



European Employment Observatory

EEO Review: Youth Employment Measures 2010

Finland

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Arnkil Dialogues

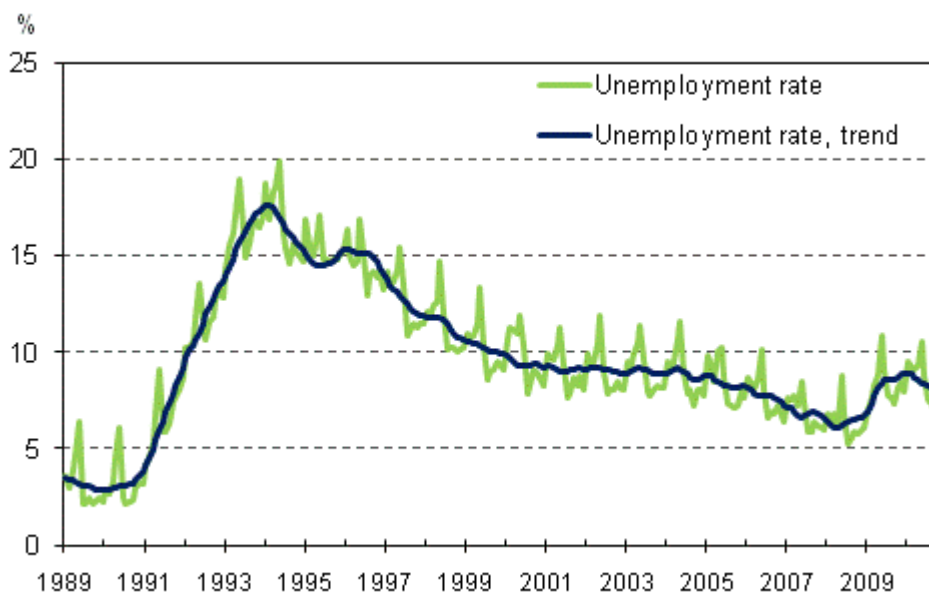
October 2010

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1. Introduction

Until the start of the still ongoing fiscal crisis Finland was gradually approaching a level of full employment with an unemployment rate of around 6 %. This development took place over a period of almost two decades. In the early 1990s Finland faced an unusually severe crisis with a rapid rise of unemployment from between 5 and 6 % to about 18 %, within less than two years. The current crisis has not had as dramatic consequences as the crisis of the 1990s. The current unemployment rate (October 2010) is 7.4 % compared to 7.1 % a year ago. The long-term trend is reflected in the following graph.

Graph 1. Unemployment rate and trend of unemployment rate 1989/01 – 2010/10



Statistics Finland 2010

Youth unemployment has been clearly higher than overall unemployment. On the other hand, youth unemployment has also been temporary rather than long-term by its nature. Now, in the context of a diminishing labour force and an imminent shortage of labour in the coming decades, there is rising concern and interest in youth employment and transition to working life.

The economic crisis starting in the autumn of 2008 was followed in Finland by a rapid rise of unemployment and youth unemployment in particular. In 2009 the unemployment rate in the age group 20–24 rose to 16.4 % increasing by 3.5 percentage points compared to 2008. The youth unemployment rate in March 2010 was as high as 36.5 % in the age group 15–19 and 20.4 % in the age group 20–24. However, during 2010 the general trend has been a steady decrease in unemployment. The unemployment rate for the age group 15–24 in March 2010 was 3.9 percentage points less than in March 2009 (still being, however, 32.2 % in total). In July 2010 the unemployment rate was 12.6 % (see also Winqvist 2010) compared to 15.0 % in July 2009. The seasonal variation is quite considerable and should be taken into account in analysing the unemployment trends (Statistics Finland, Labour Force Surveys March and July 2010).

In general the Finnish youth unemployment rate during 2008 to 2010 has been somewhat higher than the EU average. In 2009 Finland's figures were 1.9 percentage points and in

March 2010 4.9 percentage points higher than the EU average of 20.6 % in February 2010. Unemployment has affected most dramatically low-skilled and medium-skilled young job-seekers. While the unemployment rate has been around 4–6 % for high-skilled young job-seekers during 2008–2010, the respective figures have varied for low-skilled young job-seekers from 19.0 % to 34.0 % during 2008–2010, and from 10.5 % to 20.4 % for medium-skilled young jobseekers in the different age groups (Annex, Table 2.).

