



Integrated approaches to active welfare and employment policies

Finland

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Introduction

Preparation of the present study during this year (2000) was both instigated and complicated by a range of processes under way in Finnish employment and social welfare policy.

To start with, the question of an active social policy and of incentives in social security for leaving the system came to the fore in Finland in 1999-2000. It arose both in media publicity and policy preparation. New legislation on an active social policy is under preparation as this is being written, despite some disagreement among the civil servants and officeholders concerned in the process. It is planned to pass the reform now under way into law in autumn 2001. As we will explain in this study, the reform is expected to avail of new instruments for the prevention of long-term unemployment and exclusion.

A second factor deriving from the above which has helped and at the same time hindered our work is the huge amount of strategic preparation work enjoined by an active social policy and co-operation between the employment and social welfare administrations. While this was being written, two prominent expert working groups at the national level completed their proposals and subjected them to policy scrutiny. Both working groups focused on halting exclusion and greater co-ordination between civil servants. Apart from this strategic management preparation, a number of significant studies have appeared on the issue in which co-operative practices at the local level are exhaustively reviewed and the obstacles to co-operation and critical success factors set down. Several ESF Projects were surveyed and evaluated in order to filter out best practice solutions.

In Finland, social welfare – the social services and last resort social assistance benefits - are in the hands of local officials, i.e. the local authorities. The management of social policy has become increasingly decentralised. Local authorities enjoy considerable freedom of action and diversification. It could even be alleged that the prevailing paradigm in the social sector for solving the problem of the exclusion of long-term unemployed persons has been to "live and let live" i.e. to support hundreds of projects and experiments. The employment administration in Finland, on the other hand, is centrally controlled by, and part of, the state administration. Developments in the employment administration in the 1990s were marked by the launching of fresh revisions of new measures, plans and reform processes into the field organisation. These contrasting histories of the approach to development pose a unique challenge to co-operation at the local level. In any case, the stance adopted for the immediate future is that the improvement of co-operation and co-ordination will also be contingent on a structural and legislative framework and commitment. Mere self-determined experimental action is no longer adequate.

This also means that it was not easy to find for this study any previously undiscovered successful co-operative practices or other innovations. The issue has been fairly thoroughly examined from an empirical standpoint in Finland in recent years. This is obvious from the great number of proposals contained in different expert reports and research studies. More far-reaching analyses based on the experience of clients are comparatively rare, however.

The significance of this study lies in the fact that we have tried to describe coherently the statutory and strategic basis for an activation policy and the inherent and reciprocal tensions of employment and social welfare policies, and mirror these policy and normative structures in practical situations. The empirical basis for research is narrow. We researched the co-operative structures, practices and client feedback of three local authorities. We believe we have succeeded in verifying, to some extent, how the contrasting missions of employment policy and social welfare are reflected at the grass roots level in the services provided to clients. Perhaps the benefit of this study lies in the attempt to convey the client's viewpoint on co-ordination within local authority work, or the unfortunately frequent lack thereof.

Tensions also carry the promise of development or, as a high-ranking civil servant we interviewed in the social and welfare administration said: "A more progressive society starts from the moment when both sides recognise a common operational target. It is vital to recognise that our clients are held in common, that there are no clients who belong to the other side alone."

A brief linguistic observation on this study at the outset will be helpful. The study aims at *co-ordination* of the strategies and practices of the employment and social welfare administrations – in the matter of their common minimum benefits clients. The keyword is co-ordination. This word is not endemic to the Finnish language – at least not in the parlance of civil servants and the law. Respondents avoided the word in the interviews we conducted. The word in Finnish has a rather technical nuance from a semantic standpoint. Rather than *co-ordination*, we speak of *co-operation*. Among civil servants and their clients, *co-operation* has come to be synonymous in Finnish with the idea of *co-ordination*. Official documents and legal texts are laden with norms and claims applying to the concept of *co-operation* – the same goes for political rhetoric. Consequently, we will speak mainly of *co-operation* in this study – generally meaning what the foreign term *co-ordination* seeks to convey.

1 Finland's system of unemployment and minimum social security benefits

Finland's unemployment benefits system is all-embracing since up to 90 % of the unemployed belong to some kind of unemployment benefit scheme. The unemployment benefits system comprises mainly an earnings-related allowance, a basic daily allowance and a means-tested labour market support. In addition to the above, unemployment benefits include a training support for participation in employment policy measures and an unemployment pension.

When people become unemployed, they are usually entitled to receive either an earnings-related daily allowance or a basic daily allowance. For that to be, they must have met the requirement, before they became unemployed, of having been in a regularly paying job for at least 18 hours per week for not less than 43 weeks of the preceding 24 months. The purpose of daily allowances is to ensure subsistence for unemployed job-seekers and compensate for the financial loss resulting from unemployment.

To receive an earnings-related daily allowance, the unemployed person must have been a member of an unemployment fund for at least 10 months before unemployment. In Finland, the rate of union membership is rather high: about 80% of working people are union members. This ensures that many unemployed people get earnings-related daily allowances, consisting of a basic portion, an earnings-related portion and, possibly, a child supplement. The earnings-related portion is determined by their income during the ten months prior to unemployment. Entrepreneurs can also receive an earnings-related daily allowance if they meet the conditions governing insurance and prior employment.

A person who is not a member of an unemployment fund and becomes unemployed receives a basic daily allowance (lower than an earnings-related allowance). The basic daily allowance is equal to the basic portion of an earnings-related allowance. A child supplement can also be added to it. Both the above daily allowances can be received for a maximum of 500 days, at which point the unemployed person becomes a labour market support recipient.

If a long-term unemployed person reaches the age of 57 before the 500 days of a daily unemployment allowance expire, it continues to be payable until he or she reaches the age of 60. An unemployment pension is subsequently payable until age 65, when a regular pension becomes payable. To qualify for this, the long-term unemployed person must have worked for at least 5 of the previous 15 years. If unemployed persons do not fulfil the conditions for the forms of support described above, or have already received daily allowances for 500 days, they become eligible for a labour market support.

The labour market support is distinguished from the above forms of support by the fact that it is meant to promote and encourage job-searches and re-entry to the labour market. The basic portion of the benefit is equivalent to the basic daily allowance but differs by being means-tested. In principle, there is no maximum period for receipt of a labour market support but extra conditions have been imposed on recipients under the age of 25 in recent years.

A means-tested social assistance guarantees last resort minimum subsistence, if the individual or household cannot subsist on earnings, primary social benefits or other means. The social assistance is meant as a temporary aid in the absence of an income, or if that income is insufficient to ensure basic subsistence. It is payable either as the sole source of income or along with other support. Almost half of those on social assistance also receive a labour market support or basic daily allowance.

At the start of the 1990s Finland suffered an economic recession which raised the number of people unemployed to peak levels and resulted in greater numbers receiving unemployment benefits and social assistance. Both the unemployment benefit and social assistance systems underwent reforms throughout the 1990s. The means-tested labour market support was introduced in 1994 in conjunction with the fixed daily allowance and as its extension. The quantitative focus of those receiving unemployment benefits moved to the labour market support because the entitlement of the long-term unemployed to earnings-related benefits had expired or because they were not entitled to other unemployment benefits. The increase in and constant high rate of long-term unemployment added to those in need of social assistance in the years following mass unemployment as well. (Table 1)

Table 1 Rise in the number of social assistance recipients 1990-1998

Year	Recipients of earnings-related daily allowance	Recipients of basic daily allowance	Recipients of labour market support	Recipients of unemployment pensions	Recipients of social assistance
1990	47 521	35 471	-	59 349	314 029
1991	109 455	87 712	-	51 970	396 128
1992	194 403	150 469	-	46 549	464 646
1993	268 211	195 869	-	45 465	528 126
1994	264 040	165 277	53 258	44 798	577 275
1995	238 719	76 414	142 693	39 812	584 117
1996	237 069	28 774	178 304	37 904	609 747
1997	208 490	25 521	173 564	41 132	593 797
1998	169 856	19 171	180 459	44 946	534 931

Finland's labour market support system

Certain reforms in Finland's unemployment benefits system were carried out in the 1990s. The key changes were the introduction of the labour market support in 1994 and certain restrictions on the entitlement thereto later in the 1990s. The rise in the number of labour market support recipients is shown in Table 1. Earlier, it was not required to have been in a job in order to receive a daily unemployment allowance, nor had there been a maximum time period applied to it. The conditions for receiving basic daily allowances were brought into line with earnings-related allowances in 1994, so that having been in a job became a condition of receiving basic daily allowances and a 500 day maximum period became effective. At the same time, the labour market support was introduced for unemployed persons who did not qualify for other kinds of unemployment benefits after the reform.

The Labour Market Support Act (1542/1993) became law at the start of 1994. It prescribes that the benefit is intended to support the subsistence of the unemployed while looking for work or involved in measures taken by the employment administration. In addition, it is meant to promote job-seeking or re-entry to the labour market. The conditions for receiving the benefit were restricted twice (in 1996 and 1997) in relation to the young unemployed people with a view to motivating them to action.

Persons entitled to labour market support

Labour market support is intended for unemployed persons who have received either one of the two daily unemployment allowances for the maximum 500 days, or who are not so entitled because they do not fulfil the condition of having been employed. A general condition for receiving such a benefit is that unemployed persons seek full-time work and are available to the labour market.

In principle, all unemployed persons aged 17 – 64 domiciled in Finland are entitled to receive labour market support for an indefinite period. Those under 25 years of age must fulfil certain conditions. A 17 year-old unemployed person can receive the benefit provided he or she has vocational qualifications or is currently taking part in labour market training or hands-on training. This holds true for 18 – 24 year-olds, too, but extra conditions apply in their case – fulfilment of which will also permit an untrained young person to receive the benefit. The conditions are that they have not discontinued their studies unjustifiably, have not refused an offer of work or training, and have applied for vocational training.

Persons who become unemployed must register as unemployed job-seekers at an unemployment office. The labour market support becomes payable after a five day waiting period. Exceptions to this rule are unemployed entrants to the labour market without vocational training who must wait five months before

payments can begin. On the other hand, this waiting period can comprise all periods within the last two years when the applicant was, for example employed, in employment training, or registered as an unemployed job-seeker at an unemployment office.

In Finland, the Ministry of Social Affairs and Health is responsible for developing unemployment and social security benefits while the Ministry of Labour is the highest authority regarding labour market policy. The Social Insurance Institution is responsible for administering labour market support. Its branches at the local level and unemployment offices are charged with processing applicants and recipients of labour market support. People who are unemployed must register at unemployment offices and also report at regular intervals every six months on average. Benefits are requested from the Social Insurance Institution office where one lives which is also responsible for making payments.

Amount of benefit

The labour market support is a means-tested form of support. Persons who become eligible for this benefit, after having received a daily unemployment allowance for 500 days, receive it for the first 180 days, irrespective of need and thereafter based on need. The benefit is paid to people taking part in employment policy training measures, irrespective of need. Means-testing implies that the total income of the applicant (and spouse) over a certain sum is taken into account in deciding the benefit requirement. Some social benefits also affect the amount of a means-tested benefit.

Labour market support is equivalent to the basic daily allowance, i.e. FIM 122, except when a child supplement is payable. The spouse's income and assets affect the total amount payable. The benefit is taxable and is payable for a five day working week. It includes a child supplement, which is 40 % of the basic daily allowance child benefit. The amount of the labour market support payable to persons living with their parents is 60% of the total, except when they participate in activation measures in which case the benefit is paid in full. If a benefit recipient is unwilling to take a job or participate in activation, the benefit can be withdrawn for a fixed period.

Finland's social assistance system

Until 1998, the legal basis and regulations for subsistence allowances were contained in the Social Services Act (720/82) and its Statute (607/83). More detailed requirements for granting allowances were determined by decisions of the Council of State.

During the 1990s, the subsistence allowance system, which was intended to be temporary, reached a crisis. Due to the economic recession and high levels of unemployment, the volume of clients doubled from the start of the 1990s to 1996, when 12 % of the population were receiving social assistance. At the same time, social assistance costs almost tripled and the benefit entitlement period was extended. With accelerated activation measures, this exerted pressure for a reform of the system. As a first step, in 1996, clients refusing job offers or activation measures had their benefits cut by 20%.

The real reform of the social assistance system occurred in 1998, when the relevant legislation underwent partial reform with the introduction of the Social Assistance Act (1412/97), which reduced the level of the allowances in some respects. The client's responsibility was increased and activation requirements were ratified. The aim of the reform was to arrest the increase in the number of social assistance recipients, lower the cost, shorten the period for social assistance payments, and integrate recipients into the working world.

Social assistance principles

The Finnish constitution entitles all persons domiciled in Finland to a minimum subsistence allowance. According to the Social Assistance Act (1412/ 97), social assistance denotes last resort financial support, whose purpose is to secure the subsistence of a person or family and help them to manage independently. Social assistance is meant to ensure a person or family's essential subsistence from a humane standpoint, if they cannot do this themselves with the help of wages, primary social benefits, or other income.

According to the Social Assistance Act, each person has the primary responsibility to care for himself and those in his charge. While social assistance is meant to be temporary and the aim is to promote the recipient's independent action, current legislation contains no strict obligation to work.

The criterion for granting social assistance is that moderate expenses exceed household income. The social assistance should at least cover the difference between the expenses and the income. Social assistance comprises a fixed basic portion and an additional portion. The purpose of the basic portion is to ensure regular daily food and other household expenses. The Social Assistance Act (1412/97) lists fairly exactly the household expenses which the basic portion of the social assistance should cover. The additional portion is meant to cover such living and health care expenses due to other special household needs, which the basic portion does not cover. The necessary expenses covered by the additional portion are listed in the Social Assistance Statute (66/98), which is based on the corresponding Act. When evaluating the necessity of expenses, local discretion can be used, in accordance with the general level of

expense prevalent in the locality. Taking the cost of housing into account is an example of the use of discretion.

The basic portion of the subsistence allowance is determined in the Social Assistance Act. It differs for persons living alone, single parents and families with children. The ages of children also affect the amount of the social assistance. Persons over 18 years of age still living with their parents are treated as living alone and receive a reduced allowance. In the case of students who apply for subsistence allowances, the income of their parents may be taken into account even though the students do not live at home. The basic portion of the social assistance can vary from one local authority to the next, based on two different expense categories.

When reviewing social assistance entitlements, all the applicant's disposable income is taken into account, irrespective of source. When calculating the amount of the allowance, some or all of the income may be disregarded, if the amount involved is minimal and leaving it at the disposal of the applicant will promote acquisition of an independent means of livelihood.

The applicant's disposable assets are also taken into account when granting the allowance, but assets vital to ensure his or her continued subsistence do not affect whether the allowance will be given. For example, this would refer to a dwelling and indispensable equipment for work and study. The income or assets of minors (under 18 years of age) living with their parents are not taken into account insofar as they exceed daily expenses to be taken into account.

Applying for a subsistence allowance

An application for social assistance is made to the local authority social welfare office where one is domiciled. Appeals may be made to the local authority social services board, whose decision may then be appealed to the County Administrative Court. Social welfare offices are staffed by social workers and administrators or benefits processors charged with managing social assistance in each locality. Office staff, especially in large local authorities, frequently manage the processing of social assistance applications and related payments. Social workers concentrate on the support needs of clients and ratify social assistance decisions only as a formality.

When clients first apply for social assistance, a time is reserved for them in the social welfare office so that the situation of the person or family and the need for the allowance can be examined thoroughly. However, more and more subsistence allowance applications are now being processed in writing from the outset because time does not suffice for officials to meet all clients, especially in bigger localities.

Applications for social assistance are usually made by completing a form to which is attached evidence of the income of each member of the family and any additional income, a tax statement, a rent receipt, a savings statement, property and debts and other relevant documents as evidence of the household's financial status. Applicants should normally identify themselves to a clerk when applying for allowances. Social welfare offices are legally entitled to obtain information about clients directly from other officials. When applying for assistance, the starting point is for the clients to present facts about their income and situation.

On the basis of the application and attachments, the social welfare official assesses the applicant's right to social assistance. In principle, this is paid for a period of one month after which the application must be renewed. Renewals are mostly made in writing but clients are also interviewed in connection with renewals depending on local circumstances. Underlying this is the fact that allowances are based on the actual needs of clients at any given time.

Social assistance applications are processed by computer, except in smaller local authorities. They are usually paid to the client's bank account or in the form of a post office giro and, by exception, in cash. Cash payments may be made in cases of acute need (for example, for weekend food expenses) or to people without a bank account.

Social assistance clients

The law states that all persons domiciled in Finland in need of minimum benefits are entitled to social assistance. Members of some groups may be treated differently. Immigrants are one such group. The law states that immigrants have an equal right to the allowance as others because receipt of it is based on domicile, not on nationality. In order to promote the integration of immigrants into society, some extra conditions have been introduced since 1999. These state that immigrants must take part in drawing up an activation plan for themselves within five months of receiving social assistance. If they do not follow the plan, their social assistance can be cut by 20%.

The number of subsistence allowance recipients rose steeply during the 1990s' recession. At the start of the 1990s, they numbered 6 - 7% of the population. i.e. about 300 000 persons, whereas the proportion rose to almost 12%, or roughly 600 000 persons, in 1996 (Table 2) due to very high unemployment. The number of recipients declined for the first time in 1997 and this trend continued in the following year.

Table 2 Social assistance recipients as a percentage of total population 1990-1998 (%)

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998
Population (%)	6.3	7.9	9.2	10.4	11.3	11.4	11.9	11.5	10.4

Social assistance recipients are chiefly young, urban residents living alone. 68.4% of all recipients were urban residents and 37.9% were under 30 years of age, the largest group by age (Appendix, Table 1). On the other hand, the group of recipients declining most in 1998 was that of young people (2.5% less than in 1997). Of groups receiving social assistance, the largest by far is made up of people living alone and the largest among individuals is made up of single men (see Appendix, Table 2).

Amount and adequacy of social assistance

The basic portion of the social assistance is determined by place of domicile, family size and the number and ages of dependent children. The national minimum per month for a single adult living alone is roughly EUR 333 (FIM 1981) in the least expensive local authority category and roughly EUR 348 (FIM 2071) in the most expensive. The basic portion is indexed to the national pension. The basic portion for different family categories is based on an incremental equivalence scale and the social assistance rises slightly when a child reaches 10 years of age (Table 3) .

