

Finland's National Action Plan for Employment

April 2000

In accordance with the EU's Employment Guidelines

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FOREWORD

The Amsterdam Treaty which entered into force at the beginning of May 1999 adds a new Title on Employment to the Treaty establishing the European Community. Under the new Title, the Member States will regard increasing the level of employment as a matter of common interest and will therefore strive to develop a common employment strategy.

The European Union agrees annually on employment guidelines and the Member States then draw up their national action plans for employment based on the guidelines.

Finland's National Action Plan for Employment for 2000 covers both monitoring of last year's plan and measures to implement the Employment Guidelines for 2000. It further reports on the measures Finland has taken based on the employment policy recommendations issued to it by the Council (the taxation of work, the gender division of certain occupations and the low retirement age). The new Action Plan takes into account the promotion of equal opportunities on the mainstreaming principle.

This Year's Action Plan strives specifically to increase employment, secure the availability of labour and improve the functioning of the labour market. It also takes into account the measures set down by the Lisbon European Council in March 2000 concerning the creation of a Europe based on innovation and knowledge.

This Action Plan has been drawn up by the Finnish Government and the labour market organizations and approved by them. The regional level and NGOs have been heard during the drafting process.

Helsinki, April 28, 2000

Tarja Filatov
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1. IMPLEMENTATION OF THE 1999 NATIONAL ACTION PLAN AND THE MAIN AREAS OF FOCUS FOR 2000

1.1 KEY EMPLOYMENT STRATEGIES AND AREAS OF FOCUS

The main aim of the economic policy of Prime Minister Paavo Lipponen's second Government is to improve employment, which in turn means the need to ensure steady economic growth. The aim of the Government programme is for close to 70% of the working-age population to be able to find employment. This aim can be realized during the Government's term of office if favourable economic growth continues and the policy in support of competitiveness and employment advocated by the Government and the labour market organizations can be implemented in practice.

The 1999 Action Plan set down the following areas of focus for raising the employment rate:

- a wages trend which ensures competitiveness, low inflation, and a steady growth in wage-earner's purchasing power;
- a disciplined fiscal policy;
- reform of taxation and social benefits to encourage employment;
- a industrial and economic policy which supports economic growth, improved employment and diversification of the production structure;
- adequate investment in technology policy;
- an improved general level of expertise;
- working life development in keeping with the established tripartite principle;
- gender equality;
- an improved employment rate among ageing workers;
- an active labour policy;
- a regional policy which ensures balanced regional development;
- a public sector personnel policy which favours permanent employment relationships;
- work to prevent and eradicate the problem of exclusion;
- good relations between different ethnic groups.

These areas of focus continue to be valid in the Action Plan for 2000. In order to ward off the risks of economic overheating, the Government will continue its disciplined fiscal policy and promote balanced economic development through measures designed to prevent labour supply bottlenecks, and other structural policy measures. The Government will continue implementing a number of the measures in the 1999 Action Plan during 2000.

The current Action Plan is specifically designed to improve the employment rate, the supply of labour and the functioning of the labour market by raising the level of skills and expertise. Efforts will be made to improve the functioning of the labour market in both the long term and the short term by improving the general level of expertise of the workforce as part of the strategic development of companies. The supply of labour will be further improved by increasing the efficiency of the public employment services and by striving to ensure that both the unemployed and new graduates possess skills which match the needs of the labour market. These aims will be supported through employee training and other training measures in different administrative sectors, which will be examined below as a whole.

Preventive measures to combat long-term structural unemployment will involve both tailored employment services and training. These will be carried out as part of the effort to ensure an adequate supply of skilled labour. The focus of measures will shift from dealing with short-term

unemployment to preventing long-term unemployment, the aim being to give all unemployed people the opportunity to make a new start before they become long-term unemployed. In services for those in the most difficult labour market position, the focus will shift to closer co-operation between all the actors involved, while at the same time clarifying the division of responsibility between the various actors. Implementation of the Action Plan will be strongly weighted towards seeking individual solutions based on co-operation and focusing on companies' specific needs.

The Government has decided to launch the following initiatives:

- Multi-annual *systematic and comprehensive measures aimed at raising the level of expertise* especially for SMEs will be launched in co-operation between the Government and the labour market organizations. Through these measures, the Government will promote long-term development work in support of employees' employment prospects and lifelong learning as part of the development of the operations of companies and workplace communities. In order to ensure the availability of labour in the long term, and as a part of regional industrial and economic policy, development projects for companies (incl. primary production) and workplace communities will be launched with development of skills and the learning environment as the main focus. All forms of training will be applied, and training will be provided both for the employed and the unemployed. Implementation will be the responsibility of the Ministry of Labour, the Ministry of Trade and Industry, the Ministry of Social Affairs and Health, and the Ministry of Education in co-operation with the labour market organizations. The measures will begin in 2001.
- A four-year *project to improve the availability of skilled labour* will be launched in co-operation between the Government and the labour market organizations in order to improve the functioning of the labour market by eliminating labour supply bottlenecks so as to ensure that a shortage of skilled labour does not stand in the way of regional development or the expansion of growth sectors. Another aim is to ensure that the skills of the available workforce match the demands of the labour market, enabling a reduction in structural unemployment. In this context, comprehensive methods will be developed for regional and national anticipation, the co-operation of educational institutions and employment offices with employers will be intensified in order to ensure that labour needs are met, and companies will be encouraged to expand their operations to areas with better growth potential. Special attention will be devoted to the availability of labour for SMEs. More training will be provided for immigrants already resident in Finland, while the work and residence permit system will be renewed to take account of both the quantitative and qualitative need for labour. Implementation of these measures will be the responsibility of the Ministry of Labour, the Ministry of Education and the Ministry of Trade and Industry in co-operation with the labour market organizations. The measures will begin in 2001.
- A four-year *'new start'* project will be launched in co-operation between the Government and the labour market organizations with the aim of reducing long-term unemployment by making active labour policy and education policy more efficient and by linking measures more closely with efforts to ensure the availability of labour. The resources of active labour policy will be focused to a greater extent on unemployed people in danger of becoming long-term unemployed. Measures agreed in jobseeking plans must begin within the first 6 months of unemployment for young people, and within 12 months for others. Drop-out rates for courses of study are to be cut and students in danger of dropping out supported by developing the methods of vocational training. Implementation of these measures will be the responsibility of the Ministry of Labour, the Ministry of Education and the Ministry of Social Affairs and Health in co-operation with the labour market organizations. The measures will begin in 2001.
- The Government will *reduce exclusion*. This will be achieved by reducing structural unemployment and helping those in the weakest labour market position to return to the labour market. Measures of longer duration than at present will help improve people's ability to take control over their own lives and operate effectively on the labour market. Co-operation between

various public authorities and other actors will be intensified and the division of responsibility made clearer. Implementation of these measures will be the responsibility of the Ministry of Social Affairs and Health and the Ministry of Labour in co-operation with the Association of Finnish Local and Regional Authorities and the labour market organizations. The measures will begin in 2001.

- As part of Finland's information society strategy, the Government will *further reinforce the information society* so that all population groups possess the necessary skills and that the provision and content of education and training take the information society into account. Basic information society skills will be improved across the entire population, all educational institutions will draw up a strategy for teaching information and communications technology, an extensive virtual university and virtual polytechnics will be set up, and company-based labour market training in the IT sector will be expanded. The development of competitive environments for already existing as well as new enterprises within information and communications technology is being promoted. Investment is made in the development preconditions of the information technology industry by means of technology policy. For the purpose of increasing the competitiveness and productivity of enterprises, the use of information and communications technology in enterprises is being promoted. Implementation of these measures will be the responsibility of the Ministry of Education, the Ministry of Trade and Industry, the Ministry of Transport and Communications and the Ministry of Labour in co-operation with the labour market organizations. The measures will begin in 2001.
- The Government will promote entrepreneurship and the growth and competitiveness of enterprises with a two-year *entrepreneurship project*. Obstacles to entrepreneurship will be eliminated and all administrative sectors will be encouraged to take action to promote the founding of new companies and the growth of existing companies. Actions will target the critical stages for success in the life-cycle of an enterprise: starting out as an entrepreneur, the first few years of a company's life, and the stage of growth. Entrepreneurship will be promoted as an attractive career. Measures will also be taken to make it easier for enterprises to enter the market. Implementation will be the responsibility of the Ministry of Trade and Industry, the Ministry of Finance, the Ministry of Labour, the Ministry of Education, the Ministry of Social Affairs and Health, the Ministry of the Interior, the Ministry of Transport and Communications, the Ministry of Agriculture and Forestry, the Ministry of Justice and the Association of Finnish Local and Regional Authorities in co-operation with entrepreneurial organizations and the labour market organizations. The measures will begin in 2000.
- The Government and the labour market organizations will continue long-term efforts *to develop the organization of work and improve companies' ability to adapt*. The Employment Contracts Act will be reformed, opportunities for employed adults to seek voluntary further training will be improved, the Finnish National Workplace Development Programme will be expanded, a new programme will be introduced to help people cope at work and company employees will be more closely involved with personnel development measures in the workplace. Implementation of these measures will be the responsibility of the Ministry of Labour, the Ministry of Social Affairs and Health and the Ministry of Education in co-operation with the labour market organizations. The new measures will be implemented in 2001.
- A four-year project will be launched to create an 'equal labour market'. Through this, the Government will seek to influence the mechanisms for placement in different professions so that men and women will be more equally distributed in different fields than they are at present. A co-operation programme between companies and schools will also be launched in order to encourage boys and girls to seek employment in fields traditionally dominated by the opposite gender. Implementation of these measures will be the responsibility of the Ministry of Education, the Ministry of Labour, the Ministry of Social Affairs and Health and Statistics Finland in co-operation with the labour market organizations. The measures will begin in 2001.

Implementation of this year's Action Plan will be supported by the new ESF framework and the Objective 3 programme based on it, and also by the parts of the regional programmes funded by the ESF. The ESF strategy was drawn up in accordance with the Action Plan and contains characteristics and measures from the different pillars.

This year's Action Plan will be implemented within the framework of the budget for 2000 and the funding framework for 2001-2004 set by the Government. The Employment and Economic Development Centres, Provincial State Offices, educational institutions, municipalities and other local and regional administrative authorities will be in charge of regional implementation, taking into account special local and regional features.

1.2 ECONOMIC AND EMPLOYMENT TRENDS

1.2.1 Economic development

Overall output remained strong last year. The rate of growth, 3.5%, was nevertheless down on the previous year; growth in consumption remained lower than expected at the beginning of the year, while the rapid growth in exports did not occur until the end of the year. The economic outlook is very favourable for this year and next year; consumers and enterprises alike have faith in the outlook, inflation is reasonably low, and interest rates also remain fairly low despite the slight increase in recent months. There has been a considerable improvement in demand for traditional export products, particularly forest industry products. The electronics industry, too, is once more showing a rapid growth in output. Since output is also growing rapidly in sectors other than the export sector, total output is expected to be 4.7% up on 1999. Growth is creating a lot of jobs, and the unemployment rate is expected to fall to about 9%. The public finance surplus will grow as the public economy improves.

The main sources of uncertainty now are the US economy and inflationary pressures in the domestic economy. Whether the rate of rise in costs and prices in the domestic economy will increase will depend mainly on whether wage settlements can be kept in check despite a possible increase in labour supply bottlenecks.

Under the baseline scenario overall output is estimated to rise by about 3.5% per annum during 2000-2004. This would raise the employment rate from last year's 66% to about 68.5% in 2004.

Economic development during 1999-2004 according to the baseline scenario

	1999	2000	2001	2002	2003	2004
GDP, change, %	3,5	4,7	3,6	3,2	2,7	2,7
Exports, change, %	7,0	8,6	6,7	5,5	5,0	5,0
Balance of current account, % of GDP	5,7	5,9	5,7	5,6	5,8	5,9
Employment rate (15-64-year-old)	66,0	67,3	68,0	68,3	68,4	68,5
General government EMU dept, % of GDP	47,1	44	42	39	37	35

Long-term calculations are based on projected figures and must be viewed as scenarios, not forecasts. The baseline scenario is based on the hypothesis that growth in total output will slow down in the medium term compared with the figures of recent years. At the same time, the scenario assumes that the functioning of the labour market will continue to improve.

1.2.2 The employment trend and unemployment

From 1995 to 1999, the number of employed people rose by a total of 240,000, an average of 2.25% a year. The rate of improvement increased considerably towards the end of the period, with a growth of 3.3% in 1999. Most of the new jobs were created in the private sector. As the demand for labour has revived, problems with labour shortages have increased especially in sectors experiencing rapid growth, although on the whole the supply of labour is still good (see section 1.3.6).

The increased need for flexibility in working life, which has been supported through amendments to employment legislation (see section 1.3.1), has led to more fixed-term and part-time employment relationships. About two in three new jobs last year were full time, while one in three was part-time. Around 10% of employed people worked less than 30 hours a week last year. Most were women.

Finland's employment rate rose to 66.0% in 1999, compared with under 60% at its lowest point in 1994. The employment rate for men is close to the EU average, while that for women is clearly above it. Last year, women's employment rate rose more than that of men.

Finnish unemployment has fallen consistently since the end of 1994. The fall in unemployment began first in the growth centres, but last year the downward trend spread across the whole country, even if the trend is somewhat uneven regionally. The strong economic development during 1995-1999 created many new jobs, but the increased supply of labour has meant that the fall in unemployment has not kept pace with the increase in the number of jobs. From 1995 to 1999, the labour supply (15-74-year-olds) increased by 94,000 compared with the average for 1994. The increase was particularly pronounced in 1999. In the same year, there were an average 261,000 unemployed, and the unemployment rate was 10.2%. The unemployment rate for women (10.7%) was higher last year than that for men (9.8%).

Labour demand has focused especially on young people with training and good skills for the information society. This has helped speed up the fall in unemployment in general and especially among young people. In any case, youth unemployment tends to consist largely of short-term frictional unemployment due to the transition from school to work.

Repeated unemployment has increased. As a consequence, there are more new periods of unemployment beginning per year than during the deepest recession in 1994. At that time, an unemployed person was unemployed on average once per year. In 1999, the average had risen to 1.4 periods of unemployment per unemployed per year. Short-term employment relationships are most common in female-dominated sectors.

The average duration of terminated periods of unemployment has become shorter during the last few years by an average of three weeks, largely because people now find work more quickly than before, especially on the open labour market. The remaining 'hard core' of long-term unemployed are, however, becoming increasingly difficult to place. Employment prospects are bleakest for unemployed people over 50, whose chances of finding work have not improved significantly during the last few years. Inadequate qualifications are one of the main obstacles to the employment of middle-aged and elderly unemployed (appendix table 11). Men are less likely to become unemployed than women, but they are at much greater risk from long-term unemployment (see section 1.3.1 and appendix table 2).

The relationship between unemployment and vacancies (appendix table 16) shows that the structural unemployment rate has been 5-10 percentage points higher in the 1990s than in the 1980s. One of the main reasons for this is the lack of vocational qualifications. The increased demand for labour is

focused mainly on skilled young people entering the labour market or on people who have been unemployed for a short time. Ageing people with little training or outdated qualifications are thus threatened with exclusion from the labour market. Without forceful measures targeted above all on this skills problem, the effective supply of labour will be reduced alongside persistent widespread structural unemployment.

