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**CASE STUDY - FINLAND**

*Accompanying the document*

**REPORT FROM THE COMMISSION TO THE COUNCIL**

**on the evaluation of the Council Recommendation on the integration of the long-term  
unemployed into the labour market**

{COM(2019) 169 final} - {SWD(2019) 155 final}

# CASE STUDY - FINLAND<sup>1</sup>

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<sup>1</sup>Study supporting the evaluation of the Council Recommendation on the integration of long-term unemployed into the labour market, Ramboll Management consortium for the European Commission, 2019

## 1. INTRODUCTION

The objective of this report is to assess and explore the actions taken at national and local level in Finland in response to the Recommendation on the integration of the long-term unemployed into the labour market (2016/C 67/01) (hereafter ‘the Recommendation’). The aim is to establish whether and how the Recommendation has influenced policy, funding, activities, and long-term unemployment<sup>2</sup> in Finland.

### 1.1 Context of the implementation of the Recommendation

#### 1.1.1 Evolution of labour market situation

Overall the unemployment rate has fluctuated slightly in Finland. Figure 1 shows that the **total unemployment rate** rose from a dip of 5% in 2008 to 7.3% in 2017. According to the European Union Labour Force Survey, 2.3% of the active population in Finland was unemployed and had been looking for work for a year or more in 2017.<sup>3</sup> According to Statistics Finland however, approximately 90,000 more people were employed in May 2018 compared to May 2017, with the employment rate at 72.3% in 2018, while it was 69.4% a year earlier.

The **long-term unemployment** rate of the active population has risen slightly over the years. Long-term unemployment has not been a severe structural problem, although the number of unemployed people has increased during recessions. In 2008 only 1.3% of the active population was long-term unemployed. By 2010, this figure had increased to 2.1%, and peaked at 2.4% in 2016, followed by a slight decrease in 2017 when it fell to 2.3%. This is slightly below the EU28 average for 2017 of 3.4%.<sup>4</sup> Initial data available for Finland shows a long-term unemployment rate of 2.1% in early 2018.<sup>5</sup> The number of people who are long-term unemployed follows the same trend of unemployment in general. The long-term unemployed represent less than a third (31.6%) of all unemployed in Finland, which is much lower than the EU28 average of 49.5%.<sup>6</sup> In June 2018 there were 26% fewer male and 29% fewer female long-term unemployed people in Finland than the preceding year.<sup>7</sup>

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<sup>2</sup> Long-term unemployment refers to unemployment (ILO/Eurostat definition) lasting for more than one year, with Eurostat data presented here including adults between the ages of 25 and 64 years old.

<sup>3</sup> EC (2018): Data collection for monitoring the integration of the long-term unemployed into the labour market 2017. Country Fiche: Finland.

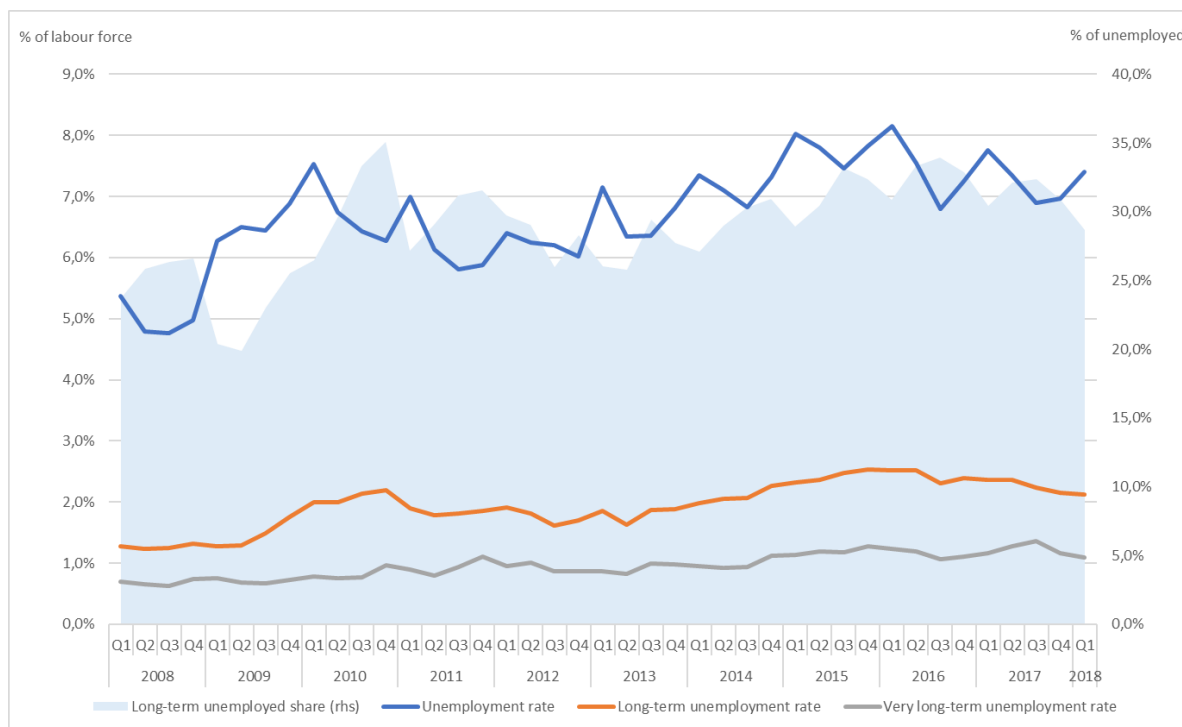
<sup>4</sup> *Ibid.*

<sup>5</sup> Based on Eurostat Q1 2018 data available at the time of writing.

<sup>6</sup> EC (2018): Data collection for monitoring the integration of the long-term unemployed into the labour market 2017. Country Fiche: Finland.

