

Building a labour market for human capital and sustainable development – the Finnish experience

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Finnish dilemma



Finland (like the other Nordic countries) is usually among the top performers in any international comparison on good things. Just to mention a few...

- FIN ranked 1st in **Human Capital Index** (World Economic Forum 2016)
- FIN ranked 1st as **most sustainable state** in the World (The Fund for Peace, Fragile State Index 2016)
- FIN ranked 1st as the **safest country** in the World (WEF Travel and Tourism Competitiveness Report 2015)
- FIN ranked 1st as having the **best public administration** in the World (Legatum Institute 2016)
- FIN ranked 1st in **highest literacy** in the World (Miller – Kenna: World Literacy, Routledge 2016)
- FIN ranked **1st among OECD** countries in **education** (OECD, Better Life Index, Education)
- FIN ranked 1st in **Environmental performance** index in the World (Yale university)
- FIN ranked 1st in **Press freedom** Index (Reporters without Borders 2016)
- FIN has the **lowest Gender Employment Gap** in Europe (Eurofound)
- FIN ranked 1st in **judicial independence** in the World (World Economic Forum 2016-17)
- FIN ranked 2nd **fairiest country for children** in the World (Unicef study 2016)
- FIN ranked 2nd in **State of World's Mothers** (Save the Children),
- FIN ranked 3rd in **innovation** (World Economic Forum, Global Competitiveness Report 2016-17),
- FIN among the top 20 in the World in **infant life expectancy** (WHO Life Expectancy),
- FIN ranked 2nd in **life satisfaction** in Europe (Eurostat)

But still...

- Economic development has been very sluggish since the financial crisis
- Employment rate is low in comparison to other Nordic countries, below 70 per cent
- Unemployment is high and structural unemployment increasing
- Even highly educated young people have difficulties in entering the working life
- Young people do not reach similar positions in working life as they did previously
- The NEET rate has increased, especially for young men
- The employment rate of mothers of small children is rather low

Human capital and workforce development



- The opportunities for human capital creation are relatively good in the Finnish context.
- As the OECD PIAAC study found out, we have also a **large amount of adults (600,000 people, total population 5.5 million) with skills levels not adequate** to solve everyday problems (literacy, numeracy). Many of these people are in the working life.
- We learned from the OECD PIAAC country study on Finland (2015) that we should discuss more on **foundation skills**, not only in case of immigrants. The high-performing educational system seems rather incapable to address this issue
- The **NEET rate** (not in employment, education or training) **has increased** (10.6 per cent in 2015), especially for young men
 - Investment is really worth while, as reaching a secondary certificate prolongs the working career by several years on average. This is a huge profit from the individual's and the society's point of view

Workforce challenges in health, social and education sectors



- **Long term** economic and labour market scenarios suggest that due to ageing of the population, demand for health care services and workforce increases quite heavily even in case productivity gains can be reached. Educational intake has been increased.
- Also in the **short term**, there is continuous overdemand in many occupations in these sectors (Occupational Barometer)
 - Medical doctors (Specialists and General Practitioners)
 - Social workers
 - Nurses (more balanced situation recently)
 - Special education teachers
- These occupations demand **tertiary level degrees**. Immigration helps in the health care sector, but due to language skills there is a friction (e.g. in a public office one has to pass Finnish and Swedish language tests, which is hard for immigrants)

Cross-sectoral systemic innovation: LAFOS



- **The problem:** The regular Public Employment Service was considered unable to help people with cumulated problems like health issues, debts, low income, need for rehabilitation and poor skill levels. Long-term unemployment is often the outcome.
- **The solution:** The Finnish PES, the municipalities and the Social Insurance Institution (SII) formed joint Labour Force Service Centres (LAFOS) in the main cities. They provided personnel for this service center, where these three authorities worked together. This innovation was based on cooperation. Multiprofessional problem-solving oriented teams were organised in the LAFOS.
- The SII provided rehabilitative services, the municipalities operated with social work instruments and health services and the PES with labour market policy instruments like subsidised employment and training programmes.
- **The outcome:** the customers were very satisfied with the service, the flow of customers was relatively low and people stayed quite long periods within the LAFOS services. Many people found still new opportunities and solutions in their life.

Current way of organizing the multi-sectoral joint service (LAFOS)



- 33 local networks, each having a **contract on cooperation**
- Each network has a **management group**, which is responsible for organising the joint service locally
 - First term during 2015–2018
 - Municipalities choose the chairperson
 - Each management group member has a position to really influence how the multi-sectoral joint service is being implemented
- Each organisation directs enough **personnel** and allocates **funds** for the joint service
- The **head** of the local multi-sectoral joint service is **chosen by the municipalities**
- The Ministry of Economic Affairs and Employment has set up a cross-sectoral national steering group for the joint service

Youth guarantee implementation: another cross-sectoral approach



Phase one 2005-2013: PES aims to offer services for young jobseekers within 3 months (=pure PES model)

Phase two 2013-2016: Public-Private-People-Partnership (=multiple services provided)

Phase three 2016-: One-Stop-Shop network nationwide (=all services provided at the same place, easy access)

Youth Guarantee Phase II

as from 1st of January 2013

Goal

- to help young people gain access to education and employment.

Implemented
across
administrative
borders



Pillars of the Youth Guarantee:

Education guarantee

Skills programme for young adults

Employment and Economic Development services
for youth (PES services)

Rehabilitative services including
municipal social and health services

Other individual services for young people, such as
youth outreach work and youth workshop activities

Key findings from the research monitoring the implementation of the Youth guarantee



- **Increased cooperation** among actors:
 - more than 50 % of organizations offering services for young people have changed the way they operate
 - the changes concern resources available, day to day operating and networking
- The **unemployment spells** remained relatively short despite growing unemployment
- The availability of **social and health services** are estimated to be inadequate
- Greatest challenges were estimated to be the **lack of rehabilitation service** for those suffering from addiction and the **lack of mental health services**.
- Finding proper services for young people can be challenging depending on the municipality where one lives.
- Most of the professionals working with young people feel that the possibilities to implement the guarantee are good or at least fair.

Youth guarantee phase III: One-Stop-Shop Guidance centers

- **Currently 35** easy access service points for young people
- Based on surveys and studies
 - young people have complex problems **requiring cooperation and coordination** between different services
 - experiences from the youth guarantee 2013-2015
- Target group is young **people under 30**
- **Multi-sectoral information, advice, guidance and support using basic services and broad network of partners**
- **Aims to find a path for young people into education and employment**
- **Operating model based on agreement**
 - Shared concept in both face to face and electronic services
 - Shared premises and aim to have a shared client management system
 - Shared orientation and skills that are continuously developed
 - Shared coordination
 - Good, functional and developed basic services from various providers

Ideas for discussion



- **Interconnection between different sectors is not an end in itself, but a means to solve some common problems**
 - Serving better e.g. young people with complex problems including health issues, addiction, housing problems, school drop-out, unemployment or more than one of these
 - Improving the availability and effectiveness of services
- **Try to help people with the most decisive problem**
 - It does not help much to provide employment services, if people are not ready for them e.g. in case of health problems without proper treatment
 - For the individual, education is a huge investment. It is vital that people are motivated for it.
 - People with large debts may not have incentives to accept a job offer. Finding debt arrangements should take place first in this case.
- **Use creativity and flexibility in bringing different expertise together**
 - Public-private-people partnerships
 - Network solutions
 - One-stop shops
- **The Finnish cases prove that networking is a functional way to provide multiple services in the field of health, social, educational and employment sectors. This has also lead to systemic changes.**