1.2.3 Employment aims

One of the aims set in the 1999 National Action Plan for Employment was to raise the employment rate to 68% by the year 2003. In 1999, the increased demand for labour and the subsequent increase in the employment rate clearly exceeded expectations. As a consequence, the employment rate should already reach 68% in 2001 (appendix figure 2).

Labour market balance to 2004 have been estimated both according to the baseline scenario and a target curve (appendix table 1). The baseline scenario places the annual growth in total output for 2002-2004 at an average 2.9%, while the target curve requires a growth rate of 3.7%. In the latter case, the employment rate would rise to 69.5% by 2004, an average increase of over 1% per year in the numbers employed. The target curve for economic and employment trends is predicated above all on good export trends and rapid growth in domestic demand being reflected in the labour-intensive service sector. The employment target requires that the rise in real wages be kept slightly below the rise in productivity, and that structural reforms in the labour market continue. There would have to be a clear rise in the employment rate for both men and women.

1.3 IMPLEMENTATION OF THE 1999 NAP AND ITS MAIN RESULTS IMPROVING EMPLOYABILITY (PILLAR I)

1.3.1 Prevention of long-term and youth unemployment and activation of labour policy (Guidelines 1-3)

a. Prevention of long-term and youth unemployment

The Finnish labour policy system was reformed in 1998 and 1999 with the aim of improving the functioning of the labour market and helping jobseekers find work quickly on the open labour market (see 1999 NAP). The reform is promoted by the adjustments made in the unemployment benefit system. The individual jobseeking plan introduced in connection with the reform lists both the measures offered by the authorities and the jobseeker's own active measures and number of visits to the employment office. 82% of unemployed people have been in contact with an employment office during the past three months. The following key figures serve to describe the reform in 1998-1999:

Table 1. Activating measures for the unemployed in 1999

	1998	1999
Started periods of unemployment during the year	900 602	910 577
People unemployed at some point during the year	705 614	667 482
Jobseeking plans and adjustments of plans	..	527 488
Regular interviews with the unemployed	195 749	259 974
Job-search training in connection with labour market training	72 531	70 036
Job-search training as a group	47 805	50 725

The monitoring indicators (appendix table 2) show that, despite massive efforts, the targets of the EU Guidelines could not quite be reached yet in 1999. There was no time to draw up a jobseeking plan within the deadline for about 5% of young people and 6% of unemployed people over 25 who remained unemployed. On becoming long-term unemployed in 1999, about half of young people (6 months) and adults (12 months) were still without a jobseeking plan. The targets were closer to being filled for women than for men.

Due to the increased demand for labour, the employment prospects for short-term unemployed people have improved and the inflow into long-term unemployment has fallen. About 10% of unemployed young people were still unemployed after six months, while about 11% of people over 25 were still unemployed after a year. In contrast, the risk of long-term unemployment is very high for people over 55: it was over 32% in 1999 for those aged 55-59, and nearly 61% for those aged 60-64.

The risk of unemployed people becoming long-term unemployed has fallen by over 60% between the depths of the recession in 1994 and 1999 (appendix table 5). This considerable abatement of the inflow into long-term unemployment has meant a rapid fall in the numbers of long-term unemployed, with long-term unemployment falling three times faster than short-term unemployment in 1999 (appendix table 3).

In 1999, the main measures were:

- *Special measures focused on the prevention of long-term unemployment. 87% of the special measures for young people and 75% for those over 25 were focused before the time-limit for long-term unemployment as defined in Guidelines 1-2 (appendix table 4). Women accounted for 59% of people placed in this way, while young people accounted for 12%, elderly people (over 55) for 4% and people with disabilities for about 7%.*

- *The volume of labour policy measures has been reduced at the same pace as unemployment has gone down. The fall in unemployment is due to people finding work on the open labour market (appendix table 6).*
- *The period for filling vacancies advertised at employment offices was shortened (20 days in 1998, 18 days in 1999). Vacancies are increasingly filled with the help of more efficient customer self-service systems, for instance the Internet.*
- *A number of legislative amendments since 1997 have made temporary employment a more favourable option for jobseekers, while also making the use of fixed-term employment relationships easier, and improving security for those taking up such employment. This is helping the unemployed become integrated into the labour market.*
- *Measures have been developed for young people who have difficulties in integrating into the labour market; these include workshops, in which 8,000 young people took part (section 1.3.4).*
- *In order to prevent exclusion, co-operation between different actors has been intensified (letters of intent between employment offices and the municipalities, local partnerships between different bodies). According to a study on the subject, partnership projects contributed to the creation of nearly 8,000 jobs and 3,500 places in training. Last year, the third sector (NGOs, co-operatives, etc.) launched 328 major employment projects with support from the government. Nearly 1,500 people a month were also employed in environmental work.*
- *Towards the end of 1998, the support system for self-motivated vocational training, originally intended for the long-term unemployed, was extended to all the unemployed, offering the opportunity to seek this type of training and receive a training allowance corresponding to the level of unemployment security. In 1999, just over 1,100 people began in this kind of training.*

b. The level and impact of labour policy

Labour policy measures helped control the increase in unemployment during the recession and speeded up the fall in unemployment during the first years of economic recovery. In the early years of the 1990s, labour policy measures covered about 2% of the workforce, a figure which rose to about 5% at the end of 1997. With the improved demand for labour, the focus of labour policy has shifted during the last few years from support measures to activating measures applied through the employment service. At the end of 1999, the level of support measures was reduced to less than 4% of the labour force, while more attention was focused on the targets and impact of active labour policy programs.

In 1999, the volume of measures was reduced in proportion with the fall in unemployment. The indicator describing the activation of labour policy, the activation rate, thus remained at the same level as the previous year (30.0%, appendix table 7). The activation rate for women was considerably higher than that for men. The volume of measures will be further reduced if unemployment continues to fall as predicted.

Concerning the impact of the measures, indicators and follow-up studies show the following:

- *44% of those placed through labour policy measures had become unemployed again three months after the measures ended (appendix table 8). According to the performance indicator for Guideline 3, the impact of measures in 1999 had improved slightly on the previous year (appendix table 9).*
- *When the monitoring period is longer, the impact of measures improves. Those placed through measures had had much more success on the open labour market after 12 months than the unemployed. The impact of measures was better for men than for women (appendix figure 3). According to the follow-up study, people who have been in labour market training are also more likely to find work than other unemployed people. Moreover, labour market training was found to improve regional mobility.*

- *People who have been unemployed for a long time or who lack vocational qualifications benefit most from all measures, while the impact on the 'top' group based on training, career history and age is very slight.*

c. The costs of labour policy

The costs arising from the implementation of Guidelines 1-3 and the relationship between active and passive labour policy have developed favourably in 1997-1999 (appendix table 10). The labour policy reform caused an increase in expenditure by the labour administration (+23%); in particular, extra resources were directed into intensified employment services. However, the improved functioning of the labour market due to the improved employment situation and activation of jobseekers has, on the other hand, led to considerable cost savings in traditional active programmes (-16%) and in the expenditure on passive labour policy (-15%).

Active use of the labour market support has increased clearly in accordance with the aims of the labour policy system reform. On the other hand, the number of people on unemployment pension and the expenditure on this category have risen. However, the changes to the unemployment pension system in recent years and the continuing economic growth would seem to be improving the employment rate among ageing workers.

1.3.2 Encouraging active participation in working life (Guideline 4), postponement of retirement (Council recommendation)

The average retirement age has risen by one year. The official retirement age is generally 65. Long-term unemployed people over 60 are entitled to receive an unemployment pension until they become eligible for a retirement pension. In Finland, the average age for taking a pension in 1999 was 59.

The Council has recommended that Finland should strive to raise the average retirement age. The labour market organizations and the Government have agreed on the following measures to encourage ageing workers to stay on at work instead of taking early retirement. These measures have been implemented primarily as of the beginning of the year 2000:

- *The willingness of ageing workers to take early retirement was reduced by cutting the unemployment pension by up to 4%. It was at the same time made easier to obtain an unemployment pension in some cases.*
- *The funding of unemployment and disability pensions was changed to increase the employers' responsibility for pension costs, which means it is now more advantageous for employers to keep ageing workers in work or to find them work.*
- *The age limit for individual early retirement pension was raised from 58 to 60.*
- *The age limit for part-time pension was lowered from 58 to 56 by temporary legislation which will remain in force until the end of 2002. The purpose of the part-time pension is to reduce the uptake of early full-time retirement.*
- *Temporary legislation, according to which the pension of an unemployed person over 55 is not reduced if he accepts temporary work at a low wage, was made permanent.*
- *The labour administration is striving to find work for ageing jobseekers on the normal labour market, if necessary with the help of training and rehabilitation measures, or, where this is not successful, through other measures designed to further active pursuit of employment.*
- *A programme for coping at work was launched (see section 2.6), covering both physical and psychological ability to cope, health, the organization of work and maintaining vocational skills. The National Programme on Ageing Workers and the National Workplace Development Programme both continued. Trends in working capacity are monitored with the help of the new working capacity barometer.*

- *The labour market organizations and employment pension institutions agreed on the phased introduction of a right for employees to an early rehabilitation plan paid for by the employment pension system. The arrangement will initially cover people aged 58-59, with the aim of expanding entitlement as resources allow to cover all employees by 2002.*
- *A service needs survey of 50-58-year-old long-term unemployed people was carried out in 1998 and 1999 throughout Finland. A follow-up study of this project will be completed by April 2000.*
- *Action to maintain working capacity has been promoted and working conditions improved on a wide scale.*

1.3.3 Lifelong learning (Guidelines 5-6)

The educational level of young people, in particular, is good. About 83% of 30-34-year-olds have at least upper secondary education (80% of men and 86% of women), while about 40% of the baby boom generation (50-54-year-olds) have no vocational training. Women are more highly educated than men in all age groups (appendix tables 11 and 12).

In 1998, about 42% of wage-earners took part in staff training. Training lasted four days on average (appendix table 13). The highest proportion of participants was found among 35-44-year-olds, people with a higher education degrees, managerial employees and employees working in large companies with a payroll of at least 200.

Lifelong learning has long been a key principle in Finland's strategy for growth, competitiveness and employment. All young people are given the option of continuing their studies after comprehensive school. In recent years, there has been a particular focus on raising the skills level of the middle-aged population to meet the demands of rapid technological advances.

In 1999, the main measures were:

- *In 1999, there were openings to 39,000 adults in self-motivated secondary or competence-based vocational education and training. This was about 9,000 more than the previous year. In 1999, 61,000 people entered labour market training aimed at a vocational qualification or other vocational further training.*
- *The operating principles and models for lifelong learning in labour market training were made clearer and on-the-job training carried out in companies (joint procurement training) was made more efficient. This accounts for about 10% of all adult labour market training. An average of about 2,100 people per month took part. The labour market organizations have been closely involved with the various stages of training. Based on the favourable experiences gained, the provision of this type of training will be expanded in 2000 (see section 2.2).*
- *Job-sharing models were introduced in support of life-long learning. Job rotation or part-time supplements were used by about 11,000 people who either took time off or transferred to part-time work. About 10% of these people used their free time for vocational studies. The job-sharing models were used mainly by women.*
- *A reform of the income security for self-motivated adult training was prepared (see section 2.6).*

1.3.4 Easing the transition from school to work (Guidelines 7-8)

All those leaving comprehensive school have the opportunity to take vocational training or go on to upper secondary school after completing their basic comprehensive education. An estimated 9% do not take this opportunity immediately after comprehensive school, 12% of men and 6.5% of women (appendix table 14). Some of these young people continue their education later, however.

According to monitoring of the placement of graduates from educational institutions, about 15% of those who graduate from secondary education were still studying one year later. The number of people who had found work was up on the previous year, reaching 55%, while the number on transition to education and training had fallen (appendix table 15).

At the beginning of 1999, about 80-90% of comprehensive schools, 90-95% of upper secondary schools and all vocational institutions were linked to the Internet. During 1996-1998, about 54% of teachers received IT training.

The main measures in 1999 were:

- *Work continued towards making a period of practical training a part of all basic vocational training. 70% of all training which began in 1999 contained such a period. Practical training consists of target-oriented, guided training in real working conditions; the extent of the period is at least 20 credits. Experiments with practical training and training for workplace instructors was implemented within the Objective 3 and Objective 6 programmes, and partly funded by the European Social Fund.*
- *Innovative workshops were introduced at vocational institutes. These are a way of safeguarding the continuation of the studies of students who are considering dropping out. There are 28 workshops in operation, and 1,088 students have taken part in them, with women accounting for 37% of this number. The workshops have reduced the drop-out rate among the participating students and helped them finish their studies. Innovative workshops for young people (about 350 in all, 73 of them with ESF funding) continued to support young people in danger of exclusion in seeking vocational training, apprenticeship training or work. 8,000 young people per year take part in these workshops.*

1.3.5 Promoting a labour market open to all (Guideline 9)

In 1999, people with disabilities accounted for about 10% of all jobseekers. About 55% of jobseekers with disabilities are over 45, and their share continues to grow. About 40% of the jobseekers with disabilities found work on the labour market without special support measures, which is 3 percentage points higher than that of the previous year. About 13% of jobseekers with disabilities entered training. About one in three jobseekers with disabilities receiving labour market training were in training linked to ESF programmes.

The unemployment rate for immigrants was 39% at the end of 1999. The improvement in the employment situation generally has also improved immigrants' opportunities of finding work on the open labour market. However, unemployment continues to be high among immigrants with a refugee background.

The main measures in 1999 were:

- *All 16-18-year-old people with disabilities whose alternative would be a disability pension have been guaranteed vocational training and a higher rehabilitation allowance than previously with the help of legislative amendments, providing a form of income as a competitive alternative to the pension.*
- *People receiving only a disability pension may 'shelve' their pension for a minimum of six months and a maximum of two years if they find work. An 'incentive allowance' is paid for the time the pension is suspended, making work a more attractive option for people with disabilities than living off a pension.*
- *Individual integration plans were drawn up for unemployed immigrants on the basis of new legislation. 9,600 such individual plans were drawn up, 54% for women.*

1.3.6 Securing the availability of labour (a national Finnish guideline)

Problems with the availability of labour increased slightly last year as a consequence of rapid economic growth, but on the whole the situation is still good. According to Statistics Finland's employer survey, about 23% of workplaces had experienced recruitment problems in 1999 compared with 20% the previous year. Problems focus on a few growth centres and certain professions in rapidly growing sectors. Recruitment problems were most frequent in the building industry (36% of workplaces). There is also strong excess demand for labour in the electronics and information technology industries. Availability is also a problem for employers looking to recruit salespeople, sales representatives and cleaning staff. Such problems are often due to a lack of the basic vocational training, work experience or special skills needed for the job. A lack of multiskilling or IT skills are other common reasons. Issues connected with the terms of employment also cause problems with the availability of labour in some areas.

