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EXPERT INTERVIEWS IN SOUTHWEST FINLAND -

Results and analysis of the intersectoral expert interviews in the field of logistics and ICT

Matti Takalokastari,
Matias Suhonen,
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Hilja-Maria Happonen

Rehtorinpellonkatu 3, FI-20500 TURKU, Finland

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EXECUTIVE SUMMARY

This study is a part of the LogOn Baltic project. The LogOn Baltic project was approved within the Baltic Sea Region (BSR) INTERREG III B Neighbourhood Programme, which is sponsored by the European Regional Development Fund (ERDF), as part of the Structural Funds, and co-financed by national project partners.

The purpose of LogOn Baltic is to present solutions to improve the interplay between logistics and ICT competence and spatial planning and strengthening Small and Medium sized Enterprises (SMEs) competitiveness in the BSR.

One of the main methodologies used within the LogOn Baltic project are expert interviews. In this research, 11 companies and institutions were interviewed.

The interviews conducted show that importance of logistics is expected to increase in the future. Other trends that were mentioned were increase in container traffic and intermodal transports, outsourcing both logistics and ICT and centralizing warehouses. The interviewed experts were generally not satisfied with road and railroad infrastructure in the region. Issues such as low bogey mass on Turku–Toijala track and the slow progress on building new highways are considered to have a negative effect on the development of the region.

Long sea route through Turku archipelago with high pilotage fees is considered to negatively affect the ports in the region, pilotage fee situation may also distort competition between ports. Ports in general work well and are considered important.

Interviewees were mostly unable to define important issues related to ICT matters. The general view was that ICT infrastructure in the region is working well and no acute development needs can be seen at the moment.

TIIVISTELMÄ

Tämä tutkimus on osa LogOn Baltic -projektia. LogOn Baltic -projekti on hyväksytty Baltic Sea Region (BSR) INTERREG III B kumppanuusohjelmaan, jota rahoittaa Euroopan aluekehitysrahasto (ERDF). Projektin tarkoituksena on tuottaa ratkaisuja logistiikka- ja ICT-osaamisen yhdistämiseen, alueellisen suunnitteluun ja pienten ja keskisuurten yritysten kilpailukyvyn parantamiseen Itämeren alueella. Yksi projektin tärkeimmistä tutkimusmetodeista on asiantuntijahaastattelut. Tässä tutkimuksessa haastateltiin 11 asiantuntijaa.

Suoritetut haastattelut osoittavat, että logistiikan merkityksen odotetaan kasvavan lähitulevaisuudessa. Muita esille tulleita kehityssuuntia olivat konttiliikenteen ja yhdistettyjen kuljetusten kasvu, logistiikan että ICT-toimintojen ulkoistaminen, sekä varastojen keskittäminen.

Haastatellut asiantuntijat eivät olleet tyytyväisiä alueen maantie- ja rautatieinfrastruktuuriin. Ongelmien, kuten matalan akselipainon Turku–Toijala-radalla, sekä uusien moottoriteiden rakentamisen hitauden, katsotaan haittaavan alueen kehitystä.

Pitkän meriväylän Turun saaristossa sekä korkeiden väylä- ja luotsausmaksujen nähdään vaikuttavan alueen satamien kehitykseen haitallisesti. Väylä- ja luotsausmaksutilanne saattaa myös vääristää kilpailua satamien välillä. Yleisesti ottaen, satamat toimivat hyvin ja niitä pidetään alueen kannalta tärkeinä.

Useimmat haastateltavat eivät pystyneet mainitsemaan merkittäviä ongelmia ICT-asioihin liittyen. Yleinen näkemys oli, että ICT-infrastruktuuri alueella toimii hyvin eikä kiireellisiä kehitystarpeita ole näkyvissä.

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1 INTRODUCTION

1.1 Project introduction – LogOn Baltic

The LogOn Baltic project was approved within the Baltic Sea Region (BSR) INTERREG III B Neighbourhood Programme, which is sponsored by the European Regional Development Fund (ERDF), as part of the Structural Funds, and co-financed by national project partners.

The purpose of LogOn Baltic is to present solutions to improve the interplay between logistics and Information and Communication Technologies (ICT) competence and spatial planning and strengthening Small and Medium-sized Enterprises (SMEs) competitiveness in the BSR. This is primarily done by the production and dissemination of information for regional development agencies on how to support enterprises in the participating regions in the field of ICT and logistics, thus improving regional development.

