



Network quarterly report - Title for Q2-2015-FI - Finland - Q2 - 2015

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Quarter:

Q2

Country:

Finland

1. Introduction

Short summary:

Parliamentary elections took place on 19 April with the Centre Party emerging as the primary winner. The party's leader Juha Sipilä, now Prime Minister, formed a conservative government together with the populist Finns Party and the centre-right National Coalition Party. The new government took office on 29 May.

The post-election period has been characterised by the Prime Minister's attempts to reach what he has labelled a 'social contract'. A draft version of the contract failed in early May. The contract aims at raising Finnish competitiveness or productivity by 5%, essentially by cutting down expenses through longer working hours without additional compensation. One of the main stumbling blocks in the draft was the employee organisations' distrust towards companies and their directors. At the end of May, the newly appointed Government made a second attempt at the contract, this time in the form of an ultimatum given in the Government Programme. The Programme states that if the social partners do not agree on a contract, there will be greater pressure to adjust public finances, and thus extra expenditure cuts and tax levies of up to €1.5 billion will be made. Meanwhile, if the social partners do agree on the contract, the government promises additional reductions in earned income taxation. Other controversial proposals in the Programme include the prolongation of probation periods and the abolition of the requirement for employers to justify temporary contracts.

At the same time, the economy has continued to decline. A study by Statistics Finland indicated an unemployment rate of 11.8% in May, an increase of 28,000 unemployed or 1.0 percentage points compared to May last year. The Ministry of Employment and the Economy estimates that the structure of unemployment will become more difficult and long-term unemployment rates will continue to grow.

2. Actors, institutions and their structures

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Trade unions and other forms of employee representation:

Progress in formation of new peak-level trade union The process of creating a new peak-level trade union – in practice a merger of the Central Organisation of Finnish Trade Unions SAK and the Finnish Confederation of Professionals STTK – is evolving. So far a total of 49 unions have decided to join the project of creating a new organisation. As part of the process a website has been created, www.uusikeskusjarjesto.fi, providing continuous information on the developments. The new organisation is expected to be up and running by 2017.

3. Processes

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Dispute and dispute resolution Dispute and dispute resolution:

Prolonged dispute within aviation branch solved after numerous strike threats

[An aviation branch labour dispute](#) between the Finnish Cabin Crew Union (SLSY) and the Finnish Aviation Union (IAU) on the one side and the Union of Service Branch Employers (PALTA) on the other went on throughout the spring and [until the end of May](#). The dispute concerned the general applicability of the collective agreement negotiated by SLSY and IAU and included several threats of and one executed strike. The strikes concerned ground services at all major Finnish airports and affected most airlines. The executed two-day strike caused a number of flight cancellations and some disruptions in baggage services.

Significant increase in scope of industrial conflicts from 2013 to 2014

The national statistical institution [Statistics Finland reported in April that more than 69,000 employees participated in 128 industrial conflicts during 2014](#). Some 40,500 working days were lost in the process. The most common origin of conflict was lay-offs or threats of lay-offs, and the most common response was striking. More than half of the conflicts, a total of 76, took place within industry. In comparison to these numbers, in 2013 a total of 121 conflicts engaged less than 20,000 employees and implied a loss of 26,000 working days.

4. Outcomes

Individual employment relations-terms and conditions of employment

Employment Status:

Research findings, survey data:

Study indicates growing popularity of part-time work

[A study published by the Finnish Innovation Fund Sitra \(in Finnish\)](#) in June showed that part-time workers are more satisfied with their personal lives than full-time workers. Part-time work is increasingly often an active choice, as it allows for more flexibility and spending time with other activities. In 2014, almost 75% of all part-time workers had willingly chosen to work less than full-time. The number of part-time workers who would prefer full-time employment has decreased by almost 20 percentage points in the past 20 years. Although part-time work has increased in Finland and is estimated to continue to do so, it is still significantly less common than in other EU countries. As of 2014, only in Portugal and Greece was the share of part-time workers within the total working force lower than the Finnish 15.4%.

Finnish labour market more flexible than generally believed

Tiina Soininen from the University of Eastern Finland studied the flexibility of the Finnish labour market in her [PhD dissertation Changing Expectations and Realities of Employment Stability - Longitudinal Analysis of Tenures in Finland](#). Soininen's findings indicate that despite the employer organisations' assertions to the contrary, the current Finnish labour market is in fact quite flexible. In

1998-2007, the proportion of employment relationships lasting less than one year grew from 40% to 60% of all employment relationships. However, the flexibility is predominantly focused on the unemployed, the less educated and the elder sections of the working force. Meanwhile, individuals who are highly educated or work within the technology industry run a significantly lower risk of losing their job.

