



Finland

Overview

EIB INVESTMENT SURVEY

2020

EIB Group survey on investment
and investment finance 2020
Country overview

Finland

EIB Group survey on investment and investment finance 2020.

Country overview: Finland

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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment and Investment Finance, which has been administered since 2016, is a unique, annual survey of some 13 500 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United Kingdom and the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States, the United Kingdom and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

About this publication

The series of reports provide an overview of data collected for the 27 EU Member States, the United Kingdom and the United States. The reports are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at www.eib.org/eibis.

About the Economics Department of the European Investment Bank

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in its positioning, strategy and policy. The department and its team of 40 economists is headed by Debora Revoltella, director of economics.

Main contributors to this publication

Désirée Rückert.

Disclaimer

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Ipsos Public Affairs works closely with national governments, local public services and the not-for-profit sector, as well as international and supranational organisations. Its around 200 research staff in London and Brussels focus on public service and policy issues. Its research makes a difference for decision makers and communities.

For further information on the EIB's activities, please consult our website, www.eib.org. You can also contact our InfoDesk, info@eib.org.

Published by the European Investment Bank. Printed on FSC Paper.

print: QH-BL-21-018-EN-C ISBN 978-92-861-4771-5 ISSN 2599-7998 DOI 10.2867/894838
pdf: QH-BL-21-018-EN-N ISBN 978-92-861-4770-8 ISSN 2599-8005 DOI 10.2867/16519

EIBIS 2020 – Finland

KEY RESULTS

Investment Dynamics

The impact of COVID-19 on investment in Finland is still relatively contained, with investment in Q2 2020 only slightly below the pre-crisis 2019 level (-0.5%). Extra vigilance is needed given that about a third of firms (36%) in Finland plan to invest less due to COVID-19. This is nevertheless below the EU average (45%).

In comparison to EIBIS 2019, the net balance of firms expecting to increase rather than decrease investment in the current financial year has declined by twenty three percentage points.

Investment Focus

Nearly three in ten (29%) firms that have an investment plan for the current financial year, report to abandon or delay at least some of their investments as a result of COVID-19. And around one in five firms (22%) with investment plans state to continue with at least some of their investment plans at reduced scale or scope, similar to the EU average (18%).

Around two third of firms (64%) in Finland expect that, in the long-term, COVID-19 will lead to an increased use of digital technologies.

Investment Needs and Priorities

Around one in four firms (44%) report operating at or above maximum capacity in 2019, a sharp decline since EIBIS 2019 (55%) and well below the EU average (61%).

Investment priorities have remained stable, with replacement of existing buildings, machinery, equipment and IT being the most commonly cited.

Innovation Activities

More than six in ten firms (61%) claim to have developed or introduced new products, processes or services. This has increased by twelve percentage points since EIBIS 2019 and remains well above the EU average (42%).

Around three in four firms (76%) have implemented at least one digital technology. This is well above the EU average (63%).

Drivers and Constraints

Compared to EIBIS 2019, firms are much less optimistic about short-term business prospects in their sector (down forty seven percentage points to -43%), the availability of internal finance (down thirty nine percentage points to -21%) and the overall economic climate (down thirty five percentage points to -71%).

Uncertainty about the future is now the most commonly cited long-term barrier to investment (85% of firms, compared with 73% in EIBIS 2019) and in line with the EU position.

Investment Finance

Internal funds accounted for more than two-thirds of investment finance in Finland (69%). This is slightly above the EU average (62%).

Eighty five per-cent of firms in Finland report generating a profit in the last financial year, somewhat higher than both EIBIS 2019 and the EU average (78% and 80% respectively).

Access to Finance

Firms using external finance in 2019 are on balance satisfied with the amount, cost, maturity, collateral and type of finance received. Six per cent of firms in Finland could be considered finance constrained in 2019, the same level as in EIBIS 2019 and the current EU average.

Energy Efficiency

More than half of firms in Finland (52%) invested in measures to improve their energy efficiency, in line with EIBIS 2019 (51%) and the EU average (47%). On average, firms in Finland allocated ten per cent of total investment to improve energy efficiency, which is in line with EIBIS 2019 (9%) and the EU average (12%).

Climate Change

Nearly two thirds (64%) of firms report that they have been impacted by climate change and the related changes in weather patterns – similar to the EU average (57%).

The share of firms reporting that the transition to a low-carbon future will have a positive impact on their reputation and their market demand over the next five years is higher than the share of firms reporting a negative impact (50% and 35% positive net balance). The share of firms reporting a negative impact on their supply chain is on balance seven per cent.

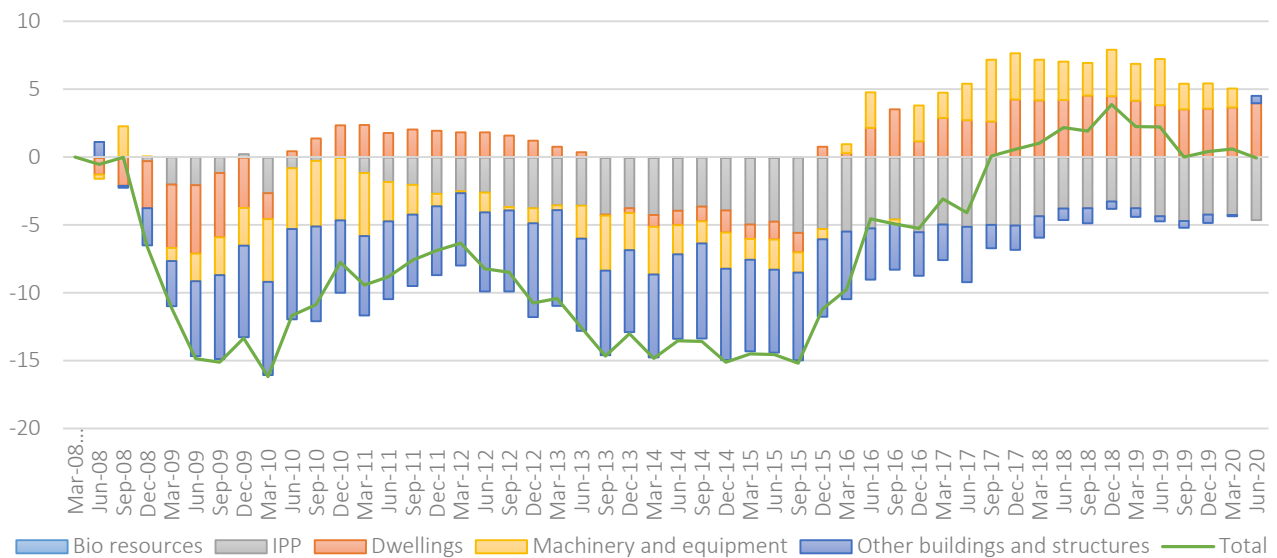
More than three-quarters of firms in Finland (77%) have already invested or plan to invest in the next three years in measures to tackle the impact of weather events and reduction in carbon emissions. This is above the EU average (67%).

Investment Dynamics

INVESTMENT DYNAMICS BY ASSET TYPE

The impact of COVID-19 on investment in Finland is still relatively contained, with investment in Q2 2020 only slightly below the pre-crisis 2019 level (-0.5%).

Nevertheless, since beginning of 2019, investment dynamics turned negative after a prolonged period of growth.



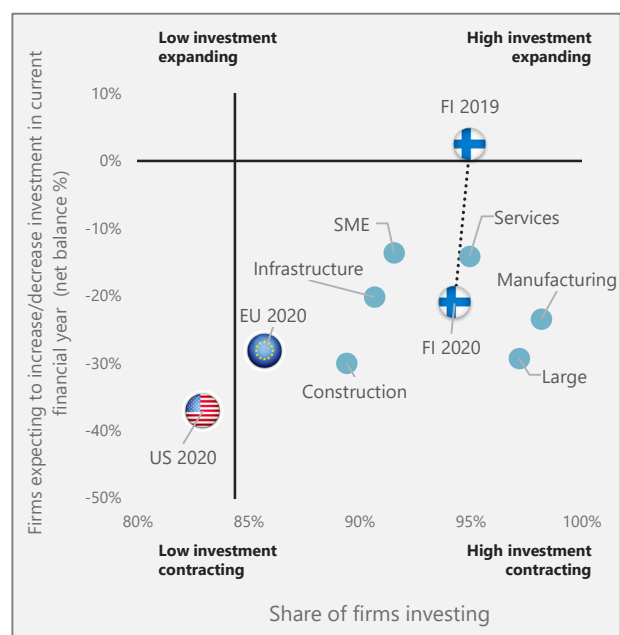
The graph shows the evolution of total Gross Fixed Capital Formation (in real terms); by asset type. The data has been indexed to equal 0 in 2008. Source: Eurostat.

INVESTMENT CYCLE

In line with the EU, Finland is in a negative phase of the investment cycle, having moved into the 'high investment contracting' quadrant. In comparison to EIBIS 2019, the net balance of firms expecting to increase rather than decrease investment in the current financial year has declined by twenty three percentage points.

All types of firms in Finland are within the same quadrant. Large firms display a higher level of investment but more negative expectations of investment going forward compared to SMEs.

Firms in construction have more negative investment expectations, compared to the average.



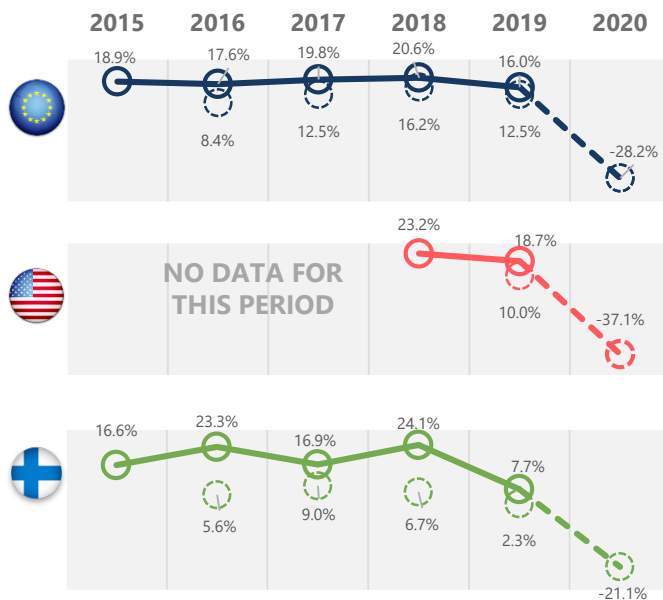
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for 2016.