It is noteworthy of the Finnish situation that while only 5.6 % of 16 year olds do not continue to secondary education, the NEET (Not in Education or Employment or Training) rates are significantly higher after the age of 19. For youth between the ages of 15–19 the NEET rate was 5.4 % in 2008 and 5.3 in 2009, and for youth aged 20–24 12.3 % in 2008 and 15.1 % in 2009 (see Table 4). There are probably several reasons for this – drop outs of secondary education being one of the most obvious ones. This has drawn attention recently.

Although youth unemployment continually increased during 2008 and 2009, as well as in the first half of 2010, the Government started to respond to the situation somewhat late. The active labour market measures increased only slightly in 2009 and it was as late as 2010 that more significant financial resources were allocated to youth measures (Winqvist 2010). However, once started, the measures taken have been manifold and comprehensive. In 2010 the supplementary budget for youth measures in MEE (Ministry of Employment and the Economy) and MEC (Ministry of Education and Culture) budgets was altogether EUR 50 million, including increases in youth guidance, coaching, apprenticeships, youth workshops and measures to integrate young immigrants.

2. Measures taken to promote youth employment

The general framework for tackling youth issues has been provided by three national cross-ministerial policy-programmes: the Policy Programme for Employment, Entrepreneurship and Worklife, the Policy Programme for the Well-being of Children, Youth and Families, and the Policy Programme of Promoting Health and Well-being. They all contain measures aimed at preventing youth exclusion.

The new Finnish Youth Law has now come into effect, containing a regulation that every municipality has to have a multi-sectoral and multi-professional coordinating body in place to ensure that coordinated measures are taken to secure young people's transitions to education and training and to prevent social exclusion.

At present in Finland there are several different youth measures taken by, in particular, ministries responsible for employment and education (the Ministry of Employment and Economy – MEE, and the Ministry of Education and Culture – MEC). The economic crisis acted as a catalyst for various reforms aimed at removing employment obstacles for youth, enhancing transition from basic education to vocational education and transition from vocational education to the labour market. The crisis also seems to have intensified collaboration between employment and education actors, as well as between the central and regional level. The targets set by regional employment bodies and public education administrations reflect quite a strong political will and initiative at the regional level.

2.1 School education and training policies

In Finland 93.5 % of all 16 year olds continue to secondary level education. Finland is well-known for its high participation rates in education among all age groups. Participation in

education is highly encouraged as a policy measure from both employment policy and social policy perspectives.

Currently, and to a great extent as a response to the employment crisis, the Ministry of Education and Culture proposes to increase the number of vocational education places for the young. Furthermore, as part of the policy to extend working life, the 'Speeding-Up' Committee has proposed shorter university degrees, as well as better and faster access to education in the first place.

The idea of 'speeding up' reflects the more general idea now adopted in Finland that reducing the time spent in studies at all educational levels contributes to extending working life. The number of people annually exiting the labour force is already now exceeding the number of young people entering the labour market as the 'baby boom' generation is retiring, therefore speeding up entry to, and prolonging exit from, the labour market are strategic issues for Finland. Finland cannot hope to solve this problem by increased immigration and, moreover, debate about immigration is increasingly tense in Finland and likely to become even more fraught as the next parliamentary elections approach in March 2011.

The rather high NEET rates in Finland have also been noted by education and employment policy makers. While Finland traditionally focused on the high participation rates in education, now several reforms and projects have addressed young people dropping out of education. New 'hands-on' methods of reaching out to young people who do not participate in education or employment have been developed.

One of the most important projects has been the Työpari ('Search Team') concept, which ran in 2008 and 2009.¹ At the municipality level young people belonging to the target group were appointed a hands-on personal counsellor or supervisor, whose task was to provide the young person with all the advice and counselling needed to get back into education or employment. The jobseeker and the adviser work together on the job search. The appointed counsellors belong to a wider multi-professional network of the municipalities. The outcomes of the pilot projects were so positive that the law was amended so that the use of personal counsellors is now a mainstream policy across Finland.

The Finnish youth education policy is very institution-driven and institution-focused. The main way to train youth has been through secondary level vocational training. The secondary vocational education is provided mainly by relatively big vocational schools owned by municipalities or consortia. The advantage of this system is that vocational training is available fairly evenly in all parts of Finland. The disadvantage is that Finnish vocational training has been deemed too theory-driven; creating a risk of non-enrolment and discontinuation of studies for those pupils who would prefer more practically oriented vocational education. There are calls for more demand driven and regionally differentiated vocational training.