In 1999, the main measures were:

- *All Employment and Economic Development Centres have launched development projects for forecasting the demand for labour and have also founded training forecasting and procurement boards including representatives of regional business life and local organizations. Tripartite sectoral groups have also been set up at the Centres. Studies of companies' training and development needs and applicants' skills needs have been increased, especially in sectors subject to labour shortages.*
- *In order to prevent production bottlenecks in the building sector, a shared action programme was drawn up by the Government and the labour market organizations, including both fast-acting measures and long-term plans. This programme will be implemented on both the local and regional level. The programme will increase the number of applicants for building sector training, improve the mapping of skills needs for applicants in the sector carried out by the employment offices, improve the forecasting of the sector's labour and skills needs, and implement tailored labour market training in co-operation with companies. In addition to the building sector, similar co-operation schemes between the authorities and the labour market organizations has previously been carried out in the metal and engineering sector and the IT sector.*
- *Work continued on implementing the additional action programme for training in the electrical, IT, electronics, communications and data processing sectors for 1998-2002. The number of new students in university-level training in the IT sector rose by 790 in 1999. Conversion training, designed for people who want to change to an IT career, was taken by 2,400 students in 1998 and 1999. A special campaign ('Tietonaisia' campaign) was pursued to help increase the number of women in IT-sector studies and conversion training.*
- *Authority to decide on the focus of vocational training was delegated to the bodies providing the training. The aim was to enable the rapid response of training provision to changes in training needs and the focus of training.*
- *In order to improve the short-range mobility of the workforce, the size of commuting catchment areas was expanded and standardized. The employment office offers designated employment to unemployed jobseekers within their own commuting area, and unjustified refusal of such an offer leads to sanctions. As of the beginning of 1999, the tax-deductibility of expenses for travel to work was extended to cover people who only work part of the year. At the same time, the upper limit of the annual deduction was raised. The upper limit of the travel expenses deduction was raised again in 2000.*

- *Electronic employment services became an ever more important part of the employment services. The web pages of the labour authorities are among the most frequented homepages in Finland, and their use has tripled every year since 1996.*

DEVELOPING ENTREPRENEURSHIP (PILLAR II)

1.3.7 Reducing administrative burdens on business, creating new jobs and reinforcing the service sector (Guidelines 10-13)

In 1998, there were about 219,000 companies in Finland (excluding primary production), of which 99.8% were SMEs. This percentage is in line with the European average. The figures represent growth of about 3% on the previous year. Within the SME sector, the largest group comprises companies with less than 10 employees (94%). By the end of the 1990s, the number of SMEs had grown in all sectors, most of all in the service sector and in finance and insurance.

In recent years, more new companies have been launched in all sectors than the number of folding companies (appendix table 18). The survival rate for new companies rose steadily throughout the 1990s. After three years of existence, 70% of companies are still in operation, while after five years the percentage is around 60% (appendix table 19).

The average Finnish enterprise employs six people, which is in keeping with the European average. In 1998, companies employed a total of 1,235,000 people. SMEs accounted for about 60% of this figure. Companies have increased their staff numbers considerably during the second half of the 1990s.

The number of entrepreneurs among the population is lower in Finland than the European average: according to 1993 statistics, the number in Finland was 7%, while the European average was 12%. The percentage of entrepreneurs in Finland has risen in the last few decades, but still remains below the European average. With the growing market for wage-earners, the percentage of entrepreneurs and their families (14.0% in 1999) fell steadily during the second half of the 1990s (appendix table 17). Self-employed entrepreneurs account for about 40% of all enterprises.

Start-up grants were granted to about 4,300 unemployed people to set up in business as entrepreneurs; 48% of these were women. Government support (the Finnvera Plc) was used to create nearly 10,000 new jobs, half of which were in companies with under 10 employees. Finnvera Plc granted finance and guarantees about 3,000 start-ups undertakings, 93% of which were companies with under 10 employees. Women's entrepreneurship loans were granted by the Finnvera Plc to a total of 1,300 companies (half of them with under ten employees). Over 1,500 new jobs were created in these companies.

In 1999, the main measures were:

- *Preparations were carried out for combining the data from different administrative sectors into a single Internet-based information system on businesses. Companies will have their own ID code in this system. The basic data will be open to all. With the help of an electronic identification code in the system, companies will be able to update their own data over the Internet. System testing will commence in summer 2000.*
- *Total research and development input (central government and private sector) was increased to 3.1% of GDP according to preliminary data for 1999.*

- *It was decided to study how the least developed areas can use the technology which already exists in Finland to promote entrepreneurship in their area.*
- *Work continued on implementing cluster programmes to create business in the export sector. A number of projects connected with the strategy for utilizing information technology in the social services and health care sector are in progress in the welfare cluster. These are also being implemented locally and regionally. In the Satakunta macro pilot area, for instance, an electronic social security card is to be tested in 2000. The macro pilot is a regional pilot project for testing applied health services and technology, creating opportunities for new health service companies and products.*
- *Implementation of the national forest programme began. In accordance with the programme for promoting renewable sources of energy which was completed last year, the use of wood as a source of energy continues to be promoted. The main measures towards making wood, and especially woodchips, into a competitive fuel are support for research and development, a continued favourable energy tax rate for wood, and certain types of financial support for the acquisition and use of wood for energy.*
- *In the period from January to October 1999, 133 new cooperatives were registered. Assistance for local self-initiatives were granted to help in setting up 54 cooperatives founded by the unemployed.*
- *Two regional support test projects continued for employment in domestic work in the home. About 1,600 companies offering domestic services had registered for the business aid experiment. The popularity of the support grew noticeably compared with the previous year: last year, over 23,000 households in the test area (15,000 in 1998) used the support. No figures on the use of the temporary tax relief system are available for last year, although it, too, is likely to have gained in popularity. In 1998, over 19,000 families used the system.*
- *A new project, 'Hoiva 2000', was launched to promote entrepreneurship in care provision in the social services sector by bringing together the service procurers (the municipalities) and the service providers (companies).*
- *A joint working group was set up for the ministries and the main actors in the Government's content production project. During 2000, an action plan will be drawn up for the advancement of Finnish content production. Companies were given training and financial and development consultation on content production, and sectoral development projects were organized.*
- *The legislation on business aid was amended as of the beginning of 2000. The aim is to clarify the system of direct business aid, to improve the efficacy of aid and to improve monitoring of the use of business aid. Meanwhile, the sectoral limitations of the aid programmes were eliminated.*
- *The black economy and ways to combat it have been studied and continue to be the focus of cross-sectoral administrative study in co-operation with the labour market organizations.*

1.3.8 Reducing taxation on work (Council recommendation, Guidelines 14-15)

Finland's overall tax rate is among the highest in the EU. The size of the tax wedge is a particular problem for the employment rate. It is estimated that income tax and social security contributions by employers and employees will account for about 47.9% of the labour costs for the average employee in 2000. The aim of the Government is to reduce the taxation on work by FIM 10-11 billion (1.5% of GDP) during its period of office. Concrete decisions will be taken annually on the basis of the predicted economic trends and the state of the public finances.

The Council has given Finland recommendation for reducing taxation. The main measures taken in 1999 were:

- *An inflation adjustment of 1% was made to the income tax rates for 2000. The Government also agreed to reduce the marginal percentages for all income brackets on the progressive income tax*

scale by 0.5 percentage points and raise the maximum standard deduction for work-related expenses by FIM 1,200. The employee's unemployment contributions fell by 0.35 percentage points. Together with the reduction in the unemployment insurance contribution, the cut in taxes amounted to FIM 2.1 billion, FIM 1.6 billion of which will go to wage-earners. Employer unemployment insurance contributions were reduced by 0.4 percentage points when the total payroll exceeds FIM 5 million.

- In order to shift the focus of taxation onto capital income, the tax rate for capital income and corporations was raised as of the beginning of 2000 from 28% to 29%. In order to further shift the focus of taxation onto real estate assets, the legislation on taxation of real estate was amended in connection with the budget proposal for 2000 so that the lower limits of real estate tax were raised.
- The part of labour costs accounted for by employers' social insurance contributions were reduced by an average of 0.7 percentage points between 1995 and 1999. There will be a further reduction of 0.2 percentage points in 2000.
- A number of studies have been conducted into how employer contributions could be reformed. The Government will decide on this matter in connection with future decisions on income and taxation policy.

ENCOURAGING ADAPTABILITY OF BUSINESSES AND THEIR EMPLOYEES (PILLAR III)

1.3.9 Negotiations between the labour market organizations on modernizing the organization of work, support for adaptability in companies and guaranteeing adequate security and a better professional standing for people doing atypical work (Guidelines 16-18)

Even during the former Government, amendments were made i.a. in the Working Hours Act, in periods of notice, in co-operation procedures at workplaces, and in the positions of persons in fixed-term employment relationships. In compliance with its programme, the present Government continues to develop labour legislation to the effect that the safety of workers and the flexibility necessary in the operation of enterprises form a balanced whole.

The main measures were:

- After four years of preparations, the work of a committee preparing an overall reform of the Employment Contracts Act was completed (see section 2.6).
- The first programme period of the Finnish National Workplace Development Programme was concluded. At the end of last year, 473 workplaces and about 45,000 employees were included in the programme.
- It was decided to launch a Well-Being at Work Programme in co-operation between the labour market organizations and the Government. The programme will strive to improve the well-being and resources of employees. The programme will be mainly limited to measures connected with improving working conditions, working communities and the development of the individual employee. Development of personnel accounting and support for its introduction are included in the programme, which was launched at the beginning of 2000.

STRENGTHENING EQUAL OPPORTUNITIES POLICIES FOR MEN AND WOMEN (PILLAR IV)

1.3.10 Mainstreaming of gender issues, reducing gender gaps in unemployment rates and reconciling work and family life (Guidelines 19-22)

In Finland, working-age women are more highly educated on average than men. The wage differentials between the sexes have not, however, disappeared with the increased educational level of women. In 1999, the average earnings for the regular working hours for women wage-earners was 82.2% of men's similarly calculated earnings. This is partly explained by the clear gender division of the labour market and by the generally lower wages of female-dominated occupations. It nevertheless remains true that there are wage differentials between men and women in the same occupations.

In Finland, people returning from family policy leave have a statutory right to return to the same employer. At its longest, family policy leave may continue until the youngest child of the family is three years old. Day care at a reasonable price is ensured for all Finnish children under school age.

In 1999, the main measures were:

- *A mainstreaming process was implemented through which the most important administrative sectors from the point of view of equality will take equal opportunities into account in the planning and implementation of their operations. In 2000, the Employment Contracts Act will be assessed for its gender impact. This assessment will be a pilot project which can be used as an example in the evaluation of other legislative bills for gender impact.*
- *An equality barometer was introduced as a tool for monitoring the development of equality. The first barometer was published in 1999. Statistics and indicators were developed to make it easier to monitor equality.*
- *A target of alleviating segregation was introduced as part of the labour administration's management by results. It is not yet included in the quality criteria. Based on the target, each Employment and Economic Development Centre has drawn up a programme for alleviating segregation.*
- *More equal wage systems were developed. In 1999, work focused especially on the public sector and on white-collar workers in the private sector. The labour market organizations are still working to implement this aim on the widest possible scale.*
- *The labour market organizations implemented a co-operation project for the development of equal workplaces. The project continues in 2000.*
- *Measures were prepared to encourage more effective uptake of paternity leave. About 60% of fathers currently take paternity leave. The potential for part-time parental leave was also explored.*
- *Preparations were made for the introduction of free pre-school teaching for all 6-year-olds. This will begin on August 1, 2000.*

2. NEW INITIATIVES IN 2000

On February 14, 2000, the Council gave Finland three employment recommendations which Finland must give special attention to in its Action Plan for 2000. These are:

- raising the average retirement age (measures described in section 1.3.2);
- reducing taxation on work (measures are described in section 1.3.8);
- reducing the segregation of the labour market into men's and women's occupations (measures described in section 2.7. The projects described there will be used to mainstream the promotion of gender equality with other projects in the present Action Plan).

IMPROVING EMPLOYABILITY (PILLAR I)

2.1 Development of skills and a learning environment according to the needs of work organizations (Guidelines 5-6, 17)

A competent and multiskilled staff is one of the main competitive factors of a company and also a prerequisite for economic growth and improved employment. The best guarantee for a career that lasts throughout a person's working life is continued maintenance and renewal of the skills needed on the labour market. It is a challenging 'puzzle' to ensure that workforce skills match labour market needs while also striving to reduce widespread structural unemployment. This can also be supported through the kind of learning within the work organization which promotes transfer to new, more demanding tasks, which in turn opens up vacancies to which unemployed people can then be recruited. Training is directed to both employed and unemployed people. Training within the work organization can both help prevent problems with the availability of labour and unemployment and help unemployed people find work on the labour market. In developing this 'competence capital', the task of the public authorities is to create the general setting for operations and ensure the availability of expert services so that companies can themselves be responsible for keeping the competence of their own staff up to date.

The Government sets the target of creating the prerequisites for promoting long-term development work in support of employees' employment prospects and lifelong learning as part of the development of the operations of companies and workplace communities. For this purpose, joint, multi-annual, systematic and comprehensive measures will be launched in co-operation between the Government and the labour market organizations with the specific aim of improving skills within SMEs.

As part of regional industrial and economic policy, development projects will be launched primarily for companies but also for other work communities with improvement of competence and the learning environment as the main focus. The projects will be implemented in co-operation between the Employment and Economic Development Centres, the educational authorities and the labour market organizations. Personnel will be involved in all stages of development work. Government support will be channelled in such a way that competition is not distorted. The projects may cover the following areas:

- *Supporting the launch of a development and change process in a company by drawing up a tangible development programme for the company complete with recommendations and timetables based on a business analysis.*
- *Skills surveys will be introduced in order to improve the definition of training needs. A functional unit will be formed out of different training alternatives, helping company management to draw up development programmes and improving the skills of employees and the unemployed. Forms of training will include training for management and key personnel, general in-service training,*

labour market training, apprenticeship training and self-motivated training for adults. One training model is, for example, exchange training, where one or more employees from a workplace go off to take training and temporary replacements are trained to do their jobs in their absence. The companies concerned will always contribute towards the costs of training or development measures.

- *Coping at work and maintaining working capacity will be integrated into personnel development. One of the main target groups here is ageing workers. Working capacity will be maintained through national programmes, by taking advantage of the opportunities offered both by public sports facilities and NGOs in this sector, and by providing more effective early investigation of rehabilitation needs of 58-59-year-olds. Improvement of staff well-being and working conditions will also continue as part of effective occupational safety and health policy.*
- *Regional and sectoral networking projects will be launched for companies and educational and research institutions. With help from workplace development and productivity programmes, the network projects will renew companies' internal learning environment in support of lifelong learning.*
- *The use of indicators will be promoted for describing the staff situation at the workplace (personnel strengths, individual qualities and the work community). An example would be the use of personnel accounting.*
- *A new electronic, interactive information and advisory service on studying will be set up for public use. Electronic information and assessment services will be developed to provide individual counselling and advice.*
- *Methods for evaluating and recognizing skills will be created to enable adults to draw on the skills they have acquired previously at work, through NGO activities or otherwise in their studies.*

Implementation will be the responsibility of the Ministry of Labour, the Ministry of Trade and Industry, the Ministry of Education and the Ministry of Social Affairs and Health in co-operation with the labour market organizations. In 2000, the measures will be prepared and agreement will be reached at regional level on the launch and the quantitative targets for operations. In 2001, development work with companies will begin and co-operation will be organized between the public authorities and the labour market organizations on various levels.