Base: All firms (excluding don't know/refused responses)

Investment Dynamics

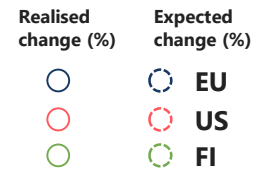
EVOLUTION OF INVESTMENT EXPECTATIONS

Realised/expected change in investment



In the last financial year, the share of firms in Finland that increased their investment activities was higher than the share of firms that decreased them (net balance of 8%). Investment activities were above expectations reported in EIBIS 2019 (net balance of 2%) but lower than the EU average.

In the current year, the outlook is much more negative, with one in five firms expecting investment to decline on balance but not as much as across the EU (-28% on balance).



'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

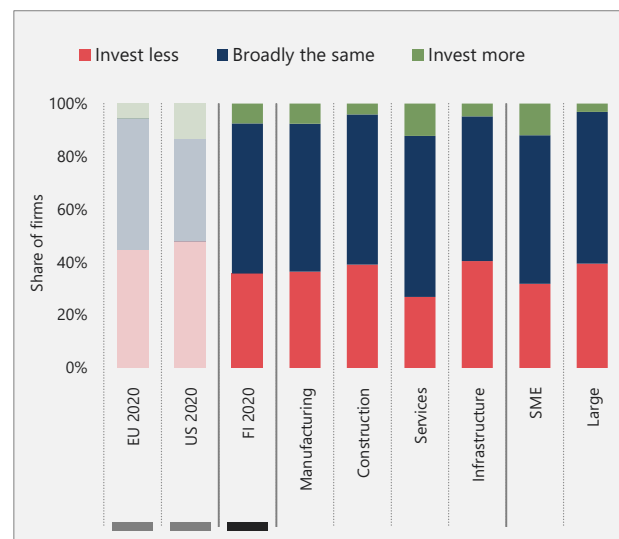
Base: All firms

IMPACT OF COVID-19 ON INVESTMENT

COVID-19 has affected firms' investment strategies for 2020 with more than one-third of firms (36%) reporting that they will invest less than planned. However, this is well below the EU average (45%).

Around three fifths (57%) of firms say their plans are broadly the same. Overall there is a great deal of homogeneity across sectors and size classes.

Although at a relatively low level overall, noticeably more SMEs state to invest more in 2020 than large firms (12% versus 3%).



Q. Have your company's overall investment expectations for 2020 changed due to coronavirus?

Base: All firms with investment plans for the current financial year (excluding don't know/refused responses)

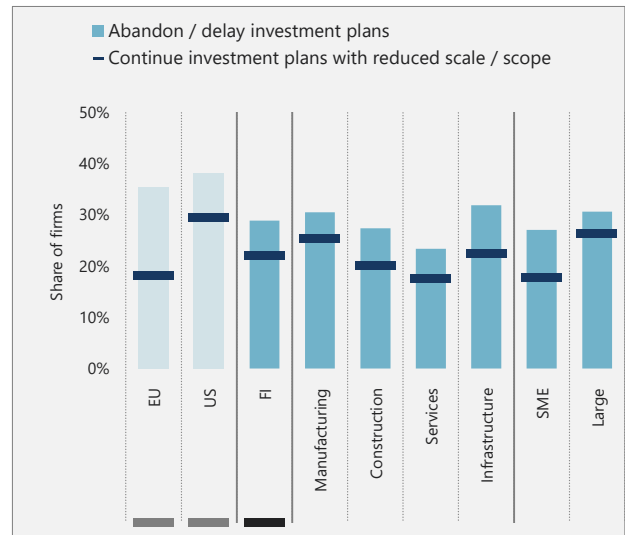
Investment Focus

ACTIONS AS A RESULT OF COVID-19

Nearly three in ten (29%) firms which have an investment plan for the current financial year, state to abandon or delay at least some of their investments as a result of COVID-19. This is in line with the EU average (35%).

About one in five firms (22%) with investment plans reported to continue with at least some of their investment plans at reduced scale or scope.

There is no significant variation across sector or size classes.

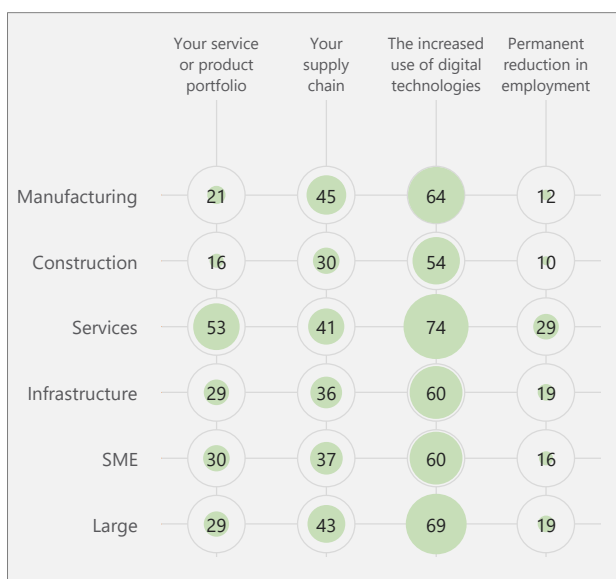


Q. You said you will invest less due to coronavirus. Can I just check which of the following actions will your company undertake?

Please note some firms may be taking multiple actions i.e. abandoning/delaying some investment plans whilst continuing with other plans at a reduced scale or scope.

Base: All firms with investment plans for the current financial year (excluding don't know/refused responses)

LONG TERM IMPACT OF COVID-19 BY SECTOR AND SIZE



The most frequently cited long-term impact of COVID-19 on firms in Finland is expected to be the increased use of digital technologies (64%).

Firms in services are most likely to expect long-term impacts of the coronavirus outbreak. Not only do they expect an increased use of digital technologies (74%) but also on their services portfolio (53%).

At the same time, almost three in ten services firms expect a permanent reduction in employment, compared to ten per cent of construction firms and twelve per cent of manufacturing firms.

Q. Do you expect the coronavirus outbreak to have a long-term impact on any of the following?

Base: All firms

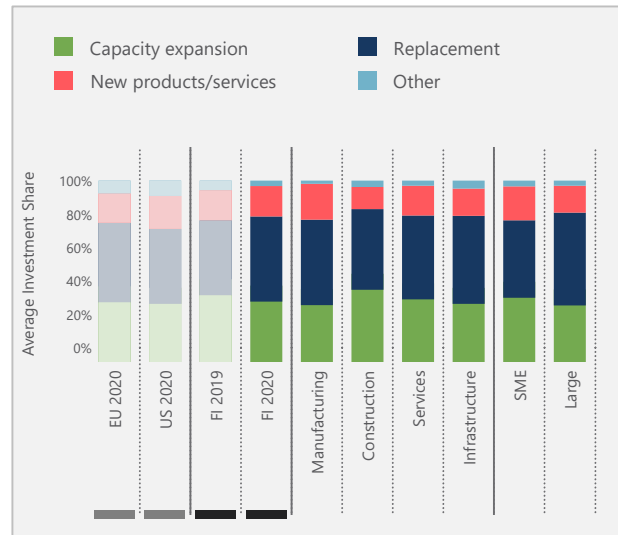
Investment Focus

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

The largest share of investment by firms in Finland was driven by the need to replace existing buildings, machinery, equipment and IT (51%), slightly higher than in EIBIS 2019 (45%) and the EU average (47%).

Investment in replacement was followed by capacity expansion which made up 28% of all investment, in line with the EU average (27%).

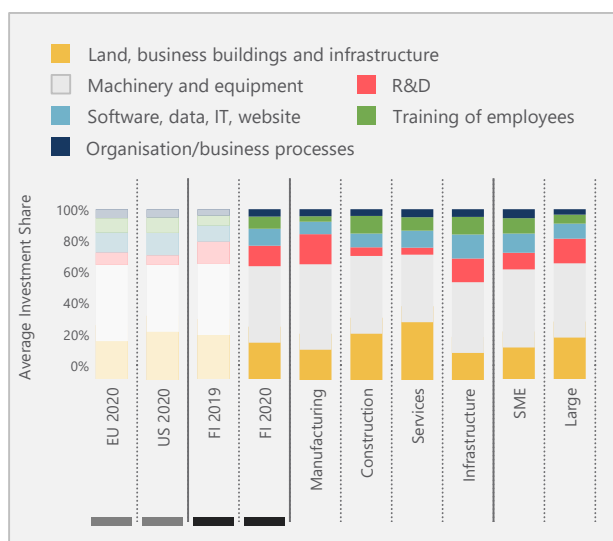
The pattern of the investment purposes is similar across sector and size classes.



Q. What proportion of total investment was for (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

INVESTMENT AREAS



Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Around half of all investment in Finland was in machinery and equipment (49%), followed by land, business buildings and infrastructure (14%) and R&D (13%).

While the overall pattern is in line with the EIBIS 2019 findings, there has been a decrease in the share of investment in land, business buildings and infrastructure (14% down from 19% in EIBIS 2019).

The share of investment dedicated to land, business buildings and infrastructure was higher among firms in the services and construction sectors (28% and 20% respectively) than the other sectors.

