Regional economic impacts of the Turku shipyard and its network 2022

Brahea Centre at the University of Turku
Mikko Grönlund, Tapio Karvonen and Tuomas Ranti

17.1.2023

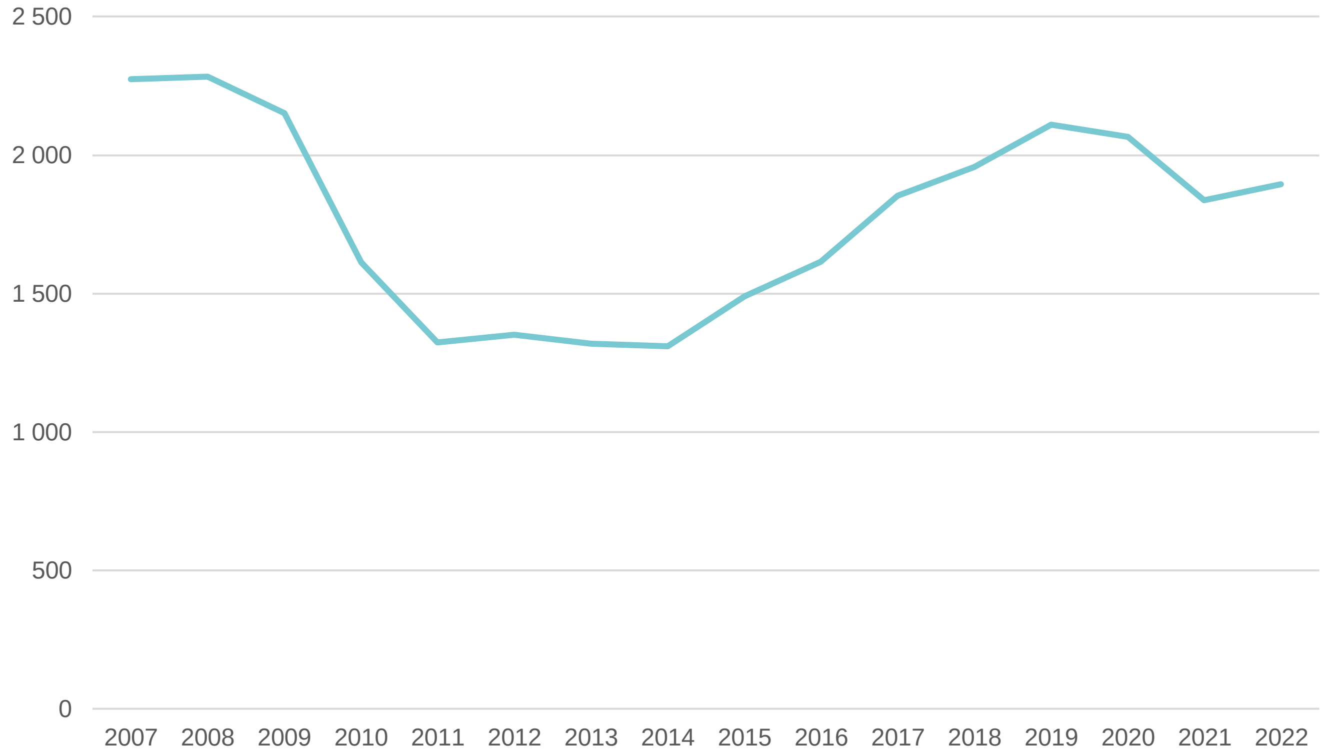
Basic information of the review

- The purpose of this review was to examine the regional economic impacts of the Turku shipyard and its network in the same manner as in the previous review conducted in 2019. The review also includes comparisons with the previous review.
- The review was commissioned by the City of Turku and Meyer Turku Oy.
- The review was based primarily on financial statements and other statistical data, though information was also collected through surveys targeted at the shipyard's supplier companies. The data received from Meyer Turku Oy was crucial for the successful execution of the review. The key financial figures were primarily from 2021, for which financial data was comprehensively available, though information from 2022 was also utilised in the examination of some of the impacts. Graphs are based on data from 2021, unless otherwise stated.
- The review was conducted in autumn 2022 by experts Tapio Karvonen, Mikko Grönlund and Tuomas Ranti from Brahea Centre at the University of Turku.

UNIVERSITY OF TURKU

Meyer Turku Ltd

Personnel development 2007–2022



- Key figures in 2021 (2018 and 2016 in parentheses):
  - Own personnel 1,837 (1,958 / 1,567), subsidiaries 249 (247 / 204) (Piikkio Works Ltd, Shipbuilding Completion Ltd and Technology Design and Engineering Eng’nD Ltd)
  - Turnover: EUR 1,080 million (970 / 792 million)
- Preliminary data from 2022
  - Own personnel: 1,894
- The fourth largest business employer and second largest industrial employer in Southwest Finland
  - The largest company by turnover in Southwest Finland

UNIVERSITY OF TURKU

Supplier network (1)

- In 2021, the shipyard had a total of 1,323 direct supplier companies, of which 935 were Finnish and 388 were foreign
- The supplier network has grown by about one hundred companies compared to year 2018 and the total value of supply has increased by about 4%
- Direct suppliers have their own networks of subcontractors, which cover almost all Finland and extend across the globe

Supplier network (2)

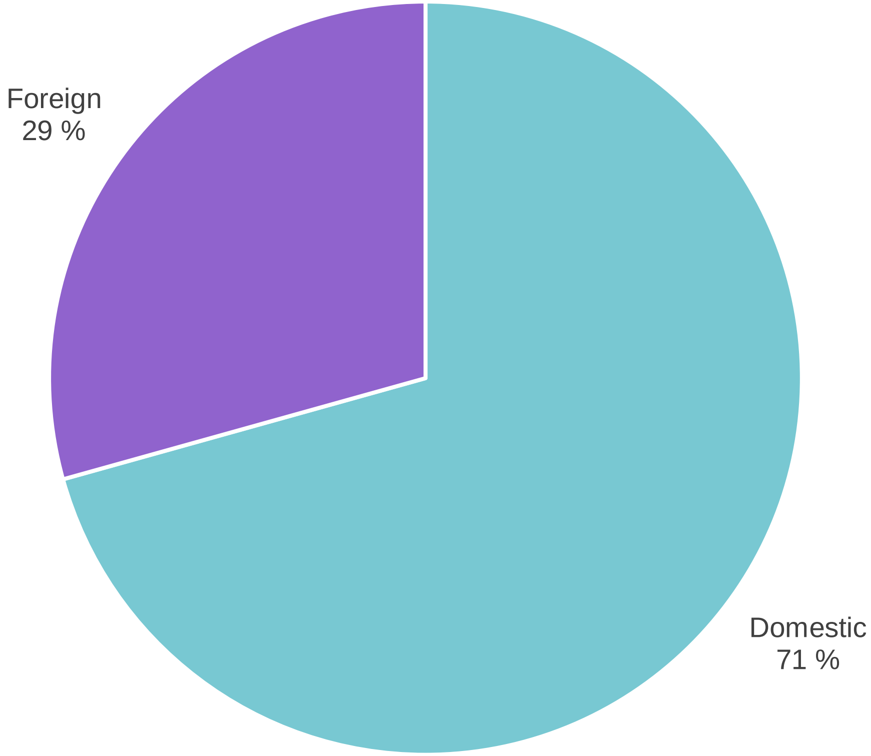
- Based on the survey, for approximately one half of supplier companies the value of supply orders to the Turku shipyard accounts for no more than up to 10% of the companies' total turnover, whereas for approximately 5% of companies supply orders to the shipyard account for at least 90% of the companies' total turnover
  - No significant changes are expected in this regard during 2022
- The employment impacts of the shipyard's supply orders on companies followed a similar distribution
- In the survey, 33% of Finnish supplier companies indicated that their labour force is exclusively Finnish and 11% indicated that foreign employees account for no more than up to 10% of their total labour force
  - The share of foreign employees has increased compared to the previous study

UNIVERSITY OF TURKU

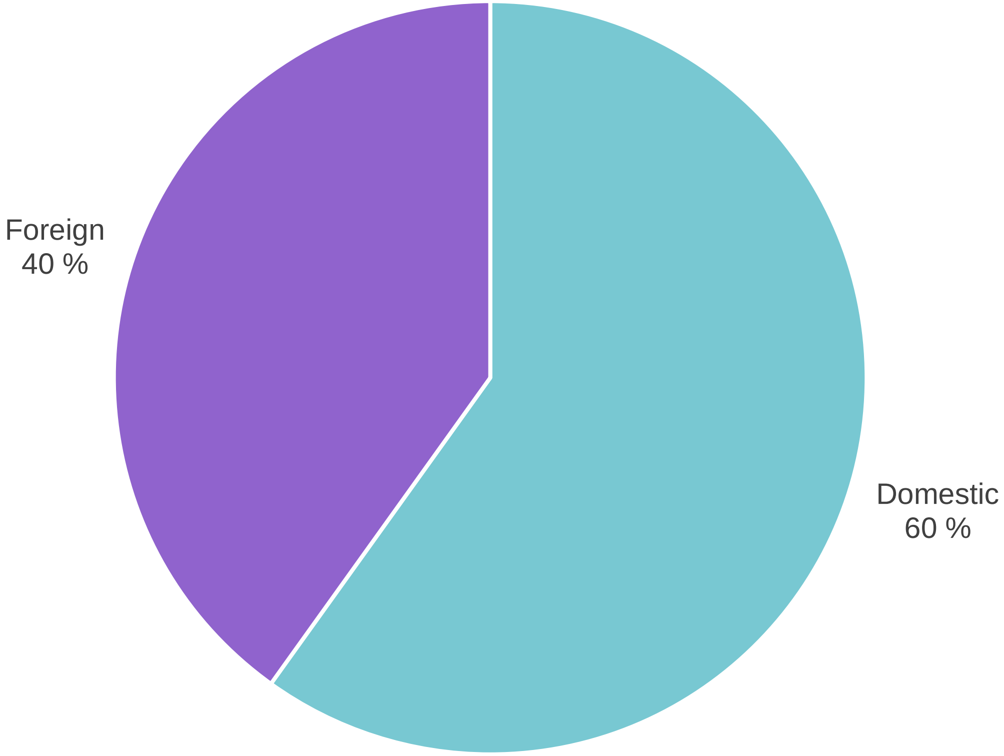
Economic and employment impacts

UNIVERSITY OF TURKU

The shipyard's suppliers and value of supply orders – domestic vs. foreign in 2021