Table 3 Basic amount of social assistance by household category and equivalence scale on 1.1.2000

Household type	Amount of benefit per month in euros*	Equivalence scale
1 adult	348	1
2 adults	592	1,7
1 adult + 1 child**	567	1,6
2 adults + 2 children***	1037	3
2 adults + 3 children****	1222	3,5

* Basic portion in the first or most expensive local authority group

** One child under 10 years of age

*** One child under 10 years of age and one child 10 – 17 years of age

**** Two children under 10 years of age and one child 10 – 17 years of age

Research results show that Finland's social security worked well during the worst years of the 1990s recession and, despite high levels of unemployment, income differences did not widen significantly. At the end of the 1990s, they appear to be increasing again and the poverty level has risen slightly. There

are difficulties associated with social assistance, shown by the need for parish-organised economic assistance in addition to the official social assistance system. This “unofficial” need is due mainly to long-term unemployment and the fact that what was intended as temporary social assistance does not meet every need.

Social assistance amounts are usually rather small because they are intended only as an addition to individual or family incomes. All primary social welfare benefits must be applied for first and only when household expenses, on the basis of which the social assistance is granted, exceed a household’s income can social assistance be granted. Primary social welfare benefits include pensions, unemployment benefits, daily sickness allowances, maternity allowances, child supplements and housing benefits.

Local Social Insurance Institution branch offices handle nearly all primary social welfare benefits. Social assistance is the only form of support managed by social welfare offices. Consequently, social assistance clients must go to at many different offices in order to apply for support. An unemployed person receiving both labour market support and social assistance, for example, must go to the Social Insurance Institution office, the unemployment office and the social welfare office on a regular basis.

Administering and financing the subsistence allowance system

The Ministry of Social Affairs and Health is responsible for administering and developing the social assistance system. It issues guidelines for adapting the social assistance in order to help local authorities make equitable decisions, irrespective of where recipients live. On the other hand, local authorities do not have to apply Ministry guidelines strictly and can use their discretion within the framework of the Social Assistance Act. It cannot be denied, therefore, that clients may be treated somewhat differently, depending on where they live.

Despite the comparatively high numbers of recipients, the costs involved are extremely low in proportion to social security expenses overall. This is due to the supplemental nature of the social assistance over and above that of other benefits. In 1998, Finland’s labour market support expenditure came to FIM 5 357 million (EUR 900 million). Advance data indicate that social assistance spending amounted to FIM 2 600 million (EUR 437 million), the equivalent of 1.4 % of all social security expenditure and 0.4 % of GNP. Advance data also indicate that spending related to unemployment for the same period amounted to 11.5 % of social security expenditure and 3.2 % of GNP. Most of the social assistance expenditure is financed from local authority funds, the State being responsible for one fourth of the expenses on average. (STM 1999b).

Summary

The Finnish social assistance system for the unemployed consists of earnings-related benefits and basic benefits. The system came about at a time when unemployment was essentially at a lower level and of shorter duration than now. The basic idea is that it ensures subsistence for unemployed people comparatively well (in the short term), at least for those who are unemployment fund members and meet the condition of having been employed in the past. With changes in the labour market and a high level of structural unemployment, the situation has changed.

The proportional numbers of unemployed welfare recipients can be described in the following simplified way (1998 statistics):

[]	Earning-related unemployment benefits - primary benefit, insurance-based	170 000 - downward trend
[]	Basic daily allowance (not earnings-related)	20 000 - downward trend
[]	Labour market support (part of basic social security)	180 000 - upward trend
[]	Unemployment pension	45 000 - upward trend
[]	Social assistance - mainly due to unemployment	about 200 000 - downward trend

The above development has resulted in the exception becoming the rule i.e. the quantitative focus of unemployed people living on social security has switched to the sphere of discretionary minimum benefits. Basically, the issue involves two processes – the growth of long-term unemployment (due to exhaustion of earnings-related benefits) and the weaker status of young persons on the labour market (young unemployed people without a job history).

2 Activation policy in Finland

The structure of this chapter is as follows. At the outset, we will describe the structure of Finnish employment policy and its main tasks and the ensuing conflicts in co-operation between civil servants. In conjunction with this, we will also give results of interviews with national opinion-makers. Next, we will analyse the key structural features of the Finnish labour market. Activation policy will be examined by first describing national policy objectives and implementation of the EU-co-ordinated employment policy (NAP) in Finland. Thereafter, we will report briefly on the status of recent preparations for an active social policy and illustrate what is central to this study, the active social policy reform, intended to come into effect in the autumn of 2001. In the same context, we will present the views of Ministry officials and other national opinion-makers on the reform and its preparation. At the end of the chapter, we will describe the current status of activation policy practices in considerable detail.

The structure and internal tensions of employment policy

Employment policy in Finland denotes efforts and selective measures used to promote the operation of the labour market. It comprises passive (unemployment benefits) and active elements. The classic question, and one that is constantly in the news in Finland, is the extent to which employment policy is equated with economic or social welfare policy.

In Finland, employment policy is seen as having three basic tasks - (i) counter-cyclical, or related to economic policy, (ii) structural, or related to trade policy, and (iii) redistributive, or related to social policy. It performs its counter-cyclical or economic policy task by clearing recruitment obstacles and professional bottlenecks and by facilitating the supply of a qualified labour force in growth areas. Employment policy's role is to exert a stabilising influence on economic development in general. It performs its structural or trade policy task by shaping labour force qualifications to the demands of trade and industry. It performs its redistributive or social policy task by improving the labour-market status of disadvantaged individuals and groups. Part of this task is ensuring the subsistence of unemployed people.

Thus, we can understand modern employment policy as having two aims, one relating to economic policy and the other to social welfare policy. Economic policy aims become more important when there is an upward trend in the economy, whereas social policy aims do so when the trend is downward. During a downward trend, it is seen as essential that the unemployment benefits system should support active job-seeking and that temporary work opportunities should be created by demand side operations. It is vital that the unemployment benefits system should integrate unemployed people into active

measures and not provide moderate subsistence for too long a period without improving labour market qualifications (Reference for the foregoing section, Skog & Räisänen, 1997, 57 - 64).

From the standpoint of our study, the above description of employment policy "theory" leads to the following observations:

- Public employment policy is mainly economic policy and the more it becomes so, the more there will be an upward economic trend;
- The redistribution or social policy task is inherently contradictory or tension-inducing insofar as ensuring a moderate subsistence for the unemployed is easily interpreted as being an obstacle to maintaining employment and qualifications, or at least a disincentive;
- Tensions induced by the redistribution task are a trigger for activation demands and activation policy as a whole;
- After the deep economic downturn at the start of the 1990s, Finland has experienced a sustained economic upswing for six years. Despite this, a high structural unemployment rate has forced the authorities to analyse and develop social policy aims that properly belong to a recession.

In fact, it can be shown that the chronically high structural unemployment level has put some of the labour force beyond cyclical and structural policy measures. This is because the rapid growth of the economy and the generation of new jobs do not seem to affect this group, which is on the margin of the labour force but is far from marginal in terms of numbers. Against this background, it is easier to understand the recent repeated demands for unemployment social security levels to be graduated downwards in proportion to duration and obligations linked with social security to be increased

These tensions also recurred in interviews we conducted with politicians and leading officials.

The contrasting missions and internal tensions in employment and social welfare policies

We interviewed policy makers at the national level and leading civil servants in the Ministry of Social Affairs and Health (3 interviews), the Ministry of Labour (3 interviews), and labour market organisations (3 interviews). We interviewed the responsible Ministers in both Ministries (Ms Maija Perho, Minister of Social Affairs and Health and Ms Tarja Filatov, Minister of Labour) and the two most strategically positioned civil servants in each Ministry. The key strategist in the Ministry of Labour (the civil servant with line responsibility) defined the conflict in the foregoing tripartite task of defining employment policy as follows. The employment administration's task is to ensure the general operation of labour markets. This means that by ensuring the availability of a qualified labour force, ongoing economic growth is

made feasible. This end is served in Finland by a number of other means of control such as the comprehensive wage agreement, the playing rules for the working world, and unemployment benefit systems. The other key daily task of employment policy is reducing structural unemployment, which includes the issue of long-term unemployment. A struggle occurs at unemployment office level to reconcile these three distinct demands. They are: management of long-term unemployment, services for employers and adequate work performance levels.

In the view of opinion-makers in the social welfare administration, the pressure in the employment administration is effectively to be seen to meet quantitative profit targets. Where the employment function is concerned, it means that resources and efforts should be directed towards the unemployed whose outlook is best and for whom any measures taken have the greatest chance of success. This is a way of achieving a moderate input/output ratio. In the social welfare administration, the dilemma is expressed as "whom should we serve first – employer or unemployed"? The conflict is generally resolved by skimming off the cream to some degree. Or, as one high-ranking civil servant in the Ministry of Social Affairs and Health put it, "... if someone difficult to employ is deemed not really available to the labour market, then responsibility for them is easily devolved to local authority social welfare officials, whose task it is to look after them".

It is important that the employment exchange retains an adequate market ratio of jobs to be filled. Today, this "market proportion" is around 30 %. Only an adequate ratio of available jobs brokered by employment exchanges will allow proper management of the problem of the long-term unemployed.

Representatives of the Ministry of Social Affairs and Health considered that the strain of co-operation and the difficulty of handling the problem of the long-term unemployed result from the contrasting missions of the two authorities. To put it in a nutshell, the social welfare administration's interest lies in helping people maintain and recover control over their lives, whereas the key interest of the labour authorities lies in employing these same people on the open market. Social welfare's "new ethic" also emphasises that clients in this system must primarily take charge of their subsistence through the work they do; a discretionary social assistance is a temporary and secondary solution. The Social Affairs and Health official we interviewed felt this ethos was justified because of a conviction that being employed is still the only or at least the chief means of maintaining cohesion in society.

The doubts of the political leadership and strategists of the Ministry of Social Affairs and Health about selective actions under employment policy were endorsed in the interview with the Minister of Labour. The Minister expressed a wish to devolve responsibility for most of those receiving labour market support from the Ministry of Labour to the Ministry of Social Affairs and Health. The basis, according to

her, is that the help needed in their case is part of social welfare policy, not of employment policy. The Minister believed that the Ministry of Labour officials are not qualified to process and administer the social and health problems of people. In her opinion, the tasks of Ministry of Labour officials and Ministry of Social Affairs and Health officials became confused during the mass employment of the 1990s. An effort is being made to correct the situation by reform of active social policy and by devolving responsibility for the long-term unemployed with multiple problems onto local authorities, i.e. the social welfare sector. The Minister held that the employment administration was in danger of losing its key function of serving companies in those years. The matter is now being corrected.

Representatives of the labour market organisations, when interviewed about the key tasks of employment policy, were of the same opinion as the Minister of Labour. The Deputy Director of the Central Organisation of Finnish Trade Unions, considered that in the current situation, the key tasks of employment policy should focus on economic policy and employment. The Organisation's concern regarding those difficult to employ is focused on the older unemployed and those needing retraining. The issue of the long-term unemployed with multiple problems is not a thing which the Organisation regards as being within its direct responsibility.

Structural features of the labour market

A typical feature of the Finnish labour market, in common with other Nordic countries, is widespread participation by women. In 1998, the proportion of men in the labour force aged 15-64 was 75.1%. The corresponding figure for women was 69.7% (Labour force Statistics 1998).

After the decline at the start of the 1990s, Finnish employment rate has been rising again with the increase in the number of jobs. In 1998, the employment level was 64.1 %, as against 1995, the worst year, when it was 59.9 % (See *Työmarkkinat* 2000:4). There is still a gap between this rate and what it was at the start of the decade (70%), but the current government has set as its objective that the numbers at work will approach 70%. The rise in the number of men employed from 1997 to 1998 was 32 000, while for women the number rose by 21 000 (Labour force Statistics 1998). According to advance data, a more rapid rise in the number of women employed occurred in 1999 (Labour force Statistics 1999, 4th quarter). Employment levels for women, at 61.3 % in 1998, were 5% lower than for men (Savola, 2000).

The number of people employed part time in Finland is fairly low by international standards, being about 11% in 1998. In addition, part-time employment characteristically involves women. For example, 66% of those in part-time employment in 1998 were women. After the recession, part-time and fixed term

employment relationships increased, especially for women. In 1998, 20.6 % of women were in part-term employment, whereas the corresponding percentage for men was 14.5%. In 1998, 81.7% of men were in full-time permanent jobs, whereas the corresponding figure for women was 69.3% (Labour force Statistics 1998).

Finland's employment situation deteriorated dramatically in the early 1990s due to the downswing in the economy. The number of unemployed persons almost quintupled at the start of 1994, the worst year. Subsequently, the unemployment rate gradually declined. Trends in the number of unemployed are shown in Table 4.

In Finland, trends in the number of unemployed are monitored by two statistical methods. Since these statistics are gathered by a different method in each case, unemployment figures differ considerably. The statistics for the unemployment office contain all registered unemployed persons seeking jobs, including all those laid off for a fixed period. Unemployment research by Statistics Finland, on the other hand, is based on a given sample and the number of unemployed is calculated according to ILO recommendations and the practice of Eurostat, the EU Statistical Office. The official unemployment level in Finland is calculated on the basis of labour force survey (Table 4).

Table 4 Trends in number of unemployed in Finland by two statistical methods 1991-1999

Year	Unemployed Job-seekers*	Number of unemployed based on labour force survey**	Unemployment rate*** (%)
1990	103 164	82 000	3.2
1991	213 201	169 000	6.6
1992	363 121	292 000	11.7
1993	482 173	405 000	16.3
1994	494 247	408 000	16.6
1995	466 013	382 000	15.4
1996	447 987	363 000	14.6
1997	408 964	314 000	12.7
1998	372 431	285 000	11.4
1999	348 140	261 000	10.2

* Based on data registered by unemployment offices

** Based on labour force data at Statistics Finland

*** Based on labour force data at Statistics Finland

Unemployment among men has traditionally been higher than among women and, in the recession's early years, it also rose faster and higher than it did for women. Against that, unemployment figures among men have also declined quickly in recent years. In 1998, the unemployment rate for men was only 10.9%, whereas for women it was still 12 %. Unemployment among young people rose sharply at the start of the 1990s, but it also declined fairly quickly, whereas unemployment among the older population rose more slowly and remained at a high level for a longer period and still does not seem to be falling. Long-term unemployment has also remained at a fairly high level. (Table 5)

Table 5 Unemployed job-seekers by gender, age and length of unemployment 1991-1999*

Year	Men	Women	Less than 25 years old	Less than 50 years old	Over 1 year unemployed	Over 2 years unemployed
1991	134 611	78 590	45 762	29 073	5 298	539
1992	221 485	141 636	77 835	51 798	29 239	1 302
1993	280 729	201 444	97 697	72 838	86 018	10 079
1994	276 896	217 351	92 213	86 400	133 561	32 740
1995	254 865	211 148	80 510	93 239	140 224	53 620
1996	241 430	206 557	68 552	104 721	134 898	59 042
1997	214 937	194 027	53908	110 766	124 558	56 957
1998	190 183	182 248	46 861	108 175	112 612	54 656
1999	177 190	170 950	44 267	105 477	97 981	50 620

* Information based on data in unemployment office registers

Objectives of a national activation policy

Finland was closer to the EC countries in its activation measures and in relation to their cost than to the average for traditionally active Nordic countries in the mid-1990s. With the rise in the number of unemployed at the start of the 1990s, sharply increased expenditure on passive measures reduced the relative importance of any active measures (Hvinden, 1999).

In government programmes of the 1990s, activating and encouraging the unemployed to find work was seen as a key means of improving unemployment levels and the most important economic policy objective of Prime Minister Paavo Lipponen's first and second terms, the latter beginning in 1999. The

importance of activating the unemployed in Mr Lipponen's second term is accented in his social policy as well. Taxation reform, social transfers of income and payments for services so that they form a comprehensive whole supporting employment and self-motivation are seen as the means to activating the unemployed.

The importance of preventing poverty, exclusion and accumulation of disadvantage is also stressed in the government's programme. The long-term unemployed are among key target groups it is wished to protect from poverty and exclusion and related problems of control over life and subsistence. The programme specifically states that, in order to prevent exclusion and reduce unemployment, recourse should be had to the resources provided by an active employment policy and co-operation between administrative sectors should be promoted.

Finland has no particular programme or strategy against exclusion

The Finnish government operates no particular comprehensive programme in relation to poverty or exclusion. This is mainly a result of the Nordic welfare regime and social policy structure. The prevention of poverty is a central and integral part of the welfare model. The key element is the redistribution of income through taxation and social transfers. The model has functioned well in this regard, an indication of which is the fact that income poverty levels have fluctuated between 2 – 6 % over the last 15 years.

It is indicative that concepts of poverty and exclusion have never been a feature of government programmes in Finland. The exception is the current government programme (1999-) which contains a number of policy themes against exclusion. Most themes and efforts relate to efforts to reduce long-term unemployment and to engender an active social policy, in particular.

It should also be realised that Finland's last resort social security (social assistance) is still one of the most liberal in the EU and does not contain obligations (Kuivalainen, 2000).

Implementation of an activation policy co-ordinated by the European Union

Since 1998, an Employment Policy Plan of Action in accordance with the European Union's new employment strategy has been drawn up in Finland each year. The chief objective of the 1998 Plan of Action was to improve labour market operation and combat the exclusion of the unemployed. Its special objectives were *inter alia* to inhibit and reduce long-term and youth unemployment and increase the number of active measures among the unemployed themselves. The 1999 Plan of Action particularly

addressed the development of a division of labour between passive and active labour market measures and research into the impact they have on the labour market.

In accordance with the most recent guidelines set by the European Union, Finland's third plan, the 2000 Employment Policy Plan of Action, stresses increasing employment as well as the availability of the labour force and improving the labour market especially with respect to raising the skills levels in the population. In dealing with unemployment, efforts will be made to switch the focus from dealing with short-term unemployment to anticipatory measures for dealing with potential long-term unemployment. The provision of tailor-made employment services and training is seen as a means to the latter. The aim in services for those most difficult to employ is to switch the focus to closer co-operation between the different parties involved and clearly define their responsibilities.