Entitlements and obligations:

Research findings, survey data:

Support to innovation a Finnish working life strong point

The Ministry of Employment and the Economy published a [report comparing working life in Finland with working life in other parts of Europe \(in Finnish\)](#). The report is part of the National Working Life Development Strategy, which was adopted by Government in the spring of 2012. The Strategy envisages to make Finnish working life the best in Europe by the year 2020. It was concluded in the report that strengths in the Finnish working life comprise procedures supportive of innovation, good opportunities for balancing work and family life, possibilities to influence decision-making, learning, and good working place atmospheres. Weaknesses reported include harassment, bullying, and partly also management, especially as concerns giving feedback to employees.

Termination of the employment relationship:

Pay

Pay:

Pay in General:

Public discussion on Sunday double wages and opening hours

The Director General of the employers' umbrella organisation Confederation of Finnish Industries EK [Jyri Häkämies argued in early June that the law on double wages on Sundays is outdated and should be abolished](#). Trade unions immediately dismissed the idea, as did the newly appointed Minister of Justice and Employment Jari Lindström (Finns Party). Sunday opening hours, on the other hand, have been discussed before, including during the negotiations for forming the current government. This debate continued in June, with the employers' organisation [Federation of Finnish Enterprises endorsing the right-wing National Coalition Party's proposal](#) of loosening or abolishing the [Business Hours Act \(in Finnish\)](#), which regulates opening hours.

Collectively agreed pay (outcomes):

Social partners reach national wage agreement

In mid-June, [the social partners reached an agreement on a general pay raise for next year](#). With a flat rate increase of €16 per month, yet a minimum of 0.43% per month, the raise was widely considered very moderate. The negotiations were conducted within the framework of the [central level agreement Pact for Employment and Growth](#), which the social partners agreed on in October 2013. The Government were satisfied with the results of the pay negotiations. Minister of Finance Alexander Stubb (National Coalition Party) noted that moderation was necessary in order to improve Finnish competitiveness.

Equal pay:

Objective of narrowing pay gap not satisfactorily attained

[An evaluation report by the Ministry of Social Affairs and Health \(in Finnish\)](#) noted that a desired level of equality between men's and women's pay as defined by the government's Equal Pay Programme has not been reached. Established in 2006, the Programme aims at narrowing down the gender pay gap to 15%. However, progress has been slowed down because of low pay raises in the current weak economic situation. Some progress has nevertheless been made, with the most influential measures relating to salary policies, the disassembling of segregation, and the harmonisation of family and working life.

Working time and work-life balance

Working time in general: Duration, legislation and collectively agreed changes:
Important discussions, policies, legislation:

Debate on increasing annual working hours launched by PM Sipilä

During the government formation talks in early May, the new Prime Minister Juha Sipilä (Centre Party) electrified the labour debate by proposing an annual increase of 100 working hours per employee as part of the 'social contract' the government seeks to reach with the social partners in order to raise Finnish competitiveness of productivity by 5%. The proposal was part of the overall government efforts intended to improve Finnish competitiveness. Subsequent opinion polls indicated that the idea splits the population in half, with different polls showing some 30-50% both [for](#) and [against](#) it. (HS Labour unions have been sceptical towards the proposal. The largest union within the private sector for clerical employees, [Trade Union Pro, warned that long working hours can entail decreased productivity per working hour](#). Pro suggests improved leadership, better task management and greater flexibility as alternative means to improve efficiency. The Bank of Finland calculated that [the reform would entail an annual growth rate that would exceed the current predictions by more than 1.2 percentage points](#) until the year 2021.

Organisation of working time and working time flexibility:
Important discussions, policies, legislation:

Initiative against zero-hour contracts gains 50,000 signatures

A [citizens' initiative to forbid zero-hour contracts reached 50,000 signatures in early May](#). The initiative could thus be sent to Parliament, which is obliged to take the proposal up for consideration. The initiative demands a weekly minimum of 18 hours of work for part-time employees as well as other measures to prevent employers from bypassing regulations on for instance probation and protection against dismissal. The campaign behind the initiative was financed by labour unions, whereas the employers' union Confederation of Finnish Industries declared it unrealistic. Statistics Finland reported in March that more than 80,000 employees in the country have zero-hour contracts. Such arrangements are problematic for employees because [18 hours of work per week are a prerequisite for attaining certain unemployment and sickness benefits](#).