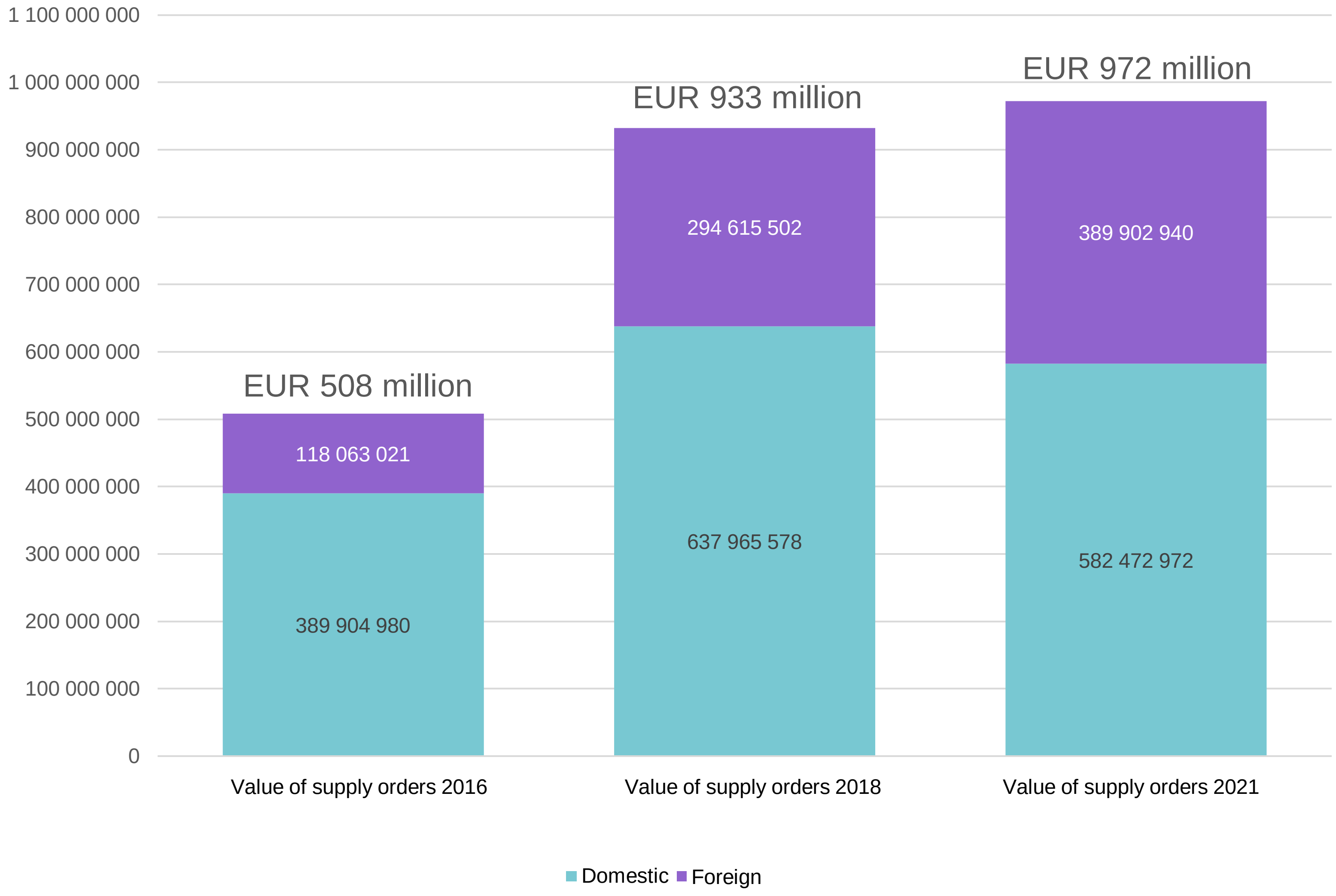
Distribution of companies, n = 1,323



Distribution of the value of supply orders,
EUR 972 million

UNIVERSITY OF TURKU

The shipyard’s suppliers and value of supply orders – domestic vs. foreign



Value of supply orders in 2021 was approx. EUR 972 million, with the corresponding figure in 2018 being approximately EUR 933 million (+ 4%)

The value of domestic supply orders in 2021 was over EUR 582 million (- 9%)

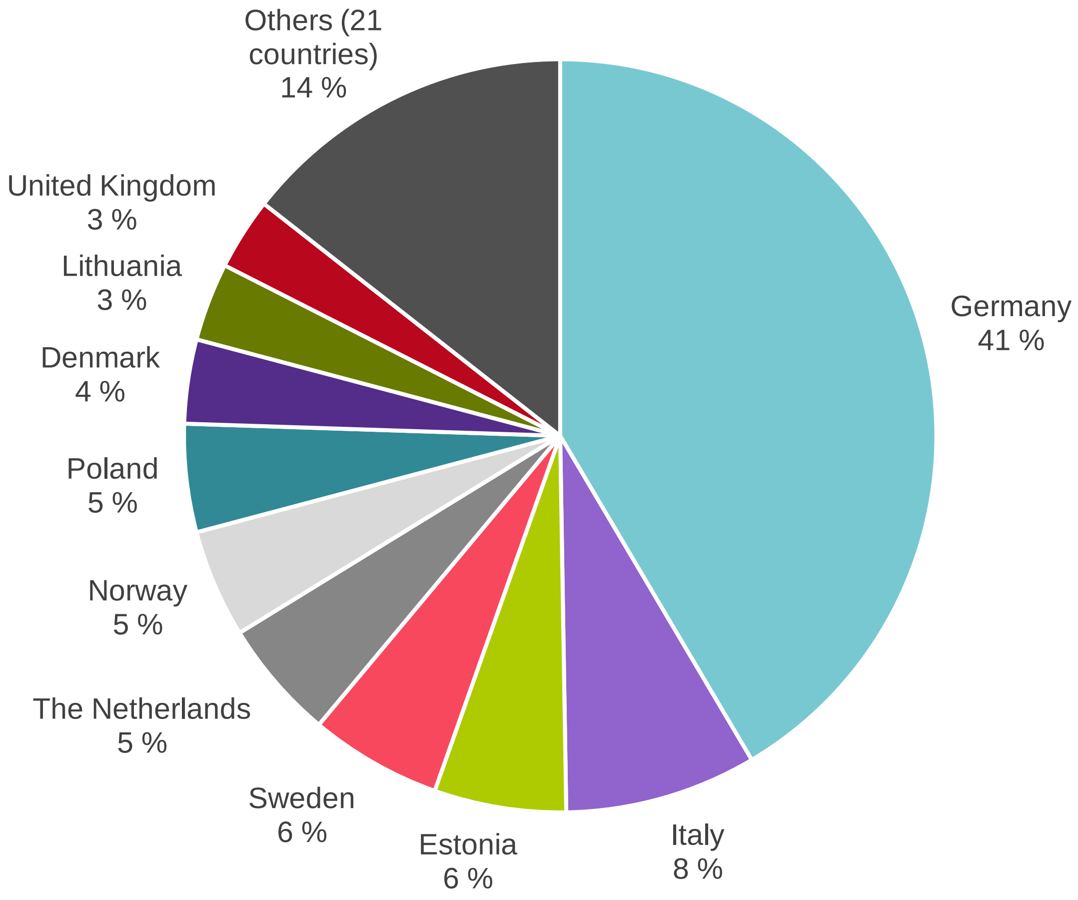
The value of foreign supply orders in 2021 was approximately EUR 390 million (+ 32%)

The proportion of domestic supply orders was 60%, with the corresponding figure in 2018 being 68%

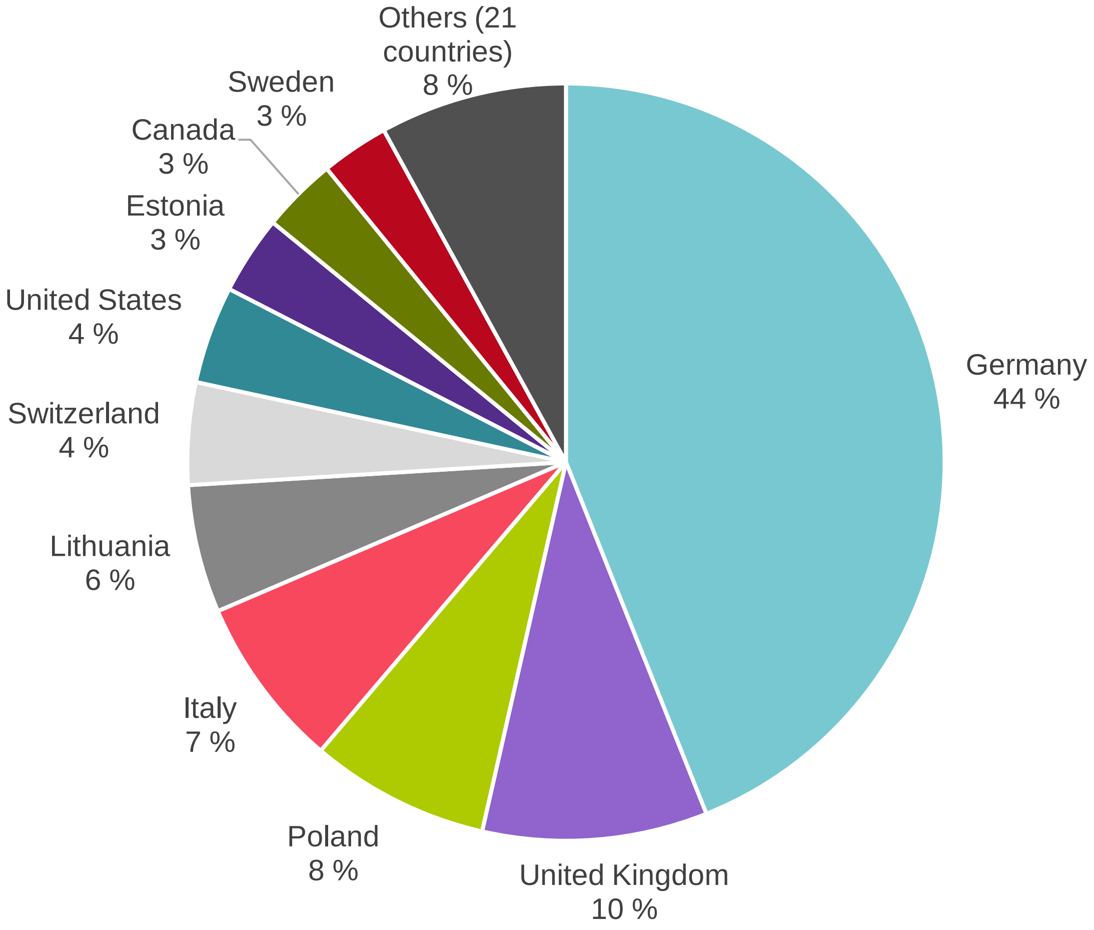
The number of supplier companies has increased a little bit (1,221 → 1,246 → 1,323)

