

ANTICIPATING and MANAGING RESTRUCTURING: 27 NATIONAL SEMINARS (ARENAS)

(Reference Number VC/0667/08)

MINUTES OF NATIONAL SEMINAR

Finland

The National Institute of Health and Welfare, Helsinki, 20– 21 May 2010

1. Introduction

These minutes are intended to provide a summary of the proceedings and results of the National Seminar on Restructuring for Finland, which took place at the National Institute of Health and Welfare (THL in Finnish) in Helsinki on 20 and 21 May 2010. The purpose of these minutes is to highlight the key findings and the main debates during the two day seminar on anticipating and managing restructuring in Finland. These minutes are supporting documentation, which should be read in conjunction with the final published version of the Finland National Background Paper, whose author is Mr. Robert Arnkil of the University of Tampere.

2. Background

Under a service contract issued by the Directorate-General for Employment, Social Affairs and Equal Opportunities of the European Commission, the International Training Centre of the International Labour Organization (ITCILO) organized a series of national seminars on restructuring during 2009 and 2010 in each of the 27 member states of the European Union.

The National Seminar for Finland was the 25th seminar in this series and aimed to present and discuss the most important measures and tools used for anticipating and managing restructuring in Finland, particularly their effectiveness and potential transferability. A Finland National Background Paper (NBP) on Restructuring was written for the seminar by an independent national expert, Mr. Robert Arnkil of *Arnkil Dialogues and Work Research Centre* of the University of Tampere. This NBP was prepared for the purposes of identifying and describing the existing measures and tools for restructuring at the national and regional levels in Finland, as well as highlighting interesting company practices and case studies. The NBP was presented at the seminar as a discussion draft and discussed by a high level, tripartite group of participants from government, workers and employers' organizations plus researchers, academics and regional development agencies. After the seminar, the NBP was finalised and published on the ARENAS website (<http://arenas.itleo.org>).

The seminar was conducted in Finnish with simultaneous interpretation into English.

3. Participants

Participation at the Finland National Seminar on Restructuring was by invitation.

The ITCILO, after consulting with the European Commission, the national expert and other interested parties, sent invitations to a list of representatives from the government, the national employers' organizations and the national trade unions, as well as academic researchers on restructuring practices in Finland. Representatives from local and regional economic development agencies were also invited. The selection of the invited participants

took into consideration the need for ensuring a high level of representation, including knowledgeable and appropriate representatives from government and the social partners. The Dublin-based European Foundation for the Improvement of Living and Working Conditions (Eurofound) was invited to send an observer. An official from the DG Employment, Social Affairs and Equal Opportunities of the European Commission also took part in the seminar.

16 participants attended the Finland National Seminar coming from the following Organizations/Institutions:

- Ministry of Employment and the Economy (7);
- Trade Unions (2);
- Employers' Organizations and Business Associations (2);
- Local and regional economic development agencies (3);
- Research Institutes(2) (excluding the national expert & seminar facilitator).

Representatives from the DG EMPL(1) and Eurofound (1) also took part in the seminar.

In addition, the seminar's organizing team included the national expert, Mr Robert Arnkil of the University of Tampere, the seminar facilitator, Dr. Timo Spangar of Spangar Negotiations, and the seminar chairperson, Mr. Peter Tomlinson (ITCILO). Mr. Esa Jokinen of the University of Tampere took notes during the seminar and provided logistical support before and during the seminar. Ms Germana Peretti and Ms Paola Agnello of the ITCILO made the preparatory administrative arrangements for the event with the excellent advice and support of Mr Arnkil and Mr. Jokinen. Ms Agnello was present in Helsinki as the seminar assistant.

4. Activities carried out

4.1 Opening Session

The national seminar for Finland followed the standard agenda agreed between the European Commission and ITCILO for a two day seminar. After the introductory remarks by the representative of the European Commission, Ms Dapergola, and the seminar chairperson from ITCILO, Mr. Tomlinson, the discussions on day one were designed to focus on lessons learned about measures and tools for **anticipating restructuring**. The second day sessions were focused on measures and tools for **managing restructuring**.

The format of both the first day (anticipating restructuring) and the second one (managing restructuring) were similar. The national expert first presented the findings on the topic from the national background paper. This was followed by a round table of high-level panellists from government, employers' organizations and trade unions to discuss the usefulness of the measures available for anticipating or managing restructuring in Finland. The round table addressed a list of pre-prepared key questions about restructuring in Finland and led into a general debate involving all participants. After this general plenary discussion, a case study was introduced by the national expert and supported by a testimonial from one of the main persons involved. The participants were then invited by the seminar facilitator to discuss the case in small groups in order to extract any lessons learned, especially success factors. The seminar facilitator then facilitated a feedback session to draw out some conclusions on the effectiveness, utility and transferability of the measures discussed. Additional case studies were then presented and discussed during both afternoons.

After a word of welcome from the national expert, Mr Arnkil,, the opening session of the seminar set the scene for the event through:

1. a presentation of the European Commission's main policies and programmes on restructuring;
2. an introduction about the overall aim of the project and the objectives of the National Seminars;
3. a short presentation about the ILO programme on socially sensitive enterprise restructuring.

On behalf of the Directorate-General for Employment, Social Affairs and Equal Opportunities of the European Commission, Ms. Elena Dapergola made a presentation about EU policies on restructuring. The essential elements of the EU philosophy towards restructuring are anticipation, preparation, minimizing the social costs, supporting partnerships (e.g. between the social partners), taking action at different levels, and seeking to reconcile job security for workers with the flexibility needed by companies. Cyclical downturns, structural changes and changes emanating from international markets are causing a permanent process of change and restructuring in the economies of the member states of the European Union. Anticipating and managing restructuring effectively can be assisted by putting in place a range of proactive measures at the national, regional and sectoral levels. Such measures are best designed in a climate of trust, social dialogue, transparency and a shared commitment to mitigating the negative effects of restructuring on those affected. The EC has conducted a number of sectoral studies on restructuring, see <http://ec.europa.eu/restructuringandjobs>. In addition, the EC has set up a Restructuring Forum, which has so far held 9 sessions. Further information on the Restructuring Forum is available on the same website. The EC has also created a collaborative knowledge-sharing website on anticipation and restructuring called *Anticipedia* (www.anticipedia.eu), and has published a guide for worker training in SMEs (Small and Medium-Sized Enterprises). The EC also offers financial support to assist member states on restructuring through, for example, the European Social Fund, the European Regional Development Fund and the European Globalization Adjustment Fund. The Finland seminar is part of an initiative by the EC to gather and share knowledge about restructuring practices and lessons learned in all 27 EU member states.

