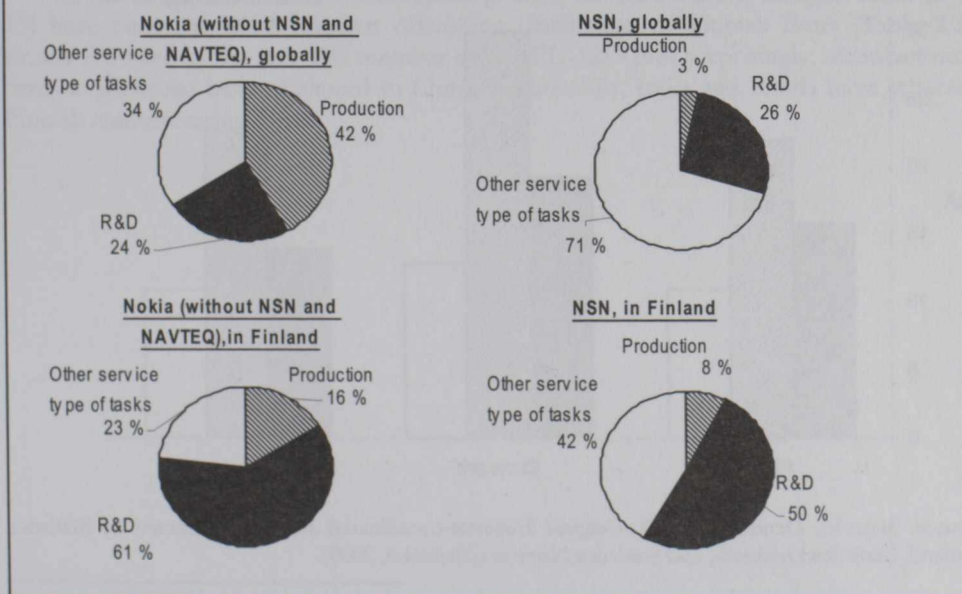


Nokia's supplier network in Finland has drastically changed in the 2000s (Seppälä, 2010). Finnish manufacturing suppliers have lost most of their positions to competitors. Some of these firms were acquired by Asian companies that sought new technological competencies and/or new customers. The Finnish suppliers that remain have offshored their manufacturing operations (e.g., *Salcomp*). In non-manufacturing tasks, such as those in software development, *Nokia* continues to have an extensive subcontractor and partner network in Finland.

Even if *Nokia* is still classified as a manufacturing company by Statistics Finland, only a minority of its employees works in "pure" production (Box 1 Figure 2): in the parent company (*Nokia* without *Nokia Siemens Networks* (NSN) and *Navteq*, its US-based digital maps and navigation arm), roughly 40% of employees work directly in production. In NSN, the corresponding share is only 3% (SEC, 2008). Whereas NSN has a significant number of employees in delivery execution, logistics, global procurement, and other tasks related to manufacturing, the great majority of employees are working on R&D, sales and marketing, and other service types of tasks. The figure also illustrates the central role the Finland has in Nokia's global R&D.

Box 1. Figure 2. The employment of Nokia and NSN by tasks (2008) globally and in Finland



employment. For Finland and Sweden, the corresponding figures are 19% and 25%, respectively.<sup>1</sup> In addition to resulting from openness of these countries, these high shares are attributable to the high employment shares of larger companies (Braunerhjelm et al., 2010).

<sup>1</sup> Sources: Statistics Finland, Statistics Sweden, and Statistics Denmark; the authors' calculations.