

Hannu Seristö • jean monnet Professor • Helsinki School of Economics and Business Administration

EU Membership's Impact on Business in a New Member Country – Experiences of Finnish Firms

Europe is very important for Finnish firms; more than half of exports from Finland go to the European Union and some 60 per cent of Finnish foreign investments are into EU member countries. The Finnish membership in the European Union since 1995 poses various changes in the operating environment of firms in the new member country. This study set out to determine the key areas of change and the possible measures by firms and authorities to facilitate the transfer into the changed operating environment.

Through a survey with 184 Finnish responding firms – representing both manufacturing and service firms with international operations – this study found that after some three years of membership the experiences have been mainly positive. Much thanks to early preparations and sufficient support from the national government and the EU firms have had a fairly good picture of the changes to come. New membership of a country appears to spell opportunities, challenges and problems of strategic and tactical level for firms. Conducting business with partners within the EU has become easier; nearly all firms appreciate the fact that there are less barriers and bureaucracy, and some larger firms appreciate the better access to public procurement markets abroad. Firms appreciate the improved country image of Finland due to the membership, but the EU legislation is often seen as a new burden. As to the needs of firms in the new situation, training in legal issues and in Continental languages stand out.

For smaller firms the challenges seem to be more in the tactical level issues where mere training would be of great help. The larger the firm, the more on the strategic level the challenges; meeting the challenges is then more of an executive capacity and recruitment issue.

Pointing out the critical elements, such as training and securing management capacity, for managing the change into a new operating environment, the lessons from the Finnish experience may give useful ideas to managers and authorities in the Central and Eastern European countries aspiring to become EU members in the future.