

**MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE  
UKRAINIAN-AMERICAN CONCORDIA UNIVERSITY**

School of Management and Business  
Department of International Economic Relations, Business & Management

Bachelor's Qualification Work  
**Modern business environment in Nordic Countries**  
(based on the sole proprietorship "Hotel Dania" case)

Bachelor's student of the 4<sup>th</sup> year study  
Field of Study 29 – International Relations  
Specialty 292 – International  
Economic Relations  
Educational Program – International Business

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Research supervisor



**Roksoliana Liubachivska**

Ph.D. in Economics

Kyiv – 2023

## **Abstract**

The work is devoted to consideration of the modern Nordic business environment in the context of globalization. The work summarizes theoretical aspects for assessing the Nordic business environment, its competitiveness, saw well as discussed insituational measures to maximize international ties. The work includes the study of Scandinavian business “Hotel Dania” and its performance in the market, as well as the study of strategies for strengthening the business environment in the Nordic countries. Author identified most problematic spheres, in which the implementation of additional changes is necessary. A thorough analysis and research on the topic were conducted, a problem was revealed and discussed, and the author elaborated on it, based on the knowledge, gained from the studies. At the completion of the Bachelor’s Qualification Work it was established that businesses grow because of the environment on which they are founded, and the modern Nordic business environment is absolutely great for this.

**Keywords:** modern Nordic business environment, The Nordic Model, environmental sustainability, circular economy, governmental policies, business strategies, collaboration.

## **Анотація**

Робота присвячена розгляду сучасного скандинавського бізнес-середовища в контексті глобалізації. Робота підсумовує теоретичні аспекти оцінки скандинавського бізнес-середовища, його конкурентоспроможності, а також обговорює інституційні заходи для максимізації міжнародних зв’язків. Робота включає дослідження скандинавського бізнесу «Hotel Dania» та його показників на ринку, а також дослідження стратегій зміцнення бізнес-середовища в скандинавських країнах. Автор визначив найбільш проблемні сфери, в яких необхідно внести додаткові зміни. Було проведено ретельний аналіз і дослідження теми, виявлено та обговорено проблему, яку автор розробив на основі отриманих у дослідженнях знань. Після завершення кваліфікаційної роботи бакалавра було встановлено, що підприємства ростуть завдяки середовищу, на якому вони засновані, і сучасне Скандинавське бізнес-середовище абсолютно чудове для цього.

**Ключові слова:** сучасне Скандинавське бізнес-середовище, Скандинавська модель, екологічна стійкість, циркулярна економіка, державна політика, бізнес-стратегії, співпраця.

**PHEE-institute «Ukrainian-American Concordia University»**

**School of Management and Business**

**Department of International Economic Relations, Business and Management**


Educational level: **bachelor degree**

Specialty: 292 “International Economic Relations”

Educational Program “International Business”

**APPROVED**

Head of Department Prof. L. Zharova



“ ” 202

**TASK**

**FOR BACHELOR’S QUALIFICATION WORK**

**Vladyslava Bohatova**

(Name, Surname )

1. Topic of the work:

**Modern business environment of Nordic countries**  
**(based on the sole proprietorship Hotel Dania case )**

Supervisor of the work ***Roksoliana Liubachivska, Ph.D. in Economics.***

(surname, name, degree, academic rank)

Which approved by Order of University from “22” September 2022 № 22-09/2022-3c

2. Deadline for bachelor’s qualification work submission **“23” April 2023**

3. Data-out to the bachelor’s qualification work

***Materials from the internship received during consultation with representatives of the company. Information from open resources on the Internet, official reporting of financial and economic activities of the enterprise.***

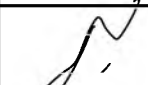
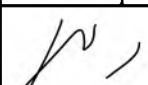
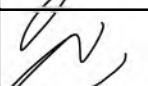
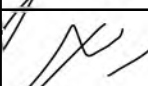
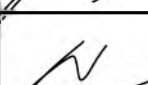

4. Contents of the explanatory note (list of issues to be developed).

***There are main topics a student should develop in this work: to study theoretical aspects of modern business environment in Nordic Countries, namely the essence of business environment and its impact on the Nordic market and methods for assessing the competitiveness of the Nordic modern business environment; to investigate economic activity and financial state at “HOTEL DANIA”; to make judgments, and present solutions to the accentuated problem statement’s concerns.***

5. List of graphic material (with exact indication of any mandatory drawings)

***Graphs and figures for analysis of economical and statistical information on the company and its development, visualization of mechanism of development, etc.***

6. Consultants for parts of the work

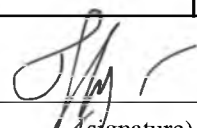
Part of the project	Surname, name, position	Signature	
		Given	Accepted
1	Roksoliana Liubachivska, Ph.D. in Economics		
2	Roksoliana Liubachivska, Ph.D. in Economics		
3	Roksoliana Liubachivska, Ph.D. in Economics		

7. Date of issue of the assignment

Time Schedule

№	The title of the parts of the bachelor's qualification work	Deadlines	Notes
1.	I chapter	31.12.2022	In time
2.	II chapter	20.02.2023	In time
3.	III chapter	11.04.2023	In time
4.	Introduction, conclusions, summary	23.04.2023	In time
5.	Pre-defense	26.04.2023	In time

**Vladyslava Bohatova**

  
(signature)

**Roksoliana Liubachivska**

  
(signature)

**Conclusions:**

*Vladyslava demonstrated a remarkable grasp of the theoretical foundations related to the modern business environment in Nordic countries. She displayed a deep knowledge of the economic, political, and social factors that shape the business landscape in this region. Her ability to synthesize and apply theoretical concepts to real-world examples was truly commendable. One of the standout features of Vladyslava's qualification work was her exceptional analytical skills. She approached her research with a rigorous and systematic methodology, collecting and analyzing data from a variety of sources. Her ability to critically evaluate information and draw well-founded conclusions was evident in the insightful analysis she presented. Moreover, Vladyslava provided valuable recommendations based on her analysis, highlighting the key opportunities and challenges that businesses face in the Nordic countries. In general, if successful defense, the thesis can claim to be "excellent".*

Supervisor

  
(signature)

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## INTRODUCTION

Our huge and diverse planet is home to a wide range of nations, cultures, people, environments, and ideas. These new concepts and technologies are being incorporated into our work environments and daily lives as a result of the power of globalisation. The key component of any firm is its environment. Business environment is the combination of all circumstances, events and forces that surround, and have an impact on business operations, and expansion. Nowadays, countries implement different strategies to achieve certain economic goals and help the economy to thrive. Many years and decades ago countries had such business environments that very much differ from ones we have these days. Industries and companies' markets had different target audiences, and the industry was still developing, comparing to the modern world, where we have so many needs. These days the world has gained so much knowledge and has developed with an amazing technological progress can be observed today. Modern business environment is creative and dynamic, increasing overall performance, growth and profitability of the business by assisting in the recognition of company prospects, utilizing helpful resources, and assisting in planning. The way a firm interacts with its environment determines how well it does. Thus, there is a close and continuous interaction between the business, and its environment. Modern businesses need to adapt, respect and consider certain environmental factors in order to be successful. This interaction helps to strengthen the firm and use its resources more efficiently. So, the environment is multifaceted, complex and dynamic in nature and has a far-reaching impact on the survival, and growth of a business. Needless to say, there are difficulties that each business climate faces and there are some that handle it with amazing innovative approaches. It is, of course, interesting, to observe and research how different business environment work and behave in everyday life, compared to others. One of the most successful environment is located in the Nordics and the countries are known for being the happiest in the world, having strong and large economies. Their conditions, activities and

solutions make the Nordic economy, as well as businesses, grow and prosper – and this is what I will be discussing in this Bachelor's Qualifications Work “Modern Business Environment in the Nordic Countries”.

I am a fourth year student at Ukrainian-American Concordia University and a part of my studies and my last study year of Bachelor program is to work on my thesis on the chosen topic. The *subject of study* is the modern business environment of the Nordic Countries. In this Bachelor's Qualification Work I will be discussing and exploring the reality of the modern business environment of Nordic Countries, based on my readings, statistics, experience and gained knowledge – this is the main task.

The first theoretical part reveals the essence of aspects of modern business environment in the region of Northern Europe. The key themes for the first point of the work is to explore the identity of business environments and its impact on the Nordic Market, as well as to discuss methods for accessing the competitiveness and then elaborate on the circular economy and sustainability.

The second part of this paper is closely connected to the subject of my Bachelor thesis “Modern business environment in Nordic countries”. It is telling about my internship experience in a hotel branch, at the hotel named “Hotel Dania” in a Nordic country - Denmark, where I, as an intern, got an inside view into the business environment in the Nordics and shared the gained knowledge about how a company in the Nordics operates. The hotel was established on June 17, 1848, by Jens and Katrine Heegaard and has been open for business for more than 174 years. Hotel Dania's form of ownership is a sole proprietorship and the business is based in Silkeborg, in the center of Denmark. Within the office the number of employees is seven and other employees operate as maintenance workers, cleaners, etc. As for the major competitors, the two closest are The Raddison Blu Hotel and Hotel "Scandic", located in a close proximity to “Hotel Dania”. Using the theoretical information and practical abilities I learned during internship, I, as the final year study student, efficiently and accurately prepared the graduate work.

The third chapter is a research, based on collected data and proposed improvements for business strategies and relation of the Nordic to other countries economies. I will bring together and explore the tensions and areas that can be changed to the better.

In this work, the modern features of the Nordic model of the business are also discussed, since the countries – Sweden, Norway, Denmark, Iceland, Finland and their territories paid great attention to the field of innovative and technological development, scale, research and innovation. This study seeks to highlight the current state of the Nordic circular economy. Lastly, in order to highlight the positive and negative aspects of the modern Nordic business environment, it is necessary to know its essence, and specifically define its main task. The positive and negative economic experience of Scandinavian countries has been studied. Forecasts of high reasons for the high standard of living and work in the Nordics have been made and measures to maximize international ties in the Nordic business environment have been reviewed. The recurring problems in the modern economy are analyzed, and the problems of management are investigated.

The *aim* of the bachelor thesis is to perform a deep analysis and research on the topic, to discuss a problem and elaborate on it, based on the knowledge, gained from the studies.

The *research object* is the business environment of the Northern European countries and its economic, governmental, cultural and sustainable environment, along with challenges that come with the Nordic Model.

The *research subject* of the Bachelor Qualification Work is the Nordic business environment and its state nowadays, along with the success of the Nordic Model and its influence on the Scandinavian work culture.

The main *tasks* are to train in academic writing and to build the abilities for independent research on the research topic, the design and identification of the research problem's scope.

The *tasks* for the first Chapter that were received based on the research aim are:

- to work deeply with a theme to independently show the capacity to create a business-related topic;
- to discuss methods and deeply explore the proposed topic.

The *tasks* for the second Chapter of the work are:

- to present theoretical information and practical abilities;
- to apply the knowledge to analyse the gathered information.

The *tasks* for the third Chapter of the work are:



- to choose relevant readings, process data;
- to conduct analyses and apply methodologies;
- to make judgments, and present solutions to the accentuated problem statement's concerns.

The bachelor's graduate work demonstrates the outcomes of the bachelor's program completion and the capability of the student to independently resolve the scientific challenge.

The work is a unique, finished investigation in a specific field of science that is internally coherent and has a set of analyses.

## **CHAPTER 1. THEORETICAL ASPECTS OF MODERN BUSINESS ENVIRONMENT IN NORDIC COUNTRIES**

### **1.1 Essence of business environment and its impact on the Nordic market**

Business environment, according to Bayard O'Wheeler, is "the whole of all external to enterprises and industries that affect their organization and operations." Modern business environment is the environment in which enterprises operate these days, using newly approaches in marketing, sales, technological infrastructure. The term "business environment" itself refers to external forces, factors and institutions that are beyond the control of the business, and affect the functioning of the business enterprise. These include customers, competitors, suppliers, government, social, political, legal and technological factors, etc. There are two components of business environment – internal, within the company and external – macro, and micro segments [3]. To add, a modern company must adjust to the constantly changing environment in order to succeed and remain competitive. Thus, the business environment can be understood as the general environment that has a direct or indirect effect on the operation of the business.

To begin with, the countries of Denmark, Finland, Iceland, Norway, and Sweden make up the Nordic region in Northern Europe. Important to mention, the term Scandinavia is often used as a term for the Nordics; but officially includes the monarchies of Sweden, Norway and Denmark, along with Faroe Islands and Greenland, due to them being a part of Denmark, and Åland Islands – the countries that are geographically located in the Scandinavian peninsula [40]. The Nordic countries combine for a territory of 3,425,804 km<sup>2</sup>. The Nordic countries are known for their strong economy and high quality of life. They have an advanced education system and a high standard of living. Many factors are contributing to these, whether it is their high focus on the work-life balance, sustainability goals or state projects, they reach success in it. With a highly educated and skilled population, the Nordic countries provide a particularly attractive business climate. Having

roughly the population of 27.36 million potential consumers, they make it a great place for entrepreneurs and their businesses.

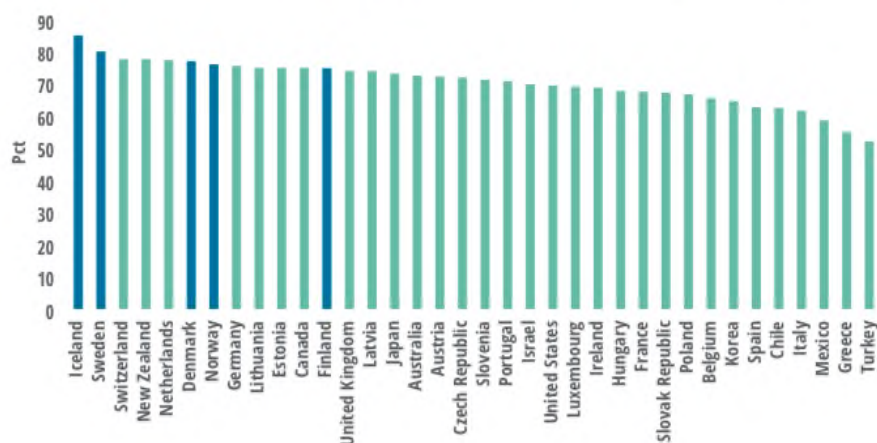
Further, I will give an insight of every countries' main focus on businesses and industries, looking at what the Northern European countries do the most and specialise in. Sweden, Norway, Finland, Denmark and Iceland are eager to rely on their natural resources, which include agriculture, forestry, and fishing. In particular, Norway is able to collect gas and oil deposits from the North Sea off its south-western coast and utilise its natural resources to produce hydropower. Norway's main industries are machinery, motor cars, paper, wood products, iron and steel products, also including oil, gas. The electronics and telecommunications industries are currently Finland's two biggest industrial sectors. However, other significant branches include engineering, wood, pulp, paper and basic metal industries. Energy and food industry products are Denmark's main exports and windmill production is their biggest business [1].

