECD (2001), IMF (2014), and Produktivitetskommissionen (2013).

The Impact Model for Competitiveness emphasises both success in terms of making more resources available (for example by increasing the number of foreign companies, experts, tourists, and audiovisual productions flowing into Finland), securing a better use of existing resources (for example by strengthening existing ecosystems), and making existing resources more productive (for example through increased adoption of digital tools, new business models, and more international training and hiring).

Success in terms of making more resources available is often relatively easy to measure, whereas the quality of the resources can be more difficult to track and assess. To achieve the desired societal impacts and improve the attractiveness and resilience of the Finnish economy, it is therefore important that Business Finland targets its promotion services towards productive and future-fit parts of the economy. A structured approach and a common un-

derstanding of what this entails for each promotion areas can support this.

1.4 FINLAND'S COMPETITIVENESS IN AN EU CONTEXT


In March 2023, the European Commission published a communication on the EU long-term competitiveness towards 2030. The communication aims to increase focus on Europe's long-term competitiveness, considering the increasingly challenging geopolitical context that has spurred a shift in focus on crisis management rather than economic productivity and competitiveness. A benchmarking of Finland on the 10 drivers is shown below.

BENCHMARKING FRAMEWORK

The Commission proposes to work along 10 mutually reinforcing drivers that in combination reflect thriving businesses that can compete globally, create attractive job opportunities, and contribute to setting global standards. For each driver, the Commission has developed 1-3 indicators to monitor the driver (a total of 17 competitiveness indicators).

We use the 17 indicators to benchmark Finland's competitiveness relatively to the EU average and the Nordic countries: Denmark, Sweden, and Norway. The data sources used for the benchmarking are the same as used by the Commission.

For some KPI's data is missing for Norway as they are not part of the EU. For the same reason, Iceland is excluded from the benchmarking.





-  **GREEN CIRCLE:** The current performance is better than the EU average.
 -  **YELLOW CIRCLE:** The current performance is the same as the EU average.
 -  **RED CIRCLE:** The current performance is worse than the EU average.
-
-  **GREEN ARROW:** Positive development from 2019-2021¹.
 -  **RED ARROW:** Negative development from 2019-2021.

Note: ¹ In few cases where the interpretation of the indicator is opposite, a positive development is a downward trend illustrated by a downward pointing green arrow.

A benchmarking of the first four drivers (KPI 1-7) illustrated in Figure 3 shows that:

- **A functioning Single Market** | The Single Market is the main engine of growth, productivity, and competitiveness. For many SMEs, the Single Market is the first step towards international expansion. Finland is well integrated in the Single Market for services (but with a deteriorating performance 2019-2021) but lags the other Nordic countries and the EU average in terms of goods trade. Finland is on the other hand leading in terms compliance in transposing the Single Market directives (but with a deteriorating performance 2019-2021).
- **Access to private capital and investment** | A competitive economy needs efficient funding channels, and significant private financing is critical in view of the sheer scale needed to among others accelerate the green and digital transitions. All the Nordic countries perform better than the EU average in terms of access to private capital and investment (even with an improving performance 2019-2021), but Finland lies behind both Denmark and Sweden.
- **Public investment and infrastructure** | Public investment is essential for promoting competitiveness through areas such as R&D and education as well as for providing a high level of public services and infrastructures. All the Nordic countries perform better than the EU average for public investment (but with a deteriorating performance 2019-2021), but Finland lags both Sweden and Norway.
- **Research and Innovation** | Investment in research and innovation today is determining for tomorrow's competitiveness. Finland spends more than the EU average on R&D (as % of GDP) and is only exceeded by Sweden. However, Finland lags both the EU average, Denmark, and Sweden on patent applications (however with an improving performance 2019-2021).

FIGURE 3: FINLAND'S PERFORMANCE MEASURED ON A FUNCTIONING SINGLE MARKET, ACCESS TO PRIVATE CAPITAL & INVESTMENT, PUBLIC INVESTMENT & INFRASTRUCTURE, AND RESEARCH & INNOVATION

| | | A FUNCTIONING SINGLE MARKET | | ACCESS TO PRIVATE CAPITAL AND INVESTMENT | | PUBLIC INVESTMENT AND INFRASTRUCTURE | RESEARCH AND INNOVATION | | | |
|---|--------------------------------|--------------------------------------|-------|--|----|--|--|---------------------------------------|-----------------------------------|---------------------------------------|
| | | KPI 1 – Integration of Single Market | | KPI 2 – Conformity deficit | | KPI 3 – Net private investment as % of GDP | KPI 4 – Venture capital investment as % of GDP | KPI 5 – Public investment as % of GDP | KPI 6 – RGD intensity as % of GDP | KPI 7 – Number of patent applications |
| | | Services | Goods | | | | | | | |
|  | Ranking among Nordic countries | #1 | #3 | #1 | #3 | #3 | #3 | #3 | #2 | #3 |
| | FI compared to EU avg. | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Development 2019-2021 | ↓ | ↑ | ↓ | ↑ | ↑ | ↑ | ↓ | ↑ | ↑ |
|  | Ranking among Nordic countries | #2 | #1 | #3 | #2 | #2 | #2 | #4 | #3 | #2 |
| | DK compared to EU avg. | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Development 2019-2021 | ↓ | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ | ↓ | ↑ |
|  | Ranking among Nordic countries | #3 | #2 | #4 | #1 | #1 | #1 | #2 | #1 | #1 |
| | SE compared to EU avg. | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Development 2019-2021 | ↓ | ↑ | ↓ | ↑ | ↑ | ↓ | ↓ | ↓ | ↓ |
|  | Ranking among Nordic countries | | | #2 | #4 | | | #1 | #4 | #4 |
| | NO compared to EU avg. | | | ● | ● | | | ● | ● | ● |
| | Development 2019-2021 | | | ↓ | ↓ | | | ↓ | ↓ | ↓ |

Note: Data for Norway is not available for all KPIs using the same comparable sources as the Commission.
Source: European Commission (2023).

More insights can be drawn from the data for KPI 8-12 shown in Figure 4. The key observations for the additional three key drivers of competitiveness are summarised below.

- **Energy** | Reliable and secure supply of affordable energy is key to maintain competitiveness of businesses, as high and volatile energy prices hurt businesses through increasing operational costs. A fast roll-out of renewable energy can help securing energy independence and lower energy prices. All the Nordic countries perform better than the EU average. Finland is leading with the lowest electricity prices (however with a deteriorating performance 2019-2021) but lies behind both Norway and Sweden in terms of use of renewable energy sources.
- **Circularity** | A circular economy represents an opportunity to decrease dependence on resources and minimise waste, while increasing resource productivity, employment, and growth. All the Nordic countries perform worse than the EU average in terms of circular material use, and Finland lags both Denmark and Sweden (and with a deteriorating performance from 2019-2021).
- **Digitalisation** | Digitalisation and digital technologies improve efficiency and stimulate innovation in the entire economy and hence play a crucial role for the overall competitiveness. All the Nordic countries performs better than the EU average (even with an improving performance 2019-2021), and Finland is leading in terms of digital intensity. Finland is the second-best performing country among the Nordic countries for adoption of Cloud, Big data, and AI technologies in companies.

FIGURE 4: FINLAND'S PERFORMANCE MEASURED ON ENERGY, CIRCULARITY, AND DIGITALISATION

| | | ENERGY | | CIRCULARITY | DIGITALISATION | | | |
|---|--------------------------------|--|--|-------------------------------------|------------------------------------|--|-----------------------|-----------------|
| | | KPI 8 – Share of energy from renewable sources | KPI 9 – Electricity prices for non-household consumers | KPI 10 – Circular material use rate | KPI 11 – Digital intensity in SMEs | KPI 12 – Digital technology adoption by companies (% of enterprises) | | |
| | | | | | | Cloud | Big data ¹ | AI ² |
|  | Ranking among Nordic countries | #3 | #1 | #3 | #1 | #2 | #2 | #2 |
| | FI compared to EU avg. | ● | ● | ● | ● | ● | ● | ● |
| | Development 2019-2021 | ↑ | ↑ | ↓ | | ↑ | | |
|  | Ranking among Nordic countries | #4 | #4 | #1 | #2 | #3 | #1 | #1 |
| | DK compared to EU avg. | ● | ● | ● | ● | ● | ● | ● |
| | Development 2019-2021 | ↓ | ↑ | ↑ | | ↑ | | |
|  | Ranking among Nordic countries | #2 | #2 | #2 | #3 | #1 | #3 | #4 |
| | SE compared to EU avg. | ● | ● | ● | ● | ● | ● | ● |
| | Development 2019-2021 | ↑ | ↓ | ↑ | | ↑ | | |
|  | Ranking among Nordic countries | #1 | #3 | | #4 | #4 | #4 | #3 |
| | NO compared to EU avg. | ● | ● | | ● | ● | ● | ● |
| | Development 2019-2021 | ↓ | ↓ | | | ↑ | | |





Note: Data for Norway is not available for all KPIs using the same comparable sources as the Commission.¹Data is only available for 2020. ²Data is only available for 2021.

Source: European Commission (2023).

Finally, the last insights can be drawn from the data for KPI 13-17 shown in Figure 5:

- **Education and skills** | To keep up with the fast pace of the technological developments, individuals will have to acquire new skills to keep up both in their own jobs but also to take on jobs in other sectors. All the Nordic countries perform better than the EU average in terms of education and skills except for number of ICT specialist where Finland and Norway lag the EU average (however with an improving performance 2019-2021).
- **Trade and open strategic autonomy** | Open and diversified trade is crucial for making Finland more thriving, competitive, and resilient in the shifting geopolitical environment where there is a continuous need for strengthening supply chains and reducing trade dependencies. All the Nordic countries perform better than the EU average in terms of global trade, but Finland lags Denmark and Sweden (but with an improving performance 2019-2021).
- **Regulatory burden** | The quality of the regulatory framework and the public administration is crucial for competitiveness as reporting obligations are necessary but costly, particularly for SMEs. Hence, streamlining reporting obligations and reducing the administrative burden can improve competitiveness. All the Nordic countries perform above the EU average, with Finland as the leading Nordic country in terms of ease of regulatory compliance (even with an improving performance 2019-2021).

FIGURE 5: FINLAND'S PERFORMANCE MEASURED ON EDUCATION & SKILLS, TRADE & STRATEGIC AUTONOMY, AND REGULATORY BURDEN

| | | EDUCATION AND SKILLS | | | | TRADE AND OPEN STRATEGIC AUTONOMY |
|---|--------------------------------|--|--------------------------------|--------------------------|------------|--|
| | | KPI 13 – Adult participation in education and training yearly ³ | KPI 14 – adult employment rate | KPI 15 – ICT specialists | | KPI 16 – Trade with the rest of the world % of GDP |
| | | | | Total | % of women | |
|  | Ranking among Nordic countries | #3 | #4 | #2 | #1 | #3 |
| | FI compared to EU avg. | ● | ● | ● | ● | ● |
| | Development 2019-2021 | | ↑ | ↑ | ↑ | ↑ |
|  | Ranking among Nordic countries | #4 | #3 | #3 | #2 | #1 |
| | DK compared to EU avg. | ● | ● | ● | ● | ● |
| | Development 2019-2021 | | ↑ | ↑ | ↑ | ↑ |
|  | Ranking among Nordic countries | #1 | #1 | #1 | #3 | #2 |
| | SE compared to EU avg. | ● | ● | ● | ● | ● |
| | Development 2019-2021 | | ↓ | ↑ | ↓ | ↓ |
|  | Ranking among Nordic countries | #2 | #2 | #4 | #4 | #4 |
| | NO compared to EU avg. | ● | ● | ● | ● | ● |
| | Development 2019-2021 | | ↓ | ↑ | ↓ | ↓ |

Note: Data for Norway is not available for all KPIs using the same comparable sources as the Commission. ³ The newest survey and data is from 2016. ⁴ Development is from 2018-2021. Source: European Commission (2023).



Business Finland's promotion services can play a key role in improving Finland's performance on several of the competitiveness indicators, including areas where Finland lies behind the EU average (goods trade in the Single Market, number of patent applications, circular material use, and ICT specialists). The framework can therefore work as an inspiration to track and benchmark Finland's performance going forward.

1.5 OVERALL CONCLUSIONS AND RECOMMENDATIONS

Business Finland has three strategic target areas: economic growth, sustainability, and competitiveness. While these three strategic target areas are closely interrelated, this impact assessment covers only competitiveness. It is important that the strategy is also evaluated as a whole, where the evaluator looks across the three strategic target areas for each of the promotion areas.

A future evaluation of the strategy could include both the achievements of the promotion services but also the implementation of the strategy itself. Based on interviews with Business Finland staff, we see a risk that the high activity level and shortage of resources throughout the organisation hinders long-term thinking and effective implementation the way it was foreseen in the strategy:

"A clear and systematic process is built to ensure continuous follow-up and actionable reporting of the strategy execution. The strategy execution is frequently revisited in Leadership Team meetings, and strategic priorities are coordinated and cross-checked on a Leadership team level."

Equally important, we see a need to ensure that the strategic priorities are cascaded into each promotion areas and translated into tangible targets. When setting targets, it is important to move beyond immediate results in terms of attracting resources (a high number of investments, talents, tourists, and audiovisual productions) and ensure focus on the quality of resources needed to secure societal impacts.

Finland performs well based on the 17 competitiveness indicators recently developed by the European Commission. Business Finland's promotion services can play a key role in improving Finland's performance on several of the competitiveness indicators, and the framework can work as an inspiration to track and benchmark Finland's performance going forward. Business Finland can also consider taking new initiatives in areas where Finland lies behind the EU average:

- **Goods trade in the Single Market** | While this finding is mainly relevant for Business Finland's export promotion services (particularly services targeted SMEs that generally face more barriers to internationalising than larger companies), there is the more general insight that the potential from doing business in the Single Market might not be fully exhausted. Attracting investments from other European countries and seeking business models that exploit potentials in the Single Market can be ways to improve Finland's performance on this indicator.
- **Number of patent applications** | Finland's performance measured on this indicator is improving, which could indicate that Business Finland's historic funding services are bearing fruit. Successfully targeting R&D intensive foreign companies and audiovisual productions and patents as foreseen in the 2025 can further improve Finland's performance.
- **Circular material use** | Finland's performance on this indicator can both be improved through new business models at Finnish companies and the attraction of innovative foreign companies within circularity. Invest in Finland can have a role to play in this regard.
- **ICT specialists** | This competitiveness indicator is directly related to the talent attraction activities at Work in Finland, and further initiatives to attract this group of experts can be considered.

2 ATTRACTION OF FOREIGN INVESTMENTS TO FINLAND

Foreign direct investment (FDI) is a key driver of long-term prosperity. Foreign companies are often larger, highly productive, and more integrated in global trade than their local counterparts. They are often seen to have large direct impacts on employment and value added in the areas where they operate, with wide knock-on impacts on activity and market dynamics throughout the economy. Moreover, they have the potential to generate technical, operational, and managerial knowledge spillovers to local businesses, enhancing their productivity and growth prospects¹.

In this chapter, we look at Invest in Finland's role and achievements in attracting FDI to Finland, and we assess how the foreign investments affect Finland's competitiveness and long-term prosperity. Section 2.1 provides a short rationale for offering FDI promotion services. Section 2.2 looks at Finland's overall FDI performance. In Section 2.3 and 2.4, we assess the customer results and societal impacts of Invest in Finland's services. In Section 2.5, we briefly look at the role of sustainability measurement in Invest in Finland service delivery. Lastly, Section 2.6 assesses the overall additionality of Invest in

Finland's services on competitiveness, while Section 2.7 concludes with recommendations for a way forward.

2.1 THE RATIONALE FOR INVEST ATTRACTION SERVICES

The main objective of Invest in Finland is to attract FDI to Finland. Competition for global FDI is intense, and investors make detailed businesses cases comparing the risks and expected returns from investing in various locations. Finland is a small economy at the periphery of Europe and not always an obvious choice globally as an investment location. Low FDI inflows risk compromising on Finland's long-term growth prospects. To avoid the risk of under-investment, efforts are required to promote Finland's the features that make it an attractive investment location for certain types of investment projects.

Invest in Finland aims to achieve this through proactive, consultative, and targeted sales and marketing of Finland as an investment location to acknowledged foreign companies in key ecosystems, including digitalisation, cleantech, bio & circular economy, health, and travel. To support its customers' investment decision, Invest in Fin-

¹ See, among others, Sunesen et al. (2018) for a comprehensive overview of the potential (positive and negative) impacts of FDI on the local economy.

land facilitates establishment and expansion in Finland by providing market insights, offering guidance on legislation, and facilitating access to local networks and business partners. By providing essential information to foreign investors at a low cost and effort, saving them from having to go to different agencies and bodies for information on processes, applications, etc., Business Finland aims to reduce the costs and risks of investing in Finland.

As acknowledged by the Ministry of Economic Affairs and Employment (2023), Finland can only successfully attract investment if it can offer a business-friendly operating environment, if it has a business-friendly country image, if FDI promotion efforts are active, and if there is close cooperation between national and regional actors in investment and business promotion. The Finnish Government (2023) also sees the role of public authorities, including Business Finland, as essential in creating favourable operating conditions and competitive investment environment, and thereby increasing investments.

The achievements of Business Finland should therefore be seen in the context of developments in the business environment in Finland (such as legislative changes and

incentives) relative to competing locations. Similarly, global FDI flows respond to a range of factors that are outside the control and influence of Business Finland (such as lockdowns during the Covid-19 pandemic, the Russian invasion of Ukraine, and geopolitical tensions). These factors should be considered when evaluating impacts of Business Finland's promotion services.

FDI promotion services have the potential to strengthen Finland's competitiveness across a multitude of transmission channels as illustrated by the green boxes in Figure 6, and there is thus a strong rationale for offering FDI promotion services. In some cases, the success of Business Finland's FDI promotion services can be amplified by activities undertaken in other promotion areas as illustrated by the yellow boxes. In Section 2.3 and 2.4, we assess if these transmission channels and potential synergies are fully exploited, or if more can be done to attract more FDI and/or reprioritise resources towards FDI projects with larger potentials to strengthen the competitiveness of the innovation and operational environment in Finland.

FIGURE 6: THE RATIONALE FOR FDI PROMOTION FROM A COMPETITIVENESS PERSPECTIVE

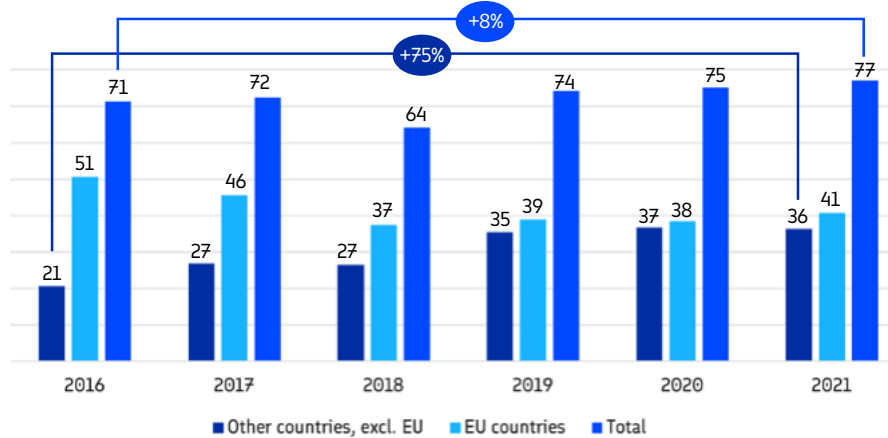


Note: **Green** colouring indicates areas under the Impact Model for Competitiveness, where Invest in Finland services have the potential to create results for its customers and impacts for the Finnish society.

Yellow colouring indicates areas under the Impact Model for Competitiveness, where Invest in Finland services may create synergies with Business Finland's other promotion areas.

Grey colouring indicates areas under the Impact Model for Competitiveness that are not directly related to Invest in Finland services or are weakly related, and therefore are outside the scope of this study.

Source: Implement Economics based on Business Finland's roadmap and corresponding KPIs for the four promotion areas.

FIGURE 7: STOCK OF INWARD FDI TO FINLAND

Note: Includes only inward FDI, measured in billion EUR.

Source: Implement Economics based on Statistics Finland (2023a).

2.2 FINLAND'S FDI PERFORMANCE

Investment Monitor's Inward FDI Performance Index from (2022) suggests that Finland attracts approximately three times more FDI than what could be expected given the size of its economy. In 2021, the stock of inward FDI reached 77 billion EUR, see Figure 7. Between the years 2013 to 2021, though total FDI growth has been modest, FDI originating from extra-EU investors has increased by 75%, nearly equalling the share of FDI originating from other EU countries. This suggests that Finland's visibility and attractiveness abroad among international investors have improved.

In 2022, Finland's net inflows of FDI amounted to an estimated 2.6% of its GDP, down from 8.1% in 2021, meaning that growth in FDI inflows is not keeping pace with GDP growth. According to the World Bank (2023), this percentage is also lower than in neighbouring coun-

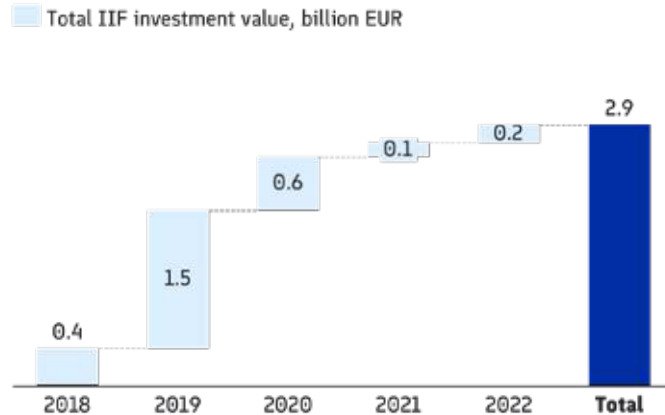
tries – in Sweden, Denmark, and Estonia, FDI inflows as a percentage of GDP amounted to 8.4%, 7.1%, and 3.8% in 2022, respectively. Moreover, OECD (2021) estimates that Finland's gap (with other Nordic and Baltic countries in attracting FDI) is widening.

