
Riikka Asa and Rafael Bärlund

SATISFYING LABOUR DEMAND THROUGH MIGRATION

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1. Introduction

This study is part of the European Migration Network's 2010 agenda set by the EMN's steering group. The purpose of the report is to chart the strategies used by various Member States to serve the needs of labour markets and prevent and forecast labour shortages. The report also aims to analyse the effectiveness of these forecast tools and strategies as well as experiences from their application, particularly during the most recent economic downturn.

The study's target group are political decision-makers and analysts both at the national level and in EU decision making bodies; it aims to inform the target groups of the various alternatives available for preventing labour shortages at the national level to facilitate both long-term planning and respond to changes in the economic conditions. While Finland does not have a legislative foundation for preventing labour shortages, the national reports of other EU Member States will provide valuable information on the effectiveness of various strategies in preventing labour shortages and co-operation with third countries. The reports will also describe national immigration policies and highlight best practices¹.

This study is a follow-up to the 2007 EMN report "*Conditions of Entry and Residence of Third Country Highly-Skilled Workers in the EU*". However, this study covers all professions and also includes experiences of the effects of migration policy decisions made during the recession. This study should be read in conjunction with the EMN report "*Managed Migration and the Labour Market – the Health sector*".

In line with the focus of the European Migration Network, the focal point of this study is third-country citizens. It is complemented by a study on temporary and circular migration titled "*Temporary and circular migration: empirical evidence, current policy practice and future options in EU Member States*". The target audience of the study comprises political decision-makers at the EU and national levels, migration administration officers, citizens' organisations, researchers and private individuals who are interested in immigration on economic grounds.

Finland has seen a rising trend in immigration since the 1980s. Public dialogue on immigration policy has, however, remained focused on questions related to refugees up until the past few years, despite the fact that refugees have historically made up but a small proportion of immigrants. The use of foreign labour has nevertheless only increased in recent years: its proportion remains relatively low at about 3% of the labour force. The most common reasons for migrating to Finland have been family ties, remigration or refugeeism, with employment-based immigration comprising only 5-10% of the total.² In 2007 approximately 3% of employers sought foreign labour, primarily from Estonia and other EU/EEA Member States.³ A large proportion of working age immigrants are not part of the labour force; even among those who are part of the labour force, the unemployment rate is significantly higher than among the original population. This factor diminishes the positive effect that the age structure of the immigrant

¹ Section 70 of the Aliens Act states the following regarding the purpose of the system of residence permits for employed persons:

"The purpose of the system of residence permits for employed persons is to support the availability of labour in a systematic, prompt and flexible manner, with consideration for the legal protection of employers and foreign employees and the employment opportunities for labour already in the labour market."

² Sinko and Vihriälä 2007, pp. 53–76. Prime Minister's Office publications 5/2007.

³ TEM analyysijä 19/2009. Mika Tuomaala.

population has on labour availability.⁴ The low proportion of immigrants in the labour force and the low rate of employment among immigrants in Finland are partly influenced by the attitude of shunning foreigners that still prevails in Finland despite the fact that Finnish attitudes towards foreigners have been becoming more positive for quite some time. Finnish employers have found it difficult to anticipate labour needs as the labour markets and economic conditions have been in constant flux. Employers have only recruited new employees when no other options are available (labour shortages in certain industries).⁵

1.1. Methodology

This report was produced by the Finnish contact point of the European Migration Network (EMN). Data collection consisted of meetings with various actors in the immigration administration including the branches of administration involved with employment-based immigration. The primary partners facilitating the analysis of policy, strategies and various projects were the Ministry of the Interior and the Ministry of Employment and the Economy, including offices and actors under those ministries. The Finnish National EMN Contact Point was also in contact with the central labour organisations (the Central Organisation of Finnish Trade Unions - SAK⁶, the Confederation of Unions for Professional and Managerial Staff in Finland - AKAVA⁷, the Confederation of Finnish Industries - EK⁸) and independent research institutes such as the Institute of Migration⁹. Practical information on the recruitment of foreign labour was collected by participating in seminars on the subject (PRIMPTS¹⁰, OPTTEAM¹¹, INSITE¹²). To compile the statistics used in this report the National EMN Contact Point co-operated with the Finnish Immigration Service (Migri), Statistics Finland, the Ministry of Foreign Affairs Department of Visas and Policy, the Research Department of the Ministry of Employment and the Economy and the TIKE Information Centre of the Ministry of Agriculture and Forestry. Mr Rafael Bärlund from the Finnish EMN contact point was responsible for compiling the statistical data.

The literature used in conducting the study include national legislation pertaining to employment-based immigration and residence in Finland, Government proposals, Government programmes, Committee reports, numerous analyses, forecasts and reports produced by the Ministry of Employment and the Economy as well as the reference materials and final reports from various projects. Insight into the general state of political dialogue on the subject matter was gained through monitoring the Finnish Immigration Service's news report and comments published by labour organisations and other related parties on their Internet websites.

⁴ The proportion of the immigrant population that is in its prime working years is clearly higher than among the original population, although it should be noted that this difference in age structures between immigrants and the original population is also explained by the fact that students make up a large proportion of the immigrant population. Ministry of Labour analyses 2007: Maahanmuutto vastauksena työvoiman saatavuuteen. Kai Torvi; Ministry of the Interior: Annual report on migration 2009

⁵ Labour administration publication 338/2004, Tea Raatikainen.

⁶ www.sak.fi

⁷ www.akava.fi

⁸ www.ek.fi

⁹ www.migrationinstitute.fi

¹⁰ <http://www.helsinki.fi/aleksanteri/english/projects/primts.html> – project managed by the Aleksanteri Institute affiliated with the University of Helsinki, *Prospects for Integration of Migrants from "Third countries" and their Labour Market Situations: Towards Policies and Action*

¹¹ www.opteam.fi - a Finnish company providing private recruitment services.

¹² <http://www.te-keskus.fi/Public/?nodeid=17064&area=7651> INSITE support project for employment-based immigration.

Each year, the Ministry of Employment and the Economy publishes a number of reports, analyses and forecasts concerning the prevailing labour market situation. These documents constituted a significant proportion of the literature used in this study. In 2008 the Ministry's series of analyses included the report "Kohti työperäistä maahanmuuttoa: Ulkomailta palkattavan työvoiman tarpeen arviointi (Towards employment-based immigration: Assessing the need for labour from outside Finland)" by Mika Tuomaala and Kai Torvi. The analysis was preceded by a 2004 report "Ulkomaisen työvoiman hankintaan liittyvistä kanavista ja työnantajien palvelutarpeista EURES-työnvälityspalvelun kehittämiseksi (on the channels related to the acquisition of foreign labour and employer needs to develop the EURES European Job Mobility Portal"¹³. While that report was produced from the perspective of EURES services, it also provides general insight into the willingness and interest of employers to acquire labour from foreign countries as well as their service needs with regards to recruitment.

There are, as well, a number of ongoing projects in Finland related to employment-based immigration. The majority of such projects have been, and continue to be, funded by the EU Commission or EU structural funds (the European Social Fund ESF and the Integration Fund).

Examples of projects underway during this study:

The PRIMPTS Project of the Aleksanteri Institute affiliated with the University of Helsinki 12/2008-6/2010 (*Prospects for Integration of Migrants from "Third countries" and their Labour Market Situations*)¹⁴ covers immigrants from third countries as partners. The goal of the project was to develop policy models and procedures to improve the position of immigrants from third countries and prevent their marginalisation. The project comprised in-depth interviews with 16 employment-based immigrants. Most of the immigrants interviewed in the study felt that their move to Finland was quite permanent.

Is Finland isolating itself? Interaction between cultures in the arenas of encounters is an interdisciplinary research project (2008–2010) to chart the experiences of Finns of various backgrounds on the different arenas of intercultural encounters as well as the preparedness of Finns and foreigners to operate and work in nationally and culturally diverse environments. The goal of the project is to chart training and education needs and to promote active participation of immigrants in Finnish social and working life. The study examines interaction between cultures in six different types of working and studying communities in Helsinki, Joensuu and Tampere. The study is based on thematic interviews of employees of both foreign and Finnish backgrounds from the same workplaces. The total number of interviews conducted in the study is approximately 170. The study is funded by the Academy of Finland, the Ministry of Education and the Association of Finnish Local and Regional Authorities.¹⁵

INSITE is a coordination project focused on coordinating ESF Plan 4 projects related to employment-based immigration in Uusimaa province. The projects are involved with the various phases of employment-based immigration and have developed a number of good practices for the phases of immigration. Some of the projects are focused on, for instance, country of origin training (e.g. Innofocus Gateway project¹⁶). Amiedu's Coping with Finns COFI Project¹⁷ has

¹³ Labour administration publication 39/2004, Tea Raatikainen.

¹⁴ <http://www.helsinki.fi/aleksanteri/english/projects/primpts.html>

¹⁵ The study is carried out from 1 January 2008 to 31 December 2010 by the University of Tampere Department of Education, the University of Eastern Finland Faculty of Finnish Language and Culture and the Population Research Institute of the Family Federation.

¹⁶ <http://www.gateway-projekti.fi/>

¹⁷ <http://www.amiedu.net/cofi/index.html>

developed a "working life certificate" (=a certificate of skills and knowledge focused on key aspects of the rules of Finnish working life and Finnish labour legislation).

- The implementation model employed in the Innofocus Gateway project supports employees and companies in the various phases of immigration, beginning from charting the starting point, customising training required to support recruitment and organising support services to integrate immigrants into Finnish society. Recruited employees will receive training in Finnish language, culture and working life in their country of origin. The training also includes induction to Finnish practices in their field of work. This training continues on the job in Finland. The employer and existing employees will also receive the necessary customised training. The project's point of departure is that recruitment must be implemented in a responsible and ethically sustainable manner.
- The COFI Project searches for a solution for labour shortages in the fields of construction, real estate, technology and nursing. The project aims to create operating models to promote employment-based immigration in cooperation with educational institutes, companies, the authorities and third sector actors. In addition to labour supply, the focus is on job satisfaction and occupational welfare issues.