Finland, Sweden, Norway, Iceland and Denmark share many historical and cultural traits in common with one another and they focus mainly on the same things, there are some distinctions between them when it comes to how they go about creating business-friendly environments. Meaning having different languages, laws and taxes, along with how business is done in each territory - all these factors are to be considered when doing business in the Nordics [10]. Focusing on the many things that they have in common, the Nordics have a flat society and the tendency to keep the hierarchy flat is the same. They are open economies that are very dependent on foreign trade. Around 90% of Scandinavians speak English, therefore, it is relatively easy for English-speaking foreigners with fresh-minded ideas to start a business or to join an international company in the Scandinavian countries. Speaking about the internal component of business environment in the Nordics, all nations' corporate culture is derived from their cultural ideals. Equality of opportunity, family, respect, and cooperation are some of the Nordic nations' prominent characteristics when it comes to corporate culture. These values make up people's expectations and the way they do business in the area. Transparency and efficiency are valued in Nordic corporate culture and can be seen in each and every business. A happy society for all is highly valued in Nordic culture, and this is shown in the effort put forth to safeguard the environment, promote social

equality, gender parity, and uphold ethical employment practices. World Happiness Report placed the major Nordic nations all in the top 10. One straightforward explanation would be as a result of how well the Nordic countries perform, citizens have faith in their governments to foster prosperous economic environments. People are free to emotionally engage in things that matter more for happiness, such as family, friends, and fun, since they feel secure in their jobs, health, and education [27]. Additionally, they are very healthy-minded people with certain consumption habits and fitness awareness.

All of the Nordic countries have employment rates that are higher than 70%, and the majority rank among the best OECD countries. Particularly noteworthy are Sweden and Iceland, whose employment rates are close to 80% and 85%, respectively. The particularly high employment rates for women help to support these high total employment rates. As illustrated on the Figure 1.1 “% of female workforce employed in various nations”, we can see that The Nordics are one of the highest nations to employ women (ages 15-64) [14]. They place a lot of emphasis on achieving gender equality in workplaces, in which men and women are treated equally and have the same rights and obligations. More specifically, Europeans favor more equal societies since inequality negatively affects happiness, especially for the continent's poor. Therefore, despite the fact that the same direct effect is not apparent in many other countries, low levels of inequality may be crucial for the happiness of Nordic inhabitants.

Percentage of female workforce employed in various nations (ages 15-64)



**Fig.1.1 “% of female workforce employed in various nations (ages 15-64) OECD stat [14]**

Social media and mobile communication are widely used in the Northern Europe. People love trends, are highly educated users in phones, computers and in overall digital world. In January 2022, there were 9.88 million internet users in Sweden, where 97% of people have access to the internet as of January 2022, while 90.8% of people used social media. By far, Facebook is the most popular network. The most significant method of decision-making is to follow influencers [23]. Focusing on these indicators, modern business environment have shifted their focus to digital sales, websites and shops. Now, almost every store has a digital website and can be found on the Internet. Marketing is also very interesting and important factor for business-growth. Furthermore, the Northern European people trust their governments very much with their Internet safety, in particular, 44% of Swedes believe that authorities will secure their personal information [23], so these people choose to rely on online payments, as well. According to the Nordic countries' custom of lowering transaction costs, currency is nearly entirely removed from circulation. Only 1% of cash expenditure in Sweden makes up the majority of cash spending in the nation, where roughly 20% of buyers in stores pay in cash. Bank notes and metal money are still used in the Northern nations, but very little. Besides, big businesses Scandinavian nations have implemented a cashless payment system in their coffee shops, pubs, and even market stalls.

Moving on to the market of the Nordics, where economically, the Nordic countries have much in common, they are all small, open economies in which foreign trade has great economic significance. The Nordic region is famous for its intelligence and knowledge, but it is also noted for its relatively distinct welfare systems. This creates a special market that many non-Nordic businesses have already discovered, together with low levels of corruption and, as said before, high levels of trust among the population for the government and business climate that support it [31]. Moreover, nearly every business area is working throughout the regions, but worldwide manufacturing and technology have a high importance. These nations are leading innovators in technology. Start-ups can grow rapidly in the Nordic region if their firm is in the high-tech sector. The Nordic region is a successful market for enterprises that can provide high-quality goods or services. One of the most

driving forces of Nordics being an attractive location for businesses is their economic development.

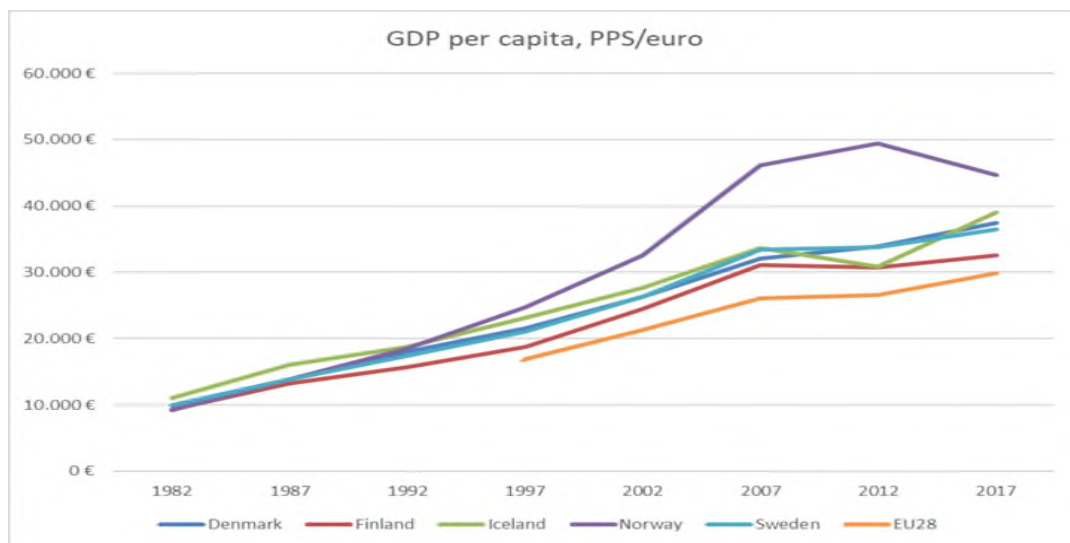
Moving on to the external macro components of the current business environments in the Scandinavian countries. One of the most significant contributing aspects to the external business environment, which has a profound effect on the company organization, is the political environment. The government of the countries oversee the economic activities. Governments play a crucial part in the establishment of a successful business environment in the modern business environment as a function of any organized society. Governments frequently exert political influence over commercial conditions. They frequently take into account a government's political stability, its policies, and its structure when assessing its effectiveness. As stated before, the Nordics and their government are extremely friendly to new entrepreneurs and to businesses ideas, having the most receptive environments, when it comes to businesses. The governments support companies, offering many programs and help for them. That being said, the modern resources and methods, along with monetary, and social approaches in the Nordics, affect the way modern companies in business environment operate - and they are what makes them successful.

The modern business environment, where companies are making a positive impact on the Nordic Countries can be seen all over the Northern European Countries. Sweden is a top exporter of forest products, heavy machinery and is known for having popular tech companies and e-commerce, such as Spotify, Klarna. They produce Volvo vehicles, trucks (Saab-Scania produces Scania trucks), build supplies, and marine engines. High-tech businesses and complexes for the forestry sector are also active in Finland. The leading producer of mobile phones, Nokia, was founded in Finland. This nation also produces enormous ship engines that are utilized by ships all over the world and engages in shipbuilding. Maersk, which also manages other forms of transportation and logistics, is based in Denmark and is the largest shipping corporation in the world.

## 1.2 Methods for assessing the competitiveness of the Nordic modern business environment

The 5th largest economy in Europe and the 10th largest in the world are both located in the Nordic region. The nations also stand out because they are home to a sizeable proportion of globally renowned businesses, which is far more than the region's contribution of the global economy. The Forbes list of the 2000 largest publicly traded firms in the world includes about 60 Nordic enterprises. Despite the fact that the aggregate size of the Nordic economies is much less than half that of Germany, the United Kingdom, and the United States, this number is significantly higher.

The 27.36 million inhabitants of the Nordic nations enjoy some of the greatest living standards in the world. The GDP per capita of the Nordic countries is higher than that of any other EU nation and is about twice as high as the average for all EU nations. The Nordic countries represent about 5% of the total population in the European Union but deliver almost 10% of the total GDP [43]. The Nordic countries are currently among the richest in the world when measured by GDP per capita, PPS/euro. According to Figure 1.2 below, the highest GDP per capita has Norway (€45,000 in 2017), while Iceland, Sweden and Denmark are almost the same (€37,000-€39,000), and the indicator of Finland is more closer to other EU Countries (€30,000- €32,000) [1]. In terms of real GDP per capita, Norway is the richest of the Nordic countries, while Luxembourg is the only country in the EU that is wealthier.



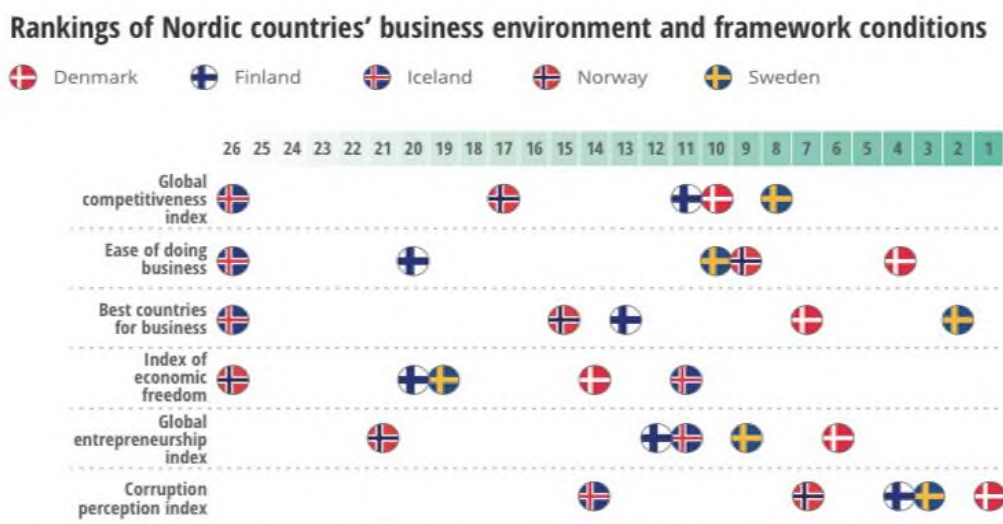
**Fig 1.2 GDP per capital, PPS/euro. Nordic Countries and EU2: 28 [1]**

Consequently, the level of income per capita is high and places the Nordics on top of OECD nations, along with Germany, Switzerland and Luxembourg. Despite being less prosperous than Norway, the other Nordic nations are nonetheless grouped together at the top.

Furthermore, in the current days and years, these countries consistently come out on top in comparisons of global competitiveness. This was not the situation 150 years ago. Historically, in the middle of the nineteenth century, the Nordic economies were behind those of the major industrialized countries. They have been susceptible to global changes because of their willingness to changes and trade. Sweden and Denmark (including Greenland and the Faroe Islands) were less exposed to these since they had larger economic bases in the past. Since the 1900s, Norway's supply of gas and oil has made the situation more susceptible. Iceland had not faced any major crises until 2008, which was serious. Finland, which until the 1980s was heavily dependent on just one export sector—the timber industry—was particularly prone to crises [1]. The fact that the Nordic countries pay a lot of attention to the size and function of the public sector, and are at the center of current reforms, defines characteristics of the viability of the Nordic model. Countries are frequently regarded as having a competitive private sector and a favorable business climate. These are made to increase productivity and revenue.

All of the Nordic nations are rated among the top 30 nations in terms of economic freedom, entrepreneurship, competitiveness, and ease of doing business. As shown in figure 1.3, the Nordic nations rank highly globally, but have comparatively poor scores in the other areas when it comes to economic freedom. The Nordic economies are all very competitive, and since the early 2000s, the World Economic Forum has ranked them as some of the most competitive economies in the world. Finland, Sweden, Norway, Denmark and Iceland consistently rank in the first 10 in the World Economic Forum Competitiveness Index. Indeed, the Scandinavian countries are the most striking example of competitive innovative economic development [14]. This emphasis on competitiveness appears to have paid off. At first, it seems to not be easy that such free access to benefits for Northern European citizens result in inefficiency and low competitiveness. This paradox is quite interesting, but it is actually like this, looking at world comparisons.





**Fig.1.3 Rankings of Nordic countries' business environments and framework conditions. OECD stat [14]**

The Nordics fit in very well in the European Union and the European Market. According to a European Commission research, the Nordic nations are the best at encouraging new digital startups and aiding companies in going digital than the rest of the EU [20]. Based on the shared value system that exists in Nordic civilization, cooperation between the Nordic Countries aims to advance problems of common concern to the people of Northern Europe. Cooperation aims to increase regional influence at the level of the European Union and internationally as well as country-to-country integration. The nations have settled for a few various tactics when it comes to European political and economic union. Speaking about the political and economic integration of Europe, the Nordic countries have taken several strategies. After the 1970s, the various paths and approaches to European economic integration and the common market became especially apparent [1]. According to the Commission, Sweden, Denmark, and Finland even do better than other EU nations, because they were successful in creating a "virtuous circle." The fit in well, while making significant investments in training, research, and development. For instance, the small Scandinavian nation of Sweden is currently home to nearly as many tech firms as Silicon Valley, as noted by the American financial news publication Forbes [20].

### **1.2.1 The Nordic Model**

Large public sectors, comprehensive and generous welfare systems, a high rate of taxes, and significant state participation have all been characteristics of Nordic economies. There is a model of economic development and management that stands out, where the effectiveness of which can be proved by the achievements of such world-famous companies as Volvo, Ericsson, Electrolux and others. It is called The Nordic Model (also called Scandinavian) - refers to the combination of the economic and social welfare systems that the Nordic countries have accepted [24]. The Scandinavian model of the economy is one of the variants of the social market economy, which implies a significant role of the state in the economy, especially in terms of social protection of the population. This is a market economy with a mature social infrastructure and strongly encouraged by private initiative and entrepreneurship. The Nordic Model places more emphasis on ongoing transformation than it does on any particular strategy. The development of the model has been aided for more than a century by organizations from the Nordic societies and political parties on all sides of the political spectrum. This indicates the widespread acceptance and support of the Nordic Model in society. The Scandinavian countries are distinguished by their openness to competition and foreign trade, flexible labor markets, high spending on education and generous social spending to support the unemployed. Firstly, it mixes social benefits like income distribution and public pensions with aspects of capitalism like a market economy and economic efficiency. Secondly, it is a welfare state that is expressly designed to boost individual autonomy, foster social mobility, protect fundamental human rights, and maintain economic stability. And in contrast to other types of social governments, the Scandinavian model places more of a focus on maximizing labor force participation (general employment), gender equality, egalitarian and extensive social benefits, and a higher level of income and wealth redistribution. The Nordic countries are considered to have the best governance systems in the world, according to The Economist in 2013 [26]. As a result, this "Nordic model" has drawn significant interest on a global scale. So, the question is, why is this model so popular and successful in the modern ages? The system is described in the article "The Nordic Model - Embracing Globalization and Sharing

Risks" as follows. The Swedish model stands out for having a robust social policy that redistributes national revenue in favor of the most vulnerable groups of the population in an effort to reduce wealth inequality. Thus, this model provides for a rather high level of fiscal centralization of GDP - 50-60%. Accordingly, it is characterized by a branched state social sphere both in the field of education and health care. Only 4% of fixed assets are under the control of the government, but in the 1980s, for instance, public spending represented 70% of GDP, with more than half of that spending going toward social causes. Naturally, only in the presence of high tax rates is this possible. Also, Scandinavia has relatively high tax-to-GDP ratios because such initiatives call for higher tax rates [2].