Nonetheless, Business Finland (2023a) reports that there are more than 4,500 foreign-owned companies in Finland today, employing approximately 20% of the country's workforce and creating an estimated 1,000 new jobs in Finland annually, signifying the economic importance of FDI in Finland.

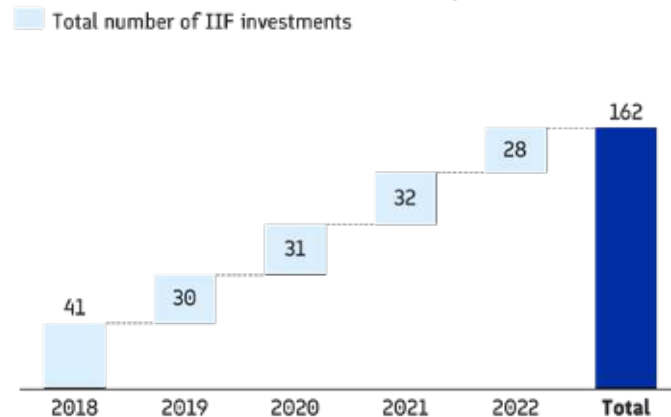
It is difficult to assess if there is a potential for Finland to further improve its FDI performance and, if so, which types of FDI projects are more promising (such as type of FDI, investor origin, and sector). A more detailed analysis of Finland's FDI performance and a benchmarking against peers will require access to databases on global FDI.

FIGURE 8: TOTAL VALUE AND NUMBER OF INVEST IN FINLAND INVESTMENTS

Total value of IIF investments into Finland, 2018-2022



Total number of IIF investments into Finland, 2018-2022



Note: Includes only investments in which Invest in Finland has been involved in.
 Source: Implement Economics based on Invest in Finland customer data.

2.3 RESULTS OF INVEST IN FINLAND SERVICES FOR CUSTOMERS

In this section, we assess the transmission channels through which Invest in Finland's FDI promotion services can create results for its customers that can eventually translate into improved competitiveness. Overall, we find that the FDI promotion services generate significant results for its customers, i.e., foreign investors who have invested or are planning to invest in Finland.

The development in the number and value of foreign investments that Invest in Finland has supported is an indicator of Invest in Finland's successful efforts. Between the years 2018 and 2022, Invest in Finland has been engaged in 162 foreign investment projects in Finland worth more than 2.9 billion EUR, see Figure 8.

Business Finland's customers choose to invest in Finland for a multitude of reasons, which can be broadly summarised into three groups of motives: Finland's transparent and stable political climate and economic incentives, the varied and abundant natural resources and other inputs to production, and lastly, Finland's high level of human capital and technology, including the level of digitalisation, see Figure 9 for quotes from investor interviews.

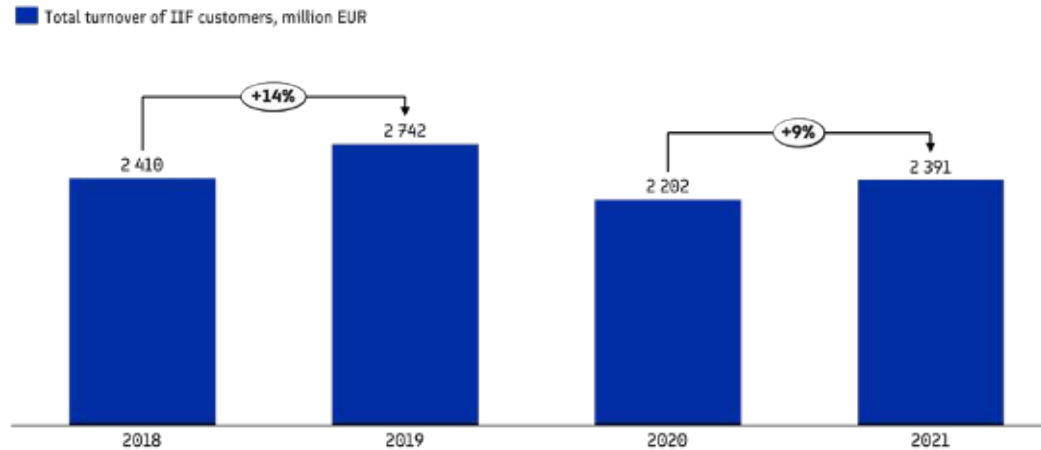
Interviews with investors reveal that these motives feed into this decision and the attractiveness of the investment by increasing the expected returns from investing in Finland relative to other locations. Likewise,

FIGURE 9: MOTIVES FOR INVESTING IN FINLAND



Note: Based on seven interviews with Invest in Finland customers, representing five different industries.

Source: Implement Economics semi-structured interviews with Invest in Finland customers.

FIGURE 10: AVERAGE AND TOTAL TURNOVER OF INVEST IN FINLAND CUSTOMERS

Source: Implement Economics based on Invest in Finland customer data.

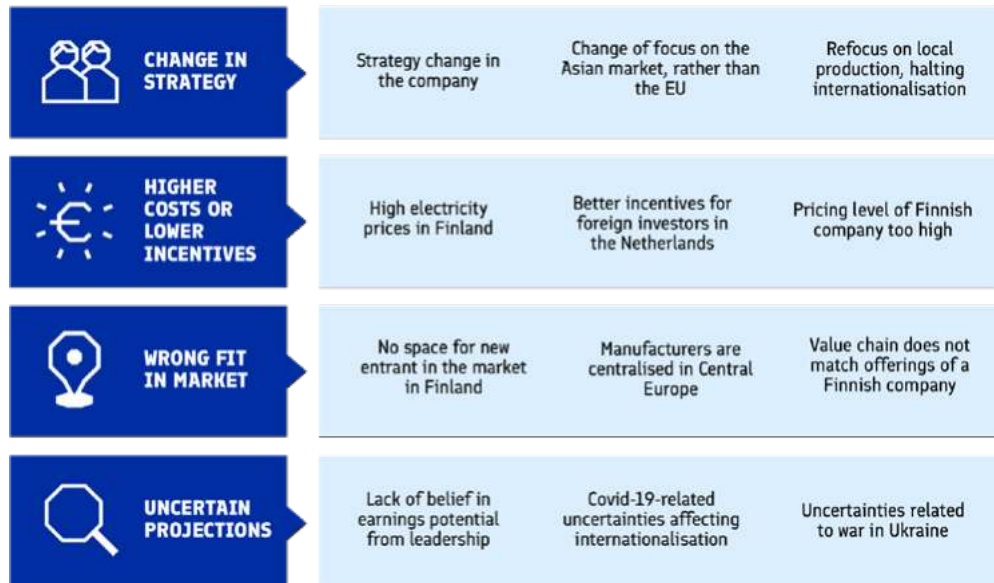
Invest in Finland provides important services focused on helping foreign companies expand in Finland through the provision of market- and legislation-specific information, access to important networks, and introductions to possible business partners, thereby helping foreign companies not only to enter Finland but also to increase their turnover.

When assessing financial data on Invest in Finland's customers from 2018 to 2021, it is fair to say that Covid-19 and the following global economic shutdowns had an impact. However, the 14% growth observed in total revenues between 2018 and 2019 is representative

of healthy business performance, see Figure 10. Unfortunately, financial data for 2022 is not yet reported, so we cannot say with certainty whether the revenue growth has picked pace since the pandemic. It is also important to note the short time frame of the data depicted and the time it typically takes for young companies to establish operations, utilise networks, and pick up growth.

Nonetheless, all interviewed investors claimed that the services provided by Invest in Finland were decisive or somewhat decisive for their decision to invest in Finland, and that the access to networks provided by their Invest in Finland contacts has been

FIGURE 11: REASONS FOR NOT INVESTING IN FINLAND FROM AN INVESTOR PERSPECTIVE



Note: Based on information given by investors. Not exhaustive.

Source: Implement Economics based on Invest in Finland lost opportunities database.

highly valuable. We look at the collaboration model with Invest in Finland more closely in Section 2.7.

Invest in Finland's data on lost opportunities reveals some main reasons behind investors not choosing to invest in Finland. These include changes in strategy, higher costs, or lower incentives relative to other countries, wrong fit in the market, as well as uncertain business projections, see Figure 11. Most often, reasons for not investing in Finland are due to commercial/business-specific reasons that are outside the influence of Business Finland.

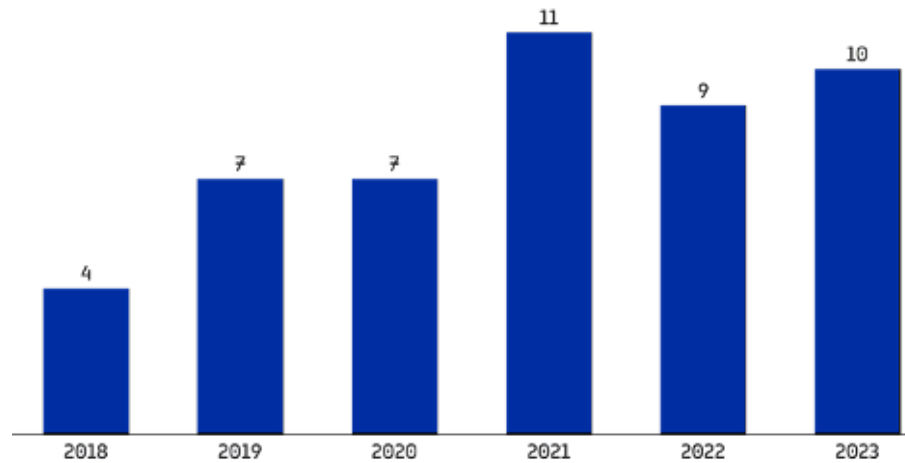
Invest in Finland's tracking of lost cases is incomplete

(no motive is listed in approximately one-third of all lost cases, mostly due to lack of contact with the investor), and a more comprehensive and consolidated database would provide a better overview of possible trends, patterns, and critical pitfalls in the Finnish business environment. Business Finland could take the initiative to improve the coverage of its database. However, obtaining this information is highly dependent on feedback (e.g., through surveys) from investors, which is not easy to receive once the decision to invest elsewhere has been made. The required resources should therefore be balanced against the likely insights that might be gained.

Moreover, Invest in Finland and AmCham Finland's FDI barometer 2023² reveals that Sweden, Estonia, and Germany are Finland's biggest competitors in terms of expansion investments, though this is likely to be very industry-driven. Nonetheless, this means that Finland needs to monitor growing global competition for FDI and ensure it maintains an attractive business climate with competitive incentives for foreign investors. It is therefore relevant for Invest in Finland to monitor among others legislative changes and new incentives in peer countries. For example, some policy recommendations that have been previously proposed by OECD (2021) in the case of Finland include improving the visibility of non-capital cities as FDI destinations and increasing the availability of regulatory information in English.

The importance of ecosystems to Finland's economy has been highlighted in government programmes as well

² The FDI barometer is based on insights from 400 top executives and country managers of Finnish and foreign-owned companies in Finland. The FDI barometer is described in more detail in Invest in Finland (2023).

FIGURE 12: NUMBER OF ACTIVE ECOSYSTEMS WITH INVEST IN FINLAND CUSTOMER PROJECTS

Note: Includes only ecosystems (or “project groups”) with at least one active project from an Invest in Finland customer.

Source: Implement Economics based on Invest in Finland customer and project data.

as in Business Finland strategies³. Ecosystems are thought to promote the renewal, growth, and competitiveness of the Finnish economy, where companies can work more effectively collectively rather than individually towards strategic goals. This is especially important for a relatively small economy like Finland, with many SMEs and limited international scale⁴.

Business Finland has been pushing forward initiatives (with potential to grow into ecosystems) that seek to resolve significant future challenges, including climate change, the twin transitions, and projects that contribute to R&D and employment targets set out by the Government Programme.

Today, Business Finland’s portfolio consists of more than 40 ecosystems of different sizes and with different

strategic goals⁵. Currently, Invest in Finland has ongoing projects in 10 active ecosystems⁶, see Figure 12. The number of projects in active ecosystems increased towards 2021 but has stagnated since – this is very likely due to the economic uncertainty caused by Covid-19, which can have lagged effects on investments.

By attracting investments related to prioritised initiatives or key strategic sectors, Invest in Finland help strengthen Finland’s ecosystems, benefitting not only companies in the ecosystems through knowledge generation and exchange, exposure to new business models and markets, and co-creation methods, but also the society at large through an increase in turnover and internationalisation of Finnish ecosystems. We look at the societal impacts in Section 2.4.

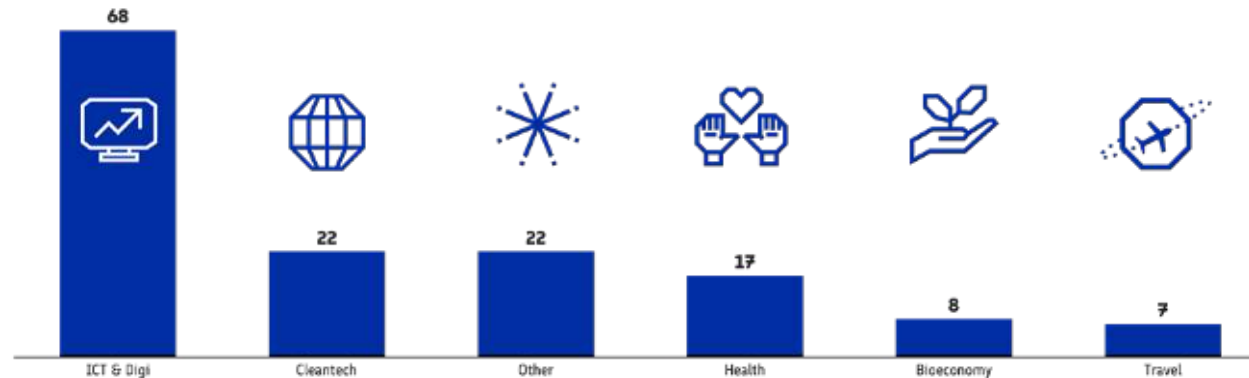
³ See, among others, Finnish Government (2019), Finnish Government (2023), and Business Finland (2020).

⁴ See, for example, Piirainen et al. (2020) and further references therein.

⁵ According to the mwappping in Piirainen et al. (2020) commissioned by Business Finland.

⁶ Ecosystems refer to “project groups” with at least one active project from an Invest in Finland Customer. We have been able to identify ecosystems from Business Finland’s internal database based on project group ID numbers, which consist of various smaller projects from different companies.

FIGURE 13: NUMBER OF INVEST IN FINLAND INVESTMENTS BY SECTOR, 2018-2022



Note: Includes only investments in which Invest in Finland has been involved in. Missing 18 investments for which no industry data is available.
 Source: Implement Economics based on Invest in Finland customer data.

However, the data collection and interviews conducted as part of this study indicate that Business Finland, including Invest in Finland, lacks a comprehensive and up-to-date overview of all ecosystems, as the IT infrastructure to collect and track such information does not exist. Currently, the CRM system contains only a recording of the sectoral association of the FDI projects but not a matching to relevant ecosystems. This makes it difficult to assess if Business Finland's FDI promotion services have contributed to increasing the number of companies and actors in Finnish ecosystems.

Instead, we can analyse the extent to which Business Finland has been successful in attracting FDI project in the focus sectors specified in its strategy: Bio & circular

economy, Cleantech, Health & Wellbeing, ICT & Digitalisation, and Travel Business. These sectors are selected based on their potential to resolve significant future challenges.

Of the 162 FDI projects benefiting from Invest in Finland services, 85% fall in one of the five focus sectors. Almost 50% (68) of all Invest in Finland-supported investments were related to the ICT & Digital sector, followed by Cleantech investments (22), which represented 15% of all won investments, see Figure 13. These are knowledge-based sectors in which Finland already has a strong foothold – owing to the high level of expertise as well as affordable and abundant inputs to production (affordable green electricity and raw materials) in these sectors⁷. FDI helps strengthen these sectors as well as the

⁷ See, among others, OECD (2021) and Sunesen et al. (2019).

FIGURE 14: R&D SPENDING AMONG INTERVIEWED INVESTORS



“We are looking to collaborate with universities and other technology centres on the R&D track, looking to raise innovation in the area of cleantech and build up skills”



“We expect to invest heavily in R&D as our venture is a first-of-its-kind infrastructure project in the bio and circular economy space”

“We already have global R&D programs established in other countries, and our business in Finland is purely operational”

“We are not in an R&D-intensive line of work, and therefore not planning to have R&D expenditures in Finland”

Note: Interview question asked: “Has your company increased R&D spending in Finland since the investment decision or is your company planning to increase R&D spending following the investment decision?” // Based on interviews with seven investors.

Source: Implement Economics semi-structured interviews with Invest in Finland customers.

competitiveness of Finnish and foreign businesses within them, bringing with them expertise from abroad as well as exposure to international networks and new markets.

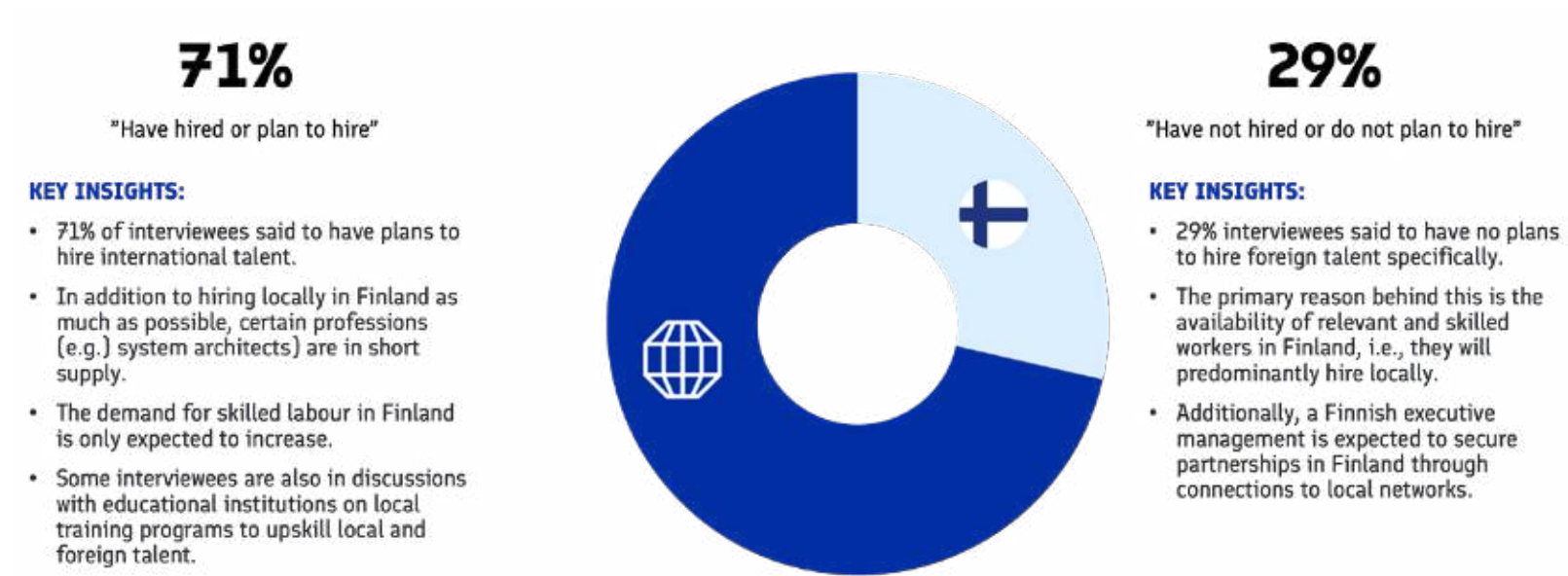
Invest in Finland’s main target group of investors includes companies with knowledge-intensive investments and companies that intend to invest in an R&D project in Finland, sometimes together with research institutes and SMEs.

Interviews with Invest in Finland customers revealed that a majority (71%) have already increased or plan to increase R&D spending following their investment decision in Finland, benefitting both the companies themselves as well as society at large, see Figure 14. An earlier survey in Business Finland (2023a) among investors with already established operations in Finland indicated that 23% of investors plan to increase R&D spending during 2023. This is also in line with empirical studies, such as the EU Industrial R&D Investment Scoreboard, which find that globally oriented companies are generally more R&D intensive than their industry average. These findings are important, as R&D expenditure of foreign investors contributes to delivering on the Government Programme, where expenditures on research, development, and innovation (RDI) are targeted to reach 4% of Finnish GDP, and spurs technological change, innovation, and economic growth⁸ within companies, ecosystems, and in the economy at large.

FDI and the promotional work done by Invest in Finland have various synergetic effects on other promotion

⁸ The positive relationship between R&D expenditure and economic growth has been studied in economic literature, see for instance OECD (2015).

FIGURE 15: PLANS OF HIRING FOREIGN TALENT AMONG INTERVIEWED INVESTORS



Note: Interview question asked: "Has your company hired, or is your company planning to hire, foreign (non-Finnish) talent following the investment?".

Source: Implement Economics semi-structured interviews with Invest in Finland customers.

areas – mainly Work in Finland and Visit Finland (discussed in 2.4).