The Objective 3 Programme, financed by the European Social Fund (ESF), was implemented for the first time in Finland in the 1995-1999 programming period. The programme objective was to combat youth unemployment, long-term unemployment and exclusion and promote entrepreneurship. One of the programme's key concepts was to combine different labour market policy measures along individual paths with expert help. A total of FIM 5 500 million (EUR 924 million) was reserved for the period, 29% of which was paid by the ESF. State, local authorities and private interest groups financed the balance. According to post-evaluation, the programme attained its overall objective. The implementation of measures at local level was helped by co-operation and the easing to some extent of the unwieldy division of labour between local officials (Arnkil et al., 2000).

The Objective 3 Programme for the years 2000-2006 supports implementation of the National Employment Policy Plan of Action. The programme's objective is to create jobs and training for about 25 000 persons during the programming period. The objective will be attained primarily by preventing labour force bottlenecks, finding jobs for unemployed people on the open market and facilitating the transfer from training to the world of work. The focus in managing the unemployment issue will be to deflect long-term unemployment and exclusion and to integrate people who are difficult to employ into the labour market.

National working groups to develop an active social welfare and employment policy

The most recent guidelines for an active social welfare and employment policy were developed in two ministerial-level expert working groups. In December 1988, the Ministry of Social Affairs and Health set up the Active Social Policy Working Group, whose activity focused particularly on the problems of the common clients of the social welfare and employment administrations. The task of what was became

known as the Välimäki Working Group consisted of proposing structural and legislative measures by which the employment and activation conditions of clients who were difficult to employ could be improved. The focus was on clients whose subsistence relied at least partially on receiving social assistance and whose situation could only be improved by more effective co-operation between local authority officials.

The working group defined the principles and starting points of an active social policy in Finland. These principles emphasise the primacy of work in making a living and society's duty to develop support and service systems to activate individuals and help them keep involved. Principles include *inter alia* the requirement that work is economically worthwhile and a recommendation that, in order to develop an active social policy, current social welfare resources must be applied in a new way.

The Välimäki Working Group proposed a number of measures, or to be more exact, a programme for the development of an active social policy. In order to resolve the situation of common clients whose labour market status is most problematic, the working group suggested rehabilitative work. Rehabilitative employment would involve a set of special measures for long-term unemployed social assistance clients who have not found work and who find it hard to take part in primary labour market measures. This was arranged in several local authorities in the 1990s but, in order to carry out the rehabilitation employment proposal, the desire is to create an appropriate legislative framework and establish the conditions for the proposal to be implemented throughout the country.

Rehabilitative work is not employment in the traditional sense. Rather, it is meant to improve the unemployed person's control over life and promote his or her potential to get work on the open labour market or participate in certain employment administration measures that support a return to work. The purpose is to return the person to the open labour market.

The second working group was constituted by the Ministry of Social Affairs and Health and the Ministry of Labour in January 1999. Known as the Väärälä Working Group, its objective was to study co-operative practices in existence between the social welfare and employment administrations and measures currently employed to promote employment and activation of common clients. The purpose was to identify currently effective joint methods and propose measures that would develop and strengthen new forms of co-operation.

The working group stated in its Report ("Active co-operation between social welfare and employment administrations"), that these administrations would have to agree on an annual strategy at a national, regional and local level to promote the activation and employment of common clients who were difficult

to employ. In addition, the working group proposed a permanent discussion link between the management of the regional and local sectors, in which common annual production objectives regarding the employment of people who were difficult to employ or motivate would be agreed. The working group considered a common employment and social and welfare administration service point as a potential solution at local level, where the focus would be on the long-term support of common clients.

According to research carried out by the working group, a profound re-assessment of the division of responsibilities between social welfare and employment administrations is needed in order to manage common clients who are most at risk. According to the working group's proposal, a joint service transcending sector limits must be established by setting up permanent joint service points involving employment and social and welfare administrations at local level. The joint service point would represent the most durable structure possible serving common clients, in which administration employees would find an opportunity to focus with perseverance on the situations of common clients and ensure the development of expertise in caring for long-term clients.

The joint service point would comprise social welfare and labour employees, who would form a small team concentrating only on helping those clients who were most difficult to employ. The local authority and the State would specifically allocate some of their resources to developing a service for common clients so as to ensure continuity. Local management in the employment and social welfare administrations must agree on the resources available for and continuity of the joint service.

Active social policy reform in 2001

The government's ministerial group for social policy outlined the development and thrust of active social policy by deciding in June 2000, in accordance with the government programme, on actions to raise the employment level and prevent exclusion and poverty. The proposals put forward by the working group on active social policy formed the ministerial group's starting point. The programme prepared by the Lipponen cabinet is contained in the National Budget proposal for 2001. It is intended that legislation on an active social policy will enter into force in the autumn of 2001.¹

The new legislation is binding on both employment administration officials and local authorities (social welfare officials). It is intended to ensure that action is undertaken to improve the situation of unemployed people by applying individual measures at the earliest stage possible.

¹ The active social policy reform programme with respective new legislation was adopted with minor changes in December, 2000, by the Parliament so as to enter into force on first of September, 2001.

The employment administration must interview unemployed job-seekers initially (Plan 1) and jointly draw up job application plans agreed between both parties. After unemployment of at most 5 months, the unemployment office must draw up with the client a plan to improve job preparedness (Plan 2). This plan includes a range of more effective, individual actions. If unemployment continues, the first joint measure between employment and social welfare administration officials will begin (Plan 3). This is called *an activation plan*. It is drawn up in co-operation with the client. Guidance towards *rehabilitative employment* is part of the activation plan. The client must act in accordance with Plans 2 and 3 and must show that the plan was followed. Adherence to the plan is a condition for receiving a daily unemployment allowance and labour market support. This is the process by which an unemployed client will undergo gradually more intensive activation steps within the employment administration.

If the unemployed person is a local authority social welfare (social assistance) client, the process is slightly different. The principles underlying different stages vary. If the social welfare client has received social assistance as his or her chief means of support in 12 of the preceding 13 months, the local authority social welfare office, together with the unemployment office and the recipient, must draw up an individual activation plan. Activation plans must be drawn up earlier for social assistance applicants under 25 years of age, i.e. as soon as it becomes clear that they have not applied for training or registered as job-seekers. There are provisions to be added in the Social Assistance Act accordingly under which officials granting allowances can oblige unemployed persons (as social assistance recipients capable of work) to register at the unemployment office as unemployed job-seekers.

The activation plan (Plan 3) denotes an overall set of measures, which includes (i) regular measures undertaken by the employment administration to promote employment, (ii) use of the social welfare and health services, and (iii) a new element, the opportunity (in certain circumstances, the obligation) to take part in rehabilitative work.

Taking part in rehabilitative work is obligatory for persons under 25 years of age and a refusal results in the withdrawal of labour market support and a reduction of the social assistance to a maximum of 40%.

The target group for active social policy is estimated at 60 000 persons. There are estimated to be about 8 000 persons under 25 years of age each year participating in rehabilitative work. It should be emphasised that persons over 25 years of age may freely participate in the measures, but it is obligatory for those below that age.

The ministerial social policy group also decided that employment administration and social welfare administration co-operative groups would be established at local authority level nationwide. One of the duties of these co-operative groups is to direct common clients to take part in rehabilitative work.

Views associated with preparation of reform

We interviewed Ministers and key central administration officials while the ministerial groups were preparing the reform of an active social policy. Ms Perho, Minister of Social Affairs and Health, led the preparations and Ms Filatov, Minister of Labour, was a member of the group.

According to the Minister of Social Affairs and Health, the social welfare administration regards the reform as more important and more urgent than the employment administration does. Officials took this as being due to the fact that the problem of the long-term unemployed is felt more acutely in the social sector. The reform was prepared and led mainly by the Ministry of Social Affairs and Health

As remarked above, the Paper by the Active Social Policy Working Group laid the basis for policy preparations. As they evolved, the scope and content of measures elicited questions about activation concerning social policy, tax reform, the income trap issue, the potential of older persons to remain employed and exclusion in society.

The core of the reform, according to an official participating in preparations, focuses on three things: (i) efforts to reduce overall unemployment, (ii) efforts to prevent unemployment becoming long term and (iii) efforts to use new ways of addressing the issue of people (the long-term unemployed) who have become excluded from the labour market.

According to the strategy of the Ministry of Social Affairs and Health, the reform would not devolve responsibility from one official to another. Instead, it would help co-operation (co-ordination). When interviewed, the Minister of Labour believed the reform clearly devolved responsibility from the national employment administration to local authority social welfare officials and that this was the right course. An innovation contained in the active social policy reform is the organisation of *rehabilitative work*, likely to be prescribed as the task of the local authorities. The Minister of Labour stressed that employment in the strict sense of the term is not involved. It is rehabilitation and it is right, therefore, that the local authorities take charge of it and that it not be associated with private enterprise (for example, work subsidy schemes).

The original idea of the reform was to increase the incentives for leaving the system i.e. laying down participation in rehabilitative work as a condition for receiving last resort social security – in a precisely defined way. This turned into a key public discussion point. The incentives for leaving the system and any element of enforcement were watered down to apply only to young persons without a job history, who enjoyed minimum compensation levels. The Minister of Social Affairs and Health conceded that the concept of incentives and redefining the rights and obligations of the individual did not seem to sit well in Finland.

We also interviewed representatives of labour market organisations. The employers were represented by Delegate Åström of the Confederation of Finnish Industry and Employers (TT), and the employees were represented by Deputy Chairman Ahmavaara of the Central Organisation of Finnish Trade Unions (SAK), the largest organisation of salaried staff.

The employers stressed the importance of early involvement in the unemployment process. They also defended the idea of incentives – especially with respect to young persons. Employers maintained a comparatively strict stance throughout preparations for the reform of an active social policy. The view put forward in interviews conforms to the traditional employer stance, in accordance with which automatic basic benefits should be set fairly low and subsequently raised, based on individual means-testing. The employer representative had no particular view on co-ordination between local authorities and employers. Instead, prescribing further duties for local authorities (i.e. rehabilitative employment, etc.) was considered positive. The general tenor was that primarily social policy tasks should not be imposed on public employment policy.

The Central Organisation of Finnish Trade Unions's representative submitted a dissenting opinion at the preparatory stage of the report by the active social policy working group. The reform was later modified (concerning the level of obligation with respect to rehabilitative employment) so that the Organisation gave it its support. The problem of people who are difficult to employ is not a key issue for the Organisation, but maintenance of employment levels and unemployment benefit issues are. Therefore, Central Organisation of Finnish Trade Unions roundly opposes political demands for lowering earnings-related unemployment benefits in the case of prolonged unemployment.

Adopted activation measures

Discussions about activation and issues concerning employment responsibilities related to social benefits were stepped up in the mid-1990s. The obligation to work or participate in employment training under threat of sanctions was already integral to unemployment benefit principles. A similar employment

condition was linked to social assistance for the first time in 1996 and a stricter line was adopted in the Social Assistance Act, which entered into force at the start of March in 1998. The changes reflect the general swing in welfare ideology in the 1990s away from passive maintenance of subsistence to an active social policy.

Activation of unemployment benefit clients (employment administration measures)

Efforts will be made to activate unemployment allowance clients as soon as they lose their jobs. This will include motivating them during prolonged unemployment by maintaining the threat of a waiting period to be imposed on the payment of allowances if the client fails to take an active stance. Activation measures apply to all registered unemployed persons in the same way, i.e. both recipients of labour market support and recipients of basic daily allowances. An exception is made for young recipients of labour market support whose level of activity is circumscribed by other conditions described above. No strict obligation to work is linked to receipt of social assistance but recipients, if registered as unemployed, are entitled and likewise obliged to undergo employment policy activation.

The unemployment office service process was reformed at the start of 1998 in a more active way. The reform involved in the first place unemployment offices being charged with drawing up a job-search plan for each of their clients and monitoring developments by interviews at predetermined intervals. It is intended that a job-search plan be drawn up for the unemployed person as soon as possible at the start of the unemployment, after a detailed interview. In accordance with the law, the objective is to draw up a job-search plan for each unemployed person within five months of the time he or she becomes unemployed. Client and unemployment office agree in the plan on the services and measures necessary to return the client to the open labour market. After unemployment has lasted 500 days, the unemployed person is entitled to have the job-search plan restructured.

After the initial interview, the unemployment office must invite the unemployed person to a job-search interview at predetermined intervals, when the client's job-search information is checked and added to, the need for services and measures is investigated and implementation of the plan is checked. Although completion of the interview and plan is the right of the unemployed person, it is also obligatory and a refusal to comply can lead to withdrawal of unemployment benefit for a given period.

Efforts are also made to activate persons receiving employment allowances through deterrents instead of incentives (sanctions, a waiting period to be imposed on payments). Activation is pursued by resorting to withdrawing labour market support or earnings-related or basic daily allowances for a period, if the person refuses to accept suitable work or participate in training provided by the employment authorities.

If someone unjustifiably refuses work, hands-on training or other training suited to their capacity to work, support can be withdrawn for two months, as it can if the behaviour of the unemployed person gives grounds for denying them training or jobs. If an employment allowance recipient repeatedly refuses work and measures promoting employment without a valid reason, the allowance can be withdrawn for three months from the time he or she resumes work or begins training.

Efforts are made to direct activation measures especially towards the young unemployed. When the labour market support was introduced in 1994, it had the same waiting period conditions attached to it as earnings-related and basic daily allowances. However, in 1996 the activation principle was included in conditions for labour market support for persons under 25 years of age. Efforts are being made to activate young persons and prevent exclusion by withdrawing labour market support from young persons without a vocational training who do not seek work or training. Active employment policies come in different forms, i.e. employment policy adult education, work experience, hands-on training or rehabilitation measures organised by unemployment offices, apprenticeship training or training for the long-term unemployed. The employment authorities can also provide, for a given period, gainful employment or apprenticeship training corresponding to normal work by means of various support systems. Work subsidy schemes complement the primary employment services. At the end of 1998, about 195 800 unemployed persons were receiving labour market support of which 14 % were also involved in primary activation measures (STM 1999a).

Employment policy adult training is one of the key means used in employment policy. The objective is to improve the employability of job applicants and prevent any lengthening of their unemployment and consequent exclusion. It is intended to offer the unemployed person a chance to update his or her expertise and provide them with the qualifications needed in a changing labour market. Attention is still paid to dislodging the bottlenecks in the labour market by means of up-to-date training. Unemployed persons over 20 years of age can seek employment training through unemployment offices. Training can last from a few days to more than a year.

In 1997, about 46 800 unemployed persons took part in employment training. According to a survey by the Ministry of Labour, the status of unemployed participants has broadly improved in comparison to unemployed people who did not take part in training, i.e. the measures would appear to have influenced the promotion of qualifications needed and employability.

Work subsidy schemes can be used to develop employment opportunities for unemployed people and job preparedness for professionals, if unemployment offices cannot arrange genuine work or employment training to promote employment for unemployed people. If an employer takes on an

unemployed job seeker, the unemployment office can grant an employment subsidy to cover wages. This benefit can be granted for a maximum of ten months, but in practice it usually lasts six months due to the limitations on unemployment funds. Work subsidies are intended primarily for young people under 25 years of age, the long-term unemployed and people threatened with exclusion from the job market.

In 1998, the opportunity was introduced for recipients of labour market support to be employed by means of a combined subsidy, a type of employment subsidy intended for the long-term unemployed. The conditions for receiving this benefit are that the unemployed person has already received either labour market support or an earnings-related or basic daily allowance for 500 days and is still entitled to labour market support. Labour market support worth about FIM 2 500 per month is paid to the unemployed person's employer, who also receives a maximum employment subsidy of FIM 2 500 per month. Employers are eligible for combined subsidy for a period of one year per each unemployed. Introduction of the combined subsidy scheme is an effort to create jobs especially in the non-governmental sector. At the end of 1998, about 6 554 persons were employed by this means.

Another way of employing the long-term unemployed and difficult to employ clients is work experience, the conditions for which are not as strict as for standard employment measures because interruption of the employment period does not lead to the withdrawal of support. Work experience has traditionally been one way of obtaining work, especially for people with learning difficulties, but it has also been used to facilitate the return to the labour market of persons who are extremely difficult to employ for other reasons.

Activation of social assistance clients

Social assistance clients have been the object of both positive and negative measures in order to activate and encourage them to return to the job market. The activation requirement is evident in preconditions for social assistance and in the service process itself. In accordance with the Social Welfare Act (710/1982), it is the responsibility of the social services to promote the ability to function of the individual and the family.

The universal right to children's day care can be regarded as an example of a positive social services measure to promote participation and activation in the job market. Local authorities are obliged to arrange day care for all children below school age who need it. This service helps the single parent to be part of the labour market, for example, and therefore can be regarded as a factor which encourages participation.

Social assistance conditions also contain positive measures with an economic bearing designed to make work an alternative preferable to living on benefits. Some of the primary income received by social assistance recipients can be ignored, if it can be considered as promoting opportunities for independent living for the recipient. Expenses arising from travel to and from work can also be classed as deductible when assessing social assistance needs. Efforts are thus made to encourage people to return to the labour market.

Positive incentives are complemented by negative deterrents intended to strengthen them. The sanction option contained in the Social Assistance Act introduced in 1998 was in use as early as 1996. It allows a maximum reduction of 20 % in the basic portion of social assistance, if the applicant unjustifiably refuses a work or training option or behaves in a way that such work or training cannot be offered. In the new Act, this requirement of integration, or activation, into the labour market was made stricter than before; a further refusal could entail as much as a 40 % reduction. The reduction of the basic portion must be assessed on a case-by-case basis and may not by law result in income falling below minimum subsistence levels. Reductions are meant to be temporary and can be imposed for no longer than two months at a time.

Under provisions in the Social Assistance Act, a reduction in the social assistance must be accompanied by a plan made by a social worker for the client in order to promote resourcefulness. If possible, this activation plan should be tailor-made with the client and in agreement with the employment and other authorities, if necessary. Plans must always include itemised measures to help the client to cope independently.

The contents of independent performance plans are not strictly defined in law and, according to an evaluation by the National Research and Development Centre for Welfare and Health (STAKES) (Keskitalo et al., 2000), the idea of a tailor-made plan has not yet been formulated at the local level. Although plans, as prescribed by the Social Assistance Act, should always be made at the same time as the imposition of reductions, the survey showed that this was not always done. It showed that 60 % of clients whose basic portion was reduced were given an activation plan by word of mouth and that only 28 % of clients were given activation plans in writing. Only 17 % of plans were done jointly with the employment authorities. A tailor-made plan is often little more than a verbal agreement between social worker and client about what should be done next.