<sup>7</sup> <https://findikaattori.fi/fi/37>

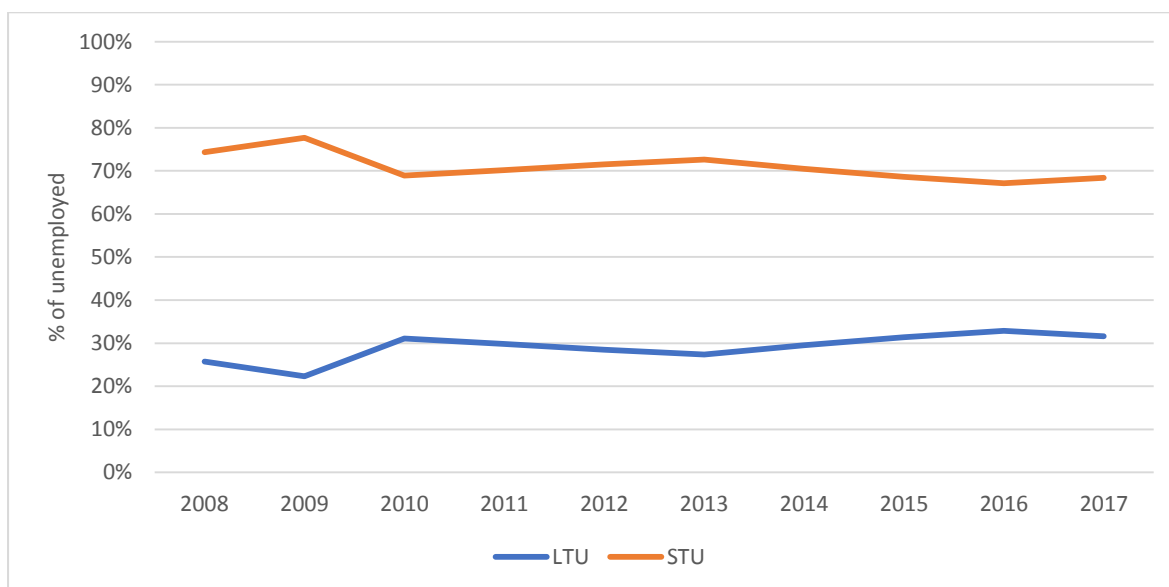
**Figure 1: Long-term unemployed share, unemployment rate, long-term unemployment rate, and very long-term unemployment rate in Finland, 2008-2018<sup>8</sup>**



Source: Eurostat

The share of short-term unemployment is consistently higher than long-term unemployment as a proportion of total unemployment in Finland (see Figure 2). In 2017, the short-term unemployment share was 68.4%, while the long term unemployment share was 31.6% of all unemployed, which indicates a **well-functioning labour market system and active labour market policies**, that successfully bring the unemployed back into employment.

**Figure 2: Long-term unemployment (LTU) versus short-term unemployment (STU) rate in Finland, 2008 – 2018**



Source: Eurostat Note: data for 2018 is based on Q1 and Q2 only.

<sup>8</sup> There is a break in Eurostat data series in Q1 2008.

Men face a higher rate of long-term unemployment than women. Furthermore, older workers (aged 55-64) are more affected by long-term unemployment than other age groups. Long-term unemployment remains an issue for low-skilled jobseekers, who experience double the long-term unemployment rate of medium skilled workers.

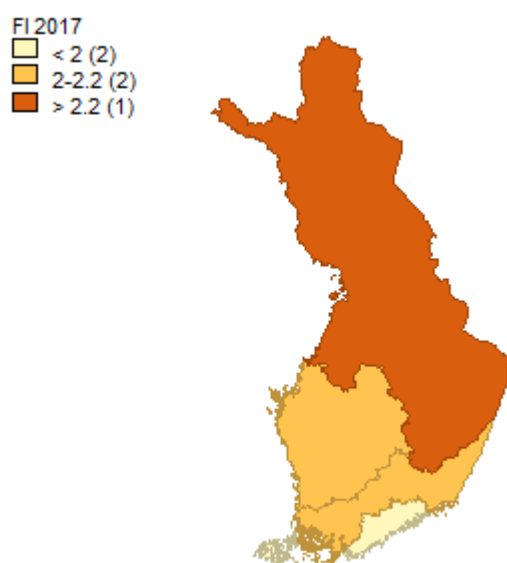
**Table 1: Long-term unemployment rates (unemployed for more than 12 months) in Finland, 2014-2017**

| Country     | LTU rate (>12 months) |                 |        |      |        |       |       |       |
|-------------|-----------------------|-----------------|--------|------|--------|-------|-------|-------|
|             | Total                 | Education level |        |      | Gender |       | Age   |       |
|             |                       | Low             | Medium | High | Men    | Women | 25-54 | 55-64 |
| <b>2014</b> | 2.1                   | 5.1             | 2.3    | 1.2  | 2.4    | 1.8   | 1.8   | 3.1   |
| <b>2017</b> | 2.3                   | 4.4             | 2.6    | 1.6  | 2.6    | 1.9   | 1.9   | 3.4   |

Source: EMCO monitoring data 2014-2017

Figure 3 shows regional differences in Finland in long-term unemployment. The region of Helsinki-Uusimaa has the lowest rate of long-term unemployment (1.9%), whereas the region of Pohjois- ja Itä-Suomi shows the highest (2.3%). These figures correspond with levels of business activity. There are more companies, and especially more growing companies in Helsinki-Uusimaa and Länsi-Suomi regions. Pohjois- ja Itä-Suomi regions are also more sparsely populated, the population is ageing and distances between cities and towns are notable.