Foreign companies that establish a business abroad often bring high-level executives or experts with them, who then become part of the local labour force. Foreign investors in Finland thereby supplement Work in Finland services aiming to attract international workers to Finland, including much-needed experts. In fact, 71% of

interviewed investors state that they have already hired or plan to hire international talent, mainly as they are aware of the shortage of high-skilled workers in certain industries and specialities, see Figure 15. These experts may bring their partners, who may also seek work in Finland – thereby helping alleviate recruitment bottlenecks for companies in Finland.

2.4 IMPACTS OF INVEST IN FINLAND SERVICES ON SOCIETY

In addition to creating results for customers, FDI promotion can have broader impacts that transcend across society. These impacts are especially valuable for a small, open economy like Finland. In this section, we look at Invest in Finland's contribution through the transition channels to competitiveness that create impacts for society.

Greenfield investments are investments where a foreign company establishes a new affiliate. These FDI projects are economically important as they directly expand Finland's production capacity, thereby supporting new jobs and economic growth over time (as new companies become more established)⁹. Invest in Finland therefore aims to prioritise its resources towards attracting greenfield investments (and other forms of investments belonging to their "target group", such as investments into R&D intensive projects).

More than 93 (57%) investments that Invest in Finland has supported since 2018 were greenfield investments. The value of these greenfield investments amounts to over 1.1 billion EUR, or 40% of the total value of all investments supported by Invest in Finland since 2018. While the high share of greenfield investments reflects that Invest in Finland has been successful in attracting this type of FDI, it is worthwhile to note that the share of

greenfield investments of all investments has not increased since 2018 but remained relatively stable. It is, however, important to note that greenfield investments can be very difficult to secure, whereby M&A can be an easier and less risky option for expansion, e.g., due to language and cultural barriers, or due to high level of local knowledge required in certain industries.

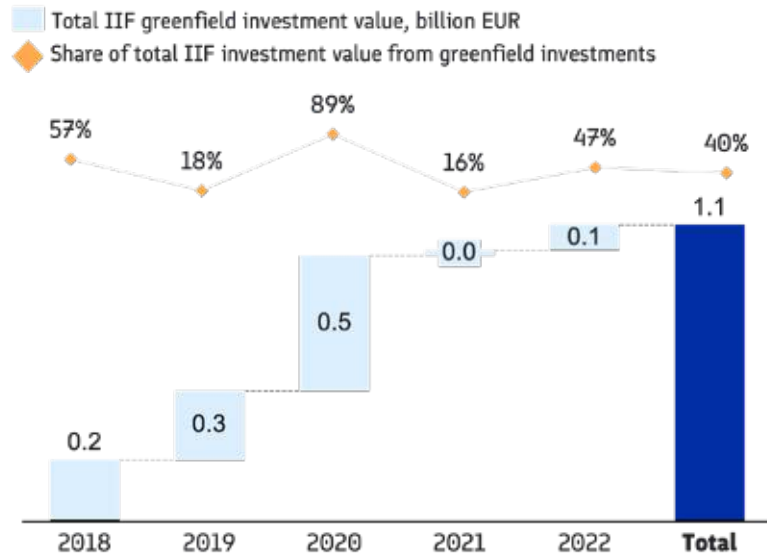
As was the case for Finland's overall FDI performance, it is difficult to assess if there is a potential for attracting more greenfield investments without conducting a detailed comparison of all greenfield investments in Finland and competing locations.

The importance of growing strategically important ecosystems was described Section 2.3. In addition to helping increase the number of companies in these ecosystems, FDI promotion can likewise improve the performance and internationalisation of Finnish ecosystems. Within the ecosystems identified in Section 2.3, on average one-fifth of the companies are Invest in Finland customers. These figures reflect that Invest in Finland has contributed to the internationalisation of Finnish ecosystems, with potential turnover impacts through access to new markets and networks, knowledge spillovers from foreign companies, as well as co-creation and adoption of new business models.

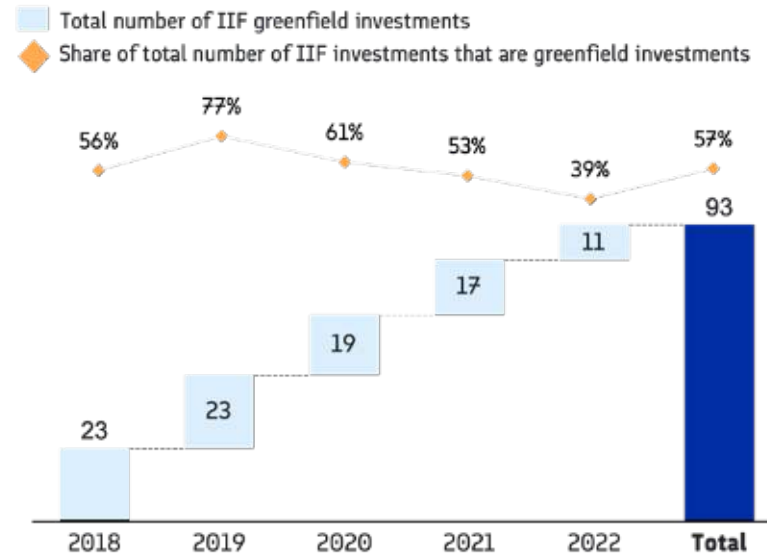
⁹ See, among others, Sunesen et al. (2019) and references therein.

FIGURE 16: TOTAL VALUE AND NUMBER OF INVEST IN FINLAND GREENFIELD INVESTMENTS

Total value of IIF investments into Finland, 2018-2022

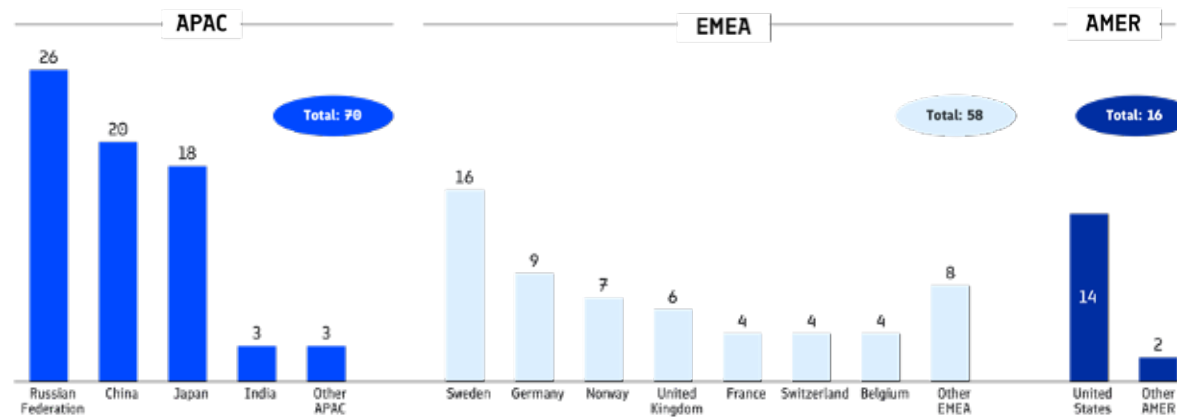


Total number of IIF investments into Finland, 2018-2022



Note: Includes only investments in which Invest in Finland has been involved in.
 Source: Implement Economics based on Invest in Finland customer data.

FIGURE 17: NUMBER OF INVEST IN FINLAND INVESTMENTS BY ORIGIN, 2018-2022



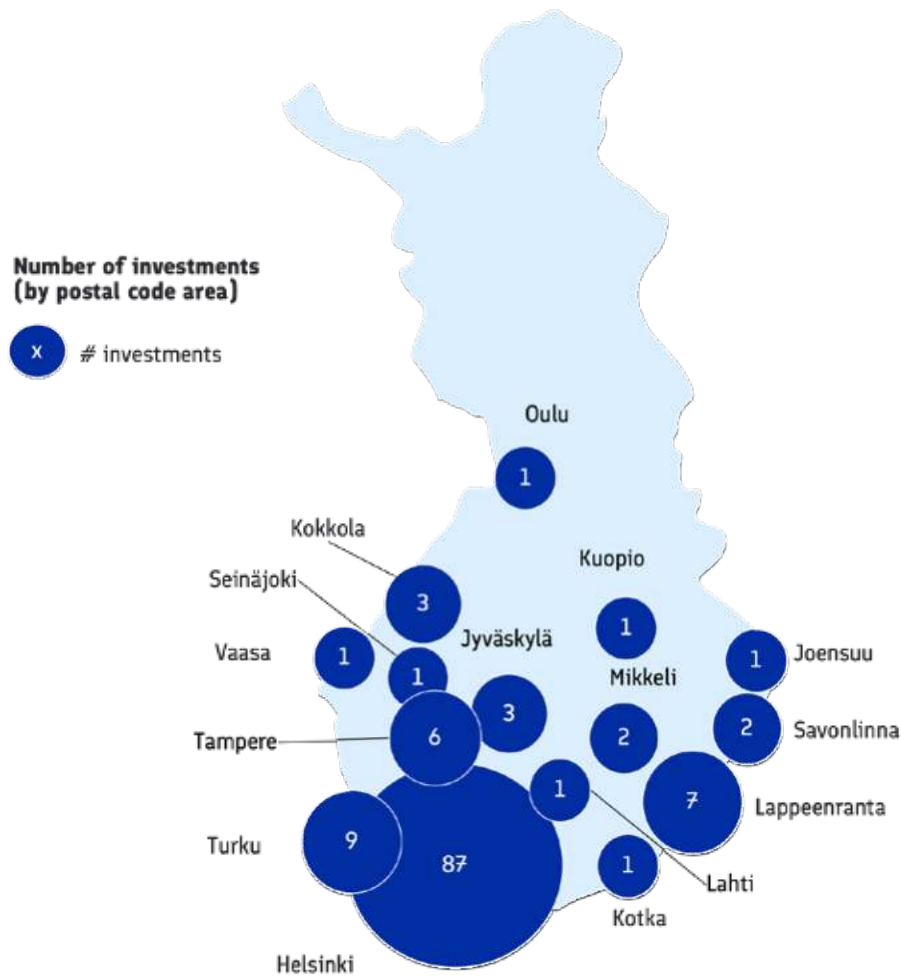
Note: Includes only investments in which Invest in Finland has been involved in during 2018-2022.

Source: Implement Economics based on Invest in Finland customer data.

Moreover, investments supported by Invest in Finland originate from a variety of different countries, reflecting the broad international scale of FDI inflows, see Figure 17. Namely, approximately 49% of all investments originated from the Asia Pacific (APAC) region, while 40% and 11% originated from the Europe, Middle East and Africa (EMEA), and the Americas (AMER), respectively. It is important to note that approximately one-third of the in-

vestments from the APAC region originated from Russia, which is no longer the case, as collaboration with Russian investors has been stopped because of the ongoing attack on Ukraine. Moreover, the importance of China as an FDI origin country has also been diminishing, along with Invest in Finland staffing in China. This implies an expected shortage in future FDI inflows and demands initiatives to maintain current performance.

FIGURE 18: GEOGRAPHICAL SPREAD OF INVEST IN FINLAND INVESTMENTS, 2018-2022



Note: Includes only investments in which Invest in Finland has been involved in.
 Source: Implement Economics based on Invest in Finland customer and project data.

Data on Invest in Finland customers reveals that foreign companies have geographically distributed themselves all over Finland – with the Helsinki area capturing 60% of all investments (and 31% of all investments in terms of value), see Figure 18. Presence of foreign companies, especially in cities outside of the capital region, are important for local businesses, as they internationalise and diversify business life and the industry structure, and bring with them know-how, different business models, jobs, and more.

According to our interviews with Invest in Finland customers, the motives for locating in other cities in Finland typically relate to the concentration of a certain industry/technology cluster, the location of partners, or the incentives provided by cities to attract certain businesses. Most notably, foreign companies create societal value to the local community. Foreign companies engage in Finnish value chains, thereby supporting local businesses and contributing to the economic growth of surrounding areas.

From sourcing raw materials, such as metals and biomass, to buying ICT services from Finnish companies, interviews with Invest in Finland customers revealed that most investors were planning to engage or increase

their existing engagement with local suppliers following the investment decision. Only a few investors planned to maintain purchasing contracts with old suppliers, mostly under broader, headquarter-driven supplier contracts and for selected inputs only – while sourcing most goods and services locally from Finland was said to be cost-effective and sustainable.

Foreign companies have also shown to increase the level of skills and productivity of the labour force through knowledge spillovers¹⁰. In fact, empirical evidence from the UK reported in Awano et al. (2017) suggests that foreign companies can be on average three times more productive than local companies, though with considerable sectorial variation. These knowledge spillovers take place across the economy through cross-sectoral labour mobility as well as interactions between local suppliers and foreign companies.

Foreign companies often also bring advanced technologies, processes, and management practices that may be different from what is currently available in Finland. By adopting and implementing these technologies, the local workforce can learn new skills and techniques, leading to increased productivity and efficiency.

Foreign companies in Finland raise Finland's visibility internationally – signalling to other investors the attractiveness of Finland as an investment destination. According to Business Finland (2022), it is in particular the

global giants and industry leaders, such as Google or Bayer¹¹, that significantly strengthen the country brand of Finland. Invest in Finland has a way of tracking the investments coming into Finland in terms of their attractiveness. This scoring is based on seven different criteria: investment size, strategic fit, operation type, contribution to GDP, signalling effect, integration to Finnish value networks, and sustainability.

Increasingly more investments that Invest in Finland is involved in receive a high opportunity score (labelled as “platinum” or “gold” investments) today, compared to five years ago, indicating that Business Finland assesses that more attractive investments are landing in Finland. This development is likely to strengthen the country's brand image and Finland's competitiveness going forward.

Data on the attractiveness scoring has not been depicted in this report, as the scoring is mainly used for internal purposes. Currently, the scoring is mainly done qualitatively on a case-by-case basis. However, if used systematically, and backed by objective and quantitative measures, the scoring could be a useful steering and reporting tool for Business Finland going forward. This could for instance be a list of globally well-known Invest in Finland customers.

Foreign-owned companies are also likely to generate business-related travel to Finland. All interviewed investors report having brought business travel to Finland,

¹⁰ See, among others, Sunesen et al. (2019) and references therein.

¹¹ Business Finland (2022). Kolme merkittävintä ulkomaalaista investointia, Available at: <https://www.businessfinland.fi/ajankohtaista/uutiset/invest-in-finland/2022/kolme-merkittavinta-ulkomaista-investointia>

FIGURE 19: AN INVESTOR PERSPECTIVE ON THE CONTRIBUTION OF FDI TO TOURISM INCOME



Note: Interview question asked: “Has your company brought business travel to Finland? If yes, how many trips, on average, has this amounted to, and how many stayovers (nights) does a typical trip entail?”.

Source: Implement Economics semi-structured interviews with Invest in Finland customers.

which they said would only increase over time or closer to the finalisation of the investment, see Figure 19. This implies that Invest in Finland services contribute to both a higher number of tourists as well as a growth in tourism income, trickling down to both tourism and non-tourism businesses.


FDI to Finland may also increase the capacity of the tourism industry, for example by attracting foreign-owned hotel chains to Finland or securing sufficient tourism demand to justify hotel investments. According to Invest in Finland CRM data, two opportunities related to hotel and/or resort investments in Finland. Therefore, FDI promotion can also have positive synergetic effects on Visit Finland objectives.

As uncovered in the Invest in Finland investor interviews, the presence of foreign, multinational companies can signal to talents that Finland has an internationally

oriented business environment. Therefore, FDI promotion can have a positive effect on enticing more foreign workers to relocate to Finland and contribute to the success of Work in Finland services. This activation of this transmission channel has not been further assessed.

2.5 SUSTAINABILITY MEASUREMENT IN INVEST IN FINLAND SERVICES

Invest in Finland proactively seeks investments from companies with sustainability high on their agenda, and they operate with a strategic target that stipulates that at least 50% of all service transactions should relate to advancing SDGs. They further outline that they should emphasise sustainability when prioritising cases and evaluate SDGs for every won case, to keep better track of their SDG targets.



Although sustainability is one of the core indicators of Invest in Finland's opportunity scoring criteria, the way of assessing sustainability contribution is currently highly qualitative and lacks objective criteria. This approach reflects the difficulties in creating objective criteria that are relevant across investment projects. Interviews with Invest in Finland stakeholders reveal that they are currently looking to redesign the way sustainability is assessed and more systematically established in investment project due diligence processes.

Furthermore, interviews with regional investment promotion agencies suggest that Invest in Finland could strive to be even more ambitious with their sustainability targets, as the current targets are typically met far and above. For instance, most of the leads that get passed on by Invest in Finland to the regions are in the cleantech sector, many of which by default contribute to sustainability, reflecting not only Finland's expertise in this sector, but also the desire and ability to attract important cleantech investments.

Interviews with Invest in Finland customers suggest some level of awareness about Invest in Finland's focus

on supporting and securing investments that contribute to sustainability, and the general perception that Finland is a sustainability-focused economy. However, interviewed investors did not know of any particular processes or evaluations that took place to assess their sustainability contribution, highlighting the internal and qualitative nature of sustainability assessment within Invest in Finland. It is important to note, however, that Invest in Finland will launch a framework for FDI sustainability impact in 2023, which will also be communicated to customers.

Finnish companies, like other firms located in Europe, increasingly face demands on their ESG reporting, due to both new EU sustainability regulations driven by the European Green Deal and stakeholder expectations. There are an increasing number of measurement tools and standards available for companies' sustainability reporting that Invest in Finland can align with to ensure that sustainability requirements do not add new layers of administration for its customers.



2.6 ADDITIONALITY OF INVEST IN FINLAND SERVICES

Invest in Finland has the potential to strengthen Finland's competitiveness across a multitude of transmission channels, leading to results for customers and impacts on society. If the promotion services help attract investments that would not otherwise have been located in Finland (or would have occurred at a smaller scale or at a later stage), the services have a positive impact on competitiveness and long-term prosperity.

Evaluating the additionality of Invest in Finland's services requires that the effects of Invest in Finland's services are isolated from the FDI inflows that would have occurred anyway. It is difficult to do so with objective measures, but interviews with Invest in Finland customers and partners provide a strong indication of the added value of the investment promotion services. Therefore, by helping to attract FDI that likely would not have all landed in Finland, Invest in Finland has improved the competitiveness of the Finnish society and economy. Moreover, by targeting and prioritising companies with R&D intensive projects or presence in R&D intensive industries, Invest in Finland's activities are considered to have contributed to value-producing R&D networks and partnerships.

The collaboration model between Invest in Finland and its customers and business partners, including regional investment promotion agencies, is based on personal relationships. All Invest in Finland customers, including

investors who have or are looking to invest in Finland, are assigned a dedicated contact at Invest in Finland. These contact persons are typically experts in a given industry and have a wide, relevant network. The contact persons provide market insights, advise the investors on local legislation and other practicalities (including permitting, business licenses, and taxation), and make introductions to relevant partners and businesses within their networks.

Interviews with Invest in Finland customers revealed that investors have truly benefitted from the collaboration with their Invest in Finland teams, and all investors praised their contact persons for their dedication, know-how, networks, and proactiveness, see Figure 20.

In fact, all interviewed investors claimed that the services they received from Invest in Finland were very decisive or somewhat decisive for their investment in Finland. 29% of these investors said that the services were very decisive, claiming that, by partnering with Invest in Finland, they were able to build credibility in the Finnish market and partnerships with key strategic companies that they would not have otherwise had access to.

The value-add of Invest in Finland's services to companies that Invest in Finland has directly worked with are evident from the interviews. However, we have not been able to assess the extent to which Invest in Finland's services have enabled the renewal of companies in the Finnish business environment. Although empirical literature

indicates strong spillovers from FDI to local businesses, interviews with Finnish suppliers to or ecosystem partners of foreign companies in Finland have been considered out of scope.

Invest in Finland also works with smaller, regional investment promotion agencies across Finland. Interviews with these business partners revealed that the collaboration is positive and Invest in Finland's role is deemed very important. Invest in Finland contributes to the regions with frequent investment leads, though this depends a lot on the sector as well as the contact person in question.

The regional investment promotion agencies see that Invest in Finland could improve its services by doing more of what it is already doing, as the services are important – i.e., larger international marketing efforts, which requires more resources and presence at international events. However, the business partners acknowledge that financing is limited and deem that Invest in Finland is performing in its role as well as it could, given the level of resources. Interviews with regional investment promotion agencies also highlighted that Invest in Finland could strive to be more ambitious with their yearly targets – which currently are exceeded far and above. Higher targets would set the scene for the actual level of ambition that Finland has for attracting FDI.

FIGURE 20: INVESTOR FEEDBACK ON INVEST IN FINLAND SERVICES AND COLLABORATION

HOW WOULD YOU DESCRIBE YOUR OVERALL COLLABORATION HOW COULD INVEST IN FINLAND IMPROVE ITS SERVICES?

”

“Our contact person at Invest in Finland is enthusiastic and knowledgeable – both in terms of our industry and any political changes that are likely to affect our business.”

“Our dedicated contact person has introduced us to a wide and relevant network of possible partners. We would have struggled to get traction on the market without his involvement.

“In terms of what is within the power of Invest in Finland, i.e., excluding all commercial aspects of our investment and industry-specific challenges, I do not think Invest in Finland could have supported us in a better way.”

”

“We are very happy with the collaboration. Our contact person is very efficient and understands the problematics of our project. He helps us with Finland-specific details and has even offered his services on pre-investment board meeting material.”

”

“Invest in Finland has provided us useful information on financing structures and patterns – e.g., the type of projects the Finnish government is subsidising”

Source: Implement Economics semi-structured interviews with Invest in Finland customers.

