2024-2027

Strategy

Regional State Administrative Agencies • ELY Centres

Analysis of external factors for the Strategy of the Regional State Administrative Agencies and ELY Centres 2024–2027

Aluehallintovirasto

Elinkeino-, liikenne- ja ympäristökeskus

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Understanding what drives the changes in external factors is the cornerstone of developing a strategy

Premise of this strategy

- The strategy draws on the external factors, i.e. the operating environment, giving rise to the key phenomena which the strategy's measures and objectives must respond to in order to turn challenges into opportunities.

- Informed by the external factors, the operating policies, priorities and objectives of the Regional State Administrative Agency/ELY Strategy describe the desired state which we should achieve in order to build a sustainable future. Our values guide our actions and influence our choices.

Examination through megatrends

- Sitra's Megatrends 2023 Overall picture of changes.
- Full report: https://www.sitra.fi/julkaisut/megatrendit-2023/

Analysis using the PESTE framework

PESTE is an abbreviation for political, economic, social, technological and ecological. PESTE analysis is a tool for identifying changes in the external factors which affect an enterprise or organisation, and for assessing the impact of such changes.

The analysis of external factors examines phenomena from a multidisciplinary perspective and from the perspective of customers.

Phenomena not examined as individual factors but as interconnected entities that explain each other

- For the final version, the working group chose the key phenomena explaining the Finnish operating environment.

- Phenomena have a direct or indirect impact on the agencies' operation or field of activity.

- Phenomena have a significant impact, and/or they have many links to other phenomena.

- Each phenomenon can be traced back to broader social megatrends.
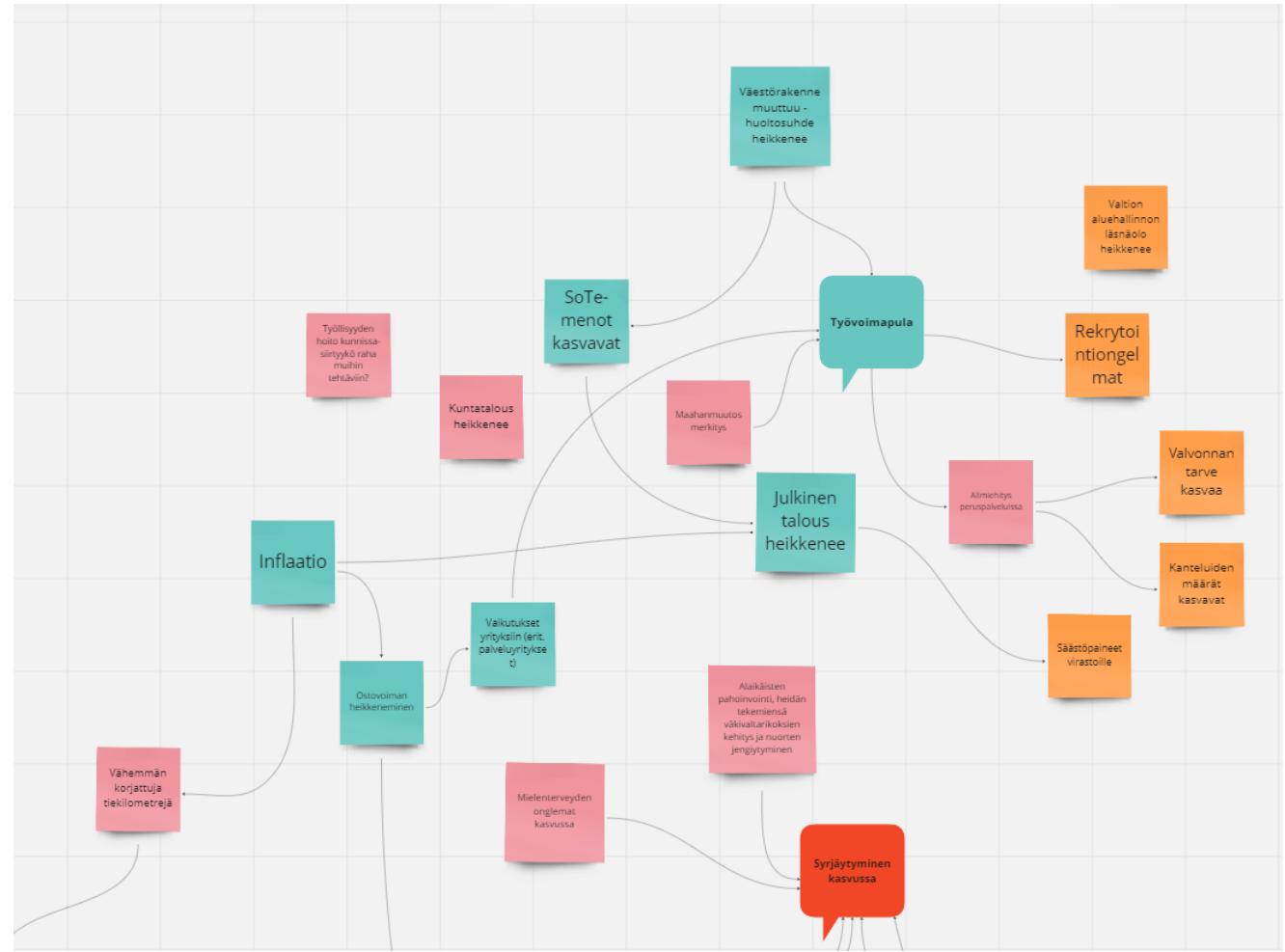
Example of the working group's work in Miro