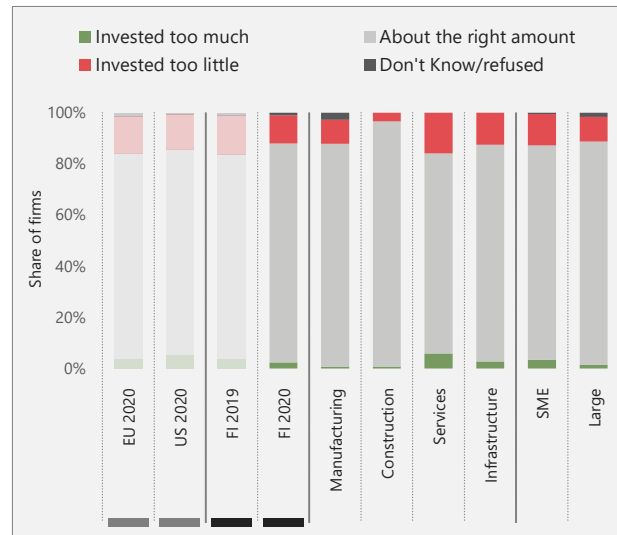
Firms in Finland allocated a larger share of their investment to R&D than their EU peers (13% versus 8%), driven by the manufacturing and infrastructure sectors (19% and 15% respectively).

Investment Needs and Priorities

PERCEIVED INVESTMENT GAP

The vast majority of firms consider their investment over the last three years was about the right amount (85%). This is an increase of five percentage points compared to EIBIS 2019.

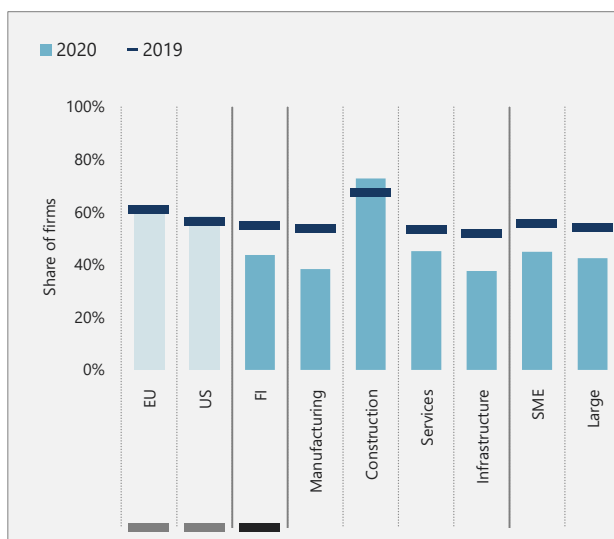
Around one in ten firms (11%) report they had invested too little. Services firms are more likely to report investing too little (16%) compared to the construction sector (3%).



Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

Base: All firms (excluding 'Company didn't exist three years ago' responses)

SHARE OF FIRMS AT OR ABOVE FULL CAPACITY



Full capacity is the maximum capacity attainable under normal conditions e.g. company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable under normal circumstances?

Base: All firms (data not shown for those operating somewhat or substantially below full capacity)

Compared to the previous wave, the share of firms in Finland that were operating at or above full capacity in 2019 has fallen sharply (down eleven percentage points to 44%) and is now well below the EU average (61%).

In comparison to all other sectors and size classes of firms, the share of construction firms operating at or above full capacity is the highest (73%).

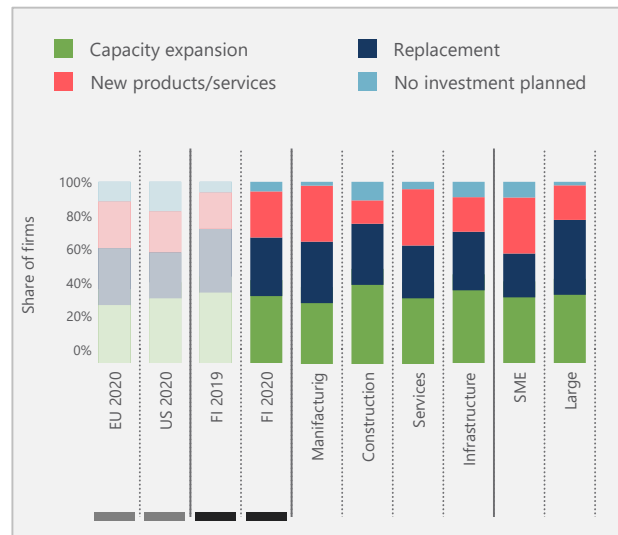
Investment Needs and Priorities

FUTURE INVESTMENT PRIORITIES (% of firms)

Looking ahead to the next three years, investment in replacement of existing buildings, machinery, equipment and IT is most commonly cited as priority (35%), closely followed by capacity expansion for existing products and services (32%).

Large firms are more likely to prioritise investment in replacement than SMEs (45% versus 26%), whereas SMEs are more likely than large firms to invest in introducing new products/services (34% versus 21%).

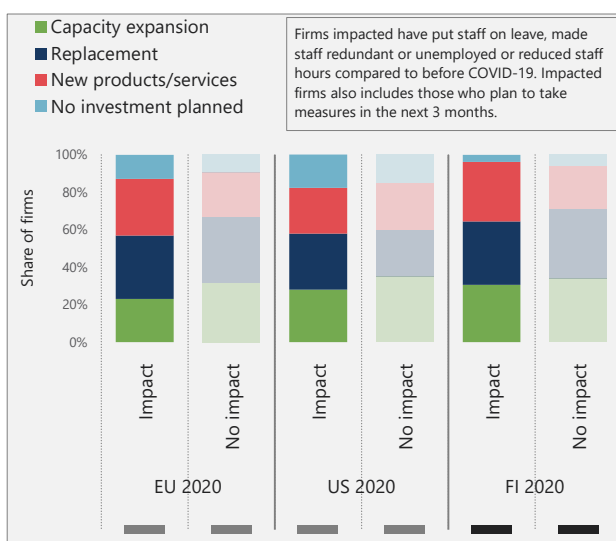
Looking at sectorial differences, firms in the services sector (34%) and in the manufacturing sector (33%) are more likely to invest in introducing new products/services than firms in the construction (14%) and infrastructure sectors (21%).



Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing existing buildings, machinery, equipment, IT; (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes, services?

Base: All firms (excluding don't know/ refused responses)

COVID-19 IMPACT ON PRIORITIES



Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing existing buildings, machinery, equipment, IT; (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes, services?

Q. Thinking about the impact of coronavirus, have you had to put staff temporarily on leave, make staff redundant or unemployed or reduce the number of hours they work compared to before the coronavirus pandemic?

Base: All firms (excluding don't know/ refused responses)

Firms in Finland that have been impacted by COVID-19 are equally likely to prioritise investment in replacement (34%), new products/services (32%) and capacity expansion (31%) over the next three years. The pattern for firms not impacted by COVID-19 are not significantly different.

Impacted firms in Finland prioritise investment in capacity expansion compared to the EU average (31% versus 23%), while impacted Finnish firms prioritising investment in replacement and new products/services is in line with the EU average.

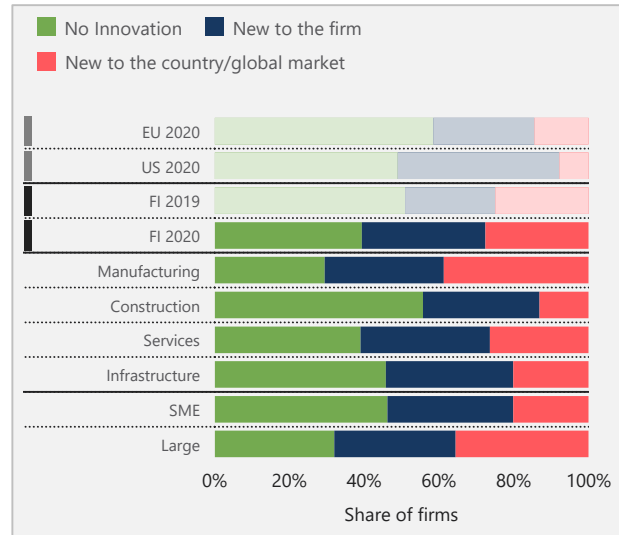
Innovation Activities

INNOVATION ACTIVITY

More than six in ten firms (61%) claim to have developed or introduced new products, processes or services (compared to EU average of 42%). This is an increased by twelve percentage points since EIBIS 2019.

Around three in ten firms (28%) claim to have undertaken innovations that are new to the national or global markets, which is almost twice the share of EU firms (15%).

Large firms are more likely to have reported innovations new to the national or global markets than SMEs (36% versus 20%). Similarly, firms in the manufacturing sector (39%) are more likely to have done so than firms in the construction and infrastructure sectors (13% and 20% respectively).

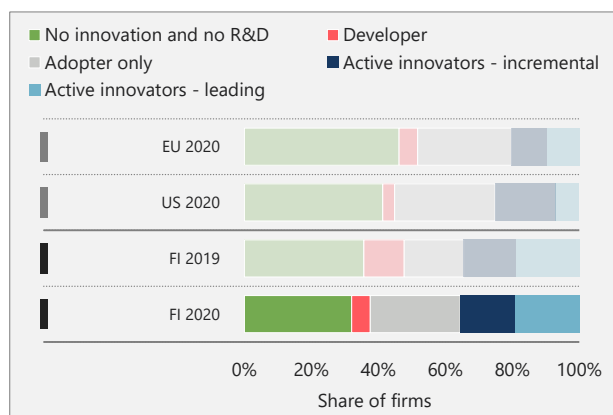


Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Base: All firms (excluding don't know/ refused responses)

INNOVATION PROFILE



In the last financial year, one in five firms (19%) are classified as 'active innovators - leading' and a further 16% as 'active innovators - incremental'. When combined, the 35% share of 'active innovators' undertaking both innovation and R&D is fifteen percentage points higher than the EU average (20%).

Firms classified as 'developers' (undertaking R&D but without introducing any new products, processes or services) has halved since EIBIS 2019 from 12% to 6%.

Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

Base: All firms (excluding don't know/refused responses)

The 'No innovation and no R&D' group comprises firms that did not introduce any new products, processes or services in the last financial year. The 'Adopter only' introduced new products, processes or services but without undertaking any of their own research and development effort. 'Developers' are firms that did not introduce new products, processes or services but allocated a significant part of their investment activities to research and development. 'Incremental' and 'Leading innovators' have introduced new products, processes and services and also invested in research and development activities. The two profiles differ in terms of the novelty of the new products, processes or services. For incremental innovators these are 'new to the firm'; for leading innovators these are 'new to the country/world'.