The following regions are participating in the project:

- South-West Finland
- Östergötland (Sweden)
- Denmark
- Southern Metropolitan Region of Hamburg (Germany)
- West-Mecklenburg (Germany)
- North-East Poland
- Lithuania
- Latvia
- Estonia
- St. Petersburg (Russia)

LogOn Baltic provides an overview of logistics efficiency and logistics information systems and their exploitation, in order to improve the interaction between SMEs and other public/private actors.

On the one hand, the empirical activities of LogOn Baltic compare the existing logistics services and infrastructure with the logistics needs in the participating regions, making it possible to develop perspectives and action plans for strengthening the logistics competence in the

regions. On the other hand it describes the existing ICT infrastructure and services, revealing up to what extent they meet with the companies' needs for further development. In this way, LogOn Baltic focuses on:

a. identifying development agencies and evaluating their performance in each region
b. evaluating the level of logistics and ICT efficiency
c. suggesting concrete actions for regional and local public sector bodies

Data are gathered in each participating region using four tools, Development Measure Impact Analysis (DEMIA), Logistics survey, ICT survey and Expert Interviews; each of these is presented in a separate report. These results together with secondary data is presented in a regional report, that will describe the state of affairs in the region, with recommendations on what and how the region needs to develop. The regional reports are used as a basis for making an interregional comparison which is reported in an inter-regional report. All reports are available on the project homepage, www.logonbaltic.info.

1.2 Regional partner introduction

The regional partners in Finland are:

- Turku School of Economics (Lead Partner)
- Development Centre of Salo Region
- ICT Turku Ltd
- Loimaa Regional Development Centre
- Pilot Turku Ltd
- Regional Council of Southwest Finland
- TEDIM Telematics, Education, Development and Information Management
- Turku Region Development Centre
- University of Turku, Department of Geography

Turku School of Economics (TSE) is a public university in the field of business science. Project management is with the TSEBA Logistics (staff of 15), with extensive research and policy-making experience. Other contributing units comprise SME Institute, Pan-European Institute specialising in Russian markets & Finland Futures Research Centre, researching alternative futures and related challenges/opportunities in policy making, incl. regional planning

foresight studies. TSE Project Unit has worked in over 100 EU co-funded projects.

Development Centre of Salo Region is an organisation owned by 11 municipalities. It provides regional development and co-operation related services for its owners. It consists of units of regional development, enterprise services and municipality services. It benefits from the project through information on possibilities to develop logistics and ICT competence in the region with a strong telecommunications industry cluster. It serves as dissemination and data collection channel with local businesses. Logistics-related spatial planning is one of its current key priorities

ICT Turku Ltd. is part of Turku Science Park and a cluster focused on information and communications technology. The goal of ICT Turku is to develop the ICT cluster in Southwest Finland into an internationally successful entity of actors. The goal of ICT Turku is perfectly in line with the project objectives. It has a network comprised of more than 1400 companies and units of the ICT field which will be used as dissemination and data collection channel. ICT Turku has participated in Interreg II C projects E-18 co-operation and Baltic Palette.

Loimaa Regional Development Centre is a business service unit owned by 10 municipalities. It works with regional development and aims at enhancing preconditions for a diverse business environment. It gets rigorous information about the possibilities to develop logistics and ICT competence in the semi-rural region and serves as dissemination and data collection channel to the local businesses. Logistics-related spatial planning is one of its current key priorities.

Pilot Turku Ltd is a development company owned by the City of Turku. It focuses on promoting the international logistics operations in the Turku Region. The purpose of the organisation is to provide the customers with a single service channel for contacting all decision-makers and actors, thus lowering the thresholds of language, culture and bureaucracy. Pilot Turku provides its logistics competence and contacts to the project. It also serves as a dissemination channel and data collection channel to the local businesses. They have previously participated in Interreg projects NeLoC and InLoC.

Regional Council of Southwest Finland is a joint municipal authority which functions in accordance with the principles of municipal self-government, operating as the authority on regional development as well as the region's planning and lobbying organisation. In LogOn Baltic especially Regional Council's knowledge on the regional spatial

planning will be an essential part. The Council also is a direct connection to other local authorities and policy makers. At the moment they are hosting the South Finland Coastal Zone Interreg IIIA Programme.

TEDIM is a joint organ of the Ministries of Transport around the Baltic Sea. It is a development forum for (i) logistics co-operation between the EU and Russia, as well as between the EU Member States, (ii) dissemination of best practices in transport and logistics and (iii) use of telematics in transport and logistics. A hallmark of TEDIM projects is a unique co-operation between private and public sector. TEDIM joins as an advisory partner with the main task to reach out to all Ministries of Transport in the BSR with LogOn Baltic results.