2.7 CONCLUSIONS AND RECOMMENDATIONS FOR INVEST IN FINLAND SERVICES

Overall, Finland seems to perform well in terms of attracting FDI, but growth in FDI inflows has not kept up with GDP growth to the same extent as has been seen in other countries. Overall, the feedback received from Invest in Finland customers and partners indicates that Invest in Finland is a well-functioning investment promotion organisation that creates high value for its customers and business partners, i.e. smaller regional investment promotion agencies. In particular, we would like to highlight:

- **High level of value creation and additionality** | All interviewed investors claimed that the services they received from Invest in Finland were very decisive or somewhat decisive for their investment in Finland. 29% of these investors said that the services were very decisive.
- **Good use of resources and scope for setting higher targets** | The regional investment promotion agencies deem that Invest in Finland is performing in its role as well as it could, given the level of resources, but that it could set higher yearly targets to demonstrate its high level of ambition for attracting FDI to Finland.

POSSIBLE INITIATIVES GOING FORWARD COULD INCLUDE:

- **Expanding and strengthening FDI promotion to other FDI origins** | FDI originating from Russia has historically accounted for a large share of all FDI inflows to Finland. With the expected gap left behind by missing FDI inflows from Russia, Invest in Finland needs to expand and strengthen its FDI promotion to investors of a different origin.
- **Increasing focus on Finland's strategic ecosystems** | The importance of ecosystems to Finland's economy has been well-acknowledged. However, we see high untapped potential in the ecosystems, that can only be leveraged through joint efforts. Firstly, to create new or expand existing ecosystems, incumbent companies need to be open and accommodating to new, foreign members. Secondly, Business Finland innovation funding needs to recognise long-term strategic capacity building of ecosystems better, in addition to short-term export potential. Lastly, visibility and tracking of ecosystem participation can be improved by Invest in Finland. Without a comprehensive and up-to-date list of ecosystems and a matching of FDI projects to the ecosystems, it is difficult to evaluate performance and steer resources in the right direction if the correspondence is unclear.
- **Benchmarking internationally** | Benchmarking Finland's FDI performance against peers could be done more systematically to better understand the potential for attracting more FDI (and in particular greenfield investments, which is a focus area of Business Finland). This requires access to relevant and global databases on FDI and a benchmarking methodology.
- **Closing gaps in CRM data on lost FDI projects** | Invest in Finland's CRM data on lost FDI is incomplete, but feedback from potential investors could constitute a source of insights that can help Invest in Finland target its resources more towards potential investors and inform policymakers on weaknesses in the Finnish business environment (and potentially also legislative changes and incentives that have pulled investors towards competing locations). Also, Invest in Finland should aim to track where certain investments land.
- **Improve and use the opportunity scoring more proactively** | Invest in Finland has an opportunity to strengthen its business intelligence by using the opportunity scoring more systematically and backing it with objective and quantitative measures. If improved and used more proactively, the scoring could be a useful steering and reporting tool for Business Finland going forward. Given the strategic focus on sustainability, it could be particularly useful to be more specific and consistent with the assessment of sustainability – and to require more concrete sustainability information and metrics from Invest in Finland customers. There is a growing literature on impact investment and sustainability reporting that can be utilised.

The above initiatives come at a cost that, as always, should be balanced against the expected value of insights that they carry.



3 ATTRACTION OF INTERNATIONAL TALENTS TO FINLAND

The current and growing labour shortages and demographic changes in Finland pose a significant challenge to Finland's economy and the welfare system, as businesses struggle to find available labour with the required skills, and an increasing share of the population will leave the labour force to become pensioners. Statistics Finland (2021) estimates that the proportion of people of working age in the population will drop to 57% by 2060, compared to 62% today, if the current low birth rates and immigration levels hold. This will not be sufficient to meet future labour demands, likely resulting in the slowdown of the economy. Finland also needs international experts to promote the internationalisation and innovation activities of companies, i.e., to create new growth. Therefore, promoting work- and study-based immigration is a way to grow the labour force and is consid-

ered a prerequisite for maintaining Finland's high level of welfare, competitiveness, and economic prosperity.

In this chapter, we look at Work in Finland's role and achievements in attracting foreign talents to Finland, and we assess how the expanded labour force affects competitiveness. Section 3.1 provides a short rationale for offering talent attraction services. Section 3.2 looks at Finland's overall performance in terms of work- and study-based immigration. In Section 3.3 and 3.4, we assess the customer results and societal impacts of Work in Finland's services. In Section 3.5, we briefly look at the role of sustainability measurement in Work in Finland service delivery. Lastly, Section 3.6 assesses the overall additionality of Work in Finland's services on competitiveness, while Section 3.7 contains conclusions and recommendations for a way forward.

3.1 THE RATIONALE FOR INTERNATIONAL TALENT ATTRACTION SERVICES

Together with its partners, Work in Finland promotes work- and study-based immigration to Finland. Work in Finland is a new team under Business Finland, established in 2022 as a sister unit to Invest in Finland and Visit Finland. Until the structural changes in public employment services is complete by 2025, Work in Finland remains a joint service by Business Finland's Work in Finland unit, as well as the Development and Administration centre for ELY Centres and TE Offices centre (KEHA) and public employment services.

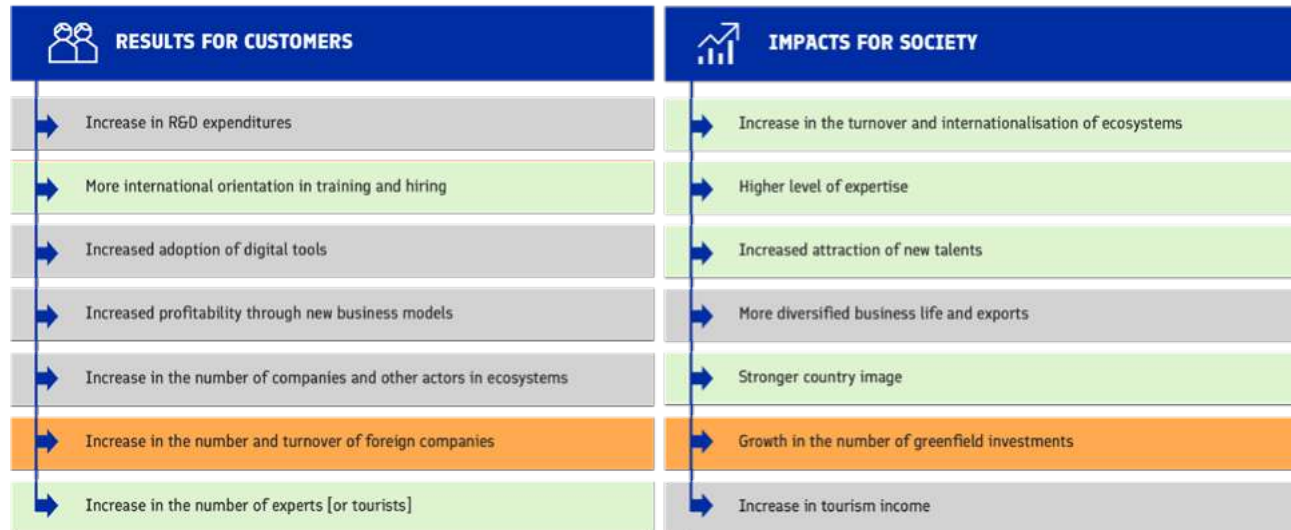
The responsibilities of Work in Finland are multifaceted and are still being established in close collaboration with its partners, i.e., the Ministry of Economic Affairs and Employment, KEHA, European Employment Services, the Finnish Immigration Service, and the Employment and Economic Development Office. Nonetheless, the objectives of Work in Finland are clear. Work in Finland aspires to meet demand for labour by attracting international talent and promoting their integration in Finland, raising global awareness of Finland as a place of work, and helping match international talent (including existing talent in Finland) with companies in Finland. Work in Finland is also

responsible for attracting start-up founders to Finland, while Business Finland provides eligibility statements for founders during their permit application process.

As a separate body, the efforts of Work in Finland are less sensitive, though not independent, to changes in specific project budgets and governmental changes. The above objectives are integrated in the national Talent Boost programme, which is coordinated by the Ministry of Economic Affairs and Employment in collaboration with the Ministry of Education and Culture and implemented by Work in Finland and other actors, including cities, the Finnish Immigration Service, and more.

According to OECD (2023), many other developed countries, including Finland's neighbours, face similar labour supply challenges. Consequently, competition over foreign talents is intense, and international talent promotion and integration efforts are essential to improving Finland's position in global competition for skilled labour. As a small and rather remote country with a complicated language and cold climate, Finland is not globally well-known nor is it the obvious choice of location for international jobseekers, further underlining the importance of efforts that promote work- and study-based immigration.

FIGURE 21: THE RATIONALE FOR TALENT ATTRACTION FROM A COMPETITIVENESS PERSPECTIVE

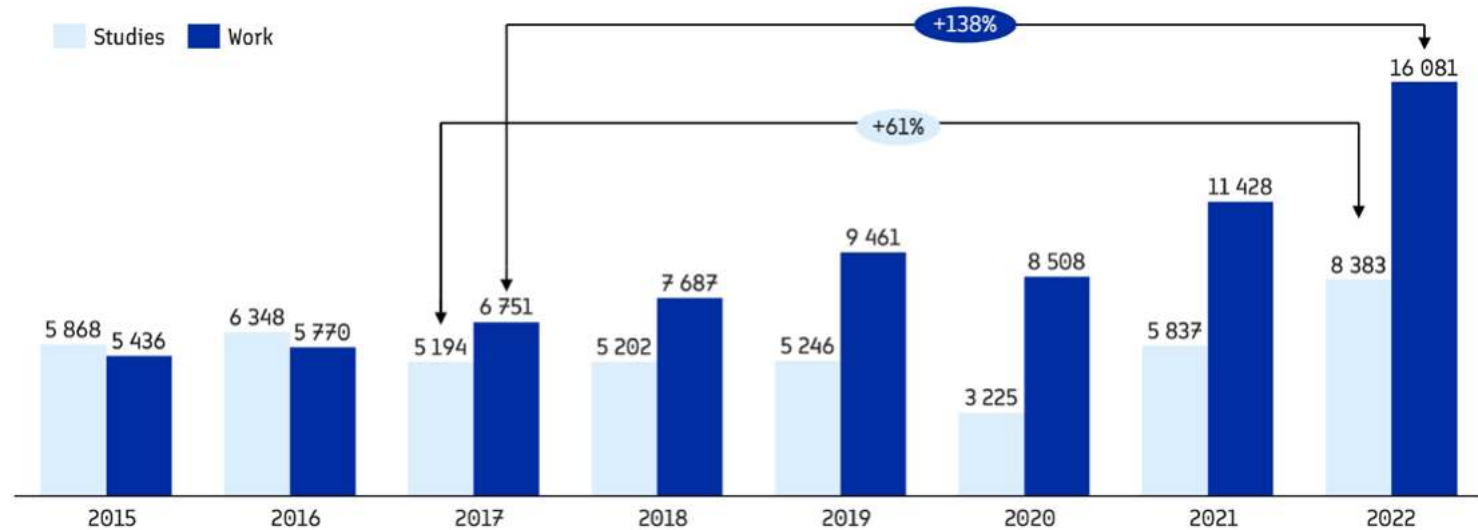


Note: **Green** colouring indicates areas under the Impact Model for Competitiveness, where Work in Finland services have the potential to create results for its customers and impacts for the Finnish society. **Yellow** colouring indicates areas under the Impact Model for Competitiveness, where Work in Finland services may create synergies with Business Finland's other promotion areas. **Grey** colouring indicates areas under the Impact Model for Competitiveness that are not directly related to Work in Finland services or are weakly related, and therefore are outside the scope of this study.

Source: Implement Economics based on Business Finland's roadmap and corresponding KPIs for the four promotion areas.

Work in Finland services have the potential to strengthen Finland's competitiveness across a multitude of transmission channels as illustrated by the green boxes in Figure 21, and there is thus a strong rationale for offering talent attraction services. In some cases, the success of Business Finland's talent attraction services can be amplified by activities undertaken in other promotion areas as illustrated by the yellow boxes. In Section 3.3 and 3.4, we assess if these transmission channels and potential synergies are fully exploited, or if more can be done to attract more talents and/or reprioritise resources towards talents with skills that are in particularly short supply in Finland.

Due to the short existence of Work in Finland we cannot quantify the impact of Work in Finland's services to competitiveness. Therefore, we assess Work in Finland more qualitatively (as no evaluation data or KPI tracking yet exist), based on interview insights and its role in the Talent Boost Programme. In other words, we do not consider this an evaluation to assess whether Work in Finland has met its strategic objectives, but rather, whether it is on the right track when it comes to its role in the Talent Boost Programme.

FIGURE 22: NUMBER OF RESIDENCE PERMITS TO FINLAND FOR STUDIES AND WORK, 2015-2022

Note: Includes only positive decisions on first residence permits.
 Source: Implement Economics based on Finnish Immigration Service (2023)

3.2 FINLAND'S INTERNATIONAL TALENT ATTRACTION PERFORMANCE

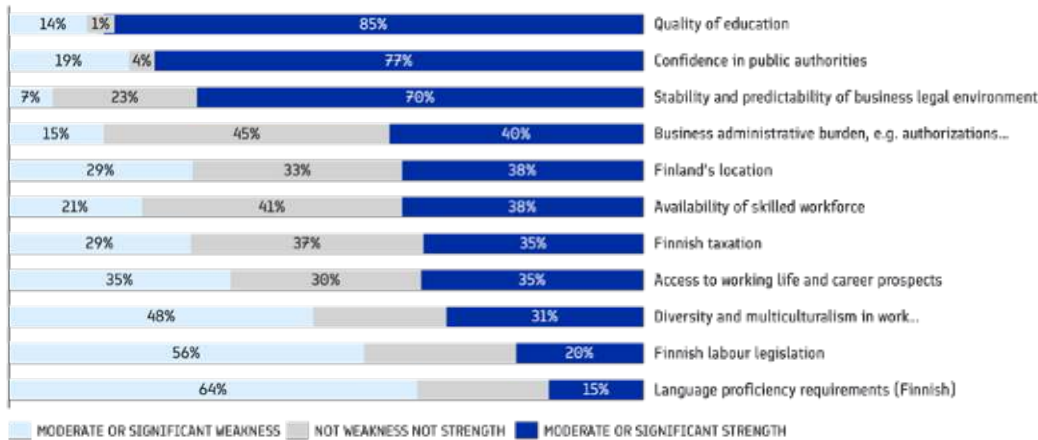
Apart from the Covid-19 related restrictions affecting labour migration, Finland has experienced a significant and continuous increase in work- and study-based immigration since 2015, as can be inferred from the number of approved first residence permits in Figure 22. In 2022, more than 16,000 permits were granted to international workers, and over 8,000 permits were granted to international students. This is 138% and 61% more in terms

of work and student permits, respectively, than in 2017, when the Talent Boost Programme was adopted.

Although it is difficult to isolate the impacts of the Talent Boost Programme from other potential factors, this development suggests that the Talent Boost Programme has been successful. In 2019, the focus of the Talent Boost Programme was expanded from a more targeted focus on attracting specialist to all types of workers, which could explain the significant growth in approved permits between 2021 and 2022. This was in addition to the streamlining and digital developments that the have

FIGURE 23: THE ATTRACTIVENESS OF FINLAND AS A PLACE TO WORK AND STUDY**WORKING/STUDYING IN FINLAND**

How significant a weakness or strength do you consider each of the following factors when working/studying in Finland?

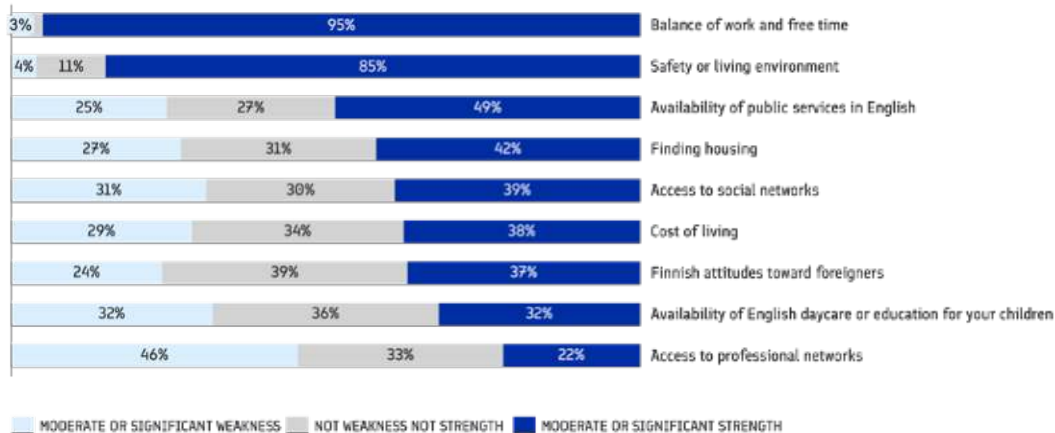


Note: Includes responses from 116 business leaders, workers, and students on strengths and weaknesses in terms of working and studying in Finland.

Source: Confederation of Finnish Industries (2022).

FIGURE 24: THE ATTRACTIVENESS OF FINLAND AS A PLACE TO LIVE**LIVING IN FINLAND**

How significant a weakness or strength do you consider each of the following factors when living in Finland?



Note: Includes responses from 116 business leaders, workers, and students on Finland's strengths and weaknesses in terms of living in Finland.

Source: Confederation of Finnish Industries (2022).

been introduced to work and student permits in Finland under the Talent Boost Programme¹².

There are several factors that foreign workers and students consider particularly appealing about Finland. Likewise, there are certain factors that deter foreign workers and students from relocating to Finland and staying in Finland long-term. According to surveys conducted by Confederation of Finnish Industries, the quality of education, stability and predictability of business legal environment, and confidence in public authorities rank as Finland's biggest strengths when it comes to working and studying, see Figure 23. In contrast, Finnish language proficiency requirements, Finnish labour legislation as well as diversity and multiculturalism are ranked as Finland's biggest weaknesses.

Moreover, Finland is globally recognised for its work-life balance and high level of safety, which appeal to foreign students and workers from a more private perspective and are important motives behind work-and study-based immigration to Finland. In fact, 85% and 95% of surveyed foreign workers and students in Finland considered the safety of living environment and balance of work and free time, respectively, as strengths or significant strengths, see Figure 24.

¹² See Finnish Immigration Service press release, available at <https://migri.fi/en/-/finnish-immigration-service-launches-a-project-to-streamline-the-processing-of-work-permits-and-permits-for-students> and Finnish Government (2021), "Roadmap for Education-based and Work-based Immigration 2035".

3.3 RESULTS OF WORK IN FINLAND SERVICES FOR CUSTOMERS

In this section we look at the Work in Finland's contribution to the transition channels to competitiveness that create results for customers. Overall, we find that Work in Finland's international talent attraction services are considered to generate results for customers, i.e., companies in Finland looking to hire international talent.

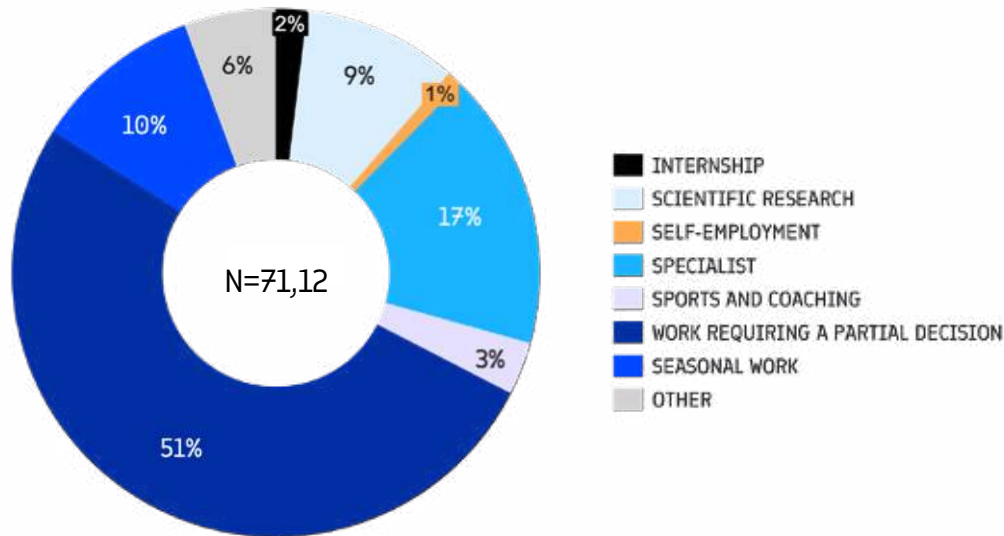
When assessing the measures and objectives of the Talent Boost Programme, the focus seems to be largely aligned with many of the strengths and weaknesses identified by foreign workers and students already living in Finland. The Talent Boost 2035 Roadmap focuses on promoting Finland's key strengths, including the good work-life balance, high level of innovation, and a safe, well-functioning welfare society, as well as addressing the significant barriers to working, studying, and living in Finland. These include, for instance, accelerating and streamlining residence permit processes, which are already largely under way¹³. The goals and objectives of the roadmap will be adapted according to the new Government Programme.

¹³ See Finnish Government (2021). "Roadmap for Education-based and Work-based Immigration 2035".

Work in Finland plays a part in achieving these objectives, helping to strengthen the permanent structures of the Talent Boost Programme as well as the customer-driven service paths related to labour migration. For instance, Work in Finland provides companies with leadership mentoring, talent attraction campaigns and events targeting international experts, the *workinfinland*-website for recruitment information and posting job vacancies, as well as the Talent Manager network to pave the way for recruitment from Talent Boost countries. See for example quote from Work in Finland partner interviews in the box below.