While clients are traditionally transferred from social welfare to activation measures offered by the employment administration, such measures to promote employment and prevent exclusion have been initiated more and more by the social welfare side in recent years. Social work connected with social

assistance at local level is largely directed towards promoting independent action by clients and, depending on the parties, may already involve activation. Social workers today also possess concrete tools for the purpose of activating their clients.

A fairly recent activation tool is the possibility of employing social assistance recipients through the use of social assistance resources. In practice, this generally means that the local authority makes an allocation from available social assistance resources for employment activities and that social welfare workers can use these funds at their discretion to give employment to their clients. This kind of employment activity originally started because social assistance resources were used by some local authorities to give seasonal employment to students, who otherwise would have received passive social assistance in the usual way.

Employment by means of social assistance had already been the practice for some years in some Finnish local authorities but it was voluntary in nature and left to the local authority's discretion. The purpose was mainly to give employment to those whose needs were not met by other measures undertaken by unemployment offices. The jobs are mainly in local authority services. The main motive was to prevent exclusion from the job market. Such employment can also serve to qualify social assistance clients for primary benefits and reduce social assistance expenditure in the long run.

Many fixed term projects primarily aimed at activating unemployed people or social assistance recipients have been initiated using European Social Fund funds in recent years. ESF-financed projects in Finland are implemented to a large extent by co-operation between various sectors of administration and local parties. The local authorities and local social welfare bodies share in such projects. The Ministry of Labour is the competent authority at national level but operations are implemented in co-operation with the Ministries of Education, the Interior, Trade and Industry, Social Affairs and Health, and Agriculture and Fisheries. Regional Employment and Economic Development Centres, State Provincial Offices, Regional Associations, labour market organisations, and other organisations and associations all play a pivotal part in the practical implementation of projects.

It is intended that financial resources of ESF be used to develop new solutions and new operational models in order to promote expertise and employment potential. During the 1995-1999 financial programming period of ESF, when Finland first took part, more than 370 000 Finns were enabled to work, be trained or participate in workshop activities. Finland obtained FIM 3.5 million (EUR 600 million) towards the implementation of various programmes. If national financing in the public and private sector is taken into account, total financing for all programmes during the five year programming period amounted to FIM 13 100 million (EUR 2.2 million),

Summary

If we generalise very broadly, the current situation and future plans of activation policy can be illustrated by the following four observations:

1. Essentially contrasting missions and the inherent tensions they cause affect co-operation between authorities and the co-ordination of measures. The employment administration is forced to act under the twin constraints of the economic and socio-political expectations of employment policy. Services in such circumstances, especially for the long-term unemployed and clients with multiple problems, may be deemed frustrating and costly in terms of the resources needed.
2. The structural unemployment now prevalent in Finland is the legacy of the rapid downturn in the economy and a deep recession, followed by an uninterrupted upswing and economic growth that began as early as 1994. Interpretations by the employment and social welfare authorities as to what really happened with their common clientele and what went wrong are still unresolved. The employment authorities predominantly found the recession to have had the effect of muddling the tasks of the unemployment offices by bringing in masses of clients needing socio-political rather than employment policy measures. The social welfare authorities tend to interpret unemployment as having attracted a great number of new (social assistance) clients for whom the problem was principally lack of work and, consequently, providing for their own livelihood.
3. The authorities interviewed also hold opposing views to some extent about what should now be done and who should act. The social welfare authorities interpret the actions of the employment authorities as being constrained by the expectation of focusing resources on those clients whose potential is highest and for whom the measures are most effective. Making preferential choices can lead to what may be called “skimming off the cream”. From the viewpoint of future co-operation (co-ordination), social welfare authorities want a clear division of responsibility and qualitatively better co-operation. The employment authorities in part interpret the current situation as forcing their staff to face clients with whose problems they are ill-equipped to deal. The issue concerns long-term unemployed with multiple problems receiving labour market support. There is an expectation that responsibility for such clients should be officially devolved onto local authorities, i.e. the social welfare authorities.
4. The interpretation of and expectations from the imminent reform of social policy in 2001 also vary. Broadly speaking, it could be said that the social welfare side expects the new legislation to contain a

framework for shared responsibility and a new level of client level co-operation. The employment administration interprets the reform as "returning" the responsibility for common clients with multiple problems to the local authorities, with whom they belong. Rehabilitative employment (a new measure) is above all rehabilitation, not work.

3 Institutional framework of official co-operation

The structure of this chapter is as follows. At the start, we will describe the premises for developing co-operation from different points of view. We will follow this with a detailed description of national legislation from the standpoint of enjoining co-operation. Thirdly, we will describe the various forms of co-operation at the national, regional and local level. Finally, we will address the views of decision-makers at the national level about the need for co-ordination and co-operation.

Premises for developing co-operation

We can characterise current social development as being an ongoing change in the labour market and commercial life, marked by the deterioration of regular employment relationships. Increasingly, such relationships have become variable, temporary and fixed term (Suikkanen et al., 1998). The change in the labour market puts welfare at risk, to which service systems should be equipped to react. The structural change in society exerts pressure on the services system to support an individual's ability to cope with and exercise control over life. At the same time, organisational ideas from the business world, such as profit-oriented management, have also become a guiding principle for services in the public sector. The objective has become that of greater economy and efficiency, a more effective service of higher quality with the same resources.

High unemployment and increasing numbers of clients in the employment and social welfare sectors characterised development in Finland in the 1990s. It makes operations development, reorganisation and prioritisation imperative. In practice, this usually means fewer opportunities to meet clients and more standardised forms of treatment.

Since the 1960s, the responsibility for labour force management and job exchange in Finland has rested with the State, while social work, which includes social services and last resort social assistance, has rested with local authorities. Likewise, unemployment benefits are mostly financed by the State, while local authorities are mostly responsible for financing social assistance. The strategies of the employment and social welfare administrations differ from each other, too.

Clients who do not come within the scope of the primary social security system, or whose primary subsistence benefits are insufficient, often come to be last resort social security clients. In Finland, minimum benefits for the unemployed typically consist of two parts: state unemployment benefits and local authority social assistance. Primary systems can also bring clients within the scope of the last resort system. The employment administration has the option of limiting the volume of its clientele and

operations and so bringing clients within the scope of the local authority's social welfare management, and its social assistance in particular.

In recent years, the need for co-operation between the employment and social welfare administrations has attracted greater attention in a new way as a consequence of an emphasis on activation as an objective of welfare policy and the increased risk of exclusion in particular. Underlying this is a common clientele and the fact that the activation of clients requires co-operation between the employment and social welfare administrations. The employment administration possesses tools not available to social welfare. The social welfare side, for its part, has the competence to deal with clients with multiple problems.

The social welfare side has begun its own employment operations in many localities. The principle is that measures taken by the employment administration have not always reached those most difficult to employ, even if they are entitled to them. One of the motives for developing employment by the social welfare side is the need to halt the exclusion risk created by long-term unemployment and clients receiving benefits.

From the service requirement standpoint, flexible, tailor-made and individual services are needed, and for this it would seem that co-operation and a collective approach are needed. On the other hand, the profit requirements of the individual producer and the public administrator conflict with one another. From the standpoint of organisation management, jointly operated, co-ordinated co-operative methods can be opposed to the profit objectives of such operations (see Engeström, 1993, 125).

Due to the many developments described above, co-operation between the employment and social welfare administrations in the implementation of activation is very relevant at this time. Co-operation at the local level already exists in a variety of projects. The desire now is for the development of activation measures of a more obligatory nature and wider co-operation between the employment and social welfare administrations.

Legislative context for implementing co-ordination between the employment and social welfare administrations

Legislation applying to both the employment and social welfare administrations contains regulations concerning co-operation between various civil servants. The regulations are contained in general legislation (Social Welfare Act 710/1982, Employment Service Act), and in legislation governing benefits (Social Assistance Act 1412/1997) and employment arrangements (Employment Act 275/1987). Co-

operation between civil servants is also prescribed in legislation concerning common service points (Act on Client Rehabilitation Service Co-operation 604/1991). The newest legislation embodying prescriptions that oblige co-operation concerns the integration of immigrants into society (Act on the Integration of Immigrants and Reception of Asylum Seekers 463/1999). We shall treat the content of co-operative obligations based on the above regulations in the next section.

Legislation prescribing co-operation in social welfare

The Social Welfare Act, which came into force in 1984, is a general act regulating the duty of local authorities to arrange social welfare and social services. Regulations about co-operation between civil servants embodied in the Social Welfare Act (710/1982), which applies to all work done by the social welfare authorities, are fairly general in nature. Section 54 of the Act states that the local authority social welfare board shall co-operate, as necessary, with other civil servants, the social welfare boards and health boards of neighbouring local authorities and communities in the local authority area whose operations are connected with social welfare tasks. Under Section 54, these boards shall also endeavour to promote co-operation between communities operating in the social welfare sector within the local authority area. Section 56 of the Social Welfare Act provides for the right of the social welfare authorities to obtain information from other civil servants in carrying out social welfare work.

The Social Assistance Act (1412/1997), which came into force in 1998, contains obligations concerning co-operation relating to the activation of clients. The right provided for in the Act to reduce the basic portion of Social Assistance by 20 - 40 per cent in situations in which a client refuses work or training unjustifiably, implicitly obliges social welfare authorities to act in conjunction with offers of work or training provided by the employment authorities. They are therefore obliged to make themselves aware of decisions made by the employment authorities regarding unemployment benefits.

The need for co-operation between the social welfare and employment authorities is also expressed in Section 10 of the Social Assistance Act, which deals with how social assistance recipients are to carry out their plans for independent action. Accordingly, the activation plans for social welfare clients should be drawn up jointly with the social welfare and employment authorities as far as possible.

Employment Services Act

The Employment Services Act (1005/1993) governs the State's obligation to organise and develop employment services, taking into account the needs of job applicants and employers. Section 17 of the Act prescribes co-operation between civil servants and the management of other services: the employment, social welfare, health and education authorities shall co-operate with each other in

arranging employment services and implementing related measures. The Act also prescribes that, if the services required by the job applicant cannot be arranged as an employment administration service, the applicant shall be referred to the services of the social welfare and health authorities, Social Insurance Institution, or other service organisation providing rehabilitation.

Employment Act

The stated purpose of the Employment Act (275/1987) is to give Finnish nationals an opportunity to work. This objective is deemed to be achieved by ensuring stable development, implementing general economic and other measures which affect employment levels and by measures related to employment and training policies to match supply and demand in the labour force. Section 16 states that efforts shall be made to provide work for unemployed persons firstly by means of employment services on the open market or else by directing them to training that will help them find work. If job seekers cannot find work on their own initiative or through employment services or training, efforts shall be made to help them find work through employment subsidies.

The Employment Act also states the need for co-operation between the authorities in the case of the long-term unemployed. Section 18 prescribes that unemployment offices shall set up, in conjunction with the education, social welfare and health authorities, any employment and training prerequisites needed for the long-term unemployed and, if necessary, draw up an operational programme for their improvement. It also refers to regional co-operation. Section 19 prescribes that balanced employment at regional level shall be managed by joint economic and employment policy measures taken by the State, the local authorities and companies so that unemployment in any one area does not significantly exceed the country's unemployment average.

Common Service Units Act

In accordance with the Act on the Provision of Public Administration Client Services in Common Service Units (802/1993), a civil servant may empower another civil servant to manage tasks which do not require the exercise of discretion as to their application and to where there is no element of compulsion. This refers to what are called Front Office style common service desks. State and local authority officials and communities charged with public tasks can agree on the provision of services in common service units.

A decision of the Council of State regarding the Arrangement of Client Services in Common Service Units (847/1993) lays down the tasks which civil servants can empower other civil servants to perform with full authority and for the performance of which, in accordance with an agreement, the staff and

information systems of another organisation can be used. These tasks include, for example, the granting and payment of benefits in cases envisaged by the Employment Security Act (602/1984) when processing and approving applications does not require the exercise of discretionary powers. Also, common service tasks such as registering clients, distributing forms and disseminating information or advice on the actions and services of civil servants can be regarded as being within the scope of common services.

Act on Client Rehabilitation Service Co-operation

Rehabilitation services form part of health care, social welfare, the employment and education administrations and rehabilitation services arranged by the public administration are prescribed in the legislation governing the relevant management sector. The co-operation of various civil servants is also needed for rehabilitation, and efforts have been made to achieve this through the Act on Client Rehabilitation Service Co-operation (604/1991).

In accordance with the legislation, client service co-operation is primarily the responsibility of the respective civil servant. In addition, the law prescribes the establishment of co-operative organs at local, regional and national level in order to develop co-operation between civil servants. The task of co-operative organs is to co-ordinate measures related to rehabilitation in circumstances in which a solution to the service needs of the client to be rehabilitated cannot otherwise be found. A client rehabilitation service co-operative group comprising representatives assigned by social welfare, health care, employment administrations and the Social Insurance Institution operates at local level. The co-operative group shall also, if necessary, invite other relevant experts and representatives of other civil servants to its meetings.

Under the legislation, provincial governments shall establish at regional level for a period of three years at a time co-operative boards for client rehabilitation services in each hospital district. At national level, rehabilitation co-operation is promoted by an advisory committee, appointed for three years at a time by the Council of State. The task of the committee is to direct, develop and co-ordinate co-operation between civil servants, communities and institutions and regional co-operative groups for client rehabilitation services.

Immigrants Integration Act

The purpose of the Act on Integration of Immigrants and Reception of Asylum Seekers (463/1999) is to promote measures improving the integration of foreigners, equality and freedom of choice in society by supporting the spread of key information and the acquisition of skills. The Act obliges both the local

authority and unemployment office staff to arrange measures that will integrate immigrants into society and promote their entry into the labour market.

In accordance with the Act, the local authority must draw up a separate integration plan for immigrants in co-operation with the employment authorities. The local authority must also prepare local integration plans for immigrants in conjunction with other authorities and the Social Insurance Institution, with plans for the objectives, measures, resources and co-operation needed to integrate immigrants. When preparing and implementing the programme, the points of view of immigrants, national organisations, worker and employer organisations and other local interest groups, as needed, shall be considered.

Co-ordination of the employment and social welfare administrations at different levels

Co-ordination at central management level

The Ministry of Social Affairs and Health and the Ministry of Labour co-operate in many forums in the preparation of reforms relating to the employment and social welfare administrations, legislation and strategies for national operations. In practice, co-operation is practised in official working groups and in discussions between the ministries and their civil servants.

In 1997, four Ministries (Social Affairs and Health, Labour, Education and the Environment) set up an unofficial group charged with co-ordinating measures to prevent exclusion. It has emphasised the importance of starting projects which would help activate service systems. Also in 1997, the Ministries of Labour and Social Affairs and Health initiated a survey of the existing co-operation practices. Their findings were published in two issues of STM, 1998a and 1998b. In 1999, an operations programme to prevent exclusion was produced in the Ministry of Labour (Labour management operations programme, 1999). The Ministry of Social Affairs collaborated with STAKES in a survey of measures relating to the prevention of exclusion with the objective of forming a comprehensive view and co-ordinating measures (STM 1999c).

Recent examples of co-operation at the national level include the ministerial level working groups on active social policy (the Välimäki Working Group) and active co-operation between employment and social welfare administrations (the Väärälä Working group). The Council of State is preparing the reform of active social policy based on their proposals. Both these working groups consisted of representatives of central ministries and labour market organisations and key national interest groups.

Regional level co-operative structures

On the basis of the State Provincial Office management reform implemented in 1997, some tasks of these offices were transferred to regional Employment and Economic Development Centres, including the care of immigrants, a task which had previously belonged to the social welfare departments of State Provincial Offices.

The Employment and Economic Development Centres (EED Centres) consist of three departments: enterprise, rural, and employment. The objective of the Centres is to create closer, more co-ordinated co-operation between administrative sectors with a view to achieving the objectives set down in employment policy. The employment department's tasks include managing unemployment offices, developing services, directing training, improving regional co-operation and encouraging and developing entrepreneurship. The social welfare and health departments and education departments in State Provincial administrations, on the other hand, have worked on issues related to exclusion and long-term unemployment. A routine system of co-operation between the State Provincial Offices and the EED Centres has not yet been formulated.

The established form of official co-operation is exemplified by client rehabilitation service co-operative groups at regional level, the establishment of which is prescribed in the Act on Client Rehabilitation Service Co-operation (604/1991). Co-operative boards comprise experts from the social welfare and health, education and employment sides and the Social Insurance Institution. The tasks of the boards consist of planning, promoting and monitoring co-operation between officials and communities and addressing important issues of principle, as they apply to co-operation regarding client services.

Local forms of co-operation

In 1998, the Ministries of Labour and Social Affairs and Health undertook a survey of the forms of co-operation existing between local employment and social welfare offices and various interest groups with respect to clients at risk of exclusion and the long-term unemployed (STM 1998a,b). The survey was distributed to 180 unemployment offices and 437 local authorities at the start of the year. It identified forms of co-operation and local level ventures, as well as projects and co-operative models that differed from the processing of individual benefits.

The unemployment offices (109/180 responses) reported on 231 projects. The commonest form of co-operation was between the offices and local social welfare and Social Insurance Institution offices. Co-operative procedures consisted of telephone calls concerning client situations, joint discussions in the presence of clients, discussions about co-operative issues and projects. There was co-operation on a weekly basis in 80% of the social welfare offices which replied (STM 1998b). According to social welfare offices (171/437 responses), the employment administration is social welfare's most important

collaborator. Co-operation in practice consisted of telephone calls and discussions. Contacts occurred on a daily basis in larger local authorities and as needs dictated in smaller ones. The client rehabilitation service group was one form of co-operation. Local authority projects had the objective of improving prerequisites for employment, employing social assistance clients, and measures for rehabilitation and activation, including district based work models.

The survey revealed that the unemployment offices regarded undue haste, lack of financial and staff resources and differences in social welfare and employment administration viewpoints as obstacles to effective co-operation. Incompatibility between financial systems was deemed to be a further obstacle. According to responses from the social welfare offices, the biggest obstacles to co-operation are a lack of jobs and budget resources. The fact that their clientele have multiple problems and other peoples attitudes and prejudices also impeded co-operation. Social welfare workers also complained of lack of time and the difficulty of adapting their work rhythm to the time required for co-operation (STM 1998b).