Mr. Peter Tomlinson of the International Training Centre of the International Labour Organization outlined the aims of the national seminar as follows:

- to exchange of views and perspectives on the national framework for restructuring;
- to catalogue the lessons learnt about restructuring in Finland;
- to systematize knowledge about restructuring practices in Finland;
- to engage in knowledge sharing;
- and to Identify inputs to the EU Synthesis Report.

Mr. Tomlinson also outlined the key elements of the ILO programme on socially sensitive enterprise restructuring. The ILO emphasizes that although restructuring is generally undertaken to improve enterprise competitiveness or to ensure the survival of an ailing firm, it should be conducted in a sensitive way taking into account the concerns of all the stakeholders. Though restructuring often involves downsizing and reducing labour costs, there are many options that can reduce the negative effects on employees and employment. ILO research shows that downsizing, if not handled sensitively, often results in industrial disputes, absenteeism, high staff turnover, and consequently drops in productivity, quality and profits. The main areas for improving restructuring practices include policies in anticipation of restructuring, social dialogue, legislation and regulations, and crisis response initiatives. Finland, Mr. Tomlinson noted, is renowned for its forecasting systems that predict changes in the labour market. He felt that the Finland National Seminar would be an ideal opportunity to discuss how effective forecasting is as a tool for anticipating restructuring, and whether other member states could take lessons from the Finnish experience.

4.2 Anticipating restructuring – findings from the National Background Paper

After the opening session, the key findings from the NBP on the anticipation of restructuring were presented by the National Expert, Mr. Robert Arnkil. He explained that since 1990, Finland has experienced a roller coaster in terms of economic, employment and restructuring developments, and continues to do so. The pressure to restructure in Finland results from the country's export dependence, its ageing demographic profile, and its relatively small labour force. As a result, restructuring to maintain cutting edge productivity and to promote innovation is necessary for competitiveness reasons and for sustaining good employment opportunities for the workforce. Finland ranks highly in the world competitiveness league, however it has been losing ground in recent years.

Mr Arnkil explained that, in 1992, Finland was hit by the worst depression in the post-war period, which has, in a paradoxical way, helped the country to enter the 2008 global economic and financial crisis with somewhat milder consequences than were experienced in many other countries, particularly as concerns the banking sector. In the current ongoing economic downturn, all branches of the economy have been adversely affected, firstly construction and then other industries. However, the first signs of recovery are apparent and surfaced in Finland in the last two quarters of 2009. Investment was on the rise at the end of 2009, and positive growth figures have been projected for 2010, compared to the historically large downturn of -7.8% of GDP (Gross Domestic Product) in 2009;

As regards employment, Mr. Arnkil noted that the increase in unemployment in the first quarter of 2010, had either slowed down or has stopped for most categories of unemployed workers, except the long term unemployed. Most concern remains around the high and rising levels of youth unemployment (25.7% for 15 – 24 years old). The forecasts of average unemployment for 2010 vary from 9% to 10.3%. In February 2010, the labour participation rate was 66.4 per cent, which was 1.6 percentage points lower than the previous year. The participation of women in the labour market remains high, especially in government services.

The most comprehensive structural change in the composition of Finnish industries, Mr. Arnkil noted, has taken place in the paper and forestry sub-sectors, which had been the backbone of Finland's industrial modernisation from the time of the country's independence in 1917, and until the 1990s. During the 1990s, the baton passed to information and communications technologies (ICT), epitomised by the global success of the mobile telephone giant, Nokia, which now faces fierce global competition.

Mr. Arnkil felt that Finland is well poised to meet future challenges for anticipating restructuring because of the following conditions:

- good governance;
- a broad consensus on the need to invest in the "high road" of competitiveness;
- very high investment in research, development and innovation;
- a rich forecast environment;
- a high quality education system;
- a strong sense of maintaining social sustainability and democracy;
- a well-developed system of social dialogue and tripartite cooperation; and
- a long tradition of consensual and coalition politics.

These positive factors, Mr Arnkil underlined, needed to be set against the following challenges:

- an ageing population and generational change in the labour market;
- the capacity of regional and local governments, which are going through restructuring themselves, to deal effectively with anticipating enterprise restructuring in the context

of decentralization of many central government responsibilities including active labour market policies;

- possible future labour shortages owing to the declining size of the labour force..



Mr. Robert Arnkil (left) , national expert, and Mr. Peter Tomlinson (right), seminar chairperson, listening to discussions about the National Background Paper

4.3 First round table session on anticipating restructuring (Day 1 Morning) - *To what extent are existing measures and tools sufficient and useful to anticipate restructuring in the current economic crisis? Specific employers', employees' and (central and local) government view.*

The objective of this first round table was to gather information on the current perception of the effectiveness, utility and transferability of the measures described in the National Background Paper and their usefulness in the context of the current crisis.

The round table discussion was organized around five key questions:

1. Continuous vocational training might be a means for adapting skills and competencies; and maintaining employability in the labour market: what are the main strengths and weaknesses of this measure in Finland?
2. Can industrial relations be an instrument for anticipating change in Finland?
3. Forecasting skills gaps can provide useful information on future trends for preparing short and medium term strategies. How do you assess the Finish experience with the use of forecasting?

4. Among existing forecasts of trends in the Finnish economy and innovations in technologies, what are the main strengths and weaknesses that have been identified at the national, regional and sectoral levels? Do these forecasts help to anticipate restructuring?

5. Research & development, public/private investments, partnership with universities, etc... are instruments for stimulating innovation and consequently job creation. What are the main strong and weak points in the Finnish experience of these measures? Do they serve to predict and anticipate restructuring?

Dr. Timo Spangar moderated the first round table. He invited selected participants to comment on the five key questions and then opened up the discussion to all the participants.



Dr. Timo Spangar moderating plenary discussions on the first round table

Main points made by the panellists and the participants during the first round table

Ms Anu Sajavaara (Confederation of Finnish Industries - EK) commented that Finland has a good set of measures for anticipating restructuring and the country's strengths are its adaptability and quickness in response to change. Nevertheless, there are areas for improvement such as using the information available more effectively, ensuring better coordination within the different layers of government, and taking a more forward-looking approach to current challenges of competitiveness, including promoting green jobs. The existing forecasting mechanisms need to be re-looked at.

Ms Jaana Hernelahti (Employment Office of Turku Region) commented that Finland is lacking behind in the use of green technologies when compared to other EU countries. There is also a challenge to respond to changes in the demand for skills in the labour market and to adjust the content of education and training courses to reflect these changes.