**Figure 3: Long-term unemployment (12 months and more) by NUTS 2 regions in Finland, 2017**

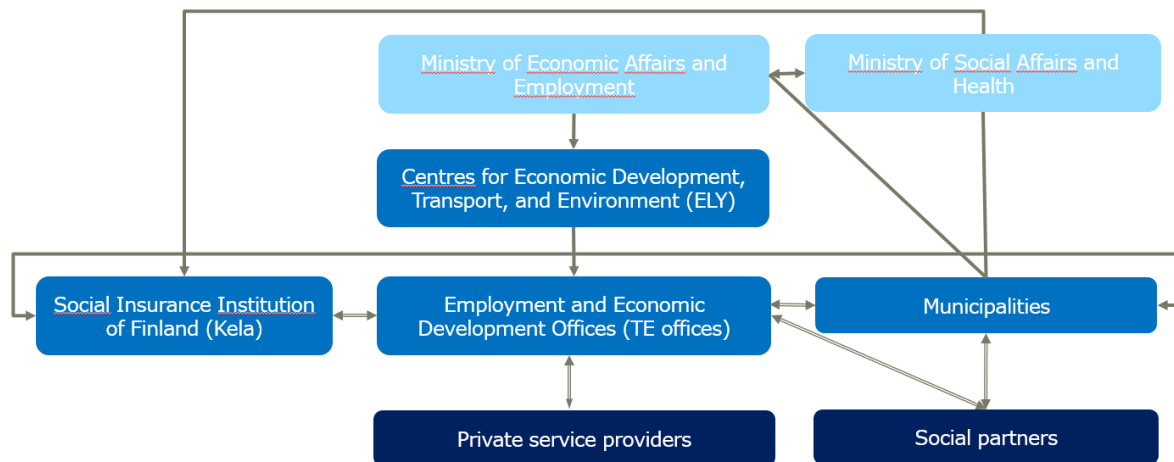


Source: Eurostat

### 1.1.2 Institutional framework for providing support to the long term unemployed

Finland relies on a decentralised public employment service business model. The model is built on the Finnish Public Employment Service while also making use of private sector service providers. At the **national level**, the Ministry of Economic Affairs and Employment is responsible for employment, entrepreneurship, labour and integration of immigrants. The implementation of the Recommendation falls within the realm of the Ministry of Economic Affairs and Employment.

**Figure 4: Institutional set-up of stakeholders involved in supporting LTU labour market integration**



At **regional level**, 15 regional Centres for Economic Development, Transport, and Environment coordinate the activities of the Employment and Economic Development Offices, at local level.<sup>9</sup> The Employment and Economic Development offices represent the operational arm of the Ministry and provide services to those seeking employment, and to employers and businesses. These offices provide employment services for clients according to their service needs, on three different service lines as follows:

- Employment and enterprise services (for those who possess the skills and competences needed in the labour market);
- Competence development services (for those who require an update of skills to be employed);
- Supported employment services (for those who need support in several areas of their lives to find employment).

Earnings-related benefits are paid by the unemployment fund to which the jobseeker belongs; basic daily allowance and labour market subsidies are paid by Social Insurance Institution of Finland (Kela). All recipients of unemployment benefits are obliged to register with the Public Employment Service and unemployment benefits can only be paid to unemployed people who are registered as jobseekers with the Employment and Economic Development Office. Regarding the public employment services, a person is entitled to be registered as unemployed, even if they are not entitled to receive unemployment benefits. An unemployed person means a person who is not in an employment relationship, not in full-time employment in a business or who is not a full-time student.

The Finnish Public Employment Service cooperates with a series of organisations and institutions both at national and local level to improve the situation of the labour market. All of these organisations can comment on policies and suggest changes. Those that have actual relevance for implementing the long-term unemployment-related policies are:

<sup>9</sup> <https://www.ely-keskus.fi/en/web/ely-en/employment>

- Relevant ministries;
- Municipalities (and the Association of Finnish Local and Regional Authorities);
- Local authorities (Centres for Economic Development, Transport, and Environment and Employment and Economic Development Offices).

The current institutional set up is expected to change in 2021 due to a regional government, health and social services reform,<sup>10</sup> which will increase the importance of counties. Consequently, current employment and entrepreneurship services provided by the Employment and Economic Development Offices and the Centres for Economic Development, Transport, and Environment will form so-called growth services at the county (regional) level. How this is done and by whom is still uncertain. Currently it seems the importance of private employment services and third sector support services will increase, and the role of public employment services will be more in the form of coordination.

## 2. IMPLEMENTATION OF THE RECOMMENDATION

### 2.1 Progress on implementation of the Recommendation

This section outlines the progress on implementation of measures proposed in the Recommendation. It provides an overview of policy and practice changes in relation to:

- Registration of long term unemployed
- Individualised support
- Coordination of support
- Cooperation with employers

The assessment of progress takes into account the expected impact from the 2015 Commission Staff Working Document accompanying the proposal for a Council Recommendation, and is based on the mapping of policy changes, self-assessments by Member States and stakeholder consultations during field work. When available, indicators on outputs and results are included in the analysis.

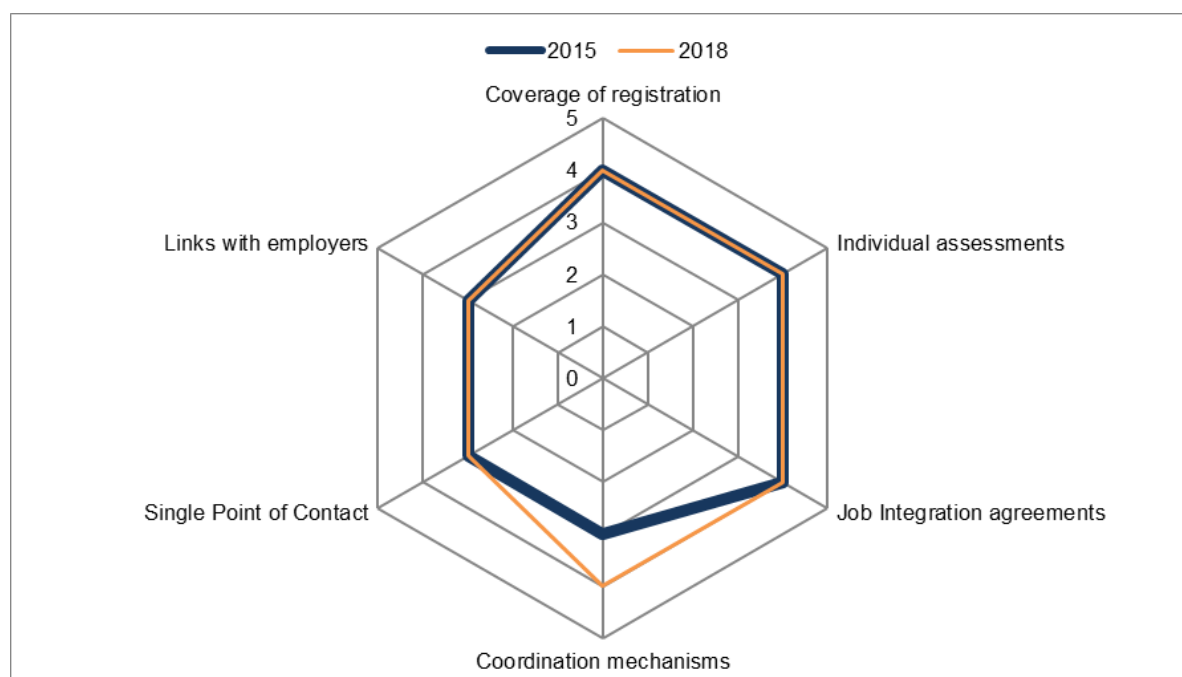
Interviews were organised with representatives of relevant Finnish ministries (Ministry of Economic Affairs and Employment, Ministry of Social Affairs and Health), labour market organisations and expert organisations such as the Social Insurance Institution of Finland (Kela) and the Association of Finnish Local and Regional Authorities at the national level. These actors were chosen due to their possible role in implementing labour market policies or suggesting changes to existing policies. It was also necessary to hear those who work closely with the long term unemployed. Thus, interviews with Public Employment Service staff were conducted in more urban (Tampere) and rural (Mänttä-Vilppula) areas.

