

**BUSINESS
FINLAND**

Innovation and Growth Research 2025



THEMES 2025 - RDI, RENEWAL AND INDUSTRIAL POLICIES

Themes (Pick one of these research fields):

- I. Leveraging R&D Expenditures to 4 %
- II. Renewing Finnish Businesses
- III. Return of Industrial Policies
- IV. Innovation and growth policy tools

I. LEVERAGING R&D EXPENDITURES TO 4 %

Over the next few years, Finland will double public R&D funding to raise total public and private R&D investment to 4% of GDP by 2030. This policy addresses over a decade of slow growth and low productivity, particularly in services, and aims to boost Finland's export competitiveness by attracting foreign talent and investments. Reaching the 4 % target will require substantial growth in private-sector R&D, whether from existing or new companies. Meanwhile, geopolitical tensions and an increasingly complex environment create added uncertainties. Some potential research themes in this context might include:

- To reach this goal, all private-sector potential must be tapped. Currently, public R&D funding focuses on R&D- and export-oriented companies, while other company types remain underutilized. Which new types of companies and actors should be targeted, and how can we leverage new approaches for greater impact?
- When there is a shortage of innovators and RDI employees, how to secure the best reallocation of work in Finland? How to make the Finnish RDI sector more productive?
- Research shows R&D funding generates valuable knowledge spillovers, boosting growth and productivity. What efficient methods could Finland adopt to nurture and monitor these spillovers, and can we learn from best practices elsewhere?
- Finally, how might the shortage of foreign talent and investment limit private R&D growth, and what short- and medium-term solutions could help address this bottleneck?

It may be possible to link projects within this theme to the OECD Mariad project 2025-26: Public support for research and innovation: measuring directionality and impacts.

Innovation and growth policy tools. What are the best policy approaches and funding instruments to ensure that public R&D investments effectively drive company R&D towards the 4% target? How should public funds be targeted to maximize growth and productivity in Finland? There are plenty of companies and other actors in Finland, which have not been targeted by public R&D funding. What is the potential of the Finnish RDI sector and how could current public RDI system facilitate these companies and actors?

II. RENEWING FINNISH BUSINESSES

Creative destruction refers to the process whereby high growth companies replace those with poorer performance. It is found that this process has been sluggish in Finland. Factors include underutilization of intangible capital—such as digital tools, services, and modern business models—and lagging public R&D investment in the private sector compared to competitors. New ideas and product market fit will increase the dynamics and the gap between high-productivity and less-productive companies within and between industries. This requires new business models and especially willingness to renew of strategies inside companies. We need deeper insights into how intangible assets contribute to business renewal beyond the macroeconomic perspective. Some potential research themes in this context include:

- What have been the rate and impacts of creative destruction across sectors in Finland, and can new empirical approaches reveal sector-specific bottlenecks and opportunities?
- What role do different types of intangible capital, beyond R&D, play in business renewal? How do intangible and tangible assets interact to drive company productivity and economic renewal, and how might public R&D funding strengthen these links?
- Business renewal also depends on a supportive innovation environment. What are the main enablers and bottlenecks in Finland's innovation landscape, and how should policy—nationally and at the EU level—support business renewal?
- Lastly, Finland's economic sentiment is currently subdued. What is the outlook across different companies, especially startups, for investing in R&D and growth, and how might this be improved? What role could startups play in renewing business?

Innovation and growth policy tools. What is a role of policy interventions in renewing especially innovative industrial and service companies and sectors? How can these policy tools help innovativeness and renewal and in the Finnish economy?

III. RETURN OF INDUSTRIAL POLICIES

Geopolitical tensions are reshaping market competition, industries, and companies. As economic blocs form and nations turn inward to protect their interests, protectionist policies—such as large subsidies—are becoming increasingly common through the resurrection of industrial policies. For a small, open, and resource-constrained economy like Finland, these trends pose challenges, as growth depends on innovation, free markets, and trade. Major players like the EU, USA, and China are raising trade barriers, requiring Finland to safeguard its position in the global economy. Some potential research themes in this context include:

- How are these developments reshaping international competition, value chains, and Finland's ability to attract foreign investment?
- What are the long-term implications for emerging technologies, particularly in areas where Finland has strengths?
- How can Finland compete as large subsidies and defense spending risk crowding out R&D investments at the EU level and beyond?
- How will these trends impact the green transition—will sustainability be sidelined in favor of defense and dual-use priorities?