Mr. Jouni Marttinen (Centre of Economic Development for South-West Finland) praised the quality of the National Background Paper and argued that although there are many projects to anticipate restructuring at the regional level in Finland, there is a lack of coordination. In particular, there is a need for more coordination regarding education and training in order to ensure that courses are relevant to address the findings of forecasts about changes in the labour market.

Dr. Timo Spangar (moderator) observed that Finland is in danger of lagging behind on the promotion of green (environmentally friendly) jobs and "white" jobs for older workers.

Ms Marota Aho (Confederation of Finnish Industries - EK) underlined the challenges of ensuring that the education system adapts and responds to the results of educational needs analysis. Finland, she said, is a democratic and decentralized country in which many decisions are taken locally. There is an active social dialogue in Finland that takes note of the results of studies and forecasts, but there is no-one with clear overall responsibility to decide what to do.

Mr. Erriki Laukkanen (SAK – Central Organization of Finnish Trade Unions) commented that education and training provision in Finland is good as a result of past planning and policy decisions, but lamented an ongoing decline in educational standards, citing as an example that more than one-fifth of the working age population aged between 25 and 35 have no vocational skills qualifications. This situation is similar or worse than in 1990. The education system in Finland is not advancing and is not producing the results expected of it.

Mr. Pekka Tienan (Ministry of Employment and Economy) commented that previously there were only demographic forecasts, and that the education planning committee had been abolished in a wave of liberalism. During the 1960s, Finland had sound employment and labour market forecasts to inform policy making. The central government put in place the Labour Force 2000 Project, which included short and long term forecasts about the labour market and a triple model looking at employment, education and actions at the regional level. The trend towards decentralization has also led to fragmentation in decision making about active labour market policies and educational planning. The strong Finnish system of social dialogue, which is ingrained at the national level, is facing challenges at the regional level where there is less attention paid to social dialogue. There are also political factors at play in decentralized policy making on employment issues, whatever forecast and studies suggest should be done. The ILO's enthusiasm for promoting green jobs echoes well in Finland where there is a lot of methodological experience on this matter.

Mr. Heikki Taulu (Trade Union Confederation for Academic Professionals) suggested that one solution to the problem of mismatch between education and labour market demand would be to follow up on the employment prospects of graduates and relate these to the future funding of the education system. Finland has a great network involving government, employers, trade unions and other stakeholders to discuss these issues but the responsibility for managing it has been moved and it now lacks a wider sense of cooperation.

Mr. Antti Närhinen (Ministry of Employment and Economy) said that this network is producing a paper on future prospects and that work is ongoing in every government ministry about forecasting future developments in the Finnish economy and labour market.

Mr. Peter Tomlinson (ITC/ILLO) referred to some of the other key questions and asked about the roles of industrial relations and social dialogue in anticipating restructuring in Finland?

Ms Anu Sajavaara (Confederation of Finnish Industries – EK) responded that in recent times social dialogue has been more difficult and that the structures for dialogue have changed owing to decentralization. Nevertheless, social dialogue works effectively in Finland, as illustrated by a recently concluded round of collective bargaining on wages, and the country has avoided the worst consequences of the current economic crisis owing to its systems for social dialogue. This dialogue is taking place increasingly at the sectoral level. Today, dialogue reflects the sense that Finland is entering a new kind of world in which everyone is thinking about how Finnish society works and how this applies to the current context where companies operate. There is more regional and local autonomy, but this must go along with responsibility and cooperation.

Mr. Erriki Laukkanen (SAK – Central Organization of Finnish Trade Unions) observed that as regards industrial relations and employment protection, Finland has good legislation and a high level of cooperation between employers and workers organizations. About 60% of companies undertake anticipation of restructuring in a correct manner. However, the trade unions have reservations about the concept of flexicurity, which is seen as contradictory to good employment practices and reduces the responsibility of companies to protect employees during restructuring. Flexicurity is seen by the Finnish trade unions as a loose concept that the government can interpret as it feels fit.

What are the main obstacles to Anticipating Restructuring in Finland?

During the round table debate, participants mentioned the following Strong and Weak points concerning anticipating restructuring in Finland:

Round table no. 1	<u>Strong points</u>		<u>Weak points</u>
a)	Very good systems for social dialogue.	a)	Less experience of social dialogue at the local and regional levels.
b)	Good forecasting systems looking at future labour market needs	b)	Challenges in achieving a coordinated response to forecasts owing to the decentralized nature of employment and educational policies in Finland.
c)	Good labour legislation regarding collective dismissals and labour relations	c)	Mismatches between the courses offered by the education system and forecast skills gaps on the labour market.
d)	Active labour market policies, which have been decentralized to regional administrations.	d)	An ageing workforce and declining numbers of workers who are active in the labour market, makes early retirement schemes in anticipation of restructuring, an undesirable measure, though it has been used regularly in past restructuring.

4.4 FIRST CASE STUDY & GROUP WORK SESSION (Day 1 Morning) - Anticipating Measures for Restructuring and the presentation of the Education Intelligence Foresight System case study.

The objective of the Group work session was to obtain more information on the selected measures and tools described in the National Background Paper, including those featured in various case studies, in order to reach a common understanding and consensus about their efficient and positive effects for anticipating restructuring and mitigating its social impact.

To provide a real example to help reach this objective, a **case study** was presented as an example of the measures and tools that are used to anticipate restructuring. The case study chosen was the **Education Intelligence Foresight System** of the Confederation of Finnish Industries.

Ms Marita Aho of the Confederation of Finnish Industries presented the case study. The Education Intelligence Foresight System was a research project that was launched through a pilot phase that took place between 2001 and 2003. Many stakeholders participated and there were seminars, study tours and open discussions to identify what would be the best way to forecast future educational needs. The Delphi method of structured rounds of inquiries through a panel of experts was used. The resulting debate moved away from educational terminology and occupational categories in order to see beyond the boundaries

of the current system for designing educational programmes. The search for high quality educational programmes means looking at skills, values and networks, rather than a narrow set of competencies. Expertise in a particular area needs to be complemented with a fusion of skills and knowledge from other fields, since many profiles in the labour market require an inter-disciplinary approach. Employers are generally seeking multiple competencies. These different competencies can be grouped under “implementers”, “appliers”, and “seers”. “Seers” refers to creativity and innovation. Amongst the lessons learned are that industries overlap and that change is continuous, so employees need to be able to adapt and learn continuously. The Education Intelligence Foresight System led to a new project on learning networks and this is currently under implementation.