Scandinavian nations offer a wider range of public services, such as free healthcare and higher education. Importantly, in a sizable study conducted for the European Commission by the University of Gothenburg, Denmark, Sweden, and Finland are placed 1, 2, and 3 in the EU for value for tax money [44]. Additionally, in comparison to other nations like Germany (34.7%), Canada (33.5%), and Ireland (30.5%) - Sweden (51.1%), Denmark (46% in 2011), and Finland (43.3%) have some of the highest overall tax burdens in the world (measured as a percentage of GDP) [26]. Giving an example with Sweden, where personal income taxes can be as low as 29% of an individual's wage, but local and state income taxes typically range from 49% to 60% for individuals earning above £32,000. Swedes hold a very high regard for the concept of Sweden as the people's home, knowing everyone in society will be safe, since they are all protected under one roof. The treatment of Swedes is likewise excellent. It consistently ranks first on Save the Children's list of the best countries for moms, is ranked sixth on the UN Developments Programme's human development index and is ranked second by Unicef on a list of the best countries for children's wellbeing [13].

Of course, there are challenges that the Nordics face and they try to make changes, focusing on the Nordic Model. The model has been continuously improved throughout history to address a variety of difficulties. The Nordic nations are currently experiencing demographic changes that may result in a future labor shortage. The Nordic region gives birth to more kids than many other nations, nevertheless [44]. Reputable economists claim that maintaining productivity growth in order to keep the countries competitive in the global market is another significant difficulty.

### **1.3 Key models of circular business environment in Nordic Countries**

A circular economy is one that is based on the ideas of prolonging the lifespan of objects, reducing waste and pollution, and regenerating natural systems. It aims to end the reliance of wealth on the exploitation of natural resources by reorganizing the production and consumption of goods, business structures, and relationships between market participants. The circular economy is crucial in addressing issues with the environment and the climate. The Nordic area is a trendsetter and a leader in the use of circular and sustainable business strategies. The Nordic countries are well-positioned to lead the way toward a circular economy thanks to their diverse biological resources on land and in the water, high levels of technological expertise, competitive industries, and educated populations. These advantages can be used to increase their competitiveness, market potential and capacity for quick adaptation. When materials are stored locally, circular business models and increased resource efficiency can help to reduce extraction, increase biodiversity, reduce emissions, and improve security. Building the resilience of the Nordic region requires circular business strategies.

“A move towards a greener future is necessary and shift from linear to circular economy is vital to achieve it. Circular economy saves resources, reduces pollution, promotes innovation, reduces price of production and creates new jobs. Fighting climate change and promoting climate-neutral growth has become political issue number one in Europe. As pioneers of sustainable development and circular economy, Nordic countries fully share the European Commission’s vision for European Green Deal and a greener, non-toxic, and resource-effective production process”, said the Norwegian Ambassador in Serbia H.E. Jorn Gjelstad at the Diplomacy Event in 2021.

It is very important to explain the significance of the circular business economy at first. Our modern world, unfortunately, uses circular economy only on 8.6%, the most usable is the linear economy. There are tons of materials coming into our word economy every year. It entails the extraction of resources, including minerals, ores, and minerals, as well as the intensive use of rich soils for crop production, land for the production of wood and

cotton, and the creation of goods from resources. Products and materials are thrown away after use. The remaining materials are lost, become emissions, or are disposed of in landfills and the third of the materials are still used in buildings and infrastructure. Consumption is based on selling as much as possible, and production is based on being as intensive as possible. Business models are designed to support rapid production and consumption. There are two worldwide issues caused by this linear use of resources. First, excessive production and consumption, resource extraction, and the use of fossil fuels all contribute to greenhouse gas emissions and climate change. Ecological issues are the second. Natural ecosystems are vanishing as a result of soil, water, and air pollution, the clearing of forests for the creation of new building materials, the conversion of forest-covered regions into other uses, and these actions. But the nations are recognising the problem and are taking steps to make it better, in fact, a number of nations have started to create their own distinct green plans, like the Green New Deal, an action plan for the transition to a circular economy that was enacted in December 2019. Many organizations around the world are working to make the switch from a linear to a cyclical economy. Let's examine the Nordic countries as an example to see which tendencies in the cyclical economy are most clearly exhibited, what opinion officials and organisation managers have of it, and how business reacts to it.

For example, the government of Finland passed a resolution to support the circular economy on April 8, 2021. By 2035, the Finnish government hopes to achieve carbon neutrality, change its economy, and solidify Finland's position as a global pioneer in the circular economy. Norway's cyclical rate is 2.4%, which is notably lower than the global average. But 97% of the nation's plastic bottles are recycled and Norway's overall recycling rate is 30%. In Norway, there are already a lot of activities to assist the state's cyclical approaches, such as environmental regulations on bottles and cans, and on making the switch to clean energy. With a 51% share of used renewable energy, Norway has surpassed several other European nations in this area. Heavy industries were also impacted by the energy revolution. Norway has a population of just 1% of all of Europe, but it has a lot of energy resources: 60% oil, 40% gas, and 20% hydropower. A variety of renewable energy sources, including hydropower, biomass, wind, and solar, give Norway good prospects to further diversify its energy industry. As of right now, hydropower produces 98% of the

nation's electricity. Additionally, Sweden created a National Strategy for the Circular Economy that outlined four routes the nation will take: product design and manufacturing, consumption in moderation, materials that are secure throughout use and new ideas and business models. Making the most of the Earth's resources in accordance with the circular economy is popular in Iceland. This type of thinking is particularly clear even in the fishing industry, where Icelanders routinely come up with inventive ways to maximise each catch. Now, the entire industry aims for a 100% yield. Exciting research and development initiatives involving the integrated use of geothermal also use circular thinking. Based on the research "Circular economy in Denmark", by adopting a circular economy by 2035, industries like food and drink, building and real estate, engineering, plastic packaging, and medicine will see an increase in GDP of 0.8-1.4%, creation of thousands of jobs, a 3-7% reduction in carbon emissions, and a 50% decrease in the consumption of primary resources for some materials [5]. Moreover, the circular economy has a considerable worth; it is predicted that, if adopted widely in the Nordic region, it may generate up to \$140 billion by 2030. The Nordic region is already leading the way in the development of digital capabilities, making it an excellent place to start, when extending their data-sharing capabilities for circular results. If given the correct incentives, Nordic businesses can accelerate the transition of the world to a data-driven circular economy.

### **1.3.1 Sustainability in the modern Nordic businesses**

"We, the Nordics, have a lot to offer in promoting climate action. With our innovative energy, waste and circular solutions we can and we will lead the way in achieving climate targets", says Finland's Minister for Environment and Climate, Emma Kari [22].

World attention is needed for the issues of climate change, pollution, and threats to biodiversity. As pressure builds on democracy, inclusivity, and social inclusion, the Nordic model is likewise confronted with increasing difficulties. The Nordic nations of Denmark, Finland, Iceland, Norway, Sweden, the Faroe Islands, Greenland, and the Åland Islands, as well as the rest of Europe, are committed to fighting against climate change because it has severe negative effects. The ecology and sustainability are highly valued in the Nordic

nations. The Nordic region is friendly to businesses that are sustainable or ecologically friendly.

To begin with, support for the sustainable development policy rose to the top of the global agenda following the 1992 UN Conference on Environment and Human Development in Rio de Janeiro, which took place in response to the Brundtland Report. This gathering was the force behind the development of Agenda 21 and the planning of its blueprint through the year 2050. Additionally, it highlighted the need for governments around the globe to actively promote sustainable development. And the social systems of the Nordic welfare states have done a good job of incorporating safeguarding the environment into various government policies [46]. Modern business environments in the Nordic already include sustainable programs and rules that they must operate by. It is very important nowadays for business owners to follow environmental rules, established by the government and they are highly encouraged to implement more to their companies. That is why Finland, Iceland, Norway, Denmark, Sweden and all their territories very much support and follow Paris Agreement “17 Sustainable Development Goals”, established on September 25, 2015, by The United Nations, and expected to be reached by 2030. The Sustainable Development Goals are an international call to action to end poverty, safeguard the environment, and improve people's lives and future possibilities everywhere. For sustainable development, SDG 17 calls for an international alliance. The objective emphasises the need of maintaining global macroeconomic stability and the requirement to raise money for developing nations from external sources while also bolstering local revenue collecting capabilities. These 17 goals have 169 targets that are to be achieved over the next 15 years and the Nordic countries are successfully working towards these goals [15]. In the OECD rating system, Sweden has the highest score, followed by Denmark, Finland and Norway. And the Global 100 Index shows that the world's biggest sustainable businesses are Nordic. Of the world's three most sustainable companies in this year's Global 100 ranking, one, NESTE, is from Finland, and two – renewable energy company Ørsted and bioscience company Chr. Hansen - from Denmark [6].

Denmark was among the first nations in the world to establish a Ministry of the Environment in 1971 and is known for promoting environmental protection, and green-

friendly economy. Nordic businesses are in a good position to benefit from the increasing worldwide movement toward sustainability, and some have even made a name for themselves as its founders. Nordic businesses may access significant global value goals between now and 2050 if they play offence in the green transition, which entails creating knowledge and solutions to aid the rest of the world in decarbonising, rather than concentrating defensively on their own decarbonisation difficulties. This kind of example makes the modern business environment in the Scandinavia even more welcoming for new startups and businesses. Danish businesses that have demonstrated that it is possible to be both commercially successful and sustainable, have also played a significant role in the country's green transition. As an illustration, consider the following: By 2020, 104 businesses had already signed on to the pact to cut food waste in half by 2030. Food waste fell by 12% between 2015 and 2018. The Finnish government wants to make the nation a more prominent leader in the circular economy, change the country's economic structure, become carbon neutral by 2035, and adopt more cyclical business models. All the Nordic countries have high ambitions regarding greenhouse gas emission reduction: Denmark's emission reduction target of 70 per cent by 2030 has broad support from parties on both sides of the political aisle, as well as from local authorities, civil society and the business community. With the implementation of the law, the Danish government has adopted a collaborative approach. The business community has been engaged in climate partnerships covering key sectors and specifying policies needed to reach the emissions targets [42].

Moreover, youth in the Nordic region are becoming more seriously worried about environmental issues such as global warming, loss of biodiversity, and excessive consumption than previous generations. Furthermore, young people in the Nordic region are more demanding of politicians, more ambitious, better prepared, and more willing to pay and make sacrifices than people of other ages. A majority of people—more than 93%—think that leading a sustainable lifestyle is essential, and 83% are willing to take additional steps. The young environmental activists in the Nordic countries are already taking action by sorting garbage, reducing food waste, eating vegetarian food, and choosing green transportation, even to and from work [33].



However, the Nordic countries still face significant challenges in meeting all of their targets by 2030. Iceland has increased emissions by more than 50 per cent, through processes related to road transportation, industry and agriculture – well as, in recent years, increased aviation traffic owing to the sharp increase in tourism in Iceland. The decline in emissions in Sweden since 2006 has been mainly thanks to changes in fuel consumption and reduced production volumes. Without further action, emissions from industrial processes are expected to increase in the coming decades. Nevertheless, companies in the Northern Europe are succeeding with sustainable values and methods, and have every potential to grow, changing the environment near for better.

“People in the Nordic region are not necessarily more environmentally concerned than elsewhere in the world. It’s the trust and strong institutions in the countries that have resulted in many years of implementing environmental taxes and regulations”, says Johan Rockström, making this statement in the podcast, which was recorded in front of a live audience at the Nordic Pavilion at COP24 in Katowice, Poland [39].

All in all, many ways of the secret of success of the modern businesses environment of Northern countries is determined by the fact that an appropriate environment has been created there for the implementation of all of the state level in the Nordic. Countries created such a socio-political and economic environment in which citizens are in good relations with others, willingly donate part of their income to benefit of society, and for the most part are engaged in innovative activities, creating sustainable and prospering businesses, thereby translating ideas into reality - all this makes society happy. With outstanding economic results, the Scandinavian states break the widespread opinion that countries with high taxes and an extremely developed social security system with a high social burden on the budget do not meet new challenges, cannot have competitive economies and great environment for businesses – quite the opposite. Policymakers are creating the ideal framework conditions for new businesses to generate both a push and a pull for new climate technologies in order to realize the big potential. The knowledge can be gained from earlier experiences, such as growing the Danish wind industry and fostering the Swedish start-up ecosystem - and businesses in the Nordic have every opportunity to become so.

## **CHAPTER 2. STUDY OF SCANDINAVIAN BUSINESS “HOTEL DANIA” AND ITS PERFORMANCE IN THE MARKET**

Business environments are complex and very interesting parts of the economic world. When entering the work market as a beginner, companies view it beneficial to have some previous learning experience. It plays an important role here to have both, theoretical and practical insight in businesses. They are the ones in which you learn independency, learn how to apply your skills and definitely improve them. Personal communications, networking, along with teamwork are also such valuable things that come after a working experience in various business industries. A way of getting to train your knowledge and participate in a new working world is through getting an internship in a desired field in a company.

To give an insight to how a modern Nordic business environment works from the internal perspective, in this section I will study the Scandinavian business “Hotel Dania” and its performance in the market. I chose to have an experience of practice in a business environment in a Nordic country – “Hotel Dania” and the internship program was approved by Ukrainian-American Concordia University. After completing my 3rd year study at Ukrainian-American Concordia University, during the summer 2022, I made an internship in a hotel business in Denmark, at the hotel named “Hotel Dania”. It was a month of full-time internship in a position of hotel administrator-receptionist, with having multiple tasks and responsibilities in the administrative and managerial departments. I also worked with documentation in English, German and Danish languages. As it was in my experience, whether it was practical, technical work, or work with communication, I put my education and skills into performing projects and got better understanding of working culture and organisational structure. As an intern, I got an internal and external view of the company in Denmark, analysed their abilities. Different aspects of the big hotel business were analysed and the necessary data for writing the second part of the bachelors qualification work on the basis of internship at Hotel Dania was collected. In this part, based on my gathered knowledge and experience during the internship in the hotel business, I will be focusing on

characterising the company. Then describing the entity internally and externally, based on the characteristics of many systems, economic and organisational activities, management spheres and others. As well as I will focus on challenges that this Nordic business faces and will evaluate its competitiveness.

Moreover, I obtained and enhanced sufficient volume of theoretical and practical knowledge and got acquainted with main areas of the enterprise. Different aspects of the big hotel business were analysed and the necessary data for writing the internship report on the basis of internship at Hotel Dania was collected. To start doing tasks at the beginning of my internship program, I went through and read instructional and methodical materials used at the enterprise. I got acquainted with the normative documents. The basic level documents had the information about the charter of the enterprise, the accounting and working policy, as well as agreements and usage of certain computer programs. And on another level was the information about development strategies in the enterprise. To sum, the quality of prepared materials is of high level, allowing the entry level employee to get the information needed to start working efficiently.

In this section, based on my gathered knowledge and experience during the internship in the hotel business, I will be focusing on characterising the company, beginning with the history and foundation of the enterprise. Then describing the entity internally and externally, based on the characteristics of many systems, economic and organisational activities, management spheres and others. As well as I will focus on challenges that this Nordic business faces. In this paper my plan is to also discuss the factors that contributed to the development of the abilities needed to manage the organization's daily operations.

One of the largest contributors to the economy is the hotel industry. It is a big part of the service sector and is a branch of the hospitality sector that focuses on offering accommodation services to clients. Hotel business is an establishment that offers short-time accommodation, food and other services. Hotel businesses are one of the biggest growing fields of the economy these days and a hotel itself is very sale-able and profitable. While there are many other businesses in the hospitality sector, including rent apartments, lodges, restaurants and others, a hotel is considered to be “a sum” of all these services. Travellers, business-travellers and tourists are the primary target audience of hotel industries. To give

an example of how a hotel is run from the inside, I will give a detailed explanation and familiarisation with the business entity, based on my internship program at Hotel Dania.