UNIVERSITY OF TURKU

The shipyard's foreign suppliers and value of supply orders in 2021



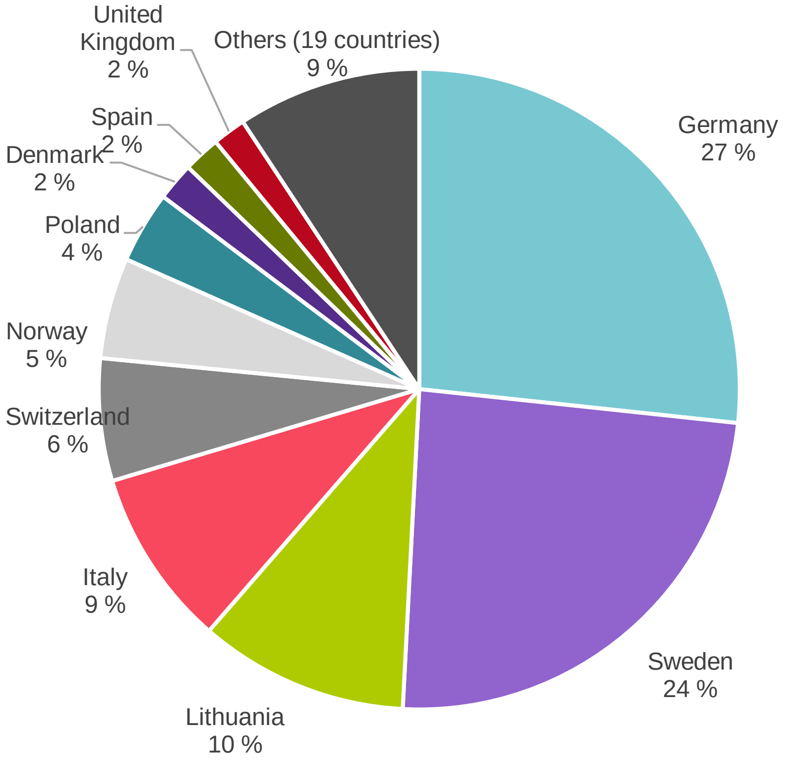
Distribution of companies , n = 388, 31 countries



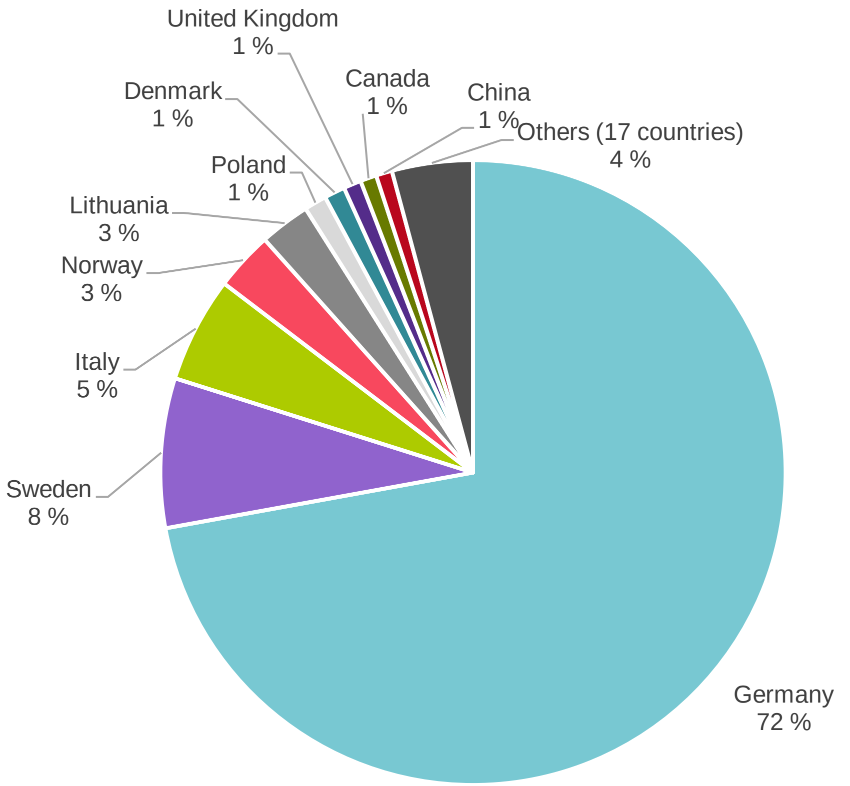
Distribution of the value of supply orders, EUR 390 million, 31 countries

UNIVERSITY OF TURKU

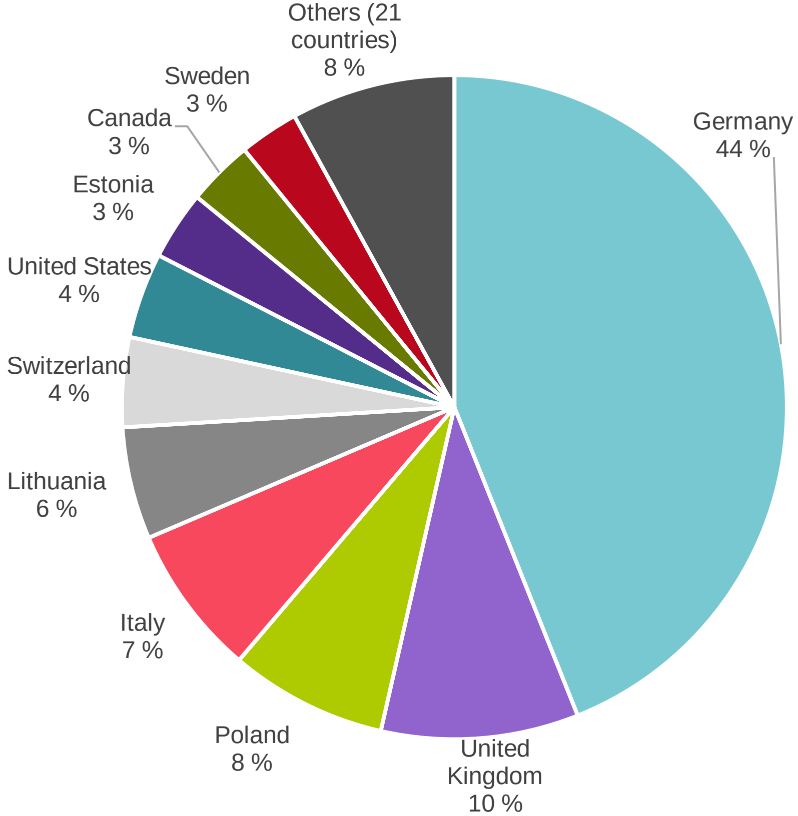
Distribution of the value of foreign supply orders in 2016 vs. 2018 vs. 2021



Distribution of the value of supply orders in 2016, EUR 118 million, 29 countries



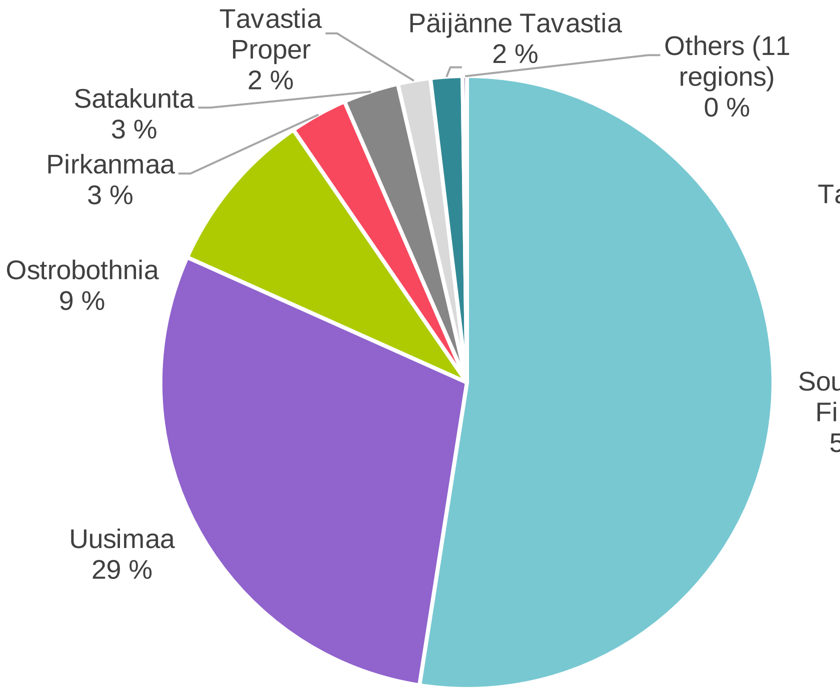
Distribution of the value of supply orders in 2018, EUR 295 million, 27 countries



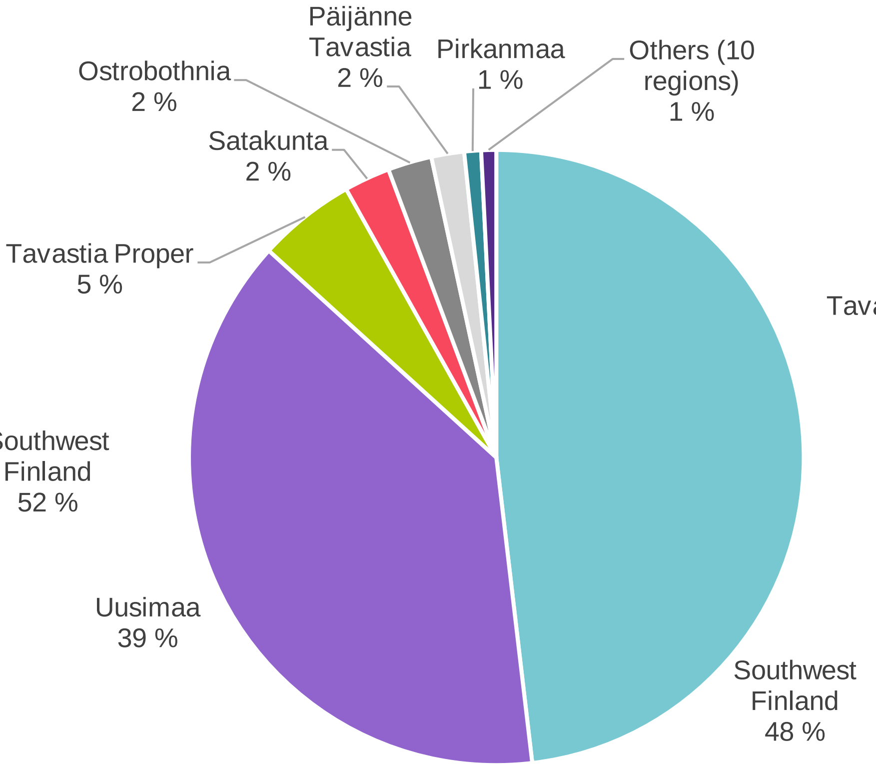
Distribution of the value of supply orders, EUR 390 million, 31 countries