The recruitment of foreign labour and the challenges therein have been studied from the perspective of employers in Eastern Finland as part of the **M14 project** funded by the European Social Fund. The objective of the M14 project is to promote the activity and attractiveness of Eastern Finland in employment-based immigration. The study is carried out by Net Effect Oy. Employers in Eastern Finland find the process of recruiting foreign employees to be challenging. The employers interviewed in the study express a desire for easier practical processes for e.g. applying for permits as well as a need to develop a traineeship system for employees. The goal of the study has been to highlight concrete development needs from the employers' perspective to help the authorities support companies in the region in acquiring foreign labour. The study is based on interviews with 30 employers in Eastern Finland.

Challenges faced in writing this study:

One of the major problems encountered in creating this study was the fragmented nature of information and the lack of comprehensive statistics. Expertise in the field of employment-based immigration is split between the Ministry of the Interior and the Ministry of Employment and the Economy as a result of the new division of responsibilities implemented in 2008, when provincial and municipal affairs previously handled by the Ministry of the Interior were transferred to the Ministry of Finance and regional development affairs were transferred to the newly established Ministry of Employment and the Economy. These were replaced by duties related to the employment and integration of immigrants, which were combined with the immigrant affairs already handled by the Ministry. The Ministry of Employment and the Economy is responsible for the operating environment of Finnish entrepreneurship and innovation, the effectiveness of the labour markets, the employability of employees and regional development in the global economy. The Ministry was established in the beginning of 2008 by combining the Ministry of Trade and Industry, the Ministry of Labour and the Ministry of Interior's Regional Development Unit. The Ministry of Employment and the Economy compiles employment service statistics on the customers of Employment and Economic Development Offices: on job seekers who are registered with the Employment and Economic Development Offices (with unemployed job seekers the largest group), open positions registered with the Employment and Economic Development Offices by employers and labour policy actions to promote the employment of job seekers.

In addition to the fragmented nature of data, collecting statistical information proved problematic. Statistical information collected by Statistics Finland on employment-based immigration is available with a three-year delay, while the Employment Service Statistics maintained by the Ministry of Employment and the Economy do not include specific data on employment-based immigration. The Employment Service Statistics do, however, include statistics on foreign nationals who are registered as job seekers or unemployed job seekers with the Employment and Economic Development Offices in the period in question. In addition, there is information available concerning the employment services and structures of foreign nationals (semi-annual and annual statistics) and the number of integration plans made (collected three times per year). The Employment Service Statistics include some key figures concerning foreign nationals, but certain information such as the unemployment rate are not available due to the fact that the Employment Service Statistics only provide the number of unemployed job seekers, not the total size of the foreign labour force in Finland.

Statistics services maintained by the TIKE Information Centre of the Ministry of Agriculture and Forestry include information pertaining to the foreign labour force in Finland as part of the structural survey on the agricultural sector. In collecting data for the survey, farms and garden businesses are surveyed on the number of foreign nationals employed and the number of days they have worked in the period in question. The foreign labour force is included in other labour data collected in the survey, but without specifying the proportion of foreign nationals. The structural survey on the agricultural sector is generally carried out once every few years and the information is only collected from a sample of farms. The structural survey only covers all farms in Finland once every ten years, with the resulting study published as the Agricultural Census. Preparations for the 2010 Agricultural Census are underway and data collection will take place in autumn 2010 and winter 2011. The 2010 Agricultural Census will then be followed by another structural survey on the agricultural sector in 2013. What makes using data from the structural survey on the agricultural sector problematic is that information pertaining to the foreign labour force lacks detail. The survey only provides the total number of foreign employees, with no specifics on e.g. nationality. (The use of the structural survey is therefore merely referential in analysing the number of seasonal employees in Finland.)

As mentioned above, the statistical information stated as requirements in the research guidelines of this report proved, in part, to be impossible to acquire. In addition to its basic work of compiling statistics, Statistics Finland can provide statistical information on a commission basis, which the Finnish National EMN Contact Point's budget does not provide for. Taking into account the fact that the time allocated to this thematic survey is approximately four person months, commissioning the required statistics from Statistics Finland was not feasible. Statistics on the number of employed persons in Finland are collected on a standard basis, but the reason for immigration such as employment-based immigration is not included. Figures related to employment-based immigration can be partly ascertained based on applications filed in the residence permit system, but this approach also falls short of providing comprehensive insight to the reasons for immigration. The fact is that immigrants frequently enter Finland on residence permits that are easier to acquire than work permits. This also distorts statistics on employment-based immigration. The Finnish system of collecting statistical information does not recognise the concept of employment-based information.

1.2. Definitions

Labour shortage and recruitment problems are defined on the basis of the criteria of availability, search and acceptance. Availability refers to an open position advertised to job seekers for applications, search refers to finding applicants and acceptance refers to employing a suitable applicant in the position in question. A recruitment problem is resolved when the employer finds a suitable applicant and the open position is filled despite possible difficulties encountered during the search. Labour shortages, however, last longer as a suitable applicant is not found and the position is thereby not filled.¹⁸

Definition of a worker: Eurostat traditionally refers to Directive 89/391/EEC in defining the term worker¹⁹, according to which "worker" refers to any person employed by an employer, including trainees and apprentices but excluding domestic servants. However, in its labour survey, Eurostat defines employed persons as follows:

- persons aged 15 and above (16 and above in ES, UK and SE (1995–2001); persons aged 15-74 in DK, EE, HU, LV, FI and SE (from 2001 onwards); persons aged 16-74 in IS and NO.
- who during the reference week performed work, even for just one hour a week, for pay, profit or family gain
- who were not at work during the reference week but had a job or business from which they were temporarily absent because of, e.g., illness, holidays, industrial dispute or education and training.

According to **Statistics Finland** a wage and salary earner is usually an employed person. A wage and salary earner is a person who is employed by an employer and receives agreed compensation for work performed. Wage and salary earners are usually in the position of either an officer or employee employed by the employer. Wage and salary statistics do not specifically categorise wage and salary earners as officers and employees. Categorisation can, however, be made according to profession or the type of compensation received. Wage and salary statistics do not include entrepreneurs who pay salary to themselves as wage and salary earners as their income generally deviates from the income earned by comparable wage and salary earners to an excessive extent. In wage and salary statistics, one wage and salary earner can be employed by multiple employers, in which case each employment relationship is separately recorded in the statistics.

Statistics Finland uses ISCO-88 classification in compiling its data; the statistical information presented in this report is, however, compiled according to the categories specified in the research guidelines which comprise ISCO-88 major groups as follows:

- A) highly skilled workers – major groups 1, 2 and 3.
- B) skilled workers – major groups 4-8
- C) low skilled workers – major group 9
- D) researchers – comprises part of major group 2 and group ISCO-88 1237 (research and development managers)
- E) seasonal workers – data not available in Finland beyond estimates

¹⁸ Räisänen and Tuomala 2007, pp. 134,135.

¹⁹ Council Directive 89/391/EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work.

The ISCO-88 main groups are:

Code and title in English and Finnish

Skill level

1 Legislators, senior officials and managers

Johtajat ja ylimmät virkamiehet

2 Professionals 4

Erityisasiantuntijat

3 Technicians and associate professionals 3

Asiantuntijat

4 Clerks 2

Toimisto- ja asiakaspalvelutyöntekijät

5 Service workers and shop and market sales workers 2

Palvelu-, myynti- ja hoitotyöntekijät

6 Skilled agricultural and fishery workers 2

Maanviljelijät, metsätyöntekijät ym.

7 Craft and related trades workers 2

Rakennus-, korjaus- ja valmistustyöntekijät

8 Plant and machine operators and assemblers 2

Prosessi- ja kuljetustyöntekijät

9 Elementary occupations 1

Muut työntekijät

0 Armed forces ei määritellä

Sotilaat

2. Immigration policy approach

2.1. National vision vs. policy

The immigration of workers is promoted with consideration of the Finnish need for labour, Finnish population trends and the situation in the immigrant workers' countries of departure. The point of departure must be focused, responsible and ethical recruitment with the aim of securing the sourcing of workers from abroad when suitable candidates are not available in Finland or the EU.²⁰

The primary focus is on promoting employee mobility in the EU. Nationals of EU Member States and their family members have the right to free mobility in the European Union under the EC Treaty. Citizens of Iceland, Liechtenstein, Norway and Switzerland are treated equally to EU citizens in this regard. The remigration of Finnish citizens who have previously moved abroad and the employment on the Finnish labour market of foreign students in Finland upon graduation must also be promoted.

The dialogue on immigration in Finland was, for long, dominated by various issues related to refugeeism; the rights of asylum seekers and the policy concerning acceptance of quota refugees. Attention has only shifted to employment-based immigration in recent years due to factors such as the impending retirement of large generations. Statistics Finland has forecast that the size of the working age population of Finland (persons aged 15-64) will begin to contract from 2010 onwards.²¹ As the growth in the size of the senior population will increase demand for nursing and healthcare services, immigration is now starting to be seen as one partial solution for fighting the threat of future labour shortages.

The Government's immigration policy programme, which forms part of the Government programme,²² contains policy guidelines for promoting the immigration of workers. The Government Programme further requires that during the term of the present Government, an action plan for labour migration be drafted. The action plan is a document providing more detail on the policy guidelines stated in the Government's immigration policy programme.

The immigration policy programme states that Finland must engage in planned and long-term policy to improve awareness of Finland's attraction factors. Cooperation to promote labour mobility should be particularly promoted with other EU Member States, nearby geographical areas and other countries of departure of labour that are significant from Finland's perspective. Mobility should be facilitated by simplifying the system of workers' residence permits and by increasing the number of foreign students and promoting their employment. Focus should also be on preventing abuse of the system and human trafficking.