Beginning with the characteristics of the status of the enterprise, Hotel Dania has been operating now for more than 174 years. Located in Scandinavia, in the heart of Denmark on the Center of the main street of Silkeborg, Midtjylland, the hotel was founded June 17th 1848 by Jens and Katrine Heegaard. The Hotel Dania's form of ownership is sole proprietorship, meaning and it has investors and others with a financial interest in the hotel, but the ownership structure is in one person's name. By this form of ownership, maximum freedom is provided to the owner, as they make all decisions on staff, operational structure and growth. Therefore, the business is highly independent, meaning the owner has a flexibility to make decisions how to run the business and make future plans on their own.

Further, the entity's mission is to give guests a wonderful experience and high-quality service, while also offering a pleasant work environment for its staff and a respectable return on investment for its investors and owner. As it says on the website of the hotel, as an example of what the business offers to its customers: "Today the four-star Hotel Dania is the epitome of more than just a hotel. It is an experience with sights, culture, shopping and nature right outside the door. The hotel forms the perfect setting for meetings, conferences as well as for individual overnight stays for the busy business guests" [18].

## **2.1 Study of economic activity and financial state at "HOTEL DANIA"**

Considering the characteristics of economic activity, the business specialises in a hospitality industry, being a large service industry. To be successful, I noticed that the hotel focuses on such types of operations, which are dominant:

1) Customer Service – involves responding toward any questions and inquires that a customer might have (either by phone, email, face-to-face) about a product or helping them with purchasing and explaining the service;

2) Sales and Marketing - to promote the company and interact with customers, new and current partners, investors, and more. Also develop website content, design brochures and other promotional materials, and contact reporters and journalists;

3) Purchasing. Means responding to customers demand, restocking and filling up goods for sale, buying items for rooms and the building is significant;

4) Accounting and Finance – keeping financial record of transactions, income, expenses;

5) Research & Development (R&D). This operation is focused on creating new innovations, services, or processes and improving already-existing ones.

There are such sections working in the Hotel Dania business: control body, front desk management, accounting, marketing, sales, PR, maintenance, Human Resource, along with housekeeping and kitchen staff. Moreover, to run a hotel, different departments with separate responsibilities are required to function. Hotel Dania is a single branch, therefore, requires a certain number of workforce and no international departments, in comparison to international hotel chains. For the everyday workflow of a hotel, an organizational structure is necessary. A hotel is not only the most important type of economic activity enterprise, but also a complex organizational structure, which is characterized by the distribution of management goals and objectives between entire departments and individual employees.

Moving on to the economic planning and activity of the enterprise point of my internship report. Financially, Hotel Dania is a very important part of the town. It is, certainly, a vital economic component to the municipality. The activities of the enterprise matter as much to the community as they matter to the business. Each business has goals and a certain plan needs to be carried out for every business, wanting to achieve its goals and mission. It is known as the business plan, or economic-financial business plan, and it is the document that enables businesses to define and outline a business project, including the goals, objectives, and estate planning, both economic and financial. The objectives of such planning are economic growth, increase in income, modernisation, balanced regional development, with Hotel Dania being one of the biggest businesses in the centre. Some decisions in economic planning include to what goods and services to produce, the qualities to upgrade, what prices to charge and how much to pay. To add, hotels in general are a capital-intensive business and require a lot of capital to build, buy, maintain, operate or renovate. Maintaining a luxury hotel project in a great location, such as major city centers or popular tourist places, requires for a sizable bank account. Second, planning any new

hotel project or hotel restoration takes a long time - often years. In 2019, for instance, Hotel Dania underwent improvements and renovations that needed months of planning and funding. It took from a few months to half a year to complete the process and more than a quarter to prepare. Strategic planning in the organisation gives a clear direction for the hotel to follow as it moves toward achieving the goals and objectives set. Another best practice for success is the coordination of plans between departments, divisions, and the hotel as a whole.

The main functions, assigned to the planning and economic department at Hotel Dania are preparation of plan and budget, basically, formulation of economic plans, calculations of investment, return-rate and profitability statistics. The planning department, focuses on knowing “plans to be achieved” and planning how to get there, without losing profit, from the financial point of view. Other structural units need to strictly follow the plans, notify about possible changes and perform functional tasks in a set time. As for the analysis of methodical backing of planning and analytical work, In the most general approximation, the Hotel Dania business project plan includes sections such as: 1) marketing activity plan; 2) plan of production and economic activity; 3) financial and economic plan. In this case, the business project plan is the basic “law” of the enterprise, which it must follow and on the basis of which detailed plans and budgets must be created.

Moving to the general methodology, which is a set of methods of analytical work that are equally used in the study of any processes occurring in any enterprise. The characteristic features of the method of economic analysis are: using a system of indicators to measure economic phenomena; choice of evaluation measures; identification and measurement of factors, their relationship and impact on business through the use of economic, statistical and accounting techniques. Economic indicators, itself, are important statistics and they are used to comprehend the economic potential and activity now, and in in the future. To make the process quick, the employees use a special CIS software for performing this work, HotSoft, also Microsoft Excel. HotSoft has the financial overview and statistics of rooms sold, income in a particular month, coverage and occupancy in %, average price, turnover, sales, revenue per available room (RevPAR) and total revenue per available room (TRevPAR). The price per room at Hotel Dania often varies depending on the type of the

room, the total cost and expected profit, as well as the level of hotel comfort being offered by competitors. The Hotel Dania's and all other hotels' prices for hotel services range according to the season of year. The hotel adds the profit they intend to obtain to the cost price in order to maximize their profits during the season. The hotel aims to attract guests during the off-season by offering a variety of deals. The cost of hotel services also rises significantly when significant events, such as forums, tournaments, etc., are hosted in Silkeborg.

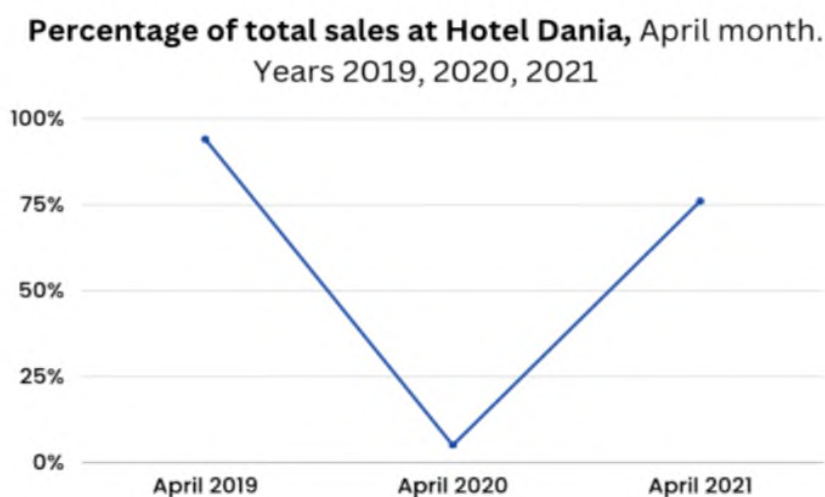
The economic activity of the Hotel Dania can be seen on the basis of annual financial and statistical reporting documents. The sales category is sorted by types: price per rooms, breakfasts, restaurant (for the hotel orders), turnover and RevPAR. Here, the highest turnover months are usually in summertime. Year 2019 had the biggest sales and turnover out of all past years. To explain, 2019 was a normal year for the business, but then the world faced a huge crisis with COVID-19. The virus was the biggest turnover in 2020 and it affected the hotel business a lot, as we can see on the line chart “% of total sales at Hotel Dania” below. The business observed a drop of total sales in that year, as it fell by 28%. Followed by the year 2021 that experienced an 18% growth in total sales, compared to 2020. However, in comparison to total sales in 2019, the total sales in 2021 have a difference of 15% less (see Fig. 2.1).



**Fig. 2.1 Percentage of total sales at Hotel Dania (2019-2021)**

**Source: Compiled by the author.**

Also, there was a big difference in sales, when comparing April month for the past three years (2019, 2020, 2021). Right after the COVID-19 cases and quarantine hit, the hotel's sales in April 2020 dropped by 89%, comparing April 2019. In year 2021, month April, the business managed to start recovering after such a crisis, therefore, facing a financial rise of sales by 73%, in comparison to April 2020 (see Fig. 2.2).



**Fig. 2.2 Percentage of total sales at Hotel Dania, comparing April months (2019-2021)**

**Source: Compiled by the author.**

Continuing ahead to volume and dynamic indicators of services at Hotel Dania. The hotel has 47 rooms for sale at this moment and the average number of occupancy for example, for August 2022 is 80%. The dynamics change, relying on the number of reservations, seasons and surrounding events. The speed of turnover of selling the rooms varies from one to a couple of days, sometimes weeks.

The idea of an asset and how it is used completes the circle when we cross the bridge from the financial sector of hospitality to the larger corporate world. The hotel itself, as well as furniture, equipment, and food items, are common hotel assets. Since assets might increase or decrease in value over time, it's crucial to track and record these changes in order to understand the hotel's financial status. The property's land, buildings, computers, software, furniture, and parking lot are all considered fixed assets. For instance, the rooms a hotel owns and uses to accommodate guests are considered fixed assets. An asset is a component of the balance sheet and can be transferred to the Profit&Loss statement as an



expense or cost of goods sold. Cash, accounts receivable, inventory, and prepaid are the most common current assets in the hospitality industry. On the balance sheet, current assets have only one function: to power the profit and loss statement.

The Scandinavian business “Hotel Dania” has a certain amount that they have to pay each month/year. These are variable and fixed costs, and in order to cover the expenses, and operating costs the company has to earn three times more on sales revenue, than what it has to spend on these costs. To achieve that, the occupancy of the rooms should consist of 70-75%, without holidays. The turnover has to be three times bigger than the costs that Hotel Dania has to pay.

Describing the hotel’s annual net profit and the vectors of its use, Hotel Dania spends money on variable costs, such as restaurant, breakfasts. And fixed costs are composed from: rent, salaries, telephone, expenses on cleaning company services, bills, such as light, heat, electricity. While discussing the total costs of Hotel Dania’s business activities per year, roughly, the biggest amount spent by the company per year in Danish Kroner is on Cleaning company services and salaries. Following by expenses on breakfasts, including paying back the restaurant, serving, purchasing; and other, which includes marketing, maintenance, bills, expenses on decorations, repairs, deals, etc.

Furthermore, the following describes the budget of Hotel Dania on marketing. The variety of functions of advertising, the universal and comprehensive nature of this form of marketing communication, makes it necessary to analyse its individual varieties in more depth. The specialists of marketing services that work for Hotel Dania consist of 3 highly-educated specialists and they conduct various marketing researches, such as study of the consumer segment, study of the competitor segment and study of the prices of services. Further, about the marketing budget for the activities, Hotel Dania has a special agreement with marketers to work on a cheaper price, compared to other hotels.

Moving on to the financial state of Hotel Dania and its nature of regulation of the accounting department. The hotel industry, accounting mostly focuses on recording and retrieving inflow and outflow of cash. Being properly managed, hotel accounting is regarded as a benefit for better decision- making that provides success to hotels. The accountant at Hotel Dania creates a financial analysis, he summarizes, reports, and analyzes the hotel's

financial situation for a specific time period. This information is helpful for budgeting, forecasting, and future cost planning. The accountant's responsibilities usually involve coordinating accounting tasks and creating financial statements including the Cash Flow Statement, Balance Sheet, and Profit & Loss (Income). The hotel accountant's activities also include keeping track of inventory resources, balancing the bank account, streamlining payables and receivables, preparing ledgers, reviewing department-specific spending, and producing thorough payment reports [32]. The employee is in charge of keeping track of money outflows and inflows, who transfers the salaries and counts the tax percentage. More, he ensures timely bank payments, computes the tax and prepares tax returns. On the operations side, the accounting department plays a key role in Tracking Bills, Sales & Journals Approval, while it also monitors Occupancy %, Rooms Sold, Average Daily Rate (ADR), RevPar, Room Revenue and Guest Satisfaction Surveys. As well as Competition Analysis through STR, Variance Analysis, Labor Management, Payroll Management and Operating Budgets. The accountant has a definite way and plan of working and at the end of periods, he always deeply analyses accounting statements and presents financial statement analysis, mainly for decision-making processes and to understand the dynamics.

The sum of the hotel's expenditures on products and services used to generate revenue is known as the cost of sales, which covers all expenses related to operating the hotel, such as labor, materials, and other costs. The cost of sales often represents a portion of the hotel's overall revenue. A hotel's cost of goods sold can be computed by deducting the total cost of inventory from the ending inventory. This will provide the price of the inventory that was bought and sold during the time frame. Then the initial inventory is added to the period's purchases in order to calculate the overall cost of inventory. Although it is sometimes difficult to determine, hotels do have a cost of products sold. The price of the lodging, meals, and other commodities that the hotel sells are included in the cost of goods sold. It excludes labor costs and other overhead costs. To know the cost of the item is important, as well as its sales price in order to determine the cost of goods sold. Money turnover is the total amount of money a company receives as a result of the sales from your goods and/or services over a certain period of time. And, of course, the calculation does not deduct things like VAT or discounts, which is why it's also referred to as 'gross revenue' or 'income'. The

organization of money turnover at Hotel Dania requires to keep an accurate record of sales. When selling products, the turnover will be the total number of sales from the products sold. When selling services, the hotel's turnover is the total that you have charged for these services. The hotel also calculates the gross and net profit: 1) Gross profit = turnover minus cost of goods sold; 2) Net profit = gross profit minus expenses [41]. The average daily room rate of a hotel is multiplied by the occupancy rate to determine RevPAR. The total income from all rooms is divided by the total number of rooms that were available during the measurement period to arrive at RevPAR.

Companies in Denmark are responsible to a 22% (2020) Danish corporate tax rate on their net company income, which applies to both Danish and some foreign businesses. Hotel Dania has a DBA (Erhvervsstyrelsen) registration with the Danish Business Authority, and the business is immediately registered with the Danish tax authorities for corporation tax (SKAT). The VAT, a 25% tax that is applied to the cost of the goods and services offered, is paid by Hotel Dania. Also, the business must keep all business receipts for five years following the end of the tax year, according to Danish law, which also mandates that they maintain balanced cash accounts of their income and expenses, as well as a daily record of daily sales.

The forms of payment for services in the hotel are cash and non-cash forms. When paying with bank cards, it is registered by the fiscal registration online, printing a receipt. Information about payment in a non-cash form is entered into the system and sent to the accounting officer responsible for conducting operations on the current account for the services of hotel. The fact of receiving payment is transferred for work to the accounting department, by means of an approved internal document flow standard. Individual guests are allowed to pay or prepay by cash, credit card or non-cash payment, such as payment by advance booking. Settlements with legal entities are carried out by non-cash payment on the basis of an invoice for accommodation and services or under an agreement, where terms and conditions are agreed by the parties to the agreement. In order to minimize the loss of funds, as a financial discipline, the stay at the hotel is often made on an advance payment for services, for example, on websites, at the time of registration, renewal of the room or conclusion of the contract. At the hotel, the profitability (the average monthly revenue) from

bookings is calculated by deducting all monthly expenses. Then the monthly profit margin is displayed. The main advantage is that it gives the hotel the insights to pinpoint the weaknesses and strengths of the financial performance. After that, appropriate action to make improvements can be taken, such as reducing hotel expenses, redeveloping underperforming regions, or making investments in fresh sources of income.