Innovation Activities

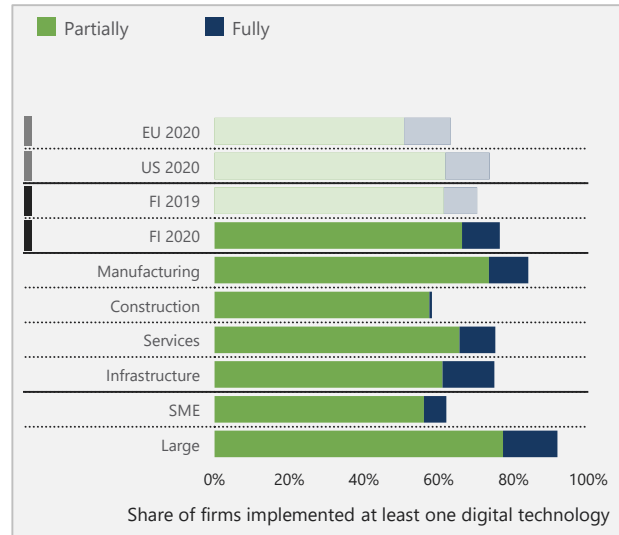
IMPLEMENTATION OF DIGITAL TECHNOLOGIES

More than three-quarters of firms (76%) have implemented, either fully or partially, at least one digital technology. Digital adoption rates thus remain well above the EU average (63%).

Firms in the construction sector are the least likely to have implemented digital technologies, within their business (58%).

Zooming in on different size classes, large firms are more likely than SMEs to have implemented at least one digital technology (92% versus 62%).

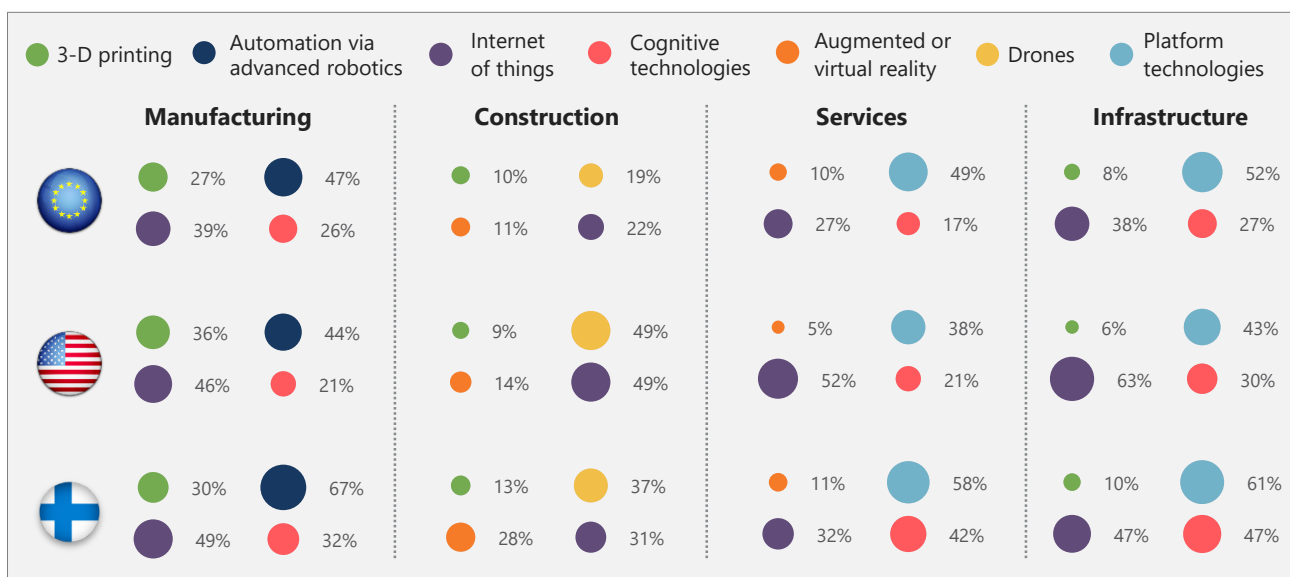
Across all sectors, firms in Finland report more often to have adopted cognitive technologies such as big data and Artificial Intelligence than their EU peers.



Q, Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

Base: All firms (excluding don't know/ refused responses)

DIGITAL TECHNOLOGIES BY SECTOR



Q, Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

Base: All firms (excluding don't know/refused responses)

Reported shares combine implemented the technology 'in parts of business' and 'entire business organized around it'

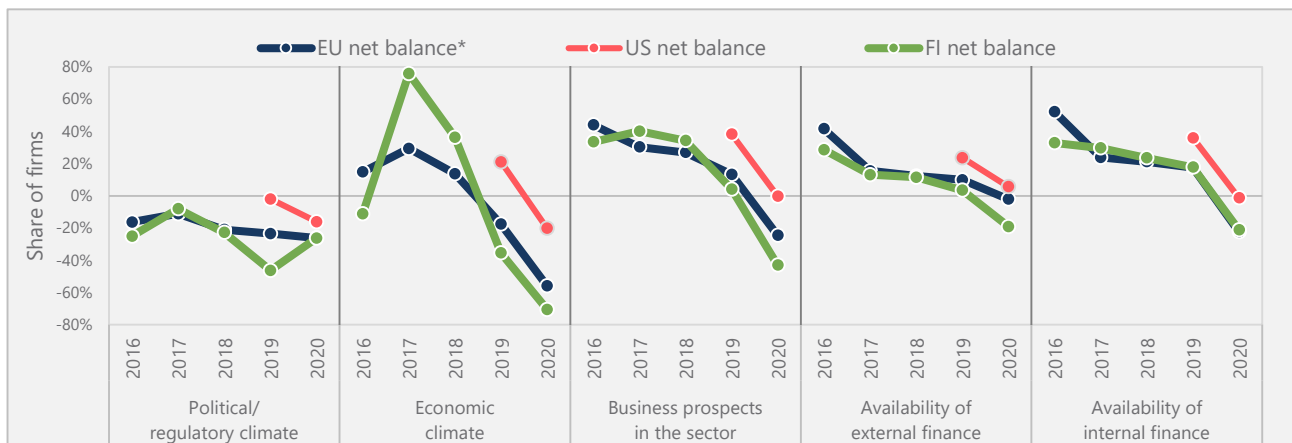
Drivers And Constraints

SHORT TERM FIRM OUTLOOK

Matching the EU average, on balance more firms in Finland expect a deterioration rather than an improvement across all five short term outlook factors in the next twelve months.

Compared to EIBIS 2019, firms are much less

optimistic about business prospects in their sector (down 47 percentage points to -43%), the availability of internal finance (down 39 percentage points to -21%) and the overall economic climate (down 35 percentage points to -71%).

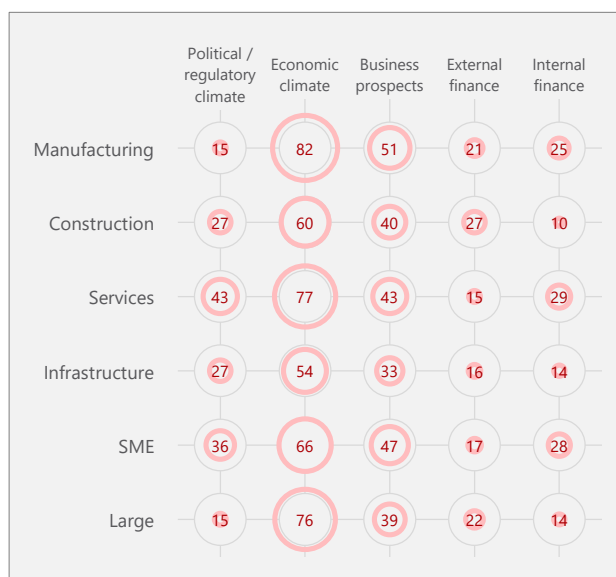


Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

*Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration

Base: All firms

SHORT TERM FIRM OUTLOOK BY SECTOR AND SIZE (NET BALANCE %)



Please note: red figures are negative

Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

*Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration

Base: All firms

On balance, firms are more negative than positive about the business outlook across all sectors and size classes.

SMEs are more pessimistic than large firms about the political/regulatory climate (-36% versus -15%) and the availability of internal finance (-28% versus -14%).

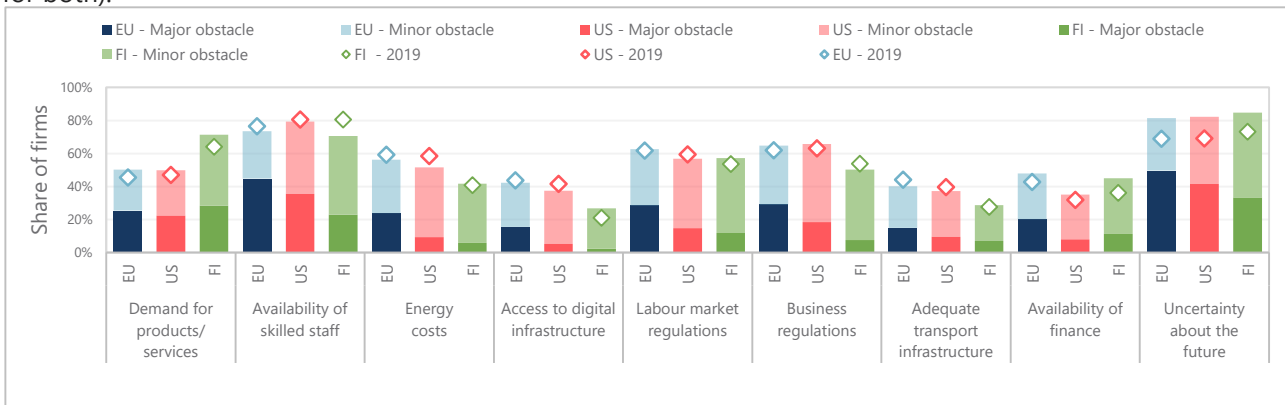
Looking at sectorial differences, firms in the manufacturing and services sectors are more pessimistic than firms in the other sectors about both the economic climate (-82% and -77% respectively) as well as the availability of internal finance (-25% and -29% respectively).