The Ministry of the Interior has established a project to prepare the action plan²³ for the period 3 March 2008 - 1 December 2008. At the end of 2008 the project was extended until 30 April 2009 to allow for the effects of the global financial crisis to be taken into consideration in preparing the action plan. The project has been charged with revising existing policy guidelines concerning the immigration of workers and highlight the needs for changes. The action plan has been drafted for the period 2009–2011. The project also focused on the need for financing

²⁰ Source: Ministry of the Interior.

²¹ Statistics Finland 2007: Population forecast 2007–2040.

²² Hallituksen maahanmuuttopoliittinen ohjelma. Labour administration publication 371/2006.

²³ Työvoiman maahanmuuton toimenpideohjelma. Ministry of the Interior publication 23/2009.

the proposed actions and to assess the capacity of various sources of financing to fund the proposed actions. The project was also tasked with evaluating the roles and responsibilities of various authorities and cooperation between them in developing and promoting employment-based immigration, identifying integrated ways of operation and communication between various actors (parties in working life, local and regional administration, employers, recruitment companies, educators and trainers, immigrant organisations etc.) and promoting cooperation with countries of departure of immigrant workers both in and outside the EU. The action plan was further required to assess the opportunities of arranging orientation training in the country of origin, urgent changes concerning the recognition of skills gained abroad, promoting the opportunities for traineeship and employment among foreign students, focusing the remigration of Ingrian Finns with the needs of the labour market in mind, charting research needs in the field as well as engage in preliminary charting of potential requirements for legislative reform.

2.1.1. Government vision on preventing labour shortages through worker mobility

The Finnish Government issued its first immigration and refugee policy programme in 1997. That immigration policy programme emphasised refugee policy, with employment-based immigration given less attention. Employment-based immigration was highlighted at the Government Programme level for the first time in 2006, when the Government's immigration policy programme included the intention to promote employment-based immigration, particularly from countries outside the EU and EEA. The aging of the population was seen, and continues to be seen, as resulting in diminishing labour supply and the threat of narrowing skills and expertise on the labour market. The Government Programme called for the drafting of an action plan for labour migration, which would add more detail to the policy guidelines set out in the immigration policy programme.

The Finnish Government's immigration policy programme of 2006 particularly called attention towards the aging of the population and the resulting decrease in labour supply. Diminishing population and labour force resources was also seen as resulting in regional disparities on the labour markets: growth centres were already beginning to see major employment areas forming around them. At the same time, many rural areas were left isolated or became connected with regional or multilateral employment areas. As a result, different parts of Finland are not on equal footing in competing for labour and attracting companies. The demand for labour is also a key aspect of the functioning of labour markets.

According to the immigration policy programme, future labour demand is influenced by, among other things, the growth in the importance of services in the structure of the economy, development in manufacturing technology and the organisation of work, improvement in work productivity and the fact that industry and commerce always adapts to the way the labour markets work in one way or another. The digitalisation of services, particularly information intensive services, is also advancing at a fast rate. Companies generally try to cope with this through the strategic location of operations. Besides manufacturing operations, service production can now increasingly be located abroad. Location decisions by companies are influenced by not only the supply of labour, but also other factors such as market conditions and the intensity of competition.

In the immigration policy programme drafted during economically prosperous times, increasing problems in labour supply were seen as having the potential to contribute to companies' in-

vestment decisions, the establishment of new companies and decisions to keep business units in Finland. Foreign workers, entrepreneurs and persons who may enter the labour market at a later time, such as students, could thereby become a significant labour resource with the implementation of effective immigration policy. Under the programme, employment-based immigration could also serve to broaden Finland's skills base, which is presently threatened by the aging of the population in different parts of the country. A society becoming more diverse and multicultural often results in increased entrepreneurship and innovation. The development of employment-based immigration policy must be paired with efforts to make the use of existing labour resources more effective.

The second government under Prime Minister Matti Vanhanen also noted the need for effective labour force allocation due to the aging of the population in its Government Programme in 2007. Employment-based immigration is also seen in the Government Programme as a solution for boosting the labour force in terms of those skills in which the domestic labour force has insufficient capacity. According to the Government Programme, employment-based immigration must be promoted with consideration of population trends in Finland and the EU and the resulting need for labour. Under the Programme, a pilot programme must be developed by the State and regional municipalities in the Helsinki region, the Turku region and other significant areas of immigration to improve the integration and employment of immigrants.²⁴

2.1.2. Is there policy on preventing labour shortages through migration?

The employment and economic development administration is a key actor in questions concerning the immigration of workers. In addition to making forecasts of the labour market situation, it is responsible for the effectiveness of labour markets, the development of working life and providing integration services for immigrants at Employment and Economic Development Offices.

The Ministry of Employment and the Economy prepares annual forecasts of the development of the structure of the labour force and labour reserves on various development paths as well as scenarios for trends in labour demand in different industries and regions. Employer surveys carried out by the Ministry include questions on recruitment problems experienced by employers, on foreign employees employed by them and on hiring workers from abroad. Based on these analyses, the Ministry also assesses interfaces with trends in the demand for workers hired from abroad. The forecasts made by the Ministry are macroeconomic forecasts that describe future developmental trends and also influence education policy.²⁵

Unlike many other EU Member States, Finland does not presently have quotas for the immigration of workers or entrepreneurs. The mobility of EU citizens is not restricted in any way in Finland. Finland has also not adopted transitional arrangements restricting the free mobility of workers from the newest EU Member States.

In the 2007 immigration policy programme of the second government under Prime Minister Matti Vanhanen, promoting the immigration of workers in cooperation with workers' countries of departure was set as one of the objectives for the Government's term of office. As the immigration policy programme did not specify the forms of cooperation or their practical implementation, the Forms of Cooperation with Countries of Departure to Promote the Immigration of Workers project was established to work on developing them. Since then, the preconditions for

²⁴ Government Programme of Matti Vanhanen's second government, p. 22.

²⁵ Action plan for labour migration. Ministry of the Interior publication 23/2009.

the immigration of workers have been assessed in 2008 in several cross-administrational development projects. Other projects led by the Ministry of the Interior include the reform of the residence permit system for employed persons, action plan for labour migration²⁶ and a project concerned with efforts to repress the Grey Economy. There have also been numerous other projects related to the immigration of workers, including projects on immigrant integration, the prevention of human trafficking and metropolis policies. The immigration of workers has also been developed in projects supported by the European Social Fund in the period 2007–2013.

The action proposals outlined in the action plan for labour migration are also implemented through, among other projects, the **MATTO project** led by the Immigration Department of the Ministry of the Interior, which is set to continue until the conclusion of the Programme term in 2013. The objective of the support structure of immigration programmes is to integrate the national and international dimensions in promoting the immigration of workers by creating a close-knit cooperation network between the relevant projects and actors. The support structure provides information, support and training on the network and encourages actors in the field to get involved. The support structure also acquires services, studies and reports that support various functions and their comprehensive development. The project promotes the immigration of workers by creating a national appeal strategy for Finland, improving cooperation with countries of departure, developing foreign worker recruitment practices and related services and creating a system of guidelines based on the results from projects under the development programme. Measures to support employers in recruiting foreign workers are developed on the basis of best practices and experiences.

Also contributing to the immigration of workers is the **Strategy for the Internationalisation of Finnish Higher Education Institutions**²⁷ for the period 2009–2015. The strategy was drafted by the Ministry of Education in partnership with higher education institutions and stakeholder groups. The promotion of employment-based immigration and the education of immigrants already residing in Finland were highlighted in the strategy as urgent tasks.

In February 2009 the Ministry of Employment and the Economy started the **HYVÄ project**²⁸ designed to secure the availability of skilled workers for the healthcare industry. The project is set to continue until 28 February 2011. The project's focus is on the measures available to the Employment and Economic Development administration for improving employment and economic development policy conditions in the field of healthcare services. These include employment services, services for businesses, innovation services, working life development services and regional development programmes. The project will also include an assessment of the role and tasks of an international public sector recruitment service in recruiting workers from abroad. The project will further examine the feasibility of establishing a national network of international recruitment to bring together the various actors in the field of social and health services as part of the HYVÄ project.

²⁶ The Ministry of the Interior set a project to prepare an action plan for labour migration according to the policy guidelines outlined in the Government Programme on 3 March 2008 - 1 December 2008. The project was later extended until 30 April 2009 to allow for the global financial crisis to be taken into consideration in preparing the action plan. Action plan for labour migration. Ministry of the Interior publication 23/2009.

²⁷ Ministry of Education publications 2009:21.

http://www.minedu.fi/OPM/Julkaisut/2009/Korkeakoulujen_kansainvalistymisstrategia_2009_2015.html?lang=fi

²⁸ <http://www.tem.fi/index.phtml?s=3124> and http://www.tem.fi/index.phtml?94319_m=98680&s=3144

2.1.2.1. Repatriation of employment-based immigrants

Supporting and developing voluntary repatriation is the responsibility of the Ministry of Interior's branch of administration. A working group responsible for repatriation issues and related guidelines has been established in the Finnish Immigration Service under the Ministry, while the Ministry itself is responsible for developing repatriation policy and regulations related to repatriation.

Finland's repatriation policy does not include a specific repatriation dimension for employment-based immigrants. According a Council of State decision, repatriation benefits paid by the State at present only cover immigrants with refugee status and persons granted international or temporary asylum who wish to voluntarily return to their home countries.

Finland last issued new repatriation policy guidelines in 1997. At that time the Government's immigration and refugee policy programme included the following provision concerning voluntary repatriation:

- Every refugee shall have the right to return to his or her home country and receive financial support for it.
- Where circumstances allow it, repatriation shall also be supported for those granted temporary asylum. The intention is not to integrate the persons in question into Finnish society, but rather support their repatriation in ways that develop their knowledge and abilities and improve their opportunities for finding gainful employment in their home countries.
- The right of minors to receive education must be secured during temporary asylum.