Local client rehabilitation co-operative groups are an well-established, statutory form of co-operation between civil servants. The groups promote co-operative activity in services for common clients and manage rehabilitation planning and implementation for common clients. Co-operative group activities were set up in the 1990s. In 1999, 282 such groups existed in Finland (Saikku, Karjalainen, 1999).

Immigrants have become one of the key common client groups, following the enactment of the new legislation on integration. It is said that the legislation has led to closer co-operation between the unemployment offices, immigrant clients and the local authority services (Välimäki Working Group memorandum). The statutory common service points also enable joint service activity by the authorities in many cities. This involves service points carrying out Front Office-style activities mainly for the dissemination of information.

Different styles of local co-operation can be characterised as follows, for example:

- Joint employment generating strategies and plans of local authorities and employment administration;
- Getting acquainted and co-operative discussions between local agents;
- Regular co-operative groups (i.e. client rehabilitation service co-operative working groups);
- Interaction between client level workers within the framework of regular activities (by telephone calls or one-on-one meetings);
- What are termed tripartite meetings where employment administration staff and social workers meet with clients.
- Use of contact and co-ordination staff;
- Common service points or offices providing services at various levels;

- | |
|---|
| <ul style="list-style-type: none">- Various kinds of intermediate organisations (ESF and other projects, partnership projects, area projects and workshops, employment organising units). |
|---|

(Adapted from active co-operative group work by employment and social welfare administrations).

Views put forward by national opinion-makers about co-ordination and co-operation

The Minister of Social Affairs and Health, interviewed by us, held that the new statutory duties involving co-operation between the employment and social welfare authorities were indispensable.

In her opinion, ESF funded projects have helped identify praiseworthy new co-operative models. The problem lies in the short-sightedness (deadline limitations) of project-based development. Structural resources are needed to make better practice permanent. Both the Minister of Social Affairs and Health and the Minister of Labour warmly supported common social welfare and employment administration service points at local level.

In the opinion of the leading civil servant in the Ministry of Social Affairs and Health, co-operation and co-ordination at the grass roots level has been going on for longer than at the national (ministerial) level. In his opinion, co-operation cannot be promoted by legislative means to any great extent. Legislation does not currently pose an obstacle to local co-operation. The key factor is to recognise realistically the object of common activity and bring about a "joint awakening". In his opinion, co-ordination must go forward on two levels – the strategy level and the level of combined service points. The common objectives, targets and measures of the social welfare and employment administrations would need to be defined at the strategic level. In this case, it is essential to recognise that the clients are common to each, not just belonging to one. Common service points should be established experimentally at the services level for a start, where two equally empowered employees of the two authorities would act together and look after client matters comprehensively. Such experimental common service points would likewise test the new joint strategy.

The lack of competence among workers was seen as an obstacle to developing co-operation between the employment and social welfare administrations. The frequently commercial training of local level workers, especially in the employment administration, does not prepare them to deal with the cases of people who are difficult to employ. The competence of social welfare workers is better suited to the needs of this target group.

4 Co-ordination in practice

Introduction

This chapter contains a report on local co-ordination models. The description of the case studies starts with our account of the selection criteria used for the local models examined. The chapter consists of the presentation of co-ordination models for the most part.

We present each co-ordination model separately using the same thematic arrangement. At the start, we put the project in context by describing employment conditions and the total of social assistance recipients in the locality. Then we describe local co-operative procedures between the employment and social welfare administrations and the status of those most difficult to employ in the local plan. This is based on local interviews with the leadership of the employment and social welfare administrations.

We elaborate on the presentation of the actual co-ordination and co-operative model by recounting the project in a general way: its history, objectives, resources, budget and staff. We also place the project in its local institutional context. We look at Vantaa and Hämeenlinna from different points of view. In Vantaa, we use a district social welfare centre to describe the selection mechanism for a co-ordination model. We also look at one of the Front Office-style district common service points and co-operation as a part of local employment and social welfare services. In Hämeenlinna, we describe the selection mechanism for the unit specialising in social assistance issues, through the respective office.

The record of case studies continues with our description of the convergence between operations of the co-operative model and general results. The description draws on interviews we conducted with employees of the local employment administration and social welfare administration offices and documentary material. In the section on the effects on clients, we set down client interviews (as if we were the client) so as to describe the process of becoming a client, treatment under “standard service procedures” and the selection into the model we examined, and experience drawn from the operation of the model in each case. After the case studies, we list the main results of innovations and draw preliminary conclusions. At the end of the chapter, we draw comparisons between the various models examined.

Selection criteria for case studies

Local co-operative and co-ordinated projects of local employment and social welfare administrations can be categorised in various ways (see Memorandum on Employment and Social Welfare Administration

Co-operative Group, 1999). As activation measures and forms of operational co-ordination directed towards minimum income recipients are new in Finland and still under development, there are hardly any established co-operation procedures.

For the purpose of this research, we have chosen three locations and co-operation models, as if they were case studies. The models represent various practical ways of organising activation measures for employment and social welfare administration clients. The starting point for the choice was to select various sizes of local authorities/municipalities in different geographic regions of the country. The locations also vary from the standpoint of employment and social structure.

In Vantaa, we examined a recently established co-ordination model (called Valokeila), closely resembling the common service point proposed by the ministerial level working group. In Hämeenlinna, we examined an employment project for social assistance clients, in which there is co-ordination between the employment and social welfare administration at many levels. The third model is an established form of co-operation, the client rehabilitation service co-operative group. Client rehabilitation service co-operative groups, apart from their rehabilitative role, have tended towards active co-operation. The group has representatives not just from the employment and social welfare authorities. Common operational models are at various stages of development. The Vantaa model was recently established, the Hämeenlinna project has been operating for two years and the Kitee group dates from the 1980s.

It is typical of the situation in Finland that, while new co-ordination models are about to be introduced at national level, local authorities are developing similar projects on their own initiative, starting from local premises. Local authority self-determination affords them the option of doing so and the general reduction in normative constraints urged by the State offers an opportunity to find solutions at local level. Certain statutory services must be offered but the implementation models are at the discretion of local authorities. Employment administration services belong to the State and thus are State directed, but scope exists for the development of local operations in this regard.

At the general level, common operational experiments and various new co-ordination projects have the objective of improving services and providing a better focus in changing social circumstances. Local co-ordination projects can be examined from different points of view. For the purpose of this limited study, we will consider three local co-ordination models with respect to:

- the strategies of the employment and social welfare administrations and the objectives of the new activation policy
- the local co-operative work context of the employment and social welfare administrations, and

- the standpoint of the operability and success of the models (preliminary results, client experience compared to regular operations).

The case studies vary and operate in different contexts, precluding a direct comparison. Still, we believe that the material and examples will highlight key problem areas for services, functional principles and models. We also compare the results conveyed by research and client experiences with other current research material concerning best practices obtained from the projects and co-operative models.

Vantaa

General information about Vantaa

Vantaa is Finland's fourth largest city and is situated in the capital's metropolitan area. The number of inhabitants was 173 860 in 1998 and the population is growing. This is due in part to continuous migration from rural areas to growth centres. Of Vantaa's working population, 75 % is employed in the services sector, 22% in industry and 0,3 % in agriculture and forestry. The capital region forms a single employment pool, illustrated by the fact that 55% of employed people work outside Vantaa.

In 1998, the unemployment rate in Vantaa was 11 %, very close to the average for the country as a whole (11.4 %). Employment in Vantaa has improved more rapidly than the average for the rest of Finland. This is shown by Vantaa's unemployment rate of 9 % in 1999, when it averaged 10.2 % in the rest of Finland. Against that, Vantaa had more long-term unemployed among people out of work than the rest of the country on average (Vantaa 31 %, Finland as a whole 28 % in 1999). Within the city, unemployment levels fluctuate greatly within different municipal areas.

In 1998, 10.7 % of Vantaa's inhabitants received social assistance, which was slightly above Finland's average (10.4 %). As in the rest of Finland, the number of recipients is declining in Vantaa, due to higher employment levels and the 1998 reform of security benefits (Keskitalo et al., 2000).

Co-operation between the employment and social welfare administrations in Vantaa

Vantaa City and Vantaa's unemployment office last signed a written agreement on co-operation in managing unemployment in the city in April 2000. The agreement exemplifies the general will of the parties involved regarding objectives and measures for the improvement of employment. According to the agreement, one of the chief common objectives is to lower the overall unemployment level and reduce the number of long-term unemployed. The agreement includes Front Office service operations jointly performed by local authorities as a target for development. There is a desire to develop common

service operations between the city and the unemployment office in an endeavour to solve client problems together. This could occur, for example, by further development of co-operation between staff in the employment and social welfare offices.

According to the employment administration leadership, the primary task of their administration is to provide employers with a superior labour force (Employment Service Act) and secondly, to provide work to those most in need (the long-term unemployed) in the subsidised work market (Employment Act). The latter serves as a barrier to exclusion. In the long run, the objective is for subsidised jobs to form a bridge with the open market. From the standpoint of the employment administration, given their above mission and productivity targets (employment targets), people who are difficult to employ are a complex group. If employers are offered an outdated labour force, there is a risk that job openings will not be offered to the unemployment offices to be filled. In addition to service tasks done for employers and the unemployed, unemployment offices carry out routine control functions regarding unemployment benefits.

From the social welfare administration's standpoint, the employment administration does not focus on any special steps with respect to those most difficult to employ, which leaves room for the social administration to develop new services for this group. An example is the Valokeila Work Orientation Centre, a project initiated by the social welfare administration but with the joint participation of the employment administration. The employment and social welfare administration's common clientele is arrived at, on the basis of its employability for different projects, and certain ESF Projects focus on given groups. Those most difficult to employ "are left" to the social welfare administration. The latter is motivated to develop the employment services by the fact that nearly all who receive labour market support also receive a supplementary social assistance.

According to the city's employment and social welfare administrations, the authorities have multiple level co-operative forums and information exchange. Still, employment and social welfare administrations recognise their own basic tasks. Common priorities for operations have not been set down. Instead, different forms of co-operation have gradually come about. Co-operative initiatives mostly stem from social welfare bodies but the employment administration responds favourably to co-operation.

There are many tangible forms of co-operation between the local authority unemployment office and that of the State, including ESF-financed projects and three different kinds of district Front Office common service points, run jointly by the local authority and the state organisations .

The service points are of three kinds, depending on their level of competence:

- 1) information points;
- 2) service points with some degree of competence, where advice on services is given and applications and basic unemployment office services are provided, and
- 3) a more detailed form of co-operation, in which the social worker and the employment adviser co-operate more closely.

One specific group of individuals with whom a more active co-operation has been conducted is immigrants. Immigrants have their own service point in the local authority's administrative centre within which co-operation practices has been promoted. Normal services for all client groups also provide for one-on-one co-operation with workers. Compared with the above mentioned co-ordination or co-operative models, Valokeila goes into greater detail and performs in-depth individual assessments through co-operation between the employment and social welfare services.

The employment administration finds confidentiality regulations especially awkward for co-operation at the local level. The social welfare side has a legal right to obtain employment administration facts about clients for decision-making purposes, but the employment administration does not have this right. Common services legislation provides an instrument that allows co-operation and the exchange of information between State and local authorities to a certain extent.

According to the employment and social welfare administration leadership, Vantaa has had positive experiences and can point to successful co-operative models. Co-operation is regarded as necessary to prevent exclusion and as indispensable between many interest groups, especially in relation to services for those most difficult to employ. It is anticipated that Valokeila will yield more experience and suitable models for the development of regular services. The problem of what to offer those people who are most difficult to employ is unresolved. In other words, where is it possible to find initial jobs, sheltered employment and subsidised work opportunities?

Valokeila Work Orientation Centre

Encouraged by the example of other local authorities, an employment experiment with social assistance clients was begun in Vantaa at the start of 1999. It involved employing such clients in city services. The city also had a number of partly ESF-financed projects under way (*Employment Path, Municipality and the Long-term Unemployed, Hakinula Women*), all of which involved co-operation between the employment and social welfare administrations. These projects showed that people can be employed when the solutions are tailor-made. In the *Municipality and the Long-term Unemployed* project, a

municipal social welfare worker and an adviser from the unemployment office co-operated closely with a specific client group.

Encouraged by the employment of social assistance clients and positive experience with projects, it was decided to widen co-operation between employment and social welfare administrations and make it permanent in order to help those most difficult to employ. After a number of trial phases, a solution was found in the Valokeila Work Orientation Centre. It began operations in March, 2000. Originally, it was planned to place it in the city's employment unit but it was eventually placed under the remit of the social welfare and health administration.

Objectives

The key task of the Work Orientation Centre is to prepare social welfare and social assistance clients who have been long out of work to return to the world of work or another form of activity that will improve their quality of life and level of control over life. Individual assessments are performed jointly at the Centre by the employment and social welfare services. The Centre concentrates on a style of individual service which it is not possible to offer under normal service circumstances. The key task of the Centre, besides individual services for clients is to create a new co-operative model for the employment and social welfare administrations.

Long-term unemployed and young people are officially designated as the target group of the Centre. It wishes to be open to local needs and not to exclude any group. The aim is to find client groups who can best be helped through its activities. The Centre can undertake to screen those whose employment in the open market is unlikely. The Centres's employees can filter groups from their clientele for whom they intend to take special measures. Various groups have already been set up to improve social skills and abilities in unemployed clients. The Centre tries to contact employers and so find employment opportunities.

Staff

Three social workers were appointed to staff the Work Orientation Centre, one employment adviser was seconded from the unemployment office and a rehabilitation instructor was transferred from the Alcohol Clinic to the Unit. One of the social workers is charged with overall responsibility. Since the Centre seeks to examine client situations in the most comprehensive way possible, the objective is to acquire the services of a physician, something that has still not been achieved. All the social workers at Valokeila previously worked in district social welfare positions and subsequently in project work and employment projects for clients drawing social assistance. Also, the employment adviser has experience of

unemployment office services and projects. The Centre's objective is to avail of expertise in different fields and examine client circumstances from as many standpoints as possible.

Resources and budget

This is not something of an experimental nature. The operation is established, the result of a decision by the Social Welfare and Health Board. A total of FIM 2.5 million has been moved from social assistance resources for the Centre's operation. A further FIM 1.5 million has been obtained from the city's employment funds. It is planned to place social assistance resources intended for employment purposes at the disposal of the Centre in 2001.

Institutional context

Of the case studies involved, Vantaa is the city with the most comprehensive social affairs and health services and employment administration. Social affairs and health services are combined in one unit and local services are provided in five district centres with several district social affairs and health centres. A number of centralised special services also exist, part of which serve particular groups. The employment administration is administered by the State. Vantaa has two unemployment offices whose services are provided partly by common Front Office service points established by the city.

Valokeila Work Orientation Centre is under the administrative control of the social affairs and health office, is centrally located and serves the entire city. For practical reasons, the Centre operates under the management of a local centre. An employment adviser was seconded to it from the employment administration to act as a team member and is the sole link with the unemployment office.

Valokeila candidates are selected by social workers in charge of subsistence allowances district social welfare centres. In order to show the local context and guiding mechanisms for Valokeila, we noted one particular district centre in Vantaa. A Front Office-style common service point providing employment administration services also operates in the same premises as the district centre. We examined the operations of the employment service and co-operative practices in this office also.

Co-ordination of activation from the district standpoint – Social welfare Centre at Korso

Korso social welfare office is one of two social welfare offices in the entire Korso – Koivukylä social affairs and health care district. The population in the area is about 23 000. The unemployment rate (12.9 % in 1999) is higher than the average in Vantaa and it has more social assistance recipients (17 % of area residents) than average.

Social work in the area reveals that the improvement of the employment situation has given rise to a demand for activation. After the improved rates of employment, some residents have found work, but those difficult to employ remain clients of the social welfare office. In the opinion of social workers, merely ensuring subsistence, a major part of their workload during the period of mass unemployment, is no longer enough. They must sit down with each unemployed person and discuss what can be done.

Social workers invite long-term social assistance clients, whose affairs were previously handled in writing, to a planning meeting. They stress the need for a thoroughgoing look at the circumstances of clients and one-on-one support and encouragement in order to achieve results. Sanctions, such as a reduction in allowances, are seen as a means of activation. It is critical to know the client's situation in order to avoid ineffective measures.

Activation is co-ordinated in principle through a client rehabilitation service co-operative group, which meets every second month and only permits handling very few clients. The group is still important for the exchange of information and experience between social workers. At the moment Valokeila is felt to be the key channel for addressing client situations and retraining clients. Several of them have been referred to Valokeila. While the Korso common service point situated in the same building does not conduct planned client level co-operation, it is to the advantage of the social welfare office that information about job openings can be obtained quickly from its employment adviser. In principle, co-operation between the employment adviser and social worker is felt to be important but there are also tangible obstacles. Contact with the unemployment office occurs in the framework of regular client work, job application facts are requested and times reserved for clients. The social workers feel, however, that the unemployment office is under time pressures and do not want "to disturb" them. The lack of a tradition of co-operation and ignorance of their respective organisations lessens their readiness to co-operate. Valokeila answers this need from a district standpoint at least to some degree.

Common Service Point in the district of Korso

This common service point was established in 1998 in Korso. The model exemplifies a service point of the second kind (i.e. with some degree of competence). The point is staffed by three functionaries and one employment adviser. The latter acts as an affiliate of the main unemployment office in an area where unemployment is high. The employment adviser's work is in the nature of an emergency service, and appointments are not made. Looking into client circumstances in any real depth is impossible. Those who have recently become unemployed are sent to the main unemployment office for a preliminary interview and, when plans are drawn up, further interviews at predetermined intervals also take place there. The common service point employment adviser monitors the plans and supplements reports.

The presence of an employment adviser at the common service point raised greater expectations of district co-ordination between employment and social welfare at the outset than a single employee was in fact able to accomplish. Resources were only enough for routine work. However, co-operation took place with some social workers and suitable job offers were jointly evaluated. The presence of a second employment adviser is necessary for more individual client work and co-operation at a closer level with social workers, so that one of them can attend to more detailed work, while the other takes care of emergencies. According to the common service point's staff, a group should be selected from the social welfare office beforehand with whom work can be done efficiently. Merely monitoring job application availability, the job of the social welfare office, will never amount to much. Employment advisers are usually trained in the commercial sector which, in the opinion of the staff, is not enough when working with a group of people difficult to employ.

