Sweden
Overview

EIB INVESTMENT SURVEY

2017
About the EIB Investment Survey (EIBIS)
The EIB Group Survey on Investment and Investment Finance is a unique, EU-wide, annual survey of some 12,300 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 40 economists, is headed by Debora Revoltella, Director of Economics.

Main contributors to this publication
Koray Alper, EIB.

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.
EIBIS 2017 – COUNTRY OVERVIEW

Sweden

The annual EIB Group Survey on Investment and Investment Finance (EIBIS) is an EU-wide survey of some 12,300 firms that gathers 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 476 firms in Sweden in 2017 (carried out between April and August).

Key results

**Macroeconomic context:** Sweden’s economy continue to perform strongly on the back of strong domestic demand. Investment expenditures follow a secular upward trend. Investment expenditures are significantly above the levels implied by the pre-crisis trend. Investment demand is broad based and balanced across the institutions and the asset classes.

**Investment outlook:** More firms in Sweden increased than reduced investment in the last financial year, with the share investing exceeding expectations. This positive outlook is expected to continue in the current year but to a lesser extent.

**Investment activity:** 90% of firms invested in the last financial year, with an intensity (investment per employee) slightly higher than EU average. The share of firms investing was almost the same as previous year, and above the EU average (84%).

**Perceived investment gap:** 16% of firms report investing too little over the last three years, while 78% of the firms perceived their investment was about the same about the right amount overt the same period, in line with the EU averages. Firms rate 43% of their machinery and equipment as state-of-the-art, similar to the EU average. They are less optimistic about energy efficiency, rating only 30% of buildings are meeting high standards.

**Investment barriers:** Availability of skilled staff and uncertainty about the future continue to be perceived as the main barriers to investment, as is also the case across the EU. Labour market and business regulations are also reported to be significant barriers for firms in Sweden.

**External finance:** 2% of firms are finance constrained, lower than the EU average of 5%. Collateral requirements were reported to be the most dissatisfactory aspect of external finance, though satisfaction with external finance is high overall.

**Firm performance:** Firms in Sweden have slightly higher productivity than the EU average. The manufacturing sector in Sweden has a relatively high share of firms in the highest productivity class.
INVESTMENT ACTIVITY IN LAST FINANCIAL YEAR

Nine in ten firms in Sweden invested in the last financial year (90%, similar to the previous wave). The proportion that invested is still above the EU average (84% in both waves).

Firms in the service and manufacturing sectors (92% and 91%) were more likely to invest than those in the construction sector (80%).

The intensity of investment remains above the EU average and is substantially higher in the infrastructure sector.

*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. Investment intensity is reported in 2015 values (using the Eurostat GFCF deflator).

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

INVESTMENT CYCLE

The firms’ investment activity this wave places Sweden in the ‘high investment expanding’ quadrant on the investment cycle.

Larger firms and those in the service sector show relatively high levels of investment and plans to expand investment in the current financial year.

Around the same share of SMEs and firms in the manufacturing sector expect to increase as decrease investment.

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

EVOLUTION OF INVESTMENT EXPECTATIONS

More firms in Sweden increased than reduced their investment activities in the last financial year. The share investing exceeded the expectations in the previous wave. In the current year, this positive outlook is expected to continue but to a lesser extent. The service sector and large firms are most likely to expect to increase investment in 2017, while nearly as many manufacturing firms and SMEs expect to reduce their investment as increase it.

Looking ahead to the next 3 years, investment in capacity expansion is most commonly cited as a priority (by 33% of firms). New products and services have become more important (29% prioritising, compared to 20% in 2016) while replacement of existing buildings, machinery, equipment and IT has retreated and now has the same level of priority with the former (from 45% in 2016 to 29% now).

In the manufacturing, construction and service sectors, capacity expansion has become the most commonly reported priority. Whereas for firms in the infrastructure sector, replacement continues to be the top future priority (43%).

One in seven SMEs (15%) reported that no investments were planned, three times that in large firms (5%).

FUTURE INVESTMENT PRIORITIES

Looking ahead to the next 3 years, investment in capacity expansion is most commonly cited as a priority (by 33% of firms). New products and services have become more important (29% prioritising, compared to 20% in 2016) while replacement of existing buildings, machinery, equipment and IT has retreated and now has the same level of priority with the former (from 45% in 2016 to 29% now).

In the manufacturing, construction and service sectors, capacity expansion has become the most commonly reported priority. Whereas for firms in the infrastructure sector, replacement continues to be the top future priority (43%).