## **2.2 Investigation of “HOTEL DANIA” business environment**

As the hotel is based in Denmark, the business falls under Denmark’s laws and prerequisites. Sole proprietorship company owners are responsible for the company's debts and obligations. No difference is made by the law, also in Denmark, between a sole proprietorship and its owner. This indicates that the business’ rights and liabilities are also those of the owner. Thus, the owner of Hotel Dania is responsible for fulfilling all of the company's obligations, such as timely payment of rent, taxes, bills and employee salaries. According to the law, when sole proprietors get a very large profit, they are going to pay a heavy personal task – up to 69% in Denmark. As all companies in Denmark that provide service or sell goods, Hotel Dania is also required to include 25% VAT to prices– a value added tax that is added to the price of what the company sells. Regarding the rights and responsibilities of the enterprise management, there are no special legal requirements for management and publication of accounts. In particular, an executive board is not required for the company.

The most valuable resource for every business is its personnel, and the better business knows them, the easier it will be to keep them satisfied, keep them involved, and help them attain their full potential. They are the ones who effectively contribute to an organization's smooth operation. Employees at Hotel Dania work hard to provide the highest quality service and meet set objectives by the timeframe. The business has five people working full-time and two people part-time right in the office. Other employees work as cleaning staff, maintaining staff, etc. The workplace is diverse and inclusive, offering all employees the same rights and opportunities regardless of their gender, race, age, ethnicity, or other characteristics. The work environment is diverse with people knowing how to speak

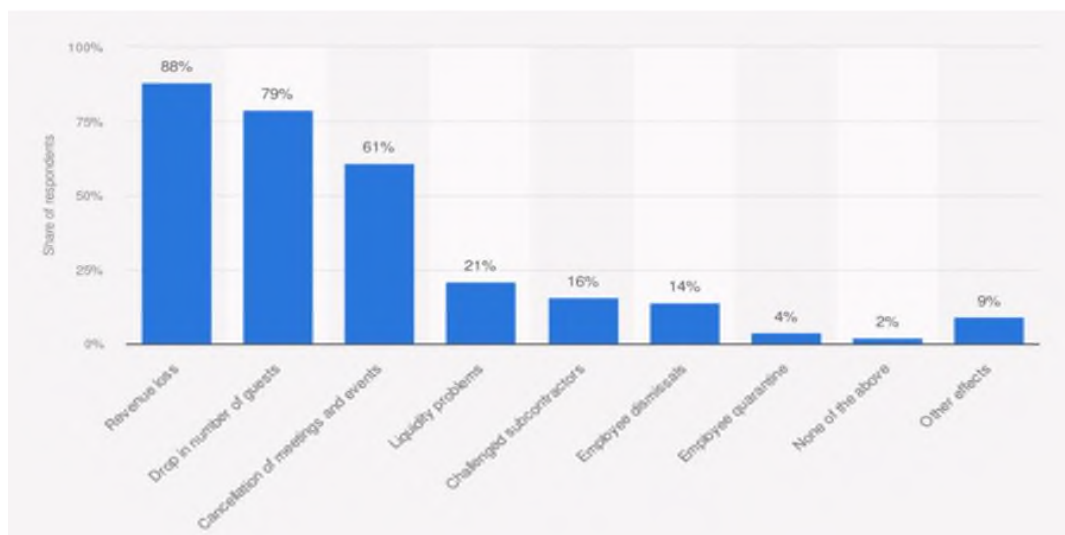
different languages, either by originating from other countries, learning, or working, studying abroad. Around 75% of employees are Danish by nationality, some have different roots, for example, Scandinavian (Norwegian, Swedish, etc.), Polish and Vietnamese, Ukrainian. Among all employees there is a friendly atmosphere and even in stressful situations, we try to deal with the problem and increase trust and cohesiveness. The HR responsibilities are on one employee from the front-desk office and their job is to provide counselling on policies and procedures, to be actively involved in recruitment, by preparing job descriptions, posting ads and managing hiring, as well as firing processes. It is important to mention that the director of Hotel Dania actively participates in conducting interviews and choosing staff.

To add, Denmark, along with all other EU countries, follows the EU General Data Protection Regulation (GDPR). Hospitality, tourism industries in Europe need to process the personal information of the customers transparently and legally. Hotel Dania complies with this regulation, which does not allow to keep personal information of the guest after the end of their stay. The employees must go through the system, emails, printed papers, copies and other documents to make sure that the personal information has been deleted or the rest is stored safe, with the consent of the customer.

Commercial activity is an activity done for profit. According to the main spheres of financial and economic activity of the enterprise - accounting and marketing, commercial activity in Hotel Dania business includes selling goods, services, food and materials. Hotel Dania is made up of departments and units that all together provide special products and services to specific markets. The accounting process of commercial activity deals with the flow of money in the organisation. By that the company can see what is in high demand and makes the most profit and can focus on selling more of these goods/services. The marketing branch of commercial activity in this business helps to improve the brand recognition, which aids to the sales. Each activity of the enterprise is highly interconnected with world events.

The increased growth in demand for hospitality industries and services, such as hotels, restaurants have been more noticed in the past decade. Especially after the worldwide crisis with COVID-19. It is worth mentioning, that many businesses were forced to close during the pandemic, due to high-cost of maintaining the businesses, losing revenue, no money to

pay salaries, resulting in people losing jobs. On the graph below we can see the impact of coronavirus on the hotel industry in Denmark, with 88% reporting revenue loss as of April 2020 [25].



**Fig. 2.3 Impact of the coronavirus on businesses in the tourism industry (2020)**

**Source:** [25]

Hotel Dania encountered such a problem and was one of the hotels in the hospitality industry to survive during the pandemic. Due to the fast decrease of demand during the pandemic, the hospitality industry in Denmark, as well as worldwide, were expected to face a sharp rise in demand after the pandemic. The businesses were losing grasp on marketing, not needing to pay attention to cross-border activities, working strictly in their area only. After the crisis, the needs and rules for certain products had a change. So the hotel had to adjust to new rules. The way Hotel Dania captured the change after the crisis, designed customer experience, turned crisis into opportunity or development is surprising. Although it has never been the same, the business tried to go back to working normally, with adding Covid-19 precaution policies and making adjustments, that required all of the staff to strictly follow hygiene standards and checking up on customer document information.

Undoubtedly, in 2022, this year, the war in Ukraine affected businesses a lot around all the world, as well as in Nordic countries. In the Danish hotel business “Hotel Dania”, as well as in other hotel business around, there were many cancellations of reservations right

after the start of the war in February, there was a huge decline in income, in orders and arrivals. The rise in energy costs, worldwide inflation, and the disruption of supply chains forced on by the coronavirus outbreak have all resulted in higher prices. The pressure brought on by supply and demand has risen as a result of Russia's invasion of Ukraine. Now, Hotel Dania expects and already faces the increase of prices of electricity, heaters, hotel supplies.

Hotel Dania uses such assortment strategy, as product width and product depth. They offer different products, ranging from overnight stays, room service, food to visit to the museum and restaurant. As with product depth, the variety determines depth - the business offers rooms, but each type of room is different, based on customer's preference, income and requirements. The goal of these assortment structures is to result in the best product combinations and prices, which boost sales and the chance that buyers will make good purchases. Definitely, the hotel's competitive advantages are spacious accommodations, multilingual staff, and structural advantages. Hotel Dania is located right on the Main Street and it is an advantage, due to land being a scarce resource in areas in high demand. Hotel Dania is located in a short distance from everything, surrounded by the excellent golf courses, fascinating stores, restaurants, and cafes, the Latin Quarter, galleries, museums, and art exhibitions, along with the lakes and forests [18].

Therefore, the owner has a structural cost advantage, by owning the company land. In comparison to other hotels locations, this location of Hotel Dania attracts more people and makes the brand recognisable, being a part of the country's history for more than 174 years.

Further, Hotel Dania is sure that marketing the number one of attracting more costumers to the business. And it has proven it in real life. A hotel marketing strategy outlines how marketing initiatives will assist the company to attract customers, sell rooms, and reach profit growth. Marketing plays an essential role in maximising the revenue of Hotel Dania and it is the main way for hotel business to reach out to potential customers from all over the world. First and foremost, Hotel Dania's marketing is coherent with the hotel's mission, which is to guide visitors through the city, on the hotel's property, and inside the building while informing them of the services and goods offered as well as the location

and operating hours of various service units, such as a restaurant and a bar. The largest audience of potential customers Hotel Dania reaches by its website, phone calls, emails, adverts of services and packages, and through online booking platforms, travel metasearch engines, such as Expedia.com, Booking.com. These are the online platforms that connect hotels and their guests. All the news are posted on social media of the hotel – Facebook and Instagram, where people follow the business, engage and watch the events of the week.

As it was learned, Hotel Dania carefully plans its message, for instance, can choose newspapers and speak of its mission to reach the target audience. The hotel's PR activities help the business to stand out, and in the process, it builds credibility and changes the way people perceive the hotel, towards a friendly and positive side. When the Hotel has exiting news or events to present, the director of Hotel Dania often contacts the news media and does a special public outreach to newspapers or television to announce some collaboration or an event; which definitely improves brand recognition and builds trust.

Hotel Dania always stays updated to surrounding festivals and activities around Silkeborg and other towns. Based on the events, the company focuses a lot on advertising its various offers online. Giving an example, based on my experience, as this summer we had many big events just near the hotel, such as Canoe Marathon European Championship, RiverBoat Festival, Festival of Fireworks, Sport in Denmark and Horse Championship. During these weeks the hotel was fully booked and had many requests from the customers.

The hotel has a certain marketing strategy, due to high demand and for each activity they came up with new offers and ideas, tickets, included in the stay at the hotel. And the restaurant, connected to the hotel, developed a new menu for each event. Moreover, the business offers different packages of services that are sold in travel or gift stores, and some with discounts. For example, if a person wants to gift their family a nice stay at hotel, with breakfast and dinner included, they can buy a package and get vouchers.

### **2.3 Analysis of competitiveness strategy at “HOTEL DANIA”**

The company's place is located on the street with everything that is in demand, for example, stores, restaurants, pharmacies, banks, grocery stores, museums, and the train



station working nearby. And the place is popular among tourists. The hotel has many customers from different countries, with most of them coming from Nordic countries, Europe, USA, Canada and Asia. The employees here speak different languages, including Danish, English, German, Norwegian, Vietnamese, Polish and Ukrainian languages and it makes the business environment even more attractive and diverse. To mention, a competitive advantage are also products and services that the hotel business combines, makes a package and sells. Offering something alike to what other hotel business in the nearby area do, but at a better price and higher value give a great opportunity for Hotel Dania to be different and have an advantage. By simplifying the process of choosing between the offers, making them different and suitable for each person, family or business travellers, Hotel Dania has made many loyal customers and loyal businesses, securing business relationships with them.

To illustrate, there is a bank “Jyske Bank” on the Main Street, which is one of the biggest banks in Denmark, and very often it has meetings and conferences with employees and directors from different departments. And these businessman and businesswomen are loyal customers of Hotel Dania. When a company regularly uses the services of the hotel, then it is more profitable for it to conclude an agreement for a certain period. In this case, a business company is subject to the terms of the contract, the hotel provides accommodation for employees sent by this exact company. Currently, also many travel companies seek to conclude an agreement with a particular hotel.

The success of the hotel depends on getting timing, price and targeting the audience right. To do that, the company must analyse the nearby competitors, who are selling the same products and services, having the same idea. And once the business analyses their competitors, it can start planning on how to do better and how to be different. One of the main priorities in the formation of high-quality competitive advantages in the hotel business is to improve the quality of services in comparison with the analogues under consideration. The key here is services that meet and even exceed customer expectations. In the general case, competitiveness between businesses is commonly understood as the ability to compete in the markets for goods and service. Thus, competitiveness is the real and potential ability to produce and sell good or provide service that are more attractive to buyers in terms of

price and non-price characteristics than goods and services of other firms. Consequently, the criteria by which competitiveness is judged are the quantitative and qualitative characteristics of the product: price, consumption costs, design, service level. At the same time, among the qualitative indicators there will always be those that are evaluated quantitatively, in hotel business this means available rooms.

The products of Hotel Dania, surely, differ from many other hotels nearby. The business has a bar and restaurant, which is connected to the hotel and the two businesses work tightly everyday with each other, taking orders. Hotel Dania also has agreements with golf clubs, museums and festivals, creating special deals around the event, so that guests can get a ticket right away. On certain occasions, there are also piano performances and singing in the lobby, which makes the atmosphere feel more comfortable and interesting for the visitor. There are two closest “competitors”, “Raddison Blu Hotel and Hotel “Scandic”, located around 1,5-2,3km from Hotel Dania. So, the differences are the price ranges of goods and services, with one hotel offering the lowest starting price, with the next one putting the highest price for everything included.

Speaking about the competitiveness and the strategic management of the business entity, which is vital for determining the correct strategy to improve the business's performance. Strategic management is responsible for making plans for set certain goals a company wants to achieve, and then finding resources to make the plans happen. Obviously, such management is constant planning, monitoring, analysis, and assessment of all requirements that the Hotel Dania business requires to fulfill its goals and objectives. The Hotel Dania's strategic management process provides guidance for an organization's leadership and its leadership team as they consider and plan for the organization's future. An organization's actions are continuously planned, monitored, and tested through effective strategic management, which increases operational effectiveness, market share, and profitability. As well as requires the organization to have a clear knowledge of its mission, its future vision, and the principles that will direct its operations. A great way to evaluate the company's internal and external points, such as strengths, weaknesses, opportunities and threats is creating a SWOT analysis.

The strengths of the hotel are its full independence and control of decisions in the business, due to it being a sole proprietorship, not a conglomerate with a board of directors. It has an exceptional location and great surrounding infrastructure, while attracting many customers, because of the brand that is highly-recognised for its deep and old history of 174 years. Having its own parking space and dining restaurant, the hotel is thriving, along with the satisfied well-working staff. Partner businesses and stores from all over Denmark and abroad are strongly working to achieve purchases and increase of sales. Likewise, cooperation with online travel booking agencies and own website makes the booking of the stay even easier for customers. The business has a high occupancy rate of the average around 80%. On the other side, the brand has a few weak sides, such as it being a single brand with a rather medium number of rooms and low number of staffs. The weaknesses are also the absence of pool and gym, which another competitor has, and sometimes high price of services, due to quality products. Nevertheless, Hotel Dania has great opportunities, while having just a few competitors around. It focuses on big vision on international markets and attracts companies through making new interesting offers, based on seasons and events around the country. The business strives to become more environmentally sustainable and promote itself more. However, business encounters such threats that it needs to take into consideration often, one of them being high taxes and cost of maintaining the hotel. On top of that, the company is highly depended on the word crises and events. The tourism and hospitality industry have been through huge crisis lately and hope now, that they can fully recover to the way it has been before 2020. As previously mentioned in my work, constant changes in consumer behaviour is noticed, therefore, it requires expensive marketing, because trends shift. In current conditions of a market economy, hospitality companies are constantly under the influence of a competitive environment, which requires them to focus more on quality issues. There are now more rival enterprises than ever thanks to globalization and a market that is changing quickly. And, unexpectedly, it is a challenge to be competing with other hotels around, even if there are just two – Raddison Blu Hotel and Scandic Hotel. Still, Hotel Dania evaluates the services, prices and performance to outstand and have a competitive advantage in the market of their location area. The costumer always in the centre of attention, who in turn prompts comparisons between what they received and

what they desired. Due to competitors' constant use of innovative technologies, competent service delivery of services at Hotel Dania plays a role in the success of the strategy's quality, as well as implementation and intelligent application of innovation.