Drivers And Constraints

LONG TERM BARRIERS TO INVESTMENT

Uncertainty about the future is the most commonly cited barrier to investment (85%) and the share of firms citing this has increased since EIBIS 2019 (73%). Looking at sectorial differences, infrastructure firms are more likely to cite the uncertainty about the future as a barrier than manufacturing and services firms (92% versus 82% for both).

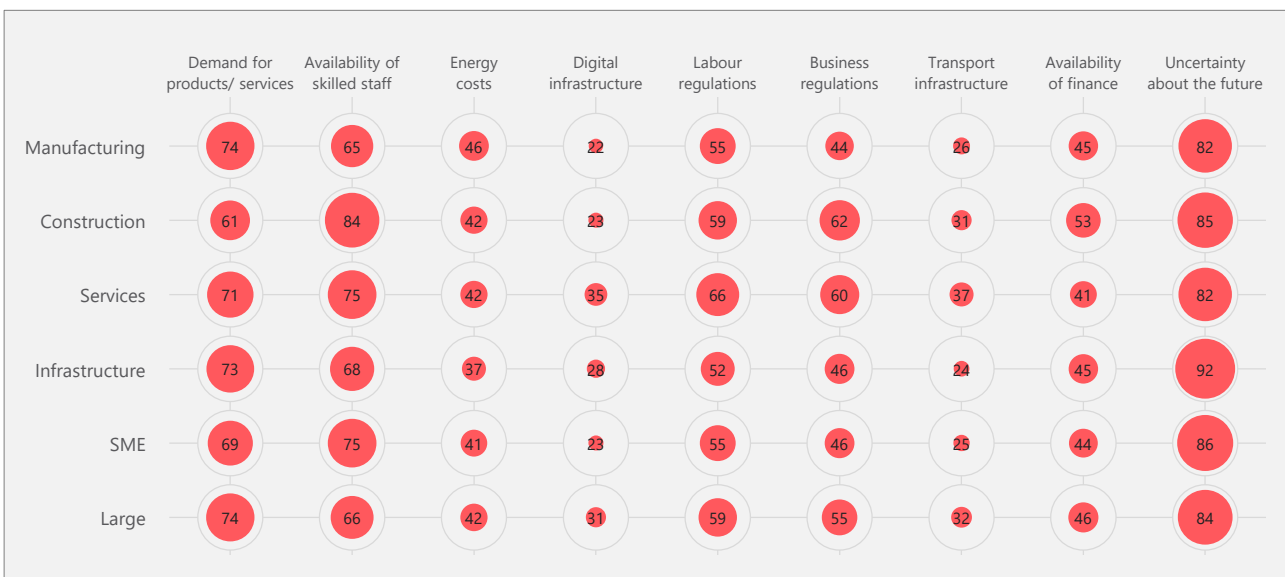
This is followed by demand for products/services and the availability of skilled staff (both 71%), although the former has increased by seven percentage points since EIBIS 2019 while the latter has decreased by ten percentage points.



Q. Thinking about your investment activities in Finland, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

LONG TERM BARRIERS BY SECTOR AND SIZE



Q. Thinking about your investment activities in Finland, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Reported shares combine 'minor' and 'major' obstacles into one category

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

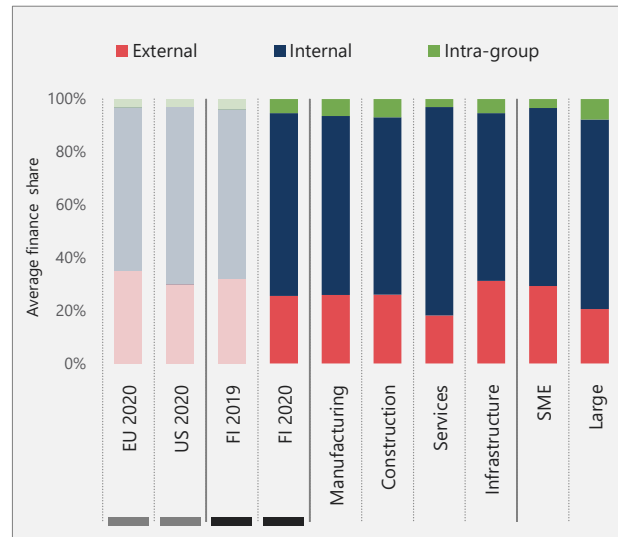
Investment Finance

SOURCE OF INVESTMENT FINANCE

Internal funds accounted for more than two-thirds of investment finance in Finland (69%), in line with EIBIS 2019 (64%) and slightly above the EU average (62%).

Conversely, the share of external finance has decreased (to 25%, from 32% in EIBIS 2019) and remains well below the EU average (35%).

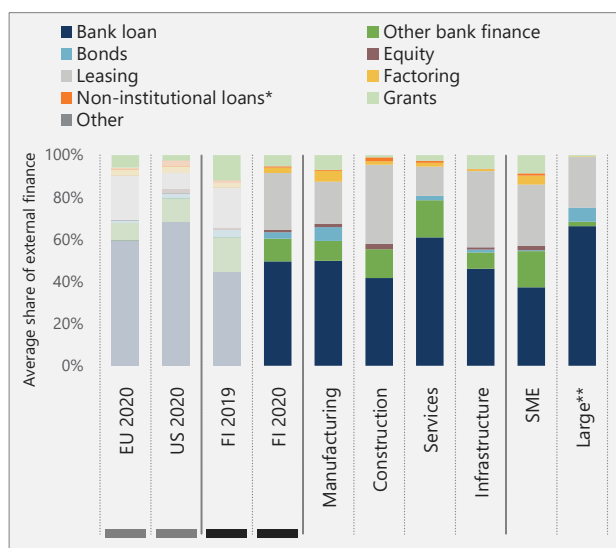
When looking at sectorial differences, firms in the services sector were much more likely to use internal funds than infrastructure firms (79% versus 64%).



Q. What proportion of your investment was financed by each of the following?

Base: All firms who invested in the last financial year (excluding don't know/refused responses)

TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES



Bank loans continued to account for the largest share of external finance (49%). This is in line with EIBIS 2019 (45%) but well below the EU average (59%).

Overall, grants accounted for a relatively small proportion of external finance. Grants were used in in the last financial year in a similar proportion as the previous wave (5% and 12% respectively).

Construction and infrastructure firms (37% and 36% respectively) were more likely to use leasing or hire purchase than services firms (14%).

Q. Approximately what proportion of your external finance does each of the following represent?

*Loans from family, friends or business partners

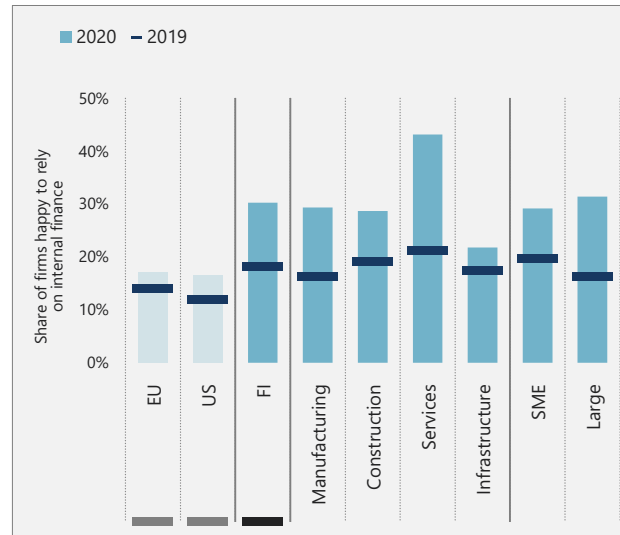
Base: All firms who used external finance in the last financial year (excluding don't know/refused responses) ** Caution very small base size less than 30 Effective bases for sub-groups less than 30 – no significance testing applied

Investment Finance

SHARE OF FIRMS HAPPY TO RELY EXCLUSIVELY ON INTERNAL SOURCES TO FINANCE INVESTMENT

Across all firms in Finland, three in ten (30%) cite the main reason for not applying for external finance in 2019 was because they were content to use internal funds or did not have a need for external finance. This is a notable increase by twelve percentage points from EIBIS 2019 (18%) and brings Finland well above the EU average (17%).

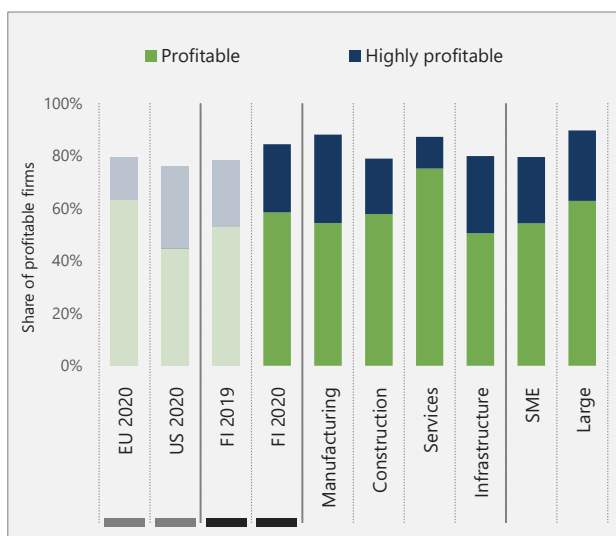
The services sector has the highest share of firms happy to rely on internal funding (43%, up twenty two percentage points on EIBIS 2019).



Q. What was your main reason for not applying for external finance for your investment activities? Was happy to use internal finance/didn't need the finance

Base: All firms

SHARE OF PROFITABLE FIRMS



Eighty five per-cent of firms in Finland report generating a profit in the last financial year, higher than both EIBIS 2019 and the EU average (78% and 80% respectively).