UNIVERSITY OF TURKU

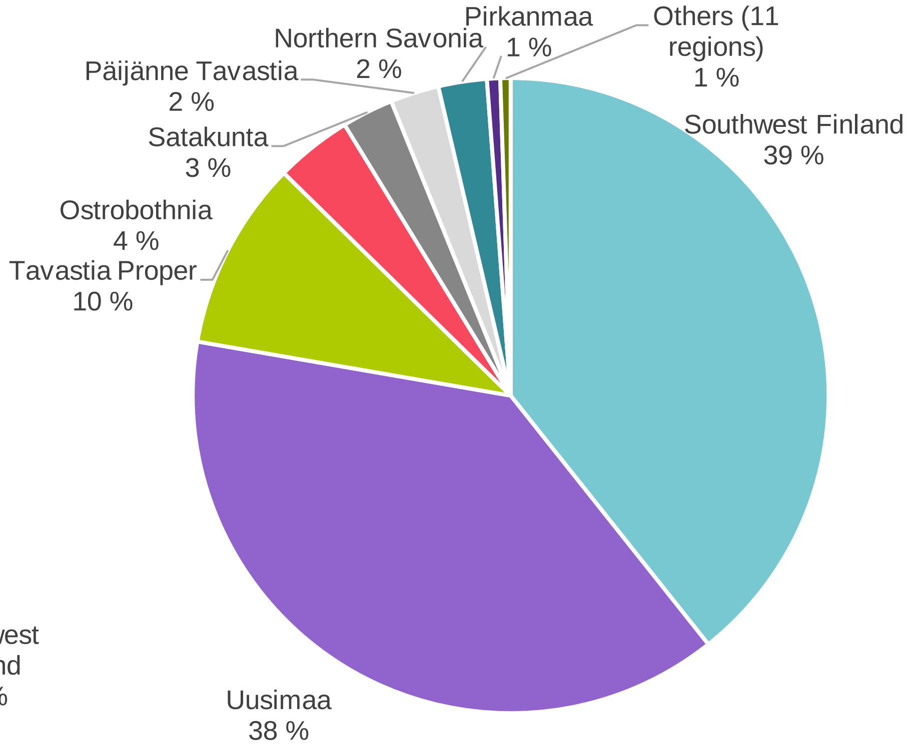
Distribution of the value of domestic supply orders by region in 2016 vs. 2018 vs. 2021



Distribution of the value of supply orders in 2016, EUR 390 million, 18 regions



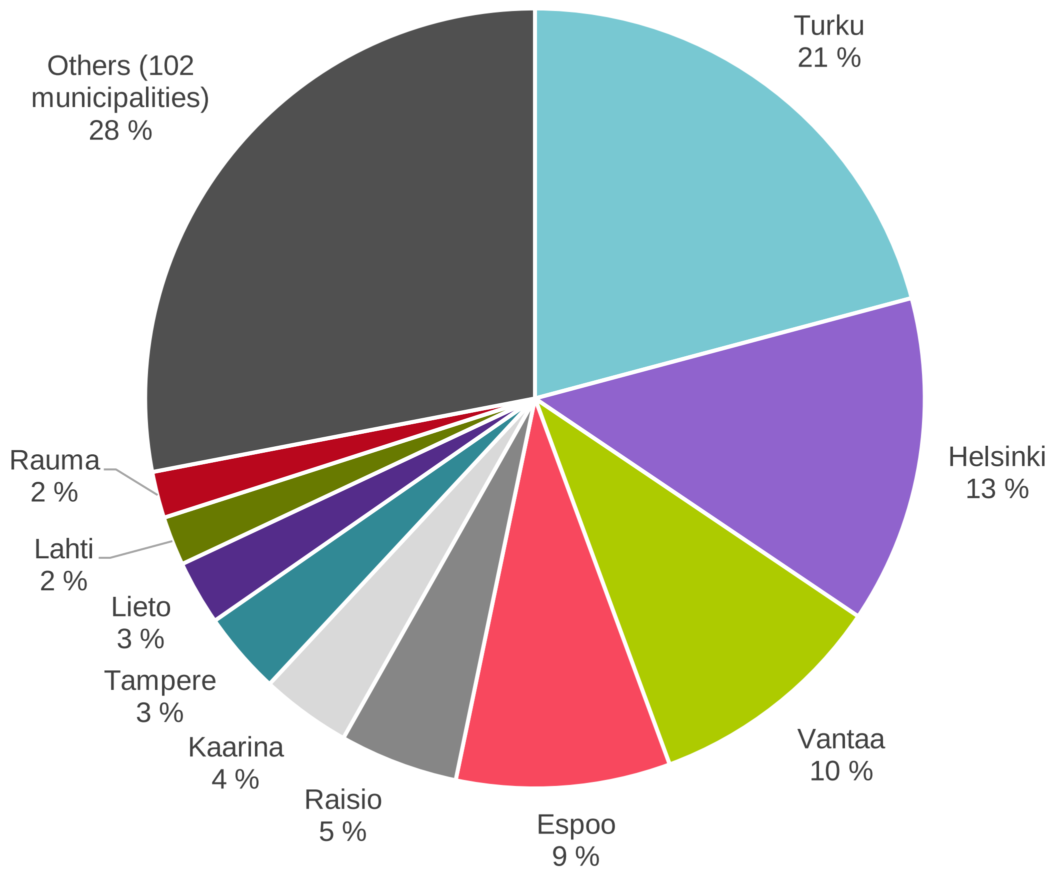
Distribution of the value of supply orders in 2018, EUR 638 million, 17 regions



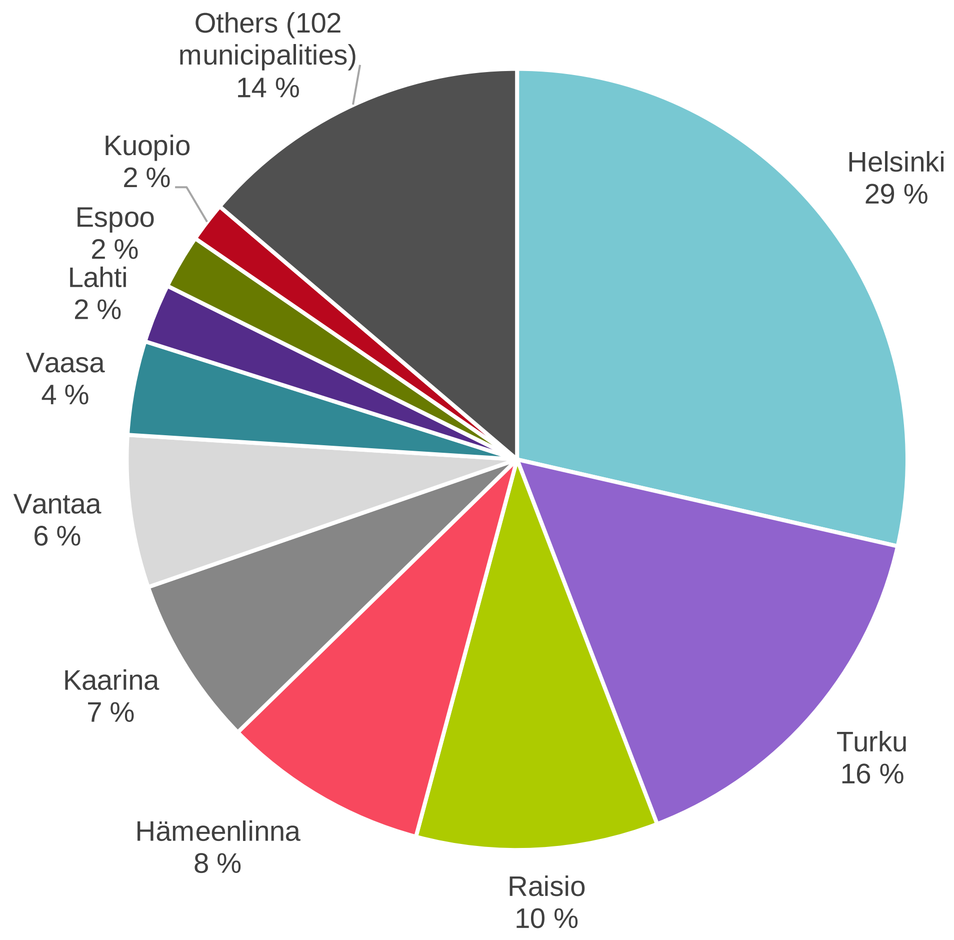
Distribution of the value of supply orders, EUR 582 million, 19 regions

UNIVERSITY OF TURKU

Distribution of the shipyard's domestic suppliers and value of supply orders by municipality in 2021



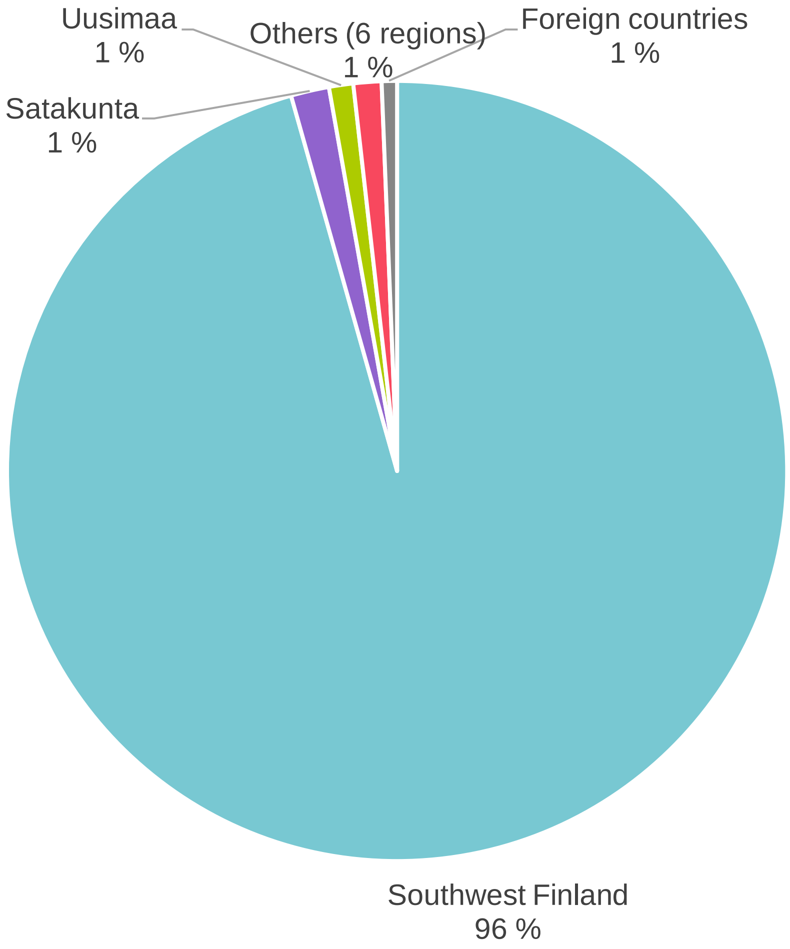
Distribution of companies,
n = 935, 112 municipalities