Following the case study presentation, participants were divided into small groups and invited to discuss the effectiveness of measures being used to anticipate restructuring in Finland. The group work was facilitated by Dr. Timo Spangar and the main points are summarised below:

- the Education Intelligence Foresight System project was an interesting learning experience and was highly participative;
- the findings were useful but not so easy to convert into policies and measures, which political leaders could embrace;
- the Nokia innovation campus is one good example in Finland of cooperation between a large company and a university;
- according to the trade unions, the employers’ responsibility for training workers needed greater emphasis;
- the debate between the role of education and the role of training in the workplace may be too focused on the latter;
- it is easier to motivate people to widen their existing qualifications than to persuade them to re-educate themselves totally;
- the project may not have given enough attention to the trade union perspective on education and training;
- there are many challenges in trying to involve small and medium-sized enterprises in improving education and training of their workers, especially if government schemes for this purpose are run bureaucratically;
- polytechnics were seen as having good and relevant opportunities to re-orient their courses to be more responsive to workers who need technical training.

4.5 SECOND & THIRD CASE STUDIES AND GROUP WORK SESSION (Day 1 Afternoon)

- Anticipating Measures for Restructuring and the presentation of the “Short term regional foresight activities and methods in South-West Finland” (the TKTT model used by the Ely Centre), and the VATTAGE forecast model.

The second case study on the anticipation of restructuring was the **TKTT forecasting model** used by the Ely Centre in South-West Finland. Ely is a regional centre for economic development, transport and the environment. It is a joint regional service centre for the Ministry of Employment and the Economy, and is responsible for implementing active labour market policies in its region. The Ely Centre conducts a range of foresight studies with the purposes of forecasting future trends in the regional economy and the labour market. Both quantitative and qualitative methods (the TKTT model) are used, including studies of the workforce and training needs. Sectoral studies are also carried out. The results are a detailed occupational barometer showing the growth and decline in demand for around 200 different skills profiles in the region. The objective is to anticipate restructuring through disseminating information to networks of agents that can promote understanding of the changes that are forecast to take place.

The third case study was the **VATTAGE forecast model**, which is a dynamic applied general equilibrium model for the Finnish economy that is used by the Government Institute for Economic Research (VATT). The VATTAGE forecast model is a tool for analysing policy options and the effects of structural policies (for example, taxation and environmental policies) and produces medium term forecasts for 81 industrial sub-sectors in the economy. A forecast using the model was published in April 2010 and the employment forecast shows that Finland continues to move towards a services economy with increasing demand for workers in health care and social services. VATTAGE predicts that some 120,000 new jobs will be created in the health and welfare services sector in the medium term. This is a large number in relation to the size of the Finnish labour force and the number of young women and men entering the labour market each year.

Dr. Timo Spangar facilitated an open discussion on the two case studies. The following points emerged from the debate:

- TKTT is a good forecasting system that gives clear, factual information;
- TKTT forecasts are very useful for the employment services and for educational planning and career guidance;
- The occupational barometer though interesting, can only be considered to be a snapshot of the current situation and not a reliable indicator of the future;
- Central government is concerned that the data is very soon out-of-date and was in fact completely invalidated when the economic crisis occurred in 2008 and 2009;
- Though some occupations are shown by TKTT to be in a state of over-supply, they may still remain attractive for young women and men;
- The Ministry of Employment and the Economy also pointed out that youth unemployment is also caused by other (i.e. non-labour market demand) factors such as a lack of job security at times of economic recession;
- Regarding the VATTAGE forecast model, the participants noted that it is now being used at the regional level as well as nationally;
- VATTAGE is useful for monitoring government policy targets;
- By the open nature of the Finnish economy and its export-orientation, Finland is vulnerable to changes in international market conditions;
- Owing to the demographic challenges facing the Finnish labour force as ageing takes place, Finland needs productivity growth through investment and capital deepening in order to maintain the country's competitiveness;
- VATTAGE forecasts throw up several policy challenges such as lengthening working lives, increasing labour participation rates, and finding additional sources of funding for growing health care expenditure.

The results of the first day's discussion sessions are summarized in the following table:

Case study	Success factors	Main problems	Potential of improvement
Education	<ul style="list-style-type: none"> • Highly participative 	<ul style="list-style-type: none"> • How to 	<ul style="list-style-type: none"> • Has been superseded by

Intelligence Foresight System	<ul style="list-style-type: none"> Adopted an innovative and more holistic approach to determining future educational needs 	implement the findings from this pilot project	another project with a focus on developing learning networks.
TKTT occupational barometer	<ul style="list-style-type: none"> Useful for career guidance, for employment services and for educational planning. 	<ul style="list-style-type: none"> Only reliable for a relatively short period of time. 	<ul style="list-style-type: none"> Need to evaluate how effectively it is used by those in the information networks targeted by the Ely Centre.
VATTAGE industrial sector medium term economic forecasts	<ul style="list-style-type: none"> State-of-the art model for medium term forecasting of selected industrial sectors and for analysis of policy options. 	<ul style="list-style-type: none"> How to apply the VATTAGE model to inform policy making at the regional level. 	<ul style="list-style-type: none"> Strengthening the coordination of policy making and implementation in a decentralized regional government structure.



Group work at the Finnish National Seminar on Restructuring

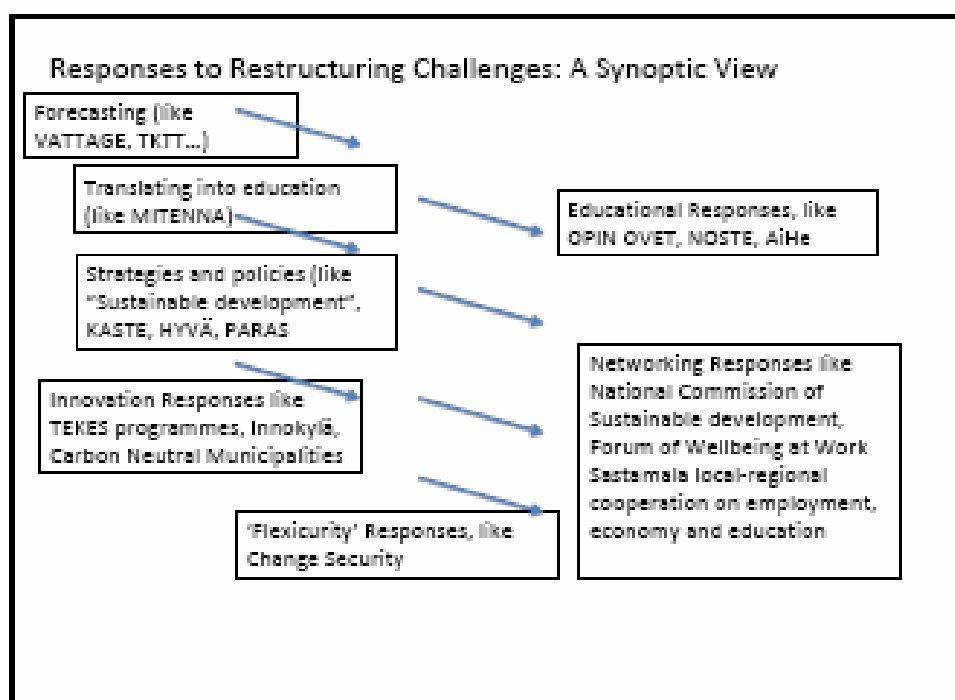
4.6 Managing restructuring – findings from the National Background Paper

Mr. Robert Arnkil opened the second day of the national seminar with a presentation of the main findings from the NBP on managing restructuring.