To elaborate, Nordic countries, such as Sweden, Finland and Denmark are considered one of the biggest innovation leaders in the world. Denmark has the focus set on sustainable innovations. Thus, the citizens here are aiming on using the best ideas for business development, creating and changing the rules of companies to become more sustainable and environmentally friendly. More, this Scandinavian country has deeply rooted values, as trust, equality and respect, which are an important part of culture. Consumers in the Nordic region display a skilled market where trends are adopted quickly. Here, consumers are extremely wealthy in both terms of values and business-wise, as they are powerful. As Denmark is in the EU, it agreed on reaching the 17 sustainable development goals. And sustainability is more than a goal for people here, it is a way of life. Moreover, businesses tend to follow the same rules. To ensure that the company is giving its customers exactly what they want in the most effective, efficient, and affordable way, Research&Development operations must be carefully integrated with changes in the environment, market trends and the organization's marketing, and sales activities.

The goals and plans of Hotel Dania to invest in innovation and already implementing innovations is a great step to impress and attract customers, who are concerned about the environment, as well as it is a great competitiveness strategy. Of course, a guest has an expectation of good service at the hotel, but the guest also has certain principles and expectations that are also expected to be fulfilled from a hotel they choose. This may relate, for example, to environmental issues, if the company adheres to certain rules. In the Danish business “Hotel Dania” I observed and learned their innovative ideas and plans for the future. The business follows a path where it tries to reduce the consumption of Earth’s resources and they follow the policy of recycling.

The company follows its corporate social responsibility, where it helps to meet national and global environmental issues. Of course, the Danish government also has a strong focus on CSR, promoting it very much and it helps the businesses and many startups to start from a right path. The Danish Business Authority has laws on innovation policies

and is devoted to making sure that the system for generating growth through entrepreneurship, innovation, and design is among the best in the world. It aims to foster the ideal environment for the creation of long-term, sustainable solutions and supports the growth of green and circular business by Danish enterprises [7].

Hotel Dania wants to shift to become an “eco-hotel”. It wants to get rid of unnecessary usage and shapes its environmentally-friendly goals based on countries values, mission and green future. And it started from small steps. By utilizing environmentally friendly best practices in maintenance, services, logistics, goods, and supplies, the hotel considerably reduces their negative environmental effects. The primary components are on lowering water use, trash production, and energy consumption. The number of reused and recycled products by the hotel, including the restaurant in a month can be estimated around 500 items. It also applies to sorting the rubbish, glass and uses sustainable lamps that consume less electricity. Furthermore, staff members and visitors are encouraged to learn about and participate in environmentally responsible methods, and food and beverage operations rely on seasonal and local productions. They are welcome to propose new innovative ideas and proposals.

There has been a noticeable shift in the production of green energy, with widespread use of batteries. Similarly, batteries for electric cars are being more used, with innovation being driven by those developing electric vehicles, who require long-distance storage and the scale of batteries associated with it. In Denmark, many people use electric cars, so Hotel Dania faces a high need from costumers about these eco chargers. And Hotel Dania has a big innovation plan to install eco chargers, batteries for cars in their parking lot.

Taking into account enterprise potential and business environmental factors, formulating values and mission is essential. The core values and mission give motivation and inspiration to the business “Hotel Dania” to give best to customers. The mission of Hotel Dania is to provide a fantastic stay at the hotel with exceptional value, satisfying the needs of customers, looking for a stay and temporary lodge. The beliefs and values of the business are teamwork, integrity, respect, great quality, and service. And based on these core values the business plans and makes strategies for the future, knowing exactly what it should focus on, still remaining a competitive business and one of the best in its market and are. These

declarations are influencing the future of strategic development of the enterprise, as the principles and rules of strategic management are impacting the long-term plans of the hotel. With following such guidelines, the business will achieve development and observe succession.

To sum up the conclusion of the second chapter “Study of the Scandinavian business “Hotel Dania” and its performance in the market”, based on the complex professional qualification practice on the basis of internship at “Hotel Dania” in Denmark, I can definitely say that looking at the activities of the hotel company in the hospitality industry in Denmark, I am convinced that this environment helps businesses to prosper. In the past years, the hotel business in Denmark has been actively developing, as the country has a diverse and rich tourist potential from all over the world, especially Nordic, European, Asian countries, as well as USA and Australia. Even though, when the business was facing ups and downs some times because of crises around the world, it managed to climb back on top and is trying to find solutions and implement decisions for pulling through tough world global problems. The country is environmentally friendly, strongly supports businesses, as well as start-up business ideas and promotes innovation policies for better business development. And these are the favourable conditions for the development of the hotel company in the advanced business environment of the Nordic country. I familiarised with all activities of the hotel business complex, and, analysing, Hotel Dania operates efficiently with a flat-structured organisation and its departments, each of which conduct a specific type of work. My academic knowledge was applied to use as an intern and my efforts were well acknowledged and helpful, as well. The practice added more confidence to my professional approach to work.

Thus, coming to the end of the completion of the second chapter, I would like to note that the path that I went through during the internship, gave an extensive and interesting result, which was outlined in the work. This chapter was written as a study on the process of completing my practice in the hotel hospitality, tourism business and as an observation of internal and external sides of the company.

### **CHAPTER 3. STRATEGIES FOR STRENGTHENING THE BUSINESS ENVIRONMENT IN NORDIC COUNTRIES DUE TO GLOBALIZATION**

The Nordic countries are a highly developed region with great positive indicators of growing economies, successful entrepreneurs and prosperous environment for sustainable businesses. Nowadays, the business environment needs to become stronger, due to globalization that has brought opportunities and difficulties for these countries in the recent years.

It has become essential for Nordic nations to implement policies that may improve their business environment and guarantee sustained economic growth in the face of globalization, as markets and firms become more competitive. The modern Nordic business environment has undergone substantial changes as a result of globalization, which is characterized by the growing economies and markets globally. Firstly, globalization has provided new markets and chances for Nordic companies to grow internationally, participate in global supply chains, and draw outside capital. However, globalization has also brought more competition, complicated regulations, and exposed companies to a range of risks, including economic volatility, geopolitical unpredictability, and shifting customer preferences. To maintain their competitiveness and assure sustainable economic growth in the age of globalization, Nordic nations' business plans have become as important.

The goal of the third part of the Bachelor's Qualification Work is to examine the methods that Nordic nations use and could use, to improve their business environments in the face of globalization. This part will examine strategies of the business environment, such as digitalization and technology, Research and Development, innovation, as well as legal frameworks, resources and skills. It will also highlight the main obstacles and opportunities that Nordic nations face in the context of the globalized business environment and offer suggestions for decision-makers, companies, and other stakeholders to create an environment that is conducive to business growth and international competition. The following sections of this part will go into my recommendations and solutions for the problems, as well as into the various strategies that can be and already are being pursued to

achieve the goals, at the same time providing insights and recommendations for policymakers, businesses, and governments in the Nordic countries.

### **3.1 Research of Nordic business strategies and foundation for its improvement**

Nordic business strategies are known for their modern outlook and emphasis on digitalization, innovation, and investment in R&D and education – their strongest sides. To stay relevant and “up-to-date”, due to globalization, many Nordic companies shifted their focus on modern strategies, therefore, using globalization to work in their favor. These business strategies have pushed Nordic nations to the top of the global business and innovation rankings. Nordic enterprises have been strongly influenced by digitalization and technology adoption, while investment in development and education was also encouraged. To add, innovative business practices are essential to the long-term success of Nordic enterprises, while entrepreneurship and innovation have helped to create a strong startup ecosystem. Let's examine these business strategies in greater detail and how they can be improved in the modern Nordic business environment.

To begin with, in order to strengthen the business environment and promote innovation, competitiveness, and economic growth, Nordic corporate strategies place a high priority on digitalization, technology adoption and already AI – artificial intelligence. Early adopters of digital technologies, the Nordic nations invested in digital infrastructure, encouraged digital education, and pushed for business adoption of digital transformation. Nordic countries' corporate strategies are perfect in digitalization for a number of important reasons.

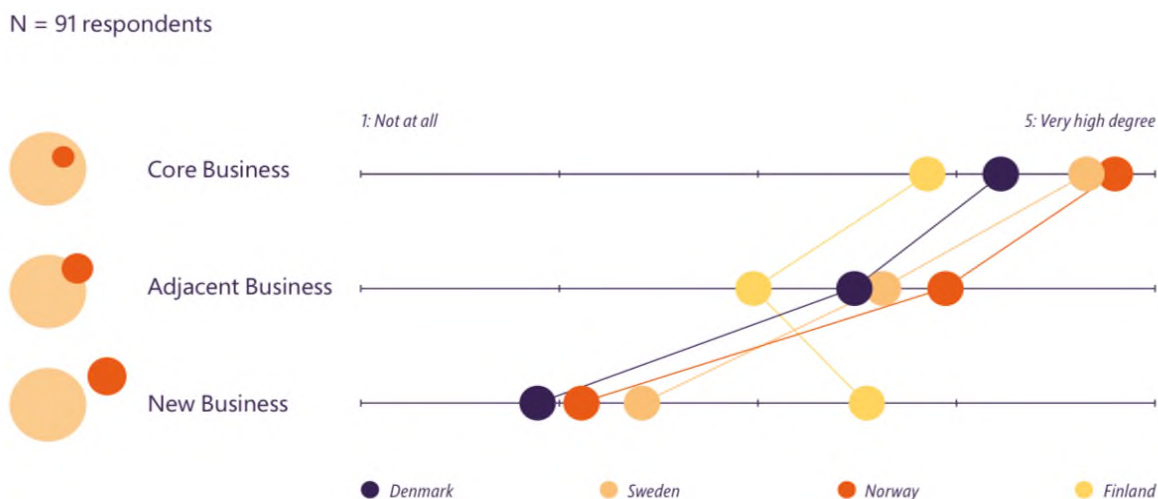
In the first place, Nordic nations have made significant investments in digital infrastructure, resulting in widespread access to high-speed internet, cutting-edge telecommunications networks, and advanced digital technology. Businesses can use digitalization for a variety of goals, including increasing productivity, enhancing customer experiences, all due to this digital system, which offers a strong foundation.

While doing the research, I found a study “Digital Transformation in the Nordics” by Microsoft and Quartz that says that the largest businesses and organizations in the Nordics



have made digitalization a high priority. For instance, some of the major companies that took part in the survey are Maersk, Finnair, The Lego Group and Agder Energi. The study has been made to explore the importance of digitization, what it means for businesses today, and how to go about bringing the desired transformation. They have discussed digital transformation with more than 90 of the top private and public organizations in the Nordic region. Nearly 90% of the polled businesses view digitalization as a crucial topic, with one third ranking it as their top priority.

As shown on the graph 3.1 below, while the majority of respondents agree that digitalization is a key challenge, their goals still vary. Most Norwegian, Swedish, and Danish businesses strive to have an influence on their core businesses by enhancing current product and service offerings and operational efficiencies, while others look to expand into new markets and spur growth in related industries. For instance, the majority of organizations in Finland saw digitalization as a means of expanding into wholly new economic sectors and reshaping their existing business models [9].



**Fig. 3.1 Choosing between core businesses and exploring new opportunities: Where do you expect digital transformation will create most impact? [9]**

To add, the Nordic region is known for having a progressive regulatory framework that encourages business-friendly policies and regulations, supporting initiatives to go digital and to even use artificial intelligence. Some of the most successful companies in the world

are powered by AI, which enables technology companies to distribute a variety of goods and services across digital platforms. Thus, AI presents a big business opportunity in the Nordic region. According to research conducted by McKinsey, the Nordics may get access to 80\$ billion in value by adopting only the AI techniques the world currently understands, which translates to an increase in profit margin of 2 to 3 percentage points – which is a good foundation for improving strategies [28]. To continue, data privacy, cybersecurity, and e-commerce rules are a few examples of the strategies that fall under this category and help firms adopt digitalization.

Moreover, with a strong emphasis on education and skill development, the population of Nordic nations have high levels of not only digital proficiency, but also in other areas: Research and Development – R&D, along with education, are highly valued in the Nordic countries and are seen as drivers of innovation and growth in the economy. Investing strongly in infrastructure for education and research, including funding for colleges and universities, research centers, and innovation ecosystems, is an essential element of Nordic business strategies in the modern days of globalization. The emphasis on human capital development also promotes innovation and entrepreneurship, as well as a highly qualified and competitive workforce [9].

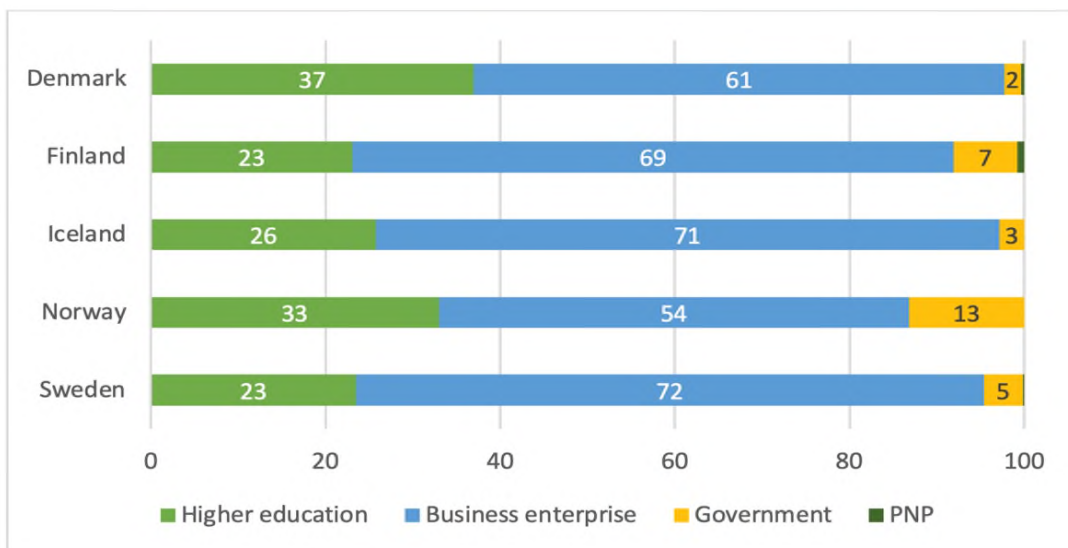
Danish companies achieve the greatest benefit from investments in research and development than those in other Nordic countries. The Minister of Higher Education and Science thinks that companies' ability to create and innovate helps to strengthen the welfare and create job opportunities. In terms of GDP, Danish businesses are among the top in the EU when it comes to R&D investment. Since 2008, Danish businesses have invested annually in R&D equal to at least 2% of Denmark's GDP, and the investment is paying off [29]. For every additional Danish krone invested in R&D, Danish businesses enjoy a return of 34%. Green technology and welfare technology firms in Denmark have profitable business models, so, understandably, Denmark and Finland have the highest rates of return, ROI, in these regions [30], [29].

Businesses in the Nordic nations are recognizing the critical role that R&D investments play in fostering innovation and maintaining a competitive edge in today's global economy. To stay on top of technical developments, create new goods and services, improve existing

ones, and boost operational effectiveness, Nordic enterprises must invest heavily in R&D. The Nordic region's firms are able to address societal concerns, create high-skilled jobs, and promote economic growth thanks to investments in Research and Development that place a strong emphasis on sustainability and technical advancements. R&D expenditures are not merely a luxury in this rapidly changing economic environment: rather, they are a critical component of a Nordic company's success and competitiveness in the world market.