Work-life balance in relation to working life:
Non-standard working hours:

Skill, Learning and Employability

Skills and Training:

Research findings, survey data:

Study on occupation shifts after disappearance of private sector jobs

[The Research Institute of the Finnish Economy \(ETLA\) published a study \(in Finnish\)](#) on what kind of jobs employees take up when their previous jobs disappear as a result of labour market polarisation. Decline has been notable in certain private sector occupations, including office clerks, metal, machinery and related trades workers, other craft workers, wood-processing and papermaking plant operators, rubber, paper, and textile products machine operators, and product assemblers. Out of these, office clerks' prospects of shifting to other jobs appear the best, with opportunities being found within the public sector and among non-shrinking jobs within the private sector. Also age and education proved influential in determining the individual's future labour market **outcomes**.

Work organisation, skills and learning:

Career development and employability:

Health and wellbeing at work

Physical risk factors:

Psychosocial risk factors:

Work-related health and wellbeing outcomes:

Absenteeism - Presenteeism:

Violence and harassment at work:

Important discussions, policies, legislation:

International labour union meeting in Helsinki on controversy around Finnish packaging corporation

The Finnish [disposable packaging manufacturer Huhtamäki was surrounded by controversy](#) related to working conditions and unionisation rights in the United States and India. Accused of poor working conditions, low wages, and prohibition of unionisation, the company has repealed all charges. Representatives of Huhtamäki employees as well as other labour union delegates from a total of nine different countries travelled to Helsinki in early June for a meeting organised by the international umbrella organisation for industrial labour unions, IndustriALL Global to discuss the situation. The chairman of the Finnish paper workers' union Paperiliitto Petri Vanhala declared the meeting exceptional in Finnish history. He further remarked that Paperiliitto does not accept restrictions on unionisation and demands more openness from Huhtamäki.

Occupational health and safety and workplace health promotion:

Important discussions, policies, legislation:

Social partners disappointed with Government decision to cut financing of occupational health

While work and health are claimed to be at the centre of the new government programme, government subsidies for the rehabilitation of working age people will decrease by €20 million as part of the society-wide savings measures. The cuts include €5 million from the Finnish Institute of Occupational Health (TTL). [Both employers and employee organisations have been dissatisfied with the decision](#). The chairperson of the labour union Finnish Confederation of Professionals (STTK) [Katarina Murto noted that sick leaves are best reduced through preventive care](#). Decreasing health-related absenteeism is an important goal, as an estimated four per cent of all working days are lost annually due to sick leaves. According to Murto, more needs to be invested in preventive measures

such as occupational health.

Work organisation

Forms of work organisation:
Workplace innovation:
Employee involvement:
Participation at work:

5. Other relevant issues

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Equality and equal opportunities:

Technical education often required from company directors in Finland - favours men over women

[A study by the Ministry of Social Affairs and Health \(in Finnish\)](#) indicates that technical education is often required from company directors in Finland. The phenomenon is unique on a European level and can be seen as favouring men, who possess such training more often than women do. Statistically speaking, female directors' educational backgrounds are more varied than those of their male colleagues. The study further posits that women are offered less demanding tasks throughout their careers, and are expected to have higher education than their male counterparts in order to enter company boards. Although the number of women on Finnish company boards has increased in the past years, there is still a long way to the target of a minimum of 40% female representation on corporate boards set by the European Commission. Only state-owned companies reach up to 39%, whereas other types of businesses linger at some 20%.

Any other related issues:

200,000 new jobs in four years as promised by politicians is an attainable net goal

[A research paper published by the Ministry of Employment and the Economy \(in Finnish\)](#) estimates that the creation of 200,000 new jobs within one electoral period of four years is a realistic goal. The estimate is based on data from 2011-2014, which indicated an annual creation of some 46,000 new jobs especially in small corporate sector plants with growth expectations. Such numbers are only attainable in net terms, however; the annual loss of some 55,000 jobs means that in gross terms 200,000 new jobs in four years is too ambitious an objective. Many political parties, including the Centre Party of the new Prime Minister [Juha Sipilä, demanded before the parliamentary elections that a minimum of 200,000 new private sector jobs be created](#) within the next five years.

Indicator calculates costs of long-term unemployment

[A calculator measuring the costs of long-term unemployment in Finland](#) has been created by an economist at the Finnish Confederation of Professionals (STTK). Based on costs of unemployment including unemployment benefits, other social welfare benefits, losses in tax revenue and losses to the pension systems, the indicator currently estimates the costs to mount up to a total of €216 per second, €12,963 per minute and €18.7 million per day. Long-term unemployment, meaning complete lack of work for 12 months, implies a serious risk of the employee ending up permanently outside the active labour force.

The workforce:
Other aspects:

Study on the application of innovation to migration and integration policies

[A report on the impact of innovation on migration and integration policies \(in Finnish\)](#) concluded that migration and immigrants benefit Finland, yet using innovation policy instruments in integration would bring the country still further added value. Most immigrants have come to work or study, and the many migrant students in Finnish innovation communities contribute to the internationalisation of the growth company sector. Innovation policy instruments can help migrants 'to find employment or become self-employed, to build up international relations and to boost export and, thus, to promote well-being'. National actors should enable the identifying and bringing together relevant regional actors and development networks, which can together generate innovation and new business activities. The report was commissioned by the Centre of Expertise in Immigrant Integration, which is part of the Ministry of Employment and the Economy. It is based on an international research project examining the role of different communities in the innovation economy.