Figure 5 **Error! Reference source not found.** summarises the progress on the implementation of the Recommendation on the integration of the long-term unemployed in the labour market by comparing the picture prior to the Recommendation (H1 2015) with the situation since.

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<sup>10</sup> <https://alueuudistus.fi/en/reform-of-regional-administration>

Figure 5: Quality of measures - Finland<sup>11</sup>



Source: Quality rating by national expert

## 2.1.1 Registration of long term unemployed

### Baseline and development

In 2013, in Finland, there was a high share of long term unemployed registered with the Public Employment Service<sup>12</sup> (93.5%) (EU28 72.8%). Thus, the need for Finland to increase the coverage of registration for the long term unemployed was low prior to adoption of the Recommendation. Consequently, measures targeting specifically registration of the long term unemployed were not implemented at the baseline for the evaluation (H1 2015) and according to the mapping of policy changes, have not been planned or implemented since.

The quality rating provided by the national expert for the **coverage of registration** remained unchanged at 4 from the baseline (H1 2015) to October 2018.<sup>13</sup>

### Case study findings

An individual client's job seeking starts when they request to begin the process either electronically (e-service), or personally at the Employment and Economic Development Office, and when they are registered as a jobseeker in the customer data system of that office. It is possible to register using online services, so people no longer need to visit a physical

<sup>11</sup> European Union, European Commission, Commission Staff Working Document, Document Accompanying the document Proposal for a Council Recommendation on the integration of the long-term unemployed into the labour market (2015) 176

<sup>12</sup> See Commission Staff Working Document, Document Accompanying the document Proposal for a Council Recommendation on the integration of the long-term unemployed into the labour market (2015) 176, p. 10. Figure 7. Long-term unemployed by Member State, stock and share registered with the PES, 2013.

<sup>13</sup> Quality ratings ranged from 1–5 whereby: **1 (low)** = no or basic implementation only, only on an ad hoc basis or not fully integrated into the overall services package; significant room for improvement; **2 (low-medium)** = More than just a basic implementation but falls short of being routinely implemented at national level and integrated into the overall service package; significant room for improvement; **3 (medium)** = Routinely implemented and integrated into the overall service package but recognise that the service/function falls short of guiding elements of the Recommendation guidance; **4 (medium-high)** = Established and well developed service/function that fulfils most guiding elements of the Recommendation but falls short of realising all of them; **5 (high)** = Established and well developed service/function that fulfils all the guiding elements of the Recommendation. This implies that mechanisms to constantly monitor performance and develop the service/function on the basis of what is or is not working well should be in place.



office to begin the process. The use of the registration service requires electronic identification provided for instance by banks. Using online services to register is however not an option for everyone given that in some cases people may not own a smart phone or laptop and/or may not know how to use the technology required. In these instances, the public employment services staff help jobseekers to submit the required information in order to register.

Unemployment benefits are tied to registration i.e. to claim unemployment benefits a person must be registered as a jobseeker at the local Employment and Economic Development Office. Currently, registration is almost at 100%. According to interviewees, the coverage increased when Kela (rather than the municipality) became responsible for paying out basic social assistance. To be eligible to receive said basic social assistance, a person has to be registered with the local Employment and Economic Development Office as an unemployed jobseeker, which Kela ensures has occurred.

Furthermore, a basic social assistance (so-called living allowance) is paid by Kela. A person who applies for social assistance is obliged to register as an unemployed jobseeker. If a person does not register as a jobseeker, the amount of basic social assistance can be decreased for a fixed period of time. Social assistance is a last-resort form of income security. Cross-registration is common, but a client's engagement in other services is clarified in an interview with Employment and Economic Development Office staff. In instances where there is a lack of information about possible cross-registration, information can be requested from other experts by the social worker. Within the so-called Multisectoral Joint Service Enhancing Employment model a common customer database called TYPPI is used, in addition to databases of each authority (for further detail on the model see section 2.1.3). The objective is that social services and services of other administrative sectors comprise a service package (the Social Welfare Act).