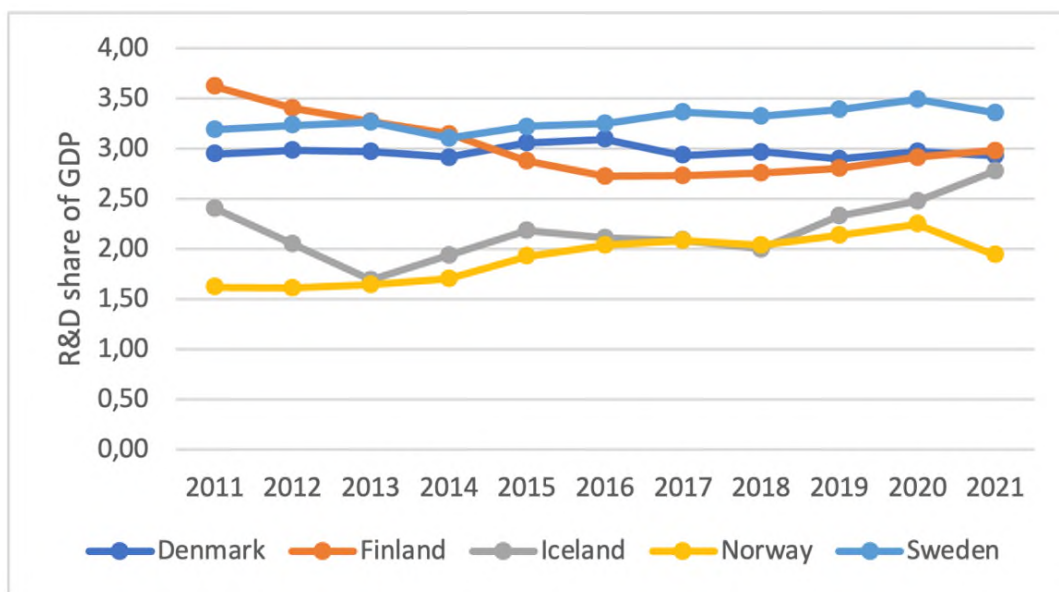
Going into more detail on the impact of funding R&D, the findings indicate that greater R&D spending are making a profit in each of the Scandinavian countries. This suggests that every additional euro invested in R&D for the typical company in each of the four Nordic nations has a positive net return. The highest marginal rate of return on R&D capital, 34.2%, is achieved by Danish businesses on a national basis. Companies in Finland and Norway both earn a marginal rate of return of 22.7%, whereas businesses in Sweden get a marginal rate of return of 16.4%. What is more, Sweden is recognized as one of the most innovative countries in the world, and its investment in research as a percentage of GDP is among the greatest in the world. More than over 3% of Sweden's GDP is allocated to company research and development, and the government makes significant educational investments [38].

To illustrate, let's examine Figure 3.2 below, where with 66% of the overall R&D spending in the Nordic nations in 2021 - the business enterprise sector is by far the largest Research and Development performing sector. The highest percentage of Research and Development spending in the business enterprise sector is 72% in Sweden and 71% in Iceland, and lowest in Norway, 54%. It can be explained by the lack of commercial activity in R&D-intensive industries, it is one factor contributing to the low proportion of it in the Norwegian business enterprise sector. Meanwhile, Finland scores 69% and Denmark - 61%. But the Nordic countries' overall expenditure on Research and Development is also largely comprised of the higher education sector, 28%. In this comparison, this industry is the largest in Denmark, where it represents 37% of R&D spending, closely followed by Norway, 33%. The government sector makes up a smaller part of the total R&D expenditure in all of the Nordic countries – 6% total in all Nordic countries together [12].



**Fig. 3.2 Sector distribution of R&D expenditure in the Nordics, by% (2021) [12]**

According to Figure 3.3 below, the R&D contribution in the Nordic nations has stayed relatively stable, despite significant decreases in Norway and increases in Iceland. With 3.36 percent, Sweden continues to have the highest proportion, followed by Finland - 2.98% and Denmark - 2.90%. In contrast, the GDP in R&D share for the entire EU is 2.19%. Also, Sweden's long-term focus on education and research has a major impact on the country's capacity for innovation [12].



**Fig. 3.3 R&D expenditure as a share of GDP in the Nordic countries (2011-2021) [12]**

So, making a conclusion of the research, Research and Development is often not a source of innovation, but an outcome of innovation decisions. By utilizing their current knowledge assets, businesses frequently try to innovate in their modern environment. Nonetheless, unexpected issues occur sometimes, and these require for R&D to be handled. According to this concept, R&D should be viewed as a problem-solving activity inside already-established innovation processes, rather than as a process of discovery that generates innovation [38].

All in all, the implemented business strategies definitely play a huge role in strengthening the business environment in Nordic countries. So, the Nordic countries have traditionally been recognized for their strong business environment, with globalization bringing its new challenges and opportunities. Adopting effective strategies to strengthen the business environment is crucial for Nordic countries to remain competitive in the globalized world.

### **3.2 Areas of improvement of the Nordic business environment based on its transformation**

After researching about business strategies in the Nordics and developing foundation for its improvement, I will now explain and illustrate the areas of improvement of the Nordic business environment based on its transformation. So, what are the pressures for modern business environments nowadays? Certainly the same areas that are on the strong side today – due to the need to always correspond to the world's and consumer's needs.

The world is going through significant transformations right now, and the rise of digitalized production will fundamentally alter the way people think about and do work. Future employment in the Nordic nations will be impacted by the ongoing changes in production and labor markets brought on by digitalization, demographic shift, and new employment opportunities.

Future advancements in technology associated with digitalization are anticipated to both replace existing jobs and create new ones. Increased computer power will be an indicator of the progress, with improved algorithms, networks, big data, and tech giants

profiting from declining marginal costs. Even more, increased outsourcing and job fragmentation could result from this. Despite being leaders in digitalization and technology adoption, the Nordic region still has room for growth. There is also a shortage of skilled workers in AI, on which the countries are working on. In my opinion, Nordic business strategy in this area of digitalization can be strengthened and improved by investments in cybersecurity, data privacy safeguards, rural and distant digitalization for people living far from the cities [9].

Consequently, there are a couple of ways that would make perfect foundation for the improvement of the Nordic business strategy in digitalization and technology. For example, I am sure that continuing investment is a key factor in the evolution of technology and innovation. This will cover support for higher education institutions, innovation centers, and public-private collaborations in order to advance digital technology research and development. Important to mention, stricter regulations on data privacy and cybersecurity can boost public confidence in digital technologies. In order to guarantee the security and privacy of digital assets and data, this also entails putting in place strong cybersecurity processes, data protection regulations, and privacy frameworks. Additionally, ensuring that initiatives to digitalize rural and distant places reach them, can support equitable economic growth.

To give an insight with Finland, priority is given to firms and organizations working in high technology in Finland when it comes to assisting small and medium-sized businesses. Consequently, the government of the nation named chemistry, biotechnology, electronics, information technology and telecommunications, timber and metal processing, energy, and shipbuilding as some of the major scientific and technical fields. These are the regions that are thought to be the most promising for the nation and able to maintain its dominant position in the global market. And as the national coordinator of the European Network for Entrepreneurship, the Agency for Economic and Regional Development in Sweden supports the growth of entrepreneurship and co-finances it with the European Commission.

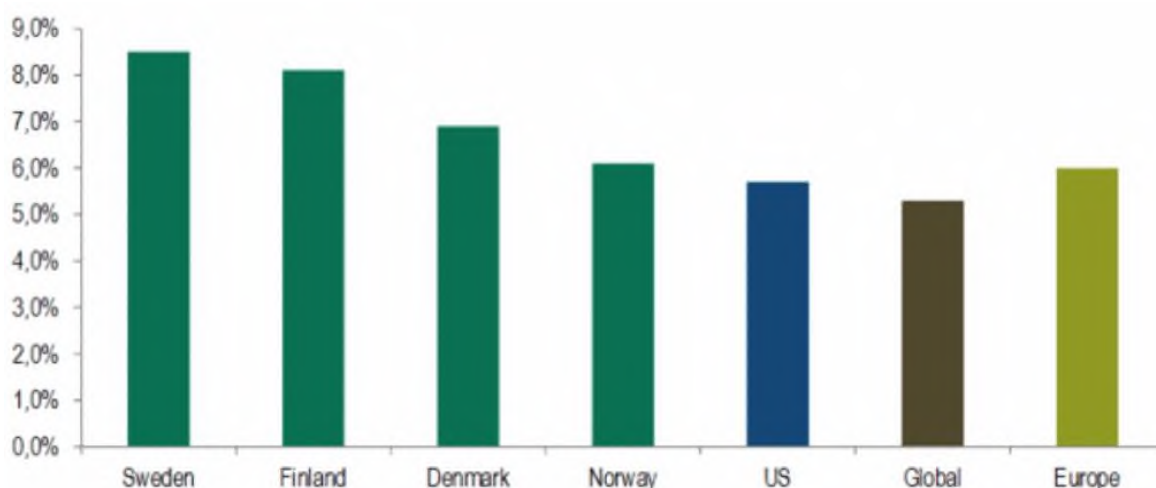
Furthermore, there is an organisation that strives to improve business environments all over the world. The United Nations Industrial Development Organization, or UNIDO, is a specialized department of the UN that supports national efforts to develop their economies

and industries. It is present in more than 60 nations, headquartered at the UN Office in Vienna, Austria. Finland, Norway and Sweden are members of UNIDO. To explain about its activities, it is important to understand that economic growth and poverty elimination depend on a favorable business environment. And any initiative to promote the development of lively and competitive industrial sectors must be centered on establishing and preserving a business climate that promotes equitable and sustainable industrial development. In particular, UNIDO intends to strengthen the capacity of public and private sectors to support business environment reforms that are intended to lower costs and risks for businesses, promote competitiveness and the social inclusion of underprivileged population groups, and increase investments [19].

The UNIDO works to establish supportive conditions for the growth of entrepreneurship, particularly social enterprises and inclusive businesses. Also to create sector-specific changes, reforms targeted at small and medium-sized businesses (SMBs), and reforms targeted at SMBs and their clusters. Moreover, they work towards enabling frameworks for multi-stakeholder consultation, public-private dialogue, enhancing skills and labor market circumstances, notably through offering services for business development, innovation and modern infrastructure.

Improving the Nordic business environment based on its transformation can be even easier, looking at the success of the market, meaning that people will have more trust and reliance. This leads me to one more point that needs deeper insight – investment in businesses in the Nordics. In my opinion, investment is beneficial for both sides, the investor and the business, especially in Scandinavia. In this case, businesses in the Nordics are very profitable and have a strong ground of support. And investment can make it even stronger.

I want to give an example in the form of a statistic of an annualised real return on investment, Figure 3.4 below, that has data up to 2015. The countries that show the best performance are Sweden, Finland and Denmark with Norway, thus, outperforming the US and even Europe; with a real return from 6.4% to 8.5%, annually. It proves the point that investing in SME's or big companies gives a great positive return for the investor. And the Nordics thrive even more [16].



**Fig. 3.4 Annualized real return, up to 2015 [16]**

It can be said that Nordic region's stock market has performed from as well as the US market to even a lot better. The Nordic region is creative, industrious, and has solid public finances, the rule of law, high levels of public trust, as well as low crime rates, virtually no poverty, and little corruption. Every nation also ranks highly for business accessibility.

### **3.2.1 The Future of The Nordic Model and Its Challenges**

The Norwegian Work Life Forum describes the Scandinavian work-life model as follows: “The way work life is organised in the Scandinavian countries is different from other regions. In Scandinavia, high productivity is combined with a high standard of living, a high level of employment and a comprehensive social safety net. There is a high level of participation and equality is strongly expressed. The Scandinavian model has demonstrated its ability to deliver good results. The three Scandinavian countries are at the top of UN measures of quality of life and have a safety net with comprehensive welfare arrangements like maternity/paternity leave, sickness benefits and national pension schemes” [17].

After describing The Nordic Model in the first part of my Bachelors Qualification Work, it can be said that it showed itself as very productive and fruitful in the Scandinavian countries, where it is being implemented. The model is highly appraised by other nations that wish to develop something alike. Still, no model is perfect and challenges might arise, in the future. The Nordic model faces the following main difficulties: the funding for social



services and the aging population. Social services including education, healthcare, child care, and senior care must be provided and are funded by taxes. It implies that funding for social services is based on the citizens' income and job situation.

Long-term viability of the economic model may be in risk unless new revenue-generating strategies are developed by the government to pay for social services. In general, there is a chance that the total amount spent on welfare services would increase faster than the GDP; as a result, the taxes that citizens pay must increase at the same rate as the GDP. Yet, because of the effects of globalization and demographic changes, further raising taxes will have a considerable negative impact on employment and growth given the already high tax burden [4].

Moreover, the problem that modern Nordic business environments also face with the Nordic Model that they use, is the ageing population. As the corporate environment is transforming, it also faces complications that need solutions. Given how heavily the public sector is involved in providing age-dependent social services and transfers, changing demographics are the biggest threat to the Nordic model. In the ensuing decades, the population's age distribution will alter significantly in the majority of European nations and Nordic countries. The baby boomer effect, as those born in the 1940s and 1950s approach retirement age, is a major factor in such a scenario. While the workforce is getting smaller, the number of elderly people is growing. The proportion of people in working age will decline as a result of the adjustment, but the age at which pension benefits are received by those over 65 will rise.

Explaining, each economy should ideally have a significant proportion of young taxpayers compared to older taxpayers, as well as a limited number of pensioners getting pension payments [45]. As a result, there will be a significant shift in the number of people working to those not working, which has an impact on the labor market and public budgets. A considerable gap between public spending and revenue is predicted, which raises serious problems for the welfare system as it currently works. Future economic pressures on the Nordic welfare model will be significant, while the population is aging, which is the main issue. As said, the relationship between those who support the welfare state and those who benefit from it will consequently change significantly. Corrective measures have to be

addressed to handle this imbalance, so the welfare state will continue to be financially sustainable.

Simply by maintaining current practices, the state of the public finances used by the Model, has the tendency to start to decline on its own. The tax burden, such as tax revenues/GDP, would need to rise by several percentage points in order to close the public finances' sustainability gap, according to even somewhat cautious predictions of future pressures on public spending. The size of this problem suggests that maintaining things as they are is not an option for policy. As the Research Institute of Finnish Economy says, increasing taxes as a policy option solution, is not good. They propose that, to lower spending, reduce dependency on government benefits, and/or boost employment rates, difficult policy decisions must be made. They also highlight that it is important to emphasize that the sooner changes are made, the less drastic they will need to be [45].

For the welfare state to be funded, a high employment rate must be maintained. Pay-as-you-go (PAYG) pension systems, where the active population contributes from current salaries to the pensions of the retired, make this particularly clear. A system like this functions well when the dependency ratio is decreasing, but it has issues when the dependency ratio is rising. Given that more people are living longer and that employment is going to decline, aging clearly presents a threat to financial stability [21].

An interview study among leading businesses in the Nordics suggests that one strategy to address this would be to raise the retirement age in concern with improvements in longevity, meaning that the shares of life spent in and outside the labour market remain constant [11]. In order to address this, more people who are of working age must be employed, thus raising the already comparatively high rates of employment. This can be accomplished through providing training, organizing, and including more people who are currently not employed. It will be essential to take steps to create new jobs, guarantee that Nordic workers can acquire the skills required for these positions, and provide them with the assistance they need to manage the demands of greater job and geographic mobility. Similar to how promoting a green transition and ensuring fair taxes of multinational firms would require stronger international collaboration.