Work in Finland also coordinates Talent Funding, a non-repayable grant amounting to 20,000-50,000 EUR, which is available for SMEs and midcap companies looking to internationalize their personnel. The Talent Funding aims to incentivise companies to hire internationally, by covering a considerable share of the costs associated with internationalisation upon project completion.

FIGURE 25: WORK RESIDENCE PERMITS TO FINLAND BY TYPE OF WORK/WORKERS, 2015-2022



Note: Includes only positive decisions on first residence permits for work.
 Source: Implement Economics based on Finnish Immigration Service (2023)



The Talent Boost Programme and other related initiatives are putting great effort in trying to change the attitudes of Finnish employers. There has been an increased demand for international employer branding and recruitment training sessions from businesses, which could be interpreted as a positive attitude shift.

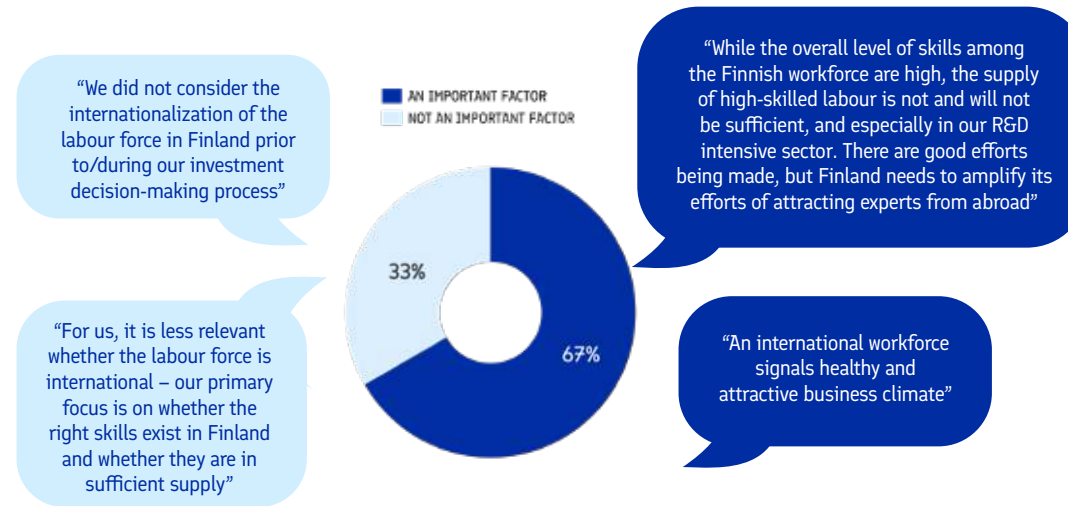
Quote from Work in Finland partner interviews

When looking at the type of workers that have moved to Finland since 2015, over 17% of all work permits¹⁴ were granted to persons moving to Finland for specialist work, see Figure 25. Moreover, 9% and 10% of all work permits were granted to persons moving to Finland for scientific research and seasonal work, respectively. Since the adoption of the Talent Boost Programme in 2017, the number of self-employed, specialist, and scientific research work permits have grown significantly, reflecting the range and diversity of different international talent moving to Finland. We return to the build-up of expertise in Section 3.4 under wider impacts on society.

It is difficult to determine with certainty what impact is derived from the Talent Boost Programme specially, and what impact is derived from natural immigration patterns that would have happened anyway. Nonetheless, permits data shows significant increases in certain talent groups since 2017, suggesting that the Talent Boost Programme has been helpful. It is too early to assess the role of Work in Finland in this development, as also uncovered in stakeholder interviews, though Work in Finland is expected to carry an important role in proactively identifying and attracting targeted talent groups and expertise to Finland in the future.

¹⁴ Refers to only first residence permits approved to workers.

FIGURE 26: IMPORTANCE OF AN INTERNATIONAL WORKFORCE FOR FOREIGN INVESTORS



Note: Interview question asked: "Do you consider the availability of an international workforce an important factor behind your investment decision in Finland, or in general?"

Source: Implement Economics semi-structured interviews with Invest in Finland customers.

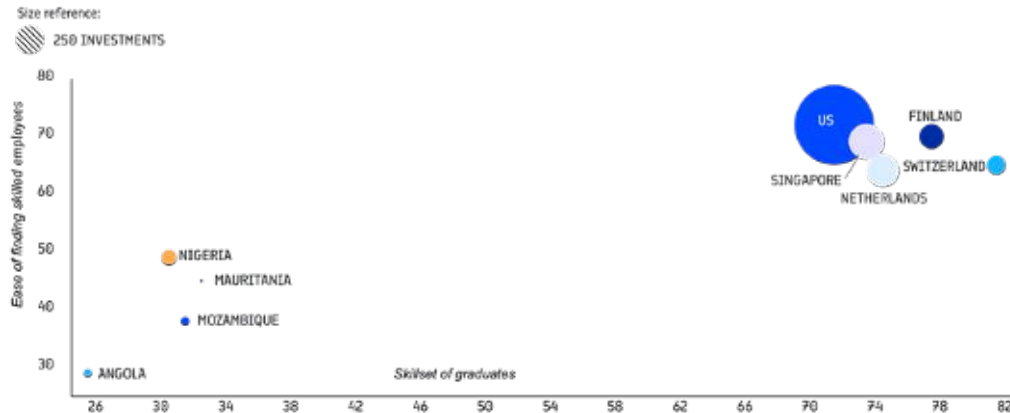
The efforts of Work in Finland, its partners, and the objectives of the Talent Boost Programme also have synergies with FDI promotion and the work of Invest in Finland in particular. This relates to, for instance, the aforementioned Talent Funding programme coordinated by Work in Finland.

The availability of international talent in Finland is perceived as a key element behind Finland's long-term competitiveness and attractiveness as a FDI destination. In fact, 67% of interviewed investors claimed that the availability of an international workforce specifically is an

important factor behind their investment in Finland, see Figure 26. This is both because it signals that Finland is an attractive and growing economy that appeals to world-class expertise, and because the supply of labour is simply not enough to meet the growing demands. In contrast, the investors who said that the availability of an international workforce is not or is only partly an important factor behind their investment decision are more concerned with whether the right skills exist and less concerned with whether the labour force is international or not.

FIGURE 27: IMPORTANCE OF AVAILABILITY AND SKILLSET OF GRADUATES FOR FDI ATTRACTION

NUMBER OF FDI PROJECTS (2019) BY COUNTRY, RELATIVE TO MEASURES ON AVAILABILITY AND SKILLSET OF GRADUATES (BUBBLES REPRESENT NUMBER OF INVESTMENTS)



Note: Bubble size represents number of investments. Based on 2019 data.

Source: Implement Economics based on World Economic Forum, UNCTAD and Investment Monitor.

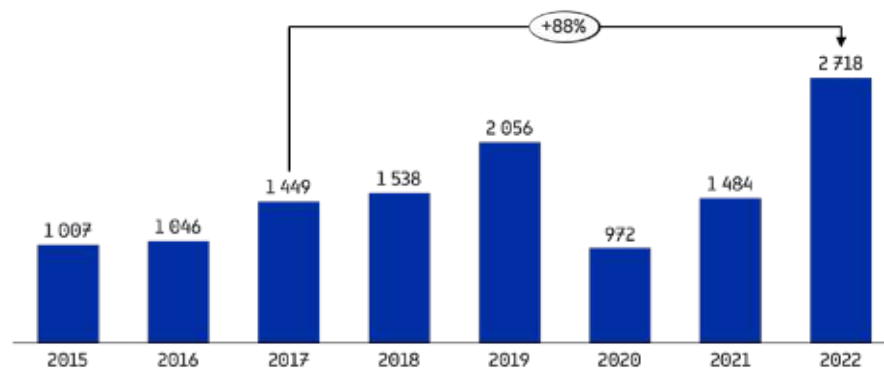
Moreover, empirical evidence shows that countries with both a high level of skills and abundance of workers are more likely to attract foreign companies than countries with lower level of skills and availability of workers, see Figure 27. Finland ranks relatively well internationally on both measures, and work-based immigration strengthens this position, as it builds overall expertise in the country. This is also in line with the insights gathered from investor interviews, whereby investors identified the high level of expertise in Finland as one of the key pull-factors for their investment location decision.

Lastly, since foreign companies typically bring key personnel and their families with them, Work in Finland also supports investment promotion services by improving the openness and inclusiveness of the country for international talents, as well as by making the service paths for relocation smoother.

Similar to the synergetic effects described above, i.e., where international talent promotion efforts and the availability of an international labour force can attract foreign companies to Finland, the same is true for growing ecosystems and focus sectors in Finland. Work in Finland and the Talent Boost Programme also pursue targeted talent attraction efforts, seeking to identify and pull skills that are required in key growth sectors (or ecosystems within them). Moreover, they aim to channel the expertise of international talents to boost growth, internationalisation, and innovations of companies, e.g., via Talent Funding, mentoring, cooperation with Leading

FIGURE 28: NUMBER OF FIRST RESIDENCE PERMITS FOR SPECIALISTS, 2015-2022

Number of residence permits by specialists by year, 2015-2022



Note: Includes only positive decisions on first residence permits for work and for specialists and blue card specialists.
Source: Implement Economics based on Finnish Immigration Service (2023).

Companies and matching events for international students and companies. Finding these concentrations of skills on international markets and the channelling of expertise are core tasks of Work in Finland, and something we discuss more in Section 3.7 in terms of a way forward.

3.4 IMPACTS OF WORK IN FINLAND SERVICES ON SOCIETY

In addition to creating results for customers, international talent attraction has broader impacts that transcend across society. In this section, we look at Work in Finland's contribution to the transition channels to competitiveness through impacts for society.

Promoting work- and study-based immigration to Finland is vital for ensuring a sufficient supply of labour now and in the future. It is also key in terms of building up the already high level of expertise that exists within the Finnish labour force.

As mentioned previously, in addition to addressing sectors suffering from labour shortages, the Talent Boost Programme focuses on attracting talent that is considered vital for the growth and internationalisation of Finnish companies and for R&D in leading growth sectors. These talents typically fall under the "specialist" work permit category, as they bring a high level of expertise to Finland and are recruited for specialist functions specifically. Since the adoption of the Talent Boost Programme in 2017, over 1,200 specialists have moved to Finland with a growth of 88%, see Figure 28. The number of permits for specialists in the first half year of 2023 shows robust development



While the overall level of skills of the Finnish workforce is high, the supply of high-skilled labour is not and will not be sufficient, and especially in our R&D intensive sector. There are good efforts being made, but Finland needs to amplify its efforts of attracting experts from abroad

Quote from an executive at a foreign-owned ICT company operating in Finland

from years prior, but the number of applications is still 80% lower than in the first half year of 2022. Therefore, it is important to highlight, that 2022 was likely a catch-up year in terms of specialists moving to Finland after the Covid-19 years.

In its strategy, Work in Finland has also described several tasks related to the attraction of these specialists specifically. For example, Work in Finland seeks to identify target countries with high availability of relevant skills and create talent attraction ecosystems within them.

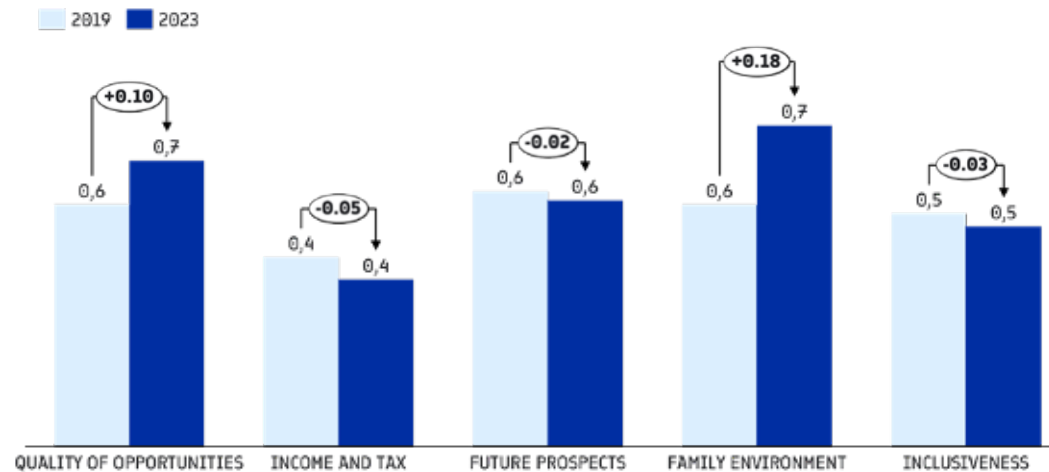
The economic benefits of an international and diverse workforce have been studied extensively in the empirical literature. In a recent study from Innolink (2022) investigating the relationship between cultural diversity and business performance in Finland, 64% of companies considered international recruitment to have contributed to turnover growth over the last five years. These same companies state that an international workforce contributes to economic performance through the growth potential brought by experts, access to new clients and networks, as well as through new ways of thinking. Improved language skills and broader understanding of different cultures are also considered important enablers.

These effects are especially pronounced among talents hired for senior-level positions.

Similarly, interviews with investors and executives of foreign-owned companies in Finland confirm that Finland's ability to attract and retain foreign talent is conducive to economic performance, see e.g., quote from an investor in the box below. We described the synergetic effects of international talent on FDI attraction in Section 3.3.

Although these findings relate to firm-level performance, the impact of an international workforce transcend to wider sectoral effects as well as to the performance of ecosystems, which benefit greatly from the targeted attraction of specialists with key know-how.

An international workforce and the promotion of work-based immigration signal to foreign workers that a country is open and accommodating to international labour, thereby boosting the country image as a working and living location. An international and diverse population is also important from a community and integration perspective. The OECD (2023) indicator of Talent Attractiveness measures the attractiveness of a country for foreign business leaders, workers, and students. It covers seven

FIGURE 29: FINLAND'S TALENT ATTRACTIVENESS AMONG HIGH-SKILLED WORKERS, 2019-2023

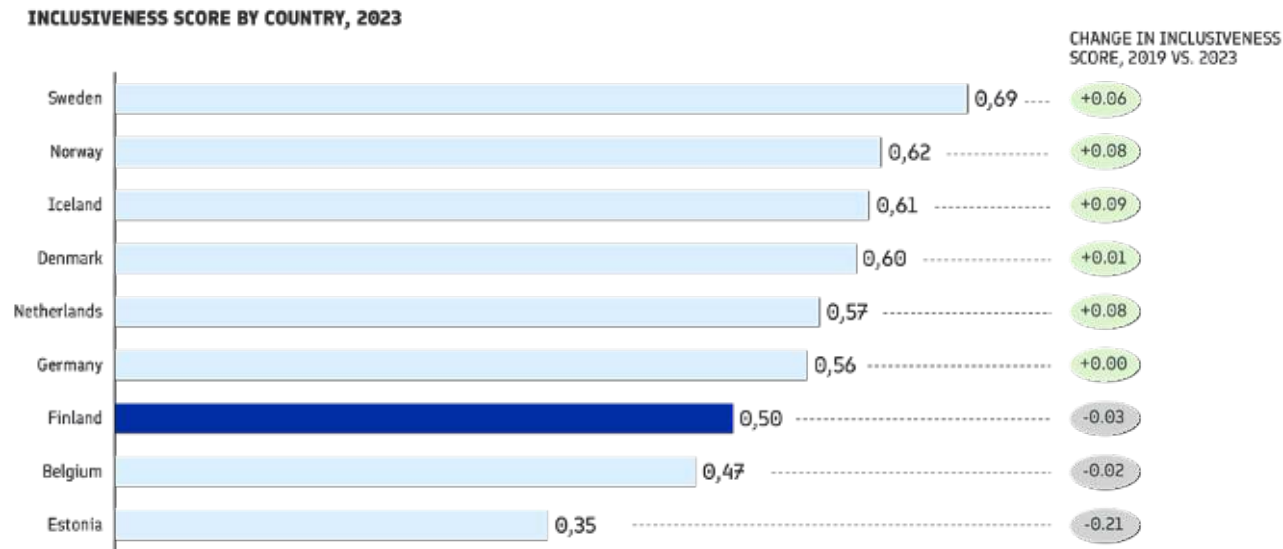
Note: Based on the OECD Talent Attractiveness framework, which measures the talent attractiveness among OECD countries based on several different indicators.
 Source: Implement Economics based on OECD (2023).

indicators: quality of opportunities, income and tax, future prospects, family environment, skills environment, inclusiveness, and quality of life. When all indicators are weighted equal, Finland currently ranks 14th highest (up four places since 2019) in terms of talent attractiveness from the perspective of high-skilled workers among the 38 OECD countries, just behind Denmark, Ireland, and Portugal.

When looking at the individual indicators of Talent Attractiveness, Finland is among the highest ranked OECD countries for family environment, which has also improved since 2019, see Figure 29. This indicator confirms that Finland's high-quality education system and family benefits are some of the key components

behind its country image to foreign workers. The Quality of Opportunities indicator, which measures migrant unemployment rate, migrant over-qualification rate, migrants with temporary contracts and migrants with part-time contracts, has also improved since 2019, which could relate to specific efforts done under the Talent Boost Programme, including greater and more precise job matching.

FIGURE 30: INCLUSIVENESS SCORE AMONG HIGH-SKILLED WORKERS, 2019 AND 2023



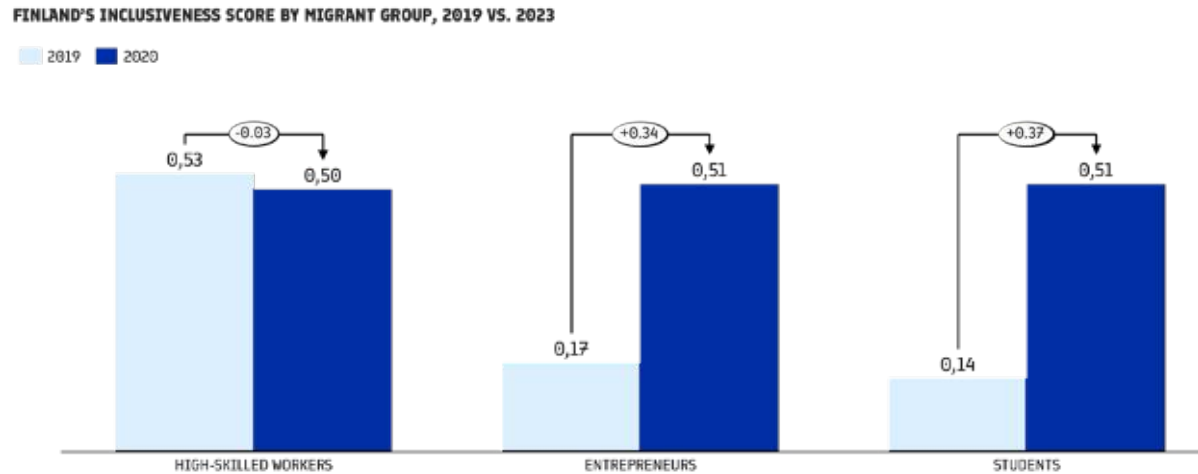
Note: The OECD inclusiveness score for workers is composed of the following: % of migrants in working age population, Migrant Acceptance Index, and the SIGI Gender Equality score.

Source: Implement Economics based on OECD, Talent Attractiveness 2023.

However, Finland's Inclusiveness score, which is composed of the share of migrants in the working age population, the Migrant Acceptance Index, and the SIGI Gender Equality score, ranks average among all OECD countries and below that of many Northern European countries (except for Belgium and Estonia), see Figure 30. However, when comparing Finland's Inclusiveness score among talent groups, it has increased significantly among entrepreneurs and students since 2019 but decreased by a modest 0.03 points among high-skilled workers.

Among other indicators of Talent Attractiveness, boosting inclusiveness is a way to improve Finland's country image and promote work- and study-based immigration, which contribute to ensuring sufficient labour supply, build-up of expertise, and long-term competitiveness. This closely links with the Talent Boost Programme's key objective of increasing acceptance and diversity in the workplace, e.g., through the Working Life Diversity Programme described in Finnish Government (2021).

FIGURE 31: FINLAND'S INCLUSIVENESS SCORE BY TALENT GROUP, 2019 VS. 2023



Note: The OECD inclusiveness score for workers is composed of the following: % of migrants in working age population, Migrant Acceptance Index, and the SIGI Gender Equality score.

Source: Implement Economics based on OECD, Talent Attractiveness 2023.

By helping attract start-up founders to Finland, Work in Finland has synergetic effects on Invest in Finland services, namely, on securing more greenfield investments.

Work in Finland services can also help alleviate labour shortages in Finland and reduce upwards wage pressures by attracting more workers to Finland. Controlling unsustainable wage growth is beneficial and appealing to companies, including new foreign companies looking

to establish operations in Finland. An international labour force also signals an attractive business environment, as observed through investor interviews. These all make Finland more attractive to new foreign companies and to existing foreign companies looking to expand in Finland. These effects are similar to those described in Section 3.3 under the transmission channel “Increase in the number and turnover of foreign companies”.

3.5 SUSTAINABILITY MEASUREMENT IN WORK IN FINLAND SERVICES

Work in Finland aspires to contribute to sustainability with their services in four ways:

- Increase the share of international students who stay and work in Finland and contribute to societal welfare
- Increase integration inside Business Finland by focusing on sustainable ecosystems and their talent needs
- Promote diversity and inclusion in companies
- Support companies in ethically sustainable international recruitment

They look to do this by increasing their collaboration with universities and industry organisations, better integration of Talent Boost activities and Invest in Finland services, and by increasing understanding among companies on the benefits of diversity and inclusion. Work in Finland also supports employers in ethical international recruitment through the development of support materials and trainings and in developing ways to connect employers to reliable recruitment partners both in Finland and in selected focus countries.

