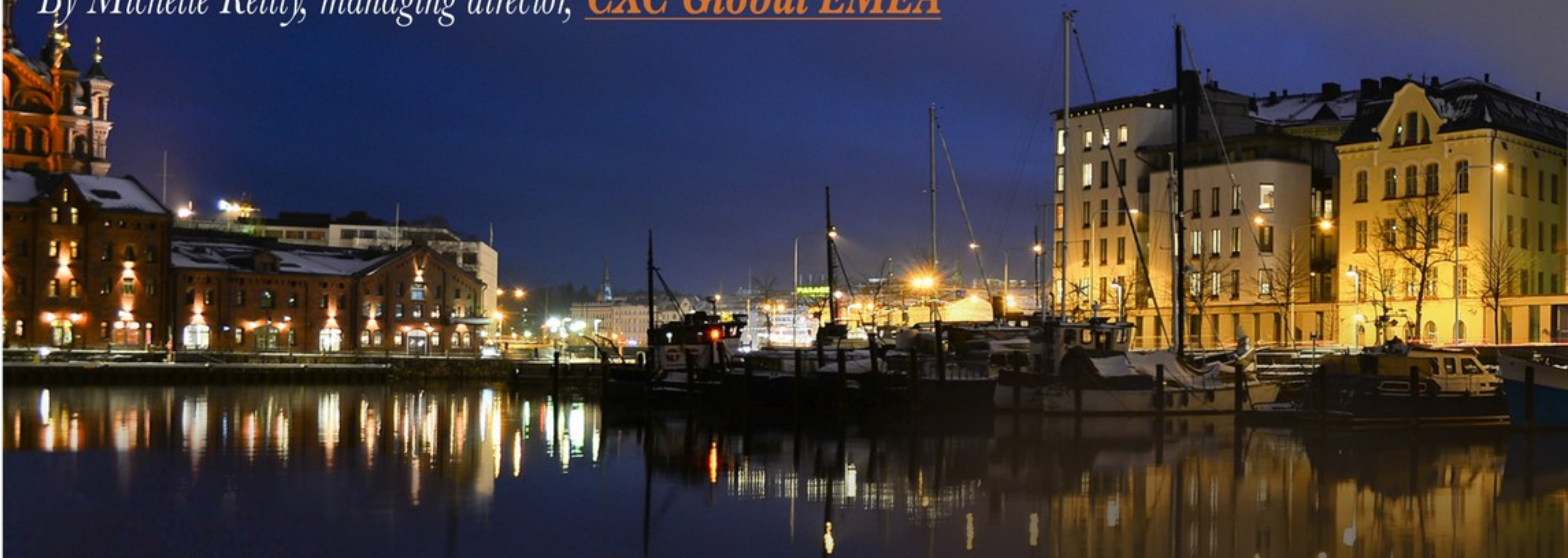


# Finland:

## Is it really the “sick man of Europe”?

By Michelle Reilly, managing director, [CXC Global EMEA](#)



Finland may not be the first location that springs to mind when considering overseas locations. It is probably the least well known of all the Scandinavian nations and its economy was labelled “the sick man of Europe” earlier this year by [BMI Research](#). But this does not mean to say that it is not a good place to do business, or to live and work.

Moreover, the “sick man” title is slightly misleading. While Finland has not performed particularly well economically over the last three years, it has managed to avoid a fourth consecutive year of decline. Although growth was not particularly impressive, it was an improvement on the challenging conditions of previously.

Two major factors have contributed to the downturn in Finland’s fortunes over recent years and, perhaps strangely, they are both linked to high tech company, Apple - at least in the country’s eyes.

Firstly, the paper industry was one of two pillars of the domestic economy and the increasingly widespread use of digital devices has had a significant impact on it. Although this situation is obviously not solely down to Apple, it has become the poster child for the industry’s decline.

Secondly, Finland’s one truly global business, Nokia, has proven unable to keep up the likes of Apple, Samsung, HTC and even BlackBerry. It may only be one organisation, but it is a big one.



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## International issues

According to independent research firm ETLA, Nokia’s “direct contribution accounts for 1/3 of [Finland’s] GDP [gross domestic product] decline and its shedding of employment, for 1/5 of the reduction of total employment between 2008 and 2014.”

Of course, Nokia is not just a telecoms firm. It also operates in other high tech fields, but they have been just as affected by the company’s dwindling fortunes too.

Although many Finnish people blame the country’s adoption of the Euro for the economy’s downturn, realistically it is unlikely that reverting to the Markka would suddenly lead to a boost in Nokia rather than iPhone sales or encourage people to go back to reading paper-based books and newspapers.

But the country’s situation has also not been helped by the socio-political situation in Russia. Historically Finland exported the majority of ▶



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its products to its Eastern neighbour. But Russian retaliation against Western sanctions meant a number of organisations felt the impact, losing significant amounts of revenue in the process.

It is not all doom and gloom though. Finland is currently Europe’s eighth largest economy and its GDP per capita ranks ahead of France and Germany, two considerably larger countries.

## Pros and cons

A number of its businesses continue to perform well on the global stage, not least dairy producer, Valio, which has recovered somewhat from the initial shock of Russian sanctions. Rovio, which produces the ‘Angry Birds’ video game series, and Kone which builds lifts and escalators and has a significant global presence, are another couple of examples.

In fact, Finland’s chemicals, IT, finance and construction industries are all suffering major talent shortages and regularly recruit from overseas to plug their skills gaps. But why is this the case?

One factor is the ageing population, which means that the country has fewer professionals of working age than elsewhere. The Finnish birth rate has fallen for a number of decades and consequently state spending levels are very high – as are taxation levels to try and counteract the effects of these trends.

As an EU state, it is relatively simple to operate in Finland, but employees must remember to register at a local police station if they are in the country to work for any length of time. There are also few roles that do not require at least some knowledge of Finnish so learning the language is vital.

The tax system can be complex, which means that it might be beneficial for organisations to partner with a local specialist in order to navigate it. Flexible working is more prevalent here than elsewhere in other European countries. But like other Scandinavian countries, the cost of living is very high and can come as a shock to the unprepared. ■

## FINNISH PAYROLL

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Michelle has more than 18 years unrivalled experience of managing compliant contingent workforce solutions in more than 50 countries. She joined **CXC Global**, a leading provider of contractor and workforce management services, in 2009 to set up its operations in Europe, the Middle East and Africa (EMEA) and is currently CXC Global EMEA’s chief executive.