Turku Region Development Centre is a public development organisation comprising 18 municipalities in Southwest Finland. TAD Centre's main objective is to create an environment that promotes dynamic enterprise activities in Turku region and to co-ordinate business policies in the region. TAD Centre participates and co-ordinates strategic development projects to support and create the growth in the region, incl. many logistics and ICT projects. TAD Centre has been a partner in several EU projects, including Interreg project the Baltic Business Network and ESR project HighTech Way.

Department of Geography at University of Turku brings research competence on regional planning and GIS-analysis into the project. The Department's extensive applied research provides society with specific regional knowledge to fulfil the needs of planning and decision-making. Urban geography is one of the strongest fields of research, including different research programmes of future urban developments and urban renewal processes, so this is an opportunity to exploit the knowledge in practice.

1.3 Expert interview introduction

Some of the main methodologies used within the LogOn Baltic project are expert interviews and empirical web-based surveys based on a large number of respondents. While the surveys mainly focus on the current status and needs of the logistics community and allow for a quantitative analysis, the expert interviews mainly follow a qualitative approach. The aim is to investigate regional strengths and weaknesses with respect to logistics and ICT. Nevertheless, expectations and future

visions of different kinds of institutions and companies are to be determined as well.

The willingness to answer questions in a greater depth and in an open discussion can only be achieved by personal and individual conversations with selected interview partners. Furthermore, it is not only the aim to analyse the current situation but also the background and causes which lead to this situation as well as to give recommendations and to determine future trends of regional development. Thus, the complexity and multifariousness of the research questions require personal interviews and a qualitative approach. With ten to fifteen interviews it is possible to cover the major views on regional development regarding logistics and ICT.

The expert interviews will play an important role in the stage of the project when it comes to the development of a comparative report on the Baltic Sea Region (BSR). Since expert meetings will take place in all participating regions around the Baltic Sea, best practices and recommendations will be deduced for the regional decision makers.

2 INTERVIEW DESIGN

2.1 Target group and sample

The objective was to choose a heterogeneous target group, in order to guarantee for an analysis from as many perspectives as possible. In each region, ten to fifteen interview partners were selected, representing seven different institution or company groups. Another aspect in selecting the companies or institutions was the possibility to contact potential interview partners on a higher management level. Through this it could be assured that the interview partners had the willingness to answer the questions and had a good overview of the development of the industry in the region.

The private sector is represented by four different company groups: The manufacturing industry, the retail industry, logistics service providers and logistics consultants. The latter two were chosen because their employees normally have experience with a lot of different clients and/or projects.

The public sector is mainly represented by the local authorities who are responsible for regional development. Support initiatives may either belong to the private or the public sector or are public-private-partnership. Both institutional groups have experience in initiating, financing and executing regional development activities. Last, representatives from research institutions complete the target group by an independent and research-oriented perspective. The following figure shows the target groups distinguished by the public and private sector.

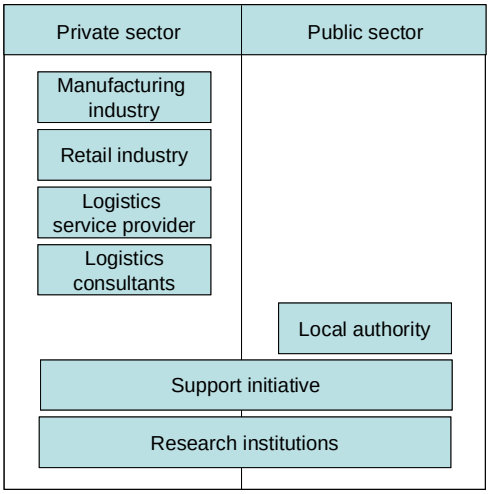

Figure 1 Interview target groups

Total of 11 interviews was conducted in Southwest Finland during March and April 2007. For the Southwest Finland region, the distribution of the interview partners can be withdrawn from the following list:

- Manufacturing industry, 2 interviews
- Retail industry, 2 interviews
- Logistics service provider, 3 interviews
- Logistics consultant, no interviews
- Local authority, 1 interview
- Support initiative, 1 interview
- Research institution, 2 interviews

Majority of the experts interviewed wanted to stay anonymous and did not want their organisations to be presented in this report.

2.2 Main topics covered in the interview

The interviews were conducted according to a half-standardized interview guideline. Most questions were open end questions. A quantitative scale was used in addition to qualitative answers, when it seemed useful for a later comparison of the interviews.

The interview guideline comprises five major parts. The first part covers general trends regarding logistics and ICT. The second part deals with current and planned business contacts in the BSR. Furthermore, barriers and problems of doing business in the BSR are discussed. Part three analyzes regional development measures.