Approximately one-quarter of firms (26%) claim to be highly profitable, defined as generating a profit level at least ten per-cent of firm turnover. This is unchanged on EIBIS 2019 but remains well ahead of the EU average (16%).

The services sector has less highly profitable firms than the infrastructure and manufacturing sectors (12% versus 29% and 34% respectively).

Q. Taking into account all sources of income in the last financial year, did your company generate a profit or loss before tax, or did you break even? Highly profitable is defined as profits/turnover of 10% or more

Base: All firms (excluding don't know/refused)

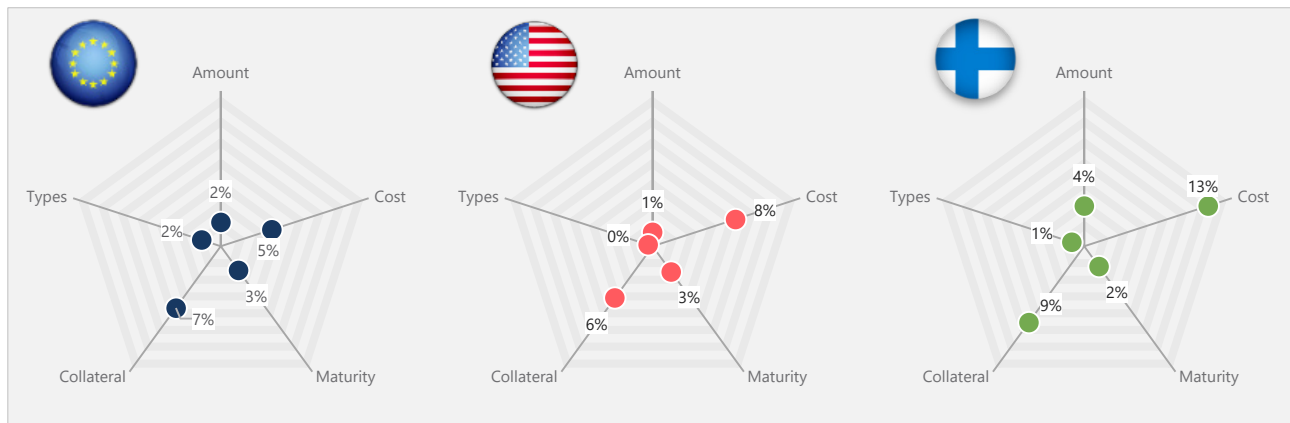
Access To Finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Firms using external finance in the last financial year are on balance satisfied with the amount, cost, maturity, collateral and type of finance received.

The highest levels of dissatisfaction are with the cost of finance (13%) and collateral requirements (9%).

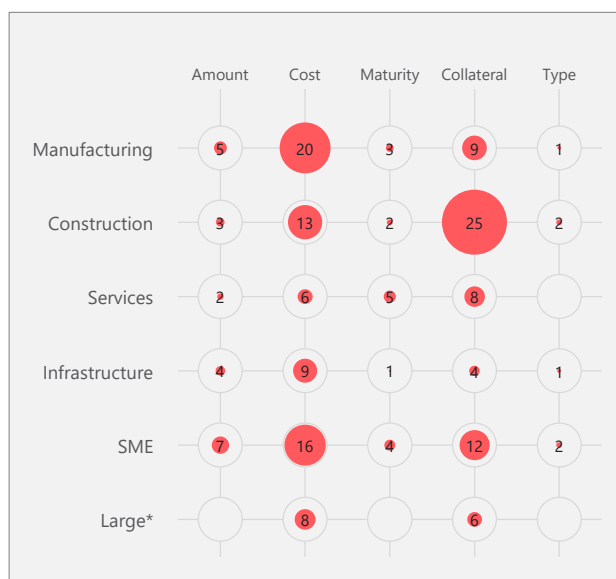
Share of dissatisfied firms



Q. How satisfied or dissatisfied are you with ...?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

DISSATISFACTION BY SECTOR AND SIZE (%)



While the overall dissatisfaction levels are low, among manufacturing firms the highest level of dissatisfaction was with the cost of finance (20%).

Among construction firms the highest level of dissatisfaction was with the collateral required (25%)

Q. How satisfied or dissatisfied are you with ...?

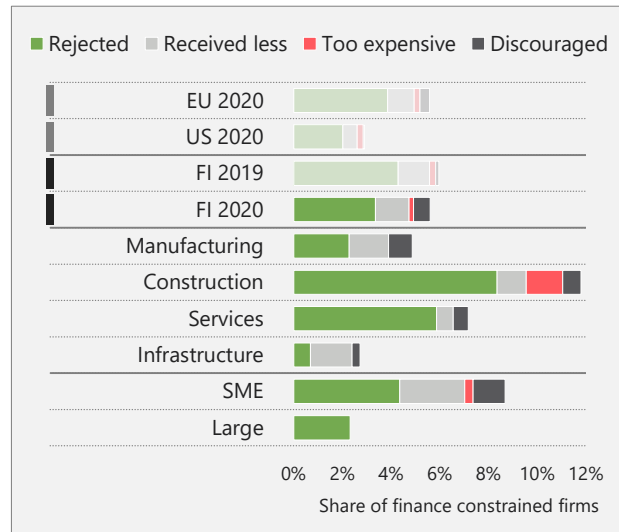
Base: All firms who used external finance in the last financial year (excluding don't know/ refused responses) * Caution very small base size less than 30
Effective bases of sub-groups less than 30 – no significance testing applied

Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

Six per cent of all firms in Finland could be considered finance constrained in 2019, the same level as in EIBIS 2019 and the current EU average.

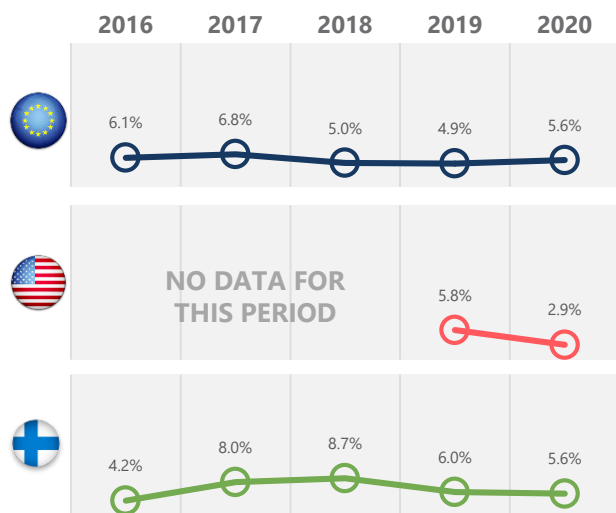
Construction firms were most likely to be finance constrained (12%), an increase of 9 percentage points compared to the previous wave.



Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

Base: All firms

FINANCING CONSTRAINTS OVER TIME



There has been little change in the share of finance constrained firms since EIBIS 2019. However, it is the first time within four years that the share is not above the EU average.

Base: All firms

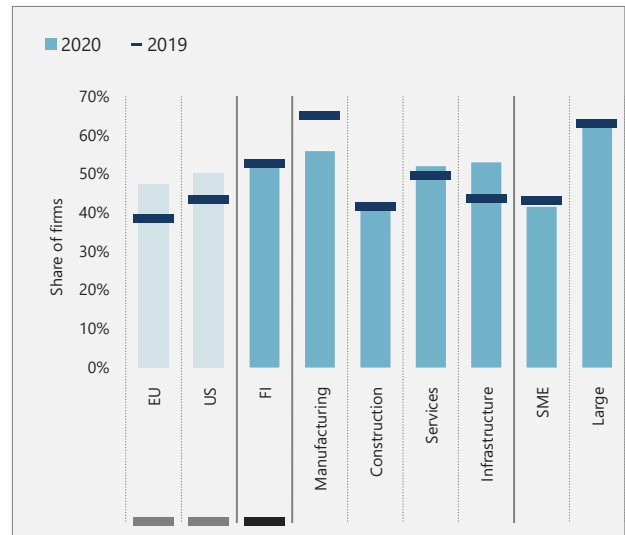
Energy Efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

More than half of firms in Finland (52%) report they have invested in measures to improve their energy efficiency, in line with EIBIS 2019 (51%) and the EU average (47%).

When zooming in different size classes, large firms remain much more likely to have invested in measures to improve energy efficiency than SMEs (64% versus 41%).

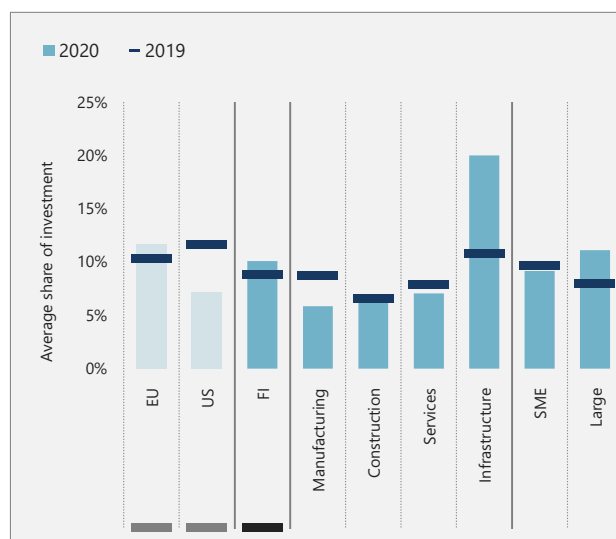
In line with EIBIS 2019, construction firms are least likely to have invested in measures to improve energy efficiency (41%).



Q. What proportion of total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms

AVERAGE SHARE OF INVESTMENT IN MEASURES TO IMPROVE ENERGY EFFICIENCY



The average share of investment in measures to improve energy efficiency by firms in Finland (10%) is in line with EIBIS 2019 (9%) and the EU average (12%).