2.2 The availability of labour (national guideline, Guidelines 8-9)

An effective labour market is essential to improving the employment rate. The present situation will, however, be further exacerbated over the next few years by the ageing population structure as the baby-boom generation begins to retire. Ways must be found to preventing labour shortages and recruitment problems from becoming worse in the event of continuing rapid economic growth (see section 1.3.6). This will, in turn, require a great deal of information on labour market changes, labour supply bottlenecks and changes in skills needs, and also predicate employment services and vocational training on all levels which can meet the needs of rapidly growing sectors with active recruitment policies. There will be a need for tailor-made services in support of vocational and regional mobility, and improvement of the services for the unemployed and of their own employment potential must be made an integral part of efforts to ensure the availability of labour. Furthermore, the vocational competence of the employed workforce must also be kept up to date with new requirements (see section 2.1). In order to support regionally balanced development, companies will be encouraged to extend their growth and job-creation effects beyond the main growth centres.

The Government's aim is to improve the functioning of the labour market and eliminate labour supply bottlenecks in order to prevent a shortage of skilled labour from forming an obstacle to regional development or the expansion of rapidly growing sectors. An additional aim is to ensure that the available labour possesses skills which correspond to demand, thus making it possible to reduce

structural unemployment. In order to achieve this, a joint project between the Government and the labour market organizations for ensuring the availability of skilled labour will be set up for the period 2000-2003.

The project will be implemented through an integration of economic, labour, education and social policy and in co-operation between the relevant actors in question. The following improvements will be made to training and employment services and to guidance and advisory services:

- *Comprehensive regional and national anticipation procedures will be introduced to identify labour market changes, new labour needs and skills needs and new labour supply bottlenecks. Anticipation will mainly be based on information from companies on labour and training needs. On the regional level, the tripartite boards of the Employment and Economic Development Centres will process this information and submit proposals for the direction of vocational training in the region. Anticipation data will also be processed in co-operation between different bodies on the national level.*
- *Labour market training will be focused on the labour needs of sectors with active recruitment policies and will be tailor-made and closely based on working life. It will be implemented in co-operation with companies. The framework for vocational training for adults will be based around qualifications wherever possible, while new individualized models for adult study will also be introduced. Special attention should focus on middle-aged people with poor basic training and on those in danger of exclusion.*
- *The authority for arranging vocational training has been delegated to the bodies which arrange the training and to the educational institutions themselves. The new flexibility inherent in this model concerning the content and scale of training will be valuable in trying to find a balance between training supply and demand. Practical training periods in basic vocational training will be extended to new sectors and a special support programme for practical training will be launched with a view to improving the competence of workplace instructors and teachers.*
- *The experiences from the further training programme in information technology will be used to develop a fast-acting model of conversion training and further training for sectors suffering from a shortage of university-educated employees.*
- *Steps will be taken to improve the quality and comprehensiveness of the jobseeking plan and skills mapping carried out jointly by the employment office and the jobseeker. Skills mapping evaluates the jobseeker's vocational qualifications, educational background and skills, and the results are actively used in seeking training, rehabilitation or other solutions to solve recruitment problems. The jobseeking plan sets down the sectors, geographical areas and methods that the jobseeker's search for work or training will centre on. Jobseekers are also actively offered work outside their own commuting area.*
- *For those seeking training, information will be provided more efficiently on the training available and the sectors where future job opportunities are likely to lie.*
- *Co-operation groups will be set up in all regions to deal with the availability of labour and measures for key sectors (e.g. information technology, metals, building, public and private services). National co-operation in this field will also be organized.*
- *Recruitment services in educational institutions will be developed and results recorded for all levels of training. Networking among these services will be increased and shared network services introduced.*
- *Companies' opportunities for developing their expertise and seeking solutions to labour shortages or skills bottlenecks outside the growth centres will be supported by actively offering them employment services, especially training, and by encouraging networking and the use of subcontractors. In this way, companies can be encouraged to expand their production to places with a better growth potential.*

- *A special programme will be created for further training and practical training for highly educated immigrants already resident in Finland. Funding allocated to immigrant education will focus on language teaching and training directly relevant to practical working life. An apprenticeship training programme for immigrants will be set up, taking into account the special needs of this group in integrating into working life and society, and an action programme against racism and ethnic discrimination will also be launched, with the express aim of reducing racism in recruitment and in the workplace.*
- *The work permit system will be developed alongside the residence permit system to produce a quick and flexible system which takes account of both quantitative and qualitative needs, and a study will be conducted into ways in which immigration policy could be made more active.*

Implementation will be the responsibility of the Ministry of Labour, the Ministry of Education and the Ministry of Trade and Industry in co-operation with the labour market organizations. In 2000, the measures will be prepared and agreement will be reached at regional level on the launch and quantitative targets for operations. In 2001, operations will begin on a broad scale, and co-operation will be organized between the public authorities and the labour market organizations on various levels.

2.3 Reducing long-term unemployment and exclusion

a. Preventing long-term unemployment (Guidelines 1-4, 7)

Although long-term unemployment has fallen more quickly than total unemployment and the average length of terminated periods of unemployment has become shorter, the structure of long-term unemployment has become more problematic. As the favourable economic development has continued, the demand for labour has revived in all sectors, and has included demand for unskilled labour. The opportunities on the labour market for reducing long-term unemployment must be used to the full. This requires that services for the unemployed be based on demand, that measures be tailored to the individual, and that the services co-operate with local actors. Measures will focus particularly on unemployed people over 45, who have a higher risk of becoming long-term unemployed.

The Government is striving to considerably reduce long-term unemployment by reinforcing active labour policy and training policy and by integrating the measures taken into efforts to ensure the availability of skilled labour. Resources for active labour policy will increasingly be directed at those unemployed whose unemployment is in danger of becoming prolonged. The aim is for people to find work on the open labour market. In order to promote this aim, the Government will launch a 'New start' project (2000-2003).

- *Employment services will be made more effective and resources for active labour policy will be transferred from short-term unemployment to the groups of unemployed in danger of long-term unemployment. Measures will be flexibly and individually implemented with a view to the labour market situation and service needs. The aim is that clients should rapidly find work on the open labour market. Employment office services and measures will be packaged as products in an effort to ensure a uniform service quality at every office.*
- *The jobseeking plans which are drawn up before people have been unemployed for 12 months (or six months, in the case of young people) constitute an agreement between the client and the employment office on the action to be taken in order to find work. Implementation must begin before 6 or 12 months of unemployment. The quality and effectiveness of these plans will be improved. Tailoring of services and a stronger basis in demand will ensure increased co-*

operation with companies. This will require the allocation of personnel resources to this work and steps to ensure personnel competence in this area.

- *Operating models will be developed for co-operation between various bodies on the local level with the aim of equipping all employment offices with adequate and effective co-operation networks incorporating the active involvement of all the bodies needed for dealing with the various relevant issues.*
- *In vocational training, methods will be developed for reducing the drop-out rate and supporting students in danger of exclusion.*
- *The qualifications of youth workshop instructors will be improved so that they can identify the problems in young people's lives and help them make choices for the future. Support for youth work will be provided through youth workshops. Support will also be provided for the networking of young people's workshops across administrative boundaries and to help place these workshops on a permanent footing.*

Implementation of these measures will be the responsibility of the Ministry of Labour, the Ministry of Education and the Ministry of Social Affairs and Health in co-operation with the labour market organizations. In 2000, the measures will be prepared and agreement will be reached at regional level on the launch and quantitative targets for operations. In 2001, operations will begin on a broad front and co-operation will be organized between the public authorities and the labour market organizations on various levels.

b. Preventing exclusion (Guideline 9)

Clients of both the labour administration and the social services with problems finding work and participating in existing labour administration support measures for finding work represent a growing group among the unemployed as a whole. Without special social rehabilitation and work practice, they are in danger of becoming permanently excluded from working life. Measures for this group often require individual advisory and guidance services and longer than usual measures to activate them and rehabilitate them for employment. All this requires additional resources from society. In the longer term, the aim is to use activating measures to lower the costs of structural unemployment considerably from their present high level.

The aim of the Government is to reduce exclusion. This will be achieved by reducing structural unemployment and helping those with the weakest labour market position return to work.

- *Measures will focus on joint clients of the labour administration and social services who have been unemployed for a long time and for whom labour market measures are not enough on their own to ensure their entry or return to the labour market. Where needed, measures of longer duration than the average could be used to improve the person's ability to take control of their own life and their labour market skills.*
- *Efforts will be made to improve co-operation between the social services and the labour administration. Shared responsibility for the client will be made the starting point of intensified co-operation between the various bodies involved (employment offices, municipalities, labour market organizations and NGOs). The client's own activity will also be emphasized.*
- *The division of responsibility between the labour authorities and the municipalities in arranging activating measures and rehabilitation will be made clearer. Resources will increasingly be focused on those with difficulties in finding work.*
- *During 2000, the necessary legislative amendments will be prepared for eliminating obstacles to the employment of people with disabilities and improving their potential for finding work, including a proposal for legislation to reform the sheltered work system and centres for people*

with disabilities and to study the relationship between sheltered work, rehabilitative work and work on the open labour market.

Implementation will be the responsibility of the Ministry of Social Affairs and Health and the Ministry of Labour in co-operation with the Association of Finnish Local and Regional Authorities and the labour market organizations. Legislative amendments and other measures will be prepared in 2000 and work will begin in 2001.

2.4 Reinforcing the information society (Guideline 8)

Finland is an advanced information society. The communications infrastructure is of a high standard and very comprehensive. The density of Internet connections and mobile phones in Finland is among the highest in the world. The Government has promoted commercial operations in electronic communications networks in two ways: the communications infrastructure has been developed through competition, and steps have been taken to reinforce public confidence in commercial network services (encrypting systems). Both the public and the private sector have already introduced extensive electronic services (employment services, banking, etc.). Many municipalities and companies provide free Internet access for the public (public libraries, post offices, cyber cafés). Investment in research and development has also been stepped up in both the public and the private sector during the last 20 years. Intensive co-operation has been established between information technology research centres, training institutions and companies. About half of the business sector's research expenditure focuses on the information society. Finland also has a strong IT and communications technology industry. Its success is firmly based on research and development. This sector was the source of a considerable proportion of the new jobs (15%) created towards the end of the 1990s. A separate project has now been launched for content production (see section 1.3.7). Educational institutions, starting at the basic level, are now all linked to the Internet (see section 1.3.4). Training in the information technology and media sector has been greatly increased, with new entrants in this sector of training increasing fourfold in just ten years. Training in fields related to information technology and data communications is the main and most popular subject in further training provision. Despite this, less than one in four teachers felt they had an adequate grasp of information technology and communications for teaching purposes.

Information-related professions have expanded very rapidly during the last couple of years (appendix table 20). Despite the rapid increase in training provision, there is very strong excess demand for labour in the electronics and data industry. About half of the companies in these sectors have had recruitment problems. The danger is that the sector will be unable to expand any more in Finland unless more forceful training and labour policy measures are introduced. Another problem is the limitation of growth in the sector to certain growth centres.

The Government is continuing to develop a favourable environment for the supply and demand of information society services together with the business sector and the different administrative sectors. To this end, the Government appointed a consultative committee last July, whose members include the users and providers of the main services and representatives of the public authorities.

As part of Finland's information society policy, the Government has set the aim of further reinforcing the information society to enable all groups of the population to master the essential skills and allow the information society to be adequately taken into account in determining the amount and content of training provision. For the purpose of increasing the competitiveness and productivity of enterprises, the use of information and communications technology in enterprises is being promoted. It must also be ensured that the environment of enterprises in already existing as well as in new information and

communications technology sectors is as favourable as possible. New business methods, networking and entrepreneurship are being put forward in different development projects.

- A project will be launched in co-operation between adult education centres, municipalities and NGOs with the aim of raising the standard of civic skills for the information society among the general public. Particular attention will be devoted to population groups whose opportunities for acquiring computer literacy through other training or work are small.
- All educational institutions will assess their present curricula and draw up an IT and communications technology curriculum by 2002. An additional aim is for more than half the staff of the education administration to acquire good skills for pedagogic use of information technology and for at least a sizeable proportion of teachers to have mastered the basic skills.
- A joint virtual university and a joint virtual polytechnic bringing together several universities, companies and research institutions should be in operation by 2004. The virtual university and the virtual polytechnic will produce and provide high-quality, internationally competitive training services.
- Long-term research and development work will be launched on learning environments based on the new information and communications technology.
- Labour market training will be continued and expanded based on companies needs in the IT field, as will work to build up skills and encourage employees to stay on at work (see section 2.1).
- The Finnish National Workplace Development Programme (see section 2.6) and the ESF programmes will stress the needs of the information society, for instance in the development of work organizations and training measures.
- Economic policy incentives will be applied to ensure that the environment of IT and communications businesses is as competitive as possible.
- Competitiveness in the IT and communications sector will be promoted on the national and international level.
- Steps must be taken to ensure that there is adequate public investment in long-term research in the IT and communications sector.

These measures will be the responsibility of the Ministry of Education, the Ministry of Trade and Industry, the Ministry of Transport and Communications and the Ministry of Labour in co-operation with the labour market organizations.

DEVELOPING ENTREPRENEURSHIP (PILLAR II)

2.5 The entrepreneurship project (Guidelines 10-14)

The emergence of new entrepreneurial activity and the growth and competitiveness of companies are the first requirement for healthy economic growth. In this way, the improvement in the employment situation that the Government aims for can be ensured. In order to encourage people to found new companies and to ensure their growth and competitiveness, the Government has decided in the Government programme to launch a special entrepreneurship project (2000-2001).

The entrepreneurship project will initiate and implement concrete measures designed to promote entrepreneurship and enterprise and will also endeavour to give a fillip to ongoing measures. The impact of the measures will be evaluated at the end of the Government's term of office. The project's point of view is that of the entrepreneur. Actions will target the critical stages for success in the life-cycle of an enterprise. Becoming an entrepreneur, the first few years in the life of a company and the growth stage are considered such stages. Measures will also be taken to make it easier for enterprises

to enter the market and to make the market more functional. Entrepreneurship will also be promoted as an attractive career. The project is divided into the following stages:

- **A functioning market:** Efforts will be made to create favourable conditions for new companies and for the growth of existing companies. Particular attention will be given to issues of competitive tendering for public procurement, social services and health care and the value added tax system for the public sector.
- **Entrepreneurship as a career choice:** The role of the school system will be studied, as will ways of fostering more favourable attitudes to entrepreneurship, encouraging activity in this area and making it easier to 'try out' entrepreneurship.
- **Becoming an entrepreneur:** Focuses on how business operations are started and how they can be re-started, business transfers, for instance from one generation to the next, how to develop advisory services, issues of social security for the self-employed, of women as entrepreneurs and of how to promote entrepreneurship among special groups such as people with disabilities and immigrants.
- **The critical first years of a company:** Focuses on issues of entrepreneurial expertise and training, the availability of funding and questions of solvency, encouraging people to become employers and the administrative and other burdens involved in entrepreneurship.
- **Company growth:** Focuses on issues of leadership and business management skills, the availability of skilled labour, the use of information and other technology in business operations, internationalization, increasing companies' willingness to grow, and especially on the special problems of rapidly growing technology and information-intensive enterprises.

The aim of the Government is to promote entrepreneurship, competitiveness and company growth. The intention is to eliminate obstacles to entrepreneurship and encourage all administrative sectors to take measures which promote the funding and growth of new companies. An entrepreneurship project (2000-2001) has been launched for this purpose, with the aim of focusing measures on critical stages for success in the company's life cycle. Entrepreneurship and the growth of companies are also being promoted by making it easier for companies to enter the market and by improving the functioning of the market. A further aim is to profile entrepreneurship as an attractive career choice.