Social megatrends for agencies

- Social megatrends on which the phenomena are based

Global rules-based system and democracy are challenged

AI and smart technologies become mainstream

Wellbeing and competence become polarised

Carrying capacity of nature is threatened

Foundation of general government finances is changing

8.2.2024

Phenomena

- Power politics in the struggle for technological, geopolitical and global leadership
- Effects of NATO membership
- Rise of hybrid operations which increases the importance of reliable and secure data
- Importance of striving for strategic autonomy and security of supply
- Trust in the democratic system and society is undermined
- Internal security is facing more challenges
- Responsiveness, resilience and adaptability have become a necessity for organisations

Pressures on agencies

- Importance and role of preparedness is growing, for example need for multilateral cooperation due to increased preparedness requirements
- Preparing for disruptions in energy supply and telecommunications and the various threats associated with them
- Threats include harassment, targeting, hate speech and cyber attacks against government agencies and public officials; more skills and knowledge required for preventing and combating them
- Anticipatory and agile situational information and understanding will become increasingly important; indications and signals of change to be actively monitored. Importance of critical evaluation of information
- Open, multilingual and active communication by the authorities plays a key role in combating information influence activities and in building trust
- New forms and ways of empowerment (local democracy, direct democracy)
- Crucial role of ensuring information security and maintaining and developing the related competences
- Increasingly important role of public actors in building psychological resilience: strengthening the ability to maintain the traditionally strong trust in the authorities by means of high-quality and equal decision-making, communications and cooperation

AI and smart technologies become mainstream

Phenomena

- Dramatic changes in the ways and structures of working

- Platform and data economy challenge traditional markets, ownership of data and service chains

- Competitiveness is increasingly built on skills and knowledge, knowledge networks and RDI investment

- Ongoing global reorganisation of manufacturing and supply chains

- Strategic independence and national security of supply play an increasingly important role

Pressures on agencies

- Leadership is changing with emphasis on knowledge-based management and anticipation

- AI creates pressure to change areas of expertise and develop new competences and experts

- AI, automation and the growing demands of customers create pressure to better manage clients

- Digital transformation will lead to a strategic reform of practices

- Savings in facilities, and shared service points and systems. The central government premises strategy, establishment of joint service points and development of systems will require resources, adaptation and commitment

Wellbeing and competence become polarised

Phenomena

- Changing values
- Segregation increases between and within regions
- Mental wellbeing is put to the test
- Social exclusion is deepening
- Competence needs and skills are changing
- Population's physical functional capacity is deteriorating
- General knowledge and culture are facing new challenges

Pressures on agencies

- Investing in change management and systemic management and further strengthening people's functional capacity and ability to change
- Ensuring employee wellbeing and physical functional capacity, strengthening resilience
- Customer-oriented service reform and assessment of content
- Examining external changes from customer perspective
- More emphasis on redirecting funding and gaining knowledge of external factors
- Evaluation of basic public services, emphasising maintenance of situational awareness and guidance by information
- Increasing importance of customer understanding and experience
- Strengthening networking and partnerships and diversifying knowledge networks
- Emphasising promotion of good relations between population groups and expertise in multicultural matters

Carrying capacity of nature is threatened

Phenomena

- Global warming and extreme weather events

- Growing importance of preparedness and security of supply

- More biodiversity loss and environmental pollution

- Increased risks of new plant and animal diseases and pests

- Green transition: sustainable production, circulation and utilisation of energy and materials create opportunities

- Potentially more refugees due to crises and environmental changes

- Competition for the ownership and management of natural resources intensifies

- Regional conditions for food production are changing

Pressures on agencies

- Synergies should be sought between promoting climate change mitigation and adaptation, environmental protection and environmental health

- Environmental authorities will be under increasing pressure (e.g. environmental, business, geopolitical, health and socio-economic perspectives)

- Changing environment challenges the recruitment of experts and the maintenance and development of competence

- Green transition requires new kinds of expertise, financing, development of activities and processes, and cross-administrative cooperation