Starting from key issues and from the evaluation of regional development activities, the strengths and weaknesses of the region, the competence level with respect to logistics and ICT and proposals for improvements are examined. Part four addresses the qualification level in logistics and ICT as well as future needs for education. The guideline finishes with expectations, wishes and concrete recommendations of the interview partners.

3 FINDINGS FROM THE INTERVIEWS CONDUCTED

3.1 Findings regarding trends in logistics and ICT

3.1.1 Trends in logistics

Clearly visible trends among all interviewees were internationalization and outsourcing. The development caused by these trends is expected to make it possible for only large companies to succeed. The importance of logistics and the interest in its costs are growing. Transports will be done more and more in units like containers and trailers and transport frequency will be higher. According to most respondents, the importance of ports is high when it comes to transports to Scandinavia.

Research industry considered the new Vuosaari port a possible threat to ports in Turku. The competition between ports may become heavy in the future. Researchers also saw the low amount of heavy industry in the region and the consequential low transport volumes as a problem.

According to researchers Turku airport could be an alternative to increasingly congested Helsinki airport but it would have to be developed significantly. There was a fear among many interviewees that the airport will fade in the future.

Support initiatives expect rising environmental awareness to increase railroad transports. That makes the only Finnish train ferry port, which is located in Turku, more important. Logistics service providers believe that Turku region will become a gate from Scandinavia to east (transit traffic to Russia). Because of the new motorway to Helsinki many Finnish companies are considering relocation of their operations to Turku region.

Both research institutions and logistics service providers saw increases in container traffic and intermodal transports as obvious

trends. It also appears that demand for faster services and value added services is growing. Logistics service providers and support initiatives had noticed interest in logistics costs (because of rising fuel costs e.g.) growing. Service providers' contracts are becoming shorter.

For retailers the most important trends were either outsourcing logistics or centralizing inventories. That's why they thought that it is important to find partners from Baltic countries and to manage domestic transports more effectively.

Decreasing stocks and smaller transport unit sizes are expected to cause higher transport frequency in the future.

3.1.2 Trends in ICT

The interviewees could not find much to say concerning ICT trends in comparison to amount of issues concerning logistics. Several interviewees had nothing to say on ICT trends, but some points were however raised.

Outsourcing and taking new software (SAP e.g.) into use in order to standardize functions is an ICT trend in retail companies. Almost all respondents mentioned the new electronic working possibilities and new software. The retailers for example mentioned the e-trade and wholesale via Internet. The research industry and logistic service providers mentioned new electronic services of custom. According to researchers the exchange of information between ports is expected to increase in the future. Electronic services will find their way also to SMEs.

3.2 Findings regarding business connections in the Baltic Sea Region

3.2.1 Current business contacts and projects in the BSR

The business culture of Western Europe is considered to be similar to Finnish. German partners are seen as reliable partners. Baltic contacts are newer and they are seen as lucrative but a bit risky. For retailers both Russia and Baltic states have great market potential. On the other hand there are difficulties with language and the range of thought when

co-operating with Russia. There is a lot of bureaucracy in Russia. The Scandinavian countries are easy to reach and important to Turku region but more co-operation between Finnish and Scandinavian local authorities is needed.

Table 1 Number of contacts in BSR

Number of contact	0-5	6-15	16-25	>25
Federal Republic of Germany	8	1	1	1
Poland and Baltic States (Lithuania, Latvia, Estonia)	7	4	0	0
Russia	10	1	0	0
Scandinavia (Denmark, Sweden, Finland, Norway)	5	3	1	1

3.2.2 Planned business contacts and projects in the BSR

Only the research industry mentioned projects that were planned in the BSR. Projects were related to climate change issues, environmental projects, logistics, transports and regional development. The support initiatives however mentioned that connections are constantly being developed.

Table 2 Number of planned projects in BSR

Number of logistics projects	0-2	3-5	6-10	>10
	3	1	0	1
Number of cross-national projects	0-2	3-5	6-10	>10
	2	0	0	0

3.2.3 Constraints and problems of co-operations in the BSR

Experts mentioned that most often problems occurred when dealing with Russian partners. There were some problems with the delivery times and contract practises. There is lack of knowledge about Russia and Poland and some problems with custom practises in Russia (the truck queues at borders were mentioned). It is difficult to find the

correct officials in Russia to deal with. The research industry mentioned the lack of confidence when dealing with Russia and language skills at times. Russian customs practices also differ from ones inside EU area and were seen as problematic.

The retailers saw not much cultural differences or constraints anymore between Finland and Baltic states. Finding the right contacts in Russia was challenging.