Overall, **no concrete actions linked to registration and the Recommendation were identified.** There have not been awareness raising campaigns or other actions to increase the coverage of registration. It may, however, be worth mentioning a new law that entered in force in June 2017 although it is not linked to the Recommendation. Some of the long-term unemployed in Finland have struggled to find a job for years due to their lost skills and experience, lower levels of education and health status. Under current legislation, these people are considered able to work, however, from the individual's point of view, the services targeting them do not address the issues they are facing. In practice, these individuals are already outside the reach of the labour market and therefore other means are needed to prevent social exclusion and poverty. Based on this new so-called *Lex Lindström* legislation, labour market support is in certain cases replaced by pension support assistance. It should be noted that this is a temporary form of support, rather than a permanent scheme and targets the elderly<sup>14</sup> long-term unemployed who have been without a job for more than 5 years. The rationale of the law is on one hand to help those most likely to never return to the labour market to reach pension age and on the other hand, to free the resources of the Public Employment Service for those more likely to be employed. It has been estimated that some 3,000 long-term unemployed persons have taken the opportunity of early retirement and are

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<sup>14</sup> Born before 1/9/1956

no longer registered with the Public Employment Service. Registration is not needed since these individuals become retired.

### **2.1.2 Individualised support**

#### **Baseline and development**

In the 2015 Commission Staff Working Document accompanying the proposal for a Council Recommendation it was considered that the recommendation on individualisation of support would have no or limited impact in Finland.

According to the mapping of policy changes, measures were already in place in H1 2015 for individual assessments and personalised guidance of long-term unemployed at the latest at 18 months of unemployment. These assessments cover education/work experience, distance from available jobs, health/substance abuse, family situation/obligations, and other barriers.

The quality rating provided by the national expert for **individual assessments** stayed at 4 between H1 2015 and October 2018.

According to the mapping of policy changes, job integration agreements targeting the long term unemployed that have reached 18 months of unemployment existed at the baseline for the evaluation (H1 2015). Since then, no changes in such measures have been implemented. The job integration agreement, which came into force via new legislation in January 2015, covers job search assistance, in-work assistance, education and training, childcare services, health and other social services, and support for increased mobility.

In 2017, a little over three quarters (76.6%) of all registered long term unemployed in Finland received a job integration agreement, with no significant difference by duration of unemployment.<sup>15</sup> The overall coverage rate of the long term unemployed 76.6%, which is slightly below the EU28 rate of 82.6%.<sup>16</sup> A fifth (22%) of all long term unemployed persons with a job integration agreement in 2017 ended their period of unemployment by moving into work. This transition rate is slightly lower than for the EU28 which has an overall average of 23%. This result is however reportedly understated as the denominator includes some people who become long-term unemployed without a job integration agreement. Data is not currently available from Finland on the number of people continuously unemployed for 12 months after receiving a job integration agreement or for the follow-up of job integration agreement users entering employment in 2016.<sup>17</sup>

The quality rating provided by the national expert for **job integration agreements** remained unchanged at 4 from H1 2015 to October 2018.

#### **Case study findings**

The **unemployed are divided into three basic customer segments** based on the information they provide while registering as jobseekers. The segments are roughly as follows: 1) persons who are looking for a job and have the necessary skills and competences to find a job; 2) persons who are looking for a job but may need to update their skills and competences; and 3)

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<sup>15</sup> EC (2018): Data collection for monitoring the integration of the long-term unemployed into the labour market 2017. Country Fiche: Finland.

<sup>16</sup> *Ibid.*

<sup>17</sup> *Ibid.*

persons who are looking for a job, but have health or lifestyle related challenges, lack basic skills needed for the labour market and require support other than just from Public Employment Service staff.

The Public Employment Service staff across the country have mastered ways to help the long term unemployed and other special groups (the third customer segment) within their network of public and private stakeholders. Since early 2000 there have been informal networks (e.g. the Finish Labour Force Service Centre model) tackling the case of long term unemployment, notably those who face challenges in several walks of life and need assistance from social services, health care providers and so on. In December 2014 the Act (1369/2014) on multisectoral joint services enhancing employment was established and came into effect on 1<sup>st</sup> January 2015. These services bring together the Employment and Economic Development Offices, municipalities and Kela to assess the situation and the needs of the long-term unemployed. This model can be applied to people who have received labour market support for 300 days or more due to unemployment. The multisectoral joint service enhancing employment applies to persons who have not been employed for the past six months (under 25 years of age) or 12 months (persons at 25 years of age and older). This change in legislation took place *prior to* the Recommendation.

The **online registration** form comprises ready-made lists that jobseekers can use to enter information about themselves. Challenges can occur however if people do not enter all the required information. By law Public Employment Service staff must contact jobseekers within two weeks of having entered their details and can at this point gather any missing information needed for the job seeking process. The particular needs of the individual are then assessed with regard to what services would be most useful for them. This process leads to an employment plan in which the manner of conducting business and contacts between the staff and the jobseeker is agreed. Furthermore, an **assessment** of the unemployed jobseeker's abilities to find employment in the open labour market and the probability of prolonged unemployment is made in the interview – the latter through a profiling tool, which is available via the Public Employment Service office's data system.

Each **individual employment plan** lays down agreed job seeking measures and goals, as well as public employment and business services that match the jobseeker's need for services and other services promoting employment, and expert assessments. The plan can for instance include a sentence stating that the jobseeker must contact a given number of employers to arrange an interview. It can also contain a reference to a subsidy which can act as an incentive for an employer to consider the jobseeker as a potential employee. The jobseeker must inform the Public Employment Service staff by a given date if they have fulfilled the tasks outlined in the plan, and if not are required to justify why the agreed tasks have not been fulfilled. When the jobseeker has carried out the task assigned in the plan, the situation is checked in a discussion with the Public Employment Service staff and further actions are decided on based on the outcomes of the previous task.

The employment plan lays down an **agreement on other services** enhancing competence, labour market skills, and functional capacity, or measures related to examining working ability or state of health. For certain target groups there are also activation plans in which the social service and the Employment and Economic Development Office- jointly with each

long-term unemployed jobseeker - tailor an activation plan and subsequently arrange rehabilitative job activities,<sup>18</sup> for example. Rehabilitative work experience is intended as a new possibility for long-term unemployed persons whose main livelihood has consisted of labour market support or social security. The activation plans are signed by each party and recorded in the person register of social service in the municipality and the person register in the customer data system of the Employment and Economic Development Office.