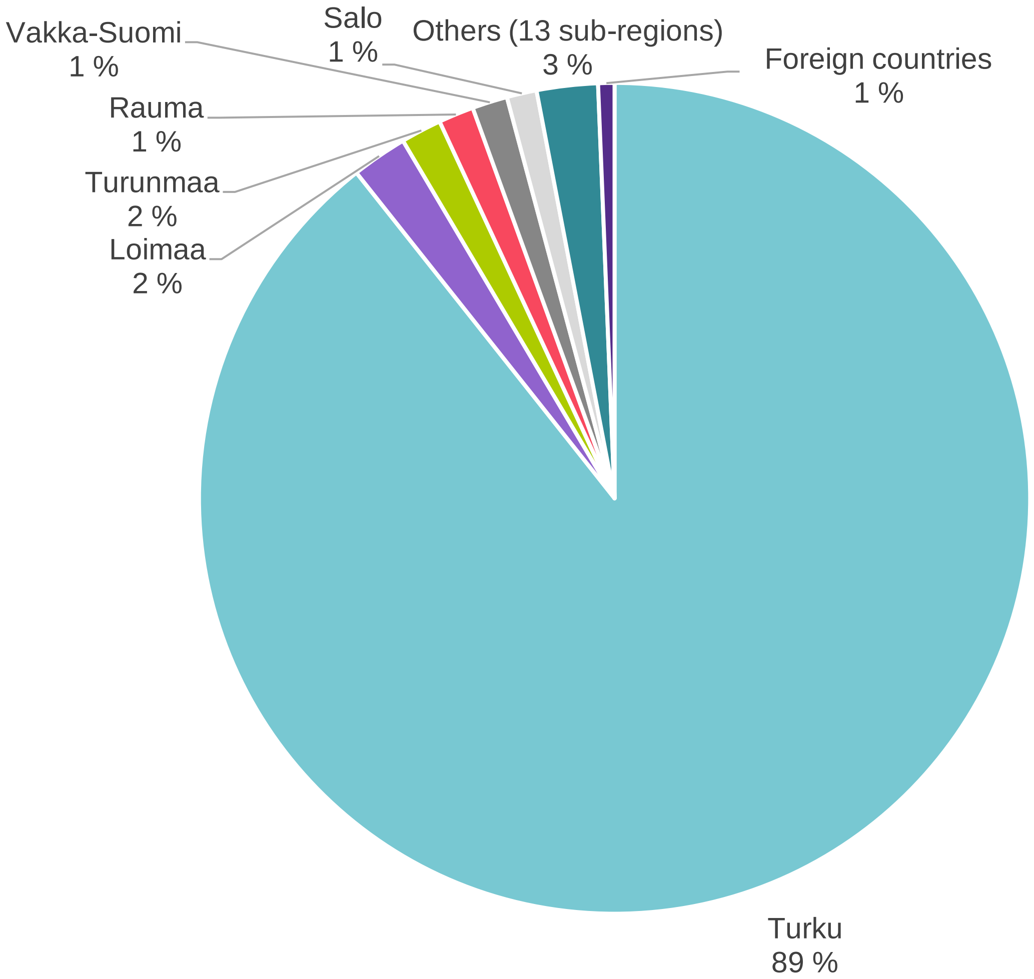
Distribution of the value of supply orders,
EUR 582 million, 112 municipalities

UNIVERSITY OF TURKU

Distribution of Meyer Turku Ltd’s personnel



Distribution by region, n = 1,894, 9 regions

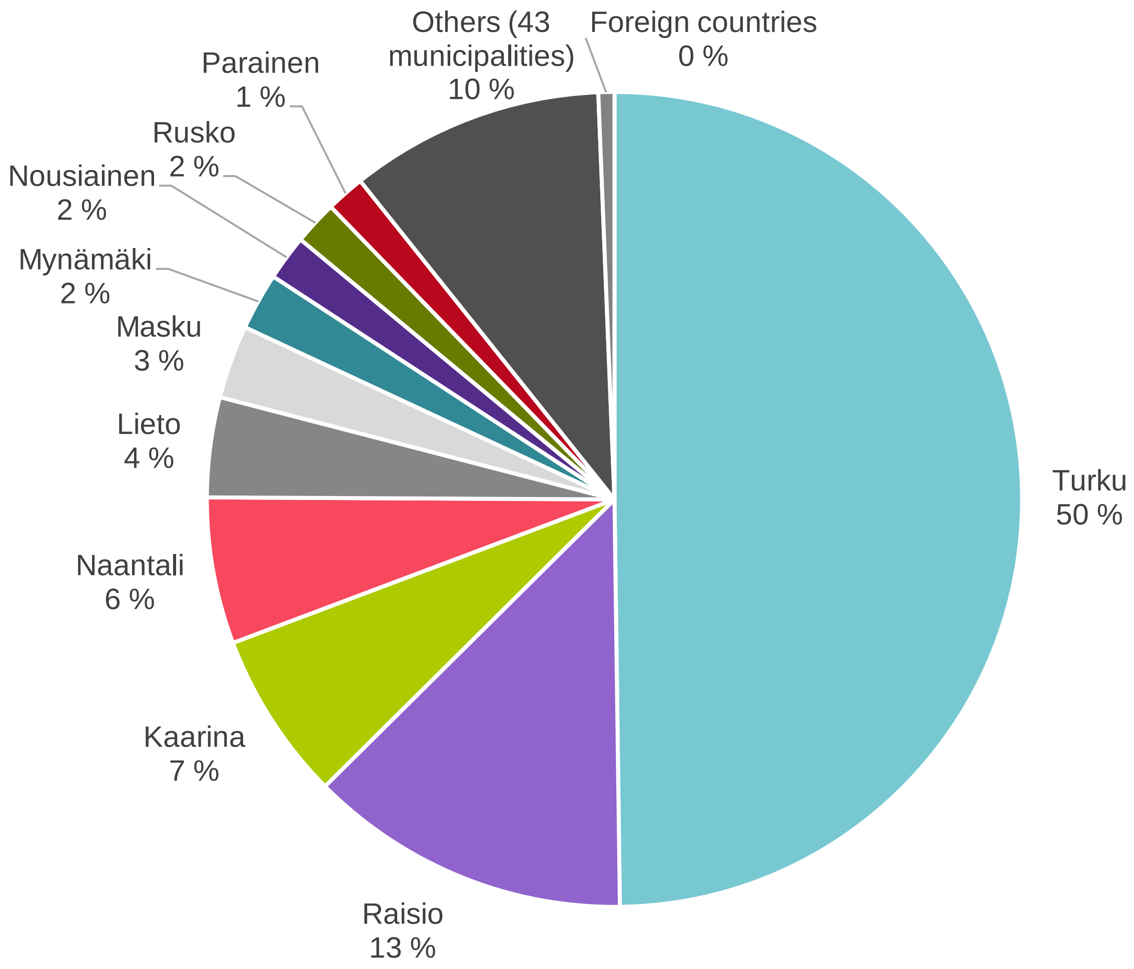


Distribution by sub-region, n = 1,894, 19 sub-regions

Personnel data from 2022

UNIVERSITY OF TURKU

Distribution of Meyer Turku Ltd's personnel by municipality

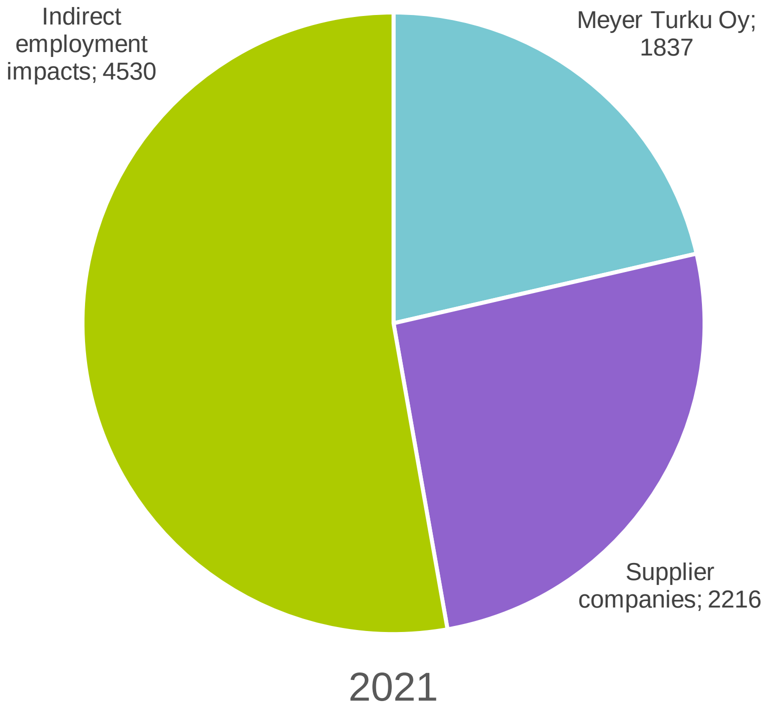


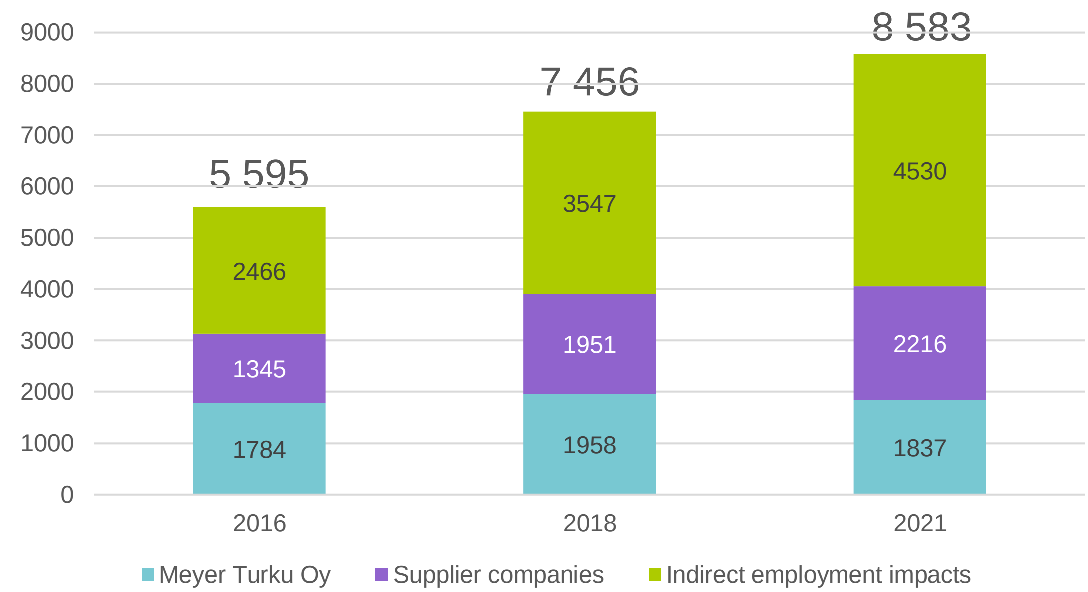
Personnel data from 2022

Based on the data of 1,894 persons, 53 municipalities

UNIVERSITY OF TURKU

Direct and indirect employment impacts of the Turku shipyard on other companies in Finland in 2021