Work in Finland is very new in its role of driving forward the Talent Boost program, and as such it is difficult to assess their contribution to sustainability. However, it is also an ideal time for Work in Finland to establish methods and systems for tracking and collecting evidence on sustainability contributions. For example, Work in Finland could specify what “contribution to societal welfare” precisely means, and how it can be measured.

Moreover, Work in Finland could seek to gather evidence from companies on their perceptions on diversity and inclusion, including the recruitment of foreign talent, and what their barriers are in terms of improving diversity and inclusion.

3.6 ADDITIONALITY OF WORK IN FINLAND SERVICES

Work in Finland is expected to play an elemental role in the attraction of foreign talents to Finland, thereby helping alleviate growing labour market pressures, and the matching of companies and employers operating in Finland with the best expertise from a global talent pool. This role is designed to be structurally more separate from changes in government (though not fully unaffected) and from specific project budgets, enabling a long-term positioning for the Talent Boost Programme objectives.

As Work in Finland was only established in 2022 as a structurally separate entity, it is impossible to quantitatively assess its additionality to Finland's competitiveness. However, we can assess the Talent Boost Programme more broadly to understand the importance of Work in Finland in achieving the programme objectives. Data and interview insights suggest that the Talent Boost Programme has been effective overall in promoting work- and study-based immigration to Finland, including targeted attraction of specific talent groups and experts for key focus sectors and sectors with pronounced labour shortages. However, again, it is difficult to determine at this time the extent to which Work in Finland's services

specifically have benefited the competitiveness of the Finnish society and economy through talent attraction.

Interviews highlight the importance of Work in Finland in the Talent Boost Programme and in driving national work- and study-based immigration promotion efforts. Namely, Work in Finland has the potential to drive the Talent Boost roadmap forward more effectively and with a long-term perspective than the ministries alone. Moreover, the activities of Work in Finland are considered key to attracting international start-ups to Finland and in helping Finnish companies recruit international talents. In the long-term, these activities help grow diverse and multinational teams that have the potential to create value-producing R&D and non-R&D networks and partnerships. Due to timing, the size of this impact on competitiveness has also not yet been assessed.

Work in Finland partners are in general very satisfied with the collaboration and existence of Work in Finland, though improvements around roles and responsibilities can naturally be made (and are expected), see quotes from partner interviews in Figure 32.

FIGURE 32: WORK IN FINLAND SERVICES AND COLLABORATION BASED ON INTERVIEWS

HOW WOULD YOU DESCRIBE YOUR OVERALL COLLABORATION IN THE TALENT BOOST PROGRAMME? HOW COULD THE COLLABORATION BETWEEN WORK IN FINLAND AND YOUR ORGANISATION BE IMPROVED?

”

“We consider our collaboration with Work in Finland - as well as Work in Finland’s role in the Talent Boost program - very important. It would be very difficult to meet the objectives of the Talent Boost programme without its supporting structures – namely, Work in Finland.

“A key role we see for Work in Finland is in identify concentrations of talents abroad and in forming partnerships and sustainable recruitment channels in foreign countries. This is done already to a degree and is in development – we see high value in pursuing this and putting even more resources towards this, to ensure we have the talent we need in the future.”

“The role of Work in Finland in the Talent Boost program (and in general) is not entirely clear to other stakeholders – Work in Finland needs to continue building own processes and roles that are separate from the ministry”

“While the continuation of the Talent Boost program can be dependent on the decisions of a new government, Work in Finland’s association with the program means that Finland can continue to take the initiative further and keep track of the targets. This is why it is very important that the Talent Boost work is implemented by a more independent body such as Work in Finland – and not the ministries”

“We could benefit from more consolidated communication from Work in Finland, Business Finland and the KEHA centre, as we often speak with all parties separately. This points to a need to crystallise steering and the roles within Work in Finland.”

“Work in Finland needs to establish its role in the expansion of the Talent Boost to regions”

”

Source: Implement Economics semi-structured interviews with Work in Finland partners.

3.7 CONCLUSIONS AND RECOMMENDATIONS FOR WORK IN FINLAND SERVICES

Overall, the feedback received from Work in Finland partners indicates that the role of Work in Finland will be very important in boosting work- and study-based migration to Finland. The role of Work in Finland is nonetheless still in its primacy, with roles and responsibilities still being defined, and therefore an evaluation of its effectiveness would be too premature to conduct at this time. In general, however, the efforts of Work in Finland and the focus of the Talent Boost Programme are aligned with the key barriers associated with international talent attraction in Finland.

Possible initiatives going forward could include:

- **Clarifying roles and responsibilities** | As revealed through Work in Finland partner interviews, there is an opportunity for Work in Finland to clarify its roles and responsibilities, that are separate and clearly distinguishable from its partners. This is for example very relevant in the expansion of the Talent Boost responsibilities to the regions, whereby the roles and mandates of regional actors are still largely unclear, potentially leading to delays and inefficiencies.
- **Enriching knowledge base on employer attitudes and barriers** | In order to drive more evidence-based initiatives, Work in Finland and/or its partners could look to conduct surveys among Finnish employers to understand their perceptions, preferences, and

challenges relating to international talent attraction and retention. For instance, it would be worthwhile to assess whether also companies in Finland perceive an increase in the availability of foreign talent as well as a general increase in the level of skills – i.e., whether the growing stock of international talent actually find themselves in the right jobs and in companies that are actively searching for talent. Currently, comprehensive evidence on employers is largely lacking, but improvements in this area could increase the added value of employer training provided by Work in Finland and its partners.

- **Broadening promotion efforts to all types of workers** | Interviews with stakeholders highlighted that even greater emphasis could be placed on promoting broader groups of talents to Finland in the Talent Boost programme. These efforts should match those that have been directed towards attracting specialists in key sectors (e.g., ICT), as future labour market developments are expected to require a broad variety of different skills. The Act on Business Finland (1146/2017, 1 §) specifies that the task of Business Finland is to attract talents specifically to Finland.
- **Strengthening partnership efforts in key countries** | To the extent possible with finite resources, Work in Finland should continue and even increase its efforts in forming partnerships and sustainable recruitment channels globally in countries with identified concentrations of specific talents or growing population of high-skilled workers.

The above initiatives come at a cost that, as always, should be balanced against the expected value that they are considered to generate.

A woman with long brown hair, wearing a patterned white shirt and dark sunglasses, is smiling and looking upwards. She is holding a straw hat in her right hand. She is standing on a boat, with a white railing in front of her. The background shows a blue sky and a body of water.

4 ATTRACTION OF INTERNATIONAL TOURISTS TO FINLAND

According to the OECD (2022), the Covid-19 pandemic had a severe effect on Finland's tourism sector. In 2019, the sector directly contributed to 2.7% of Finland's GDP, while this contribution fell to 1.7% of GDP in 2020. The full recovery of Finland's tourism sector to pre-pandemic levels is not expected until 2025. Moreover, Russia's invasion of Ukraine has created new concerns over tourism growth in Finland.

According to Visit Finland and Ministry of Employment and Economic Affairs (2023), Finland's tourism sector is nonetheless considered a strategic and growing sector, whereby every euro spent in the tourism sector brings approximately 0.61 cents to other sectors. In terms of export value, Finland's tourism service exports were equivalent to exports in advanced technologies prior to the pandemic, and exports in tourism grew at a faster rate than any other service exports. Consequently, the tourism sector employed over 150,000 persons in Finland in 2019 (decreasing to 130,000 in 2021 following the pandemic).

In 2022, The Ministry of Economic Affairs and Employment updated its tourism strategy and action plan, with the vision that tourism is to be developed as a sustainable and growing sector that generates prosperity

“[Finland’s national tourism strategy for 2022-2028] envisions Finland as the most sustainably growing tourist destination in the Nordic countries. The strategy identifies four key priorities that will enable sustainable growth and renewal of the tourism sector: supporting activities that foster sustainable development, responding to digital change, improving accessibility to cater to the needs of the tourism sector, and ensuring an operating environment that supports competitiveness. Cooperation plays a major role, as the name of the strategy indicates.”

Source: Ministry of Economic Affairs and Employment of Finland



and employment, while making Finland the most sustainable tourism destination in the Nordics, see box below.

Visit Finland is seen as an integral actor in driving forward efforts spelled out in the national tourism strategy for Finland.

In this chapter, we look at Visit Finland’s role and achievements in promoting tourism to Finland, and we assess how a growing tourism sector affects competitiveness. Section 4.1 provides a short rationale for offering tourism promotion services. Section 4.2 looks at Finland’s overall tourism performance. In Section 4.3 and 4.4, we assess the customer results and societal impacts of Visit Finland’s services. Lastly, Section 4.6 assesses the overall additionality of Visit Finland’s services on competitiveness, while Section 4.7 contains conclusions and recommendations.

4.1 THE RATIONALE FOR INTERNATIONAL TOURIST ATTRACTION SERVICES

Business Finland’s tourism promotion service, Visit Finland, helps develop and promote Finland’s image as a tourism destination together with regional tourism promotion organisations, while also assisting tourism companies in their efforts to internationalise, improve, market, and sell high-quality travel products and services. In addition, Visit Finland facilitates investments in Finland’s travel industry and promotes the country as a desirable location for international business events.

These tourism promotion efforts all work to strengthen Finland’s competitiveness. Namely, tourism promotion efforts help bring Finland on the map as a tourism destination and as a diverse tourism destination with

FIGURE 33: THE RATIONALE FOR TOURISM PROMOTION FROM A COMPETITIVENESS PERSPECTIVE



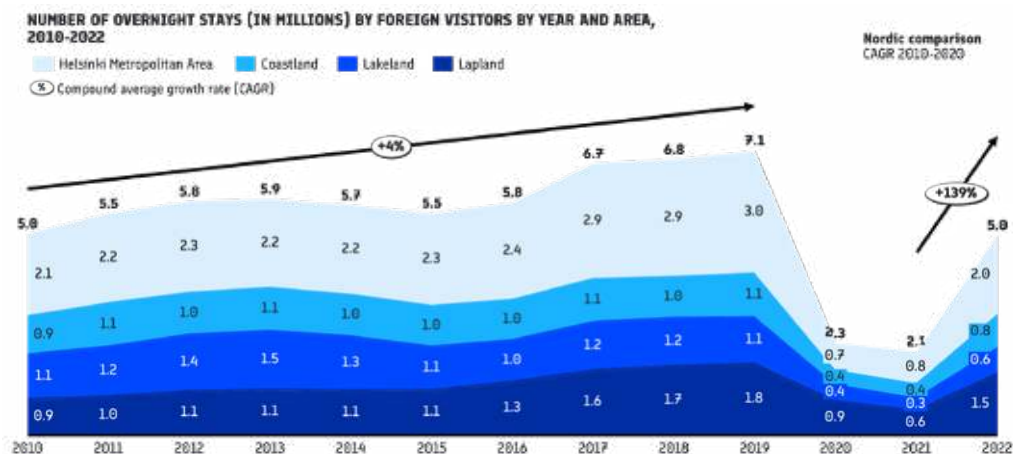
Note: **Green** colouring indicates areas under the Impact Model for Competitiveness, where Business Finland's tourism promotion services have the potential to create results for its customers and impacts for the Finnish society. **Yellow** colouring indicates areas under the Impact Model for Competitiveness, where tourism promotion services may create synergies with Business Finland's other promotion areas. **Grey** colouring indicates areas under the Impact Model for Competitiveness that are not directly related to tourism promotion services or are weakly related, and therefore are outside the scope of this study. Source: Implement Economics based on Business Finland's roadmap and corresponding KPIs for the four promotion areas.

many offerings across to country for both leisure tourists and business travellers. Moreover, the tourism promotion work done by Visit Finland also entails strengthening local tourism businesses in Finland through the generation and sharing of knowledge and skills and the provision of other services. This is especially important for the tourism sector, which is mostly comprised of micro-businesses with limited resources to e.g., develop digital platforms. Regional tourism promotion organisations are an essential part of Finland's overall tourism promotion, and they benefit from high-level tourism roadmaps, guidance, and access to more international networks through Visit Finland.

Visit Finland services have the potential to strengthen

Finland's competitiveness across a multitude of transmission channels as illustrated by the green boxes in Figure 33, and there is thus a strong rationale for offering tourism promotion services. In some cases, the success of Business Finland's tourism promotion services can be amplified by activities undertaken in other promotion areas as illustrated by the yellow boxes. In Section 4.3 and 4.4, we assess if these transmission channels and potential synergies are fully exploited, or if more can be done to attract more tourists and/or reprioritise resources towards tourists that bring the most value to the Finnish economy. In Section 4.5, we briefly look at the role of sustainability measurement in Visit Finland service delivery.

FIGURE 34: OVERNIGHT STAYS BY FOREIGN VISITORS BY AREA, 2010-2022



Note: Overnight stays relate to the number of nights spent in hotels/holiday homes in Finland by foreign visitors. Data is shown in millions.

Source: Implement Economics based on Statistics Finland (2023b).

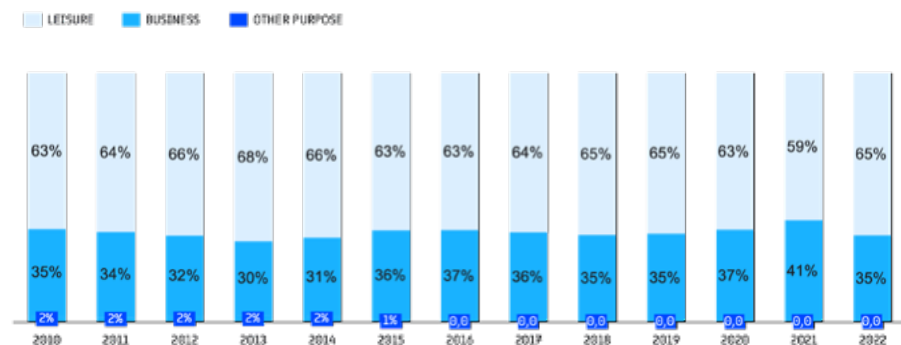
4.2 FINLAND'S TOURISM PERFORMANCE

Finland has experienced a somewhat modest development in international tourism, as measured by the number of overnight stays by foreign visitors over the last decade. However, the rebound since the lifting of restrictions induced by the Covid-19 pandemic has been rapid, see Figure 34. Between the years 2010 and 2019, international tourism grew at an average growth rate of 4% annually country-wide and by 139% between 2021 and 2022. Though the recovery since Covid-19 has been strong, international tourism has not reached pre-pandemic levels in Finland.

When looking at the development of international tourism from a geographical perspective, it is primarily the Helsinki Metropolitan Area and Lapland that have been leading the development. In contrast, the development of foreign tourism in the Lakeland and Coastland areas has remained quite flat over the years.

Leisure tourism accounts for approximately 65% of all foreign tourism, while business tourism accounts for the remaining 35%, see Figure 35. These shares have remained mostly unchanged over the years, apart from 2021 when business tourism increased to over 40% as a result of restricted leisure tourism due to Covid-19.

FIGURE 35: SHARE OF OVERNIGHT STAYS BY FOREIGN VISITORS BY TOURISM TYPE, 2010-2022



Note: Overnight stays relate to the number of nights spent in hotels/holiday homes in Finland by foreign visitors.

Source: Implement Economics based on Statistics Finland (2023b).

4.3 RESULTS OF VISIT FINLAND SERVICES FOR CUSTOMERS

Visit Finland's tourism promotion efforts are considered to generate results for customers, i.e., regional tourism organisations and travel businesses in Finland. In this section, we look at Visit Finland's contribution to the transition channels to competitiveness that create results for customers.

In Section 4.2, we saw that international tourism, as measured by the number of overnight stays by foreign visitors in Finland, has increased over the last decade. Although it is difficult to isolate the contribution of Visit Finland and other promotion efforts to the rise in tourism, interviews with Visit Finland customers suggest that Visit Finland's efforts have made Finland more visible globally as a tourism destination and in professionalising local tourism businesses in Finland, enabling them to enter more markets and attract more diverse types of tourists.

Growth in the number of overnight stays by foreign tourists is also a key impact indicator that Visit Finland tracks to measure their own performance. Inbound tourism data therefore suggests that Visit Finland is on the

right track in terms of growing Finland's tourism sector, but that consistent efforts need to be maintained to recover from Covid-19 impacts and to build resilience against new challenges, including war in Europe.

Tourism promotion may also have synergetic effects on international talent attraction, in terms of promoting Finland as a potential place of work for the same reasons that it is an attractive travel destination. This transmission has not been explored further, but future surveys among experts seeking employment in Finland could explore any previous relations with Finland, such as previous visits to Finland as a tourist.

Visit Finland promotes tourism in Finland through several separate and coordinated efforts, one of which includes strengthening the competencies in the domestic tourism sector – including regional tourism promotion organisations and tourism businesses.

One key area of focus concerns digitalisation, which is also a central strategic theme described in Visit Finland (2021)'s 2021-2025 Strategy. Visit Finland supports its partners on their digitalisation journeys, from the adoption of digital tools to the build-up of digital competencies

DATAHUB

VISIT FINLAND

Visit Finland's DataHub is a national travel product database, which enables the visibility of tourism companies, as well as their products and services, on a number of different online channels. It is one of the first national product databases for the tourism industry in Europe.

The use of DataHub requires travel companies to register and insert data on their products and services. The interface then enables the broad sharing of information by digital publishers, such as Visit Finland.

DataHub is free of charge for travel companies and digital publishers.

IN NUMBERS:

2000

REGISTERED COMPANIES
& ORGANISATIONS

7000

REGISTERED TRAVEL
PRODUCTS & SERVICES

and resources. In fact, 67% of interviewed Visit Finland partners state that their digital skills have improved since working with Visit Finland. This improvement is connected to digitalisation trainings and seminars that have been hosted by Visit Finland, coordinated digital/social media marketing campaigns, as well as the DataHub initiative.

The DataHub initiative was highlighted in each interview as a push for tourism organisations and their customers to become more digitally enabled. Visit Finland also operates "info clinics" to guide companies on how to use DataHub, see box below for description of the DataHub initiative. It is also important to note that much of the development in digital skills and in the adoption of digital tools has also come from the natural demand from the market and from tourism businesses in particular.

In addition to digital skills and the adoption of digital tools, interviews with Visit Finland customers highlight three areas, in which their collaboration with Visit Finland has improved their competencies and enabled them to upgrade their business models.

Sustainable travel

- Visit Finland's Sustainable Travel Finland (STF) initiative is considered a highly important framework by Visit Finland customers. It provides tourism partners with a roadmap and coordinated approach to driving tourism efforts forward in their respective geographical areas in a sustainable manner.
- Visit Finland customers consider that it is highly important that all tourism organisations in Finland are aligned on the common methods and visions for sustainable travel – a common framework allows partners to efficiently take charge in their respective areas.
- A central feature in Finland's appeal as a tourism destination is sustainability – regional tourism promotion organisations and the travel businesses that they support need clear direction and a toolbox to ensure continued inflow of sustainability/eco-minded tourists.

New market intelligence

- Market-specific information and training provided by Visit Finland are considered very useful by regional tourism organisations and the businesses they support, helping them prepare activities and pushes into new markets in an evidence-based manner.
- This type of market information would require a lot more resources for a smaller organisation with no prior experience in the market to obtain.
- The market-specific training and sparring from Visit Finland have covered various areas, including new geographical markets as well as luxury and business/conference travel.

Internationalisation

- Visit Finland is considered a key partner in the internationalisation journey of many geographic areas of Finland, as it can provide the know-how, networks, and negotiation power to secure larger segments of international tourists.
- Less internationally known areas of Finland, such as the Lakeland and the Coast and Archipelago areas, have set high internationalisation targets and have looked to Visit Finland for guidance on internationalisation – i.e., how to upgrade their tourism businesses from local to international.
- Prior evaluations reported in Owl Group (2021) also reveal that the greatest impact from Visit Finland's services to businesses is created through networks and contacts with international markets, reflecting Visit Finland's important role as an internationalisation "stepping board".



Visit Finland operates a learning initiative called “Visit Finland Academy”, which is a service for regional tourism organisations or destinations to support the competence development of companies around these focus themes. In 2022, Visit Finland hosted 70 training days through the Academy, of which 28 entailed STF trainings. Based on an evaluation from Visit Finland (2023a), the vast majority (approximately 90%) of training recipients ranked the expertise of the trainers around a particular topic as “great” or “good”.

Visit Finland’s services can also have synergetic effects on investment promotion. As described in Visit Finland (2023b) and discussed in Chapter 2, tourism promotion services have the potential to increase the number of foreign companies through two main channels. First, Visit Finland directly promotes investment in Finland’s travel industry by helping partners abroad establish tourism activities in Finland. They do this with access to training, know-how, and other resources.

Second, Visit Finland’s tourism promotion efforts may also indirectly impact investment in other sectors, as a result of an overall improvement in the country image and

investors’ previous travel experiences in Finland. However, based on interviews with Invest in Finland investors, previous travel in experiences did not seem to be a catalyst for investing in Finland. It is important to note, however, that the interview insights were based on a small number of interviews and may therefore not be representative. We describe tourism promotion’s impact on country image in Section 4.4.

Visit Finland also promotes the country as a desirable location for international business events, therefore helping introduce foreign company representatives to Finland.



4.4 IMPACTS OF VISIT FINLAND SERVICES ON SOCIETY

In addition to creating results for customers, tourism promotion efforts of Visit Finland have broader impacts that transcend across society. In this section, we look at Visit Finland's contribution through the transition channels to competitiveness that create impact for society.