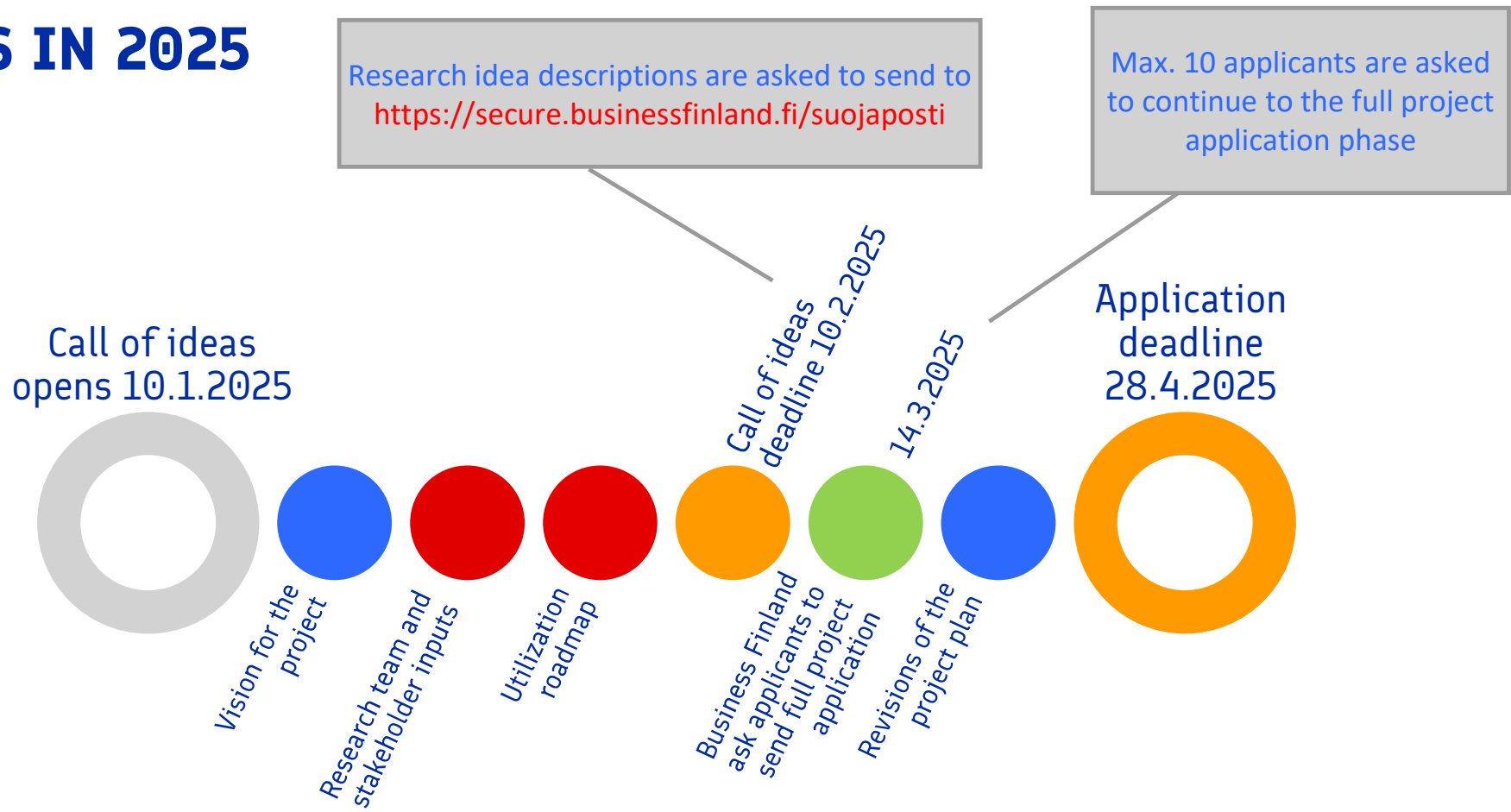
In this theme foresight-oriented approaches are especially valuable, including new approaches to broad stakeholder engagement in the projects.