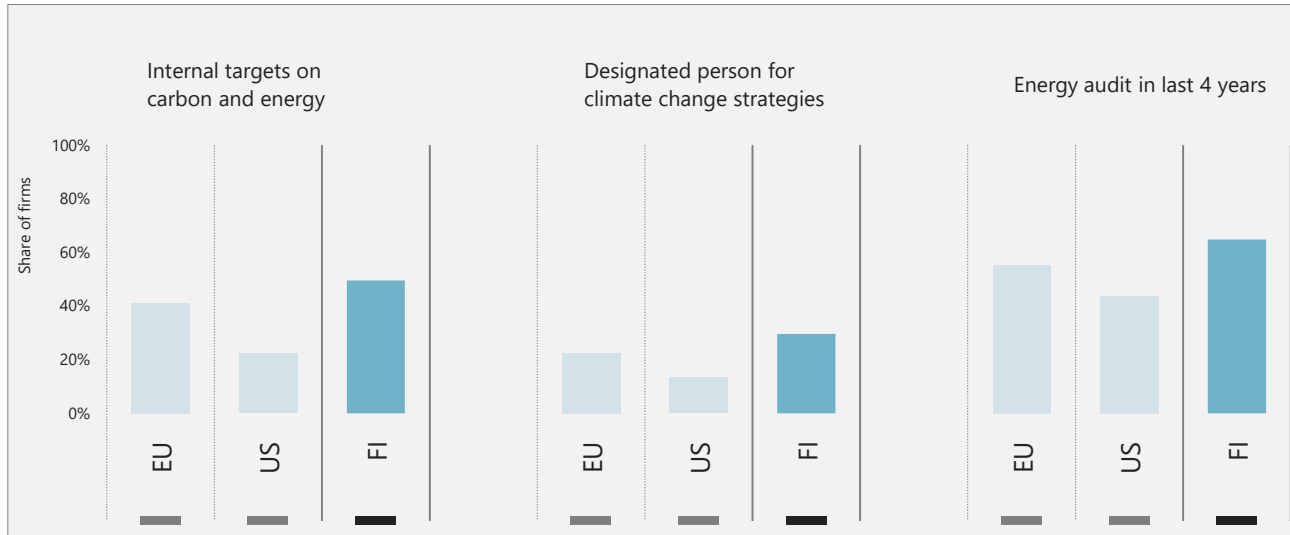
Infrastructure firms have the highest level of investment in these measures (20%), which has almost doubled since EIBIS 2019 (11%).

Q. What proportion of total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms who had invested in the last financial year (excluding don't know/refused responses)

Energy Efficiency

ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT



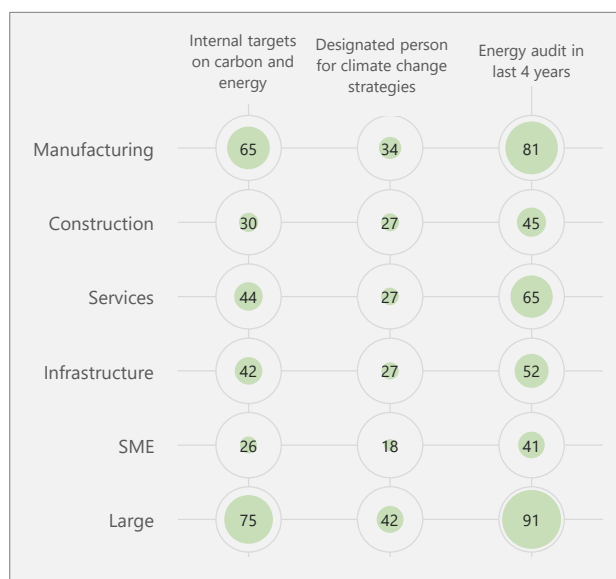
Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?

Q. In 2019 and under normal conditions, did your company have a designated person responsible for defining and monitoring climate change strategies?

Q. And can I check, in the past four years has your company had an energy audit? By this, I mean an assessment of the energy needs and efficiency of your company's building or buildings

Base: All firms

ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT BY SECTOR AND SIZE



Firms in Finland are more likely than EU firms to report having had an energy audit in the past four years (65% versus 55%), having set internal targets on carbon emissions and energy consumption (50% versus 41%) and having designated a person to develop and monitor their climate change strategies (30% versus 23%).

Looking at sectorial differences, firms in the manufacturing sector claim most often to have had an energy audit in the past four years (81%) and to have set internal targets on carbon and energy (65%) than firms in other sectors.

Large firms are significantly more likely than SMEs to state having all three of these elements in place.

Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?

Q. In 2019 and under normal conditions, did your company have a designated person responsible for defining and monitoring climate change strategies?

Q. And can I check, in the past four years has your company had an energy audit? By this, I mean an assessment of the energy needs and efficiency of your company's building or buildings

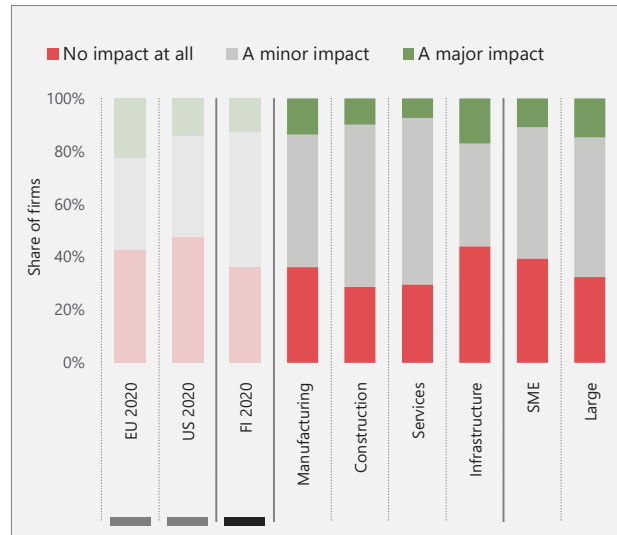
Base: All firms

Climate Change

CLIMATE CHANGE IMPACT

Nearly two thirds (64%) of firms report to have been impacted by climate change and the related changes in weather patterns – similar to the EU average (57%). However, fewer firms in Finland said that their business had been majorly impacted than in the EU as a whole (13% versus 23%). However, 51 per cent report it as having had a minor impact, much higher than the EU average (35%).

When zooming in sectorial differences, firms in the infrastructure sector are least likely to state having been impacted in either a major or minor way compared to services and construction firms (56% versus 70% and 71%).



Q, Thinking about climate change and the related changes in weather patterns, would you say these weather events currently have a major impact, a minor impact or no impact at all on your business?

Base: All firms (excluding don't know / refused responses)

REDUCTION IN CARBON EMISSIONS OVER NEXT FIVE YEARS BY SECTOR AND SIZE (NET IMPACT %)



Please note: green figures are positive, red figures are negative

Q. What impact will the transition to a reduction of carbon emissions have on the following aspects of your business over the next five years?

Base: All firms

The share of firms reporting that the transition to a low-carbon future will have a positive impact on their reputation and their market demand over the next five years is higher than the share of firms reporting a negative impact (50% and 35% positive net balance). The share of firms reporting a negative impact on their supply chain is on balance seven per cent.

Large firms are more positive than SMEs about the impact on their reputation and on market demand.

The share of firms reporting a positive impact of reducing carbon emissions on their reputation is on balance higher in the manufacturing sector (60%) than in services (41%) and construction (42%). Firms in the manufacturing sector were also more positive about the impact on their market demand (50%).

*Net balance is the share of firms seeing positive impact minus the share of firms seeing a negative impact

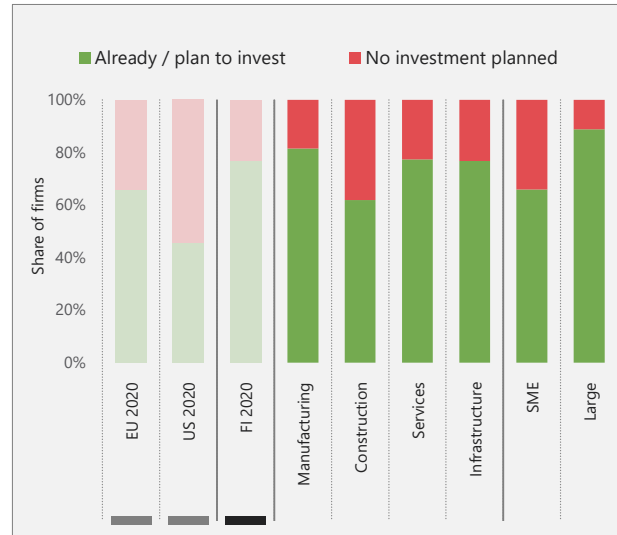
Climate Change

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

More than three-quarters of firms in Finland (77%) have already invested or plan to invest in the next three years in measures to tackle the impact of weather events and reduction in carbon emissions. This is well above the EU average (67%).

Looking at sector and size classes, firms in the construction sector are less likely to have invested or plan to invest than firms in the other sectors (63%, compared to between 77% and 82%). SMEs are less likely to have invested or plan to invest than large firms (67% versus 89%).