As part of the entrepreneurship project, the following measures will be implemented:

- *In 2000 and 2001 the services for business operations across the whole country will be co-ordinated and joint service points for the different organizations will be set up in connection with the Employment and Economic Development Centres, providing services for all companies on the 'one-stop' principle. Special areas of focus will be new companies just starting out, micro-enterprises and growing companies. The service points will be supplemented with additional service points in the sub-regional units, attached to either the largest employment offices, municipal enterprise agencies for entrepreneurs and new businesses. Development of the company service network will be carried out with joint funding from central government, the municipalities and various organizations, and thus will not require new separate funding. Project operations will be organized as ESF projects.*
- *During 2000, a funding product in the form of a loan will be prepared for the funding of both generation change within a company and external changes of ownership.*
- *The entrepreneurial viewpoint will be reinforced in both curricula and in the basic and further training for teachers. A unit on entrepreneurship will be introduced in all vocational studies and special vocational studies in 2000. Implementation of apprenticeship training for entrepreneurs will be continued and expanded in 2000, for instance through ESF programmes.*
- *A programme for promoting entrepreneurship among immigrants will be prepared during 2000. This will include services (in their own language, if needed) to encourage immigrants to become*

entrepreneurs and the necessary funding arrangements for starting a company, and also measures to promote networking among companies.

- *During 2000, methods will be studied for adjusting the capital accounting of a company so that the capital portion of corporate income can be left unconfirmed when confirmation would lead to a higher level of taxation than under the income tax.*
- *Investigation will continue into the concept of entrepreneurship in different types of insurance. Possible shortcomings in social security for entrepreneurs will also be studied. Health services for entrepreneurs will be improved through tests and methods for encouraging entrepreneurs to maintain their working capacity will be developed based on measures from the occupational health services and the Well-Being at Work Programme.*
- *Activation measures for potential entrepreneurs and SMEs will be planned and implemented in order to encourage the creation of new companies and business operations and improve companies' capacity for adopting and developing new technologies. The various regions of the country and their technological development will be activated through the strengths and opportunities inherent in the regions themselves.*
- *A project will be launched for developing the innovation environment of companies so as to ensure that the results of research and development can be commercially exploited and that innovative business operations can develop.*

Responsibility for the entrepreneurship project will lie with the Ministry of Trade and Industry, the Ministry of Finance, the Ministry of Labour, the Ministry of Education, the Ministry of Social Affairs and Health, the Ministry of the Interior, the Ministry of Transport and Communications, the Ministry of Agriculture and Forestry, the Ministry of Justice and the Association of Finnish Local and Regional Authorities. The entrepreneurial and labour market organizations are involved in the project through the Enterprise Advisory Committee, an advisory body under the Ministry of Trade and Industry. The Enterprise Advisory Committee has been appointed to assist in the preparation of economic policy.

ENCOURAGING ADAPTABILITY OF BUSINESSES AND THEIR EMPLOYEES (PILLAR III)

2.6 Modernising work organization and supporting adaptability in enterprises (Guidelines 15-17)

In Finland, new technology, and information technology above all, are very far advanced. A factor which is becoming increasingly important for companies' competitiveness and, consequently, for the employment rate, is how effectively new technology can be utilized in the workplace in a balanced combination with productivity, job satisfaction, flexibility and safety. Accordingly, Finland has devoted particular attention to the development of work organization and improving the adaptability of work communities both through legislative amendments and new ways of working.

The Act on Co-operation within Undertakings (725/78) requires the confirmation of personnel and training plans at workplaces with more than 30 employees, and that the plans be discussed with the workforce. There is general agreement that there is room for improvement in the use of these plans to enhance work organization in an increasingly information-intensive society. The labour market organizations are striving together towards use of these statutory plans to promote the introduction of arrangements connected with the organization of work which can create opportunities for career development and also enable the changes needed to maintain a competitive edge.

The labour market organizations have agreed that staff participation in the preparations for company-level training projects is required whenever public funding is used for the projects. The organizations

also agree that company-level training projects with participation from the public authorities should always be implemented in a way which guarantees that the personnel have the opportunity to take part in the processing of training-related issues.

The joint aim of the Government and the labour market organizations is to constantly develop work organization over the long term and to improve the adaptability of work organizations.

- *Legislation will be prepared on self-motivated adult vocational training in such a way that a new support system could become effective as of August 1, 2000. This would make it economically more feasible for employed adults over 30 to take self-motivated adult education. Training provision will also be developed, especially by drawing on the opportunities offered by new technology.*
- *The Government proposal for the reform of the Employment Contracts Act will be submitted on the basis of committee proposals and further preparation during the spring session 2000. The Employment Contracts Act is the basic set of norms governing Finland's labour legislation. The proposed amendments include improvements to the job security of people in atypical employment, including provisions related to a trial period, cumulative benefits and obligations related to offers of work.*
- *The Finnish National Workplace Development Programme will be continued and expanded in co-operation with the relevant ministries. The areas of focus in 2000 are the promotion of forms of work organization which support learning, improved personnel management, improvement of the functioning of work communities, especially with a view to ageing workers and promotion of equal work communities. Projects will be implemented in the workplace with the direct aim of achieving real change in operating models and work processes. During the programme period about to start, the programme will cover about 600 development projects and 85,000 employees. The National Productivity Programme will be organizationally linked more closely than before to the Development Programme so that results from the Productivity Programme can also be more flexibly utilized in the development programmes. The Productivity Programme is clearly defined as a research programme. The Well-Being at Work Programme represents an attempt to improve the welfare and resources of employees (see section 1.3.9).*
- *The labour market organizations will also continue their assessment of the information needs of employers and employee representatives in SMEs and how to cater for these needs, assessment of how well local agreements are working and their special needs, and assessment of the functioning of the shop steward system, especially in small companies. Local agreements will be dealt with at joint seminars for companies and employees organized by the labour market organizations.*

The responsibility for implementing these measures lies with the Ministry of Labour, the Ministry of Social Affairs and Health and the Ministry of Education in co-operation with the labour market organizations.

STRENGTHENING EQUAL OPPORTUNITIES POLICIES FOR MEN AND WOMEN (PILLAR IV)

2.7 Gender division of the labour market (Council recommendation, Guidelines 18-21)

The Finnish labour market is clearly divided into men's and women's occupations. Only about 16% of the workforce is employed in equal occupations where the gender distribution is within 40-60%. This is partly due to the fact the employment rate for women in Finland is among the highest in Europe, and that women earn wages doing the kind of nursing and care work which may elsewhere be done at

home. The gender division of occupations is not only a problem of equality; it also prevents the smooth functioning of the labour market.

The aim of the Government is to influence the mechanisms behind people's choices of occupation to encourage men and women towards a more equal distribution in various occupations. An extensive strategic project 'equal labour market' will be launched in this area (2000-2003).

- *During 2000, the project will work with research findings and good practices to discover the key factors for eliminating this clear gender division in certain occupations. After this, the project will define the measures needed, their extent and the bodies responsible for implementation, and then monitor implementation. The project will last for four years (2000-2003).*
- *The labour market organizations will launch a three-year co-operation programme with schools and companies. This will study ways of encouraging boys and girls at various stages of their education into choosing occupations which are not typical of their gender. An information campaign aimed at schools and other educational work will be implemented as part of the programme. The programme will be funded with ESF funding, among other sources. It will last for three years (2000-2002).*
- *A study on the statistics and monitoring of gender-based pay differentials which starts in 2000 will serve as the basis for constructing a systematic monitoring framework for monitoring gender pay differentials in the labour market. The aim is to facilitate analysis of the factors which influence these pay differentials and to apply statistical methods to monitoring changes in the differentials at regular intervals.*

The Ministry of Education, the Ministry of Labour, the Ministry of Social Affairs and Health and Statistics Finland will be in charge of implementing the measures in co-operation with the labour market organizations.

3. IMPLEMENTATION OF THE NATIONAL ACTION PLAN FOR EMPLOYMENT ON THE REGIONAL LEVEL

It is the aim of the Government that the Employment and Economic Development Centres, Provincial State Offices, educational institutions, municipalities, regional councils and other local and regional actors shall implement this action plan according to the special conditions and needs of their own regions.

- *Implementation of the Action Plan on the regional level will be carried out as part of the normal process of management by results conducted between the ministries and regional administration.*
- *The negotiations over performance targets between the ministries and regional administration will determine how the regions will implement the measures and development projects in the present Action Plan.*
- *The Ministries will co-operate in implementing a training programme in 2000-2001 to make the EU's common Employment Strategy and Finland's National Action Plan for Employment better known on the local and regional level.*
- *Implementation of structural fund programmes will take place primarily on the regional level and their content will be co-ordinated with regional strategies when the co-operation documents are drawn up.*

4. THE ROLE OF THE LABOUR MARKET ORGANIZATIONS IN THE IMPLEMENTATION OF THE EMPLOYMENT GUIDELINES

In Finland, an operating principle based on the International Labour organization (ILO) tripartite principle is applied in the preparation of employment-related legislative proposals and decision-making in labour issues. The most recent examples of tripartite preparation are the bill for the new Employment Contracts Act and the proposed support system for self-motivated adult vocational training. A similar procedure is also followed in the permanent organs of the labour administration, the education administration, and the social services and health care administration, which direct the policies to be followed and their implementation on the regional level as well. The labour market organizations are also represented in the planning, implementation and appeals organs for the various social welfare systems.

Guidelines for EU economic and employment policy are being drawn up in a number of processes launched over the past few years. These are intended to generate a dialogue with less dispute between financial and monetary policy and the social partners (the Cologne process), to reduce friction in the functioning of the commodity and capital markets (the Cardiff process) and to draw up national action plans for employment according to the common guidelines (the Luxembourg process). In the opinion of the labour market organizations, the tripartite principle should also be applied in the preparation in the EU of labour market, labour and employment issues. The tripartite principle facilitates co-operation between the different parties and promotes commitment to shared targets.

A solid base for realizing the employment targets was created by the comprehensive incomes and economic policy settlements of 1995 and 1997. During these negotiations, the labour market organizations agreed on a number of measures designed to improve labour market flexibility and the quality of working life. Agreements applicable to the entire labour market cover issues such as maintaining working capacity, increasing the average retirement age, improved personnel training, promoting equality in the workplace, improving on-the-job learning and introducing more flexible working hours arrangements. Collective settlements have also been agreed to regulate the parties' development measures in individual sectors.

The labour market organizations have taken part in drawing up the National Action Plan for Employment for 2000, an involvement which serves to strengthen their commitment to implementation of the Action Plan. The organizations will strive to promote the aims of the Action Plan on a tripartite basis and through joint action, especially in issues related to:

- ensuring stable economic development and wage stability
- development of working hours and pay systems
- maintaining working capacity among ageing workers
- studies of the skills needs in individual sectors, regions and workplaces
- increasing the efficiency of training measures designed to improve adaptability to changes in working life
- improved organization of practical training for young people
- nationwide programmes in support of improving the functioning of work communities

It is a characteristic feature of the current labour market that problems can be divided into those related to raising the skills level of those who already have a job and eliminating labour supply bottlenecks, on the one hand, and on the increasingly intractable problem of long-term unemployment on the other hand. The labour market organizations are seeking to find solutions to both of these problems.

5. THE EUROPEAN SOCIAL FUND AND OTHER STRUCTURAL FUNDS

In the new programme period, 2000-2006, Finland will receive a total of about FIM 12.6 billion in structural and regional policy support from the EU's structural funds. The European Social Fund (ESF) alone funds the Objective 3 programme on employment and education policy and the Equal Community Initiative. It also contributes to the funding of the regional objectives (1 and 2) together with the other funds. The total budget for ESF activities in the new programme period is FIM 17.7 billion (appendix table 22).

In the previous programme period, 1995-1999, the total funding for ESF activities in Finland was FIM 13.1 billion, out of which EU funding accounted for FIM 3.5 billion. A total of 4,200 projects were launched with ESF funding during the previous programme period, and a total of close to half a million people participated in the projects.

In the new programme period, the ESF framework guides the development of human resources in the different structural fund programmes. Aims include support for the Government's aim of raising the employment rate to nearly 70% and helping the ageing workforce stay on in work for 2-3 years longer than at present. The other structural funds and the Rural Development Plan outside Objective 1 areas, part-funded by the EU, will also provide support for job-creation and improved employment during the 2000-2006 programme period within the operating framework of the funds. ESF activities will have a direct effect in promoting the employment and competence of nearly half a million people in different programmes throughout the programme period. The aim of the Objective 3 programme itself is to provide work and training for about 250,000 people during the programme period. The aim is to intensify co-operation between different funds and create integrated project units, which will serve to increase the impact of the projects. Sustainable development is included in ESF programmes as a horizontal priority.

The added value of ESF activities and their relation to the pillars of the employment strategy

ESF programmes and the ESF contribution to regional programmes are essentially development programmes which seek out, test and produce new solutions and then disseminate good practices for

use in Finland's employment, economic and education policy. The value added by ESF activities to national policies comes from the product development aspect. Human resources development is undertaken in co-operation with different administrative sectors and labour market actors.

The strategic emphases of the new Objective 3 programme are in keeping with the emphasis of the ESF frame of reference. They support implementation of the National Action Plan in the following ways:

Employability (Pillar I)

The first area of emphasis is to ensure the availability of labour and to improve employability. Measures will focus particularly on preventing labour supply bottlenecks, finding work for the unemployed on the open labour market and easing the transition from school to work. Measures will also focus on helping ageing workers cope at work and to stay on at work instead of taking early retirement.

The second area of emphasis is to promote equality and equal opportunities in working life. Measures will focus on combating long-term unemployment and exclusion and on helping people with difficulties find work on the labour market.

The third area of emphasis is to improve the quality and effectiveness of training, to promote occupational mobility and to improve the relationship between training and work. Measures under the Objective 3 programme will focus on increased introduction in the workplace of modes of operation based on lifelong learning and supportive of innovation, and on developing training models with a close link to working life.

Entrepreneurship (Pillar II)

The fourth area of emphasis is to develop the competence capital to support entrepreneurship, the renewal of working life and the utilization of research results and technology in the workplace. Measures under the Objective 3 programme will focus on new and established businesses and on developing work communities so that they correspond better to the level of contemporary technological development. Support will also be provided for work to increase the adaptability of companies and their employees.

In the regional Objective programmes, the aim of the other structural funds is especially to support entrepreneurship, job-creation and development of the operating environment of entrepreneurship and entrepreneurial skills.

Adaptability (Pillar III)

Measures connected with adaptability and coping at work are included under the fourth area of emphasis on the frame of reference, which also includes development of work organizations and communities. In particular, it is becoming increasingly important to help the baby-boom generation stay on at work and to ensure that their vocational skills are brought up to date and their working capacity maintained in order to ensure the availability of labour, and measures to this end are supported by the ESF.

Equality (Pillar IV)

The second area of emphasis in the frame of reference, *the promotion of equality and equal opportunities in working life*, promotes equality in training and working life and strengthens the position of women on the labour market. Particular attention is focused on eliminating the gender-based division of the labour market and training provision.