Mr. Arnkil explained that the context for managing restructuring in Finland, which has traditionally been under-pinned by a sound system of tripartism, social dialogue, collective bargaining and social protection, is increasingly influenced by the following concerns:

- the need to sustain productivity growth;
- extending working lives and work-life balance issues;
- promoting green jobs;
- promoting “white” jobs for older workers;
- addressing education and training needs of the labour force (300,000 adults have neither a university degree nor any vocational qualification);
- building the capacity of local and regional governments to tackle demographic, social and economic changes taking place in the regions and territories.

Finland has a well developed strategy for anticipating and managing restructuring, which is encapsulated in the diagram below:



Measures put in place by government to help companies manage restructuring include:

- TYKES – a workplace practices improvement programme to raise productivity;
- INNOKYA – a virtual web-based platform for disseminating good practices on social and health issues;
- a package of measures to promote renewable sources of energy, which may create 15,000 new green jobs;
- legislation on change-security to enhance employability and worker protection.

4.7 Second round table session on managing restructuring (Day 2 Morning)

The second round table session aimed to discuss the following topic: *Managing Restructuring in Finland: lessons learnt from past experience and future perspectives: specific employers', employees' and (local and central) government experiences.*

The objective of the second round table was to gather information about, and to assess, the strengths and weakness of past experiences on managing restructuring and area for future improvements.

The second round table was introduced and chaired by Mr. Robert Arnkil

The round table discussion was organized around four key questions each of which was addressed by the panellists:

1. Change security is a measure that aims to support and activate laid-off workers find new employment. How do you assess the effectiveness of this tool?
2. Workplace practices improvement programmes (TYKES) provide funding for productivity improvement projects in private and public companies. What are the main strengths and weaknesses of this measure?
3. How do you assess strengths and weaknesses of the most commonly used measure for managing restructuring, which is early retirement? To what extent the National Age Programme (FINPAW) can be an effective response to address the re-employment of ageing workers?
4. In the current economic and financial crisis to what extent does the role of collective bargaining change?

With regard to key question number 1 about change security, Mr. Erriki Laukkanen of the Confederation of Finnish Trade Unions commented that whereas “change security” is a term which the trade unions can work with, the introduction of the term “flexicurity” as a Europe-wide instrument is not well enough defined to be applied operationally. “Flexicurity” is too wide a concept that can be defined in many different ways. In Finland, the preferred term is “change security” and even so there are still concerns about how this concept is to be applied, for example, in relation to worker training. The Finnish trade unions believe that companies should take responsibility for training their employees. Finland has a good record on employee training. The challenge is that “change security” implies that companies should only be responsible for work-related training, and not for general skills upgrading. The question is who will fund and provide skills upgrading training for workers under the “change security” policy?

In relation to key question number 3 on “early retirement”, an official of the Ministry of Employment and the Economy expressed the government’s concern about how to fund the growing demand in Finland for social services and health care. The retirement age is a big issue because the number of retirees is increasing and this puts pressure on social security and health care budgets. During the current recession, more women and men have opted for early retirement. Labour statistics show that companies target older workers for early retirement as a measure for managing restructuring. Public attitudes favour this practice since it is perceived to open up job opportunities for younger workers. Currently under debate is the issue of what incentives would keep older workers at work? A pension reform in 2005 made it possible to obtain a higher pension by working past the age of 63. The aim is to

extend working lives and this also means paying attention to occupational health practices and health issues in general.

Regarding question 2 on workplace practices and related to question 3, government officials alluded to the National Age Programme, which has encouraged some companies to introduce special occupational health promotion programmes. The public sector has done likewise. There were early successes in terms of extending working lives, but these were reversed during the latest recession. The early retirement problem in Finland has not been solved. The current target of the Finnish government is to raise the de-facto retirement age from 59 to 62 by 2025 by addressing occupational health issues especially for younger workers.

The topic of younger workers was also highlighted by officials from the Ministry of Employment and the Economy. Young workers are first to lose their jobs when a recession sets in because they tend to have precarious contracts. Often, young unemployed workers incur debts and these serve as a disincentive to re-enter the labour market since debt repayments will be deducted from wages. When unemployment becomes long term, other problems, such as mental health ones, tend to increase further reducing employability.

In response to question 4, participants were of the view that the role of collective bargaining has not changed in Finland as a result of the economic downturn that started in 2008 and continued through most of 2009.

During this wider debate on managing restructuring with all the participants the following Strong and Weak points came out:

Round table no. 2	<u>Strong points</u>	<u>Weak points</u>
a)	Finland's highly developed system of social protection, including unemployment benefits, supports displaced workers when restructuring occurs.	a) The economic crisis that caused Finland to enter recession in late 2008 and throughout most of 2009, exposed young people with precarious contracts to unemployment, and also saw companies targeting older workers for dismissal resulting in a problem of long term unemployment.
b)	The Change Security Act of 2008 promotes a culture of cooperation between employers and workers with a focus on career protection in the case of collective dismissals.	b) The debate about the implications of the "flexicurity" concept for Finland is a lively one with the trade unions expressing concerns about the likely degradation of worker protection. By contrast, employers are more positive towards "flexicurity" because it implies lower levels of legal responsibility on behalf of employers.
c)	Finland places less reliance on severance payments than many other member states in the European Union.	c) Early retirement remains a favoured measure for managing restructuring in Finland despite a government policy of trying to extend working lives in response to demographic factors.

4.8 GROUP WORK (morning) – Management of Restructuring and the case of “Sastamala municipality networking for coping with employment issues and restructuring”

The objective of this group work session was to obtain information on the selected measures and tools described in the National Background Paper, including those featured in a case study, in order to reach a common understanding and consensus about their effectiveness and transferability for managing restructuring.

The case study presented for discussion was that of the networking and service centre system operated by the Sastamala Local Agency for Economic Development, Transport and the Environment. Sastamala is a municipality in the South-West Pirkanmaa Region.