Intergenerational effect of immigrant parents' integration plans discovered

[A study commissioned by the Ministry of Employment and the Economy \(in Finnish\)](#) found that immigrant parents' having been given integration plans significantly influences their children's study choices and study success. The study compared children of immigrants who had moved to Finland before and after the May 1997 establishment of the integration plan obligation on unemployed job seekers at Employment and Economic Development Offices (TE Offices). Children whose parents had had an integration plan were less likely to be enrolled at vocational schools and more likely to graduate from academic track high school, as well as more likely to apply to tertiary education and to be enrolled in a university of applied sciences. The results suggest that integration plans 'made the integration operations of the TE Offices more consistent and more client-oriented, and allowed the previous expertise, orientation and motivation of immigrants to be utilised more efficiently'.

6. Summary, commentary and outlook

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Commentary:

Increased uncertainty and distrust of the employee side towards the new government have marked the second quarter of 2015. The Government's primary goals are increased labour market flexibility and efficiency, and it intends to reach them with or without the cooperation of labour market organisations. Unlike previous government programmes, the current one does not mention tripartite negotiations; instead, the Government will have 'a dialogue' with the social partners. A tough approach was also taken towards labour unions in the ultimatum formulation concerning the so called social contract. The exact contents of the contract remain somewhat unclear, but individual controversial proposals have faced strong opposition from labour unions. Also the relations between employee and employers' organisations are strained. At the same time, all social partners agree that the economic situation is bad and claim to be willing to negotiate the social contract. The main issue appears to be the perceived one-sidedness and unfairness of the proposals so far. During the summer, the Government Programme should be turned into a concrete plan for the electoral period.

Your proposal for topics/areas to be worth investigated further:

- A RiF on [the study published by the Finnish Innovation Fund Sitra \(in Finnish\)](#) on part-time work. The share of part-time employees has increased with 50% in Finland in the past 15 years, forming one of several development trends on the Finnish labour market. The study analyses the possibilities and challenges with part-time work, and concludes that part-time workers are more satisfied with their personal lives than full-time workers.
- A spotlight report on the national Working Life 2020-project, which objective is to implement the National Working Life Development Strategy. The strategy was adopted by government in the spring of 2012 with the aim to make Finnish working life the best in Europe by the year 2020. The spotlight report could take its starting point from The Ministry of Employment and the Economy's [report comparing working life in Finland with working life in other parts of Europe \(in Finnish\)](#). We have touched upon the Working Life 2020-project in previous articles (see for example <http://www.eurofound.europa.eu/observatories/eurwork/articles/labour-market-business/finland-survey-findings-underline-need-for-innovation-in-workplaces>), but believe it is interesting enough to be covered in more detail. The large scale project has been designed and is implemented with strong involvement of social partners.
- A spotlight report on the government's and peak-level organisation's joint Equal Pay Programme established in 2006. With a gender wage gap of 18.7% in 2014, Finland is far above the OECD average. Several measures have been taken, but a recent [evaluation report by the Ministry of Social Affairs and Health \(in Finnish\)](#) shows that progress towards the objective to narrowing down the gap to 15% has been unsatisfactory.
- A RiF on the [The Research Institute of the Finnish Economy's \(ETLA\) study \(in Finnish\)](#) on what kind of jobs employees take up when their previous jobs disappear as a result of labour market restructuring/polarisation. The study identifies some private sector jobs where the share of total employees in the economy is shrinking, for example office clerks, wood-processing and papermaking plant operators. The labour market status of the individuals working in these occupations in 1995 is traced up to 2009. Additionally, attempts are made to identify the background factors having most strongly affected the individual transition patterns observed.
- A RiF on a [research report published by the Ministry of Social Affairs and Health \(in Finnish\)](#) on gender equality in the recruitment processes for top positions in corporate management in listed and state-owned companies. Results show that considerable value was given to the matter that a person being recruited had held certain positions and had gone through certain phases in his or her career. Board members have traditionally been sought among people with a CEO background, but this practice seems to be changing. The utilisation of versatile competences could open up more seats on boards for women, as only a few women have CEO backgrounds. The study is part of the Gender Equality in Top Management (TASURI) project of the Ministry of Social Affairs and Health carried out in 2013-2015, partly funded by the EU Progress programme. Empirical data comprises interviews with persons involved in

the recruitment processes.

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