Furthermore, a **multisectoral employment plan** (see also section 2.1.3) is drawn up to identify the service needs of the client and corresponding services, as well as agree on the distribution of work and responsibilities between service sectors. Employment and Economic Development Office, experts who work in the municipality and the unemployed person participate in the process. Kela also takes part in the creation of the plan and providing the services in case rehabilitation services are needed. All experts involved in the process can get information on a client's situation using the TYPPI data system.

As described above, the individual assessment takes place soon after registration. In 2017, the parliament decided to **increase communication between the unemployed jobseekers and the Public Employment Services staff**. This is done through interviews which take place at least every third month with the unemployed. Due to a lack of resources, however, not all of the unemployed are interviewed as often as envisaged. In Finland the Public Employment Services saw a staff decrease by 134 full time equivalent in 2016, although in 2017 there was an increase in the number of temporary staff hired of around 200 full time equivalent in order to manage the increase in required jobseeker interviews to every three-months. The fact that these posts were temporary means that it remains to be seen whether these increases will have an impact.<sup>19</sup> Regardless, the interviewed Public Employment Services representatives and municipal employment workers pointed out that usually not that much changes in a person's life in three months, and in some cases the more frequent interviews do not add much value. Lastly, assessment is not a separate phase, but an on-going activity conducted as long as the person is within the Public Employment Service. The only exception to individual assessments are for those who receive earning-related unemployment allowance. When the person receives this kind of allowance, they are considered more able to find employment (for instance using electronic services and his/her own contacts) compared to the long term unemployed.

Whilst efforts are made to provide an individualised support service for the long-term unemployed, some **barriers** inhibit this process. For example, scarce human resources in the Public Employment Services, unfinished IT systems and a highly diverse client base are a challenge when it comes to the coordination of job integration agreements. Sometimes Public Employment Services staff have no knowledge on why individuals stop searching for work as this is not always communicated to them. In some cases individuals need social or healthcare assistance rather than support directly from employment services and whilst there is already coordination between different institutions (more informal than formal) it can be challenging to steer clients from one service to another (for more detail on institutional cooperation see section 2.1.3) and there are also differences in the quality and accessibility of the public

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<sup>18</sup> Rehabilitative job activities are overseen by the social services.

<sup>19</sup> <https://publications.europa.eu/en/publication-detail/-/publication/7f2b39a6-0184-11e8-b8f5-01aa75ed71a1/language-en>

employment services across the country. Overall research conducted for the mapping exercise showed that a more active role of the healthcare sector would be beneficial going forward.

Overall, **the way individual assessments are made and how support is provided has not changed significantly over the past two years.** However, a significant and valuable part of the assessment is the competence of the Public Employment Service staff who know to ask the right questions. Furthermore, due to lower numbers of clients (at least in the smaller municipalities) Public Employment Services staff sometimes know the long term unemployed personally. They are also well connected with other stakeholders, such as the representatives of employment and social services at the municipal level, which is also an advantage in terms of the support they can provide.

### **2.1.3 Coordination of support**

#### **Baseline and development**

In the 2015 Commission Staff Working Document accompanying the proposal for a Council Recommendation it was considered that the recommendation on coordination<sup>20</sup> and transition to employment would have no or limited impact in Finland. Prior to the Recommendation, Finland already had a Single Point of Contact in place to facilitate data sharing across organisations.

The quality rating provided by the national expert for **Single Points of Contact** remained at 3 from H1 2015 to October 2018.

According to the mapping of policy changes, coordination mechanisms<sup>21</sup> between organisations dealing with the long-term unemployed were already in place in H1 2015. These involve Public Employment Services and social services. The mapping indicates that there are no barriers to coordination among institutions.

The quality rating provided by the national expert for **interinstitutional coordination** improved from 3 in H1 2015, to 4 in October 2018.

#### **Case study findings**

Since 2015, a Multisectoral Joint Service Enhancing Employment has been provided as a nationwide model, wherein experts of three authorities together with a client evaluate their need for services and draw up a functional employment plan. Together they are responsible for the progress (including a follow-up process), with the Public Employment Service is responsible for coordinating this service.

Development of the Multisectoral Joint Service Enhancing Employment model started through experiments and pilots in early 2000. In 2015, the model was added to Finnish law. Currently there are 33 networks across Finland that bring together Employment and Economic Development Offices, municipalities and Kela to jointly assess the needs of the unemployed and design a tailored service package. The package can contain public employment services, social and health services, rehabilitation services and other services supporting employability.

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<sup>20</sup> Coordination refers to coordination of support between support services of relevant to the long-term unemployed, including employment, social, physical and mental health, housing support services for example.

<sup>21</sup> European Commission (2015) specifies two mechanisms: a systematic referral system to the support needed and data sharing mechanisms across organisations.

The service targets especially those who are long-term unemployed and need multisectoral service. The Employment and Economic Development Office, municipality or Kela assess if there is need to steer a person to the multisectoral joint service if they have been unemployed for 12 months in a row; have received related benefits for at least 300 days; and are 25 years of age or older, or under 25 years of age and have been unemployed at least 6 months.

In the Multisectoral Joint Service Enhancing Employment model cooperation is more structured. There is a network leader in a given area, and the whole network works together to support the employability and rehabilitation of the long term unemployed (which has been steered to become a Multisectoral Joint Service Enhancing Employment client). Similar network-based approaches also exist at the regional and local levels (on a voluntary basis). Additionally, **coordination takes place within and between projects** especially in terms of joint trainings and collaboration with businesses. After the Act (1369/2014 – Multisectoral Joint Service Enhancing Employment) unemployment as a topic / challenge has received significant media and political coverage, and actions to tackle it were taken over the years. The current government strongly encourages pilots and experiments.

Based on the Finnish case study, however, it seems that there have **not been many activities linked to the Recommendation**. The actors at the regional and local levels do not identify the Recommendation as such. Some interviewed stakeholders also pointed out that Finland may already be moving towards the next phase in which employment services are more demand-driven, modular and less dependent on sector (public, private, third). This is well in line with the limited impact the Recommendation was expected to have in Finland.