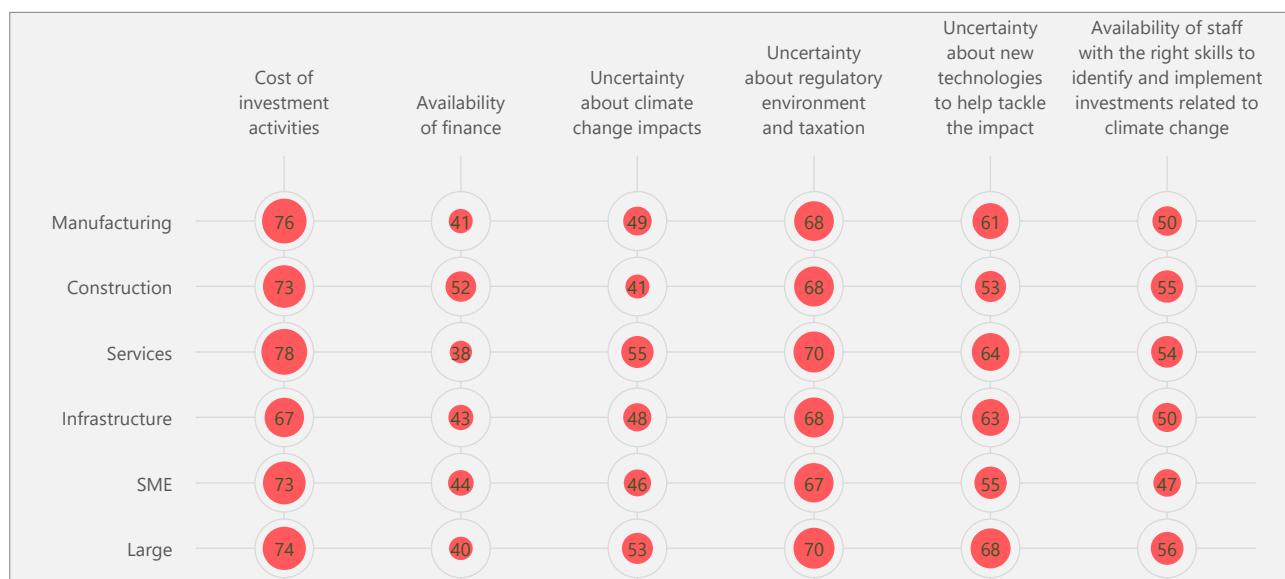
The cost of investment activities (74%), together with uncertainty about the regulatory environment and taxation (68%) are the biggest barriers to investment in this area. These are consistent across all sectors and size classes.



Q. Now thinking about investments to tackle the impacts of weather events and reduction in carbon emissions, which of the following applies?

Base: All firms (excluding don't know/refused responses)

BARRIERS TO INVESTING IN ACTIVITIES TO TACKLE CLIMATE CHANGE BY SECTOR AND SIZE



Q. To what extent is the following an obstacle to investing in activities to tackle weather events and emissions reduction? Is it a major obstacle, minor obstacle or not at obstacle at all?

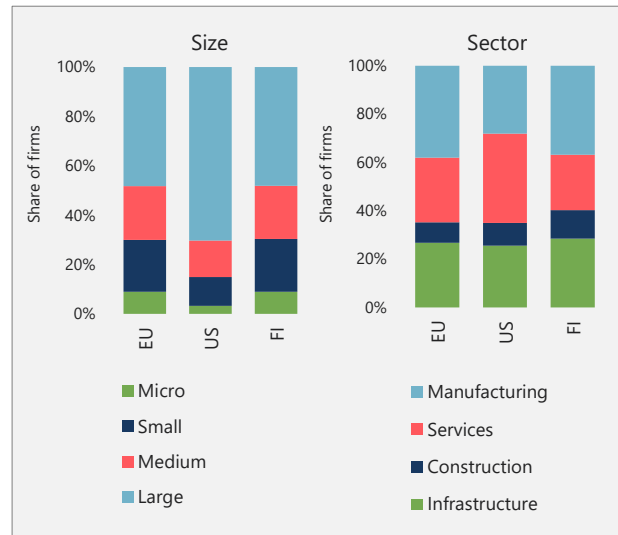
Base: All firms (data not shown for those who said not at obstacle at all / don't know / refused)

Profile of Firms

CONTRIBUTION TO VALUE ADDED

Value-added by firm size and sector is consistent with the EU averages – the largest contributions are made by large firms with 250+ employees (48%) and manufacturing firms (37%).

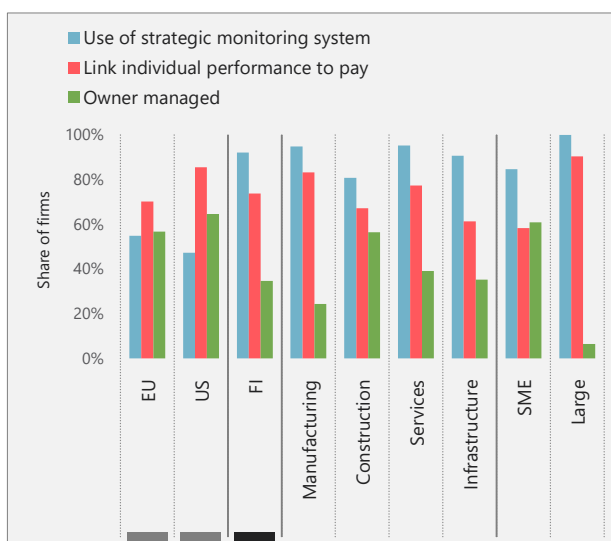
These shares are the same as in EIBIS 2019.



The charts reflect the relative contribution to value-added by firms belonging to a particular size class / sector in the population of firms considered. That is, all firms with 5 or more employees active in the sectors covered by the survey. Micro: 5-9 employees; Small: 10-49; Medium: 50-249; Large: 250+

Base: All firms

FIRM MANAGEMENT



Formal strategic business monitoring systems are more widely used in Finland than across the EU overall (92% versus 55%). All large firms claim to use them but construction firms lag some way below firms in the other sectors (81%, compared to between 91% and 95%).

Almost three-quarters of firms report to link individual performance to pay (74%), an increase of nine percentage points on EIBIS 2019 and broadly similar to the EU average (70%). Large firms (90%) and manufacturing firms (83%) are the most likely to state doing so.

Just over a third of firms in Finland (34%) report being owned or controlled by their CEO or a member of the CEO's family, much lower than the EU average (57%).

Q. And does your company (a) use a formal strategic business monitoring system (that compares the firm's current performance against a series of strategic key performance indicators) (b) link individual performance with pay?
Q. Does the CEO/ company head of your firm own or control the firm, or have a family member that owns/controls it?

Base: All firms (excluding don't know/refused responses)

EIBIS 2020 – Country Technical Details

SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in Finland, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	US	FI	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs FI	Manuf vs Constr	SME vs Large
	(11971)	(800)	(480)	(125)	(119)	(116)	(112)	(414)	(66)	(11971 vs 480)	(119 vs 125)	(414 vs 66)
10% or 90%	1.1%	3.5%	3.3%	5.9%	6.1%	6.5%	6.6%	2.6%	6.2%	3.5%	8.5%	6.8%
30% or 70%	1.7%	5.3%	5.0%	9.0%	9.4%	9.9%	10.0%	4.0%	9.5%	5.3%	12.9%	10.3%
50%	1.9%	5.8%	5.5%	9.8%	10.2%	10.8%	10.9%	4.4%	10.4%	5.8%	14.1%	11.3%

GLOSSARY

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Manufacturing sector	Based on the NACE classification of economic activities, firms in group C (manufacturing).
Construction sector	Based on the NACE classification of economic activities, firms in group F (construction).
Services sector	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food services activities).
Infrastructure sector	Based on the NACE classification of economic activities, firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.
EIBIS 2019	The previous wave of the EIB Investment Survey, with interviews carried out between April-July 2019.
EIBIS 2020	The current wave of the EIB Investment Survey, with interviews carried out between May-August 2020.

Note : the EIBIS 2020 overview refers interchangeably to 'the past/last financial year' or to '2019'. Both refer to results collected in EIBIS 2020, where the question is referring to the past financial year, with the majority of the financial year in 2019 in case the financial year is not overlapping with the calendar year 2019.

EIBIS 2020 – Country Technical Details

The country overview presents selected findings based on telephone interviews with 480 firms in Finland (carried out between May and August 2020).

BASE SIZES (*Charts with more than one base; due to limited space, only the lowest base is shown)

Base definition and page reference	EU 2020/2019	US 2020/2019	FI 2020/2019	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, p. 4, p. 6, p. 10, p.11, p. 13, p. 15, p. 16, p. 17, p. 18, p. 19, p. 20	11971/12071	800/803	480/487	125	119	116	112	414	66
All firms (excluding don't know/refused responses), p. 2	11634/11417	748/711	480/487	125	119	116	112	414	66
All firms with investment plans for the current financial year (excluding don't know/refused responses), p. 3 (bottom), p. 4 (top)	9606/NA	643/NA	422/NA	109	109	101	97	357	65
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (top)	10138/9716	682/624	454/464	121	110	108	107	389	65
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (bottom)	9874/9506	683/620	460/469	121	114	108	109	394	66
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11949/12042	799/802	480/486	125	119	116	112	414	66
All firms (excluding don't know/refused responses), p. 7 (top)	11727/11757	787/775	476/484	123	118	115	112	411	65
All firms (excluding don't know/refused responses), p. 7 (bottom)	11608/0	780/0	473/0	123	118	114	110	409	64
All firms (excluding don't know/refused responses), p. 8 (top)	11720/11770	769/772	479/476	125	119	115	112	413	66
All firms (excluding don't know/refused responses), p. 8 (bottom)	9039/8380	600/516	451/450	120	109	107	107	386	65
All firms (excluding don't know/refused responses), p. 9	11938/11937	799/800	479/485	125	119	115	112	413	66
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	9255/9008	648/587	398/399	98	107	94	91	352	46
All firms who used external finance in the last financial year (excluding don't know/ refused responses), p. 12	4354/4369	314/252	182/197	50	42	35	50	162	20
All firms (excluding don't know/refused responses), p. 13	10711/10490	637/605	471/470	124	116	112	111	405	66
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	4310/4292	314/245	176/193	49	40	34	49	156	20
All firms (excluding don't know/refused responses), p. 18	11898/NA	794/NA	478/NA	124	119	115	112	412	66
All firms (excluding don't know/refused responses), p. 19	11739/NA	772/NA	477/NA	124	119	116	110	411	66
All firms (excluding don't know/refused responses), p. 20*	11740/11627	777/762	476/484	124	118	113	112	410	66



**European
Investment
Bank**

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Economics Department

✉ economics@eib.org
www.eib.org/economics

Information Desk

☎ +352 4379-22000
✉ info@eib.org

European Investment Bank

98-100, boulevard Konrad Adenauer
L-2950 Luxembourg
☎ +352 4379-1
www.eib.org

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© European Investment Bank, 11/2020 print: ISBN 978-92-861-4771-5
PDF: ISBN 978-92-861-4770-8

Finland

Overview

EIB INVESTMENT SURVEY

2020