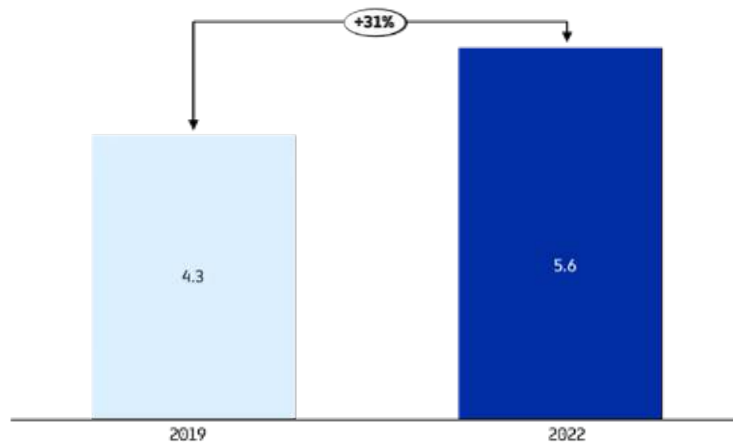
In Section 4.3, we looked at how Visit Finland helps its customers build competencies in digitalisation, sustainable travel, internationalisation, and access to intelligence on new markets. These same competencies built within local travel businesses and regional tourism organisations transcend across the wider tourism sector through labour mobility, knowledge sharing, and business relationships, thereby growing the competitiveness of the entire Finnish tourism sector.

Moreover, the Finnish tourism sector is known to have multiplier effects on the rest of the economy, whereby approximately 1 euro spent in the tourism sector generates 0.61 cents in other sectors¹⁵. This is because tourism businesses engage actively with other suppliers in their supply chains. With this same logic, expertise built in the tourism sector also transcends to suppliers in other sectors, building expertise in the economy overall.

Tourism and tourist promotion aim to contribute to Finland's country image. Visit Finland, together with other tourism promotion organisations in Finland, dedicate significant resources to raising the profile of Finland as

¹⁵ Visit Finland and Ministry of Employment and Economic Affairs (2023).

FIGURE 36: FINLAND'S TOURISTIC ONLINE SEARCHES (IN MILLIONS), 2019 VS. 2022



Source: Implement Consulting Group based on Bloom Consulting (2023).

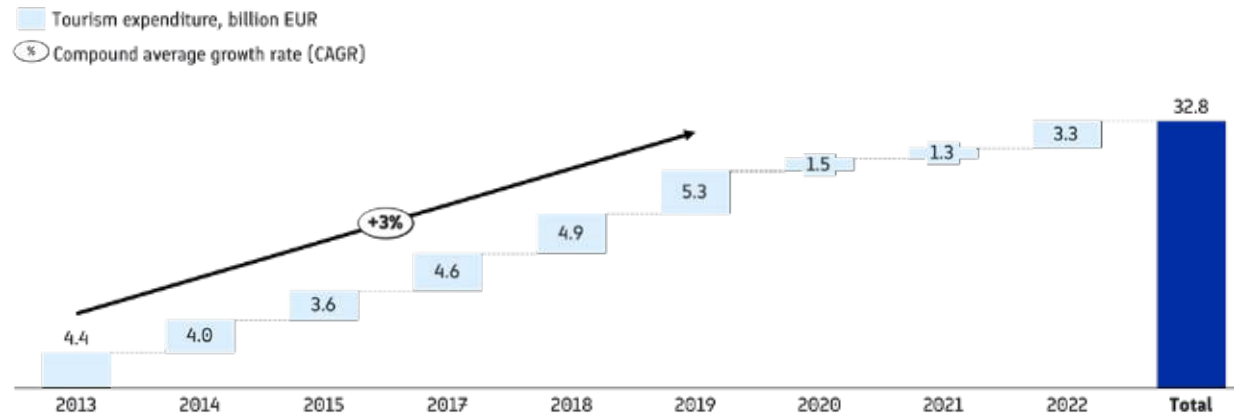
a travel destination globally. They do this by creating content aimed at different types of tourists, from leisure tourists to business travellers, and from nature-loving adventurers to urban tourists. Moreover, tourism promotion is important for raising awareness of lesser-known attractions and areas of Finland, therefore building a broader country image that appeals to a larger group of tourists.

Finland's country brand is something that Visit Finland actively tracks through different indicators, including the Nation Brand Index (NBI)¹⁶ and online touristic searches in Bloom Consulting (2023). Online touristic searches, which are an indicator for tourism demand, indicate that Finland's brand as a tourism destination has improved significantly since 2019. In 2019, before the Covid-19 pandemic, online touristic searches covering Finland reached 4.3 million, while in 2022, they had in-

creased 31% to 5.6 million, see Figure 36. This implies that more people internationally are interested in Finland as a tourism destination, which is very positive given the challenges brought by Covid-19 on tourism. According to interviews with Visit Finland's customers, this development, and in particular the improvement in brand image of smaller areas of Finland, would not have been possible without tourism promotion efforts.

When looking at the origin of the online touristic searches in Bloom Consulting (2023), the key markets are Germany, Japan, the United States, and the United Kingdom, accounting for almost 50% of all online touristic searches in 2022. These countries are all focus markets listed in Visit Finland (2021), in which they seek to work strategically and proactively to establish travel industry partnerships.

¹⁶ See Visit Finland (2023c).

FIGURE 37: TOURISM EXPENDITURE IN FINLAND, 2013-2020

Note: Tourism expenditure includes expenditure on all tourism consumption products and valuables.
Source: Implement Economics based on Statistics Finland (2023c) and Statistics Finland (2023d)

Improving Finland's country image through tourism promotion also has synergetic effects on Work in Finland services, as a stronger country image overall makes it easier to grow and internationalise the labour force, as a clearer impression of Finland is built among international talent.

Similar to the development in the number of foreign tourists, tourism income has increased modestly in Finland over the last years. Between 2013 and 2019, prior to the Covid-19 pandemic, tourism expenditures grew by 3% on average annually, amounting to a total of 28 billion EUR by the end of 2020 for this period, see Figure 37. Estimates on 2022 tourism expenditure imply that tourism demand is on a strong recovery post-pandemic.

Growth in tourism income is a key impact indicator for Visit Finland's tourism promotion efforts, and while it can be difficult to isolate the impact of Visit Finland and other promotion efforts on the growth in tourism income, the data suggests that the efforts have been conducive.

The synergetic effects of tourism promotion on FDI were described in Section 4.3, and we can assume similar effects on Greenfield investments, i.e., establishment of new affiliates by foreign companies in the tourism sector as well as other sectors in Finland.

FIGURE 38: VISIT FINLAND ACTION PLAN FOR SUSTAINABILITY

- Concentrate sustainable tourism around the STF label and increase awareness of our sustainability activities at the international level.
- Make sure the STF label is used by most companies that are involved in international sales promotion actions. Prioritise companies and destinations that follow the principles of sustainability.
- Make sustainability an integral theme when promoting Finland abroad. Sustainable development should be considered holistically in operations nationwide.
- Make sustainability a cross-cutting theme and message in Visit Finland's marketing.
- Embed sustainability when developing tourism projects, services and products.
- Focus on high-end / seasoned travellers as the sales promotion actions. Prioritise companies target group for increasing sustainable travel.

Source: Visit Finland (2021).

4.5 SUSTAINABILITY MEASUREMENT IN VISIT FINLAND SERVICES

Developing sustainable travel in Finland is one of the five strategic themes of Visit Finland. The action plan for developing sustainable travel in Finland largely concentrates around the Sustainable Travel Finland (STF) program, promoting sustainability as a key feature of tourism in Finland, and helping customers embed sustainability in their tourism products and services, see Figure 38.

According to Visit Finland (2023d), the STF programme is an educational programme aimed at travel companies and regions in Finland. Upon completion of the 7-step program, regions and travel companies will obtain the STF label. The idea of the label is to provide companies and destinations with a concrete toolkit for sustainable travel, which facilitates the adoption of sustainable measures and choices in the everyday operations of a region or company.

The STF program was highlighted as one of the most important perks of working with Visit Finland by regional tourism organisations. In terms of future actions, the regional tourism organisations hoped for continuous provision of sustainable travel tools and education from Visit Finland. Some of the interviewees reported struggles in getting the tourism businesses in their respective regions on board the sustainability journey and were hoping for more support or guidance from Visit Finland on how to better onboard and involve smaller businesses.

4.6 ADDITIONALITY OF VISIT FINLAND SERVICES

In promoting Finland as a tourism destination, Visit Finland can improve Finland's competitiveness in terms of creating customer results and societal impacts. The transmission channels to competitiveness of Visit Finland's services and tourism promotion overall were described in Section 4.3 and 4.4.

We assess the additionality of Visit Finland's services on competitiveness based mostly on qualitative interview insights. Visit Finland and country-wide tourism promotion have existed for some time, and it is difficult to accredit growth in inbound tourism to tourism promotion efforts specifically. Nonetheless, growth in the number of foreign tourists and tourism income are both KPIs that Visit Finland uses to track its efforts, and measured on these indicators Visit Finland has delivered on its ambitions.

Visit Finland also tracks Finland's brand image as a tourism destination through various indicators, and Visit Finland's partners consider that Visit Finland and coordinated, national tourism efforts have been key in boosting Finland's country brand scores. By helping develop Finland's tourism image internationally, Visit Finland has im-

proved the competitiveness of Finnish society and economy. Likewise, Visit Finland has also helped build the travel ecosystem in Finland through various services to regional actors and businesses. However, as we will discuss in the next section, Visit Finland could have an even closer collaboration to travel businesses to create stronger ecosystem impacts.

Interviews with Visit Finland customers provide a clearer picture of Visit Finland's effectiveness in achieving its objectives and how Visit Finland supports the Finnish travel industry. Visit Finland's importance for the tourism sector is recognised among regional tourism organisations and small businesses. Interviews reveal that there is a need for a more centralised tourism promotion body, such as Visit Finland, that sets common direction and objectives for the rest of the industry and destinations. In particular, the STF and DataHub initiatives were praised in every interview, and interviewees highlighted the need to pursue them with a long-term outlook. There are certain areas in which customers think that Visit Finland could perform even better, but Visit Finland is overall thought to perform in its role very well given the limited resources, see Figure 39 for selected interview quotes.

We describe recommendations for how Visit Finland could improve its services in Section 4.7.

FIGURE 39: VISIT FINLAND SERVICES AND COLLABORATION BASED ON INTERVIEWS

HOW WOULD YOU DESCRIBE YOUR OVERALL COLLABORATION? HOW COULD VISIT FINLAND IMPROVE ITS SERVICES?



“There is mutual trust in our collaboration with Visit Finland – we know if we are in a critical situation, that we can always get support from Visit Finland”

“Visit Finland succeeds in its role well – especially given the limited resources. We hope that on a national level the tourism industry becomes more recognised as an important and impactful industry for the Finnish economy, and that national initiatives get more funding in the future. We rank much below our competitor countries (Nordics) when it comes to resources, and so we also cannot expect better outcomes”

“We have one direct (and very competent) contact at Visit Finland, but otherwise we feel that the organisation is unclear, and roles are untransparent. The organisation could use “refreshment” in terms of roles and commercial focus”

“We see the need for an organisation like Visit Finland that coordinates country-wide tourism promotion, sets a vision, and provides direction and guidance to other tourism actors”

“Visit Finland’s Datahub and STF programmes have been great – and we really hope that they are carried through and expanded with a long-term vision - neither should be tied to a specific project budget. As these are two very strong programmes of high priority, Visit Finland should hold off on new initiatives until these two are properly expanded across the wider tourism industry (including the companies we work with”

“In Finland we have a habit of being too slow to move and too procedure-abiding, meaning that we do not make agile decisions and we miss out on opportunities. This pace is reflected in the work of public authorities and sometimes in our collaboration with Visit Finland. It is hard to diverge from original plans and align our work and decision-making rhythms. As a result, we often end up taking on the risk alone”

Source: Implement Economics semi-structured interviews with Work in Finland partners.



4.7 CONCLUSIONS AND RECOMMENDATIONS FOR VISIT FINLAND SERVICES

Overall, Finland has welcomed a growing number of international tourists over time, though growth rates have been somewhat modest. Among others, growing country image through tourism promotion and Finland's increasing appearance in international news media positively impact this growth. Visit Finland's customers are overall happy about the collaboration and support that they receive, and the high-level direction provided by Visit Finland on tourism promotion activities is considered essential.

However, all interviewees highlighted the need to add more muscle to Finland's tourism promotion services overall in terms of financing in order to do more of what they are already doing. The efforts work well today, but customers see even greater potential should financing be increased. This includes for example greater marketing of other tourism market segments, such as conference tourism and not just leisure tourism, or promoting Finland's many cities and not just nature. They also highlight that resources assigned to tourism promotion in Finland are well below neighbouring Nordic countries, and therefore, comparing outcomes of tourism promotion efforts is not reasonable.

POSSIBLE INITIATIVES GOING FORWARD COULD INCLUDE:

- **Clarifying roles within the organisation |**

Interviews indicate that the Visit Finland organisation and the roles within it are somewhat unclear to partners. Regional tourism organisations claim to have a strong and close relationship with their key contact person, but then lack overview of the efforts of other functions and employees within them. Without a clearer understanding of roles and responsibilities, customers cannot make full use of the Visit Finland team and risk making their contact person a bottleneck for all requests.

- **Building greater flexibility and commercial focus |**

Customers also highlight that Visit Finland as well as themselves could benefit from a stronger commercial and performance focus within the Visit Finland organisation. It is sometimes difficult for Visit Finland to keep pace with the commercial realities of its customers, and that reaction time to unique opportunities is too slow. This means that customers often make the decision and bear the risk on their own, where they could benefit from more agile decisions and quicker support that circumvents long processes. A stronger performance focus could be built by assigning activities with clear outcome targets and systematic monitoring. This feedback is similar to a previous Visit Finland evaluation in Owl Group (2021).

- **Bridging stronger ties to the broader industry |**

Visit Finland's impact on tourism businesses is mostly considered to be indirect through collaboration with regional tourism organisations, as also mentioned in the 2021 evaluation. However, Visit Finland has improved its proximity to business in the recent years through e.g., the Visit Finland Academy and DataHub. However, interviews with partners revealed that they could use more support in getting smaller travel businesses more involved in the sustainable travel journey. Proximity to tourism businesses is thought to be beneficial in terms of being able to provide the right type of support and in being able to promote a realistic picture of Finland's offering to tourists and is something Visit Finland should continue to pursue, given what is feasible with limited resources.

The above initiatives come at a cost that, as always, should be balanced against the expected value that they are considered to generate.

5 ATTRACTION OF AUDIOVISUAL PRODUCTIONS TO FINLAND

The Finnish AV industry contributes to Finland's cultural, economic, and social development. The Finnish AV industry is considered by the Ministry of Education and Culture (2023) to be of "medium" size in terms of production capacity, despite Finland's small population and language.

The Finnish audiovisual industry helps endorse Finnish cultural expression and cultural heritage, showcasing Finland's history, landscapes, and traditions. Finnish films, documentaries, and TV series have received international recognition and acclaim, which help bring global attention to Finland's filmmaking talent and creative capabilities¹⁷. This recognition helps raise the country's profile internationally.

The audiovisual industry is also a contributor to Finland's economy. It generates revenue through film production, distribution, broadcasting, advertising, and related services. The Finnish AV industry also creates job opportunities for professionals in various fields, such as filmmakers, actors, technicians, animators, and marketers. Additionally, the industry attracts international investments and co-productions, contributing to the growth of related sectors, including tourism and hospitality.

The entrance of AV subscription program services has brought about significant growth to the AV markets in re-

cent years, and the environment is changing rapidly. These changes have opened new international opportunities to Finnish AV producers, with whom subscription service providers are looking to collaborate with, but also intensified competition for AV productions internationally¹⁸. The Finnish Government recognises the importance of the AV industry as well as the challenges pertaining to Finland's small size and intensified competition, and provides support through funding, incentives, and policies to encourage its growth and sustainability. Film in Finland plays a role in promoting the Finnish AV industry and Finland as an AV production location.

In this chapter, we look at Film in Finland's role and effectiveness in promoting the Finnish AV industry, and we assess how a growing number of international AV productions in Finland affects competitiveness. In Section 5.1, we provide a short rationale for Film in Finland services. Section 5.2 looks at Finland's overall performance in terms of AV production. In Section 5.3 and 5.4, we assess the customer results and societal impacts of Film in Finland's services. Lastly, Section 5.5 assesses the overall additionality of Film in Finland's services on competitiveness, while Section 5.6 concludes and provides recommendations for a way forward.

¹⁷ See Good News from Finland (2023).

¹⁸ See Ministry of Education and Culture (2023a).

5.1 THE RATIONALE FOR ATTRACTING FOREIGN AUDIOVISUAL PRODUCTIONS

Together with the Ministry of Education and Culture, the Finnish Film Foundation, and other actors, Film in Finland aims to promote and grow the Finnish AV industry. The Ministry of Education and Culture is overall responsible for the legislation that applies to the Finnish AV industry, as well as the overall allocation of funding from the general budgets¹⁹. The Ministry of Economic Affairs and Employment is on the other hand responsible for the legislation that concerns AV production incentive, as well as for the allocation of funding to Business Finland, which provides the AV production incentive service to AV industry.

Established in 2021, Film in Finland is a marketing brand for the Finnish AV industry. Film in Finland provides services, funding, and co-operation opportunities for the AV industry, comprising of Finnish AV companies, film commissions, industry associations, and governmental organisations. Film in Finland also acts as a customer service point for foreign productions while coordinating nationwide inquiry management.

Film in Finland also promotes the incentive system for AV productions, which is otherwise managed by the Business Finland funding team. The AV incentive has been in place since 2017 and contains a maximum cash rebate of 25% for production costs²⁰. The objective of the incentive is to increase international interest in Finland as an AV production country and promoting the development, internationalisation, and growth of Finnish companies.

Finland faces many challenges to growing on the international AV markets. Firstly, international competition for productions in the AV industry is intense and growing. Secondly, Finland is a small country with limited visibility abroad. Production companies operating in Finland are quite small, and they often do not have access to sufficient funding that would allow them to increase their budgets and raise the quality of their productions in order to become more competitive internationally. This is all why AV promotion, including the promotion of the Finnish AV incentive, is key to building the competitiveness of Finland's AV production industry and companies within them.

These competitive impacts are also thought to have broader societal benefits, given the economically impor-

¹⁹ See Ministry of Education and Culture (2023b).

²⁰ See Film in Finland (2023a).

FIGURE 40: THE RATIONALE FOR AV PROMOTION FROM A COMPETITIVENESS PERSPECTIVE



Note: **Green** colouring indicates areas under the Impact Model for Competitiveness, where Film in Finland's services have the potential to create results for its customers and impacts for the Finnish society.

Yellow colouring indicates areas under the Impact Model for Competitiveness, where Film in Finland services may create synergies with Business Finland's other promotion areas.

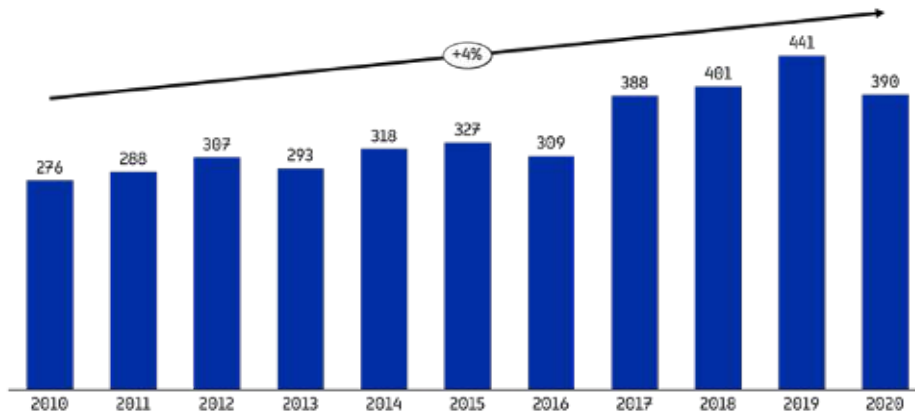
Grey colouring indicates areas under the Impact Model for Competitiveness that are not directly related to Film in Finland services or are weakly related, and therefore are outside the scope of this study.

Source: Implement Economics based on Business Finland's roadmap and corresponding KPIs for the four promotion areas.

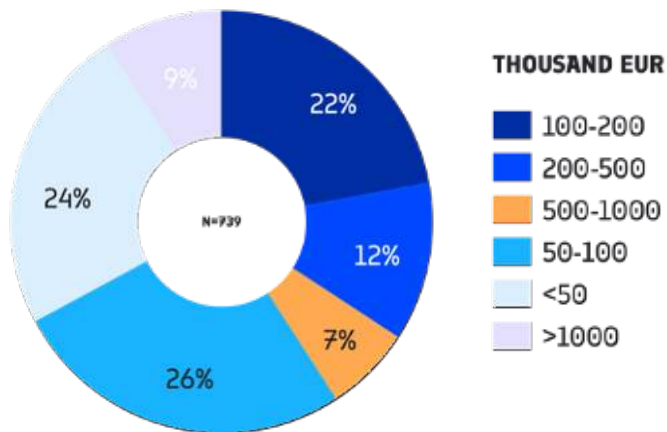
tant role of the AV industry. It is important to note, however, that international AV productions in Finland create mostly temporary direct impacts through purchasing of goods and services and the employment of workers during the production period. Nonetheless, from a long-term perspective, foreign productions help build international visibility and spread know-how across the AV industry in Finland.

These contributions to competitiveness can be assessed across numerous transmission channels, that lead to results for customers and impacts on society. An overview of the main transmission channels from AV promotion to competitiveness is provided in Figure 40, and the transmission channels are studied in more detail in Sections 5.3 and 5.4.

