About the EIB Investment Survey (EIBIS)
The EIB Group Survey on Investment and Investment Finance is a unique, EU-wide, annual survey of 12,500 firms. It collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face. Using a stratified sampling methodology, EIBIS is representative across all 28 member States of the EU, as well as for firm size classes (micro to large) and 4 main sectors. It is designed to build a panel of observations to support time series analysis, observations that can also be linked to firm balance sheet and profit and loss data. EIBIS has been developed and is managed by the Economics Department of the EIB, with support to development and implementation by Ipsos MORI. For more information see: http://www.eib.org/eibis.

About this publication
This Country Overview is one of a series covering each of the 28 EU Member States, plus an EU-wide overview. These are intended to provide an accessible snapshot of the data. For the purpose of these publications, data is weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

About the Economics Department of the EIB
The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The Department, a team of 30 economists, is headed by Debora Revoltella, Director of Economics.

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Disclaimer
The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

About Ipsos Public Affairs
Ipsos Public Affairs works closely with national governments, local public services and the not-for-profit sector, as well as international and supranational organizations. Its c.200 research staff in London and Brussels focus on public service and policy issues. Each has expertise in a particular part of the public sector, ensuring we have a detailed understanding of specific sectors and policy challenges. This, combined with our methodological and communications expertise, helps ensure that our research makes a difference for decision makers and communities.
Finland

The annual EIB Group Survey on Investment and Investment Finance (EIBIS) is an EU-wide survey of 12,500 firms that gathers quantitative information on investment activities by both SMEs and larger corporates, their financing requirements and the difficulties they face.

As the EU bank, the EIB Group responds to the need to accelerate investment to strengthen job creation and long-term competitiveness and sustainability across all 28 EU member States. EIBIS helps the EIB to contribute to a policy response that properly addresses the needs of businesses, promoting investment.

This country overview presents selected findings based on telephone interviews with 477 firms in Finland in 2016 (July-October). Note: The results are weighted by value-added, reflecting firms’ contribution to the economy.

Key results

<table>
<thead>
<tr>
<th>Investment outlook:</th>
<th>Firms’ investment outlook in Finland is in line with the EU average.</th>
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<tr>
<td></td>
<td>Among firms in Finland, large firms are somewhat more positive.</td>
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<tr>
<td>Investment activity:</td>
<td>96% invested in the last year. Intensity of investment (investment per</td>
</tr>
<tr>
<td></td>
<td>employee) is in line with the EU average.</td>
</tr>
<tr>
<td>Investment gap:</td>
<td>81% report investment was the right amount. 13% say it was too little over</td>
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<tr>
<td></td>
<td>the last three years which is in line with the EU (15%). Technological sophistication of firms is below the EU average, with a lower percentage of state-of-the-art equipment. The share of stock of buildings with high energy efficiency standards is also below the EU average.</td>
</tr>
<tr>
<td>Investment barriers:</td>
<td>Political and regulatory climate and overall economic climate perceived to be the main barriers to implementing investment. The results are in line with the EU, but firms in Finland are more negative about the economic climate and demand for products and services. Uncertainty about the future, demand for products or services and availability of staff with the right skills are seen as the main barriers to investment in the long term.</td>
</tr>
<tr>
<td>External finance:</td>
<td>4% of firms consider themselves finance constrained: the proportion of firms either dissatisfied with the amount of finance they received, had their application rejected, thought borrowing costs would be too high or were discouraged from applying, below the EU average. Across sectors, a significantly higher percentage of constrained firms is observed in construction (11%). Firms would like to be less reliant on leasing and overdrafts.</td>
</tr>
<tr>
<td>Firm performance:</td>
<td>Firms in Finland have higher productivity. This applies across all sectors compared to the EU, with much higher productivity observed in construction and services.</td>
</tr>
</tbody>
</table>
INVESTMENT DYNAMICS

- Overall 96% of firms in Finland invested in the last financial year – higher than the EU average (84%).
- All large companies report having invested in the last financial year.
- The intensity of investment (investment per employee) in Finland is in line with the EU average.

