

QualiProAIR



## 2<sup>nd</sup> Day

# Finnish unemployment system



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# **Introduction for the day**

- **Short preview of previous day**
- **Unemployment officials (state, municipalities)**
- **Unemployment periods, durations, effects**
- **Unemployment fees**
- **Problems and changing pressures**
- **Immigrant point-of-view**
- **Conclusion of the Day.**

# Summary of previous day:

- **System related to immigrants is complex and it doesn't communicate within sub-system operations. Comments of participants shortly:**
  - ....
  - ....
  - ....
- **Introduction to Finnish unemployment system!**

# Basic information getting into unemployment

- When person is getting into unemployment he/she should: a) at same day announce him-/herself as unemployed work applicant by internet with own bank codes, posting an announcement or by personal visit to local administration of work and economics (AWE); b) if person is a member of labor union or unemployment cash payment organization, announcement also to these instances; c) he/she must give background information about reasons, which led to unemployment (getting fired, own reassignment, other reasons).
- A decision of positive unemployment fee done by AWE may take from 1 to 3 months and therefore first unemployment fee may delay.
- If person is a member of labor union or unemployment cash payment organization, amount of unemployment fee is about 70 % of his/her previous salary. If person doesn't belong either of these organization, a basic unemployment fee is 32,40 € / day. From this amount of money a fixed tax rate is being paid and thus a amount of unemployment fee is after taxes only approx. 520,00 € / month.
- After new activate model an unemployment person is obliged to apply for a job within 3 months after being got unemployed and he/she must be able to dictate to officials. If not, his/her unemployment amount can be cut by officials.

# **Basic information getting into unemployment**

- **Finnish unemployment offers different kind of benefits for persons depending on their age, how long they have been in working life. Possible benefits granted for unemployed people are labor market support, unemployment fee related to salary, basic daily fee, unemployment pension fee, resign fee ja education fee.**
- **Unemployment security defines unemployment act set in 2002. Law entails e.g. securing economic opportunities and entering / returning labor markets of work applicant by making up to person economic losses caused by unemployment.**
- **Unemployment security managed and coordinate KELA (Department of National Pensionary) and different branches of unemployment cash payment organization. Funding of those organizations manage TVR (Unemployment Insurance Fund).**
- **Development and prepare work concerning unemployment security is under control of ministry of Social and Health.**

# System of improving employment

- In 2018 main responsibility has regional employment authorities (state level administration). Long-period unemployment is been taking care of together with national and municipal officials
- Municipals get financial support from KELA for improving long-period unemployment (= over 300 days unemployed people). Unless municipalities activate their unemployed inhabitants with money got, municipalities had to return some share back to KELA (=this is “famous” KELA sanction payment, which is e.g. in Turku over 26 milj. Euros annually)
- A lot of municipalities activate unemployed people through outside purchases, in which very often SHOS have had a remarkable role. Municipalities have also financially aided with different direct and indirect solutions these non-profit organizations in order to secure continuity of these organizations. Also private companies are partly entered into these markets.
- Supported employment periods are usually short with duration: mainly between 1-6 months. For those people, who are in extremely difficult situation in their lives, so short periods are not adequate.



**Discussion: What kind of experiences participants have about improving employment?**

# **Major challenges for improving unemployment in 2020 in Finland**

- **Huge direct challenges: Planned Renewals in Social and Health Care (SOTE), Regional administration and so called Growth Service Centre. The last mentioned one will start anyway in 2021 and regional pilots will start on next year. Two former are depending on political field; e.g. Parliament elections on spring 2019 can postpone SOTE and regional administration renewals.**
- **Education reform is the biggest in-direct changes, which is linking to challenges mentioned above.**
- **All large changes have direct or in-direct effects on improvement efforts of unemployment and situation of immigrants.**

# Growth Service Centers

- Traditional local administration departments of work and economics (AWEs) will be transferred into new Growth Service Centers, which are about to co-operate closely with KELA and municipalities. Growth Service Centers (GSC) have been built in a way that support possible regional administration renewal.
- Including traditional guidance, training and education services GSCs will buy outside services from private sector more than these days (e.g. preliminary analyzes of unemployed people, activation plans, recruitments, indentures). These planned outsourced services will hopefully create new market opportunities, which e.g. 3<sup>rd</sup> sector actors should try a market entry → new kind of purchase service deals.
- Pilot experiments will start in early 2019.
- This will be a major turning point, also with immigrant services, compared with present situation: a) a total new and innovative service suppliers can enter to markets; b) “old and safe actors” can even vanish from the markets if they cannot face the new situation; c) years 2018-2020 can be, however be “rasputitsa” years because major changes in public administration take in most cases more time than originally planned because poor vertical implementation and in this case immigrants, asylum seekers and refugees arrived between 2015-2016 may be in a situation of surrogate victim: their integration process will delay because of big renewal of employment system and therefor a huge amount of them won't get into a positive process of integration into a Finnish society.