Coming further to the financial part, there are no simple solutions to the financial issues brought on by population shifts. This simply leaves three options: raise taxes, reduce spending, or boost employment. The possibility of raising taxes in Scandinavia raises concern about how such increases might impact economic performance in addition to being dependent on political support for such increases. It is unclear if it is wise to further raise tax rates given the current large tax burden. Spending reductions indicate a retrenchment of the welfare state, therefore by making it smaller, the welfare state's sustainability issue is resolved. This encounters political opposition, and unless it is based more on greater efficiency than decreased entitlements, it would not be considered a plan for transforming the welfare state to the current difficulties. Reduce reliance on government assistance and enhance employment are further options. Increased longevity is a major contributor to the issue, hence it makes sense to concentrate on strategies to raise the effective or average retirement age [21].

The future of working life will be impacted by a number of global driving forces, or so-called global megatrends. Almost all of the Nordic countries, are experiencing a growing labor shortage as a result of demographic trends that show an aging population and a stagnant labor force. Reduced labor migration from other EU nations might be also a solution to the problem.

Fortunately, the Nordic nations do not dwell, they continuously come up with decisions and policies that make the Model stronger. They also say that The Nordic Model can at the same time be viewed as a key for resolving the problems that are arising. Thus, this leads us to the understanding of The Nordic Model, its effects and future.

### **3.3 Insituational measures to maximize international ties in the Nordic business environment**

The business environment is determined by the policy, legal, institutional, and regulatory conditions that govern business activities as well as by the mechanisms of government policy and institutional arrangements that influence the way key actors operate. As known, the key stakeholders include government organizations, regulatory bodies, and

business membership groups including business associations, civil society organizations, trade unions, etc. Economic growth and the eradication of poverty require a favorable business climate. The purpose to promote the development of vibrant and competitive industrial, business sectors must be the creation and maintenance of a business climate that promotes equitable and sustainable development.

Government regulations are very beneficial to businesses, as regulations that are properly established can both protect consumers and guarantee honest and open company operations. The government's contribution to company success is considerable and complex, while the growth and development of enterprises also heavily depend on the government. The government can aid in the growth of businesses by creating an environment that is beneficial to company development and by offering support to firms. In the end, the success of businesses is significantly influenced by the government.

Government policy must be understood by businesses, along with the potential effects it may have. They must also be aware of how the government may indirectly affect the economy and their firm. The government can also help businesses by giving them financial support. This can come in a variety of shapes, such financial aid, tax advantages, and other subsidies. The government may assist firms in expanding and developing by offering them immediate support. The government is crucial in fostering corporate growth: it can aid businesses in reaching a larger audience and boosting sales by assisting them with marketing and advertising. Let's look at how the governments of Nordic countries - Denmark, Sweden, Norway, Greenland, Åland Islands, Iceland and Finland deal with helping businesses.

Nowadays, Scandinavian nations have a very successful economic integration into the continent of Europe. Norway belongs to the European Free Trade Association, while Denmark, along with Greenland and Sweden are all members of the European Union. There is a high standard of living and level of human development among the populations of these countries. In this regard, a lot of focus is placed on evaluating the indicators of the evolution of the business environment in the nations of northern Europe.

Denmark, Norway, Sweden, Iceland, and Finland are the five Nordic countries that work together to improve and coordinate economic and business policy issues. And there are bodies, agencies and institutions that promote Nordic businesses. The Nordic Council and

the Nordic Council of Ministers are the two foundations that support Nordic cooperation. The goal of Nordic cooperation is to make the Nordic region a global leader in welfare, green growth, and innovation. The 87 members of the Nordic Council are elected representatives from the five Nordic parliaments. It is a parliamentary body and once a year, the council members convene. The Nordic Council often adopts resolutions that serve as recommendations for the business policies of the Nordic governments while debating these and other topics. The Nordic Council of Ministers serves as the platform for cooperation among the governments of the Nordic nations, specifically the departmental ministries and related administrative frameworks. They also provide funding and resources to support joint Nordic business projects and initiatives, which encourage collaboration among businesses in the Nordic countries and strengthen their international ties [8].

The Nordic Innovation, is an institution that aims to support innovation and entrepreneurship in the region, is another significant organization in the Nordic economic environment. To assist Nordic enterprises in creating and introducing innovative goods and services in foreign markets, Nordic Innovation offers funding, support, and networking opportunities [36]. A culture of innovation and entrepreneurship is promoted in the Nordic region thanks to their facilitation of collaboration between enterprises, educational institutions, and the government. In addition, two more financial agencies that support Nordic companies in their international endeavors are the Nordic Investment Bank and the Nordic Environment Finance Corporation. These institutions concentrate on funding sustainability, environmental, and infrastructure-related projects, which are essential for Nordic companies doing business in global markets.

In addition to these organizations and entities, the governments also contribute significantly to the development of a supportive business environment by way of advantageous laws, regulations, and incentives. In order to aid Nordic enterprises in increasing their international trade, the governments of Scandinavian countries work to promote free trade, lower trade barriers, and negotiate advantageous trade agreements with other nations. They also take steps to support startups and SMEs, encourage R&D, and cultivate a skilled workforce through education and training programs, all of which help to advance the Nordic business environment. Additionally, the governments actively take part

in diplomatic initiatives, business delegations, and international trade missions to advance Nordic companies overseas. They provide market research, export marketing, and trade facilitation services, as well as information, direction, and support to companies wishing to expand internationally. To establish a beneficial international business environment for Nordic enterprises, governments also work with other nations, international organizations, and stakeholders. More on this topic, governments of the Nordic nations actively support businesses and the labor market in their efforts to educate and train new personnel. The countries use a strategy to support business economic growth because they recognize the need of preparing individuals for the labor market in a variety of fields. Conditions for young people entering the labor market and receiving training are included in the countries. In comparison to other European nations, a high percentage of people complete a more in-depth education. The percentage of people between the ages of 15 and 24 who are not actively engaged in either education or the labor force, is comparatively low [37].

According to many researchers, Norway's and other Scandinavian nations' development of entrepreneurship is influenced by a number of factors, including business traditions, government policies intended to promote business, and favorable public perceptions of entrepreneurs' innovative business ideas. The perception of market potential, technology capabilities, and internal corporate learning processes all interact continuously to produce innovation. The ability to recognize possibilities and make investments to capitalize on them are the primary traits of an innovative corporation, which highlights the strategic competencies of businesses. The Scandinavian nations' innovative economic policy is particularly successful in supporting the growth of small and medium-sized businesses. It has been found that there is significant government's involvement in the establishment of a creative foundation for innovation systems for the growth of small and medium-sized firms in the Scandinavian countries. These nations employ a methodical strategy to put innovation policy into practice, including a number of initiatives for the advancement of educational, financial and consulting support for commercial organizations, and the construction of innovation infrastructure.

To elaborate, there is a study conducted by the Nordic Council of Ministers “Global Pressure – Nordic Solutions” that explains about clusters and their importance in innovation

in the Nordics. Clusters are localized groups of manufacturers, suppliers, service providers, research and educational institutions, etc. connected by input-output relationships, knowledge, common usage of input marketplaces, and other connections. The strength of these connections and their advantages for corporate efficiency can be considerably greater if there is active collaboration in addition to simple geographic proximity. Cluster's benefits for productivity and salaries, as well as for the emergence of new businesses, employment expansion, and innovation, is great. Studies conducted specifically in the Nordic region have revealed that businesses participating in government innovation programs related to clusters have outperformed their peers in a group outside of these programs, says the Danish government [34].

What is more, there is a strong collaboration between Nordic countries. Nordic cooperation is one of the most extensive regional partnerships in the world, involving Denmark, Finland, Iceland, Norway, Sweden, the Faroe Islands, Greenland and the Åland Islands. Cooperation between the Nordic countries has a strong tradition in politics, economics and culture. It plays an important role in European and international cooperation and aims to create a strong Nordic community in a strong Europe. Nordic cooperation aims to protect interests and principles of the Nordic countries and the macro-region in the world community. The shared values of the Nordic countries help the region to strengthen its position as one of the most innovative and competitive regions in the world. Globalization has been extremely beneficial to the Nordic nations [11].

The Nordic collaboration is strong in practice and takes into account how potential futures may affect the value and efficacy of the cooperation for both emerging and established business environments. It presents a number of policy recommendations for boosting the Nordic cooperation's power and effectiveness in the future. The Nordic region has a long history of collaboration, both in its official and informal forms. Its initial driving forces were cultural and regional, but it had definite advantages in assisting global networks. Collaboration between nations is essential in the generation and use of knowledge. This effectively enables Nordic cooperation to grow on a case-by-case basis, building networks and platforms that suit the particular requirements of certain theme areas [35].

Speaking about the future prosperity of the Nordic region, an area where Nordic cooperation may significantly impact developments - strong macroeconomic competitiveness has been a major factor in the Nordic nations' outstanding performance over the past ten years, especially with regard to fiscal and monetary policy. The Nordic nations must continue their macroeconomic policies that support a path of sustainable growth in the near future, this will necessitate adaptability to shocks. The Nordic nations must also be prepared to respond to changes in the macroeconomic policy around them in the long run. In order to limit climate emissions and foster a sustainable business environment, support businesses, and ensure working conditions, it will be crucial to maintain a strong international collaboration - this will also ensure Nordic access to global markets.

Overall, it was found that institutional actions performed by the governments in the Nordic region are essential for maximizing international business relationships. Nordic firms need vital support from organizations like the Nordic Council of Ministers, Nordic Innovation, Nordic Investment Bank, and Nordic Environment Finance Corporation to succeed internationally. The government's role in fostering a beneficial business environment through policies, rules, and incentives, as well as its active involvement in international trade promotion initiatives, contribute to the success of Nordic enterprises in worldwide markets. To conclude, encouraging innovation and entrepreneurship to drive economic growth, adapting new policies to resist and help with the ageing population problem, and making sure that the legal system is stable to provide a favorable business environment – are great plans and policies for strengthening the modern business environment of the Nordics. So the Nordic nations can continue to lead the world in business and innovation by addressing these areas for development.



## CONCLUSION

Coming to the conclusion of my Bachelor's Qualification Work, it is important to highlight that theoretical aspects of modern business environment in Nordic countries were discussed. I would like to briefly summarise the most important theoretical aspects and answers to them. Business environment serves as the foundation upon which businesses are constructed and The Nordic region has one of the most prosperous environments and is home to some of the world's happiest people because to its robust and sizable economy. Their circumstances, actions, and solutions help the Nordic economy and enterprises to flourish. The true essence of the business environment and its impact on the Nordic market, along with methods for assessing the competitiveness of the Nordic modern business environment were viewed through. Even more, the Nordic nations share many similarities in terms of their economies, all of which are open and small with significant foreign trade.

Furthermore, it was found that business environments are influenced by a variety of internal and external elements. So, this environment is more than a business, it is highly interconnected with the government where the businesses operate in, also other countries and global markets and economies.

The Nordic countries are famous for having strong economies and a good standard of living. They succeed at it for a variety of reasons, including their high focus on work-life balance, sustainability objectives, or state programs. The Nordic nations offer a particularly appealing business environment due to their highly educated and competent populations. With the most welcoming settings for businesses, the Nordic countries and their government are very welcoming to new company ideas and entrepreneurs. To summarise, the Nordic region is home to the fifth-largest economy in Europe and the tenth-largest in the world. The nations also stand out because they are home to a significant number of well-known companies on a global scale, which is much larger than the region's share of the global economy. According to the data from provided statistics, The Nordics are among the richest countries in the world in terms of GDP and GDP per capita. In addition, these nations continually outperform others in comparisons of global competitiveness in the present day

and age. Because they are successful, Sweden, Denmark, and Finland do even better than other EU countries, and it was found based on the founding in the first chapter. The countries invested a lot in training, research, and development, and they blended in effectively.

The same weight of importance in this work was given to The Nordic Model that is widely used in all Nordic countries of Norway, Denmark, Sweden, Finland, Iceland, Åland Islands, and Greenland. refers to the mix of the economic and social welfare systems that have been adopted by the Nordic countries. This Model is unique because it has a strong social policy that redistributes national income in favor of the population's most vulnerable segments in an effort to lessen wealth disparity. It maintains vibrant labor markets, encourages income redistribution, and promotes inclusive and sustainable economic growth. As discussed in the third chapter of this work, The Nordics try to modify things while concentrating on the Nordic Model in response to issues they are likely to confront with in the future; and throughout time, the model has already undergone constant improvement to solve various issues.

When it comes to the adoption of circular and sustainable business practices, it can be surely said that the Nordic region is an innovator and a sustainable leader. The Nordic countries are well-positioned to lead the way toward a circular economy. The Nordic countries have seen a rise in the popularity of circular business environment models as sustainability and responsible resource management have taken center stage. The Nordic countries use measures like waste reduction, material reuse, fostering sustainable production and consumption habits, and embracing the circular economy concepts as key examples of circular business environments. These approaches can help the Nordic business environment become more innovative, competitive, and resilient while solving environmental problems.

The second chapter examined how the Scandinavian company "Hotel Dania" performed in the market. It was based on the information that used an complex professional practice, internship at the Danish "Hotel Dania" as its foundation. I studied and familiarised myself with the methodical and educational materials, as well as normative documents used in the business. Basic level paperwork included details on the company's charter, its accounting and operating procedures and agreements. As the nation has a diverse and abundant tourist

potential from all over the world, the hotel industry in Denmark has been actively growing over the past few years. When the company occasionally experienced ups and downs due to crises around the world, it was able to get back on top and is now working to find solutions and put plans into action to handle challenging global issues. Certainly, the modern environment promotes the growth of enterprises, based on my observations of the hotel company's operations in the Danish hotel sector. On the basis of my own experience, it can be stated that the Scandinavian nation is environmentally friendly, firmly supports enterprises, including start-up business concepts, and encourages innovative business regulations.

The research of Nordic business strategies and foundations for improvement that were found in the third chapter of the Bachelor's Qualification Work, are crucial for businesses, seeking to thrive in the Nordic market. The conducted research that was based on the studies mentioned earlier in the work, also shed light on opportunities for improvement, such as identifying gaps in the regulatory framework, addressing labour shortages. I examined strategies of the business environment, such as digitalization and technology, Research and Development, innovation, as well as legal frameworks, resources and skills. The main challenges and opportunities that Nordic countries face in the context of the modern, globalized business environment nowadays, were also highlighted.

My suggestions and proposals for the issues were also discussed, as well as the many approaches that can be used to pursue the objectives, offering advice and recommendations for Nordic officials and businesses. I believe that investment in businesses and start-ups is beneficial to the Scandinavian regions and their investors. There are areas for development that could further boost the Nordic business environment in light of its transformation. These areas may include streamlining regulations to reduce administrative burdens, investing in education and skill development to guarantee a knowledgeable and adaptable workforce.

Coming to the end of the completion of the Bachelor's Qualification Work, businesses grow because of the environment on which they are founded, and the modern Nordic business environment is absolutely great for this. The goal of the bachelor's thesis was accomplished, and it was to conduct a thorough analysis and investigation on the subject, to address a problem and expound on it, using the knowledge learned during the course of the

studies. The primary tasks were completed, including instruction in academic writing and the development of skills for conducting independent research on the research topic, as well as the design and definition of the scope of the research problem.

Additionally, by working closely with the topic, I can now demonstrate my ability to autonomously develop a business-related topic, select on-topic readings and apply techniques, process data, conduct analyses, make decisions, and propose solutions to the problems raised in the issue statement.

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