- Extreme weather events lead to deterioration of infrastructure and extensive changes in nature (e.g. condition of water bodies, agriculture and forestry, transport infrastructure, buildings, disruptions in energy supply)

- Multisectoral management of crisis preparedness and integration of migrants

- Management of these phenomena requires cooperation across sectors, administrative branches and areas of responsibilities

Phenomena

- Demographic change and availability of labour challenge the foundation of the welfare state

- Structural and technological changes create pressures and opportunities for improving labour productivity

- Rise of new forms of energy: investment in wind and solar power, bioenergy, battery industry, platform economy and hydrogen energy

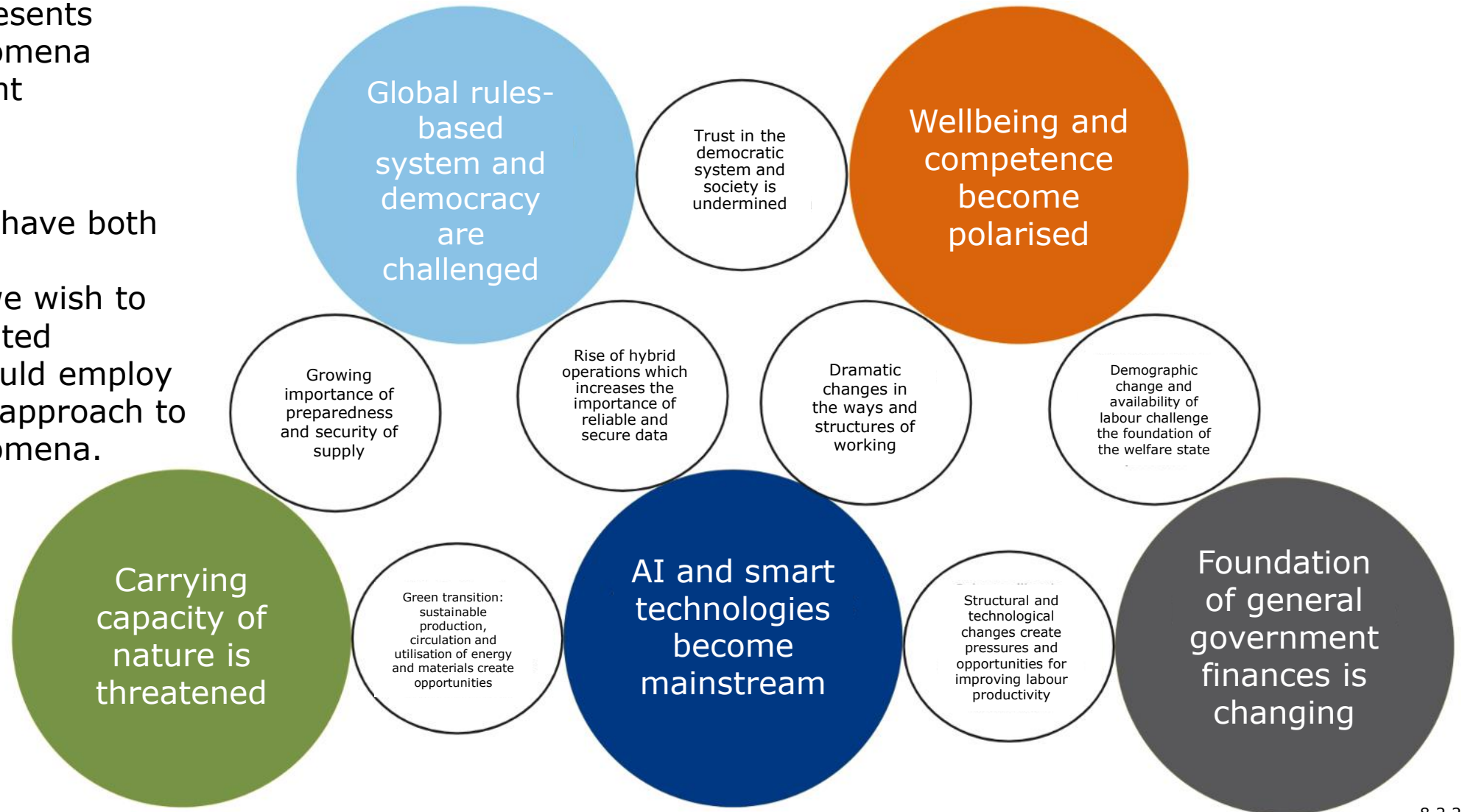- Immigration, multiculturalism and multilingualism become increasingly important

Pressures on agencies

- Public sector savings pressures will also affect agencies

- Labour shortage and organisational reforms cause recruitment problems in agencies

- Shortage of personnel in basic public services leads to more complaints

- Increase in labour migration affects all administrative branches

- As society becomes more diverse, multilingualism is increasingly important when dealing with a range of topics

- Emphasis on customer understanding and experience

- Guidance and supervision should be developed to correspond to new service structures

- R&D create opportunities (including for SMEs/microenterprises) but require a new kind of risk management and a multidisciplinary approach

- Regional presence and understanding of special regional characteristics may deteriorate

Interdependencies and impacts of phenomena

This publication presents selected key phenomena linked to the current megatrends.