In January 2010 IOM Helsinki launched the project "Developing Assisted Voluntary Return in Finland" to establish a comprehensive and effective system for the voluntary repatriation of third-country citizens in Finland. The project is carried out by the International Organisation for Migration's Regional Office in Helsinki in partnership with the Finnish Immigration Service.²⁹ The project is scheduled to run for a period of three years and is funded by the European Return Fund and the Finnish Immigration Service. However, the project is aimed at persons with refugee status, subsidiary protection status or temporary protection status including individuals with a continuous residence permit or permanent residence permit on those grounds. Asylum seekers who have withdrawn their asylum application as well as those who have been denied asylum can also receive support through the project.

A person who is accepted under the project is eligible for financial support for travel to an airport in Finland; travel from Helsinki to the country of origin; possible travel in the country of origin as well as repatriation support.

²⁹ www.vapaaehtoinenpaluu.fi

2.1.3. Recent changes in immigration policy

The rapid global economic crisis resulted in dramatic changes to the situation on the Finnish labour market in late 2008. Economic growth seen in the early part of the year turned into a recession in the autumn, which led to thousands of workers being laid off and terminated, particularly in the industrial sector. Applications for residence permits for workers from third countries decreased in number significantly late in the year. It is also estimated that thousands of workers previously in short-term employment returned to other EU Member States as no more work was available for them, particularly in the construction sector. When poor economic conditions prevail for a longer period of time, they cause sudden and long lasting structural changes in the labour markets and in the economy, which also affects attitudes towards foreigners and foreign workers. It is likely that, in the future, labour market conditions will become increasingly complicated and it will be more and more difficult to balance high unemployment in certain fields and recruitment problems in others.

The effects of the economic slowdown have also been assessed in preparing other measures concerning the immigration of workers. Among other things, it resulted in the legislative proposal concerning the employed persons' residence permit system being submitted for parliamentary approval at a later date rather than the originally planned time of autumn 2008. Consequentially, the action plan does not include a reform of the employed persons' residence permit system or more detailed action proposals for the implementation of the changes that such reform would bring or for communicating them to concerned parties as originally planned. The Government proposal for the amendment of the Aliens Act and the Act on the Register of Aliens with regards to the provisions concerning the residence permit system for employed persons was submitted to the Finnish Parliament in late 2009.³⁰ The proposal proceeded to committee preparation in February 2010 and was then circulated for comment by, among other parties, labour organisations and relevant Ministries and authorities.

The proposal recommends that the current system of determining home market labour availability would be discontinued, which means that the two-phase permit process would no longer apply and Migri would grant both the employed person's first residence permit and the continued residence permit. The principle of community preference requires that citizens of EU and EEA countries, Swiss citizens and third-country citizens legally residing in the EU with the right to employment are given preference in applying for open positions of employment. As a result, granting an employed person's residence permit would require that the employer has first attempted to recruit workers from the EU, EEA and Switzerland and is able to present the necessary relevant details to Migri. Under the reform, only the employee himself or herself can file an application. The reform is set to enter into force in 2011. This schedule is, however, contingent on Migri's successful implementation of its new electronic system for processing immigrant affairs (UMA).

The Ministry of the Interior set a project on 17 February 2010 to amend the Aliens Act with regards to provisions on the immigration and residence of highly qualified non-EU citizens.³¹ Preparations for amendments to the Aliens Act to implement the Blue Card Directive have begun in the Ministry of the Interior. The Government proposal concerning the amendments is scheduled to be submitted to the Parliament in spring 2011, which means that the proposal will be handled by a newly elected Parliament. As the implementation of the Blue Card Directive has been in its preparatory stages, there has been little public dialogue on the matter. The ini-

³⁰ Government proposal 269/2009vp.

³¹ <http://www.intermin.fi/intermin/home.nsf/pages/D954E9197B573C0EC22576CE0042A7C8>

tial approach to the preparation of the amendments has been that the current system applicable to highly qualified workers would not be made more complicated.

Amendments have also been proposed to the Nationality Act³² to promote employment-based immigration. Under the proposal the period of residence required for Finnish nationality would be reduced to five years from the current requirement of six for candidates who have resided in Finland continuously. Furthermore, a candidate could be eligible for Finnish nationality after four years of residence in Finland if he or she can demonstrate good knowledge of Finnish or Swedish language. This would encourage immigrants to acquire language skills, which would contribute to their integration into Finland. According to the proposal, half of the time spent residing in Finland on a temporary residence permit would count towards the required time of residence for applying for Finnish nationality. Until now, only continuous residence has counted towards the requirement.

In addition to increasing participation in society, the proposal aims to improve the position of foreigners who have studied in Finland. It is desirable that Finland continues to attract foreign students and that they can find work on the Finnish labour market. Foreign students are a resource that can later prove valuable in becoming skilled workers on the Finnish labour market, helping meet future labour needs. It can be assumed that a foreign person whose integration into Finnish society has begun during studies will often be more readily committed to the Finnish labour market compared to a foreign person with no established ties to Finland.³³

2.2. Legislative and institutional framework

2.2.1. Legislative framework

The immigration of foreign workers from third countries is governed by the Aliens Act (301/2004) of Finland. The Ministry of the Interior is responsible for amendments to the Act. Entry into, residence in and deportation from Finland are governed by the Aliens Act (301/2004). Terms of employment are regulated by the Employment Contracts Act³⁴ (55/2001).

When hiring foreign workers, there are a number of different regulations pertaining to the contractor, principal and employer. Compliance with these regulations is partly enforced in assessing the terms of employment upon applying for an employed person's residence permit.³⁵

³² Nationality Act 359/2003. www.finlex.fi

³³ Ministry of the Interior press release 10 June 2010:

<http://www.intermin.fi/intermin/bulletin.nsf/PFBD/8B89DEE47819A504C225773E0032A060> Government proposal 80/2010vp on the amendment of the Nationality Act has been submitted to the Constitutional Law Committee for consideration.

³⁴ Collective labour agreements negotiated between labour organisations and employers determine the minimum wage, working hours and holidays for each occupation. The wage and salary levels specified in the collective labour agreements are binding on employers regardless of employee nationality. Concluded collective labour agreements are binding on all employees and employers in the relevant industry, including those who are not labour union members. This is referred to as universal validity, which requires that there is a sufficient number of representatives of a given occupation who are members of the union in question.

³⁵ South-East Finland Occupational Safety and Health District 15 August 2008.

Obligations pertaining to the contractor include

- provisions under Section 5 of the Act on the Contractor's Obligations and Liability when Work Is Contracted Out
- contractor's obligations concerning the transfer of information regarding the principal
 - the principal and employers comply with Finnish collective labour agreements and legislation
 - ensuring that information on collective labour agreements, legislation, the occupational health services agreement and accident insurance is available at the workplace
- confirm and monitor the safekeeping of documents that are the principal's responsibility

Principal's obligations

- provisions under Section 5 of the Act on the Contractor's Obligations and Liability when Work Is Contracted Out
- principal's obligations concerning the transfer of information regarding the employer
- principal's supervision obligations regarding the employer
- the safekeeping of documents for supervisory authorities and the parties to the agreement

Employer's obligations

- provisions under Section 5 of the Act on the Contractor's Obligations and Liability when Work Is Contracted Out
- Posted Workers Act (1146/1999)
- Aliens' Act (301/2004) (73 §, 74 §, Chapter 10)
- Occupational Safety and Health Act (738/2002) (enterprises' personal identification tags at workplaces)
- Occupational Health Care Act (1383/2001) (occupational health services agreement)
- Employment Contracts Act (55/2001) (employment contract, wage slip and payment of wages)
- Working Hours Act (605/1996) (working hours, overtime, compensation recorded in time sheets)
- Annual Holidays Act (162/2005) (recording annual holidays and holiday pay)
- Employment Accidents Act (608/1948) (accident insurance)
- Act on the Supervision of Occupational Safety and Health (44/2006) (Occupational Safety and Health Manager and Delegate)
- Non-Discrimination Act (21/2004) (prohibition of discrimination)
- Government Decree on Employees' Occupational Safety Cards in the Construction Industry (1176/2006)
- Act on the Contractor's Obligations and Liability when Work Is Contracted Out (1233/2006) (determining information on the parties to the agreement)
- Collective labour agreements (terms of employment, employment contract, period of notice etc.)
- Directing the employee to the tax office to determine taxation
- EU/EEA citizens must be directed to the police to register their right of residence in Finland if the duration of residence or employment exceeds 3 months.
- The employer or the employer's representative must maintain working hours records, annual holidays records and records on wages for each employee (statutory requirements).

2.2.1.1. Guidelines, recommendations and rules issued in addition to legislation

- Ethical guidelines for employers in service industries
http://www.ek.fi/henkilostopalveluyritysten_liitto/ulkomaiset_tyontekijat/index.php
- Immigration-related guidelines issued by the Union of Health and Social Care Professionals and the procedural rules for ethical recruitment issued by the European labour market parties in the hospital and health care sector (EPSU and HOSPEEM)

2.2.2. Institutional framework

The Ministry of the Interior is responsible for preparing immigration policy and legislative work concerning immigration, integration and citizenship. The Ministry of the Interior also represents Finland in matters related to immigration and integration in the European Union and in international cooperation. The Ministry is in charge of coordinating immigration-related operations between different branches of administration.

The Ministry of the Interior directs and develops the administration of immigration affairs and manages the Finnish Immigration Service by results. The Ministry of the Interior directs Centres for Economic Development, Transport and the Environment on immigration-related matters jointly with other relevant authorities. In addition, the Ministry of the Interior is in charge of organising the supervision of legality in its branch of administration.

The Finnish Government directs immigration policy and administration based on the objectives outlined in the Government Programme and decisions-in-principle approved by the Government.