However, a lack of resources (time) is an effective hindrance to increased collaboration and coordination. Another challenge is the volume of services, development projects and range of stakeholders. According to interviews with the Public Employment Service staff, it is increasingly demanding for them to keep up with the service portfolio and how the services best fit to the situation of an individual jobseeker. There are hopes that possibly in the future artificial intelligence could assist the staff more, to help make sense of the increasing amount of data to be processed.

#### **2.1.4 Cooperation with employers and businesses**

##### **Baseline and development**

Among the interventions included in the Recommendation, two mechanisms were considered to enhance employment support: firstly, enhancing services to employers and secondly, focusing all labour market policies on the competitive labour market. In the 2015 Commission Staff Working Document accompanying the proposal for a Council Recommendation there is no specific suggestion on the extent to which the Recommendation on stronger employer cooperation would have an impact in Finland.

According to the mapping of policy changes, measures were already in place in H1 2015 to establish closer links with employers related to the placement of the long term unemployed. These measures cover screening of suitable candidates, placement support, and workplace mentoring and training. In 2017 a new ‘recruitment trial’ was launched but since then, no changes in measures have been implemented.

The quality rating provided by the national expert for **measures to establish closer links with employers** remained unchanged at 3 from H1 2015 to October 2018.

### **Case study findings**

**There are some specific tools aimed at encouraging employers to hire the long-term unemployed.** The Employment and Economic Development Office may subsidise an employer who hires an unemployed person who does not yet possess the required vocational skills with the aim of supporting the transfer to employment. An unemployed person with disabilities seeking to apply their skills in the workplace is a member of the target group for this kind of subsidy given the greater challenges they may face in the labour market. Job coach services are also available to promote employment by supporting the jobseeker in identifying their skills and competences as a way to optimise their chances of employment. A jobseeker can receive up to 50 hours of coaching a year, and the coach can also help a jobseeker prepare for a job interview.<sup>22</sup>

Regarding closer links with employers and businesses, there is still a long way to go. From the business-owners point of view, they need the best available skills and competences. As a result, the long-term unemployed are often not considered as an option. Furthermore, some of the tools created to increase the employability of people who are long-term unemployed can be used to acquire subsidised employees for a certain time without any intention of a longer commitment. Overall, a certain stigma remains with regards to hiring someone who has been long-term unemployed which acts as a barrier. There are however signs of a change in attitude towards hiring the long-term unemployed based on the experiences of the Public Employment Services staff interviewed.

For those employers who are willing to take a risk, the pay subsidies are a good way to test if an individual is the right fit for the company for a fixed period of time. There is also a measure called “work try-out” which allows time to identify what kind of support a long-term unemployed person will need in order to update their skills and return to work on a more permanent basis. Due to the varying situations of the long-term unemployed, the duration of this try-out period may vary. The duration of a work trial should not exceed 6 months per organisation, and 12 months in total. If the organisation is a municipality, the six-month maximum time is defined by tasks within the job. According to interviewed representatives of the Public Employment Service and municipal employment service, the work try-out has proven to be a good support mechanism for the long-term unemployed returning to the labour market.

### **2.2 Example of measure**

The following measure is highlighted here as an example given its thematic link to the measures proposed in the Recommendation. As has been underlined however, the Recommendation had no perceivable impact in Finland and as such cannot be linked directly to the introduction of the example outlined below. It is instead presented as interesting example of *relevance* to the Recommendation and aligning with the measures it advocates in terms of boosting overall support for individuals but cannot be directly attributed to the Recommendation itself:

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<sup>22</sup> <http://www.te-palvelut.fi/te/en/index.html>

Employment and Economic Development Offices can provide subsidies to companies that employ people who are long-term unemployed. This is an important step in making work experience more accessible to the long-term unemployed, providing an opportunity to show employers what they can contribute and helping to **break down any stigma** that may be held by employers who would not have considered hiring someone who had been long-term unemployed. Subsidies are also a key way of lowering the perceived financial risk business owners.

### 2.3 Use of the ESF to implement the Recommendation

Finland's structural funds programme is currently known as 'Sustainable growth and jobs 2014-2020'. Three axes are funded by the European Social Fund, the most relevant of which relates to employment and labour mobility, which (amongst other aspects) includes a focus on the provision of support to vulnerable groups, including the long term unemployed<sup>23</sup> although this does not appear to manifest as an aim *directly* in the projects funded by the European Social Fund via Finland's structural funds programming.<sup>24</sup> Given that Finland already have many measures in place in line with the Recommendation, the European Social Fund funding is mainly directed towards active labour market policies and projects to provide support to vulnerable groups, including long-term unemployed.

A project developed under the European Social Fund Transnational Network on employment has created support packages designed to support the long-term unemployed. Support involves shared case histories, post-placement after-care to ensure sustainable placements, as well as targeted employability support through work experience/vocational training/guidance. Some of the selected donor projects are from Finland. There are also thematic working groups responsible for developing packages based on donor and recipient exchange.

### 2.4 Monitoring of implementation

Generally speaking, according to a recent report on Public Employment Services capacity<sup>25</sup> Finland sets as a target the maximum harder to place unemployed people who remain on the register. A recent assessment regarding the effectiveness of employment policy (2016) argues that employment policy has increased the chances individuals have for education and work. Due to the increasing demand of services (and range of client segments) and available resources, Public Employment Services are increasingly using partnerships, acquisition of services from private service providers and online services to tackle this challenge. There are also several projects and pilots which are commonly assessed, and this takes place at the regional and local levels. Due to the cost of unemployment, the volumes of the employed and unemployed are monitored closely, however **no change in the monitoring and evaluation practices** was detected in the case study.

## 3. CONCLUSIONS

**Finland was already rather advanced when it comes to tackling the issue of long-term unemployment, prior to the Recommendation.** In fact, since 2005 specific policies that are

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<sup>23</sup> <http://www.rakennerahastot.fi/web/en/employment-and-labour-mobility-esf->

<sup>24</sup> <http://www.rakennerahastot.fi/documents/27742/432739/Sustainable+growth+and+jobs+2014-2020+brochure.pdf/d8ed1314-0d5a-46f2-b1ba-14d6257658ba>

<sup>25</sup> <https://publications.europa.eu/en/publication-detail/-/publication/7f2b39a6-0184-11e8-b8f5-01aa75ed71a1/language-en>



particularly targeted towards the long term unemployed have been in place. More broadly, there has also been a long-standing focus on long-term unemployment as an important issue in political discourse and subsequent programming in Finland. Against this already well-developed backdrop of - at least a national *focus* as well as tangible efforts towards tackling long-term unemployment - major changes were not expected in relation to the Recommendation. Only minor changes were detected during the Finnish case study during the period under examination for this case study, with a weak direct link to the Recommendation.