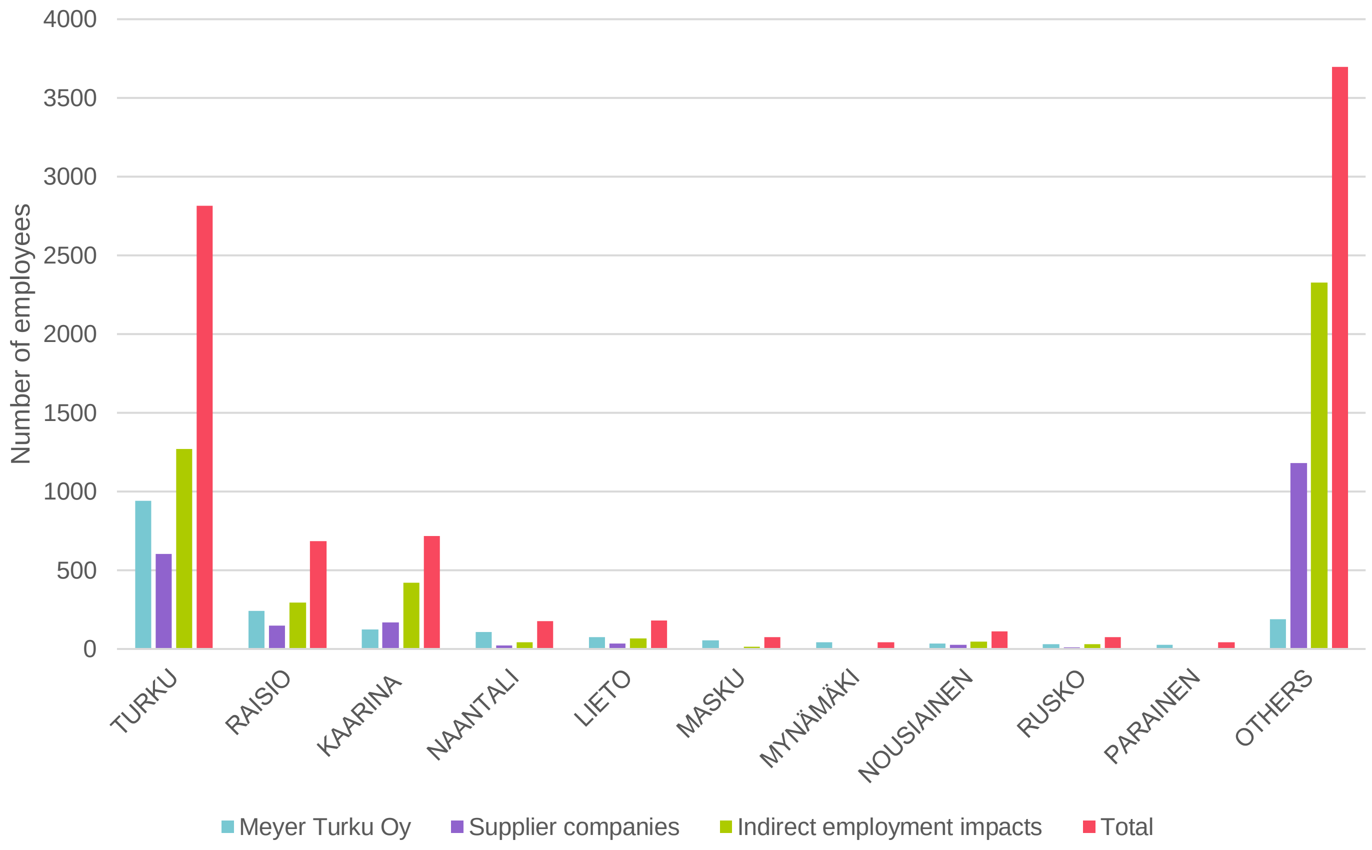


Please note! The review does not cover foreign suppliers and the employment impacts thereon. The subcontractor networks of direct suppliers have not been examined separately.

Foreign suppliers impact employment in both Finland and other countries.

UNIVERSITY OF TURKU

Employment impacts of the Turku Shipyard by municipality, ordered by direct employment



Employment impacts of the shipyard and supplier companies + indirect impacts on other companies.

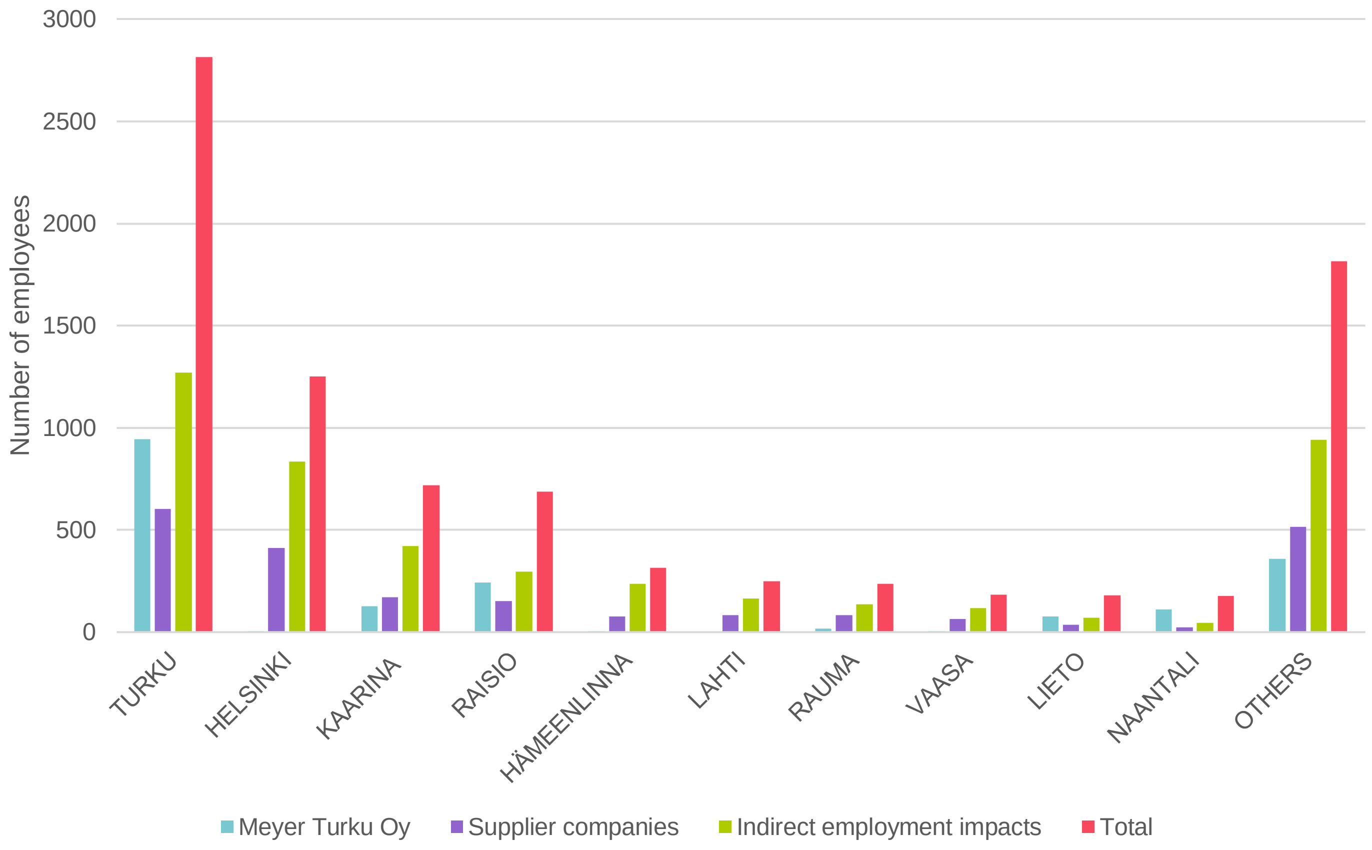
Direct impacts include only the figures of the shipyard's own personnel and domestic suppliers. Suppliers also have their own subcontractor companies, the personnel numbers of which are not included in these figures in their entirety.

The indirect impacts of the shipyard's own personnel via retail trade and service purchases, for example, are not covered.

Total impacts are somewhat higher than indicated here.

UNIVERSITY OF TURKU

Employment impacts of the Turku Shipyard by municipality, ordered by total employment



Employment impacts of the shipyard and supplier companies + indirect impacts on other companies.

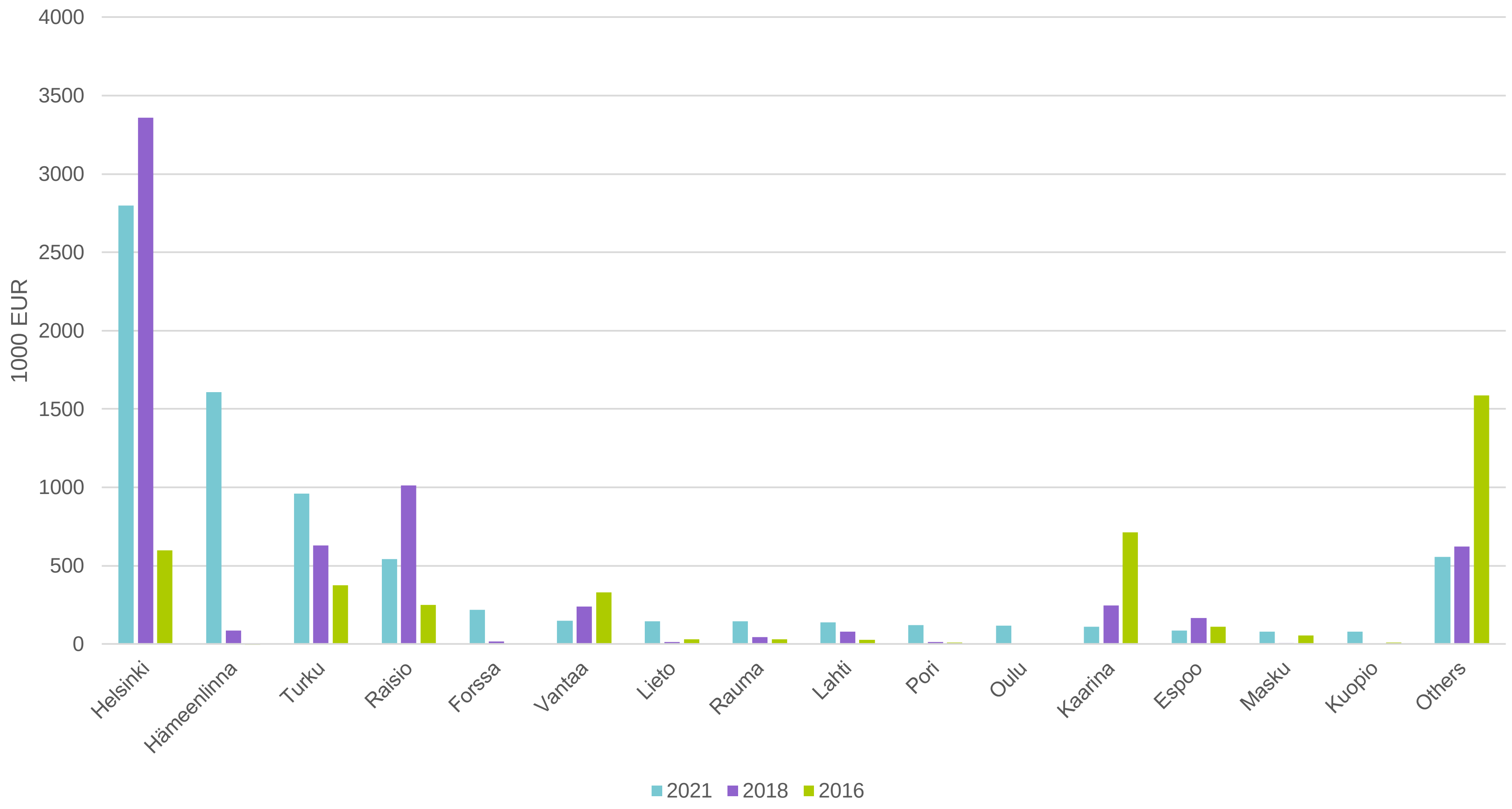
Direct impacts include only the figures of the shipyard's own personnel and domestic suppliers. Suppliers also have their own subcontractor companies, the personnel numbers of which are not included in these figures in their entirety.