3.3 Findings regarding regional developments

3.3.1 Known regional development activities

Some of the regional development activities were mentioned by interviewees. ICT Turku and Pilot Turku were mentioned by almost all of the experts. Also some other activities were mentioned. For example, Turku for European City of Culture in 2011-project was seen as an important activity for business life in Turku region. Development activities of the ports in Turku and Naantali were known by few interviewees.

3.3.2 Key regional development issues

Most important regional development issues mentioned concerned mainly infrastructure. The motorway between Turku and Helsinki and railroad connection between Turku and Toijala were the most important issues according to the experts. Logistics service providers highlighted that development of airport and port operations are the key factors in the future. Competition is getting harder and infrastructure matters can not be ignored. The railway connection between Turku and Toijala and railroad infrastructure in general plays an important role in South-Western Finland in the future. The bogey mass limit should be higher and the general condition of railways should be improved. Logistics service providers were quite unanimous in their views concerning sea transport. Pilotage and route fees should be removed. High fees in sea transport distort competition and put companies in unequal position.

ICT development issues are important, especially to logistics service providers and support initiatives. ICT training and support for the SMEs

was an important issue for research institutions. Also development of information systems between ports should not be neglected. Local authorities emphasized co-operation between public sector, private sector and support initiatives. Also development of the whole South-Western Finland is important in the future.

3.3.3 Successful regional development projects

The answers concerning success of the regional development projects were diverse. Logistics service providers thought that former projects did not succeed, because many exporting companies have relocated their operations somewhere else from Turku region. One possible cause for this judgment can be lack of real commitment in the project. When there is a real will to succeed with the participants and when the project is based on real need, project can be successful. Some interviewees could not specify how successful development projects had been, because they did not have any connections to these activities. Retailers and manufacturing industry defined success percent to be fewer than 25 percent. None of the 11 respondents considered over 75 percent of former regional development projects to have been successful. In summary, the majority of the experts thought that not more than 50 percent of development projects succeeded. Retailers and manufacturing industry were more critical than for example local authorities and support initiatives.

Table 3 Number of successful regional development projects

Number of successful regional development projects	<25%	25-50%	51-75%	>75%
	5	4	2	

3.3.4 Strengths and weaknesses of the regions

According to the majority of experts, the most important strengths in logistics were traffic connections to the Scandinavian countries and availability of skilled workforce. Also the new motorway between Turku and Helsinki was mentioned as a key success factor in the future.

Infrastructure matters, to some extent, were seen as the main logistics weaknesses in the region. The general condition of railroads was conceived as poor. Road transport infrastructure was considered an important development issue by several experts, and clearly a weakness in the region. Pilotage dues, as mentioned earlier, seemed to be the major weakness according to some of the logistics providers and research institutions dealing with sea transport.

ICT strengths included one main success factor, infrastructure. There are sufficient amount of high quality networks in the region, but more ICT training should be offered to the private sector companies.

Only a couple of experts interviewed could define some weaknesses in ICT. Majority of the interviewees could not come up with any ICT weaknesses in the region.

3.3.5 The logistics competence level

The logistics competence level in the region is considered quite high by the respondents. Companies and institutions estimated their logistics competence level to be close to that of leading companies in the same branch. Competence on the regional level was ranked high. Numerous experts mentioned that the logistics competence level of Southwest Finland is at the top in the Baltic Sea region. Logistics competence level of local authorities was also ranked high by majority of the interviewees.

One of the reasons mentioned for high logistics competence level in region were the three universities in the region, which provide skilled workforce for companies. Nearly all interviewees mentioned working education system in the region as strength. Skilled workforce availability was considered good. The region also has low workforce turnover, which was considered a factor that has a positive effect on the competence level of employees.

While not all experts agreed, authorities' focus on logistics issues was considered sufficient. This factor could have an effect on the interviewees' views on authorities' competence level in logistics.

Table 4 Estimates of logistics competence level

	Very Low	questio nable	accept- able	high	very high
of your company/ institution in comparison to leading companies in your branch?	0	0	2	5	4
of your region in comparison to other regions in the Baltic Sea Region	0	0	2	7	1
of the local authorities in the region?	0	0	3	7	0
of the support agencies in the region?	0	0	3	2	0

3.3.6 Participation of the interviewed companies in logistics support agencies, networks or initiatives

Logistics service providers, local authorities and support initiatives participated in some regional networks or initiatives concerning logistics issues. The initiative most often mentioned was Pilot Turku Oy, whose purpose is to assist companies considering locating their operations in Turku region in finding a logistically sound location. Several of the interviewed companies also participate in logistics committee of Turku Chamber of Commerce for networking and in order to influence logistics conditions in the region. Retailers and manufacturers did not participate in any networks, because either they did not have any need for co-operation or they did not have any contacts to logistics networks or support initiatives.