Innovation and growth policy tools. What kind of new tools might small open countries such as Finland need to succeed in this environment? How Finnish innovation environment should prepare by performing in the EU's business subsidy competition and other barriers to trade actions?

ALSO NOTE THESE CROSS-CUTTING THEMES!

Innovation and growth research also aims to support policy-making and the development of new approaches to monitor and evaluate policy interventions. Applications that formulate sharp, topical and relevant policy-related research questions and approaches are particularly welcomed. We also encourage smart and responsible use of new data gathering and analytical approaches, e.g. related to big data and AI.

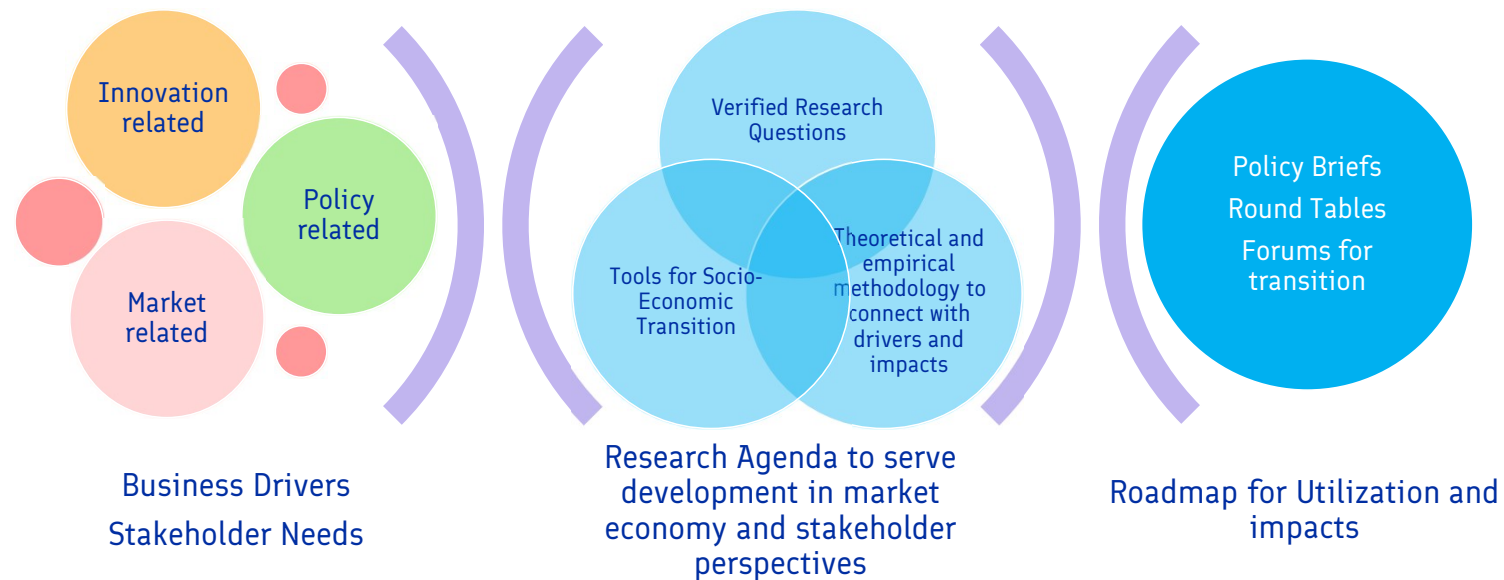
STEPS IN 2025



Elements of Utilization Roadmap

Research questions, methods and delivery must be innovation, market, and policy driven

The utilization plan should describe, e.g. with a timeline, how to cooperate with policy developers and policy makers already during the project (e.g. workshops or round table discussions) and what results can be expected (e.g. policy briefs and publications)



WHAT WILL BE NEEDED FOR CALL OF IDEAS – EVALUATION CRITERIA

Prepare an Idea description document on your research idea. The Idea description must consist of three parts described below. Send **one PDF document** including all three parts to <https://secure.businessfinland.fi/suojaposti> (deadline 10.2.2025, 23:59).