**Investment activity in last financial year compared to previous**

<table>
<thead>
<tr>
<th>Share of firms investing (%)</th>
<th>Investment intensity of investing firms (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td></td>
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<tr>
<td>Finland</td>
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<tr>
<td>Manufacturing</td>
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<tr>
<td>Construction</td>
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<td>Services</td>
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<tr>
<td>Infrastructure</td>
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<td>SME</td>
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<tr>
<td>Large</td>
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</tbody>
</table>

Base: All firms (excluding don’t know/refused responses)
*The blue bars indicate the proportion of firms who have invested in the last financial year.
A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities.
Investment intensity is the median investment per employee of investing firms.

- Compared to 2014, 38% of firms in Finland increased their investment in 2015, while one in five invested less in 2015.
- Overall, investment activity of Finnish firms is very similar to the EU average.
Firms’ investment outlook is broadly in line with the EU average.

While 33% of firms expect to increase investment activities during the current financial year, 27% expect a contraction.

Large firms are more likely than SMEs to expect to increase investment.

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**Investment cycle**

Large firms and firms in manufacturing and services are somewhat more positive about their investment outlook, in line with the trend observed in the EU.

This is an encouraging sign: manufacturing investment has shown a negative trend over the last years as the sector went through restructuring.

SMEs and firms in infrastructure and construction, on the other hand, expect a contraction, but they still show relatively high levels of investment activity.
Investment activity

- Around half of all investment activities in Finland is in machinery and equipment (49%). This rises to 56% for firms in infrastructure.
- Firms in manufacturing are the ones investing more in R&D (17%), compared to firms in other sectors.
- Larger companies invest significantly more in land, business buildings and infrastructure than the average firm, but less in training.

Investment abroad

- Sixteen per cent of firms in Finland have invested in another country, above the EU average.
- Around a quarter (26%) of large firms in Finland have invested abroad which is higher than the overall.
- Firms in manufacturing are more likely to have invested abroad (30%) compared to firms in other sectors.
Most investment in Finland is driven by the need to replace existing buildings, machinery, equipment and IT (57%), in line with the pattern across the EU.

The share of investment going into capacity expansion is below the EU average and among the lowest in western Europe, showing that new industries are growing slowly.

However, firms in manufacturing are the ones investing more in new products and services, an indicator of higher innovative capacity.

For nearly half of the firms planning to invest in the next three years, the priority is replacing existing buildings, machinery, equipment and IT (46%). This rises to 56% of infrastructure companies.

Instead, manufacturing firms consider investment in new products and services as the main future investment priority (41%).
**Perceived investment gap**

- **EU**
- **Finland**
- **Manufacturing**
- **Construction**
- **Services**
- **Infrastructure**
- **SME**
- **Large**

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

Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount to ensure the success of your business going forward?

**Share of firms at or above full capacity**

- Around eight in ten firms (81%) in Finland believe their investment over the last three years was about the right amount.
- 13% of firms report investing too little, with similar rates among different sectors and firm sizes.
- This is in line with the patterns across the EU as a whole where 15% say they have invested too little.

- Only 44% of firms in Finland report operating at or above full capacity, below the EU average.
- The share of firms operating at full capacity in manufacturing is much lower than in other sectors. On the other hand, firms in the services sector are more likely to operate at full capacity compared to firms in other sectors.

Base: All firms (data not shown for those operating somewhat or substantially below 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?
- Technological sophistication of Finnish firms is below the EU average. The share of state-of-the-art machinery and equipment is 38% (versus 44% for the EU).

- On average, firms in Finland consider 25% of their building stock to satisfy high energy efficiency standard – lower than across the EU as a whole (40%).
INVESTMENT CONSTRAINTS

- The political and regulatory climate, followed by the overall economic climate, are cited as the main barriers to implementing planned investment.

- In the EU, instead, overall economic climate is seen as supportive.

- Availability of internal and external finance, and business prospects in the sector, are seen as factors facilitating investment.

**Short term influences by investment performance**

A larger proportion of firms that have invested too little finds that the availability of finance (internal and external) facilitate their investment activities.