One in seven SMEs (15%) reported that no investments were planned, three times that in large firms (5%).
INVESTMENT AREAS
Of the six investment areas asked about, the largest share in investment in Sweden is in machinery and equipment (45%), followed by software, data and IT (14%), a pattern that is similar to the 2016 and EU-wide findings.

The manufacturing sector in Sweden has the highest share of investment in Research & Development (16%, compared to between three and nine per cent in the other sectors). The service sector has the highest share of investment in software etc. (21%) while SMEs spend a higher share on training (13%, versus 8% for large firms).

The share of investment in land, business building and infrastructure is higher in the services sector (20% versus the overall Sweden average of 13%).

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR

The largest share of investment in the last financial year was driven by the need to replace existing buildings, machinery, equipment and IT (42%), though this is well below the previous year (56%) and also the current EU average (50%).

Replacement is most important as a driver of investment for large firms (making up 45% of investment, compared to 38% for SMEs). Service sector firms invested the highest share in capacity expansion (38%, compared with 31% for all firms).

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

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)

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?
INVESTMENT FOCUS

INNOVATION ACTIVITY

Among all firms, one-third developed or introduced new products, processes or services. This includes 7% who claimed to undertake innovations new to the global market.

Firms in the manufacturing sector were most likely to exhibit high levels of innovation (43% overall; 26% said the products, processes or services were new to the firm, 12% new to the country, and a further 5% new to the world).

INVESTMENT ABROAD

Overall 17% of firms in Sweden invested in another country in the last financial year, slightly above the equivalent figure for the previous year (13%) and current EU average (14%).

Larger firms and those in the manufacturing sector have been the main drivers of the increase in investment abroad (27% and 28% respectively).
INVESTMENT NEEDS

PERCEIVED INVESTMENT GAP

Around eight in ten firms believe their investment over the last three years was about the right amount (78%).

Sixteen per cent reported investing too little, similar to the last wave (14%). The findings are similar to the EU average (15%)

Firms in the infrastructure sector in Sweden are more likely to report investing the right amount (87%). Manufacturing and service sector firms perceived the gap to be larger, with around one in five reporting that their investment had been too low (24% and 19% respectively).

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?

SHARE OF FIRMS AT OR ABOVE FULL CAPACITY

Half of firms in Sweden reported operating at or above maximum capacity in the last financial year (51%), slightly above the previous year (46%), but in line with the EU average (53%).

The proportion of firms operating at or above capacity is highest in the infrastructure and the construction sectors.

Compared to the previous wave, more firms in the manufacturing sector report operating at or above full capacity (from 30% a year ago to 44% now), whereas fewer firms in the construction sector now report capacity utilization (from 68% in the previous wave to 57% now).

Base: All firms

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?
SHARE OF STATE-OF-THE-ART MACHINERY AND BUILDING STOCK MEETING HIGH ENERGY EFFICIENCY STANDARDS

The average share of machinery and equipment in firms that is perceived to be state-of-the-art is similar to the EU average (43% in Sweden and 45% across the EU).

On average, firms in Sweden say 30% of their building stock satisfies high energy efficiency standards, lower than the EU average of 39%.

The findings are generally in line with the previous wave although construction sector firms now report a lower proportion of energy efficient building stock (18%, compared with 37% in 2016).

A higher proportion of large firms’ building stock is said to be energy efficient (35%) when compared with SMEs (25%).

PUBLIC INVESTMENT PRIORITIES

Looking ahead, around three in ten firms considered transport infrastructure to be the top priority for public investment (28%). This was followed by professional training/HE (selected by 23%), and ICT infrastructure (10%). All other areas were selected by fewer than one in ten firms.

Firms in the service sector were most likely to prioritise transport infrastructure (selected by 32%), whilst manufacturing sector firms were most likely to prioritise professional training/HE (30%).

Base: All firms

Q. What proportion, if any, of your commercial building stock satisfies high or highest energy efficiency standards?
Q. What proportion, if any, of your machinery and equipment, including ICT, would you say is state-of-the-art?

Base: All firms

Q. From your business’ perspective, if you had to prioritise one area of public investment for the next 3 years, which one would it be?
**DRIVERS AND CONSTRAINTS**

**SHORT TERM INFLUENCES ON INVESTMENT**

On balance more firms in Sweden expect the political and regulatory climate to deteriorate than improve in the next 12 months. This is also the case across the EU.

In Sweden, as with the rest of the EU, firms are positive about the other influences on investment.

