

Summary: Rapporteur Elina Björklund's final report on reforming Team Finland's foreign functions

This report supports the implementation of Team Finland international operations renewal. In 2024, the ministerial working group on employment and entrepreneurship decided on integrating the foreign functions of Business Finland (BF) into the Foreign Service. An external rapporteur, Elina Björklund, and a working group appointed to support her have assessed the implementation model for this integration as well as its legal, administrative and cost-related aspects. The report puts forward two integration models: 1) a limited liability company model and 2) direct integration into the structures of the Ministry for Foreign Affairs.

The report finds that there are no obstacles to either of the integration models in terms of legal aspects and no major differences in direct cost impacts. The choice of integration model should therefore be guided by response to the key objectives of the reform: to improve the efficiency and impact of the activities, to provide companies with a clearer and more uniform service path and improved services for internationalisation and exports, to strengthen the links between international trade and policy, and to step up collaboration with business and industry. The short-term objectives are to ensure an uninterrupted customer path and, in particular, to spark the motivation and commitment of Business Finland personnel to get on board with the change, as they have been facing an unclear situation for more than a year.

The rapporteur proposes the **limited liability company model** as the implementation method for integration, finding its advantages to include greater agility, flexibility, customer orientation as well as efficient service development and management. The model would additionally ensure continuity for the personnel. This type of model is also widely used in the peer countries examined.

The report proposes that the company to be established, provisionally named Export Finland, would be 100% owned by the State and under the ownership steering of the Ministry for Foreign Affairs. A strong operational central unit – the engine room – would be responsible for service development, coordination and digitalisation and for sales and marketing to enterprises. Export promotion resources abroad would, as a general rule, be employed by the limited liability company but would operate under the direct guidance of the ambassador. Embassy and company personnel would operate as a single team and, where possible, on the same premises. Personnel of the company and of the Ministry would also collaborate closely in Finland, even on the same premises, regardless of who pays their wages and salaries.

No significant differences were found between the **cost impacts** of the models over the short term, according to the working group's analysis. Over the medium term, the net cost effect of a solution will be determined essentially by capability to develop additional chargeable services, to create partnership models with private and public sector actors and to adopt agile digitalisation.

Based on the investigations conducted, both integration models are feasible as regards **legal aspects**. The limited liability company model is regarded to benefit from certain flexibility and agility, as companies operate under lighter regulation compared with official activities. If, as proposed, chargeable services will be introduced, competitive neutrality requirements should be taken into account.

The transfer of the foreign functions of Business Finland into the Foreign Service should follow the **principles of transfer of business**, with the rights and obligations relating to contractual employment relationships transferring to the new employer. In certain BF operating countries, national legislation does not recognise transfer of business, in which case these must be addressed separately regardless of the integration method chosen.

The reform will move the leadership and management interface between the two ministries from abroad to Finland. For this reason, it has been identified as essential for the reform to **describe the interfaces between the actors in the Finnish end and to have precise definitions of the roles, responsibilities and process ownerships**.

The rapporteur proposes that, in the integration model featuring a limited liability company, process responsibility for traditional export promotion, that is, the **Team Finland customer path**, would transfer to the Foreign Service. The network actors would be responsible for service provision, but there would be a single coordinator of the activities and development of the service path. According to the proposal, also the domestic internationalization functions of Business Finland would be transferred to the new limited liability company focusing only on export promotion. At the same time, Business Finland would remain responsible for ecosystemic export promotion of innovations and innovation cooperation as well as for promotion functions, that is, attracting tourists, talent and investments. The proposal regards data-driven management, enhanced performance measurement of activities, and CRM as a tool as key to the upcoming modern network management structure.

As regards leadership and management, the rapporteur also proposes that the **strategic guidance of export promotion** be carried out by the Team Finland Executive Group which, going forward, would be chaired by the Ministry of Economic Affairs and Employment and the Ministry for Foreign Affairs in alternate years. Outlined by the Executive Group, the Team Finland strategy will determine matters including the priority markets and focus sectors of export promotion, and the Executive Group will decide on resource priorities within the budgetary framework provided. The commitment of business and industry and their voices being heard will play a key role. Inclusion in leadership and management would, in the limited liability company-based integration model, take place through an advisory board and, as recommended, also through the board of directors of the new company.

Direct **operational management** will take place from the regional departments of the Ministry for Foreign Affairs to the Finnish missions abroad. The ambassador will be the immediate superior of the leader of the so-called Trade Team, but expert leadership would be carried out in

the matrix by the engine room developing and managing the service business. A matrix structure is a model used widely in peer countries and in decentralised global service models in general. Expert leadership of the Trade Team's Invest in Finland, Visit Finland, Work in Finland and innovation specialists would, in the proposal, take place from the respective central units of BF. Leadership would be based on the same model as is currently applied to specialists posted by other ministries who are based at embassies.

In Export Finland, the role of the engine room located in Finland would be **management supporting operating activities**. In the limited liability company model, other domestic export promotion or internationalization resources would also be concentrated in this strong engine room. Global virtual teams are part of the current export promotion management system, and it is regarded as important to maintain them in the future, too. The proposal assigns the engine room with the responsibility for coordinating the global virtual sectoral and other project teams. In the direct integration model, in turn, strategic service development, performance measurement, training and coordination would take place in the Business Services unit of the Department for International Trade of the Ministry for Foreign Affairs. Other support functions would be handled by respective departments of the ministry. In this model, other internationalization resources would remain with Business Finland.

The rapporteur proposes that responsibility for the **regional coordination of Team Finland work abroad** be assigned to the leader of the Trade Team with the strongest resources in the region, who will discuss the use of country-specific resources with the ambassadors in the region. This would not be an organisational structure but, instead, an operating model to increase the efficiency and smoothness of day-to-day work. Strategic-level regional Team Finland guidance would be carried out by the regional departments of the Ministry for Foreign Affairs.

The rapporteur also calls for **raised ambition in export promotion**, which would be reflected in the expansion of the service selection. The service selection could be improved by developing new paid supplementary services and introducing stronger models for partnership with private sector actors.