As an anonymous source of information and advice, the common service point, which also provides job-search help, acts in its own way as a deterrent to exclusion.

After this district excursion, we now revert to Valokeila Work Orientation Centre and its operation.

Operation of Valokeila

Social workers in district offices examine in detail the circumstances of unemployed social assistance recipients. Each social worker at Valokeila is in charge of a district that corresponds to the divisions made by the social affairs and health office, on the basis of which they keep in contact with the areas and participate in client events. After a preliminary examination of the client's situation, the district's social workers propose possible clients suitable for Valokeila. The process is then advanced through a meeting between a Valokeila social worker, the district social worker and the client, during which the

client's work motivation is evaluated. The next meeting, attended by two social workers, occurs at Valokeila. At this stage, a thoroughgoing interview is conducted. The employment adviser attends this meeting or else the next, when employment and activation options will be examined in detail. The internal co-operative procedures used by the social workers and employment adviser are still at the development stage because the latter was appointed to the Centre after the others. The permission of the client is required for an employment adviser to be present. Another alternative is for each to work with the client separately and to look at the situation together later.

Results of operations

In practice, Valokeila has been operating for only two months so that there are no tangible results to report. The experience of the area's social workers regarding the start of operations at the Centre are very positive. They felt there was a need for such a unit where employment and social welfare issues could be handled in a co-ordinated manner. The basic idea is that, once unemployment rates improve, only the people most difficult to employ who require a more one-on-one type of service will remain.

According to workers at the Centre, the situation of those most difficult to employ is illustrated by the fact that they frequently lack a good education and their qualifications are not up-to-date. Most clients have a history of 5 - 10 years of unemployment during which they did only short stretches of work. They do not "know" how to look for a job on the computer at the unemployment office and need one-on-one service and enhancing of their self-esteem and expertise. For many, taking steps to improve their situation is a challenge after long-term unemployment. Valokeila regards its task as providing a tailor-made service and a long-range plan for its clients. At the outset, there is a detailed examination of how to go forward, various alternatives are sought and support is provided towards attaining objectives. The principles of activity are perseverance, realism and striving to attain a goal.

The contradictory conditions underlying co-operation between the employment and social welfare offices is illustrated by the view of workers at the Centre that, to the employment and social welfare administrations, "the unemployed persons are not of the same kind". Some long-term unemployed may no longer qualify for unemployment benefits while, more often than not, they still remain as social assistance clients of the social welfare office. From the standpoint of the employment administration, these clients have a low interest level because, in their opinion, they are really not in the labour market. Productivity level was a key evaluation factor when the employment administration was deliberating on whether to be part of Valokeila. From the social worker's point of view, the unemployment office service frequently does not address people most difficult to employ – for whom standard employment administration services just do not work.

According to the workers, contradictory expectations are placed on the Centre. On the one hand, the Centre is expected to handle a large number of clients, i.e. a certain volume is expected. On the other hand, each client requires many meetings for a successful result to be achieved. The challenge for the Centre is to find a work method and limit client numbers in order to balance volume and quality of the service.

Effects on clients

In Vantaa, we interviewed two new Valokeila clients, who were put in touch with the Centre by one of the district offices. The clients in question were both men, one 46 years old and the other 24 years old, both living alone and both with a long history of unemployment. Both were also familiar with the employment and social welfare administration's regular service provided in the 1990s. The clients were put in touch with Valokeila in spring 2000 by district social workers.

First client

The 46 years old man had worked for more than 20 years, after which he had been unemployed for seven years, starting in 1993. During this period, he found very few jobs, was employed on a very random basis and attended an employment course in 1997. He showed up at the employment office as required roughly every six months since 1993 – usually meeting a different employment adviser each time. He felt that he had not benefited from this service. The work assignments had been "unsuitable" and being sent to different courses struck him as frustrating and he felt the courses were fairly useless from his point of view.

Since becoming unemployed (1993), the client had been drawing social assistance by means of a written application each month. The allowance was reduced on one occasion by 20 %, when he did not attend a course offered by the unemployment office. His refusal was penalised with an eight week withdrawal of his labour market support. Things are financially difficult for this client. He says he lacks the money to travel within the metropolitan area. This was an obstacle to attending courses.

In March 2000, the client was invited to an interview at the social welfare office. In April 2000, he met the social worker and the social benefit secretary responsible for handling his applications for the first time since becoming unemployed in 1993. The client was told about Valokeila and was asked if he was interested in taking part.

In April 2000, the client met in the social welfare office with its social worker and two social workers from Valokeila. He will attend the Valokeila group and possibly a "work group" which the Centre is planning to set up. He has not yet been interviewed by the Valokeila employment adviser. He hopes to get a medical check-up. Participation in the Valokeila operation is supported by a handout of FIM 30/day. The client is cautiously optimistic about the chance of a job, even though he feels that getting one is a "far-off dream". His expectations focus on what Valokeila can offer. "The chances are better when I am involved than when I am not" is how the client describes what he feels at this stage.

Second client

The second case concerns a 24 year-old unemployed man who finished comprehensive school in 1991 and twice dropped out of vocational school. He has never had a job. The client had been receiving labour market support until 1997, after which the benefit was discontinued following the reform of the labour market support. It became obligatory to either apply for training or fill out a job application.

The client showed up at the unemployment office twice a year since 1991, as required. According to him, nothing was done about his situation, it was not discussed with him nor was he motivated to move forward. From time to time, he was offered courses. After curtailment of the labour market support (in 1997), the client has not actually visited the unemployment office.

After dropping out of vocational school, he sought social assistance as a supplement to the labour market support. With the exception of the first meeting, he always applied for this in writing. When the labour market support was curtailed in 1997 and he was relying on social assistance, he was contacted by the social welfare office. Regular meetings have been taking place once a month. His labour market support was twice reduced by 20 %. His situation was thoroughly discussed with the social worker and a plan has been drawn up. The client was proposed to Valokeila, where he has already attended two interviews. His life situation has been gone over in detail at these interviews and definite possibilities have been examined on the basis of his interests. The employment adviser was present at the meetings and recounted the options for forms of support and employment. Valokeila is now searching for a three month hands-on training job for the client, after which it is planned to find an apprenticeship. According to the client, the most important thing is to get job experience. It is also good that the social worker and employment adviser are involved. The situation has been addressed at Valokeila, there was a speedy reaction and concrete means used. It is also important that the meetings with the social worker are continuing.

According to the client, it is important at the start of the relationship that the employment and social welfare office take stock of the situation in a thorough manner and provide motivation. Now, he has been "left to his own devices". The longer one remains without work experience and does nothing, the harder it is. If the social worker had not referred him to Valokeila, he would still be at home "thinking to himself that something should be done, but not knowing what".

Main results and preliminary conclusions

The social affairs and health services of Vantaa, one of Finland's biggest cities, form a complex and somewhat fragmented whole. Basic services provided by the administration and certain employment administration services are managed on a district basis. Co-ordination of the employment and social welfare services is particularly important because, with the improvement in unemployment rates, those difficult to employ are the ones that remain unemployed. In Vantaa, the employment and social welfare administrations have traditionally had good working relations. Social welfare usually takes the initiative but the unemployment office has responded by taking part in joint projects when asked.

Valokeila Work Orientation Centre, whose operations we studied in the context of district social work, was established in 2000, so any experience we have is mainly preliminary. Valokeila had its origin in the experience gained by social welfare in job-creating operations and various employment and social welfare administration projects. Also, all the workers involved have worked earlier both in basic services and in the projects mentioned, which provides an established basis for development. Valokeila can be called the common service point of the national working group, in which services of the social welfare and employment administrations are co-ordinated and the employees of both work together with their clients. The Centre is a form of pilot activity, on the basis of which a working model is being continually developed. The working model has been co-ordinated with the social welfare districts in a way that the latter propose suitable clients and motivate them, after which the district social worker and one or more workers from Valokeila meet the client. The operation of the working model requires a more active attitude towards social work on the part of district social welfare centres to enable examination of the circumstances and activation of clients.

According to social welfare and employment administration workers interviewed, activities along the lines of Valokeila have been anticipated and are needed. While district social workers have gradually begun to examine the circumstances of those long in receipt of social assistance, the means need to be found by which the latter can be helped to proceed in activating the clients. The advantage of Valokeila is that client situations can be addressed quickly, the expertise of the employment and social welfare administrations can be combined and employment and other means of assistance can be found fast.

The two clients interviewed have a long (from 7 - 9 years) history of unemployment which, according to the social workers interviewed, is not an uncommon result of the 1990s recession. It is typical that the service provided by the employment administration in each case was of the so-called routine kind, with obligatory meetings at the unemployment office at six month intervals. Also, the employment administration had sent information about courses but hardly any jobs were offered. Social assistance applications were handled in writing by the social welfare office. In practical terms, several years had elapsed during which the unemployed person had not actually "met" any workers. The employment administration began providing job application courses and career planning courses after the 1998 reform. They were felt to be mechanical and frustrating by clients and to some extent poorly planned.

It transpired from interviews with clients that their circumstances needed to be thoroughly examined by the employment and social welfare administrations at the start of their unemployment. Clients had gone for years without support. Valokeila was a welcome alternative for them. The district social worker had to take the initiative by inviting them to an interview and motivating them to adopt a more thoroughgoing approach at Valokeila. Both of them felt their first meetings with Valokeila workers were very positive. They were gratified that their situation had been checked and that the employment and social welfare administration workers were together seeking solutions to the situation. The speed of activities also earned positive feedback.

Both social workers and long-term unemployed clients found activities of Work orientation Centre, Valokeila, useful. The challenge for the Centre, stressed by social workers, is that it should answer the needs of individual clients and quantitative performance targets set for their activities. The improved employment situation in the Helsinki area creates favourable conditions but the extent to which the long-term unemployed can be employed is still an open question. It remains to be seen how great need for this type of activity is and how will the relationship between this new activity and basic social welfare services be developed.

Hämeenlinna

General information about Hämeenlinna

Hämeenlinna is situated in Häme in southern Finland. The city's population was 45 555 in 1998. The city ranks among Finland's 15 biggest cities. The number of inhabitants, while gradually increasing, has remained fairly stable throughout the 1990s.

Of the working population in Hämeenlinna, 70.7 % are employed in services, 26.9 % in industry and 1.0 % in agriculture and forestry. A total of 20 % of residents commute outside the city. The jobless rate in Hämeenlinna was 16.1 % in 1998 and 13.8 % at the start of 2000, i.e. unemployment is on the decline but is still higher than the average for the country as a whole. During the 1980s, Hämeenlinna underwent a pronounced structural change and some large factories were closed or moved elsewhere. What remained was a sizeable workforce that was ageing and possessed limited working experience. In 1998, 12 % of Hämeenlinna residents received social assistance but the number is declining.

Co-operation between the employment and social welfare administrations in Hämeenlinna

In Hämeenlinna, there is no common co-operative strategy in writing between the State employment administration and the city. There is a working co-operation between the employment administration and social welfare (called in Hämeenlinna the basic security office) mainly within a project framework. New kind of co-operation is also being developed. Those most difficult to employ have been jointly named as the priority in the city's employment policy. Agreement on a focus for employment resources is reached by the city's employment board. In Hämeenlinna, the basic security office has a key role in relation to those difficult to employ, evident also in resource allocations. For example, combined benefit funds have been transferred to the social assistance office, under the control of the basic security office. The city is the biggest subsidised work employment provider and the biggest combined benefit employer.

Co-operation is widely practised in projects and in subsidised work areas. There are several projects in Hämeenlinna in which the unemployment office, the local EED Centre and the basic security office act in co-operation. Among them are the neighbourhood project "Work" (*Työtä*) and the ESF-funded Sampo Project. A third project is the "Employment Project for Social Assistance Recipients", which we study precisely in Hämeenlinna.

No systematic co-operation occurs in regular employment and social welfare services but it does take place at employee level to some extent. As a rule, social welfare workers refer social assistance clients to

the unemployment office because registration of unemployed persons and job applications are both required before any allowances can be paid. The unemployment office feels that clients are bandied around in circumstances where the client is not fit to work or has no motivation to work. There is no great need for co-operation on the part of the unemployment office and most contacts are initiated by the social welfare office. From the standpoint of the unemployment office, the need for co-operation derives mainly from the long-term unemployed.

Obstacles have arisen to co-operation between the employment and social welfare administrations in starting projects. From time to time, difficulty is experienced in getting employment advisers involved in projects. The basic security office feels that the unemployment office is not sufficiently committed to co-operation and that responsibility for it is left to social welfare. According to the unemployment office, social welfare's competence lies in supporting clients, while the unemployment office's role is to offer employment and training. Co-operation is impeded by the educational backgrounds of social welfare and employment administration staff. Employment officials have a commercial background which, according to the management, leaves them ill-equipped to work with those difficult to employ.

The Hämeenlinna basic security office fosters common service points in a new co-ordination project, in which the unemployment office and the social assistance office will actually operate together in common work surroundings. The unemployment office does not fully comprehend the value of such a venture but has agreed to use the common service point as an experiment. Nevertheless, the unemployment office wishes to keep its employer services unit separate.

While the objective of the unemployment office is to serve employers as well as possible and ensure the availability of a labour force, those most difficult to employ cannot be overlooked. It is important to retain the trust of the open sector from the unemployment office's standpoint and not to supplant the unemployment office's role of providing a labour force. In Hämeenlinna, unemployment office services are divided into two: those for employers and those for job seekers. When the unemployment office sets up an individual team to serve the long-term unemployed in autumn 2000, the services will improve. Those interviewed in the unemployment office admitted that services for those difficult to employ were given less attention during the years of mass unemployment, when efforts could only be directed towards those more easily employed.

From the standpoint of basic security, the relationship of the employment administration towards developing closer co-operation between themselves and the social welfare administration is not clear, which was evident in the genesis of the common service point.

From the employment administration's standpoint, it is crucial to understand how the demands of their work differ from those of the social welfare administration. Basic security staff regard closer co-operation as essential from the standpoint of clients, not all of whom are reached through existing services. According to basic security, long-term clients are especially at risk of being alienated from unemployment office operations. Social welfare also admits that clients are bandied around and, for economic reasons, attempts are made to transfer them within the scope of basic security and State funding. As a solution to this, basic security staff strive for co-operation and the establishment of a team consisting of an employment adviser and a social welfare worker, which could jointly attack "problem cases". Being in shared work surroundings would facilitate combined planning.

Employment project for social assistance recipients

The Hämeenlinna basic security office started an employment for the benefit of social assistance recipients on 1 May 1998. It is due to end on 31 December 2000. The project is part of the employment plan for those most difficult to employ and the basic security office will play a key role.

Objectives

The general objective of the project is to alleviate and prevent exclusion. It is directed towards long-term unemployed recipients of social assistance who are entitled to a combined subsidy. One objective of the project is to lessen long-term unemployment and put a stop to dependence on social assistance and so reduce expenditure on social assistance.

Staff

A project worker is employed, one not trained in either employment administration or social welfare, but as an entrepreneur. He acts in co-operation with the unemployment and social assistance offices in order to find jobs for long-term unemployed social assistance clients. He also seeks employment opportunities in the city, the NGO sector and in companies, and motivates, advises and directs employers and leads job-search groups.

Budget and resources

The project availed of FIM 6 million in 2000, enough to employ 72-73 persons. It is being financed by the EED Centre, the regional body corresponding to the employment administration. The city has invested FIM 1.5 million in it. The project is for a fixed term and will conclude at the end of 2000.

Institutional context

The project is organised by the city's basic security office, more specifically under the management of the social assistance office. Employee salaries are funded through the regional EED Centre. The employment model, a combined subsidy, is one of the most recent employment measure proposed by the employment administration. In Hämeenlinna, it has been agreed that the project's target group will be social assistance clients who meet the conditions for a combined subsidy, i.e. have been unemployed for more than two years. Clients generally come through the basic security's social assistance office but can also be referred by the unemployment office.

The project worker shares surroundings as the basic security office's social assistance office, which facilitates co-operation. He makes contact with companies in order to find subsidised jobs. The project operates as effectively as possible within the framework of the funds available.

In the next section, we will look briefly at how it's operation is linked to what social workers do in the social assistance office. Selection of people for the project occurs mainly through this unit.

Involvement in the project – the social assistance office

A specialised organisational arrangement was developed in Hämeenlinna for managing social assistance clients. The responsible office passes the majority (80%) of its clients through a central system. Only the affairs of residents in need of long-term social care are managed at one or other of four district offices. The office staff comprises social workers, benefit secretaries and staff employed by work subsidies. Social benefit secretaries manage the majority of their clients' affairs by means of written applications. Social workers concentrate on investigating the social status of their clients. Social assistance issues are regarded in the office as belonging to social welfare work and thus social workers and benefit secretaries co-operate closely.

The objective of meetings between the social worker and clients is to make a plan that will put a stop to dependence on social assistance. If the client has been unemployed for two years, the combined benefit is one alternative. According to the social worker interviewed at the social assistance office, one quarter

of the clients met are referred to the employment project for social assistance clients. The remainder are directed to avail of employment policy measures or rehabilitation. Social workers also monitor the status of clients whom they have referred to combined subsidy work through the project.

Social workers co-operate with unemployment office advisers in looking at client job histories mainly by telephone. Joint meetings at which the client, social worker and employment adviser are present are rarely arranged as this is difficult within the limits of the appointments timetable. Plans are not usually drawn up together because the workers believe that it can be done more quickly separately. Neither did the unemployment office think it necessary to make plans together in normal situations.

Project operations

At the first preliminary interview with the client, issues such as educational and job history, leisure pursuits and areas of special interest are examined and, on the basis of this discussion, certain alternatives are weighed. The client brings a job application plan, usually brief, prepared with the unemployment office. After identifying areas of competence, the project worker begins to "market" the expertise of clients to companies. Based on the interviews, clients are then given a tailor-made opportunity to be employed through a combined subsidy. The unemployment office adviser is requested to provide a statement confirming the client's entitlement to a combined subsidy. Most of the jobs are located in different city units, only a small number of clients have been employed in the NGO sector, even if the combined subsidy was introduced with the specific objective of giving employment in that sector.