1

http://www.minedu.fi/export/sites/default/OPM/Nuoriso/nuorisotyoen_kohteet_ja_rahoytus/etsiva_nuorisotyoliitteet/etsivatoyoparitoiminta2008.pdf

- *Measures to prevent early school leaving and to guarantee that all young people acquire basic skills*

The '10th grade' programme has been in place for 20 years and is still seen as an important programme for preventing drop-outs, ensuring basic education diplomas and providing practical skills. The programme offers pupils a more practically oriented curriculum than the usual basic education and includes work experience in companies.

- *Measures to ensure that the vocational training system enables young people with only basic education to enter the labour market*

Finland lacks a structure that supports young people with only basic education to enter the labour market. Finnish policies focus on minimising the share of young people without any vocational training and helping young people who dropped out to return to education.

- *Measures to promote the recognition of non-formal and informal learning*

Finland has developed a competence-based exam system over the last 15 years. Currently Finland is moving towards personalised curricula where also non-formal and informal learning is recognised and acknowledged. The adult education system has been a pioneer in this respect. There are fewer possibilities for integrating non-formal and informal learning into secondary level vocational training for young people in the age group 15-20. There are more opportunities to use it to support young people who have already gained a secondary level degree or who are over 25. There is room in Finland for initiatives that promote, use and articulate non-formal and informal learning and skills in the earlier age-groups and earlier stages of education.

- *To link education with work experience (e.g. apprenticeships)*

The Finnish education system is, as mentioned above, mainly based on institutional vocational education. In 2008, 65 000 pupils completed primary school (up to the ninth grade). Of these, some 50 % started upper secondary school and 42 % started vocational education. A yearly constant of near 20 % of secondary school graduates continue studying in both polytechnics and universities (Education Statistics 2009). Apprenticeships are targeted at young people who have completed vocational education. In 2009, some 20 000 persons started apprenticeships in Finland.

As such, Finland has a very flexible and wide apprenticeship system, and a recent study (Winqvist 2010) found that completing an apprenticeship is the second most effective route into employment (68 % of men and 56 % of women were employed after 3 months apprenticeship (Winqvist 2010)). The most effective strategy in terms of securing employment is to start your own business through *Start Up Money* (74 % for men and 76 % for women).²

- *To ensure that education systems meet the qualification demands of the labour market (reforms)*

The vocational education system in general is based on unified national examinations where official requirements for each exam are regulated by the Ministry of Education and the

² <http://www.tem.fi/index.phtml?C=97987&s=2687&xmid=4274>

National Board of Education. The curricula for the exams are defined by separate exam boards. The exam boards are tripartite bodies and include employer and employee representatives. In addition, the competence-based exams are assessed at the individual level by the vocational teacher as well as the employer representative. Current debate in Finland is calling for a better connection between education and the needs of the labour market and demand and changes in working life.

2.2 Labour market and employment-related policies and access to benefits

The Ministry of Employment and Economy has now, reflecting the new higher strategic significance given to youth employment, adopted the goal of getting ‘the youth more competent and getting the newly graduated immediately to work.’

Active Labour Market Policies (ALMP)

A job seeker under the age of 17 is not eligible for unemployment benefit. At the age of 17 job seekers are entitled to labour market support if participating in labour market measures such as work experience, labour market training or rehabilitation organised by the employment authorities. Jobseekers between 18-24 years old are eligible for labour market support if they have not refused to participate in activation measures and providing that they have applied for vocational training. Young job-seekers who are over 25 years old are also allowed to study while still receiving unemployment benefit for up to two years.

As a reflection of the newly adopted youth strategy, the MEE (Ministry of Employment and the Economy) has now given the employment agencies and regional actors new guidelines for implementing the ‘Youth Guarantee Scheme’. The Youth Guarantee Scheme has been in effect since 2005. The new guidelines by the MEE emphasise early intervention as well as the importance of creating a more efficient service.

According to the guidelines, the local employment agency must produce in collaboration with the young job seeker a joint individual employment plan. The plan should now be produced within two weeks of the young job seeker registering with the employment agency. This new timeframe came into effect on the 10 May 2010. The individual employment plan contains goals, services and measures needed to support the job seeker to secure employment or access education.

Furthermore, all jobseekers under the age of 25 are now entitled to an individual employment plan within three months of registering as unemployed. The same timeframe also applies to individual integration plans for immigrants as well as activation plans for young people with disabilities or social problems. The measures included in these different forms of individual plans for different target groups are job search training, preparatory or vocational labour market training, work experience, internships (as a part of studies), start-up money for starting a business or subsidised work.