The case was presented by Ms Regina Salkovic of the Pirkanmaa Centre for Economic Development, Transport and the Environment, and Ms Tiina Leppäniemi of the Sastamala Local Agency for Economic Development, Transport and the Environment

The Sastamala Local Agency for Economic Development, Transport and the Environment has its own board of directors and has developed its own development plan, complete with employment targets, with funding from the European Commission. It has also set up a competence and development centre which addresses the training needs of workers and is responsible for tackling structural unemployment in the municipality. Like other municipalities, Sastamala has responsibility for delivering employment services and implements programmes that are developed by the Ministry of Employment and the Economy. The Sastamala competence and development centre is an illustration of how local development agencies can adapt national schemes to better meet local needs and opportunities. Sastamala has adopted a one-stop shop approach to the delivery of employment services. Its service centre offers a holistic range of services including job placement, training, business advisory services, etc.... The clients of the centre are job seekers, employees and entrepreneurs. The impact of the Sastamala programme on long term unemployment has been good. Between 2004 and 2009, the number of long term unemployed fell from 500 to 220.

Dr. Timo Spangar facilitated the group discussion of the Sastamala case study. The main points raised were as follows:

- It is hard to maintain staff motivation in employment services and staff turnover is a problem;
- Sastamala is an excellent example of good practices for the delivery of employment services at the local level;
- Central government set out the framework for the delivery of decentralized employment services;
- The Sastamala case illustrates how good cooperation and coordination between local, regional and central government agencies leads to well organized services at the local level;
- Education and training are as important as re-employment (job search) programmes;
- In response to the economic crisis, the Sastamala service centre increased both education and training services as well as job-to-job search services through contacts with local employers;
- One of Finland's challenges is to manage the resources available for employment services in order to achieve the maximum effectiveness through targeting;
- Questions were raised about the sustainability of the Sastamala service centre in the face of public expenditure cut-backs and participants asked whether other employment services in other regions can emulate the Sastamala experience.

- It was noted that performance related targets are an important factor in achieving results as illustrated by the Sastamala case study;
- Another success factor was the customer orientation of the service centre and its practice on consulting clients about the services they want to have;
- Sastamala employment services use a colour coding system to identify job seekers who are ready for a new job placement and to distinguish them from job seekers who need re-training and those with attitudinal or other problems that mean they are not ready or willing to find a job. Job seekers in the latter two categories are given special assistance to be ready for job placement;
- Participants noted that in some cases employment services were acting as social services when responding to vulnerable categories of unemployed people;
- Employers representatives underlined that though re-training is important, vocational training qualifications are not a sufficient factor to determine the suitability of a job-seeker for a particular job and emphasised that other factors need to be considered;
- In the context of a growing demand for care workers, it was noted that employment services need to sensitize male job-seekers on the benefits of working in health care or social services since many men made redundant from, for example, metal industries were reluctant to seek jobs in the care sector.

4.9 GROUP WORK (afternoon – just before lunch) – Management of Restructuring and the case of Change Security and the "Perlos case" of an IT-industry shutdown

Professor Pertti Koistinen of the University of Tampere presented the Perlos case study.

Perlos is a Finnish multinational company specializing in producing components for mobile phones and other information and communications technology (ICT) equipment. Of its 13,000 workers worldwide, 1,700 were located in Finland. In 2006, Perlos decided to shut down the Finnish production facility and as a consequence the collective dismissal of around 1,400 workers was announced and planned to take place in two waves; one in 2006 and the second in 2007.

The Change Security Legislation and model helped the public employment services to take control of the situation. The change security model has four basic elements: 1) to inform employees of forthcoming changes to their employment situation; 2) employment services to provide individual counselling to the affected workers and to prepare re-employment plans for laid-off workers; 3) employment services to provide laid-off workers with small financial aid in addition to the normal job-seeker allowances; and 4) giving the right to days off for job-seeking by workers who are to be laid off, and to take these extra days leave before the lay-off takes place.

As the close down took place, 1234 permanent employees lost their jobs and out of these 975 were laid off. There was extensive use of employment protection methods such as public employment services, training and retraining, use of entitlements under the change security system, and the use of structural adjustment funds (local, national and European Globalization Fund resources).

There was a high level of involvement of many actors in managing the Perlos restructuring case. These included labour administration, municipalities, provincial federations, the regional development agency, educational institutions, the Evangelical Lutheran Church, trade unions, banks, and employers organisations.

The results in term of re-employment of displaced workers were good. After one year, 305 laid off workers found new employment (of whom 16 per cent were in short-term working

contracts). A further 101 workers underwent training programmes. Only 70 laid off workers remained unemployed.

Interestingly, a study by Joikkonen and Kurvinen (2009)¹ found that re-employment was extremely socially selective. Gender and the previous job were found to be the most significant predictors of re-employment. The likelihood of men to become re-employed was 3 times higher than women. White collar workers were 2.8 times more likely to be re-employed than blue collar workers. The likelihood of re-employment for workers aged over 50 was 2.8 times lower than for employees under 35 years old. Those who had worked from 4 to 9 years at Perlos found work 2.4 times more easily than those who had worked for less than 4 years. Weaker groups of workers suffered a fall in income as a result of the Perlos plant closure.

The Perlos case was discussed in plenary.

The results of the discussions on the Perlos case were as follows. The trade union representative noted that the Perlos case illustrated how a policy of “flexicuity” results in workers being divided into permanent core employees, and temporary, precarious workers. Flexicurity, the union representative noted, is being promoted by the European Commission and implies a reduction in employment protection for workers. It is a move away from the European Social Model, which is the traditional model for Nordic countries like Finland. Workers and employers organizations in Finland have been engaging in social dialogue in order to reach a consensus on reforms concerning employment protection. However, current trends in employment policy are making this dialogue more difficult.

The representative of the Ministry of Employment and the Economy commented that the re-employment effects of the measures taken in response to the job losses at Perlos, were quite successful with the exception of recent graduates and older workers. The Ministry intervenes early when a company is downsizing or closing down in order to mitigate the negative effects on employment. This occurred in the Perlos case.

The table on the next page summarises the successes, problems and areas for improvement for the two case studies on managing restructuring in Finland.