3.3.7 Assessment of local authorities´ support and policy concerning logistics and ICT issues

Table 5 Authorities support and policy concerning logistics

very unsatisfied	rather unsatisfied	neither unsatisfied nor satisfied	satisfied	fully satisfied
0	1	4	1	2

The answers were diverse in the area of logistics. No clear bias could be found. According to experts interviewed, authorities should be more active in furthering regional interest, not only interests of larger cities or towns.

Table 6 Authorities support and policy concerning ICT

very unsatisfied	rather unsatisfied	neither unsatisfied nor satisfied	satisfied	fully satisfied
0	0	2	6	0

In general, companies and institutions were quite satisfied with the support of local authorities. Infrastructure in ICT is sufficient and companies can get help when needed.

3.3.8 Proposals for improvement

Experts were asked to give some proposals for regional improvement in logistics and ICT matters. Majority of the interviewees thought that support initiatives and local authorities should increase direct contacts to private companies. More support for companies operating outside the city of Turku was also wanted.

3.3.9 Roles and responsibilities in regional development

Experts thought that the public-private partnerships are in a key role in regional development. According to some experts, initiative should come from the companies in the region. Central organisation is needed and private and public sector need to co-operate in all levels of the regional development. Also regional political decisions are vital for the business life and area development in the region.

3.4 Findings regarding education and skills in the regions

3.4.1 Qualification of employees in logistics

The logistics competence was seen as quite high in firms. There is skilled workforce available because of good education and many universities in Turku region. Low workforce turnover has a positive effect on employees' competence.

Table 7 Employees qualification level in logistics in your company

Qualification level in logistics					
	very low	rather low	acceptable	high	very high
blue-collar worker	0	0	3	5	0
white-collar worker	0	0	2	7	1
management	0	0	2	7	1

Table 8 Employees qualification level in ICT in your company

Qualification level in ICT					
	Very low	rather low	acceptable	high	very high
blue-collar worker	0	0	4	4	0
white-collar worker	0	0	0	10	0
management	0	0	2	8	0

Table 9 Employees qualification level in logistics in the region

Qualification level in logistics					
	very low	rather low	acceptable	high	very high
blue-collar worker	0	0	2	9	0
white-collar worker	0	0	2	9	0
management	0	0	1	9	1

Table 10 Employees qualification level in ICT in the region

Qualification level in ICT					
	very low	rather low	acceptable	High	very high
blue-collar worker	0	0	5	6	0
white-collar worker	0	2	1	8	0
management	0	2	0	8	1

3.4.2 Qualification of employees in ICT

The qualification in ICT is quite high as can be seen in the tables. It is however a bit surprising that no highest grades (very high) were given. There were not any specific problems mentioned in the interviews, overall the ICT qualification of employees was considered sufficient for their current tasks. ICT skills of aged workers were however mentioned to be often lacking.

3.4.3 Expectations for future educational training in logistics and ICT

More training and co-operation with authorities (e.g. customs) is needed. The importance of internationality and knowledge of other cultures and social co-operation is increasing, especially with the enlargement of EU internal market. The project control skills were mentioned as important.

More skills in technology and use of computers are needed in retail industry in the future. Information technology is becoming an everyday

tool for employees on all levels. ICT skills were seen as an important factor in future education.

Continuous learning or life-long learning was mentioned as a future challenge. As technology continues to develop at an increasing pace, employees must be trained constantly in order to upkeep their competence.

3.5 Findings regarding company expectations

3.5.1 Expectations and wishes for further logistics and ICT development

The research institutions wished for more resources and opportunities to develop logistics and ICT. The local know-how needs to be utilized efficiently. The authorities should listen to the concerns of the companies more. Retailers wished that all information about development projects would be on one webpage.

3.5.2 Policy recommendations

Both service providers and research industry saw as crucial that the very high pilotage fee to be deleted or at least cut down. This was an issue considered very important by several respondents. Increased co-operation between different authorities concerning environmental issues and town planning was seen as a relevant matter. Logistics needs should be taken into account at an early stage in town and region planning processes in order to ensure good operating for companies' logistics processes even on a long time scale.

3.6 Interpretation of results and conclusion

Turku region is generally considered as a gateway from Finland to Scandinavia. The importance of this gateway function is expected to grow in the future, which may also affect the importance of train ferry connection from Turku to Stockholm.

The interviewed experts were generally not satisfied with road and railroad infrastructure in the region. Issues such as low bogey mass on Turku-Toijala track and the slow progress on building new highways are considered to have a negative effect on the development of the region.