The economic climate is seen as a constraint in particular by firms that invested sufficiently.
Firms consider uncertainty about the future, demand for products or services and availability of staff with the right skills as the main structural barriers to investment in Finland over the longer-term.

Instead, transport and digital infrastructure are not considered major obstacles.

<table>
<thead>
<tr>
<th>Long term barriers to investment performance</th>
</tr>
</thead>
</table>

- **Base:** All firms who invested too much, about the right amount or too little in the last financial year (excluding don’t know/refused/company didn’t exist three years ago responses), data shown for firms who said each was a major or minor obstacle.

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

- **Availability of external finance, labour market regulations and availability of staff with right skills are more often considered barriers by firms that report investing too little.**
INVESTMENT FINANCE

- A similar proportion of firms in Finland rely on internal funds to finance their investment as do across the EU.
- Bank loans are the most common source of external finance. In infrastructure, leasing has a more prominent role.
- Firms that used external finance are largely satisfied with all aspects, with some dissatisfaction for the cost of finance.

Type of external finance used for investment activities

Source of investment finance

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

Q. Approximately what proportion of your investment in the last financial year was financed by each of the following?

Satisfaction with external finance

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

Q. How satisfied or dissatisfied are you with …?

EIB Group Survey on Investment and Investment Finance 2016 Country overview: Finland
Firms in Finland want more of the type of external finance they are already using: bank loans.

Fewer firms want to use overdrafts and leasing in the future than currently do.

Four per cent of firms in Finland can be considered external finance constrained – below the EU figure.

A significantly higher percentage of construction firms (11%) is finance constrained. This is probably due to Banks’ decisions to tighten standards and reduce relative exposure to the housing sector.

No large firms reported rejections.
**PROFILE OF FIRMS**

**Contribution to Value-Added**

- The distribution of surveyed firms in Finland is almost identical to the EU distribution.
- The profile of firms in Finland in terms of sector is also close to the EU profile.
- Firms in Finland are more likely to have shrunk in terms of number employees compared to the EU overall.
- Firms in Finland have higher productivity compared to the EU average: a relatively high share of firms in Finland fall into the highest productivity class.
- This is observed in all sectors, but most notably in construction and services, where more than a third of firms fall into the top (sector specific) EU productivity quintile.

**Employment dynamics in last 3 years**

**Base:** All firms excluding don’t know, refused and missing responses

Q. Thinking about the number of people employed by your company, by how much has it changed in the last 3 years?

**Distribution of firms by productivity class**

*Share of firms by productivity class (Total Factor Productivity). Productivity classes are sector specific; they are defined on the basis of the entire EU sample (for a particular sector).*
In 2015, aggregate investment is still some 15% below its 2008 levels.

The gap is bigger when compared to the pre-crisis trend; even though slowing potential growth make this a difficult benchmark to reach.

The corporate sector and investments in ‘other buildings and structures’ are lagging the most compared to 2008.
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.

Approximate sampling tolerances applicable to percentages at or near these levels

<table>
<thead>
<tr>
<th></th>
<th>EU</th>
<th>Finland</th>
<th>Manufacturing</th>
<th>Construction</th>
<th>Services</th>
<th>Infrastructure</th>
<th>SME</th>
<th>Large</th>
<th>EU vs Country</th>
<th>Manufacturing vs Construction</th>
<th>SME vs Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>10% or 90%</td>
<td>1.0%</td>
<td>3.0%</td>
<td>5.5%</td>
<td>5.6%</td>
<td>5.9%</td>
<td>5.7%</td>
<td>2.6%</td>
<td>5.5%</td>
<td>3.1%</td>
<td>7.8%</td>
<td>6.0%</td>
</tr>
<tr>
<td>30% or 70%</td>
<td>1.5%</td>
<td>4.6%</td>
<td>8.4%</td>
<td>8.5%</td>
<td>9.1%</td>
<td>8.6%</td>
<td>4.0%</td>
<td>8.3%</td>
<td>4.8%</td>
<td>11.9%</td>
<td>9.2%</td>
</tr>
<tr>
<td>50%</td>
<td>1.7%</td>
<td>5.0%</td>
<td>9.2%</td>
<td>9.3%</td>
<td>9.9%</td>
<td>9.4%</td>
<td>4.3%</td>
<td>9.1%</td>
<td>5.2%</td>
<td>13.0%</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

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.