Equality has also been taken into account in the regional objective programmes. Equality is, furthermore, a horizontal priority, and this one of the project selection criteria in all programmes.

APPENDIX

APPENDIX 1: Statistical survey

APPENDIX 2: Best practice: Conversion training in the information industry

APPENDIX 1: STATISTICAL SURVEY

Monitoring indicators for the Employment Guidelines

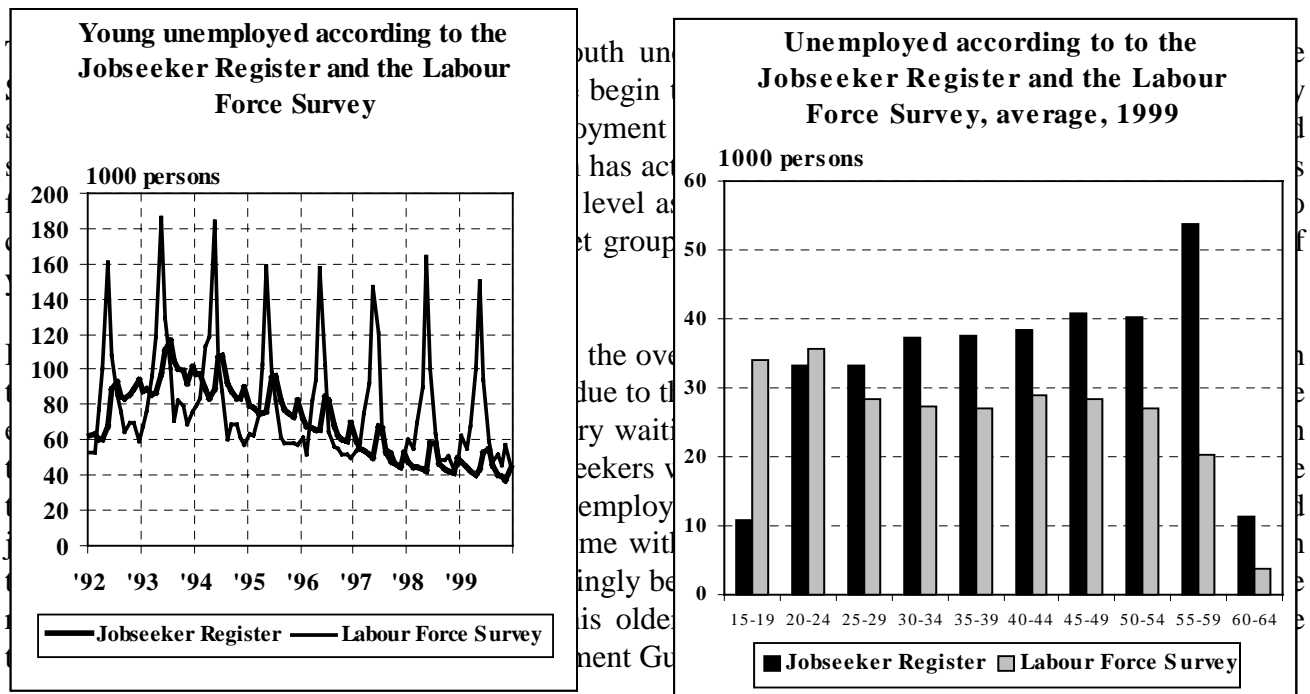
Guidelines 1-3

Target group

Measures to combat long-term unemployment and youth unemployment are implemented with the help of the public employment services, and thus registered unemployment forms a target group under Guidelines 1-3. The employment services can be freely used by all residents of Finland without charge; in order to receive unemployment security, the claimant must register for work at the local employment office. In assessing entitlement to unemployment security, the employment offices assess whether the claimant is out of work, available for work and actively seeking work.

As far as active jobseeking is concerned, the ILO's unemployment criteria are interpreted differently in the Labour Force Survey and the Jobseeker Register, which leads to considerable differences in the unemployment figures, particularly in respect of the very youngest and oldest age groups. The Labour Force Survey gives higher figures for youth unemployment, as it includes schoolchildren and students who seek temporary summer or evening work. These people are, however, not registered as unemployed in employment service statistics during the academic year. In contrast, graduates from vocational training and those under-25s for whom it has not been possible to provide a place in further study or on some employment policy support measure are entitled to unemployment security and are thus included in the registered unemployment statistics.

Appendix figure 1. Comparison of unemployment figures in the Labour Force Survey and the Jobseeker Register



Monitoring indicators

Monitoring of Guidelines 1 and 2 was improved in 1999 by the introduction of monthly statistics on people crossing the threshold of long-term unemployment (6/12 months) and the jobseeking plans drawn up for these people. These statistics are used to monitor the overall flow of long-term unemployed and also the number of individuals and proportion of the flow for whom a jobseeking

plan has not been prepared (**non-compliance**). The new statistics monitor the preparation of jobseeking plans and the flow of long-term unemployment all the way through to the level of the employment office.

However, no separate statistics are kept on plans completed before the deadline; rather, the achievement of the aim of Guidelines 1 and 2, a 'new opportunity', is monitored through the reasons for the end of periods of unemployment. Thus, the indicator for **rate of compliance** with the Guidelines measures the proportion of those who became unemployed 6/12 months earlier and whose unemployment has either ended before the deadline (**compliance with insertion**) or who have a currently valid jobseeking plan (**action plan ongoing**).

Monthly monitoring yields more precise output indicators (**rate of inflow into long-term unemployment**) for Guidelines 1 and 2 which measure the probability that a person becoming unemployed will go on to become long-term unemployed (6/12 months). In the case of the over-25s, the output indicators produced in this way turned out to be almost identical to the previous ones estimated on the basis of the annual register. However, for young people the new approach raised the probability of long-term unemployment by approximately one percentage point. To facilitate assessment of actual developments, result indicators were also produced using the old method of calculation, and these are presented in a later section of the appendix.

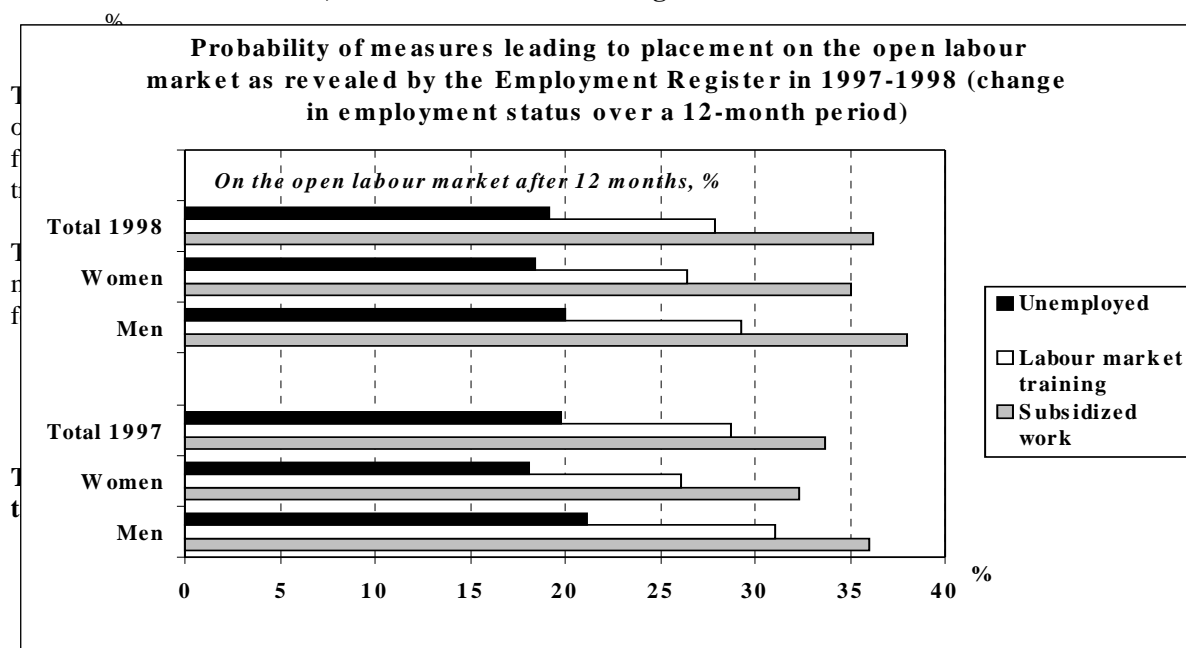
The input and result indicators for Guideline 3 are in terms of methodology and content the same as those used in the 1999 Action Plan. The effectiveness of measures is also assessed through indicators which measure placement on the open labour market.

We have also attempted a separate assessment of the integration of the unemployed into the open labour market in respect of the employment service process and labour market policy measures. The 'official' indicators are supplemented by data on the costs of implementation, which are broken down into employment services and special measures and compared with the costs of passive unemployment security.

Appendix figure 2

Employment rates (15-64-year-olds) in Finland, the EU and the USA 1983-99, and the baseline and target curves for Finland to 2004

Figure 3



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Table 1

Balance item	Year			Baseline curve			Change		Target curve		Change	
	1990	1994	1999	Change 1994-1999	2000	2001	2004	1999-2001	2001-2004	2001	2004	2001-2004
Labour force	2586	2463	2 557	94	2585	2597	2620	40	23	2 597	2 620	23
Unemployed	81	408	261	147	235	213	195	-48	-19	202	164	-50
Employed	2505	2054	2296	242	2350	2384	2425	88	42	2395	2456	72
Proportion of labour force, 15-64, %	76.6	71.9	73.6	2	74.1	74.2	74.0	1	-0.1	74.2	74.1	0
Employment rate, 15-64, %	74.2	59.9	66.0	6	67.3	68.0	68.5	2	0.5	68.4	69.5	1
Unemployment rate, %	3.3	16.6	10.2	-6	9.1	8.2	7.4	-2	-0.8	7.8	6.2	-2

Source: Ministry of Labour and Ministry of Finance

Monitoring indicators for Guidelines 1 and 2 in 1999

Appendix table 2

	Under-25s			Over-25s		
	Total	M	W	Total	M	W
A Entrants (X-6, X-12)	217620	100104	117516	703355	269464	433891
B Inflow into long-term unemployment (6/12 months)	22373	11964	10409	74471	37303	37168
C1 Compliance with insertion	195247	88140	107107	628884	232161	396723
C2 Action plan on going	11555	6066	5489	35648	17730	17918
D Non compliance	10818	5898	4920	38823	19573	19250

Input:

Rate of compliance (C1+C2) / A 95,0 94,1 95,8 94,5 92,7 95,6

Rate of non-compliance D/A 5,0 5,9 4,2 5,5 7,3 4,4

Rate of non-compliance D/B 48,4 49,3 47,3 52,1 52,5 51,8

Output:

Rate of inflow into long-term unemployment B/A 10,3 12,0 8,9 10,6 13,8 8,6

C1 = The reasons for termination of unemployment have been itemized elsewhere, see appendix table 6.

Appendix table 3

Unemployed young and over-25-year-old jobseekers according to length of unemployment in 1997-1999 (excluding those on temporary redundancy)

Age	Duration	1997	1998	1999	Change, %	
					97-98	98-99
Under- 25s	Under 6 months	42522	38602	36977	-9,2	-4,2
	Over 6 months	11387	8259	7290	-27,5	-11,7
Over-25s	Under 12 months	225747	206872	198268	-8,4	-4,2
	Over 12 months	118656	108741	94539	-8,4	-13,1
Total		398312	362474	337074	-9,0	-7,0

Appendix table 4**The 'new start': Prevention of long-term unemployment in 1999, Guidelines 1 and 2**

Under-25s	Under 6 months			Total under-25s		
	Total	Men	Women	Total	Men	Women
Targets:						
Unemployed jobseekers, average	36977	19205	17772	44267	23113	21154
New periods of unemployment	212694	96372	116322	212694	96372	116322
Total unemployment periods ended:	195247	88140	107107	218045	100354	117691
Job on open labour market	85127	31140	53987	90214	33970	56244
Labour market measure	50242	22522	27720	57613	25961	31652
*Labour market training	10627	6458	4169	12981	7798	5183
*Apprenticeships for unempl.	3104	1910	1194	3312	2040	1272
*Traineeships	28503	10634	17869	30213	11304	18909
*Pay subsidies (private sector)	1161	662	499	1525	851	674
*Job rotations	1410	655	755	1550	721	829
*Part-time job	1143	176	967	1261	196	1065
*Start-up grant	313	168	145	357	194	163
*Job in the public sector	3783	1774	2009	5917	2644	3273
*Combined subsidy	198	85	113	497	213	284
Other training	10949	4240	6709	12615	5007	7608
Unemployment ended otherwise, or reason unknown	48929	30238	18691	57603	35416	22187
Over-25s	Under 12 months			Total over-25s		
	Total	Men	Women	Total	Men	Women
Targets:						
Unemployed jobseekers, average	198268	94146	104122	292808	145495	147259
New periods of unemployment	698069	267195	430874	698069	267195	430874
Total unemployment periods ended:	628884	232161	396723	716510	276828	439682
Job on open labour market	405798	134412	271386	415781	140446	275335
Labour market measure	108781	40692	68089	145569	57646	87923
*Labour market training	51393	21691	29702	65590	29064	36526
*Apprenticeships for unempl.	2342	1089	1253	2476	1155	1321
*Traineeships	7158	2210	4948	8517	2856	5661
*Pay subsidies (private sector)	5002	2274	2728	6407	2837	3570
*Job rotations	6191	1626	4565	6803	1787	5016
*Part-time job	7081	640	6441	7492	691	6801
*Start-up grant	3050	1560	1490	3414	1771	1643
*Job in the public sector	17262	5862	11400	29102	10810	18292
*Combined subsidy	9302	3740	5562	15768	6675	9093
Other training	6166	2087	4079	6973	2438	4535
Unemployment ended otherwise, or reason unknown	108139	54970	53169	148187	76298	71889

Appendix table 5

Extension of unemployment beyond 6 months among the under-25s, biannual figures for 1994-1999 (GDL 1)

Half-year	Total			Men			Women		
	New periods of unemployment (u-1/2)	New long-term unemployment (u)	Indicator	New periods of unemployment (u-1/2)	New long-term unemployment (u)	Indicator	New periods of unemployment (u-1/2)	New long-term unemployment (u)	Indicator
1994 I	115130	30679	26,6	60413	17856	29,6	54717	12814	23,4
1994 II	114689	25923	22,6	58232	14704	25,3	56457	11219	19,9
1995 I	112738	25212	22,4	56335	14572	25,9	56403	10640	18,9
1995 II	113268	22659	20,0	56483	12656	22,4	56785	10003	17,6
1996 I	118657	21657	18,3	62004	13067	21,1	56653	8590	15,2
1996 II	117133	17201	14,7	57314	9526	16,6	59819	7675	12,8
1997 I	116907	15432	13,2	59389	8979	15,1	57518	6453	11,2
1997 II	114282	10962	9,6	54884	5812	10,6	59398	5150	8,7
1998 I	110370	11776	10,7	53843	6470	12,0	56527	5306	9,4
1998 II	110455	10053	9,1	50686	5048	10,0	59769	5005	8,4
1999 I	104948	10375	9,9	49059	5671	11,6	55889	4704	8,4
1999 II	105738	9143	8,6	47467	4691	9,9	58271	4452	7,6

The indicator shows the new long-term unemployed for each 6-month period as a percentage of the periods of unemployment which began during the previous 6-month period.