Long sea route through Turku archipelago with high pilotage fees is considered to negatively affect the ports in the region. Pilotage fee situation may also distort competition between ports. Ports in general work well and are considered important.

Interviewees were mostly unable to define important issues related to ICT matters. The general view was that ICT infrastructure in the region is working well and no acute development needs can be seen at the moment.

Education in logistics as well as in ICT branch was considered to be working well, and the availability of skilled workforce is seen as a competitive advantage for companies in the region.

4 SUMMARY AND OUTLOOK

The interviews show that importance of logistics is expected to increase in the future. Other trends mentioned were increase in container traffic and intermodal transports, outsourcing both logistics and ICT and centralizing warehouses. The need for value added services will increase in the future. The logistic importance of Turku region can be explained by the transports between Turku and Scandinavia. One challenge is to manage the material flows from the ports in the region to the inland.

The ICT issues were not as clear as logistical matters to interviewees. ICT can ease working with customs. Outsourcing was defined as a clear trend. One problem in this area was the low amount of ICT education compared to other parts in Finland.

When co-operating in BSR most of the problems occurred when dealing with Russian partners. Germans were seen as reliable partners. Baltic States were seen as lucrative but a bit risky. Language problems occur with Russian and East-European partners at times.

Many regional development projects were known among interviewees but they were not seen as successful. Some interviewees however did not know any. The most common development issue mentioned was the infrastructure. Roads, railroads and ports need to be in better shape in order to make the Turku region more attractive.

The interviewees said that the strength of Turku region is the location in the Southwest Finland. It is the best place to transport goods from Finland to Scandinavia. On the other hand, the location is a bit aside from the axis connecting other large cities Helsinki, Tampere and Oulu. The high pilotage dues were seen as a weakness in the region, along with underdeveloped road infrastructure. The capability to get skilled work force was seen as a strength in the region. The interviewees did not see any problems with the professional qualifications of their workforce. More ICT training was wanted in the region.

The strongest policy wish was to get the pilotage fees lower in the future. When it comes to regional development projects, a central organization was wanted to get the information in one place. Authorities should listen to companies more when making decisions.

Logistics issues should be better taken into account when planning cities.

APPENDIX

Appendix 1 Interview guideline

Structure

Introduction:

Introduction of the interviewer
Short presentation of the LogOn Baltic project and its objectives

Question clusters:

I: Trends (1 question)	*∑min 5 min*
II: Business Connections (3 questions)	*∑min 12 min*
III: Regional Development (9 questions)	*∑min 30 min*
IV: Education/Skills (2 questions)	*∑min 5 min*
V: Outlook (2 questions)	*∑min 8 min*

Interview – Basic information

Interviewer

Name:
Institution:

Interviewee

Name:
Function:
Name of institution:
Type of institution:

- ☐ Manufacturing industry
- ☐ Retail industry
- ☐ Logistics service provider
- ☐ Logistics consultant
- ☐ Local authority
- ☐ Support initiative
- ☐ Research institution

Date, duration and location of interview

Date:
Duration:
Location:

Interview – Questions

I: Trends

I.1.) What do you think are currently the most important trends relevant for logistics and ICT that will influence:

a) your company / institution / organisation?

Logistics:

ICT:

b) your region?

Logistics:

ICT:

II: Business Connections

II.1.) Do you have any business contacts to the Baltic Sea Region? If so, please differentiate among:

Number of contact	0-5	6-15	16-25	>25
Federal Republic of Germany	❑	❑	❑	❑
Poland and Baltic States (Lithuania, Latvia, Estonia)	❑	❑	❑	❑
Russia	❑	❑	❑	❑
Scandinavia (Denmark, Sweden, Finland, Norway)	❑	❑	❑	❑

Why do you have so many / no contacts?

II.2.) Are there any logistic projects planned with new suppliers / customers in the BSR in the next year(s)? *[for industry and research]*

Number of logistics projects	0-2	3-5	6-10	>10
	❑	❑	❑	❑

What kind of projects?

II.2.) Are there any (state-run) cross-national projects planned with local authorities / institutions / companies in the BSR in the next year(s)? *[for local authorities and support agencies]*

Number of cross-national projects	0-2	3-5	6-10	>10
	❑	❑	❑	❑

What kind of projects?

II.3.) When cooperating with partners from Eastern Europe, new EU member countries, Russia, Scandinavia[1] respectively what kind of challenges did emerge?
Please describe inhibitors or possible constraints when dealing with these foreign business partners:

a) concerning the business relations (e.g. intercultural differences, business performance factors, skills of workforce, management skills)
b) concerning institutional setup (e.g. transport and ICT infrastructure, general political conditions, …)

III: Regional Development

III.1.) Do you know of any regional development activities in your region?