**Productivity**
Total factor productivity is a measure of how efficiently a firm is converting inputs (capital and labor) into output (value-added). It is estimated by means of an industry-by-industry regression analysis (with country dummies).

**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.
## Base sizes

<table>
<thead>
<tr>
<th>Base definition and page reference</th>
<th>EU</th>
<th>Finland</th>
<th>Manufacturing</th>
<th>Construction</th>
<th>Services</th>
<th>Infrastructure</th>
<th>SME</th>
<th>Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>All firms, p. 3, p. 6, p. 7, p. 9, p. 11, p. 12, p. 13</td>
<td>12483</td>
<td>477</td>
<td>125</td>
<td>116</td>
<td>109</td>
<td>124</td>
<td>392</td>
<td>84</td>
</tr>
<tr>
<td>All firms (excluding don't know/refused responses), p. 2</td>
<td>11838</td>
<td>475</td>
<td>124</td>
<td>116</td>
<td>109</td>
<td>123</td>
<td>392</td>
<td>82</td>
</tr>
<tr>
<td>All firms (excluding those who have no investment planned/don't know/refused responses), p. 5</td>
<td>12159</td>
<td>468</td>
<td>122</td>
<td>115</td>
<td>106</td>
<td>122</td>
<td>384</td>
<td>83</td>
</tr>
<tr>
<td>All firms (excluding 'Company didn’t exist three years ago' responses), p. 6</td>
<td>12453</td>
<td>476</td>
<td>125</td>
<td>116</td>
<td>109</td>
<td>123</td>
<td>392</td>
<td>83</td>
</tr>
<tr>
<td>All firms (excluding don’t know, refused and missing responses), p. 13</td>
<td>12162</td>
<td>472</td>
<td>124</td>
<td>115</td>
<td>109</td>
<td>121</td>
<td>390</td>
<td>81</td>
</tr>
<tr>
<td>All firms who invested in the last financial year, p. 2</td>
<td>12281</td>
<td>477</td>
<td>125</td>
<td>116</td>
<td>109</td>
<td>124</td>
<td>392</td>
<td>84</td>
</tr>
<tr>
<td>All firms who invested in the last financial year, p. 4</td>
<td>10881</td>
<td>464</td>
<td>124</td>
<td>113</td>
<td>103</td>
<td>121</td>
<td>379</td>
<td>84</td>
</tr>
<tr>
<td>All firms who have invested in the last financial year (excluding don’t know/refused responses), p. 4</td>
<td>10060</td>
<td>458</td>
<td>122</td>
<td>113</td>
<td>102</td>
<td>118</td>
<td>376</td>
<td>81</td>
</tr>
<tr>
<td>All firms who have invested in the last financial year (excluding don’t know/refused responses), p. 5</td>
<td>9682</td>
<td>439</td>
<td>120</td>
<td>109</td>
<td>99</td>
<td>108</td>
<td>356</td>
<td>82</td>
</tr>
<tr>
<td>All firms who invested in the last financial year (excluding don’t know/refused responses), p. 10</td>
<td>9093</td>
<td>380</td>
<td>90</td>
<td>100</td>
<td>78</td>
<td>109</td>
<td>323</td>
<td>56</td>
</tr>
<tr>
<td>All firms who have planned to invest in the current financial year and who invested too much, about the right amount or too little in the last financial year (excluding don’t know/refused/company didn’t exist three years ago responses), p. 8</td>
<td>10536</td>
<td>428</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>All firms who used external finance in the last financial year (excluding don’t know/refused responses), p. 10, p. 11</td>
<td>4344</td>
<td>197</td>
<td>49</td>
<td>50</td>
<td>26</td>
<td>70</td>
<td>166</td>
<td>31</td>
</tr>
</tbody>
</table>

### Percentage rounding

Percentage with value of less than 0.5 but greater than zero has not been displayed in the charts.