The Minister for Immigration and European Affairs approves, as part of the operating and financial plan of the administration of internal affairs, the key focus areas, policies and targets of the administration of immigration affairs. The budget of the administration of immigration affairs is included in the budget proposal of the Ministry of the Interior.

The Finnish Immigration Service processes and resolves matters related to individual persons concerning immigration, residence, deportation, refugeeism and citizenship. The Finnish Immigration Service maintains the Aliens' Register, the Population Register and the Register of Refugees. The key projects of the Finnish Immigration Service are agreed upon in talks on targets and objectives between the Immigration Department of the Ministry of the Interior and the Finnish Immigration Service.

Immigration Units at the Centres for Economic Development, Transport and the Environment are responsible for duties related to immigration, integration and good ethnic relations on a regional basis.

In the Ministry of the Interior's branch of administration the Finnish Border Guard and police also handle immigration affairs. The Finnish Border Guard is responsible for guarding Finland's borders and participates in the supervision of foreigners. Border authorities may, in certain exceptional cases, decide on granting visas on arrival or refusing entry at the border.

The police enforces the Aliens Act and acts as the authority responsible for residence permits. Local police departments receive permit applications in immigrant affairs as well as applications for Finnish citizenship and Finnish citizenship by declaration, grant residence permits and

return visas in certain cases, extend visas and decide on the refusal of entry of foreigners where applicable. The local police also handles registration and the granting of residence cards for EU citizens and their family members.

The Ministry of Employment and the Economy is responsible for preparing and developing employment legislation. This includes the Employment Contracts Act, the Annual Holidays Act, the Non-Discrimination Act, the Act on the Protection of Privacy in Working Life, the Collective Agreements Act, the Act on Job Alternation Leave, the Study Leave Act and the Pay Security Act. Legislation governing systems for employee participation, i.e. co-determination in corporations as well as administrative representation and personnel funds is also prepared by the Ministry. The Ministry of Employment and the Economy is jointly responsible with the Ministry of the Interior for monitoring the amounts and structure of immigrant workers and developing tools for this monitoring task.

Legislation is prepared on a tripartite basis in cooperation with employers and employee interest groups. In addition to employment legislation, terms of employment are governed by collective labour agreements in different industries. Supervision of employment legislation is largely the responsibility of occupational safety and health authorities under the Ministry of Social Affairs and Health.

The Ministry of Employment and the Economy participates in the preparatory work on EU employment legislation and International Labour Organisation agreements. The Ministry supports, and assesses through research, the preparation and supervision of employment legislation.

The Ministry for Foreign Affairs is responsible for visa policy. Finland's foreign representations grant visas and receive applications for Finnish citizenship by declaration as well as residence permit applications.

he Ministry of Education is tasked with developing immigrant education at different levels. The Ministry of Education is also responsible for affairs concerning immigrant culture, physical exercise, youth work and religion.

The National Board of Education is responsible for immigrant education affairs and the recognition of overseas degrees.

Employment and Economic Development Offices provide employment services and related services related to employment policy to immigrants.

The Ministry of Social Affairs and Health is responsible for essential services related to integration, social and health care services and support.

Municipalities have general and harmonisation responsibility for developing, planning and monitoring the integration of immigrants in their area. Municipalities arrange measures to promote and support integration and provide services for immigrants.

The task of the **Ombudsman for Minorities** is in charge of promoting the position, non-discrimination and legal protection of ethnic minorities and foreigners and good ethnic relations in Finland. The Ombudsman for Minorities also reports nationally on human trafficking.

Central labour market organisations

- SAK Ry - Central Organisation of Finnish Trade Unions
- STTK Ry - Finnish Confederation of Professionals

- AKAVA Ry - Confederation of Unions for Professional and Managerial Staff in Finland
- EK - Confederation of Finnish Industries

Employee and employer unions are responsible for the collective agreements in the occupations they represent. Collective agreements determine wages, working hours and holidays. Provisions in collective agreements also pertain to working conditions, job satisfaction and coping with work. Labour market organisations are also actively involved in developing legislation concerning working hours, working conditions and occupational safety and health.

The Finnish Public Services Unions' EU Working Party (FIPSU) was established in 1996 to carry out the work of the international interest-promotion of its affiliate trade union organisations. FIPSU's affiliate organisations represent all three confederations of trade unions: SAK, STTK and AKAVA. In total, FIPSU represents some 500,000 public sector employees.³⁶

Occupational safety and health authorities and the police

The occupational safety and health authorities and the police monitor the legality of work done by foreign nationals and commissioning work from foreign nationals. Under Paragraph 2, Section 86 of the Aliens Act, if occupational safety and health authorities have reasonable grounds to suspect that a work permit offence referred to in the Criminal Code, violation of Section 185 of the Aliens Act or employer's violation of the Aliens Act referred to in section 186 of the Aliens Act has been committed, they shall report the matter to the police.

Public employment services

The employment services provided by Employment and Economic Development Offices in Finland are governed by the Act on the Public Employment Service (1295/2002). Under Section 4 of the Act, the purpose of the public employment service is to help job seekers find work that they want and is suitable for them and to help employers find the labour that they need. The Act also includes a provision stating that the needs created by cross-border movement of workers (primarily citizens from non-EU/EEA countries) must also be taken into consideration. However, services to assist employers in recruiting foreign employees primarily apply to workers from EU/EEA countries who have the right to enter Finland to seek employment and be hired without the requirement of a labour market test. Employment and Economic Development Offices have a duty to provide advice under the Administrative Procedure Act (434/2003) that applies to all permits granted for the purpose of employment, including those the Employment and Economic Development Office does not have authority to grant itself (visa, residence permit for a self-employed person, normal residence permit). Employment and Economic Development Offices further have the duty to provide available information concerning workers from a particular country to employers looking to recruit foreign employees. As the Employment and Economic Development Offices have no duty to collect this type of information and the availability of such information depends on the Eures network and other contacts with authorities, the Employment and Economic Development Offices are not sufficiently equipped to provide information on available foreign employees.³⁷

³⁶ <http://www.fipsu.com/> FIPSU's affiliate organisations are: the Trade Union for the Public and Welfare Sectors (JHL), the Federation of Public and Private Sector Employees (JYTY), the Federation of Salaried Employees Pardia, Finnish Union of Practical Nurses (SuPer), the Union of Health and Social Care Professionals (TEHY), Confederation of Employees in Technical and Basic Service Professions (KYN ry), Akava Special Branches, Trade Union of Education in Finland (OAJ) and Talentia Union of Professional Social Workers.

³⁷ The Entrepreneurship Department of the Ministry of Employment and the Economy established a working group in 2009 to develop international labour services. The tasks of the working group include the following:

- define the role and tasks of public labour administration in the immigration of workers
- define jointly agreed operating procedures in international recruitment together with private staffing companies

Foreign job seekers are entitled to receive employment services in Finland. The universal right to international employment services that applies to all foreign job seekers covers the provision of information and advice on the permits required for foreign nationals working in Finland and the requirements for such permits as well as the provision of information and advice on the Finnish labour market in general. *Employment services* beyond the provision of information and advice, however, are only offered to a limited number of foreigners under Section 6, Paragraph 2 of the Decree on Employment and Economic Development Centres. Under the Decree, employment services are offered to persons who are a) Finnish nationals; b) citizens of countries with which relevant treaties exist (EU/EEA) c) granted a residence permit based on being of Finnish extraction; or d) family members of persons satisfying one of the aforementioned criteria.³⁸

Joint projects between authorities

Finland has implemented a number of cooperative projects on labour mobility with authorities from neighbouring nations³⁹. The concrete recruitment benefits from these labour mobility projects have naturally been enjoyed by the enterprises that partnered in them due to the fact that work under publicly funded regional education programmes is under the sphere of labour policy education and thereby counts as traineeship, which means that job seekers under these arrangements are exempted from the requirement to apply for a work permit. Employment under these conditions is allowed under Section 80, Paragraph 1, Subparagraph 4 of the Aliens' Act.

Private employment services

The number of private employment and staffing services has increased in recent years⁴⁰. One reason for the increase in private employment services is likely to be the fact that public employment services focus their international employment services efforts to EU/EEA countries. Private employment agencies are regulated in Finland in part under the Act on the Public Employment Service (1295/200). Under Chapter 4, Section 8, Paragraph 2 of the Act, a private employment agency shall not charge a fee⁴¹ for employment services. An employment service must be fair, non-discriminatory and refrain from offering under aged workers for employment.

INSITE - an example of a regional project to promote employment-based immigration

The Uusimaa Centre for Economic Development, Transport and the Environment launched a support project to promote employment-based immigration in May 2009. The project has sur-

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- plan operating models, services and development projects to support international recruitment in cooperation with various actors
 - act as an EURES steering group
 - provide guidelines on publishing international job advertisements on the mol.fi website

³⁸ For more information, refer to Sorainen 2007, p. 47.

³⁹ For example *Interreg* project between Finland and Russia, *From the North Calotte region's labour markets to the Barents region labour markets* project and a number of cooperative *Cross Border* projects.

⁴⁰ In 2008 staffing service companies were used in employing approximately 32,000 employees expressed in terms of man years, which corresponds to roughly one percent of the overall workforce (Private Employment Agencies Association HPL)

⁴¹ Breach of the provision prohibiting the charging of a fee for employment services is a criminal act under Chapter 47, Section 6, Paragraph 1 of the Criminal Code (39/1889). The penalty for breach of the provision is a fine or a maximum of one year's imprisonment.

veyed the field of recruiting foreign workers from a regional standpoint.⁴² A project partly funded by the European Social Fund, with INSITE as its working title, is part of the national development programme to increase European cooperation in labour, education and economic development policy by promoting employment-based immigration. The goal of the project is to coordinate the projects under the development programme in the Uusimaa region. In addition to regional coordination, the support project aims to introduce the employment and economic development administration's perspective and the services offered by that branch of administration to the field of employment-based immigration and to identify and develop operating models for the ethical recruitment of foreign workers and their integration into Finnish work communities.