1. Idea description: Abstract and description of the project (max two A4 pages)
 - Weight **50 %** in evaluation. Evaluation criteria: novelty and relevance of the research idea, concrete implementation and methodology
2. Utilization (max one A4 page)
 - It is important to describe how to cooperate with policy developers and makers as well as other stakeholders
 - Weight **20 %** in evaluation. Evaluation criteria: versatility and adaptability to its purpose.
3. Team description, international collaboration, preliminary funding plan and composition of the steering group (max one A4 page)
 - Weight **30 %** in evaluation. Evaluation criteria: quality, credibility and interdisciplinary of research team, scale and scope of international collaboration, composition of the steering group considering the objectives of the research proposal.

Business Finland asks (14th of March 2025) max. 10 research ideas to send full project application in 28th of April 2025. Out of these, max 7 ideas can be funded.

WHAT WILL BE NEEDED FOR FULL PROJECT APPLICATION?

After the research idea phase, max. 10 applicants are asked to continue to the full project application phase. Compile a full application (including project plan max. 15 pages) **in case that Business Finland support it** by using our online service: <https://www.businessfinland.fi/suomalaisille-asiakkaille/asiointipalvelu/>

1. Description of planned work

- work packages
- research team
- project schedule

2. Stakeholders and funding plan

- Description of supplementing funding (by other stakeholders)
- Stakeholder commitments (preliminary indications for commitment)
- Utilization roadmap
- Composition of steering group

Note: Contents of the idea gathering should equal with the final project plan (and evaluation frame)

Commitment for external funding and international experts: https://www.businessfinland.fi/globalassets/finnish-customers/01-funding/08-guidelines--terms/forms/ilmoitus_projektiin_osallistumisesta__notification_of_participation_in_project.docx

EVALUATION FRAME - WHAT WILL BE APPRECIATED IN THE EVALUATION OF THE FULL APPLICATIONS?

1. Impact and Relevance (50 %)

- 1.1 Relevance to the call themes as well as innovation and growth policy
- 1.2 Quality and credibility of the research plan
- 1.3 Quality and credibility of the utilization roadmap with the stakeholders

2. International collaboration (20 %)

- 2.1 Quality and volume of international collaboration (top research groups and stakeholders) *(1) international joint activity; 2) commitment to take part to the project by international experts*

3. Research team (30 %)

- 3.1 Resources and knowledge of research team
- 3.2 Multidisciplinary approach

IMPACT STEPS FOR INNOVATION RESEARCH CALL

Inputs

- R&D and innovation funding
- Top-skilled and internationally oriented research work
- Competence base sourced from innovation environment actors, Business Finland's strategy and impact assessment

Innovation research / Project activities

Project activities / funding criteria

- Challenge-based research agenda, which develops new methodologies for stakeholders
- Utilization roadmaps with system level impact
- Team CVs for credibility and development of research groups
- Policy Briefs for creating basis for dialogue between stakeholder groups
- Round Table Discussions for supporting the dialogue
- Transition Arenas for creating new innovation activities

Outputs / direct and indirect results in Finland

Project activities

- The quantity and quality of innovation research increase and meets the global context
- New innovation policy tools are established based on strong impact analysis
- Exchange of know-how between research sector, innovation policy actors and companies is enhanced to support renewal of businesses
- Finnish innovation environment's capabilities to catalyze emergence of new growth increases

Impacts

- Radical innovations and new business models renew economic structure
- Sustainable growth of companies and the economy – What are the driving forces of new economic growth?
- New tools for companies to improve resilience
- Public and private RDI funding and activities generate overall increase in capabilities, productivity and sustainability