Project workers maintain contact with those employed during the employment period within the limits of their resources. Subsequently, clients can join a job-search group led by the project worker. They are supported by the group and its leader and avail of the equipment needed to actively seek work.

Results

The employment project is one way for social assistance work to retrain and give employment to long-term unemployed recipients of social assistance. From the unemployment office's point of view, the employment project for recipients of social assistance has the advantage that one and the same worker (the project worker) can manage matters in a co-ordinated way and finds them jobs.

At total of 179 persons were employed by means of the combined subsidy during the project. By the end of 1999, as many as 137 persons had been employed in this way, of whom 112 worked for the city, 24

for the NGO sector and one for a private company. A total of 23 persons did not complete their combined subsidy stage. Employment contracts are usually signed for a maximum of one year.

Based on discussions about the project with those employed and according to the project worker, an improvement was observed in the ability to exercise control over life,. The need for social services had been reduced according to the clients themselves. After a combined subsidy period, some of them obtained placements, others began training courses. In most cases, they resumed unemployment and social assistance. Social workers say that it is very hard to find work in the open market. Many remain in the "combined subsidy work scheme" for lengthy periods. The long-term unemployed tend "to rotate in the machine". Promises are made which aren't kept. In the opinion of the social assistance office, some other activation solution needs to be considered. It is important to invest in long-term solutions and provide an opportunity during combined subsidy work to plan for the future.

The objective is that combined subsidy employment will eliminate social assistance dependence. This does not always happen, because wages are low and housing benefits are greatly reduced during the combined subsidy period. Wages are lower in NGO sector jobs than in the public sector because employer social security payments are deducted from benefits. This reduces the number of jobs in the sector and the urge to avail of them. Nevertheless, clients prefer to work, even if the economic advantages are few.

Effects on clients

The project examined had operated for two years and yielded much experience. Both of the clients interviewed are currently in combined subsidy employment. One of them, a 42 year-old family man, became unemployed in 1997 after having been employed for a long time and the other, a 50 year-old woman living alone, was never employed for any great length of time.

Client 1

Client was constantly looking for work and did not want to attend courses run by the unemployment office. Initially, he received a daily allowance provided by his professional union until 1998 and then received social assistance. He was directed to meet the project worker in 1998. He discussed his aims and alternatives with the project worker, who said he would contact him. Two years later, he offered him combined subsidy work on the city's payroll, where he has now been for three months.

The client signed on every six months at the unemployment office but was not contacted personally and a different adviser was present each time. He received a temporary social assistance from the social

welfare office, nothing more. Through combined subsidy employment, he managed to put a stop to three years of unemployment and this gave him a lot of satisfaction. Client earns a little more from work compared to what he got when he was unemployed. He believes that the experience gained will make it easier for him to obtain work in future.

Client 2

The entire job history of the 50 year-old woman consisted of various kinds of training and instruction courses, subsidised and temporary work, spells of unemployment and work try-out. Health problems limited her employment potential. She had one-on-one service from the special employment adviser at the unemployment office. Due to her irregular job history, she has long been a social assistance client. She received other support from the social welfare office as well, but the unemployment problem was not addressed.

Client received combined subsidy employment by actively pursuing contacts with the project worker in 1998. She got to know about such employment through the press. The job she now has on the city's payroll was arranged partly through her own contacts in August 1999. She continues to work.

The combined benefit job is just a stage in the client's employment history, which is characterised by subsidised work and temporary jobs. The job has put a stop to her unemployment and she has recovered her self-esteem. She is in a tighter situation financially than earlier because working involves more expense, but she still receives social assistance for unavoidable expenses.

The client's particular situation is characterised by use of services and a varied employment history. She has actively investigated on getting information about subsidised work and work try-out placements offered by the authorities. She is also fairly satisfied with the services provided by the authorities.

Main results and preliminary conclusions

From an institutional standpoint, the project is part of Hämeenlinna's employment plan for those difficult to employ, one in which the basic security office has a key role. Co-ordination between the employment and social welfare administrations is evident at several levels. Project financing comes from the regional employment administration (EED Centre), but the project is organised as part of the city's social assistance unit in the basic security office. The employment model, that of a combined subsidy, is one of the employment administration's newest for the long-term unemployed. The model has been transferred entirely to the use of this project in Hämeenlinna. Tools are derived in practice from the local

employment administration in accordance with a locally employment strategy. Resources are used specifically for employing the long-term unemployed, who are common clients of the employment and basic security offices. In practice, both offices can refer clients to the project but, due to the focus on a target group, selection is through the social assistance office.

The project was characterised by using work subsidies which means the clients to be long-term unemployed in order to qualify for the project. The existing alternatives for clients are marked by subsidised work contracts as temporal solutions for unemployment. For many clients the open labour market seems to be a long way off in the prevailing unemployment situation. In this context, the employment project for social assistance clients in which use is made of the combined benefit (one of the tools used in subsidised work markets) functions effectively. The project operates as part of the city's employment plan. It will conclude at the end of 2000.

Co-operation between the employment and social welfare administrations in Hämeenlinna is planned as a more permanent kind of co-operation compared to the projects. In effect, it means a common service point between the employment administration and social assistance offices, where client level work would be co-ordinated. The scope of operation of this service point, like the model put forward by the national working group, would encompass all clients. The basic security office strongly advocates setting up a common service point, but the employment administration is reserved. The employment and social welfare administrations enjoy forms of co-operation in Hämeenlinna that are relatively advanced but obstacles to co-operation are also widely alleged. There is an obvious conflict between administration strategies at the local level in Hämeenlinna.

From the client's standpoint, the problem with the project is that, after the combined subsidy period, reverting to being unemployed and receiving social assistance is a very common experience. Further employment relationships are arranged mainly through placements and training. Those who participated in the project have succeeded in putting a stop to spells of unemployment and, for many, the quality of life has improved. This positive effect transpired from interviews with clients, even if the future remains uncertain.

Based on the development ideas for projects, the activation context deserves to be taken more into account. Clients should be given time during the subsidised work period to weigh their future and not just take advantage of the work done. Secondly, other activation opportunities should be considered, if and when paid employment cannot be found. The subsidised work market is confined mainly to the public sector. Jobs in the open sector are few for those most difficult to employ. The unemployment rate is still high.

Kitee

Kitee is a small city in rural surroundings in North Karelia, which is part of east Finland. The Kitee population has been gradually declining in the 1990s due to the combined effect of migration and a low birth rate. At the end of 1998, the number of inhabitants stood at 10 689.

The structure of the economy in Kitee is fairly traditional: 18.4 % of those employed make a living from agriculture and forestry, 27.7 % from industry and 51.2 % from the services sector. A total of 10 % of the employed commute beyond their home area. The unemployment rate in Kitee was 17.9 % in 1999, about 37% of which were long-term unemployed, the highest rate in the region. A total of 9.5 % of Kitee's residents received social assistance in 1998, just below average for the country as a whole.

Co-operation between the employment and social welfare administrations

The city used to have its own extensive local authority employment policy but that line has changed, as the local authority dispensed with its work subsidy funds almost completely. The number of people in local authority employment with such subsidies was felt to be an obstacle to the rational development of operations. The local authority prioritised the creation of permanent jobs in its services and instead of subsidised jobs added to the number of permanent staff. A new employment programme is being considered – the Kitee employment model – by a working group set up by the City Council.

There are no official policy-making or co-operative discussions in Kitee between the employment and social welfare administrations. Unofficial meetings take place twice a year at the invitation of social welfare management.

Providing employment for the long-term unemployed is not a key priority, according to the local unemployment office, but anyway part of tasks relating to changes in unemployment and the ageing of the unemployed. The key task is to bring jobs and people looking for work together. Social welfare authorities consider that their responsibility towards the unemployed is limited to ensuring subsistence and that activation measures are not needed.

According to the unemployment office, integration plans for immigrants are a case in point that made for more co-operation. Planning was done together, creating personal contacts between workers. In general, some degree of collaboration exists between staff but breakdowns in communication occur. There are no joint meetings between client, social welfare representative and unemployment office.

Kitee participated in ESF financed projects (including the *Työpooli* Project). A joint ESF-Project for the long-term unemployed work is being planned, jointly managed by the unemployment and public health offices. A sheltered workshop called *TEEKOO* Product broadened its operations to include long-term unemployed. The client rehabilitation service co-operative group is an established form of co-operation between various services, which we learned about in more detail in this research.

Co-operative group for client services

The group started collaborating as early as 1983, well before its statutory inauguration in 1991. The group comprises representatives from the social welfare office, health centre, unemployment office, mental health office, Social Insurance Institution and the *TEEKOO* Product work centre, originally set up as a sheltered workshop. The speciality of the Kitee group is that it includes a representative from the work centre. The composition of the group has remained largely the same over the years, giving it the advantage that its members know each other well.

Institutional context

All the representatives of the local authority's key adult social affairs and health services, the Social Insurance Institution, and the State's employment administration are in Kitee's co-operative group for client services. The link with the basic services is mediated through the representative of each service. Group members operate within the group as an integral part of their function as public employees. There are no separate funds budgeted for the group's activities. The statutory operating procedure for the group plays an established role as a form of co-operation between civil servants in the locality.

Objectives

The group seeks to promote the planning, co-ordination and implementation of the co-operative group for client services, just as the Law on rehabilitation lays down. The Kitee co-operative group focuses mainly on co-operation relating to client issues. It emphasises that the individuality of plans is central and that the objective is to find a solution to client situations, starting from the existing facts. The objective of the entire operation is social rehabilitation, not merely employment. Whether an active or a passive solution (for example, a pension) is sought depends on the client's situation. The group's objective is to maintain the client's capacity to work even though he/she is unemployed.

In group meetings, an effort is made to reach a common outlook with a view to resolving the client's situation and draw up realistic plans to promote rehabilitation. When the group has reached a conclusion,

the worker to whose sphere of responsibility it belongs makes the decision in the matter. The objective would then be to follow-up the decisions that are made, something rarely done so far.

Operation

The group meets once every month, allowing for an annual output of between 25-30 client cases to be processed. Selection for consideration by the group is done by each representative putting forward a client of their choice. The rest gather information on the client from their own service point for joint consideration. The client's written consent is required to process the matter and exchange information relating to the client. In Kitee, attendance at meetings is not an absolute statutory requirement for the client but is favoured. The starting point is that the client is a simultaneous customer of more than one civil servant and that matters can be helped by common processing. At each meeting, one of the group's members acts as the person in charge, leading the discussion and handling the issues.

The client's objectives form the starting point for the process. Clients, for example, might be a group of people who have "fallen through the cracks" and whose circumstances cannot be resolved by any one civil servant. The idea is to support the client's social rehabilitation by availing of the expertise of employees representing interdisciplinary skills and developing the most recent solutions to issues. The benefit of the group is that many civil servants who can influence the issue are there at one time. According to the group, they form a kind of "common service point" in a small locality. The group's operations are also enhanced by the knowledge members have of the way other civil servants operate.

The group also has a number of projects in which they selected at random 20 long-term unemployed persons over 45 years of age, whose situations and capacity to work were subjected to examination.

Results

Work try-out is a key ingredient among the measures the group uses. One third of clients are referred to undergo work try-out. If work try-out proves that a client is not up to working on the open market, he or she can be employed at a work centre for a further two years. If a spell at the work centre is not successful, the client may be sent for more detailed assessment or for rehabilitation. The group has supported some clients who apply for a pension by issuing a summary of the client's circumstances in a statement that is attached to a pension application.

The group believes that the situations of most of the clients whose matters were handled showed an improvement. However, no individual follow-up or assessment was conducted. It was remarked that the

operation be developed so that the client's situation could be addressed at an earlier stage when it is still easier to help the client. At the moment their circumstances can be so complex that it is difficult to find a solution. A way to develop group activities would be to ask clients to decide what they want and what they are committed to doing before starting. An alternative would be to give the group more training and form ties with companies. For more effective operation, the group would need to meet more often.

Effects on minimum social benefits clients

We interviewed three clients in Kitee. The rehabilitative focus of the co-operative group for client services can be judged from the client cases. Most typical are illnesses limiting the capacity to work, various periods for rehabilitation and research and the difficulty of finding a suitable field of activity or kind of employment suited to local circumstances.

The client interviewed were: a 43 year-old family man with a wife and three children (Client 1), a 47 year-old woman living alone (Client 2) and a 50 year-old family man with a wife and two children (Client 3).

Client 1

The client fell ill in 1991 and was diagnosed as partially disabled. He did not qualify for a pension and so attended different courses and trained in an entirely new occupation. He experimented with his earlier occupation but had to give it up for health reasons. He couldn't pursue his new occupation, again for health reasons. After that he was back to where he began and needed retraining.

The client had been to the unemployment office to draw a daily unemployment allowance. The career psychologist had given him individual attention when it was needed at various junctures due to his illness. He was referred through the unemployment office to the co-operative group on client services in 1999. He did not received any social assistance nor was he a social welfare client.

The co-operative group for client services discussed his situation sent him for rehabilitation testing. After that, he attended a job application course and a new training course which turned out finally to be what he was capable of and motivated to do. He intends to take a follow-up course in this field and hopes to find employment.

The client felt that the co-operative group had discussed his situation and aims. When the group tried to help him find an alternative, he anticipated that he would be helped see how to find a job since he had

health limitations. He felt he did not get help. From the client's standpoint, the group would need to meet more often. Each civil servant in the group should give their evaluation of the matter and final evaluation would be based on these.

In general, the client considers that at the outset his situation should have been thoroughly evaluated and an assessment made as to the direction in which his alternatives lay. He would have succeeded in avoiding unwarranted training and disappointments. The client service co-operative group was not the immediate key to his situation. Instead, he found the help and support he needed at the unemployment office and Social Insurance Institution. His situation became chronic and a satisfactory solution was not found from 1991 - 1999. Now, after many efforts and mistakes, employment suited to his state of health is about to be found.

Client 2

The client became unemployed in 1991 and immediately registered as such and started to look for work. She had temporary employment relationships until 1995, when her situation was referred to the co-operative group on client services by the unemployment office. After that, she underwent unsuccessful work try-out. In 1997, she attended another meeting of the client service co-operative group again. Then, repeated courses and work try-out followed and in 1998, she took a job application course, then underwent more work try-out, a career planning course and in 1999 a test to choose an occupation. The client met the co-operative group for the third time in spring, 2000. Personal problems had also an influence on the interruptions in her working career.

The client was a regular customer at the unemployment office and often met an employment adviser, mostly the same person. She felt she had been supported by the unemployment office. She also has 20 years experience as a social welfare office and social assistance client. The employees at the social welfare office had been replaced, so no established client relationship was formed.

The client's situation were discussed by the customer service co-operative group on three occasions. She found it hard to speak of personal matters in a large group. According to her, the group structure is basically good and it is also good that information relating to her is at the disposal of all the civil servants involved. The group's operating principle, based largely on its own plans, did not succeed in her case, in her opinion. Her problem was that she could not find a solution. She found it useful that her case was handled by the group more than once.

The client did not feel that she obtained an answer from the group to her question about which field she would find suitable with her health limitations. For her own part, she saw the next alternative as more work try-out. She did not believe she could be employed in a full-time job in the open sector on account of her age and state of health.

Client 3

The client started drawing a disability pension in 1988, after which he trained in a new occupation, qualifying in 1993. After that, he didn't get a job during the severe recession and underwent further training by going to various courses. In 1998, he spent six months doing work try-out. He was sent by the Social Insurance Institution for a medical check-up and to be examined at the occupational therapy clinic. Most recently, in 2000, he was sent to the rehabilitation institute to have his state of health examined. On this occasion, he was given the opportunity of applying for a part-time pension.

The client attended at the employment twice a year. He was not offered work. He discussed his own situation with the career psychologist, but a solution could not be found. He did not receive financial support from the social welfare office, which he might well have wanted temporarily. The family is in financial straits on account of the means-tested nature of the labour market support.

The client was in the co-operative group years ago, when he was referred by an employee at the Social Insurance Institution. He did not actually know why his case was handled by the group and it did not find a solution to his problem. The client expects that a part-time pension would resolve his situation, at least to some extent. In addition, he would like to know what work he could expect to do with his limitations. This would require co-operation between the unemployment office, the Social Insurance Institution and a physician. An examination of his social (economic) situation would also be needed.

Main results and preliminary conclusions

The employment and social welfare administrations in Kitee have not co-operated very actively nor have they a common strategy. This is not considered a problem – each institution looks after its basic duties quite thoroughly. Social welfare does not feel that the roughly ten per cent level of subsistence allowance clients is a problem. Ensuring subsistence is their basic duty. The city cut its employment funds evident in the number of long-term unemployed. It is now preparing a new employment policy.

The client rehabilitation service co-operative group in Kitee is of long standing, has an established panel of members and recognised courses of action. The group tries as much as possible for courses of action that are client-friendly, a natural atmosphere and to find solutions for individual situations.

The client rehabilitation service co-operative group itself estimates that its actions are productive and that the situation has improved for the majority of clients. The group can handle a limited number of clients. Those who were interviewed focused on health problems and the employment limitations they entail. Some client histories went back as many as ten years, filled with various steps, courses, work try-out and rehabilitation periods, but no actual solutions had been found. The problem with the client rehabilitation service co-operative group was that client situations were so complex that they could not be solved in one or two meetings. The presence of several interest groups at the proceedings was a good thing according to clients, but they would have liked a more focused approach. It is doubtful if a group of this nature is an effective way of dealing with complex and involved matters. Generally, clients like a detailed assessment at the outset so as to avoid wrong solutions, which also cost money.

Comparison of case studies

The long-term unemployed are the obvious focus point in the employment strategies of Vantaa and Hämeenlinna. There has been a strong wish in Hämeenlinna than in other local authorities to devolve responsibility for those difficult to employ to the basic social security office. In Kitee, the city had scaled down its employment funds resulting in a reduction of job opportunities for the long-term unemployed. There are therefore less tools for managing long-term unemployment.

In Vantaa and Hämeenlinna, the style of co-operation between the employment and social welfare administrations was mainly project-based. The different character of and contradictions between the tasks of these institutions were factors which visibly influenced development of their co-operation in both cities. These contradictions were most evident in Hämeenlinna, where the basic social security office had also acquired a powerful role in activating those most difficult to employ and pursued a more structured form of co-operation with a common employment and social assistance unit.