The starting point in the projects under the development programme is the Government's policy expressed in the immigration policy programme to promote employment-based immigration as one way to respond to the looming reduction in labour supply brought on by the aging of the population. However, the methods for promoting employment-based have thus far been fragmented and the activities of parties engaged in recruiting foreign nationals tend to overlap. The opportunities of public employment services to participate in this have also been limited as the services governed by the Act on the Integration and Reception of Asylum Seekers do not apply to those who migrate to Finland on the basis of employment. The INSITE support project is designed to meet the need for coordination on the field of foreign workers' immigration and its real target group comprises employers in the Uusimaa region and employment-based immigrants as well as their families.

2.2.3. Recognising labour shortages

Finland does not presently have regulated forecasting mechanisms for preventing labour shortages through immigration, nor are such mechanisms planned at this time. Employment-based immigration, as immigration in general, is regulated based on the Aliens Act, which sets out the criteria for entry to, residence in and deportation from Finland. The same Act also includes provisions concerning a foreign worker's rights regarding immigration on the basis of family ties.

While labour shortages have been monitored in Finland for years, development of related forecasting methods only began in 2008. Long-term forecasts regarding labour shortages (or, in other words, the demand for labour) in Finland are the responsibility of the Government Institute for Economic Research (VATT). VATT completed its first long-term forecast⁴³ in early 2010. It should be noted that forecasting methods aren't directly related to immigration, as labour is available in Finland.

The method for anticipating and forecasting labour needs (labour shortages) is known as the labour force method. It is used to anticipate quantitative changes in demand for labour based on the needs of working life. In Finland, the labour force method has been used particularly to anticipate changes in educational needs. The method was assessed in the late 1960s as an

⁴² The survey on private recruitment services companies in the Uusimaa region is scheduled for completion in autumn 2010. Other projects under the MATTO support structure managed by the Ministry of the Interior (in addition to the INSITE project) to survey private employment services' operations in their region include the City of Tampere TyöMaa project and the Spurti project launched by the Centre for Economic Development, Transport and the Environment for Southwest Finland.

⁴³ Vatt research publications 154: http://www.vatt.fi/julkaisut/uusimmatJulkaisut/julkaisu/Publication_6093_id/855

instrument for anticipating educational needs. In the 1970s long-term resource allocation planning for vocational education was conducted by the Educational Agenda Committee set by the Government and subsequently by the Advisory Committee for Educational Planning under the Ministry of Education. Also in the 1970s, attrition rates were taken into consideration in the estimates for the first time. The Planning Secretariat of the Ministry of Education developed the method further for this purpose and used it to create a number of forecasts of the need for educated labour. In the 1990s new applications of the labour force method included the MITENNA model (Anticipating Quantitative Educational Needs in Vocational Education and Training) and the MARE model (also known as ROS, Regional Forecast of Occupational Structure). Subsequently, the more simplified KARE occupational structure model has also been developed to assist sub-regions and municipalities in their forecasting efforts.

The MITENNA model⁴⁴ is based on forecasts by sector. The forecasts are based on statistical data and various studies and surveys on changes in vocational training and skills needs. The model is then used to produce calculations of changes in labour demand, attrition, intake needs, degrees studied for and the supply of educated labour. The results of the calculations are then turned into forecasts of vocational education and training needs and labour supply through analysis and interpretation.

The Regional Forecast of Occupational Structure (ROS) model is based on the labour force method. The application of the model is based on qualitative forecasts, which refers to the anticipation of changes in the operating environment based on mega trends and weak signals. The model also identifies the life cycles of existing products, services and production processes and focuses on future creation and the recognition of employment potential (recruitment strategy) through innovations.⁴⁵

Forecasting methods have been created by the Centres for Economic Development, Transport and the Environment and the Ministry of Employment and the Economy. Forecasting services operating under Centres for Economic Development, Transport and the Environment include the Research and Foresight Service of Southwest Finland and the Tampere Region⁴⁶ Foresight Service. The Research and Foresight Service of Southwest Finland⁴⁷ has offered researched and interpreted data on the development of the business sector and labour markets in the province and its sub-regions since 2002. The service is aimed at the Centre for Economic Development, Transport and the Environment, the labour administration, regional organisations, educational institutions and companies that require current and reliable information to support their planning and decision-making. It is an open and free service that is available to everyone. The emphasis is particularly on the short-term anticipation of changes in the labour market and key industries.

⁴⁴ For more information on the MITENNA model, see National Board of Education: Vocational education and training 2010. Labour needs in 2010 and resource allocation planning for vocational education.

http://www.oph.fi/julkaisut/1999/ammattillinen_koulutus_2010

⁴⁵ For more information on the ROS model see

http://www.oph.fi/tietopalvelut/ennakointi/ennakoinnin_sahkoinen_tietopalvelu_ensti/menetelmat/tyovoimamenetelma_ja_sen_sovellukset/mare

⁴⁶ <http://www.pirkanmaanennakointipalvelu.fi/> (ESF-funded forecasting development project 1 January 2009 – 31 December 2011)

⁴⁷ Information on labour market and sector trends in Southwest Finland is made available on the Luotain.fi website. The free-of-charge service is updated continuously and provides a wealth of foresight data at the regional and sub-regional level.

For short-term foresight, some Centres for Economic Development, Transport and the Environment are using a tool known as the occupational barometer. The Ministry of Employment and the Economy is encouraging the adoption of the occupational barometer by all Employment and Economic Development Offices to allow the Ministry to make better use of information from the barometers in planning at the national level. Work on the occupational barometer first began in the spring of 2008. The model has been developed with influences from, among other things, models developed in Sweden. The Ministry has monitored the work on developing the occupational barometer and its widening use. The use of the occupational barometer has now increased to the point where, in spring 2010, local barometers were put together by nearly 40 Employment and Economic Development Offices under seven Centres for Economic Development, Transport and the Environment. The regions of Ostrobothnia, Northern Ostrobothnia, Southern Ostrobothnia, Setauket, Keanu, Piranha and Southwest Finland have adopted the barometer. Occupational barometers are compiled in different Centres for Economic Development, Transport and the Environment 2-3 times per year.

The occupational barometer describes the short-term development prospects of key occupations as well as trends in labour supply. This increased insight into what occupations will be in demand in the near future helps match open positions with job seekers. The information is used in the customer service work done by Employment and Economic Development Offices and in planning vocational education and training. Occupational barometers are produced regionally through cooperation between Employment and Economic Development Offices and Centres for Economic Development, Transport and the Environment.

The process of producing an occupational barometer is started by the Employment and Economic Development Offices, which assess the labour demand prospects for approximately 200 occupations and six-month trends in the balance between demand and supply based on their own expertise. The Employment and Economic Development Offices base their estimates on information regarding customer needs and prospects that they receive through their customer interface, through interviews with employers under the TKTT (studies of workforce and training) and Yritysharava models, visits with employers and information produced by the SME barometer, employer interviews and other barometers.

The occupational barometer provides fairly extensive and accurate insight into the status of labour demand and supply in different regions and across different occupations. The method is, in many ways, superior to the currently implemented survey of positions that are difficult to fill. Surveys on recruitment problems only provide information on those occupations where there is a shortage of applicants, whereas the occupational barometer also sheds light on the other side of the coin (occupations with an excess of applicants and occupations with a well balanced demand and supply situation).

On 20 November 2007, the Government Foresight Network was created for the purpose of coordinating the foresight activities of different ministries⁴⁸. The Government Foresight Network is a coordinating body and a forum for the exchange of information between ministries in questions pertaining to anticipating the future. Foresight refers to a systematic and participatory process of collecting, assessing and analysing information and creating well-founded views and visions of the medium and long term future. All ministries are engaged in foresight activities pertaining to their respective branches of administration. The foresight work of ministries serves the strategic planning and steering of their branch of administration and the Government's decision making. The Government Foresight Network brings together the results of foresight activities in different branches of administration. The Network is appointed by the

⁴⁸ <http://www.valtioneuvosto.fi/toiminta/ennakointiverkosto/fi.jsp>

Prime Minister's Office and the duration of its term is equal to the term of the Government. It has members representing all ministries, with rotating chairmanship.⁴⁹

2.3. Political dialogue and participation by interest groups

2.3.1. Attitudes towards employment-based immigration at the labour market organisation level 2006–2010

The draft of the Finnish Government's first immigration policy programme⁵⁰ evoked responses from labour organisations in 2005. Among others, STTK, AKAVA and SAK all expressed their concern over the labour shortages brought on by the aging of the population, which requires that skilled workers be attracted to Finland. At the time, SAK emphasised that increasing immigration cannot be the primary solution to Finland's labour policy challenges. As the employment rate of immigrants already residing in Finland was a mere 43% in 2005, SAK issued a comment highlighting the Government's immigration policy programme statement that immigration policy should not compromise the opportunities to find work for job seekers already residing in the country. SAK also stated that it perceived the programme proposal to have a weakness in that it doesn't touch on foreign workers' temporary employment in Finland.

On 16 March 2006 the Finnish labour market organisations issued a joint statement on employment-based immigration. According to the statement, Finland needs more skilled foreign employees, i.e. employment-based immigration. Foreign workers are needed to complement the Finnish workforce, not to replace it. This was the view expressed by the labour market organisations **AKAVA, EK, Church Employers KT, SAK, STTK** and **VTML** in a joint statement on developing multiculturalism in Finnish work communities.

In the statement, the size of the working age population was estimated to decrease by 300,000 by the year 2030. Economic growth, which is essential to national welfare, is at risk of slowing down if Finland fails to respond to the challenge of aging in a timely manner. While the faster and more effective employment of unemployed Finnish citizens and foreigners already residing in Finland and extending the length of working lives are key, the country also requires a larger number of foreign workers.

