

Nokia represents a great story about how a nearly bankrupt, highly diversified and rather local conglomerate from a small and dispersedly-populated severe climate country of Finland has been transformed into a world leading, focused and innovative hi-tech company in telecommunication industry within less than ten years. This paper tries to identify and explain factors which enabled this amazing growth of Nokia in context of Finnish economy and to answer a question of how Nokia sustains its global market leader position through its sophisticated innovation policy and activities. Role of Nokia in Finnish economy and innovation system is studied as well as competitive advantage over its rivals.