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

Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

**SHORT-TERM INFLUENCES BY SECTOR AND SIZE (NET BALANCE)**

All types of firm are negative on balance about prospects for the political and regulatory climate. This is especially pronounced among SMEs and those in the construction and service sectors.

By contrast, firms are positive about other short-term influences, especially about business prospects and internal finance. More firms in the construction sector expect an improvement in the availability of internal finance compared to firms in the other sectors. Similar differences can be seen with regard to the economic climate, with construction firms again being more positive about this influence.

*Base: All firms*  
Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?
DRIVERS AND CONSTRAINTS

LONG-TERM BARRIERS TO INVESTMENT

Firms in Sweden are most likely to report a lack of skilled staff as an obstacle to investment activities (79%, up from 73% in the previous wave). Over three-fifths (62%) consider uncertainty about the future to be a barrier (down from 67% a year ago). These are also the two main barriers reported by firms across the EU overall.

Availability of finance is perceived as an obstacle by only 28% of firms in Sweden, the least-cited barrier relative to other factors, and less cited in Sweden than the EU-wide average (44%).

There is great homogeneity across different sizes and sectors of business with respect to their views on the barriers to investment.

Base: All firms (data not shown for those who said not an obstacle at all/don’t know/refused)
Q. Thinking about your investment activities in Sweden, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

LONG-TERM BARRIERS BY SECTOR AND SIZE

Base: All firms (data not shown for those who said not an obstacle at all/don’t know/refused)
Q. Thinking about your investment activities in Sweden, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?
Internal funds account for the highest share of investment finance (73%). This is well above the EU average (62%) and the share reported in Sweden in the last wave (64%).

Firms in the service sector have a higher share of internal finance than those in construction and infrastructure (84%, versus 63% and 69% respectively). The share of external finance is highest among construction firms (34%, compared to just 14% in the service sector).

Bank loans account for the highest share of external finance (52%), followed by leasing (25%). Overall a very small proportion of external finance comes from equity although this has nearly doubled since the last wave (to 5%). There has also been a marked increase in the use of grants, up from 2% to 13%.

---

*Loans from family, friends or business partners

** Caution very small base size less than 30

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

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

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

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

*Loans from family, friends or business partners

** Caution very small base size less than 30

EIB Group Survey on Investment and Investment Finance 2017 Country overview: Sweden
One-quarter of firms in Sweden (25%) report being highly profitable in the last financial year, equating to a profit of 10% or higher of their turnover. The EU has a lower share of such firms (20%).

Highly profitable firms in Sweden are more likely than average to be in the manufacturing sector (34%) and less likely than average to be in construction or services (where 15% of firms say they are highly profitable).

Nearly one in five firms in Sweden (18%) report that they did not apply for external finance because they were happy to use internal funds or did not have a need for it, up from 12% in the previous wave and now closer to the EU average (16%).

Firms in the manufacturing sector are less likely than average to say they are happy to rely exclusively on internal sources of finance (10%).
Firms that used external finance are on balance satisfied with the amount, cost, maturity, collateral requirements and type of finance received.

The highest dissatisfaction registered is 6% with the collateral required, similar to the EU overall (8%).

Where any dissatisfaction is registered, it is driven by the construction and manufacturing sectors (16% and 10% respectively are dissatisfied with collateral requirements).
SHARE OF FINANCE CONSTRAINED FIRMS

Two per cent of firms in Sweden are considered to be finance constrained, lower than the EU average (7%).

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).

*Financing constraints for 2016 among non-investing firms estimated

FINANCING CROSS

Firms in Sweden are less likely to be finance constrained and a little more likely to be happy to rely exclusively on internal funds than the EU average.

Within Sweden, there are some differences by size and sector. For example, compared to the services sector, manufacturing firms are more likely to be finance constrained and less likely to be happy to rely on internal funds.

Base: All firms

Data derived from the financial constraint indicator and firms indicating main reason for not applying for external finance was 'happy to use internal finance/didn't need finance'

The x- and y-axes lines cross on the EU average for 2016
PROFILE OF FIRMS

CONTRIBUTION TO VALUE ADDED

In terms of the weighted size distribution, large firms in Sweden account for half of value-added (51%), similar to the EU average (50%).

The proportion of firms in Sweden that have increased their employment over the past three years is significantly higher than the proportion that have contracted (53% versus 19%).

Productivity of firms across Sweden is slightly higher than in the EU overall. The manufacturing sector has a relatively high share of firms in the highest productivity class.