Measures to enhance transition from basic education to vocational education

There are four basic policy measures for engaging early school leavers in vocational education. First, the 10th Grade programme tries to ensure that all young pupils leave the school system with a school certificate. Second, preparatory labour market training is arranged by local employment agencies. Third, the ‘Career Start’ programme (‘ammattistartti’) provides young people with the opportunity to experience different career

paths and courses within vocational education. The length of the programme varies between 20-40 weeks depending on the needs of the participant. Fourth, youth workshops provide young people with practical work experience and guidance (Nevala 2009).

A new measure recently adopted in Finland is a voucher for subsidised work. The voucher is available to young jobseekers who have recently graduated from vocational education called 'Sanssi-kortti' ('Chance Card'). Employers of young people with a Chance Card are entitled to wage subsidies up to EUR 550 per month for a maximum of ten months. By the end of August 2010 13 500 vouchers had been given to job seekers leading to 1 800 subsidised job placements.

Other measures taken recently

The government has provided additional funding in 2010 for several other measures to tackle youth unemployment. Access to guidance and counselling services have been enhanced by employing on a temporary basis career counselling psychologists and youth employment counsellors. The number of the extra career counselling psychologists will be 25. Altogether staff will be increased for one year by 50 people. In Finland there is already a comprehensive guidance system within education and employment services, so this is an addition to existing provisions.

Furthermore, the number of vocational education measures such as preparatory and vocational labour market training, apprenticeships, combining work and training, investments in youth workshops, as well as measures on the integration and vocational training of immigrants have also been increased for 2010 (the supplementary budget for the MEE and the MEC for youth measures in 2010 is EUR 50 million). The Government estimates that at least 15 000 young job seekers will find employment due to the increased active labour market measures targeted at the young unemployed (Winqvist 2010).

In order to support mobility of young people, both at national and transnational level, Finnish study benefits are available to Finnish students studying abroad. Young jobseekers are entitled to the same refunds on travel and accommodation related to the job search as other job seekers.

2.3 Addressing problematic features of youth unemployment

In the survey 'Young Europeans' (Flash Eurobarometer No 202) Finnish youth stood out for only 8 % of respondents answering that companies provide the best support for those looking for a job. This was the lowest level out of the EU-27 countries with an EU average of 23 %. By implication, the new Chance Card measure is a key pilot project aimed at supporting young job seekers to obtain work experience (Winqvist, 2010). However, the effectiveness of the measure cannot be assessed at this stage.

The fear of youth social exclusion was addressed by the MEE establishing in February 2009 the working group 'Young men to working life'. The working group published its report within two months suggesting improvements to the Youth Guarantee as well as an increase of work placement opportunities for students in higher education and short-term practical training for jobs like bicycle repairs (Nuoret miehet työelämään 2009).

2.4 Roles of labour market actors

Both employer organisations and trade unions expressed their concern at the rising figures of youth unemployment. There is consensus in this area that upgrading the vocational education level of youth is a key solution to the unemployment issue.³ The various working groups established after 2008 have been set up mainly by public officials of the different ministries.

At the practical level both the trade unions and the employers have supported the Chance Card measure. The Chance Card Website includes a specific web page for employers encouraging and advising them to hire a young job-seeker.

3. Conclusions

In conclusion, several observations can be made on the recent trends in the way Finland has tackled youth unemployment since the 2008 economic crisis started.

The political response to rising youth unemployment started rather late. When the crisis hit in autumn 2008 the budget decisions for the year 2008 as well as for 2009 were already confirmed and the Government seemed unwilling to open the budget frames to specify extra funds for youth employment measures.

Although starting late once started, the Finnish response was quite extensive by Finnish standards. In the budget for 2010 an additional EUR 50 million funding was allocated to tackle youth unemployment (EUR 33 million to the MEE and EUR 17 million to the MEC). Furthermore, in March 2010 the Government announced its first supplementary employment budget for the year 2010 including EUR 77 million for reducing youth unemployment (within this an extra EUR 30 million for the MEE). Thus, altogether EUR 127 million was allocated for tackling youth unemployment.

The measures taken have been quite comprehensive and implemented on a wide scale. Three approaches can be identified as the main strategic ‘pointers’: the ‘Chance Card’, supporting entrepreneurship, and strengthening the employment services for young jobseekers at the employment agencies.

The goal of the Government seems to have been to promote a more coherent strategy in terms of educational, employment and social policy approaches. By implication, the Finnish approach to youth unemployment is now multi-agency, multi-professional and emphasises networking as a main method.