As the role of Film in Finland is very new, it is infeasible to provide an objective evaluation, based on quantitative insights, of Film in Finland's contribution to competitiveness. We therefore mostly rely on qualitative, interview insights to assess Film in Finland's role and effectiveness in promoting the Finnish AV industry. We therefore also do not consider this an evaluation to assess whether Film in Finland has met its strategic objectives, but rather, whether it is on the right track when it comes to its promotional and coordinative roles. We also do not evaluate the size and role of the AV production incentive, but rather look at Film in Finland's role in promoting it.

FIGURE 41: FINNISH AV INDUSTRY REVENUES, 2010-2020

Note: Revenue is reported in million EUR. The 4% growth refers to compound average growth rate.
Source: VTT and Business Finland (2021).

FIGURE 42: AV PRODUCTION COMPANIES BY SIZE CLASS, 2020

Note: Revenue categories are reported in thousand EUR. Figure only includes data from 2020.
Source: VTT and Business Finland (2021), Tilannekarttoitus audiovisuaalisen alan toimijat, dashboard.

5.2 FINLAND'S AV INDUSTRY PERFORMANCE

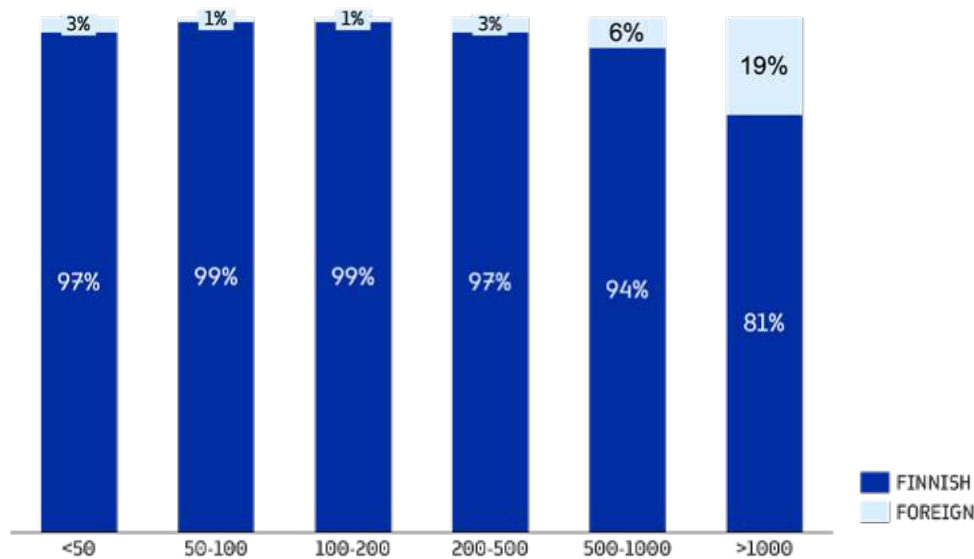
In 2020, the Finnish AV industry, comprising of 739 companies and over 3,000 employees, generated an estimated 390 million EUR in revenues, see Figure 41. The industry has grown by 4% on average per year over the last decade, but the Covid-19 pandemic caused a decrease in production in 2020, as with other industries that required travel and the physical presence of employees.

The Finnish AV industry is mostly comprised of small companies. Approximately 50% of all AV companies in 2020 had revenues of less than 100,000 EUR, while only 9% of companies had annual revenues of over 1 million EUR, see Figure 42. While the majority (96% in 2020) of the AV companies are Finnish, the share of foreign companies is the greatest among the larger size categories (as measured by annual revenues). 19% of companies in the largest size category, where annual revenues exceed 1 million EUR, were foreign owned in 2020, see Figure 43.

Although aggregate data on the Finnish AV industry is somewhat lacking since 2020, the Finnish AV industry has gained international exposure in the recent years. The industry is also finding new audiences, collecting international awards, and receiving more traction from international partners and subscription service providers than before²¹. Films such as “Girl Picture”, “Hatching”, “My Sailor, My Love” and “Sisu” received several awards at international film festivals in 2022 and 2023. The film “Sisu”, representing core characteristics of “Finnishness” and Finnish nature, will also be released across North America through its distribution deal, helping raise the visibility of Finland abroad.

²¹See Good News from Finland (2023).

FIGURE 43: SHARE OF FOREIGN AND FINNISH AV COMPANIES BY REVENUE SIZE CLASS, 2020



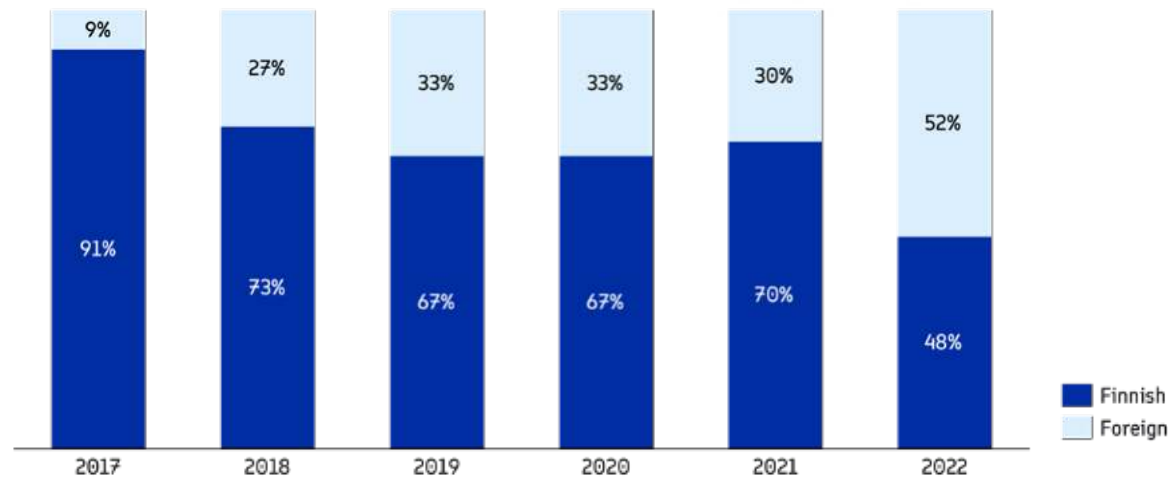
Note: Revenue categories are reported in thousand EUR. Figure only includes data from 2020.
Source: VTT and Business Finland (2021), Tilannekartoituis audiovisuaalisen alan toimijat, dashboard.

5.3 RESULTS OF FILM IN FINLAND SERVICES FOR CUSTOMERS

Film in Finland's AV promotion efforts are considered to generate results for customers, i.e., foreign and Finnish companies in the AV industry, as well as regional AV actors and commissions. In this section, we look at transmission channels through which Film in Finland can create results for customers that improve competitiveness.

As seen in Section, 5.2, the Finnish AV industry is mostly comprised of Finnish companies. Finland has a strong international reputation and legacy in the gaming industry, which shares many commonalities with the AV industry. The level of skills and technologies are very high, though AV companies are mostly quite small, and Finland is not an obvious AV production location globally. Therefore, collaborating with international partners and attracting foreign AV producers to Finland is highly important to build expertise, international scale, and growth.

Film in Finland aims to promote Finland as a partner in international film production, which includes attracting foreign AV companies to Finland. This has also been stipulated in the Film in Finland strategy (2023b), where increased focus and efforts are to be directed towards international productions. Their ability to raise Finland's visibility and country image abroad as well as the build-up of new expertise and knowledge across the domestic AV industry are considered the main motives for this prioritisation.

FIGURE 44: FOREIGN AND FINNISH RECIPIENTS OF THE AV PRODUCTION INCENTIVE, 2017-2022

Note: Foreign/Finnish companies were determined based on local tax registration number.

Source: Implement Economics based on Business Finland AV production incentive funding data and Business Finland (2023b)

Since 2017, a total of 125 productions have received AV production incentive funding. Of these, approximately 30% have been foreign productions, though the share of foreign recipients of the incentive has increased over time, see Figure 44. Business Finland (2023b) AV incentive evaluation from 2022 reports that 29 projects received funding amounting to almost 20 million EUR. Approximately 52% of these funded projects were international, which is a significant increase from the 9% of productions that were international in 2017. The year 2022 was Film in Finland's first full calendar year of operations.

The development in the number of foreign projects receiving AV production incentive funding suggests that Film in Finland has been, even in its primacy, helpful in

promoting Finland as an international film production site. While the AV production incentive is considered as potentially the most powerful tool to attract foreign productions to Finland and in putting Finland on the map as a production site, interviews with Film in Finland customers suggest that there are various other pull-factors that appeal to international AV companies. These factors can be broadly grouped into three groups: Landscape and other unique qualities of Finland, Skills and quality of production, and Relationships and other support, see Figure 45.

These features are all strengths in addition to the attractive AV production incentive that Film in Finland should (and does already) market in promoting Finland as an AV production site internationally.

FIGURE 45: MOTIVES FOR CHOOSING FINLAND AS AN AV PRODUCTION LOCATION



Source: Implement Economics based on Film in Finland customer interviews.

Film production featuring Finland or Finnish culture can help attract global attention and serve as a promotional tool for tourism and immigration. Through on-screen representation, Finland’s landscapes, landmarks, and cultural heritage are showcased to a wide, potentially global, audience. This exposure can generate curiosity and interest among international tourists and talents, motivating them to visit and potentially even seek opportunities in Finland. This potential is also likely to be larger for international productions than Finnish productions, which are often smaller in scale. Based on this logic, AV promotion and Film in Finland can have synergetic effects

on Work in Finland and Visit Finland.

Our evaluation did not cover tourist or migrant groups, and as such, we do not have evidence on their motives for visiting or relocating to Finland. Obtaining such evidence could uncover the role of film productions on tourism and immigration in Finland specifically. Empirical evidence, such as that reported by Velasco-Ferreiro et al. (2021), suggests that AV productions can indeed have a significant impact on tourism inflows. While the same rationale is thought to apply, empirical evidence on the relationship between AV productions and job-based immigration is more limited.

5.4 IMPACTS OF FILM IN FINLAND SERVICES ON SOCIETY

In addition to creating results for customers, AV promotion efforts of Film in Finland can have broader impacts that transcend across society. In this section, we look at the Film in Finland's contribution to the transition channels to competitiveness through impacts on society.

Foreign AV companies in Finland strengthen the local AV industry, expand its global reach, and contribute to its overall development and success. Foreign AV companies bring with them international expertise, industry best practices, and access to global networks. Collaborating with these companies allows local companies in Finland to learn from their experiences, acquire new skills, and gain exposure to different approaches in filmmaking and content production. This collaboration fosters knowledge sharing, building expertise, which can elevate the capabilities and competitiveness of local AV companies.

Moreover, larger foreign AV companies often have established distribution networks and market presence in various countries. Partnering with these companies can provide local audiovisual companies in Finland with ac-

cess to wider audiences and international distribution channels. This expands the reach of their content, allowing it to be seen by audiences beyond Finland. It opens opportunities for co-productions, international sales, and global licensing, which can significantly enhance the visibility and commercial success of local productions.

Interviews with local AV companies revealed that the local AV industry is positive and welcoming towards international collaborators, for that they bring new expertise, ways of working and exposure to international networks, see box below for selected interview quotes. Additionally, AV companies highlight that the AV production incentive itself enable companies to invest in better technology and experts, thereby allowing companies to increase their expertise, quality of their work, and internationalisation.

By helping attract foreign productions to Finland and promoting the AV production incentive, Film in Finland contributes to the build-up of expertise and creating a more diversified business life and exports for the local AV industry.

As mentioned in Section 5.3, AV production featuring Finland or Finnish culture can help attract global attention and serve as a promotional tool for Finland. Filming

“The Finnish AV industry is small but highly skilled – partnering with foreign AV companies has enabled us to become more international and to benefit from different areas of expertise and cross-sectorial teams.”

“Internationalisation and greater international reach are the most significant benefits we have gained from working with foreign productions.”

Quotes from Finnish AV company representatives



“The AV incentive has provided us with “safety net” to invest in expertise, in the form of better technology and more skilled employees.”

Quote from a Finnish AV company representative



“Film in Finland organises various FAM trips, that are important in terms of promoting Finland and Finnish AV companies to international partners.”

“It is not possible for us from a small organisation to travel abroad frequently to promote Finland – so Film in Finland’s presence at film festivals and other events is important.”

Quotes from regional AV actors/commissioners

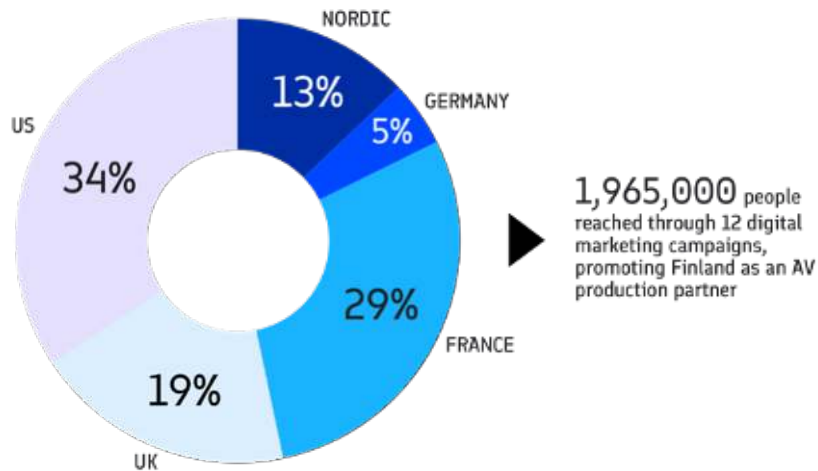


in Finland showcases the country’s landscapes, landmarks, and cultural heritage to audiences globally. This exposure creates visual representations of the country’s unique and attractive features, serving as a form of destination marketing. In addition, AV productions filmed in Finland provide glimpses into the local culture, values, and heritage. This representation helps shape the image of the country and its people in the minds of viewers. The portrayal of the country and its culture in AV productions helps create a positive perception and generates interest among potential tourists and international talents.

Based on this logic, AV promotion and Film in Finland can have direct effects on building a stronger country image. Moreover, as mentioned in Section 5.3, AV promotion can also have synergetic effects on Work in Finland services, as a better and more pronounced county image is likely to make a country more attractive to foreign talents looking to move abroad. These contributions were also recognised by Film in Finland’s partners in interviews, see box below for selected quotes.

FIGURE 46: FILM IN FINLAND DIGITAL MARKETING REACH, 2022

SHARE OF TOTAL REACH OF FILM IN FINLAND'S DIGITAL MARKETING CAMPAIGNS
IN TARGET MARKETS, 2022



Note: Includes data from 12 marketing campaigns in 2022.

Source: Implement Economics based on Business Finland (2023b).

Finally, Film in Finland also does targeted marketing towards focus countries it wants to attract collaborations from, thereby also increasing the country image of Finland from the perspective of these focus countries. In 2022, Film in Finland carried out 12 marketing campaigns targeting the United States, the Nordics, Germany, France, and the United Kingdom. These campaigns reached almost 2 million people, promoting Finland as an AV production site and Finnish companies as AV production partners, see Figure 46.

Similar to the impact that AV productions can have on attracting tourists and international talent to Finland, AV productions can - through higher international visibility and improved country image - attract foreign companies to invest in Finland. However, none of the interviewed Invest in Finland customers identified AV productions and the on-screen representation of Finland to have influenced their investment decision. It is important to note, however, that the sample of interviewees was rather small, and may therefore not be representative.

Earlier we looked at how AV productions featuring the unique landscapes and other attractions of Finland, as well as the Finnish cultural heritage, can serve as a form of destination marketing and influence the tourism inflows. An increase in the number of tourists almost by default entails an increase in tourism income. We have not, however, been able to identify the contribution of AV productions specially to the increase in tourism income that has been observed in Finland over the years.

5.5 ADDITIONALITY OF FILM IN FINLAND SERVICES

In promoting Finland as an AV production destination and Finnish AV companies as partners for international AV productions, Film in Finland can improve Finland's competitiveness in terms of creating results for customers and impact on society. The transmission channels to competitiveness of Visit Finland's services and tourism promotion overall were described in Section 5.3 and 5.4.

Although Film in Finland has existed for less than two years, we can assess whether Film in Finland is on the right track, based on both quantitative data (increase in number of foreign productions, increase in foreign productions receiving the AV incentive, reach of digital marketing campaigns) as well as interview insights. Data suggests that more and more foreign productions have been produced and received in Finland over time, and especially over the last few years. Therefore, it is reasonable to say that Film in Finland has been helpful so far in promoting Finland to the international AV space.

Interviews with Film in Finland customers provide insights into Film in Finland's additionality to the competitiveness of customers and the Finnish AV industry. We interviewed three groups of interviewees, who have worked with Film in Finland previously: representatives from

Finnish companies in the AV industry, Foreign AV production companies, regional actors and commissioners in AV production and promotion in Finland (who are part of the Film in Finland-run network).

Regional actors and film commissions see value in having a single gateway, like Film in Finland, for AV enquiries, and highlighted that the familiarisation (FAM) trips organised by Film in Finland have been valuable and of high quality.

Finnish and foreign companies in the AV industry praised the collaboration with Film in Finland as positive – Finnish companies are in particular happy with the international contacts that the collaboration has provided them, while foreign companies were pleased with the market-specific guidance and network building in Finland that the Film in Finland team has given.

As uncovered in the interviews, there are certain areas in which Film in Finland could perform even better, but overall Film in Finland is thought to have had a successful start in its role, see Figure 47 for selected interview quotes. We describe recommendations for how Film in Finland could improve its services in Section 5.6.

FIGURE 47: FILM IN FINLAND SERVICES AND COLLABORATION BASED ON INTERVIEWS

HOW WOULD YOU DESCRIBE YOUR OVERALL COLLABORATION? HOW COULD FILM IN FINLAND IMPROVE ITS SERVICES?

” From the perspective of regional commissioners...

“All work related to FAM trips has been really impressive and positive – and we encourage more of that in the future, as it helps brand Finland and bring us leads. Contacts in the AV industry are created in a very different way than in other industries – which is why activities such as FAM trips are so valuable to build trust and give international partners an impression of Finland and of what we can offer.”

From the perspective of Finnish AV companies...

“We are overall happy with the collaboration – Film in Finland have introduced us to international contacts, and we hope to receive more of those in the future”

“Although our collaboration was relatively limited, we perceived the Film in Finland team to be positive and flexible.”

“Many producers just look at the percentages when it comes to AV incentives – the 25% cash rebate in Finland is much more efficient and faster (and better in terms of cash flow) than the 40% tax incentive in Southern Europe – Film in Finland should try to promote the efficiency of the incentive.”

“The role of Film in Finland is still new – but we see opportunity to really crystalize that. We see value in having a single gateway for AV production enquiries, from where Film in Finland can send the request onwards”

“As an actor with limited resources, it would be useful to learn as quickly as possible when and if there is a qualified lead”

“We have not really seen an increase in leads, but it could be because of the short time frame”

From the perspective of Finnish AV companies...

“We were really impressed with Finland as a production location – from the versatile landscape to the competent partners we worked with. However, this was largely unknown to us prior to our production. We recommend really ramping up/continuing international marketing to raise Finland’s international profile”

“Film in Finland provided us with a lot of Finland-specific information, e.g., concerning legislation, and were very active in inviting us to events”

“Film in Finland is one of the best AV promotional teams we have worked with, and they really stand out in terms of their communication and network building”

“The AV incentive, as well as local incentives provided by cities (e.g., Tampere) are really great and help spread production to other locations in Finland. If more known, these could incentivise even larger productions from the US to Finland”.

”

5.6 CONCLUSIONS AND RECOMMENDATIONS FOR FILM IN FINLAND SERVICES

Film in Finland has not existed long as an AV production promotion and coordination organisation, so this evaluation considers whether Film in Finland is on the right track when it comes to its role. Film in Finland's customers, including the regional actors and coordinators, are in general satisfied with the role and efforts of Film in Finland so far. A proper evaluation should be conducted after a few years, when more quantitative insights can be pulled.

POSSIBLE INITIATIVES, INSPIRED BY FILM IN FINLAND CUSTOMER INTERVIEWS, GOING FORWARD COULD INCLUDE:

- Shortening enquiry response time** | As Film in Finland is the primary gateway for all AV enquiries coming into Finland, regional AV actors and commissions would benefit from being contacted as soon as possible when and if there is a qualified lead. According to them, sometimes the process from the initial enquiry to contact with the commissions can take too long, which shortens preparation time on the other end. Smaller AV actors and commissions do not have the resources to necessarily wait or move things around, or to gather information about the enquiry themselves.
- Strengthening promotion of the AV incentive, landscapes, and industry expertise** | Both foreign and Finnish companies in the AV industry highlighted that Film in Finland could ramp up its promotional efforts even more, though subject to what is possible given resources. If Film in Finland needs to choose what to promote more, then customers point to the AV incentive itself. Namely, it is the very nature and efficiency of the incentive that should be clearly and more loudly promoted, as it is very competitive on the European scale. Moreover, foreign AV companies highlight that Finland's landscapes and competent AV workers should be marketed even more.
- Increasing Nordic cooperation in AV promotion** | Customers suggest that Finnish AV promotion should be done more in collaboration with other Nordic countries to really raise the international profile of Finland (and the Nordics) as an AV production location, as promoting Finland alone will likely never bring the scale to match the competition that exists outside of Europe.
- Maintaining and building greater presence in AV hubs** | Finnish companies in the AV industry highlight the importance of maintaining a consistent and heavy presence in Los Angeles and London, which are considered the main hubs for AV production. Film in Finland should focus more on "hands-on" visits, putting efforts into forming contact with location managers and not just the busy producers.

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