

## Over 1,200 Jobs Created by Foreign Investment Landed During 2010-13

### Background

In the fall of 2014 Helsinki Business Hub carried out research among companies that had worked with us to either establish operations in the region, or had received foreign growth capital via the investor network International VC Zone. Our research goals were to estimate job creation by these companies, and to explore their perceptions of the Helsinki region and Finland as a business environment.

Altogether 46 foreign-owned companies and local startups were included our online survey.

The USA is by far the largest source country of investment, with American investors involved in 18 landed cases. Nordic Neighbors Sweden and Denmark, as well as the eastern strategic focus areas China and Russia, follow with 5-6 investments each.

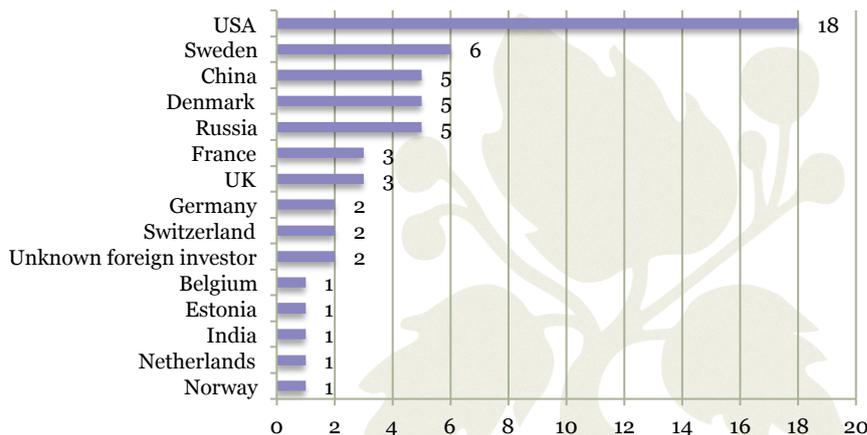


Figure 1 Source countries of the 46 investment cases analyzed. Number of source countries exceeds the number of investment cases, since many growth capital deals include multiple investors.

### Job creation

Our research suggests that by January 2015, altogether **1,244 jobs were created in the Helsinki region** by the 46 foreign investments landed during 2010-2013. Job creation was highest amongst Finnish companies that received foreign growth capital (81% of all jobs). 73% of the researched companies have created new jobs in the region, on average 27 per company.

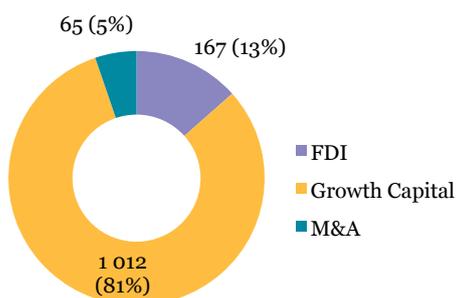


Figure 2 New jobs created by investment type

We also asked companies about their near term growth prospects in the Helsinki region, Finland and abroad. Many respondents were optimistic about the growth of their business, with 70% planning to increase their employee headcount in the capital region during 2015.

## Finland offers high talent and innovativeness – but bureaucracy and finance issues cause problems

### Strengths and Opportunities

Evidently the key perceived strengths of Helsinki region as a business environment are **talent and innovation**. Availability of skilled professionals and scientists was a recurring theme in many responses. Innovativeness, loyalty and good work ethic were also attributes associated with the Finnish workforce. A few respondents also mentioned relatively competitive salaries as a strength, although high mandatory employer costs and regulation were mentioned as negatives.

**Government support** and **excellent infrastructure** also stood out in respondents' views on key strengths. Especially Tekes was mentioned several times as a key enabler of business growth for young companies. Well functioning infrastructure makes the practical side of running a business here smooth and easy. The active startup scene, gaming industry and mobile technologies stood out in responses as well. Finally, Finland continues to be perceived as a **safe haven: social and political stability support doing business here**.

For foreign-owned companies that had established operations in the region, Finland's location as an **East-West gateway** came up as a key strength more than once.

*“Generally everything in Finland ‘just works’ given how strong the infrastructure is.”*  
*“Finland is a great place to build a company. In gaming and mobile tech, TEKES support makes a big difference.”*

Responses were more varied regarding the opportunities of doing business in Finland and the Helsinki region. Besides talent, the availability of venture capital, vivid startup activity and high level of education stood out.

### Improvement Areas

**Lack of financial support** and **excessive bureaucracy** stand out in survey responses as the key improvement areas in the Finnish business environment. Respondents mentioned taxation repeatedly; suggestions include e.g. fixed-term tax reliefs for startups and tax refunds based on employment, sales or patents. High mandatory employer costs were also mentioned as a key improvement area.

*“Recruiting new talent from outside of the EU causes a huge administrative burden.”*

Related to bureaucracy, the **lack of public sector services available in English** was a problem mentioned by some companies. Furthermore, the time-consuming administrative process of recruiting professionals from outside of the EU stood out and resonates with some recent discussion in the media. Other improvement areas included for example insufficient marketing of Finland's strengths internationally and the lack of more established growth stage companies. Finally, challenges in attracting foreign experts to work and live in Finland received mentions.

*“As a foreigner there seems to be a disconnect between the technological strength and vibrancy of entrepreneurial system, and the lack of established growth stage companies (> 10m euro turnover).”*

*“Finland has an extremely good international reputation, which is unfortunately poorly exploited.”*