The approach has been comprehensive and quite solid, but rather traditional, leaving room for more creativity. The measures taken have mainly strengthened traditional methods of education and training, active labour market measures, combining education and work, supported the transition from basic education to vocational education and employment and tried to reduce the length of learning programmes. Some distinctly new methods (at least in the Finnish context) have been adopted, such as the employer wage subsidy voucher (the ‘Chance Card’) and mainstreaming the use of personal careers advisers as part of ‘outreach activities’ to all municipalities.

³ Kommentti. Nuorisotutkimuksen verkkokanava. http://www.kommentti.fi/sivu.php?artikkeli_id=821

The next few years will show if Finland succeeds in sustaining the current rather strong political will to address youth employment issues in order to foster a younger and more competent labour force and, of course, to prevent the exclusion of young people.

It seems likely that preventing exclusion will be a serious issue in the future. In 2008 and 2009 Finland was shocked by mass shootings in schools, indicating that all is not well with Finnish youth. Tens of people have been killed in these incidents. The shootings have played a considerable role in the current concern about the social inclusion of young people, and young men in particular. While there probably is not a straightforward causal relationship between unemployment and mental disorders it should be noted that the number of young people, especially men, pensioned in their early careers has increased by 37 % during the years 2003 to 2008. The main reason behind early retirement and receiving a disability pension is depression. The National Institute of Occupational Safety has calculated that the costs of disability pensions for young people are almost as high (around 70 %) as the costs of early retirement of people over 55 years old (Työterveyslaitos 2010).

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Annex

Table 1: YOUTH EMPLOYMENT / UNEMPLOYMENT TRENDS (Q1 data)									
Data	Age group 15-19			Age group 20-24			Age group 25-29		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Employment rate (%)	18.4	18.3	14.8	60.1	57.0	51.5	77.9	74.2	72.8
Unemployment rate (%)	28.4	26.3	36.5	12.9	16.4	20.4	6.7	9.6	11.0
Long-term unemployment as a % of unemployed	-	-	-	(7.3)	-	12.1	(11.2)	-	15.3
Youth unemployment to population ratio	7.3	6.5	8.5	8.9	11.2	13.2	5.6	7.9	9.0

Source: Eurostat, Labour Force Survey

- : Data not available

Data in brackets is not reliable due to small sample size.

Table 2: YOUTH EMPLOYMENT / UNEMPLOYMENT TRENDS (Q1 data %)						
Data	Age group 15-24		Age group 20-24		Age group 25-29	
	2009	2010	2009	2010	2009	2010
Unemployment for the low-skilled (ISCED 0-2)	26.7	34.0	30.7	29.5	19.0	19.7
Unemployment for the medium-skilled (ISCED 3-4)	16.4	20.4	16.2	19.3	10.5	12.3
Unemployment for the high skilled (ISCED 5-6)	-	-	6.9	4.4	5.9	6.3

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted

- : Data not available

Table 3: YOUTH TEMPORARY CONTRACTS (% OF EMPLOYEES) (Annual data)			
Data	Age group 15-19	Age group 20-24	Age group 25-29
	2009	2009	2009
Temporary work as a % of employment	48.2	32.8	23.4

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted

Table 4: NEITHER IN EMPLOYMENT NOR IN ANY EDUCATION OR TRAINING (NEET) (Annual data)

Data	Age group 15-19	Age group 20-24
	2008 (2008; 2009)*	2008 (2008; 2009)
NEET rate (% of the age group) (annual averages)	5.5 (5.4; 5.3)	10.5 (12.3; 15.1)

Source: Eurostat, EU Labour Force Survey, Annual averages

*Data in brackets is provided by the National Labour Force Survey and there are slight differences compared to the Eurostat data. Differences may be caused by those in compulsory military service (which is by far the majority of the age group) being included in the Eurostat data.

Table 5: EARLY SCHOOL LEAVERS* (Annual data)

Data	Age group 18-24	
	2008	2009
Early school leavers (% of the age group)	10.7	10.8

Source: Eurostat, Labour Force Survey

* Percentage of the population aged 18-24 having attained at most lower secondary education and not being involved in further education or training.

Table 6: DIFFERENCE IN YOUTH UNEMPLOYMENT RATE BETWEEN Q4-2009 AND Q4-2007

Data	Age group 15-19	Age group 15-24
Difference in youth unemployment rate between Q4-2009 and Q4-2007	5.6	6.9

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted