

Conclusions and recommendations of the National Audit Office

Effectiveness of the public business service system

The audit assessed the organisation of the business service system, the prerequisites for its effective operation, the cooperation of the actors, and the steering of business services. The main business service providers audited were Business Finland, Finnvera, Centres for Economic Development, Transport and the Environment (ELY Centres), TE Offices, and the Team Finland Export Promotion Unit of the Ministry for Foreign Affairs. The responsibility for steering the service system lies primarily with the Ministry of Economic Affairs and Employment. The audit examined whether the service system has shortcomings and how its operations could possibly be improved.

Employment and entrepreneurship policy supports competence development of the labour force, start-up businesses, business growth, and internationalisation. It also combats unemployment and labour market mismatch problems. Public business services form a whole but not a fully coordinated system with clear steering relationships or completely aligned objectives among the actors.

A large number of services are available, but customers are not familiar with them

The availability of public business services and the service offering are, in general, at a good level. The audit found no significant shortcomings in the service offering.

However, companies operating in different regions are not in an equal position, as there are regional differences in the service offering. In Uusimaa, in particular, there are too few public business services available to meet the needs. The public business service system is fragmented, complex and difficult to access, especially for companies with poor knowledge of the system. The fragmentation of the business service system poses a challenge, particularly to the objective of promoting the growth of SMEs. The fragmentation is mainly due to the large number of actors, services, and forms of support. The roles of the different actors are not fully clear to the service users. The complexity of the system increases the administrative work of the service providers, which takes resources away from activities generating more customer value.

Various measures have been taken to make the set of public business services clearer for companies, as the complexity of the system and the lack of customer orientation have been known for several years. The measures have included creating digital services, building service packages and paths, and promoting cooperation and exchange of information between the organisations providing business services. However, the service system has often been developed

primarily from the perspective of public administration without being simplified to any significant degree.

The effectiveness, productivity, and economic efficiency of public business services cannot be assessed

Various quantitative short-term objectives and related indicators have been set for public business services. In view of steering, the indicators do not give an accurate or sufficient picture of the cost-effectiveness of the service system.

The audit revealed that it is not possible to define accurately the working hours used by ELY Centres and TE Offices for public enterprise services, as it is not possible to distinguish between the working hours used for employment services and those used for business services. There is thus no information on the costs of the business services. Therefore, it is not possible to assess the economic efficiency and productivity of the service provision.

The information systems could better support the cooperation between different actors

There is a lot of cooperation and exchange of information between the different actors in the business service system. The actors find network-based cooperation a good way to promote the effectiveness of the system. In addition to networks, efforts have been made to promote the effectiveness of the system by developing both the exchange of information between the actors and the shared information systems. Progress has been made, but the complexity of the system makes it difficult to manage. This is a problem that has not been solved.

The information systems do not support cooperation between the actors in the best possible manner. The central government actors in business services have a shared customer relationship management system, KasvuCRM. However, there are problems with the usability of the system as well as with the usability of information. Regardless of this, the actors consider KasvuCRM to be an important steering means for promoting cooperation between different organisations.

Steering the current service system is quite challenging

Due to the complexity of the current service system and the large number of actors involved, it is difficult to steer the public business services as a whole. The steering is organisation-specific, and coordination of the whole system is limited. The number of actors to be steered is large, and some of them operate at national level, some at regional level. There is also overlap in the division of labour between the different actors. The system and its steering are also complicated by other than central government actors. Based on the audit, the basic problem with the

overall steering of the business service system is the complexity of the system and the large number of actors involved. Measures that are targeted at only one part of the service system do not solve the operational and steerability challenges arising from the basic problem. The overall steering of the service system could probably be improved by simplifying the system.

The public business service system is developed at service or organisation level rather than being developed as a whole, taking into account the impact of different changes on the whole. The development of the business service system on a service-by-service basis will easily increase the complexity of the service system, making it more difficult to manage and steer.

The TE Services 2024 reform does not take business services sufficiently into account

In the audit, observations were also made on the TE Services 2024 reform, which is under preparation. The reform focuses mainly on employment services, while business services have not been taken into account sufficiently in its preparation. This may be explained by the fact that the responsibility for the business services provided by the ELY Centres will not be transferred to municipalities. The reform would change the division of responsibilities, which could complicate the exchange of information and cooperation between the different actors in the service system. As a result of the TE Services 2024 reform, the possibilities of the Ministry of Economic Affairs and Employment to steer the service system seem to weaken further. If the coordination of the services becomes more difficult as a result of the reform, this may lead to variations in the service quality and content. It may also lead to differences in the services provided in different regions, as service-related decisions will be made more often at municipal level.

Recommendations of the National Audit Office

1. The Ministry of Economic Affairs and Employment should, in cooperation with the Ministry for Foreign Affairs, clarify the business service system. The division of labour between the ministries should be specified, and the roles of the organisations providing services should be clarified. When clarifying the system, the ministries should ensure the predictability and continuity of services, which are important to businesses.
2. The Ministry of Economic Affairs and Employment should develop such operational indicators that better support the effectiveness of the system consisting of different actors.
3. The Ministry of Economic Affairs and Employment should develop the usability of the customer information systems to harmonise the exchange of information between different actors and improve the quality and usability of customer information.

4. The Ministry of Economic Affairs and Employment should streamline the steering in such a manner, for example, that the steering of the service system in the Ministry of Economic Affairs and Employment is concentrated in one department.