The indirect impacts of the shipyard's own personnel via retail trade and service purchases, for example, are not covered.

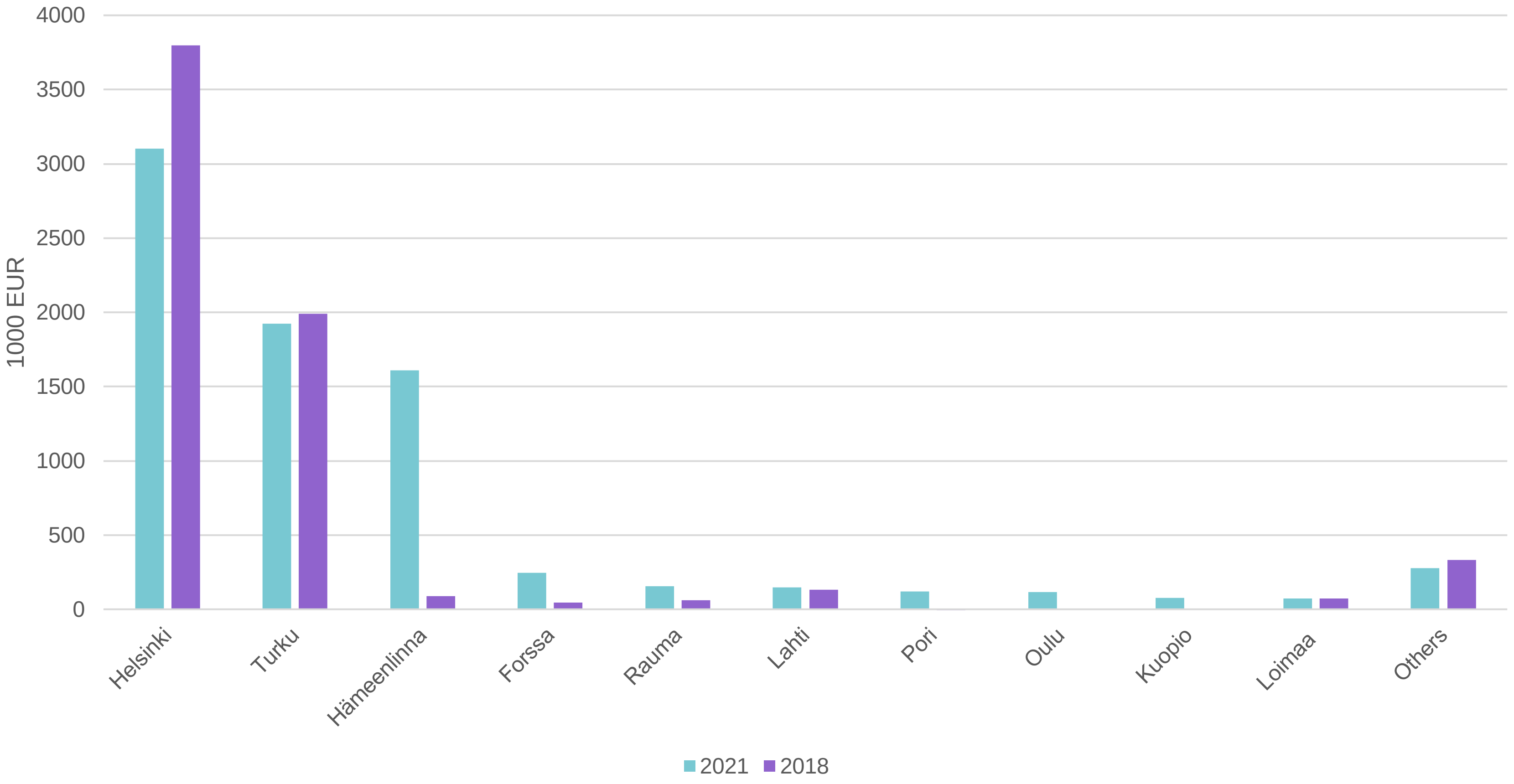
Total impacts are somewhat higher than indicated here.

UNIVERSITY OF TURKU

Paid corporate taxes by municipality



Paid corporate taxes by sub-regional unit

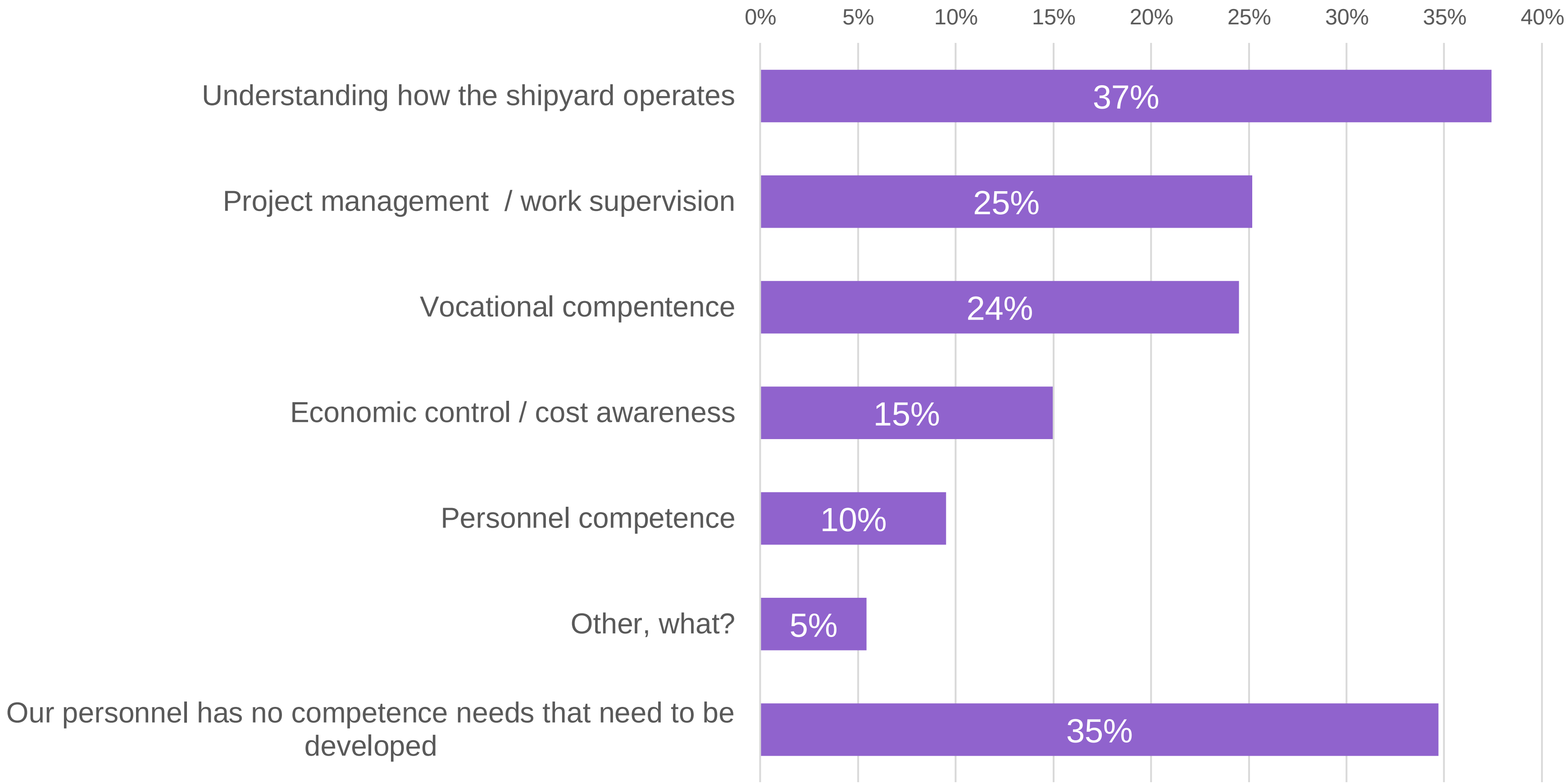


UNIVERSITY OF TURKU

Skill and labour needs in network companies

UNIVERSITY OF TURKU

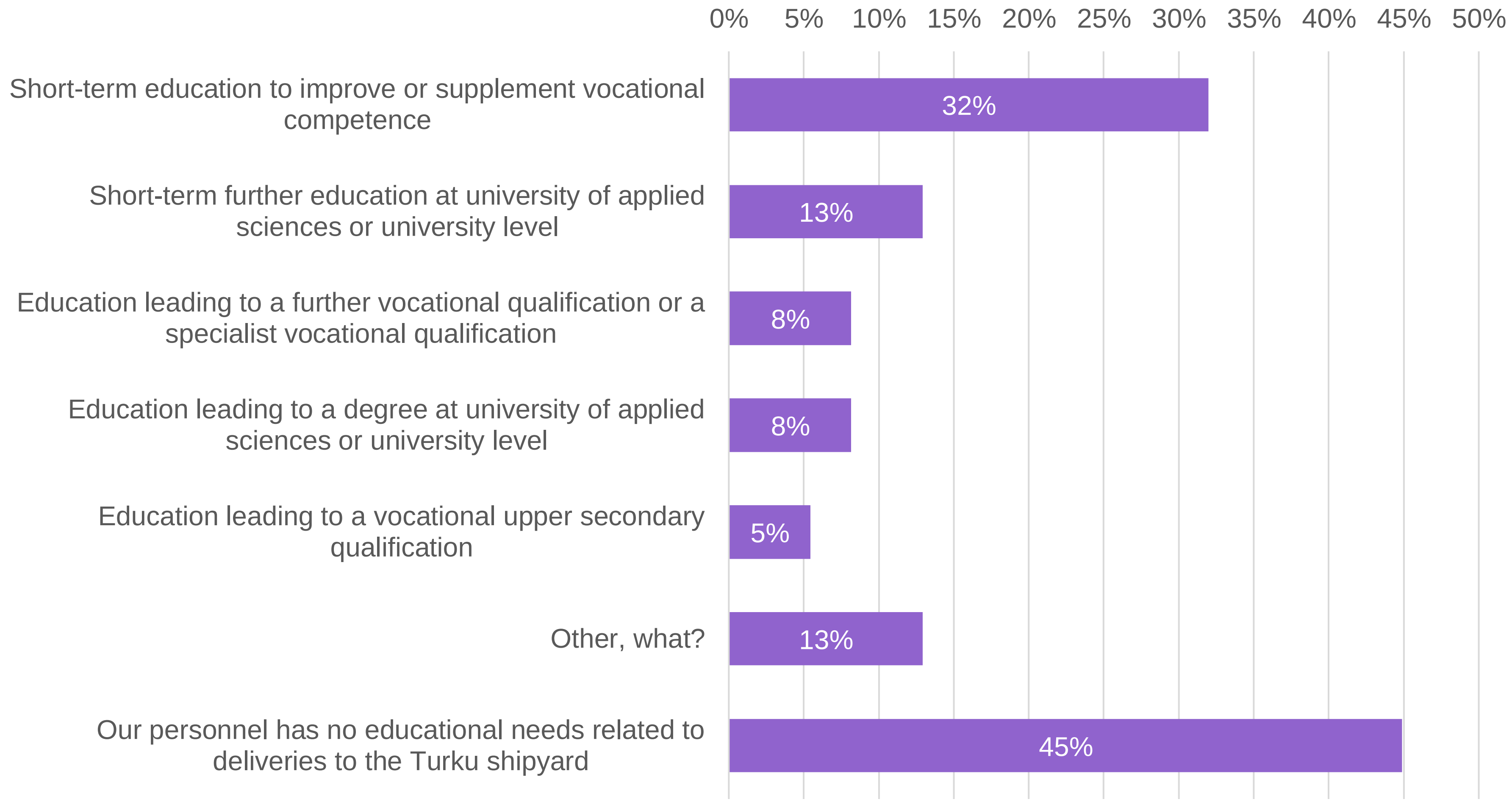
What are the main competence needs of the company's personnel related to the supply orders of the Turku Shipyard that need to be developed?