Labour market organisations are committed to contributing to Finnish society and work communities assuming more positive attitudes towards immigrants. The internationalisation of working life is essential and a key factor in being successful in global competition. All members of a work community should be respected and tolerated as equals, regardless of nationality or origin, with all members of work communities having equal rights and responsibilities. Employers, for their part, must comply with Finnish legislation, which is based on the principle that work in Finland is subject to Finnish terms of employment and collective labour agreements.

Labour market organisations contribute to the creation of positive attitudes at workplaces and are committed to fighting prejudices, ignorance and outright racism. Beginning in autumn 2006, the organisations carried out a joint education and communication project aimed at managers and employees' representatives to promote good ethnic relations at workplaces.

⁴⁹ Read more on foresight on the National Board of Education's Internet-based foresight knowledge service Ensti:

http://www.oph.fi/tietopalvelut/ennakointi/ennakoinnin_sahkoinen_tietopalvelu_ensti/menetelmat

⁵⁰ The Finnish government approved its first immigration policy programme on 19 October 2006.

During the economic boom in 2008 the number of immigrant employees in Finland grew rapidly. SAK viewed the anticipation of labour shortages caused by the aging of the population a sensible policy in itself, but emphasised the importance of being aware of the differences between current and future labour needs to avoid creating false impressions of the opportunities for finding work in Finland at the present time. Efforts to attract foreign workers to Finland should not be made simply as a result of concerns over future labour shortages. SAK went on to state that foreign workers are often used as cheap labour. The restaurant, cleaning, construction and metal industries and berry picking have been particularly fraught with problems in this regard. SAK suggested that the potential labour shortages in Finland's future could be solved by focusing immigration policy on achieving a higher employment rate among foreign nationals already residing in Finland: in 2008 one fifth of immigrants were unemployed. SAK also pointed out that the difference between genuine recruitment problems resulting from a labour shortage and problems resulting from the nature of the position in question should be recognised. Often, a qualified Finnish candidate could be found if the positions on offer were full-time and permanent, with better working hours and a salary level that provides an appropriate livelihood.

SAK expressed its concern over the fact that, particularly in the field of retail, services and gardening, labour shortages are often resolved by hiring foreign workers, despite the fact that problems often stem from the type of work rather than a genuine shortage of labour⁵¹. Problems are increasingly caused by the fact that a job is part-time, has unsuitable hours or features some other similar characteristic that makes it unattractive or unsuitable to job seekers. This can easily lead to there being two separate labour markets in Finland - one for immigrants and one for Finns.

SAK also expressed its concern over employees hired through agencies. Such employees are often in a weak position. Some such published cases include nurses from the Philippines and cleaners from China. They have been illegally charged agency fees in exchange for being offered for work in a Finnish company. Employees have also been offered two parallel employment contracts, one that is in compliance with Finnish legislation and is presented to occupational safety and health authorities and trade union representatives and the actual employment contract which provides for poorer terms of employment than required by Finnish law.

SAK called for employers to assume greater responsibility for the workers they recruit and the legality of hiring and employment practices even when a staffing agency's services are used. Employers must ensure that, prior to recruitment, the candidate is provided sufficient information on the terms of employment, applicable collective labour agreements and employees' rights and obligations in a language that he or she fully understands. Experience has shown that immigrant workers may feel dependent on their employer, who makes their residence in Finland possible. In such a subordinate position, an immigrant may agree to terms of employment that are inferior to those outlined in the collective labour agreement. In order to avoid the situation of having two parallel labour markets in Finland, SAK and other actors in the field of immigration have highlighted the importance of monitoring the terms of employment of foreign workers both before recruitment and after employment has begun.⁵²

⁵¹ According to a report published by the Ministry of Employment and the Economy in April, the growth in recruitment problems in Finland has stopped. In January there were problems reported in filling 2,700 positions, but the shortage of labour was cited as the primary reason for the problems in fewer than 700 of those cases. Short-term labour market forecast by the Ministry of Employment and the Economy. Spring 2010. <http://www.tem.fi/index.phtml?C=97987&s=2687&xmid=4356>

⁵² Pia Björkbacka/SAK: Foreign workers are being attracted to Finland on the wrong grounds (30 July 2008). <http://www.sak.fi/suomi/ajankohtaista.jsp?location1=1&id=32752&sl2=3&lang=fi&ao=tyomarkkinauutiset&arkisto=yes>

Confederation of Finnish Industries EK in 2010:

Many obstacles in the path of immigration. The activation of the policy of employment-based immigration must begin immediately, as changes in attitudes as well as authorities' procedures take time. Finland needs an active immigration policy to increase employment-based immigration and improve the preparedness of various sectors of society to support the integration of foreigners. The opportunities for employment must be improved for both immigrants currently residing in Finland and future immigrants coming to Finland by improving systems of recognising foreign qualifications, developing industry-specific additional training and increasing the provision of language studies. It is important to make Finland an attractive country of employment. Efforts must be made to make Finns' attitudes towards foreigners more positive, as the aging of the population creates a need for an increasing number of qualified foreign workers.

EK views development of the internal market as a cornerstone of the EU. An effectively functioning internal market is particularly important for the Finnish business sector, as over 50% of Finnish exports and approximately 40% of direct investments by Finnish industry are directed to other EU countries. In developing legislation concerning the internal market, taking the global operating environment of corporations into account is of great importance. Companies may not be put in a disadvantageous competitive position in relation to their competitors outside the EU. Particular attention must also be paid to compliance with internal market legislation and its appropriate implementation in EU Member States. EK monitors the legislative work of the EU and the development of the internal market on a long-term basis. EK's experts monitor all key EU legislative projects pertaining to the business sector.

EK considers the free mobility of labour to offer significant opportunities for all European citizens. It enables the creation of a labour market that spans the entire European Union: employees get access to better opportunities for employment and employers get access to the workers they require.

STTK 14 May 2010: Rules of working life must also apply to immigrants - equal rights and obligations

STTK takes a positive stance towards employment-based immigration in Finland as long as immigrant workers are under Finnish terms of employment and Finnish legislation. If these conditions are met, workers are brought to Finland to satisfy a real need, as otherwise doing so would not be profitable. As immigrants often have inadequate information concerning Finnish working life, their terms of employment are easily infringed upon. Better dissemination of information, better supervision and more effective consequences for infringements are required to eliminate this problem. It would also help if labour organisations could take legal action over such infringements.

Different parties are putting resources into providing advisory services for immigrants, disseminating information in multiple languages and supervising immigrants. These efforts often take the shape of fixed term projects. Better results could be achieved by combining resources and engaging in more long-term actions. Finland needs one expansive advisory service for immigrants. It could hold a broad variety of know-how and advise immigrants on where to seek further assistance when necessary. Information on the service should be disseminated to various parties in an effective and continuous manner. The service could provide information on questions pertaining to working life, social security, taxation etc. Both employees and entrepreneurs could use the services.

In Finland the resources of supervisory authorities such as the National Bureau of Investigation and Occupational Safety and Health Inspectorates. This should be taken into consideration in implementing the Finnish state productivity programme. As no moves to make supervision and monitoring more effective are on the horizon, the STTK's stance is that the current work permit procedures and the system of determining home market labour availability should be kept in place regarding immigrants from outside the EU. Within the EU, the freedom mobility of labour is one of the four basic freedoms and no residence permits are needed. Terms of employment are, nevertheless, sometimes also infringed upon in the case of workers coming to Finland from other EU Member States.

Discrimination in employment practices to take advantage of workers should be subject to heavier penalties. It would also be an important step forward to give trade unions the right to take legal action against employers who fail to comply with terms of employment.

STTK reminds that people also move to Finland for reasons other than employment. As a labour market organisation, the primary focus in STTK's comments is on employment-based immigration. We hold human values in high regard and believe that refugees and asylum seekers must be assisted in line with our international commitments. Effective integration of immigrants into Finnish society is important. In particular, extensive and early language training helps the groups in question adapt to Finland and move quickly towards education, vocational training and working life. Individuals who have a traumatic background also need other types of support.

Compliance with terms of employment is a significant factor in how people perceive immigrants. Unfair treatment in working life can contribute to racism and prejudice. Non-discriminatory treatment also helps ensure that workers are not unnecessarily introduced to the Finnish labour market from abroad.

In economically difficult situations the livelihood of unemployed immigrants must be looked after. In STTK's opinion, labour must never be perceived as simply a resource that is bought and sold as economic conditions require.

There is a lot of work to do at the EU level. Directives pertaining to labour must be kept up to date and there is a need for effective rules and regulations to govern issues in working life. The EU must make it clear that economic freedom does not give businesses the right to trample on social values. The ambiguity in existing EU Directives has resulted in the Court of Justice of the European Communities having to interpret directives and implement policy, which should be the work of political decision-makers.

The EU is also an important player in global cooperation. The EU is the largest funder of development cooperation: in total, 66% of all development aid comes from EU countries. Fixing the problems of undemocratic and poor countries is no easy task. The right of workers to unionise and negotiate collectively is the foundation for creating proper jobs. Half of the world's workers are denied this right.

Implementing global regulation requires a great deal of effort, but the need for it is increasing. Financial crises, climate change, environmental challenges and energy problems create space for global political regulation. The protection of mobile workers requires regulation and supervision that spans across national borders.