### 3.1 Relevance

The **relevance of the Recommendation varies according to the areas**, with the coverage of registration, individual assessment and job integration agreements considered to be less relevant, while the Single Point of Contact and employers cooperation remain relevant. Unemployment benefits are tied to being a registered jobseeker, and the financial incentive encourages anyone without a job to register, as proven by the high coverage rate of almost 100%. Individual assessments take place regularly upon registration, and the frequency of assessments has increased since January 2017.

Job Integration Agreements also exist, and the process for an employment plan is implemented as soon as the person registers as an unemployed jobseeker. If unemployment becomes long-term, the employment plan can be replaced by an activation plan which is signed by the jobseeker as well as the representatives of the municipality and the public employment services.

There are also links between the Employment and Economic Development Offices with employers and business organisations, although the interest of the employers towards the long term unemployed varies, with the most skilled/experienced persons are arguably more likely to be more valued among entrepreneurs and business owners. Consequently, it appears that the long-term unemployed are not considered as the first resource on the labour market. The Recommendation can therefore be considered relevant to Finnish employers - presuming they are made aware of the services available to them - given the need to further encourage the recruitment of the long term unemployed.

Whereas a Single Point of Contact and interinstitutional coordination activities via the Multisectoral Joint Service Enhancing Employment model have been in place since 2015, a lack of resources (time) and the volume of services and development projects, and the range of stakeholders involved continue to be an obstacle. As such the Recommendation can be seen as slightly more relevant, however it should be noted that no clear changes have been made on the basis of it so far.

### 3.2 Effectiveness

During the case studies **no measures were identified that have direct links to the Recommendation**. There have been incremental changes in existing measures, but according to the Public Employment Service staff interviewed these result from ongoing, daily development that would have occurred even without the Recommendation. Furthermore, no concrete new measures have been put in practice, so no notable effect can thus be expected.

The regional government, health and social services reform (expected to enter into force in 2021) can bring about changes. If the county (regional) level becomes responsible for

organising employment and business services, there are fears that services for the long-term unemployed may become worse as the state has had a local reach through Employment and Economic Development Offices. This assumption is based on the vicinity principle: the closer and/or the more familiar the services are to those who need them the most (e.g. long-term unemployed), the better. The reform is yet to be finalised but according to national expert opinion looks set to be introduced given the time and other resources so far dedicated to it. Ultimately the biggest concerns surrounding the reform relate to social and healthcare rather than employment, but as outlined above it could still have an impact on support available for the long-term unemployed. Currently however, it is too early to assess what the implications will be.

### **3.3 Efficiency**

As mentioned above, **no new measures have been implemented** in Finland in response to the Recommendation. Hence, no additional costs have been generated by the initiative and no benefits can be expected. In this sense, the efficiency of the Recommendation can be considered neutral in Finland.

### **3.4 Coherence**

**All elements of the Recommendation are in line with the Finnish employment policy**, which can be evidenced by the clear alignment between what Finland is pursuing and what the Recommendation proposes. In 2018, the Council issued a Country Specific Recommendation (CSR) to Finland, to “improve incentives to accept work and ensure adequate and well-integrated services for the unemployed and the inactive”. The measures proposed in the Recommendation strongly aligned with the Country Specific Recommendation and can support Finland’s policy response. That said, to a large extent national policy was already in place when the Recommendation was adopted, and there are no contradictions between what the Recommendation proposes and national policy. The Recommendation complements other EU initiatives such as the Youth Guarantee, through setting the focus on different target groups.

### **3.5 EU added value**

**If there has been an influence in national policy tackling long term unemployment, the impact is not clear.** Based on the case study it can be argued that employment in all its forms (including long-term unemployment) have been discussed and targeted through policy *prior to* the Recommendation. Employment increases the well-being of individuals while dealing with unemployment and its related challenges is a challenge for Member States and municipalities. Against this background it can be assumed that Finland would have taken actions and continued improving existing practices even without the Recommendation.

#### 4. LIST OF INTERVIEWEES

| Level   | Role / Position  | Type of stakeholder  |
|---|--|----------------------|
| <b>National</b>                                       | Ministerial adviser (integration),<br>Ministry of Economic Affairs and<br>Employment     | Policy               |
|   | Expert, (employment, labour market),<br>Ministry of Economic Affairs and<br>Employment   | Policy               |
|   | Ministerial adviser, Ministry of<br>Economic Affairs and Employment                      | Policy               |
|   | Senior ministerial adviser, Ministry of<br>Social Affairs and Health                     | Policy               |
|   | Coordinator, Social insurance<br>institution of Finland (Kela)                           | Support Organisation |
|   | Managing Director  | Association          |
|   | Expert in economy policy   | Association          |
| <b>Regional</b>                                       | Service director,<br>TE office   | PES                  |
| <b>Local</b>  | Service director, business services, TE<br>office  | PES                  |
|   | Expert (services to youth), TE office  | PES                  |
|   | Expert (support to the unemployed),<br>TE office   | PES                  |
|   | Service director, municipality of<br>Mänttä-Vilppula                                     | Civil servant        |
|   | Service director, employment services,<br>municipality of Mänttä-Vilppula                | Civil servant        |
|   | Project coordinator, co-operation with<br>companies, municipality of Mänttä-<br>Vilppula | Civil servant        |
|   | Project coordinator, municipality of<br>Mänttä-Vilppula                                  | Civil servant        |
|   | Individual work coach, municipality of<br>Mänttä-Vilppula                                | Civil servant        |
| Youth case worker, municipality of<br>Mänttä-Vilppula | Civil servant  |                      |