n = 147

UNIVERSITY OF TURKU

What kind of education would best serve to fulfil competence needs in the supplier network?



n = 147

UNIVERSITY OF TURKU

Employment needs in the supplier network

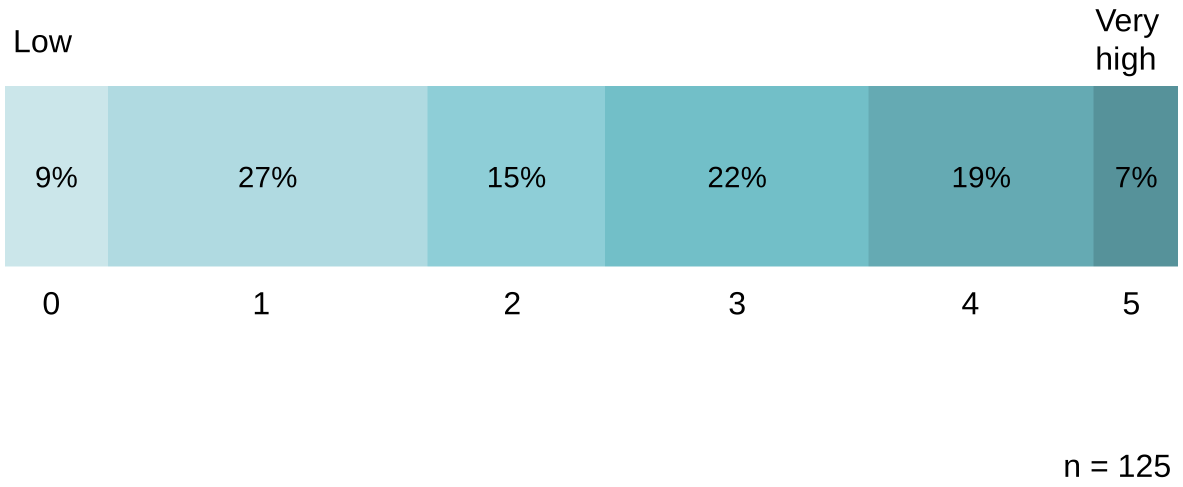
- Based on the responses, the following professionals are in the shortest supply:
  - Welders
  - Electricians and electrical designers
  - Project managers and supervisors
  - Metal workers and sheet metal workers
  - Engineer, HPAC and pipe fitters
  - Interior fitters and other installers
  - Upholsterers
- In total, around 30 different job titles or tasks were mentioned
- Of the companies that responded to the question on labour shortage (69) a quarter said that they have no shortage of professionals of any field in relation to the Turku shipyard's supply orders

Network companies' research and development activities and readiness for the green transition

UNIVERSITY OF TURKU

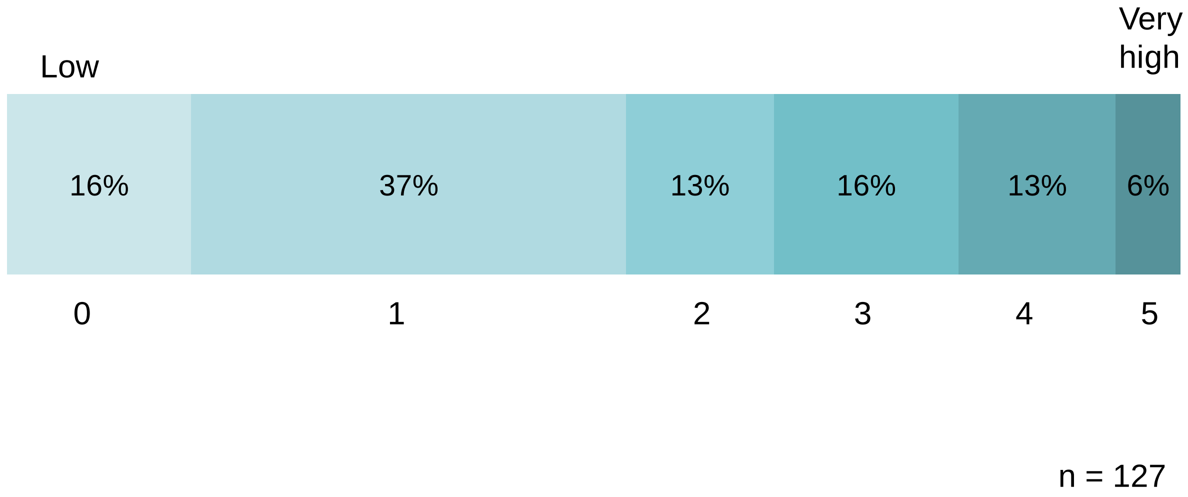
Importance of research and development (RDI) in the company

- The overall importance of RDI in enterprises varies considerably according to the survey
- On a scale from 0 = low to 5 = very high
- The mean of the responses was 2.4 and the median 2.0
- The answers correlate very strongly with the size of the company, i.e. large companies on average have a high RDI focus; however, some small companies also have a strong RDI focus



The importance of Turku Shipyard's orders for the company's research and development activities

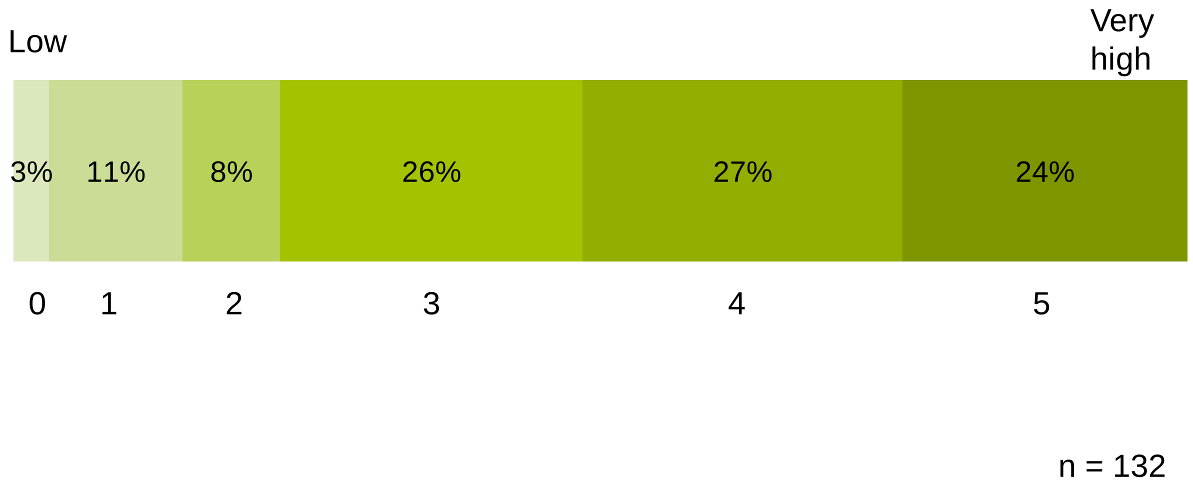
- The survey shows that the importance of Turku Shipyard's orders for companies' RDI activities is rather limited
- On a scale from 0 = low to 5 = very high
- The mean of the responses was 1.9 and the median 1.0
- The answers correlate to some extent with the share of the company's turnover generated by deliveries to the shipyard, i.e. the more important the shipyard is to the company as a customer, the more important it is for the company's RDI activities, but there is quite a lot of variation



UNIVERSITY OF TURKU

Companies’ readiness for the green transition

- The survey shows that companies are well prepared for the green transition
- On a scale from 0 = low to 5 = very high
- The mean of the responses was 3.4 and the median 4.0
- The answers correlate strongly with the size of the enterprise, i.e. large enterprises have better capabilities than small ones on average, but there are also small enterprises with very good capabilities



Summary

UNIVERSITY
OF TURKU

Summary (1)

- The shipyard is an extremely important local operator in the economic area of Turku and in Southwest Finland, but its impacts are felt throughout Finland as well as around the world due to the global nature of the business
  - The share of deliveries from other regions and from abroad has increased
- The total combined turnover of the shipyard and its direct supplier companies' production related to the shipyard is approx. EUR 2.1 billion (+9%)
- The shipyard employs approximately 4,100 persons (+ 4%) directly and another 4,500 (+22%) indirectly as measured in person-workyears
  - The number of indirect person-workyears has increased significantly
  - The shipyard also has an impact on the employment of foreign companies and so-called second level suppliers, in addition to which the consumption habits of the shipyard's personnel have indirect impacts on e.g. retail trade and services, which could not be determined in this review
  - The total employment impacts are significantly higher than these figures

UNIVERSITY OF TURKU

Summary (2)

- Local and domestic impacts are still clearly the highest, while the value of foreign deliveries has increased by about a third
  - 71% of suppliers are Finnish companies and 60% of the total value of supply orders comes from domestic suppliers
- The impacts are highest in Southwest Finland, but in Uusimaa they, apart from employment impacts, are nearly as high
  - Domestic supply:
    - Southwest Finland: 42% of companies, 39% of the value of supply
    - Uusimaa: 38% of companies and the value of supply
  - Personnel: Southwest Finland 96%
  - Tax revenue impacts are greatest in the municipalities of Southwest Finland, but corporation tax impact is highest in Uusimaa

Summary (3)

- In the shipyard's network companies, competence development needs include a deeper understanding and assimilation of the shipyard's way of working, project management and supervision (partly related to the former) and vocational competence
  - The range of vocational competence development needs is broad, but e.g. electrical skills came up strongly in the survey, as did multi-skilling
  - The most desirable type of education is short-term education that deepens or complements vocational competence
  - Welders, electricians and electrical designers, project managers and supervisors are most sought after
- The importance of research and development varies widely among companies, and the importance of shipyard orders on it is on average quite low
  - Large network companies have on average more RDI activities and the importance of the yard is greatest for those with a large share of their business related to the yard
- The survey shows that network companies are largely well prepared for the green transition

Further information: Senior Researcher Tapio Karvonen
tapio.karvonen@utu.fi, tel. +358 40 779 9482