III.2.) What are the key regional development issues (e.g. concerning infrastructure, location, training, local support …) for:

a) logistics in your region?
b) ICT in your region?

III.3.) What kind of former regional development projects in your region have been successful?

Number of successful regional development projects	<25%	25-50%	51-75%	>75%
	❑	❑	❑	❑

How did you come to this judgement?

III.4.) In your opinion, what are the strengths and weaknesses in the area of logistics and ICT in your region? What determined your decision to

[1] Eastern European countries, Russia, Scandinavia will add Federal Republic of Germany respectively and cancel their home country.

locate in this region (please refer to special regional logistics competences, locational factors, infrastructural conditions, support programs, skilled workforce …)?

	of Logistics	of ICT
Strengths		
Weaknesses		

III.5.) How do you think is the logistics competence level…

	very low	question-able	accept-able	high	very high
of your company/institution in comparison to leading companies in your branch?	❑	❑	❑	❑	❑
of your region in comparison to other regions in the Baltic Sea Region	❑	❑	❑	❑	❑
of the local authorities in the region?	❑	❑	❑	❑	❑
of the support agencies in the region?	❑	❑	❑	❑	❑

Please comment.

III.6.) Is your company participating in logistics support agencies, networks or initiatives (e.g. for Hamburg Region: Logistics Initiative Hamburg, Süderelbe etc.[2])? Why?

III.7.) How satisfied are you with the local authorities´ support and policy (e.g. for Hamburg[3]: Wirtschaftsbehörde) concerning logistics and ICT issues?

Logistics:

very unsatisfied	rather unsatisfied	neither unsatisfied nor satisfied	satisfied	fully satisfied
❑	❑	❑	❑	❑

Please comment.

[2] please add locally the most important local agencies
[3] please adapt locally

ICT:

very unsatisfied	rather unsatisfied	neither unsatisfied nor satisfied	satisfied	fully satisfied
❑	❑	❑	❑	❑

Please comment.

III.8.) Where do you see room for logistical and ICT improvements?

Improvement	of Logistics	of ICT
a) in your company / organisation		
b) in local authorities		
c) in support agencies		

III.9.) How do you see the different roles and responsibilities for regional development (e.g. who should start development activities: state, pubic-private-partnerships, companies by themselves, associations, etc.)?

IV: Education/Skills

IV.1.) How would you value the employees´ qualification level in logistics / ICT

a) in your company?

Qualification level in logistics					
	very low	rather low	acceptable	high	very high
blue-collar worker	❑	❑	❑	❑	❑
white-collar worker	❑	❑	❑	❑	❑
management	❑	❑	❑	❑	❑
Qualification level in ICT					
	very low	rather low	acceptable	high	very high
blue-collar worker	❑	❑	❑	❑	❑
white-collar worker	❑	❑	❑	❑	❑
management	❑	❑	❑	❑	❑

b) in the region?

Qualification level in logistics					
	very low	rather low	acceptable	high	very high
blue-collar worker	❑	❑	❑	❑	❑
white-collar worker	❑	❑	❑	❑	❑
management	❑	❑	❑	❑	❑
Qualification level in ICT					
	very low	rather low	acceptable	high	very high
blue-collar worker	❑	❑	❑	❑	❑
white-collar worker	❑	❑	❑	❑	❑
management	❑	❑	❑	❑	❑

Please provide some background information on the professional qualification of your employees.

IV.2.) What educational training do you expect to be relevant in the future and how do you support further education and training in the area of logistics and ICT?

V: Outlook

V.1.) What are your expectations and wishes for further logistics and ICT development (from local authorities, support agencies…)?

V.2.) Do you have any concrete policy recommendations in the area of logistics / ICT?

LogOn Baltic Publications (as of 21.9.2007)

LogOn Baltic Master reports

1:2007 Developing Regions through Spatial Planning and Logistics & ICT competence - Final report
Wolfgang Kersten, Mareike Böger, Meike Schröder and Carolin Singer

2:2007 Analytical Framework for the LogOn Baltic Project
Eric Kron, Gunnar Prause and Anatoli Beifert

3:2007 Aggregated logistics survey report *(working title)*
Håkan Aronsson and Naveen Kumar

4:2007 Aggregated ICT survey report *(working title)*
Eric Kron and Gunnar Prause

5:2007 Aggregated Expert interview report *(working title)*
Matti Takalokastari

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Development Measure Impact Analysis (DEMIA)

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