EMPLOYMENT DYNAMICS IN LAST THREE YEARS

DISTRIBUTION OF FIRMS BY PRODUCTIVITY CLASS

Share of firms by productivity class (Total Factor Productivity). Productivity classes are defined on the basis of the entire EU sample.

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?

The charts reflects 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+. 
Investment Dynamics Over Time

Upward trend in investment has continued in 2016. As of 2016 investment expenditures exceeded the levels implied by pre-crisis trend.

Positive dynamics in investment have become even more broad-based and balanced in 2016 in terms of both institutional sectors and by asset classes.

Investment Dynamics by Institutional Sector

The graph shows the evolution of total Gross Fixed Capital Formation (in real terms) by institutional sector. The data has been indexed to equal 100 in 2008. Source: Eurostat.

Investment Dynamics by Asset Class

The graph shows the evolution of total Gross Fixed Capital Formation (in real terms) by asset class. The data has been indexed to equal 100 in 2008. Source: Eurostat.
EIB Group Survey on Investment and Investment Finance 2017 Country overview: Sweden

EIB 2017 – 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 Sweden so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

<table>
<thead>
<tr>
<th>EU vs Sweden</th>
<th>Manufacturing vs Construction</th>
<th>SME vs Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>(12338) : (476)</td>
<td>(151)</td>
<td>(95)</td>
</tr>
<tr>
<td>10% or 90%</td>
<td>1.1%</td>
<td>3.1%</td>
</tr>
<tr>
<td>30% or 70%</td>
<td>1.6%</td>
<td>4.8%</td>
</tr>
<tr>
<td>50%</td>
<td>1.8%</td>
<td>5.2%</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.
## EIB 2017 – COUNTRY TECHNICAL DETAILS

### BASE SIZES

<table>
<thead>
<tr>
<th>Base definition and page reference</th>
<th>EU 2016/2017</th>
<th>SE 2016/2017</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. 2, 3, 6, 7, 8, 11, 14</td>
<td>12483/12338</td>
<td>476/476</td>
<td>151</td>
<td>95</td>
<td>114</td>
<td>113</td>
<td>397</td>
<td>79</td>
</tr>
<tr>
<td>All firms (excluding don’t know/refused responses), p. 3</td>
<td>12159/12020</td>
<td>466/466</td>
<td>146</td>
<td>92</td>
<td>112</td>
<td>113</td>
<td>388</td>
<td>78</td>
</tr>
<tr>
<td>All firms (excluding don’t know/refused responses), p. 5</td>
<td>12071/12073</td>
<td>452/449</td>
<td>141</td>
<td>86</td>
<td>111</td>
<td>108</td>
<td>376</td>
<td>73</td>
</tr>
<tr>
<td>All firms who have invested in the last financial year (excluding don’t know/refused responses), p. 4</td>
<td>10060/10321</td>
<td>408/421</td>
<td>136</td>
<td>90</td>
<td>96</td>
<td>96</td>
<td>358</td>
<td>63</td>
</tr>
<tr>
<td>All firms who invested in the last financial year, p. 5</td>
<td>10881/10889</td>
<td>439/440</td>
<td>142</td>
<td>92</td>
<td>98</td>
<td>105</td>
<td>367</td>
<td>73</td>
</tr>
<tr>
<td>All firms (excluding ‘Company didn’t exist three years ago’ responses), p. 6</td>
<td>12453/12306</td>
<td>475/474</td>
<td>151</td>
<td>94</td>
<td>114</td>
<td>112</td>
<td>395</td>
<td>79</td>
</tr>
<tr>
<td>All firms (data not shown for those who said not an obstacle at all/don’t know/refused), p. 9</td>
<td>12483/12338</td>
<td>476/476</td>
<td>151</td>
<td>95</td>
<td>114</td>
<td>113</td>
<td>397</td>
<td>79</td>
</tr>
<tr>
<td>All firms who have invested in the last financial year (excluding don’t know/refused responses), p. 10</td>
<td>9093/9131</td>
<td>284/274</td>
<td>79</td>
<td>67</td>
<td>56</td>
<td>71</td>
<td>244</td>
<td>30</td>
</tr>
<tr>
<td>All firms (excluding don’t know, refused and missing responses), p. 14</td>
<td>12162/11513</td>
<td>464/449</td>
<td>143</td>
<td>89</td>
<td>107</td>
<td>107</td>
<td>373</td>
<td>76</td>
</tr>
</tbody>
</table>