Social welfare in both cities had been the instigator of current co-operative work styles. The internal conflict between the different tasks of the employment administration is seen at local level in the way they resisted giving "unnecessary" exposure to issues related to people difficult to employ and on the margins of the labour market. According to the profit targets of the employment administration, such people do not produce results and serving them should not be a priority. Employment offices realise that, with improved employment rates, attention must be paid to the those who are difficult to employ and at risk of exclusion. They are therefore prepared to be involved in the new projects.

Kitee differed from the above cities by the fact that co-operation between the employment and social welfare administration was minimal. Both looked on their roles in a fairly traditional way. The client rehabilitation service co-operative group stood for an established style of civil servant co-operation. New co-operative structures challenging existing work styles did not exist, nor were they planned.

We looked at a new kind of common service point in Vantaa, an employment scheme in Hämeenlinna and an established form of co-operation between civil servants, the client rehabilitation service co-operative group in Kitee. The co-ordination models differ in their institutional contexts. The Vantaa and Hämeenlinna models are aimed at long-term unemployed recipients of social assistance. Referring clients to co-operative models requires investing on activation in social assistance practice. Both models seek to give individual tailor-made answers to the needs of those most difficult to employ. The co-operative target group in Vantaa is not quite as rigidly restricted as in Hämeenlinna. The Vantaa model employs all existing vocational integration means while the Hämeenlinna model is limited to a single tool for the management of long-term unemployment: the combined subsidy.

Based on the initial experience in Vantaa, it is obvious that the model has grown as much from the needs of clients as from those of guidance workers. The co-operative model in which the employment and social welfare services are well-co-ordinated and in which there is a chance to find an activation solution fast got off to a good start. In Hämeenlinna, the project model in which the same person, in close co-operation with the social welfare and employment administrations, surveys the client's case and finds a job has also worked effectively within the given framework.

The Kitee co-operative model is an established form of civil servant co-operation, which has acquired active co-operative forms in recent years. The group strives to answer the needs of a heterogeneous clientele for whom a solution has not been found through routine forms of services. The focus is on illnesses that limit the capacity to work and impede activation solutions. In the Kitee model, the effort is to find a solution that is as unique and client-oriented as possible. The model is not so strictly defined than the other two studied. As client problems are prolonged and awkward, the model does not correspond in every way to the client's expectations of finding "a solution at last" to a situation lasting for years.

5 Summary and conclusions

We will now examine key results and observations in accordance with the structure of the study.

Unemployment and minimum social security benefits

In Finland, the unemployment benefit system and social security benefits provided as a last resort form a comprehensive whole. For unemployed persons who are members of a trade or professional union and whose work history is sufficiently long, subsistence during unemployment will depend on an earnings-related benefit, based on insurance and prior earnings. In general, earnings-related benefits can be received for a maximum period of 500 days. After this period, or if the unemployed person is not entitled to an earnings-related benefit, subsistence is ensured through an unemployment benefit, called a basic daily allowance, or a means-tested labour market support. With respect to these, the form of secondary social security is a discretionary social assistance paid by the local authority. Prolonged unemployment in Finland resulted in a situation in which a significantly large number of clients were transferred to the last resort sphere. Likewise, the cost burdens for local authorities increased. It should also be pointed out that the standard labour market support, which is a conditional benefit for persons under 25 years old, is in many cases so low that the unemployed also need social assistance (as a supplementary benefit).

The core of the common client base (that needs to be activated) of the employment and social welfare authorities consists precisely of those long-term unemployed whose entitlement to earnings-related benefits has expired, and the (often young) unemployed, who are social assistance clients and also targets of various employment and activation schemes.

Contrasting definitions of task by the employment and social welfare administrations

The key objectives of public employment policy are related to (i) general economic policy (counter-cyclical measures etc.), (ii) industrial policy (iii) redistributive policy or social policy. The relative importance of these functions will vary depending on upward and downward trends in the economy. Since 1994, the economy has continued to grow in Finland. This growth, however, has occurred partly without an anticipated increase in jobs. Given the situation in Finland, the authorities are confronted with an unusually high rate of structural unemployment. In order to ensure continued economic growth, there has been a deliberate emphasis in official policy on the economic policy and industrial policy functions of employment policy. In this situation the approach to high structural unemployment has been driven by both incentives and disincentives. The disincentives approach is exemplified by repeated demands to for a downward scaling of the unemployment benefits in connection with prolonged unemployment - and by

demands for increasing the obligations linked with social security. The easiest sanction line was to target young people (make labour market support subject to conditions for young people without vocational training under 25 years of age). The last resort social assistance has had further sanctions added in the form of reductions, if the recipient refuses work or an activation opportunity.

Inherently conflicting definitions of the task of employment policy have led to different perception of the situation on "opposite sides of the table" i.e. between employment and social welfare administrations. In the opinion of the employment policy strategists whom we interviewed and the political leadership too, there is a clear impression that the unemployment offices have had to deal with an unreasonable share of social policy tasks during the years of mass unemployment. Strict productivity targets must be adhered to under the employment administration, as a result of which resources had to be directed towards the unemployed who were most affected. Basically, the redistributive function of employment policy is to find paid employment for people who are difficult to employ, preferably in the open labour market. The basic function of the social welfare administration, on the other hand, is to help those excluded from the labour market to regain control over their lives and to stop the exclusion process. In this endeavour, employment is seen as just one solution among many others, although indisputably the most important.

The differences in the missions of the two authorities are reflected in the co-operation and co-ordination efforts at all levels of public administration. Interviews we conducted supported this conclusion.

Activation policy and changes thereto

In recent years, activation policy has been a key issue for the employment and social welfare and health administrations. Solutions to the common clients problem of the administrations have been sought in numerous working groups. Initially, the expert groups were intra- and inter-Ministerial. At the end of 1998, the labour market participants and representatives of voluntary organisation in the social sector were recruited to assist in preparations. At the expert level, the search for new, or at least improved, co-operation occurred at three levels. Firstly, a large number of local models and practices were examined under the direction of two Ministries (Social Affairs and Health and Labour). The objective was to learn from each other's experience and spread innovation horizontally. Secondly, better services for common clients were sought within the framework of existing structures and regulations (the Väärälä Working Group). And thirdly, a solution to the situation of common clients was sought by the use of structural legislation in a broad-based working group (the Välimäki Working Group). Policy preparations were based on the proposals of the latter two working groups and culminated in the June 2000 decision-in-principle by the government, under which a bill called for a rehabilitative work and various legislative amendments to promote activation were introduced in Parliament as part of the National Budget 2001 and the new legislation will be enter into force in September, 2001. Key amendments to be introduced

include, firstly strengthening the requirement for co-operation between the local social welfare authorities and state-governed employment offices, secondly ensuring that the local authorities become involved in the unemployment process at the level of the individual at an earlier stage, and thirdly laying down provisions for the local authorities to institute special rehabilitative work for long-term social welfare clients. After a complex conciliation procedure, rehabilitative work will be obligatory only for young persons who are unemployed.

Opinions about the extent to which client level co-operation and local authority co-ordination can be enforced by law varied from one respondent to the next. Generally speaking, key employment policy strategists see the proposed reform in a positive light – primarily because the local authority social welfare officials will bear more responsibility for common clients. The perception was that managing the plight of the long-term unemployed with multiple problems demands an expertise in social work which is lacking in unemployment offices. Social welfare strategists for their part saw a positive aspect of the reform as laying down conditions for a new form of quality co-operation at local and client level. It was also suggested that genuine co-operation at local level also calls for common strategies to be defined, objectives and target groups to be identified and the appropriate commitments to be made.

Institutional basis for co-ordination

The institutional structures and statutory basis in Finland for co-ordination in the employment and social welfare administrations and for co-operation at the client level are comparatively strong and carry considerable obligations – even without reforms. Key social welfare co-operative regulations are to be found in the Social Welfare Act (the framework legislation for the local authority services) and the Social Assistance Act. Key regulations for co-ordination in the employment administration are contained in the Employment Services Act and the Employment Act. In addition, key regulations are contained in the Act on the Provision of Public Administration Client Services in Common Service Units, the Act on Client Rehabilitation Service Co-operation and the Act on the Integration of Immigrants and Reception of Asylum Seekers.

Old and new forms of co-operation

A great number of special procedures and forms of benefit have been instituted by the employment administration in Finland over the years in an attempt to find a solution to the problem of the long-term unemployed. The emphasis on co-operation between local authority officials varied in these procedures. The key was and still is what are known as employment subsidies by means of which those difficult to employ are placed mainly in the public service. Apart from these, the alternative known as the combined

subsidy was developed, which is very economic from the point of view of employers. Combined subsidy is applicable only to those who have been unemployed for at least two years and employers are paid an employment benefit (a maximum of FIM 2 500 per month) and an employed person labour market support (of FIM 2 500 per month) from State funds. The only responsibility of the employer is payment of social security. Local authority social welfare officials have also directly employed their clients over the years by using social assistance due to clients as a basis for wages. The wage has been raised to the minimum pay level in accordance with the collective wage agreement and employment is based on a (fixed term) employment relationship.

On the services side, the key innovation has been a common service point staffed by the employment administration and the local authority. Pilot schemes at different levels based on co-ordinated common services were introduced by several local authorities. One highly advanced type of this development is a common reception model in which the client has access to the services of the municipal social welfare office and the national unemployment office and all the powers they wield. It is planned to test this model under controlled circumstances on a wider scale in about ten local authorities starting in 2001. The new service format for common clients to be brought in by the reform of the active social policy and notably in the Rehabilitative Work Act (2001) is an activation plan, of which rehabilitative work instituted by local authorities will be a part.

Local co-operative practices

The research material shows that the obvious driving force behind local level co-operation between the employment and social welfare administrations is the latter. Differences in task definitions between the employment and social welfare administrations are reflected in their willingness to co-operate at local level. With structural unemployment staying high and those most difficult to employ being left behind, local employment administration officials recognise that more attention must be paid to the long-term unemployed and that co-operation between a number of sectors is necessary. Therefore, the employment administration is ready to participate in projects led by the social welfare administration, but a little more reluctantly in the case of more structural forms of co-operation, such as the establishment of common reception models.

The fact that social welfare is active in finding new forms of co-operation is explained by the fact that social welfare has charge of social services and last resort social assistance. As a result of this, developing co-operation is a special interest of social welfare. Those most difficult to employ are, in any case, social welfare clients so social welfare can be thought to benefit from co-operation (see also Väärälä 1992).

The significance of legislation in developing forms of co-operation is dubious. There are routine co-operative obligations contained in key social welfare and employment administration legislation. These have generally not sufficed to create new forms of co-operation between the employment and social welfare administrations. Different kind of incentives at different levels are necessary to ensure co-operation. These take the form of example by other local authorities and a locally felt need for co-operation. It is evident locally, at least in some authorities, that in order to relieve the situation of those most difficult to employ and prevent exclusion, new techniques must be developed. The local authorities we examined, Vantaa and Hämeenlinna, exemplify this. Some authorities continue what is most probably a fairly traditional coexistence between the employment and social welfare administrations, in which each sees their task in a more restricted way. Kitee is an example. The case studies are just examples and cannot serve as a basis for general conclusions about local authorities. They tell us, however, that there are definite differences between local authorities. The situation is illustrated by the fact that just as the State is in the process of developing and implementing reforms that carry considerable obligations, some local authorities have already started to experiment with the kind of co-operation the State proposes. The processes are parallel and overlapping.

Forms of co-operation intended for those most difficult to employ locally can be organised in various ways. Likewise, the objectives and target group can be defined in different ways. Our local examples show this above all. When evaluating the success of forms of co-operation, contrasting definitions of tasks must be taken into account. The general approach to co-operation found in the employment and social welfare administrations and local priorities are also visible in actual co-operative models.

The Vantaa Work Orientation Centre stands for the newest innovation and largely conformed to the common reception model put forward by the employment and social welfare administrations. The model is co-ordinated with district social work and the form of co-operation relies internally chiefly on the comprehensive examination of the client's situation through integrated co-operation between the employment and social welfare administrations. With this as a starting point, the model is used to construct a realistic activation plan with the client. The model is based on local project experience to which staff members can also point. The initial reaction to the model is promising. It seems to fit the need of both workers and clients in finding solutions to prolonged problem situations.

In the Hämeenlinna project-style co-operative model, the co-ordination of the employment and social welfare administration resources and tools was evident at many levels. The project operates with limited scope and independently in the local employment and social welfare administration context. Factors favouring it are a clear selection mechanism, a restricted target group, a form of work subsidy tool and

one-on-one client work. The project is a model of the effective use of resources when the objective is primarily employment.

The third model we examined operates with a slightly different clientele. The co-operative group for rehabilitation client services affords not only co-operation at client level but co-operation and a wider exchange of information between various local authority officials. This form of co-operation is looser than the other models presented. The group's potential for finding solutions for individual clients is also restricted due to the long intervals between meetings. It is not easy strictly to define objectives with a heterogeneous clientele.

Effects on clients

What our small-scale study especially revealed was a glimpse into client realities. The examples are specific, so they cannot be used to draw comprehensive conclusions. The experiences of clients also yielded positive experiences about the employment and social welfare services. The examples may represent the extremes, but they relate in a dramatic way the mechanisation of employment and social welfare services during the economic recession and mass unemployment period of the 1990s. It was difficult to obtain personal service. The employment and social welfare administrations saved and stockpiled clients for years as they managed the growing volume of clients in a more and more routine way. Clients reported how important it was (would have been) to examine and intervene in their situation at a sufficiently early stage. On the other hand, it may well be asked what activation means would have been available, if situations had been addressed earlier.

Client experiences in the client rehabilitation service working group describe very lengthy processes. Such cases are marked on the one hand by health limitations and the special measures needed and on the other by fragmentation in the rehabilitation system. Client examples demonstrate in a concrete way the need to co-ordinate measures and have an individual service. The cases further expose how costly the lack of individual service and co-ordination can become for client and society alike.

The economic viewpoint is very important when considering the advantages of co-operation. We could not research this aspect in detail in our study due to the nature of the material and limitations of time. From the co-ordination standpoint, it might be asked to what extent do unfinished examination, unfocused services and lack of co-operation have a bearing on expenditure on a last resort system.

The following factors in our study can be distinguished as important from the standpoint of clients:

- readiness of workers to contact clients
- early intervention and a thorough investigation of the situation
- service oriented towards the individual
- client-oriented, tailor-made solutions
- stepwise processing
- commitment and follow through (same worker advances the process).

The factors are very much the same as those which a recent survey determined were best practice in influencing how to clear the working life threshold (Mannila et al., 1999). In this wide-ranging survey based on ESF and Community Initiatives material, successful client work is defined by the concept of individually-oriented case management. Productive service presupposes an interest which involves an overall sense of responsibility for the client as the recipient of services and on the other hand for the totality of service (cit. 79–82). The same conclusions are drawn in the Finnish evaluation of the European Social Fund's Objective 3 Programme (Arnkil et al., 2000). According to the evaluation, the question concerns the operating principles applicable in one's own operating environment (in a local context). Researchers talk of productive and creative elements which produce good practices and courses of action which challenge and overcome old practices.

As far as the co-operative group on rehabilitation client service is concerned, the experiences of the clients in this study support the statement of Saikku and Karjalainen (1998, 33) to the effect that a group structure and permanent members are not necessarily suitable for the individual treatment of client situations. The alternative could be content-oriented and client-oriented co-operative practices based more on teams and meeting at an earlier stage.

Individualised case management amounts to activity exceeding the limits of an administration body and a significant reorganisation in existing social welfare and employment services, as Mannila et al. (1999) have stated. There is a better chance of success in project-style operations. Early signs of the inception of more structured co-operative practices are to be found, as the material in our short study shows. The material also demonstrates a clear mandate for co-ordination of the employment and social welfare administrations' services among clients and basic level employees. Practical organisational solutions must be adapted to local contexts. The case samples in the study describe some examples.

Research methodology

Study material is divided into written secondary material, written material compiled from the local authorities and interview material.

The written secondary material comprises mainly recent working group memoranda, policy decision documents and recent research in the field. They are mainly listed in the bibliography. We had access to policy documents and statistics with reference to the three local case models studied.

Interviews

Interviews were conducted in a structured form. Both researchers were present at interviews with politicians and civil servants. Client interviews were conducted by two university students recruited for the project.

Interviews were as follows:

National decision-makers and policy-makers

- | | |
|---|---|
| Ministry of Labour: | - Ms Tarja Filatov, Minister of Labour |
| | - Mr Harri Skog, Director-General |
| | - Mr Matti Sihto, Ministerial Adviser |
| Ministry of Social Affairs
and Health: | - Ms Maija Perho, Minister of Social Affairs & Health |
| | - Mr Reijo Väärälä, Deputy Director-General |
| | - Mr Ilkka Oksala, Ministerial Adviser |
| The Confederation of Finnish
Industry and Employers (TT) | - Mr Johan Åström, Delegate |
| The Confederation of Finnish
Trade Unions (SAK) | - Mr Pekka Ahmavaara, Secretary-General |
| | - Ms Mirja Janerus, Secretary of Social Policy |

Case study local authorities (Vantaa, Hämeenlinna, Kitee)

Social Welfare Managers

Unemployment Office Directors

Social Welfare Employees

Employment Advisers

Employees of focused projects in the respective local authority

Total number of persons interviewed: 18 individual interviews and group interviews with 12 persons

Clients

Two clients in Vantaa

Two clients in Hämeenlinna

Three clients in Kitee

Appendix Table 1 Households receiving social assistance according to age of reference person in 1998 (%)

Age	%
- 17	0.3
18 – 19	4.6
20 – 24	20.4
25 – 29	12.6
30 – 39	21.8
40 – 49	20.8
50 – 59	12.1
60 – 64	2.3
65 – 74	3.0
75 -	2.1
Total	100.0
N = 313 337	

Appendix Table 2 Households receiving social assistance according to type of household in 1998 (%)

Household type	%
Single men without children	38.3
Single women without children	25.6
Single men with children	1.1
Single women with children	9.9
Married/Unmarried couples without children	11.3
Married/Unmarried couples with children	13.7
Total	100.0
N = 313 337	

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