Extension of unemployment beyond 12 months among the over-25s in 1994-1999

Year	Total			Men			Women		
	New periods of unemployment (u-1)	New long-term unemployment (u)	Indicator	New periods of unemployment (u-1)	New long-term unemployment (u)	Indicator	New periods of unemployment (u-1)	New long-term unemployment (u)	Indicator
1994	495258	143663	29,0	204743	77549	37,9	290515	66114	22,8
1995	589462	121674	20,6	279030	63392	22,7	310432	58282	18,8
1996	609517	111633	18,3	275957	57344	20,8	333560	54289	16,3
1997	671699	103544	15,4	294457	52102	17,7	377242	51442	13,6
1998	677225	78539	11,6	279961	39474	14,1	397264	39065	9,8
1999	683972	72565	10,6	271373	36363	13,4	412599	36202	8,8

The indicator shows the new long-term unemployed for each year as a percentage of the periods of unemployment which began during the previous year.

Appendix table 6**Integration of the unemployed into the labour market 1997-1999**

Reason	Ended periods of unemployment			Average duration, weeks		
	1997	1998	1999	1997	1998	1999
Integration into the open labour market:						
Via the employment service	59 246	54 514	57 466	16	14	12
Independently	441 657	440 822	453 265	9	8	7
Labour market measures:						
Subsidized employment	144 443	133 807	117 787	33	29	28
Labour market training	93 427	82 580	78 535	34	33	32
Left the labour force:						
Entered training	26 696	22 493	19 573	17	17	16
Seeking work in the EEA	871	748	707	16	18	17
Unemployment pension	10 869	11 927	11 768	147	157	163
Otherwise unavailable for work	73 681	67 117	68 427	35	35	35
Unknown	109 407	117 204	122 869	35	33	29
Total	960 297	931 212	930 397	22	21	19

An estimated 70% of those listed under 'unknown' will have found work on the open labour market.

Appendix table 7

Average volumes of labour market measures in 1995-1999, with a gender breakdown (GDL 3)

Measure	1995			1996			1997			1998			1999		
	Total	M	W	Total	M	W	Total	M	W	Total	M	W	Total	M	W
Labour market training	33937	19368	14569	42310	22942	19368	46843	24080	22763	41444	20752	20692	37686	18496	19190
Apprenticeships for unempl.	2513	1618	895	5405	3175	2230	8981	5125	3856	10394	5841	4553	8433	4587	3846
Traineeship	9870	3685	6185	11711	4349	7362	12239	4515	7724	12154	4354	7800	11559	4084	7475
Pay subsidies (private sector)	11687	6557	5130	8232	4621	3611	6885	3815	3070	6468	3224	3244	4175	1860	2315
Job rotations	0	0	0	1578	465	1113	3259	970	2289	3932	1170	2762	4618	1381	3237
Part-time job	2171	206	1965	4840	447	4393	6525	693	5832	7949	717	6332	6008	603	5405
Start-up grant	3901	2378	1523	2837	1742	1095	2681	1563	1118	2480	1362	1118	2155	1127	1028
Job in the public sector	39589	16773	22816	41580	17383	24197	35968	14565	21403	26653	10200	16453	20065	7474	12591
Combined subsidy	0	0	0	0	0	0	0	0	0	2660	1206	1454	9788	3903	5885
(A) Total active measures	103668	50585	53083	118493	55124	63369	123381	55326	68055	113234	48826	64408	104487	43515	60972
(R) Registered unemployment	466013	254865	211148	447987	241430	206557	408964	214937	194027	372431	190183	182248	348140	177190	170950
Activation rate A/R, %	22,2	19,8	25,1	26,5	22,8	30,7	30,2	25,7	35,1	30,4	25,7	35,3	30,0	24,6	35,7
Activation rate A/(R+A), %	18,2	16,6	20,1	20,9	18,6	23,5	23,2	20,5	26,0	23,3	20,4	26,1	23,1	19,7	26,3

Appendix table 8**Numbers unemployed three months after completing a labour market measure**

Measure	Ended*		Unemployed 3 months after completion			
	1999	1998	1999	%	1998	%
Labour market training	46860	56155	21798	46,5	26803	47,7
Apprenticeships for unempl.	9582	9543	1641	17,1	1845	19,3
Traineeship	42026	42600	12908	30,7	12748	29,9
Pay subsidies (private sector)	11493	15138	4570	39,8	5211	34,4
Job rotations
Part-time job	12282	12029	4135	33,7	4111	34,2
Start-up grant	4967	5144	262	5,3	310	6,0
Job in the public sector	47091	64836	29046	61,7	40363	62,3
Combined subsidy	10998	1429	7076	64,3	885	61,9
Total	185299	206274	81436	43,9	92276	44,6

*Based on the employment situation of individuals completing a measure between October 1998 and September 1999. No data is available on gender. The effectiveness of job rotation is monitored separately.

Appendix table 9**Placement on the open labour market 3 months after completing a labour market measure**

Measure	1996	1997	1998	1999*
Subsidized employment	20,0	24,0	27,0	29,4
Labour market training	20,0	23,7	24,0	26,8
Traineeship	-	-	10,1	12,8

Labour market training includes only vocational training. The figures for 1999 are estimates.

Appendix table 10**Costs of active and passive labour market policy in 1997 and 1999, FIM million**

	1997	1999	Change 97-99 FIM million	%
A1 Labour market functionality	623,9	768,3	144,4	23,1
A2 Active measures	7495,1	6319,5	-1175,6	-15,7
Training measures	2158,9	1549,0	-609,9	-28,3
Placements	3145,0	2154,3	-990,7	-31,5
Activation of the labour market support	866,6	1303,3	436,7	50,4
ESF measures	1371,0	1428,9	57,9	4,2
B Passive labour market policy	19906,6	16896,8	-3009,8	-15,1
Daily allowances (earnings-related and basic)	12665,5	8881,2	-3784,3	-29,9
Passive labour market support	4360,2	4764,8	404,6	9,3
Redundancy payments and pay security	202,5	153,1	-49,4	-24,4
Unemployment pension	2678,4	3345,0	666,6	24,9
Total expenditure on labour market policy	28025,6	23984,6	-4041,0	-14,4
Proportion spent on active measures (A1+A2)	29,0	29,6		
Proportion spent on active labour market support	16,6	21,5		
ESF's proportion of active measures	18,3	22,6		

A1 Employment offices' operating costs, allowances for removal expenses and extraordinary expenditure on the employment services

A2 'Activation of labour market support' includes practical training on traineeships, labour market training and rehabilitation while on labour market support plus the related social benefits for students. It also includes corresponding measures on ESF programmes and combined subsidy.

Appendix table 11

Guideline 6: Educational level of the population by age group and sex on December 31, 1998

Educational level/sex	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64
Both sexes										
Primary and secondary lower	84,2	16,6	17,7	16,9	17,5	23,6	31,9	40,7	49,9	61,8
Upper secondary	15,7	72,9	47,8	45,4	46,9	43,6	40,1	33,1	27,4	21,8
Lowest level tertiary education	0,1	8,5	19,6	21,7	20,5	17,9	14,9	13,6	11,9	9,1
Bachelor's degree	0,0	1,7	6,7	5,2	5,2	6,7	6,3	6,0	5,1	3,7
Master's degree	0,0	0,4	8,0	10,1	9,2	7,4	6,0	5,7	4,9	3,2
Postgraduate	0,0	0,0	0,2	0,6	0,7	0,8	0,8	0,8	0,8	0,5
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0
Population	330273	326044	307320	367975	381393	391075	411958	401144	281074	251425
Men										
Primary and secondary lower	84,7	19,1	20,6	20,0	20,6	25,8	33,3	41,4	49,7	60,9
Upper secondary	15,3	74,5	52,8	49,5	49,6	45,3	40,2	32,2	26,0	20,1
Lowest level tertiary education	0,1	5,3	13,2	14,8	14,4	13,4	12,3	12,2	11,5	10,0
Bachelor's degree	0,0	0,9	6,5	6,0	6,0	6,9	6,7	6,8	5,6	3,9
Master's degree	0,0	0,2	6,7	9,1	8,6	7,6	6,4	6,3	5,9	4,1
Postgraduate	0,0	0,0	0,2	0,8	0,9	1,0	1,1	1,2	1,2	0,9
Total	100,0	100,0	100,0	100,2	100,0	100,0	100,0	100,0	100,0	100,0
Population	168854	166533	157174	187594	194367	198237	209355	202307	138400	120292
Women										
Primary and secondary lower	83,8	14,0	14,7	13,7	14,4	21,4	30,5	40,1	50,1	62,6
Upper secondary	16,1	71,1	42,5	41,3	44,1	41,9	39,9	34,0	28,7	23,3
Lowest level tertiary education	0,1	11,9	26,3	28,9	26,8	22,5	17,6	15,1	12,2	8,2
Bachelor's degree	0,0	2,5	7,0	4,4	4,4	6,4	5,9	5,3	4,7	3,4
Master's degree	0,0	0,5	9,4	11,2	9,8	7,3	5,6	5,0	3,9	2,2
Postgraduate	0,0	0,0	0,1	0,4	0,6	0,5	0,5	0,5	0,4	0,2
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0
Population	161419	159511	150146	180381	187026	192838	202603	198837	142674	131133

Sources: Statistics Finland, Register of Completed Education and Degrees

Primary and secondary lower	ISCED 0-2	Primary and lower secondary
Upper secondary	ISCED 3	Upper secondary
Lowest level tertiary education	ISCED 5B	First stage of tertiary education, 5b programmes
Bachelor's degree	ISCED 5A	First stage of tertiary education, 5a programmes
Master's degree	ISCED 5A	First stage of tertiary education, 5a programmes
Postgraduate	ISCED 6	Second stage of tertiary education

Guideline 6: Those studying in post-comprehensive education in autumn 1998 by level of education

Age Sex	Popu- lation	Students as % of population		Upper secondary	Lowest tertiary education	Bachelor	Master	Postgraduate
		1998	1997					
Total								
15-19	330273	59,8	59,5	55,8	0,5	1,6	1,8	-
20-24	326044	43,0	42,7	7,5	3,9	15,4	16,1	0,1
25-29	307320	20,1	19,7	1,8	1,5	5,0	10,6	1,2
30-34	367975	8,7	8,4	0,9	0,7	1,9	3,9	1,3
35-39	381393	5,2	4,9	0,6	0,5	1,2	2,0	0,9
40-44	391075	3,3	3,1	0,5	0,3	0,8	1,2	0,6
45-49	411958	1,9	1,8	0,3	0,2	0,4	0,7	0,4
50-54	401144	1,0	1,0	0,1	0,1	0,1	0,4	0,3
55-59	281074	0,4	0,3	0,0	0,0	0,0	0,2	0,2
Men								
15-19	168854	57,6	57,5	54,4	0,3	0,9	1,9	-
20-24	166533	37,2	37,0	5,6	2,9	13,8	14,8	0,1
25-29	157174	19,6	19,5	1,4	1,4	5,2	10,4	1,3
30-34	187594	8,0	8,0	0,5	0,6	1,7	3,7	1,4
35-39	194367	4,2	4,0	0,3	0,3	1,0	1,7	0,9
40-44	198237	2,5	2,4	0,2	0,2	0,6	0,9	0,6
45-49	209355	1,4	1,3	0,1	0,1	0,3	0,5	0,4
50-54	202307	0,8	0,8	0,0	0,0	0,1	0,3	0,3
55-59	138400	0,3	0,3	0,0	0,0	0,0	0,1	0,2
Women								
15-19	161419	62,0	61,5	57,3	0,6	2,4	1,7	-
20-24	159511	49,0	48,7	9,5	4,9	17,1	17,4	0,1
25-29	150146	20,5	20,0	2,2	1,6	4,8	10,8	1,1
30-34	180381	9,4	8,9	1,3	0,8	2,2	4,0	1,1
35-39	187026	6,1	5,7	0,9	0,6	1,5	2,2	0,8
40-44	192838	4,1	3,8	0,7	0,4	0,9	1,4	0,6
45-49	202603	2,5	2,4	0,5	0,2	0,4	0,8	0,5
50-54	198837	1,3	1,2	0,2	0,1	0,2	0,5	0,3
55-59	142674	0,5	0,4	0,0	0,0	0,0	0,2	0,2

Source: Statistics Finland, education statistics

Appendix table 13

Guideline 6: Employees participating in-service training 1995-1998

	1995	1996	1997	1998
Total employees	1 709 000	1 720 000	1 790 000	1 858 000
Participants in-service training	759 000	761 000	744 000	781 000
Proportion of employees, %	44,4	44,3	41,6	42
Training days per participant (median)	4	4	5	4
Training days per participant (average)	2,9	3	3	2,8

Source: Statistics Finland, In-service Training 1998

Appendix table 14

Guideline 7: The employment situation of young people by educational background, percentage of population December 31, 1998

	15-19-year-olds			20-24-year-olds		
	BS	M	W	BS	M	W
Employed	17,5	16,5	18,6	46,9	49,3	44,5
Primary and secondary lower	12,0	11,6	12,4	6,6	8,6	4,6
Upper secondary	5,5	4,9	6,1	33,8	36,7	30,6
Higher education	0,0	0,0	0,0	6,6	4,0	9,2
Unemployed	3,8	4,2	3,4	11,7	12,4	11,0
Primary and secondary lower	1,3	1,4	1,1	2,7	3,4	1,9
Upper secondary	2,5	2,7	2,3	7,5	8,3	6,6
Higher education	0,0	0,0	0,0	1,6	0,8	2,5
Outside the labour force	78,7	79,3	78,0	41,3	38,3	44,5
Primary and secondary lower	70,9	71,6	70,2	7,3	7,1	7,4
Upper secondary	7,7	7,7	7,8	31,7	29,5	33,9
Higher education	0,0	0,0	0,0	2,4	1,6	3,2
Total	100,0	100,0	100,0	100,0	100,0	100,0

Source: Statistics Finland, Employment Register

Appendix table 15

Guideline 8: The main activity at the end of 1998 of people who completed a qualification at any level in 1997