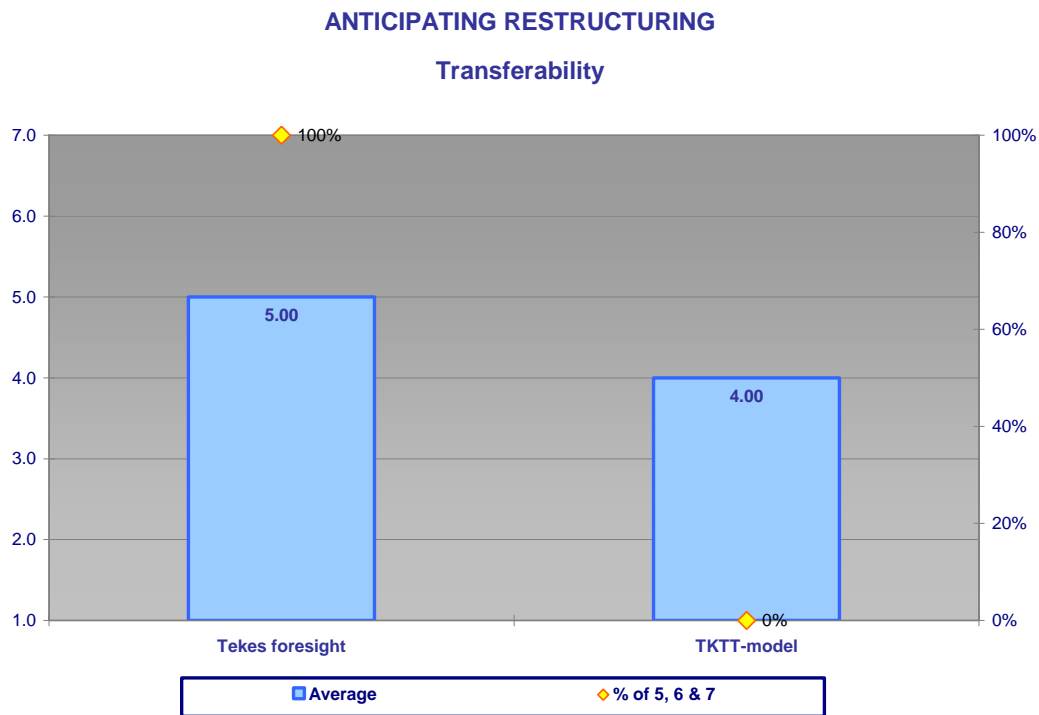
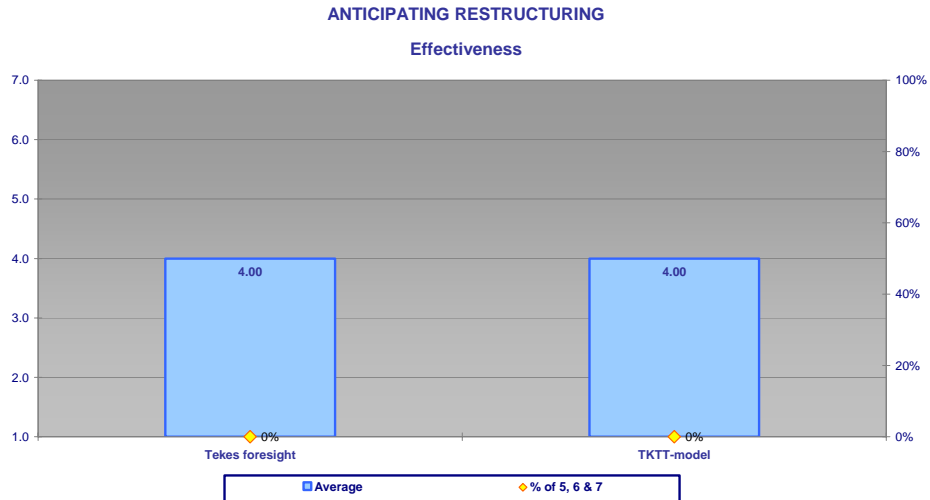
¹ Joikkonen, Arja & Kurvinen, Arja (2009) Flexibility and security – A Case Study of Perlos Corporation closures in the Joensuu Area. Ministry of Employment and the Economy. Helsinki: Edita Publishing. (In Finnish)

Managing restructuring case study	Success factors	Main problems	Potential of improvement
Sastamala Local Agency for Economic Development, Transport and the Environment and its employment services	<ul style="list-style-type: none"> •The holistic and client-oriented range of employment and training services that are tailored to local needs and designed in consultation with local employers. 	<ul style="list-style-type: none"> •Sustainability of the high quality of employment services provided in the face of cuts in public expenditure. 	<ul style="list-style-type: none"> • Disseminate the lessons learned and the good practices by Sastamala to local and regional development agencies in other regions of Finland.
Perlos plant closure	<ul style="list-style-type: none"> •Employment services and training programmes assisted majority of displaced workers to find new jobs. •Change security legislation strengthened the support provided by public employment services 	<ul style="list-style-type: none"> • Categories of workers who are vulnerable to unemployment such as older workers and new entrants to the labour market did not in general find new employment. Women were also less likely to find a new job than men. 	<ul style="list-style-type: none"> • Targeting more assistance towards groups of workers that are disadvantaged in the labour market.

4.9 Evaluation session on effectiveness and transferability of measures and tools for Anticipating and Managing Restructuring

The aim of this exercise was for the seminar participants to identify the priority themes according to the effectiveness and transferability criteria concerning the measures and tools discussed during the seminar.

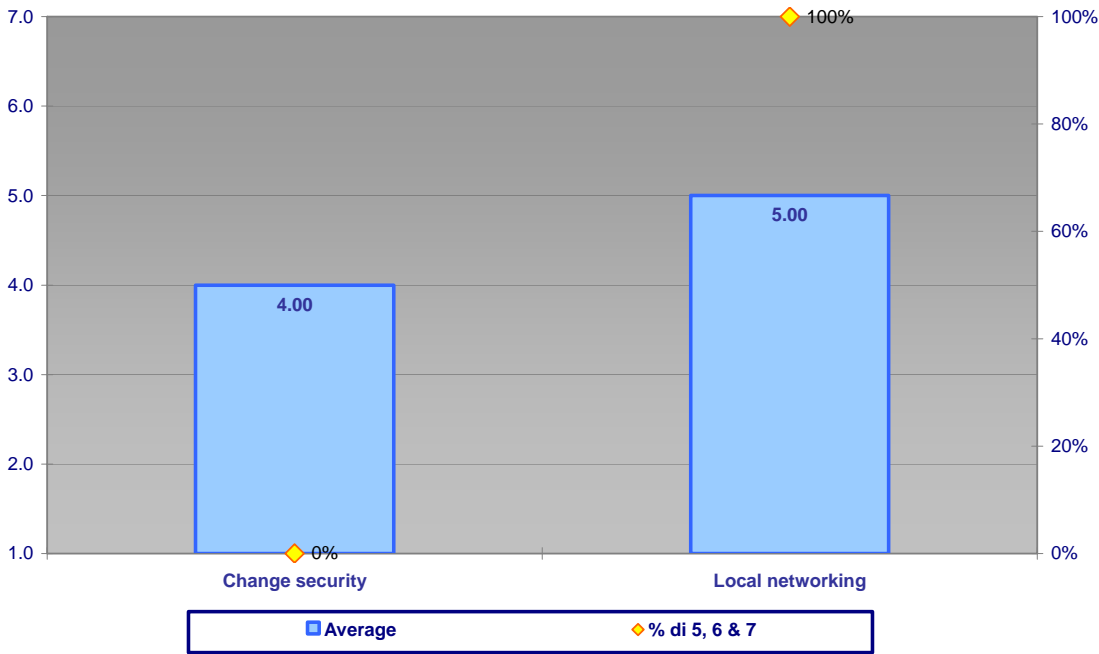
Only a small minority of participants submitted forms with their views on which measures are most effective for anticipating and managing restructuring in Finland. For anticipating restructuring, the participants cited two instruments (TEKES and TKTT) as the most effective measures. TEKES is the Finnish Funding Agency for Technology and Innovation. TKTT is the forecasting system used by the Ely Regional Centre to produce its occupational barometer. Of these two systems TEKES (assistance to companies to support innovation and technology) is considered to be the one with greatest possibility for transferability. The results of the exercise are shown on the graphs below.