**Discussion: What kind of experiences participants have changes in basic employment in your own work?**



# Unemployment periods, durations, effects

- **Unemployment periods** can roughly divide into 3 categories by following AWE's way: 1<sup>st</sup> service line, 2<sup>nd</sup> service line and 3<sup>rd</sup> service line customers
  - 1<sup>st</sup> service line customers are supposed to be people become unemployed people just recently and presumably they will find a new job quite quickly without big effort of employment officials at local AWE centers.
  - 2<sup>nd</sup> service line customers may need some updating of qualification of their professionalism (specified trainings, courses etc.) in order to help them to find a new job.
  - 3<sup>rd</sup> service line customers are difficult target group. They are long-period unemployed, immigrants, young adults in danger of isolation from the Finnish society, handicapped work applicants.
- **Durations** are being divided in a way, that after over 300 days of unemployment person is being classified as long-period unemployed work applicant. Then according the Finnish unemployment system person must be activated either into subsidized work activity or professional education. Responsibilities lay on local AWS departments and municipalities.
- **Effects**, different kind of solutions: a) labor policy for training b) training policy for subsidized employment; c) transfers into municipal social ja employment activities ( mainly *rehabilitating work activity, kuty*).
- For difficult target group incl. immigrants, solutions are often combinations of local AWS and municipalities: supported employment solutions with different kind of treaty forms.

# Supported employment periods

- **Main forms are: salary-support (pt), work experiment (tyko) ja rehabilitating work activity (kuty). Pt and tyko are under AWS and kuty under municipal administration. Durations are approx. 3-12 months; tyko max 6 months / organization, option 12 months / year / person**
- **Recession during 2008-2017 in Finland forced government and parliament of Finland to budget cuttings, including funding for supported employment. Thus, supported employment periods have been shorter by duration, flexibilities have been tightened and more expensive pt periods have been granted less.**
- **Budget cuttings have shown in 3<sup>rd</sup> organizations in way that the number of supported employed people have decreased. Including this number of projects, aimed to helping and building further paths for target people funded by labor policy bases, have decreased radically.**
- **According to researches and survey made by AWS, the pt – form has been the most effect supported employment treaty measured by the number employment to open labor markets after support period. It is, however also the costliest one: it cost for funder (AWS) 1300 € / month + side salary cost (approx. 300,00 € / month) for 5 hour working day (five days)per week. enables also indentures and further placement into employees of open market organization during the period.**
- **According to researches and survey made by AWS supporting employment activities cost millions of euros to state annually, but their real employment effect to open market is approx. only 15 % from 100 people.**

# Supported employment periods

Reasons for poor effectiveness figures (=transfers to working life, professional schools, other next-step activities, establishing business of your own) are:

- Lacking network linkages between employment supporting organizations: not in right time and individual needs regarding transfers between organizations.
- Strict confidentiality law in Finland and lack of data transfers between actors.
- People, whose right place would be in more demanding professional skills requiring organizations (like social and health care), are being situated into SHOs, in which they even go deeper in their personal low self-consciousness, they isolate in working community and even phlegmatize other fellow workers.
- There are not enough professional personnel in SHOs.
- There are not enough working tasks in SHOs, which would be near enough of demands of open sector organizations.
- There are not supplementary Finnish language possibilities for immigrants during periods in SHO's; according to all studies at least reasonable ability to speak Finnish is a key to get a job in Finland.



**Discussion: What kind of experiences participants have on supported employment periods and their effectiveness based?**

# Supported employment periods, effects on unemployed persons themselves

- **Benefits:** a) economic benefits; b) benefits of self-consciousness; c) social benefits; d) further paths; e) benefits for immigrants.
- **Economic benefits:** Arise of income compared with basic unemployment fee (pt: approx. 100 % arise in salary, tyko & kuty: 9 € tax-free income / active day (max four days in a week: 36 € tax-free arise in income).
- **Benefits of self-consciousness:** succeeding experiences after being a long-time in passive life, learning new experiences, “I can make it” experiences, getting back into a normal everyday schedule.
- **Social benefits:** feeling of belonging into a working community, possible decreasing of feeling loneliness, new stimulus, new friends, possible new activities after work (hobbies along to life again).
- **Further paths:** in positive cases transfers to real working life, professional (further) training, establishing a business of your own and transfer into further activities, which REALLY support person's individual needs, goals, motives etc.
- **Benefits for immigrants:** a) same than already mentioned above; b) an obligation to use daily Finnish language and due that supplementary Finnish language training, c) touch-point to ordinary Finnish people, d) touch-point- to Finnish work life and culture.



**Discussion: What kind of experiments participants have on supported employment periods and their effects on immigrants?**

# Conclusion / final discussion

- **Did you have aims, contents and structure clear?**
- **What sub-areas presented today you'd like to be emphasized in further days?**
- **What would you like to brought up more (e.g. group works, discussions, exercises)?**