Educational level	Both sexes				Women			
	1997 graduates	Employed	Unemp-loyed	Student	1997 graduates	Employ- ed	Unemp-loyed	Student
All qualifications								
15-19	69 388	17,6	3,5	75,5	33 121	17,9	2,4	77,0
20-24	60 714	42,3	12,3	35,3	34 650	45,3	9,5	39,7
25-29	19 909	77,2	9,2	8,5	10 740	73,4	10,6	8,7
30-34	8 485	79,1	9,6	6,0	4 467	74,1	11,5	6,7
35-39	5 074	79,7	11,4	4,7	3 099	76,8	13,2	5,2
40-44	3 657	83,1	10,5	3,4	2 401	82,7	11,7	3,1
45-49	2 492	81,7	12,6	3,2	1 729	82,6	12,4	3,1
50-54	1 258	82,5	11,8	2,6	825	82,7	12,8	1,8
55-59	240	77,9	14,6	2,9	147	76,2	15,6	3,4
60-	48	37,5	2,1	12,5	25	44,0	-	8,0
Total	171 265	41,0	8,2	44,7	91 204	43,3	7,4	44,7
Year 1996	171 893	35,2	9,2	48,9	91 090	36,9	8,0	50,0
Lower secondary								
15-19	63 775	15,7	1,3	80,5	31 198	16,6	1,3	79,7
20-24	34	2,9	14,7	67,6	13	-	7,7	61,5
Total	63 809	15,7	1,3	80,5	31 211	16,6	1,3	79,7
Year 1996	63 008	8,0	1,5	87,8	30 658	7,5	1,4	88,3
Upper secondary (excluding Those passing only the matriculation exam)								
15-19	5 307	38,8	29,3	17,6	1 717	39,1	23,2	30,8
20-24	18 454	50,3	21,5	19,1	9 002	52,2	18,5	21,6
25-29	3 575	64,4	16,3	11,8	1 839	59,7	18,1	10,8
30-34	1 982	70,3	15,3	7,1	1 127	64,9	16,7	8,6
35-39	1 564	72,6	17,6	5,1	1 004	70,4	19,4	5,2
40-44	1 339	78,0	15,3	3,4	914	78,7	15,8	3,1
45-49	1 047	75,9	17,8	3,8	715	76,9	16,6	4,5
50-54	553	76,1	17,5	2,0	368	77,2	17,1	2,2
55-59	102	78,4	20,6	1,0	55	74,5	23,6	1,8
60-	10	40,0	10,0	-	3	33,3	-	-
Total	33 933	54,6	21,2	15,3	16 744	56,7	18,6	17,3
Year 1996	37 346	48,2	21,8	20,2	18 830	49,4	18,0	24,7
Upper secondary (including those passing only the matriculation exam)								
Total	67 044	43,2	14,2	32,3	35 897	45,1	11,0	38,2
Year 1996	69 650	36,7	15,5	36,3	37 086	37,7	11,5	44,1
Lowest level tertiary education								
15-19	10	50,0	10,0	30,0	9	55,6	11,1	33,3
20-24	8 048	62,4	13,7	17,6	5 550	64,1	12,8	16,7
25-29	5 179	73,7	12,6	7,7	2 957	70,4	14,4	6,4
30-34	1 958	77,1	13,2	4,7	1 207	73,7	15,3	4,5
35-39	1 415	78,4	13,6	4,4	968	75,9	15,3	4,2
40-44	1 047	82,5	11,8	2,8	768	81,4	13,7	2,2
45-49	681	82,4	13,2	1,9	540	84,6	12,4	1,1
50-54	258	82,9	13,2	1,6	206	82,0	15,5	0,5
55-59	22	77,3	13,6	4,5	18	77,8	16,7	-
Total	18 618	70,5	13,2	10,8	12 223	69,8	13,7	10,1
Year 1996	19 358	69,8	14,2	10,6	12 720	69,6	14,5	9,8

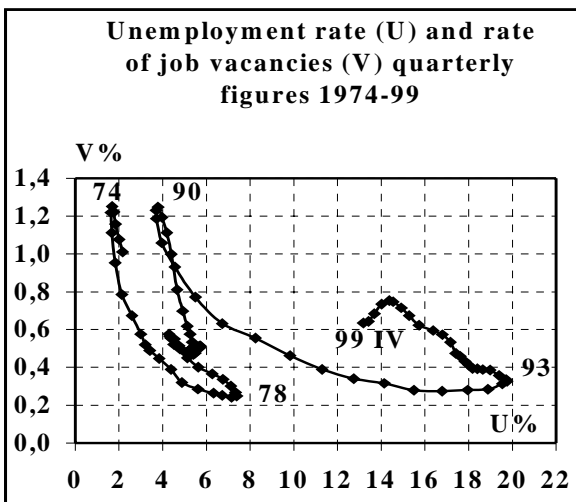
Educational level	Both sexes				Women				
	1997 graduates	Employed	Unemp-loyed	Student	1997 graduates	Employed	Unemp-loyed	Student	
Bachelor									
20-24	1 554	69,7	10,5	14,9	1 263	69,3	10,1	15,5	
25-29	4 551	79,6	7,9	8,5	2 234	73,7	10,0	10,3	
30-34	1 238	80,1	8,5	7,4	587	75,0	9,9	8,3	
35-39	695	85,3	6,9	3,9	380	82,1	7,6	5,5	
40-44	435	86,0	6,7	5,3	230	83,5	6,5	7,4	
45-49	246	84,1	7,7	4,5	126	81,0	11,9	4,8	
50-54	133	89,5	4,5	3,8	50	88,0	4,0	2,0	
55-59	34	85,3	5,9	-	13	76,9	7,7	-	
60-	2	-	-	50,0	1	-	-	-	
Total	8 888	79,0	8,2	8,8	4 884	74,2	9,6	10,6	
Year 1996	7 558	76,9	9,6	9,8	3 854	71,4	11,3	11,7	
Master									
20-24	211	82,9	2,4	10,4	145	84,8	2,8	9,7	
25-29	6 261	86,4	3,4	6,6	3 547	83,8	4,0	7,9	
30-34	2 774	86,3	5,1	4,8	1 356	82,2	5,8	5,8	
35-39	983	86,1	5,2	5,3	555	84,0	5,6	6,3	
40-44	527	90,7	4,0	3,4	336	92,6	3,9	2,4	
45-49	315	90,5	4,8	3,2	240	92,1	4,6	2,5	
50-54	171	91,8	2,3	4,7	124	93,5	3,2	2,4	
55-59	40	72,5	17,5	-	31	77,4	12,9	-	
60-	11	54,5	-	18,2	6	83,3	-	16,7	
Total	11 293	86,6	4,0	5,8	6 340	84,4	4,5	6,7	
Year 1996	10 859	85,6	5,0	5,7	6 179	83,8	5,5	6,1	
Postgraduate									
20-24	1	100,0	-	-	1	100,0	-	-	
25-29	154	78,6	2,6	7,8	46	73,9	4,3	8,7	
30-34	464	84,3	0,9	6,7	147	77,6	1,4	8,2	
35-39	387	88,6	1,6	3,9	170	87,6	1,8	5,3	
40-44	268	91,0	1,1	1,9	118	93,2	0,8	1,7	
45-49	170	95,3	1,2	1,8	80	93,8	1,2	2,5	
50-54	118	93,2	3,4	2,5	57	94,7	3,5	1,8	
55-59	35	80,0	2,9	11,4	23	82,6	4,3	13,0	
60-	16	37,5	-	18,8	7	42,9	-	14,3	
Total	1 613	87,2	1,5	4,7	649	86,1	1,8	5,2	
Year 1996	1 460	88,6	2,8	3,8	593	88,5	2,0	4,7	

Sources: Employment Register, Register of Completed Education and Degrees

Guideline: Ensuring the availability of labour

Appendix table 16

Indicators:	1994	1995	1996	1997	1998	1999
Job vacancies unfilled, time in days	9	10	11	12	14	10
Vacancies filled by due date, %	83,7	90,3	92,0	93,8	93,1	94,8
Workplaces experiencing recruitment problems, %	15	22	21	22	20	23
Experience of labour shortages, %	5	5	6	6	5	7



Appendix table 17

as a proportion of all

	BS	M	W	BS	M	W
1994	15,4	20,1	10,5	10,5	14,2	6,4
1995	14,7	19,1	9,8	10,2	14,0	6,1
1996	14,4	18,7	9,7	10,2	13,9	6,3
1997	14,9	19,0	10,3	10,5	13,7	7,0
1998	14,3	18,0	10,1	10,4	13,3	7,2
1999	14,0	17,9	9,6	10,2	13,3	6,9

Entrepreneurs (excl. family members) as a proportion of the employed

	All	Excl. production	Primary
1994	14,7	19,2	9,9
1995	14,0	18,3	9,3
1996	13,8	18,0	9,1
1997	14,0	18,0	9,6
1998	13,6	17,3	9,5
1999	13,3	17,2	8,9

Source: Labour Force Survey

Appendix table 18

Newly launched and wound-up businesses 1988-1998* (Source: *Pk-yritykset kansantaloudessa* (SMEs in the national economy), Ministry of Trade and Industry 2000)

Year	Began operations	Ended operations	Net change	<i>Net change/all businesses (%)</i>
1988	19 128	14 483	4645	3,9 %
1989	20 865	15 568	5297	2,5 %
1990	18 618	17 759	859	0,4 %
1991	21 045	24 916	-3871	-1,8 %
1992	17 639	19 864	-2225	-1,1 %
1993	19 619	18 565	1054	0,6 %
1994				
1995	30326	23 144	7182	3,8 %
1996	26 831	23 780	3051	1,5 %
1997	25 084	20 268	4816	2,3 %
1998	23 526	19 533	3993	No data available

*Before 1994 the basic data is from enterprises liable to turnover tax (sales tax) and operating as employers, and after 1994 from enterprises liable to value added tax and operating as employers. It was not possible to obtain comparable data for 1994 itself, as the basis of the statistics changed during the course of the year when turnover tax gave way to value added tax. Legislative changes in 1991 (replacement of the Turnover Tax Act by the Sales Tax Act, both *Liikevaihtoverolaki* in Finnish) caused a slight statistical increase in the numbers of both newly launched and wound-up businesses.

Appendix table 19

Business survival rates (% of all new businesses) by year of launch (Source: *Aloittaneet ja lopettaneet yritykset 1998* (Newly launched and wound-up businesses 1998), Statistics Finland)

<i>Year launched</i>	<i>Still operating after one year</i>	<i>Still operating after two year</i>	<i>Still operating after three year</i>	<i>Still operating after four year</i>	<i>Still operating after five year</i>
1987	91,6	79,7	70,7	61,8	53,2
1988	91,8	80,2	68,8	58,8	51,0
1989	91,1	78,3	66,0	56,2	49,2
1990	89,8	76,9	64,1	55,0	45,1
1991	90,2	72,1	58,3	45,6	35,5
1992	89,4	75,4	61,3	49,9	41,1
1993	91,8	79,0	69,1	61,1	55,0
1994	89,9	78,4	69,2	62,5	57,1
1995	90,3	78,2	69,3	62,7	
1996	91,4	79,2	70,6		
1997	91,2	79,3			
1998	91,3				

Appendix table 20

Guideline 13: Employed persons in the information-related professions 1980-1999

1000 persons	1980	1997	1998	1999	Change 1997-99 1000 per.	1997-99 %
Total in information-related professions	757	920	993	1044	124	13,5
Information producers	224	345	373	399	54	15,7
Information distributors	100	142	153	159	17	12,0
Information users	109	160	182	186	26	16,3
Information processors	215	209	219	230	21	10,0
Users and repairers of information technology hardware	109	64	67	70	6	9,4
All employed persons	2328	2170	2222	2296	126	5,8
Proportion in information-related professions, %	32,5	42,4	44,7	45,5		

Source: Statistics Finland, Labour Force Survey

Appendix table 21

Unemployment rate and employment rate by gender, plus the gender gap 1994-1999

	Unemployment rate (registered)					Unemployment rate (LFS)					Employment rate				
	BS	M	W	Gender gap		BS	M	W	Gender gap		BS	M	W	Gender gap	
				Abs	Rel				Abs	Rel				Abs	Rel
1994	19,4	20,7	17,9	-2,8	-13,5	16,6	18,2	14,9	-3,3	-18,1	59,9	61,1	58,8	2,3	3,8
1995	18,2	18,9	17,4	-1,5	-7,8	15,4	15,7	15,1	-0,6	-3,8	61,1	63,1	59,1	4,0	6,3
1996	17,4	17,8	17,0	-0,8	-4,6	14,6	14,3	14,8	0,5	3,5	61,9	64,2	59,5	4,7	7,3
1997	15,9	15,8	15,9	0,1	0,3	12,7	12,3	13,0	0,7	5,7	62,9	65,4	60,3	5,1	7,8
1998	14,4	13,9	14,8	0,9	6,3	11,4	10,9	12,0	1,1	10,1	64,1	66,9	61,3	5,6	8,4
1999	13,2	12,8	13,6	0,7	5,8	10,2	9,8	10,7	0,9	9,2	66,0	68,4	63,5	4,9	7,2

Sources: Ministry of Labour, Employment Register; Statistics Finland, Labour Force Survey

Appendix table 22**Funding in Finland by the structural funds and the ESF in the programme period 2000-2006**

Structural fund programmes Entire programme period 2000-2006	Total funding (EU + national) FIM million	EU share (all funds) FIM million	ESF activities, total (EU + national) FIM million	EU share (ESF) FIM million
Objective 1 programmes	21.500	5.600	5.200	1.600
Objective 2 programmes	13.700	3.000	2.500	660
Objective 3 programme	8.900	2.500	8.900	2.500
Equal	1.100	440	1.100	440
Other Community initiatives	no data available	1.100	-	-
Total	45.200	12.640	17.700	5.200
Annual average	6.460	1.800	2.500	740

The figures in the table include an annual index increment of two percentage points.

The figures do not include the performance reserve of 4% of the EU funding framework for 2004-2006.

National funding = central government, municipalities, private funding.

Objective 3 does not include the Objective 3 programme for Åland.

Other Community Initiatives = Interreg, Urban, Leader

BEST PRACTICE: CONVERSION TRAINING IN THE INFORMATION INDUSTRY

As we enter the new millennium, there has been an explosive growth in demand for expert personnel by companies in the information industry. For Europe as a whole, the estimated demand for the year 2002 is for over 600,000 expert personnel; the corresponding figure for Finland varies between 8,000 and 12,000. There has recently been a considerable increase in basic educational provision for the sector, but the effects of this will not become apparent until the present students have completed their studies.

The educational and labour authorities have therefore been working together with companies and organizations in the sector to plan a conversion training programme for the information industry to facilitate a rapid response to the sector's current demand for trained expert personnel. The aim of conversion training is to provide a rapid response to the need for experts and skilled personnel in particularly the electrical, electronics, telecommunications and data processing sectors. The introduction of conversion training was decided as part of the information industry programme approved by the Finnish Government in 1997. Training began on a serious scale in 1999, prior to which conversion training was carried out primarily through projects part-funded by the ESF. The training is targeted at persons who have completed a degree or other studies in a related field and wish to update their skills or upgrade the level of their previous qualification. Those participating in conversion training directed towards a qualification are as a rule provided with a personal curriculum for a period of study lasting approximately 2-3 years. The lion's share of people taking conversion training already have an engineering degree in a related field and study part-time after work. It is also possible for interested companies to influence the design and content of the training in co-operation with the universities and polytechnics providing the courses.

During 1998 and 1999 approximately 1,800 students began National Board of Education conversion training in the universities, and around 600 more in the polytechnics. During 1998, a further 440 students took part in an additional vocational adult education diploma programme in business information technology. The conversion training programme has in the event been implemented ahead of schedule.

The labour administration organizes conversion training and other courses to improve information society skills tailored to the needs of the unemployed and people facing the imminent threat of unemployment. Entrants to these courses come from a very varied educational background. The need for training is determined by companies and organizations operating in the sector. Employers participate in both the drafting of course curricula and the selection of students. Some of the training actually takes place in the workplace, and in some cases training is implemented in the form of project work in the enterprises involved. The aim is not to produce highly specialized experts, but people with general expertise across a number of fields; there is great demand in the IT sector at the moment for specifically this sort of people. In 1998, approximately 1,250 people participated in information industry training leading to a qualification, while an additional group of approximately 950 took part in training modules forming part of a qualification and tailored to the needs of specific enterprises. The corresponding figures for 1999 were 1,250 and 1,860.