Regarding managing restructuring, the few respondents saw local networking as the key instrument with “change security” coming second. However, “Change security” was seen as the measure with greater possibility for transferability to other EU member states, though the grade of perceived transferability was not high.

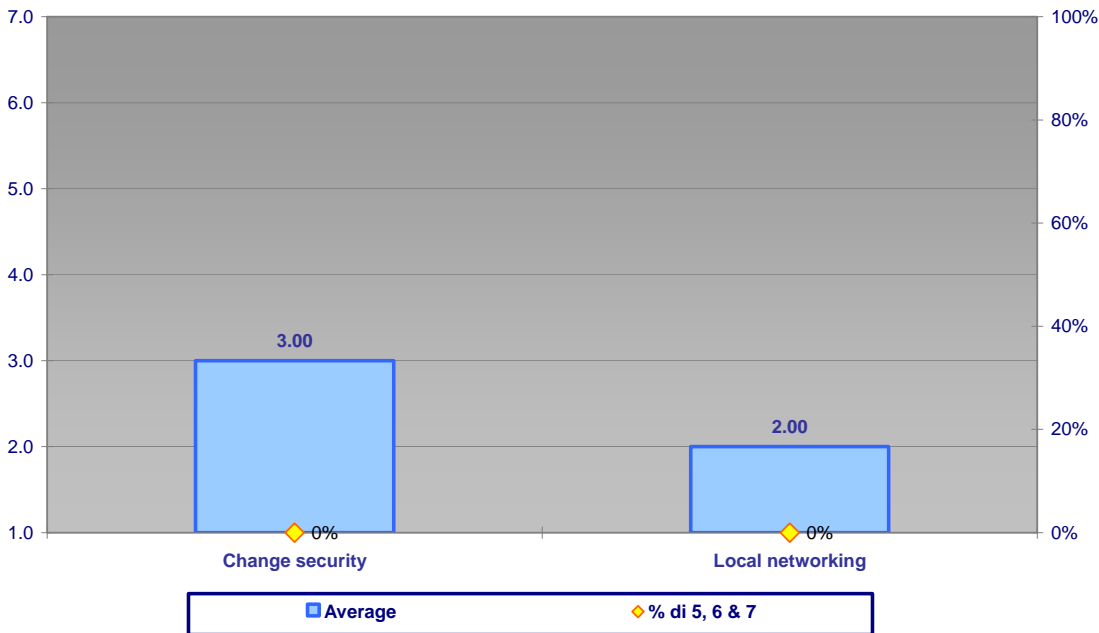
MANAGING RESTRUCTURING

Effectiveness



MANAGING RESTRUCTURING

Transferability



5. Conclusions of the seminar debates

Some broad conclusions can be drawn from the debates and discussions that took place at the two-day National Seminar on Restructuring for Finland, though these should be read together with the Summary and Conclusions section of the National Background Paper.

A. Conclusions on anticipating restructuring

- Finland has a pro-active approach to anticipating restructuring through data collection, forward planning and active labour market measures.
- Finland has in place a range of forecasting systems to gather information on changes in the labour market and such data can be used for the anticipation of restructuring.
- Actions to anticipate restructuring take place in Finland at the national, regional and local levels.
- Social dialogue and collective bargaining are well practiced in Finland with the social partners engaging in constructive dialogue.
- Finland has a strong system of social protection, which provides a safety net for workers when restructuring takes place.
- Research and development programmes and investment in innovation are supported by the Finnish government.
- Finland places a lot of emphasis on education and training.
- The main criticism raised at the National Seminar regarding government efforts to anticipate restructuring is a lack of coordination between the different tiers of government, especially as a result of decentralization.

B. Conclusions on managing restructuring

- Finland's highly developed system of social protection, including unemployment benefits, supports displaced workers when restructuring occurs, however the cost of the social security system is subject to national debate.
- Finland follows the "change-security" principle (as opposed to the "flexicurity" one) when formulating legislation and support measures for the management of restructuring.
- The Change Security Act of 2008 promotes a culture of cooperation between employers and workers with a focus on career protection in the case of collective dismissals.
- The change security policy encourages government employment services to be pro-active in contacting companies in distress and to offer assistance for the management of restructuring.
- Finland places less reliance on severance payments than many other countries in the European Union.
- The debate about the implications of the "flexicurity" concept for Finland is a lively one with the trade unions expressing concerns about the likely degradation of worker protection. By contrast, employers are more positive towards "flexicurity" because it implies lower levels of legal responsibility on behalf of employers.

- The national seminar raised the question of what more can be done to encourage employers to engage in voluntary initiatives to promote the employability of workers?
- The *Sastamala* case study shows how well-designed local government employment and enterprise development services can reduce unemployment during restructuring.

6. Main Results of the National Seminar

The National Seminar on Restructuring for Finland resulted in the systematization of current knowledge and practice on anticipating and managing restructuring in the country, and the sharing of knowledge between the government and the social partners. It was a space for analysis and reflection about which practices are working effectively and where there are gaps and challenges.

From the organizational and methodological perspectives, the seminar was full of rich debate, though the number of participants attending the two days was on the low side compared to other national seminars.

The seminar proved to be a good opportunity for both knowledge-sharing and social dialogue.

Unfortunately, only four participants submitted the completed seminar evaluation questionnaires and this is not a representative sample. This was partly due to the early departure of several delegates. The average evaluation scores from these four questionnaires are shown in the table below.

