Labour market situation, structural changes and change security in Finland

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NET@WORK – A NET FOR EMPLOYMENT
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Labour market situation

Employment and unemployment in April 2011:

- Number of employed persons 2 458 000 (41 000 more than one year earlier)
- Employment rate 68.2% (OECD/ILO definition)
- Unemployment rate 8.2%, 220 000 unemployed (OECD/ILO definition)
- 47 000 new vacancies at employment offices (7 000 more than one year earlier)

Source: Labour Force Survey, Statistics Finland
Labour market situation…

- 75% of employees work under a permanent full time contract
- Some 15% of employees work under a fixed-term contract
- Women generally participate in the labour market, as full-time employees, their employment rate being 68.5%.
- Part-time jobs are not common; 21% of all jobs are part-time.
- Labour shortages and unemployment commonly occur simultaneously in Finnish labour market.
- The demand for labour is concentrated around growth centres in Southern Finland.
Unemployment rate in Finland, in EU and in the certain industrial countries, %

Standardised Unemployment rates, Seasonally adjusted

Finland
EU
USA
Japan

Source: OECD, Eurostat

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THE RATIO OF THE UNEMPLOYED JOBSEEKERS OF THE LABOUR FORCE BY EMPLOYMENT OFFICES

ANNUAL AVERAGE 2009

% (number)

- 15.0 - 18.2 (8)
- 10.0 - 14.9 (39)
- 5.0 - 9.9 (26)
- 0.0 - 4.9 (2)

Vacancies

Moving average, 4 months

Source: Statistics Finland
Labour shortages

- Most problematic sectors: health care and services

- TOP 10 Shortages (May 2010)
  - sales agent
  - registered nurse
  - sales representative
  - practical nurse
  - cleaner
  - hairdresser/barber
  - cook/chef
  - taxi driver
  - personal assistant
  - doctor
Administrative reforms
Establishment of the Ministry of Employment and the Economy

• The new ministry was formed from the Ministry of Trade and Industry, the Ministry of Labour and the units responsible for regional development under the Ministry of the Interior

• The changes became effective from 1 January 2008

• The most substantial administrative reform on governmental level in Finnish history

• The objective was to meet the challenges of the changing operational environment
PES organisation

- PES and active labour market policy falls under the Ministry of Employment and the Economy, as part of the Employment and Entrepreneurship Department

- At the regional level 15 Employment, Transport and Environment centres (Ely-centres)

- At local level 74 Employment and Economic Development Offices, TE-offices (replaced the previous employment offices at the beginning of 2009) with 180 service units

  ➢ More emphasis on demand led approach
Employment and Economic Development office (TE-office)

- Meeting place for jobseekers, companies and employers
- Delivering services via: Internet, Contact Centre, face-to-face

**Services for enterprises**
- Recruitments
- Tailored training
- Change security

**Services for jobseekers**
- Placements
- Labour market training
- Vocational guidance
- Vocational rehabilitation
- Subsidized work
- Change security
- Starting own business

**Regional enterprise services - network**
Enterprise services

**Labour force service centre**
Intensive service for most disadvantaged groups in close co-operation with municipalities
Change Security Model
CHANGE SECURITY - PROFILE

- Co-operation model agreed between Social Partners and the Ministry of Labour

- Parties are the employer, the employee and the Employment and Economic Development Office (TE Office)

- The goal is to foster co-operation between the employer, employees and employment and economic development administration, to promote rapid employment and increase security during change

- Strengthening the early intervention: Employment services will be organised and provided already during the notice period
CHANGE SECURITY - PROFILE

Change security involves:

- a right for the employee to benefit from an employment plan
- paid time-off during the period of notice, for instance for job-seeking
  - 5-20 working days depending on the duration of the employment relationship and the length of the period of notice
- higher unemployment benefit
- a stricter obligation to the employer to provide information and negotiate;
- more effective TE office services
CHANGE SECURITY – EMPLOYERS’ RESPONSIBILITIES

- To inform the TE office beforehand about the dismissals
- To inform the TE office about dismissed employees who are covered by the change security
- To prepare with the help of the TE office a common employment action plan concerning the redundancy situation in the company
  - The range of services, how they will be provided etc.
CHANGE SECURITY - FOR EMPLOYEES

- Increases employees’ security in dismissals
- Supports a dismissed person in the job-seeking process
- Helps to find a new job as soon as possible
- Employment leave (5-20 days) with full payment during the notice period e.g. for seeking a job, attending job interviews etc.
- Employment plan, an individual job-seeking plan in order to improve the employee’s chances of finding employment, for example through training and traineeships
- Raised unemployment benefit (20 → 185 days) during the active job search, training or other active measures
CHANGE SECURITY – TE OFFICE OFFERING

- Information sessions on employment services, education, benefits

- Job-seeking and employment services, labour market training, advice related to entrepreneurship, information on the start-up grants etc.

- Network of PES change security experts functioning locally, regionally and nationwide
  - A fire brigade especially in the case of large-scale redundancies
  - Contact person for companies
CHANGE SECURITY – ASSESSMENT

- Model has been a success both in terms of improving cooperation in redundancy situations between stakeholders and in terms of activation and speeding up re-employment of those made redundant.

- Model has acted as a positive cooperation platform between employers, unions, other regional and local actors and TE offices.

- In SMEs the knowledge of the model is not always the best possible.

- More effectiveness by ESF and EGF.
Model to tackle structural crisis in Finland
The model to tackle local structural crisis

• In 2006, the government started Handle the structural crisis – model which is proactive model to handle the structural crisis

• Public sector reacts immediately / proactively, main reasons:
  • Avoid pressing the panic button
  • Avoid the growth of unemployment
  • Provide information about the business and labour market opportunities
  • Boosts the development process

• RARE-working group (Reactions to the structural crisis) coordinates the package of activities.

• Key ministers meet as quickly as possible and decide on the range of measures.
Elements of the model today

• Local working group starts its work immediately, creates opportunities for new business and starts employment policy activities for those made redundant

• Local employment office opens a special unit for change security activities inside the gates of the factory; develops a personal plan and offer educational measures for those who are interested.

• Government can nominate the area as a region of structural crisis (normally for a 2 year period), in the state budget we have special resources for these activities (about 40 mil. euros/year), resources can be allocated immediately

• Companies and municipalities allocate their own resources.
Criterias for working model

- Ability to see the markets in a new way
- Ability to allocate resources
- Ability to make rapid decisions
- Effective management
Structural crisis activates a positive boost process and creates new opportunities!
THANK YOU FOR YOUR ATTENTION!

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