These phenomena have both mutual effects and consequences. If we wish to respond to the related challenges, we should employ a multidisciplinary approach to examine the phenomena.

Global rules-based system and democracy are challenged

Trust in the democratic system and society is undermined

Wellbeing and competence become polarised

Growing importance of preparedness and security of supply

Rise of hybrid operations which increases the importance of reliable and secure data

Dramatic changes in the ways and structures of working

Demographic change and availability of labour challenge the foundation of the welfare state

Carrying capacity of nature is threatened

Green transition: sustainable production, circulation and utilisation of energy and materials create opportunities

AI and smart technologies become mainstream

Structural and technological changes create pressures and opportunities for improving labour productivity

Foundation of general government finances is changing

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Disruptions and crisis scenarios

The analysis of external factors included an examination of potential major disruptions and crises.

- Escalation of war, nuclear war
- Disruptions in health security
  - Pandemics
  - Antimicrobial resistance
  - Disruptions in pharmaceutical supply chains
- Environmental disasters
- National major accidents
- Disruptions in the economic system
  - Banking crisis
  - Global economic crisis
  - Disruptions in global supply chains and haulage
  - Shortage of raw materials
    - Affecting especially the business sector
- Serious disruptions in energy supply
- Development of AI and quantum technology break encryption keys and collapse the Internet as we know it

Sources used in the analysis of external factors

- [Ministries' social impact objectives/Budget proposal 2023](#)

- [Ministry of Finance secures the future, Strategy 2030](#), 2022

- [Chapters 1 and 2 of the Government Report on the Future](#) – Outlook on the Finland of the next generations

- [Sitra's megatrends](#)

- [Futures Review of the Ministries 2022](#)

- [Youth Barometer 2022: Through crises](#)

- [Climate Barometer 2023](#)

- [Joint Strategy for the Ministry of the Interior's Administrative Branch](#), 2022

- [Strategy of the Ministry of Justice](#)

- [Strategy of the Ministry of Social Affairs and Health Group](#)

- [Ministry of Education and Culture Strategy 2030](#)

- [A Better Environment for Future Generations](#), Strategy of the Ministry of the Environment Strategy 2035

- [Strategy of the Ministry of Agriculture and Forestry for 2030](#)

Sources used in the analysis of external factors

- [An innovative and sustainable Finland](#): Outlook review by officials at the Ministry of Finance 2022

- [Growth and jobs: Ministry of Economic Affairs and Employment Outlook Review of the challenges and solutions for the next government term](#), 2022

- [Sustainable Wellbeing: Ministry of Social Affairs and Health outlook review of the challenges and directions for solutions for the next government term (Publications of the Ministry of Social Affairs and Health 2023:6)](#)

- [Green Transition is the Foundation for Growth:](#) Outlook Review of the Ministry of the Environment

- [Self-sufficient Primary Production and Green Transition in Building Comprehensive Security for Society](#): Ministry of Agriculture and Forestry proposals for the next Government Programme

- [Sustainable Growth, Wellbeing and Safety through Knowledge and Connections of the Future: Outlook Review of the Officials of the Ministry of Transport and Communications 2023–2027](#)

- [Ministry of Education and Culture Review for 2023](#)

- [Rule of Law in Daily Life, Ministry of Justice](#)

Sources used in the analysis of external factors

- [Wellbeing and competitiveness through high-quality transport and communications networks](), Group Strategy for the administrative branch of the Ministry of Transport and Communications, 2019

- Regional Development Guidelines 2040

- [Measures to Strengthen the Vitality of Eastern Finland: Final report of the working group, Eastern Finland – a New Direction: Vision and action]()

- [Smart Specialisation Strategy for Kainuu 2021–2027]()

- [Smart Specialisation Strategy for North Ostrobothnia 2021–2024]()

- [Regions, regional development decision, priorities]()

- Regional strategic programmes 2022–2025, [Summary of regional priorities]()

- [Futures Review of Regional State Administrative Agencies: For Finland – Together and locally]()

- Statistics on external factors and relevant data drawn from the Agencies' management reporting

- Managing Customer Experience – Customer experience as a strategic goal – events on 10 May and 23 May 2023 (ELY Centres, Regional State Administrative Agencies and guidance and direction bodies)

The future is built on interaction, action and collaboration.

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Core group involved in preparation and analysis

Analysis of external factors

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