Confederation of Finnish Industries EK 21 May 2010: The juxtaposition of immigrants and the unemployed is irresponsible. The Confederation of Finnish Industries EK issued a comment on the Government's proposal to discontinue the requirement of determining home market labour availability as part of the residence permit process for an employed person. EK supported the proposal, stating that only a small proportion of foreigners enter the country with a work permit. According to the Confederation, the key issue from the employers' viewpoint is the need to reduce the level of bureaucracy associated with work permits and thereby speed up the processing of permits. When a foreign worker's salary and terms of employment are in line with Finnish legislation, the approval process should not take several months as it currently does, suggests EK's expert Riitta Wärn. EK considers it highly important that unemployed Finns and foreign nationals already residing in Finland find jobs faster and more effectively. This does not, however, change the fact that EK perceives employment-based immigration to be essential to the Finnish labour market. - The top ten occupations in terms of workers from outside the EU include bus driver, cook and other fields that presently have high rates of unemployment. At the same time, there is a shortage of labour for these jobs. Without immigrants, many jobs would not get done in today's Finland, EK says.

The Finnish Public Services Unions' EU Working Party (FIPSU), which is an umbrella organisation that covers SAK, STTK and AKAVA along with its affiliate organisations, has issued a statement on the recruitment of foreign workers. Free mobility from one country to another is the right of every worker. When recruiting foreign employees, actions must be ethical and fair in both the country of departure and the destination country. According to FIPSU, when recruiting foreign workers, the focus should first be on foreign workers already residing in Finland, supporting their integration and placement in sectors where workers are needed. Foreign workers should be recruited ethically and for those jobs for which they have been trained and are qualified. Employees who are unable to find jobs in their field must be provided education and training paths to ensure that their competence is on par with Finnish standards and subsequently find suitable employment as quickly as possible. Foreign workers in Finland should also have the same rights and obligations as the original population; the recruitment of foreign employees should not lead to a parallel labour market through e.g. the restriction of the right to unionise or paying lower wages. FIPSU also emphasises the importance of legality in the recruitment process and compliance with existing collective labour agreements; employers must be responsible for ensuring that foreign employees have the permits required for residing and working in Finland. The employer must also offer foreign employees language training through the various phases of recruitment to enable them to become full-fledged members of the work community and Finnish society at large. Recruitment must also be supervised. Collecting direct or indirect fees related to employment agency services from the recruited persons is against the law. Employers must also ensure that foreign recruits are provided sufficient information on the jobs being offered, their rights and obligations as well as requirements in terms of professional qualifications and language skills. The Finnish State and municipalities must also be prepared for the challenges and costs related to the immigration of a foreign worker's family members in the form of increased and diversifying requirements for public services.⁵³

2.3.2. Government parties' views on employment-based immigration.

Of the three largest political parties in Finland, the National Coalition Party's current policy on employment-based immigration is defined in the report *Realism needed in asylum policy, resources needed for integration* (2009, 65-66). The National Coalition Party's policy is to support employment-based immigration. The report suggests that there is an adequate supply of tem-

⁵³ <http://www.fipsu.com/> FIPSU and the recruitment of foreign employees 4 March 2010.

porary workers for various projects, but attracting employees of a more permanent nature poses challenges. As outlined in the Government's midterm policy review, efforts to recruit permanent foreign workers should focus on a small number of countries such as Vietnam, China, the Philippines, India and Ukraine. The report also states that more effective use should be made of the labour potential of neighbouring areas.

Finland's other large Government party, the Centre Party, considers the policies outlined by Matti Vanhanen's first Government in its immigration policy programme regarding the promotion of employment-based immigration and the importance of focusing on immigrants' integration, participation, family, fair treatment and non-discrimination are still important goals. (Centre Party 2010.)

The third of Finland's three large parties, the opposition Social Democratic Party, took a stance on the immigration of workers that evoked active discussion in the media during the spring. SDP published an interim report on employment-based immigration, in which it stated its goal of promoting a controlled immigration policy that takes international commitments and the importance of immigrants' integration in society into consideration. The party calls for increased monitoring to avoid the creation of a dual labour market. SDP is also opposed to the Government's proposal to discontinue the system of determining home market labour availability before recruiting workers from third countries and is against the proposed change to extend the duration of an immigrant's first residence permit from one year to five. According to the interim report, the use of temporary foreign workers through staffing agencies must be regulated more strictly than before due to the problems of substandard wages, deficient logging of working hours and non-payment of overtime pay.

2.3.3. Employment-based immigration in the media

Public dialogue on employment-based immigration intensified in 2010 as summer approached. Dialogue on employment-based immigration in the spring and summer of 2010 was dominated by the Government's proposal for reform of the work permit system, along with the discontinuation of the system of assessing labour availability and its consequences, and the Government proposal on amendments to the Act on the Integration and Reception of Asylum Seekers. As the summer's seasonal work period began, matters such as berry pickers' working conditions and compensation made headlines. A recent decision made in Great Britain⁵⁴ to temporarily restrict employment-based immigration evoked discussion in Finnish media.

In March 2010, Finland's largest subscription newspaper **Helsingin Sanomat** published the results of a survey it had commissioned to gauge Finnish attitudes. Finns' attitudes regarding immigration have become increasingly condemning: over one half, 59%, of Finns view immigration negatively. The change is significant, as previous similar surveys have indicated that over half of Finns hold a positive attitude towards immigration. The results of the survey have caused astonishment, as has the wording of the question. The change in Finnish attitudes shift towards a more negative stance has been explained primarily by the prevailing unemployment rate and its recent increase. Some commentators believe that rising unemployment and uncertainty in working life as a consequence of the recession has made large numbers of Finns have reservations about immigration.

⁵⁴ YLE 28 June 2010:

http://yle.fi/uutiset/ulkomaat/2010/06/britannia_rajottaa_tyoperaisten_maahanmuuttajien_maaraa_1792613.html

Helsingin Sanomat reported on the Parliamentary discussion on the Government proposal on 21 May 2010, Parliament to keep the validity of work permits at one year - the Government had proposed that work permits could be granted for a maximum of five years at a time. The Government also proposed that the current system of determining labour availability would be discontinued, although employers would have to determine whether labour is available in EU/EEA countries or Switzerland. According to Helsingin Sanomat, discontinuing the system of determining home market labour availability was particularly opposed by the Social Democrats, whose policy paper on employment-based immigration was completed in May. SDP is against discontinuation of the system of determining home market labour availability. According to the party, the policy on employment-based immigration should not be changed at this time, with hundreds of thousands of unemployed job seekers in the country. Instead, it wants policies to focus primarily on finding employment for unemployed residents of Finland. Foreign workers are needed in Finland, but the most natural channel for sourcing them is the EU's internal labour market, states SDP's Member of Parliament responsible for drafting the policy paper, Maarit Feldt-Ranta. SDP's comments on immigration policy have been met with some confusion. According to Feldt-Ranta, SDP's main objective is to prevent the creation of a two-tiered labour market. With this in mind, the policy paper proposes that authorities be allocated more resources to make the supervision of terms of employment more effective. Feldt-Ranta suggests that the Government parties' policy is paving the way for worker exploitation and the creation of an uncontrolled labour market. SDP would increase the number of inspectors charged with monitoring the terms of employment and working conditions of foreign workers and establish a new unit under the tax administration to monitor the grey economy. SDP proposes that foreign staffing companies should file advance notification to Finnish authorities concerning the workers they send to Finland. Foreign workers should be taxed in Finland regardless of whether their employer is registered here. SDP also proposes that labour unions should have the right to take legal action on behalf of workers, which would take pressure off immigrant workers in Finland who find their terms of employment being exploited but find it difficult to respond to the situation in an active manner themselves. At present, trade unions need each party to an infringement situation to provide them with power of attorney before they can take legal action.

Finnish workers a minority at facade renovation sites in Helsinki in 2010. **The Finnish Construction Trade Union** has published a report suggesting that Finnish construction workers represent a clear minority at facade renovation sites across Helsinki. The majority of foreign workers are Estonian, while the rest primarily come from Poland, Ukraine and Russia. Officers representing the Finnish Construction Trade Union inspected facade renovation sites in Helsinki on May 20th. The team visited nearly fifty different sites. The total number of primary contractors at the sites was 26, with nearly 100 different companies used as subcontractors. Among the employees of primary contractors and subcontractors, 64% were foreigners and 36% were Finns. Slightly less than one half of the foreign workers were employees of companies registered in Finland, while the rest were posted workers. Wage levels among foreign workers were found to be varied. The lowest earners were only making a few euros per hour and there was even an Estonian scaffolding worker who earned 600 euros per month. The salary of a Finnish worker doing equivalent work under the collective labour agreement earns approximately EUR 2,500 per month, not inclusive of employer's contributions.⁵⁵

The Union officers also found significant deficiencies in the logging of working hours and in the employees' facilities. The previous equally extensive round of inspections around construction sites in Helsinki by officers from the Finnish Construction Trade Union took place in April 2009.

⁵⁵ Helsingin Sanomat 21 May 2010.

At that time, the proportion of foreign workers was a mere 22%. There are over 20,000 unemployed professional construction workers in Finland.

Taloussanomat published an article on the substandard wages of foreign seasonal workers in the beginning of June 2010. Willing workers arrive every summer in Finland, particularly from the Baltic countries and Russia, through various staffing agencies and subcontractors. Foreign professionals working at construction sites sometimes only receive wages corresponding to 25% of the wage level recommended in the construction industry's collective labour agreement. The less demanding a job is, the lower the wages paid to foreign workers get. It has become commonplace to use the term "cheap labour" to refer to foreign seasonal workers. Workers are hired for seasonal jobs often through complicated corporate arrangements, with accommodation and meal expenses deducted from their wages despite the fact that outsourcing agreements generally include provisions stating that the personnel services company will ensure that the compensation and social benefits of workers will comply with Finnish regulations. The reality has, however, been quite different during and after the economic slowdown. Foreign seasonal workers rarely complain about their working conditions and wages that are below Finnish recommendations may be seen as good earnings by Eastern European standards. This leads to a labour market distortion and a situation where thousands of skilled Finns of working age are unemployed and construction and agricultural jobs with poor wages by Finnish standards are not seen as worthwhile by the original population. One suggested factor to explain the lack of popularity of jobs in these industries are financial difficulties resulting from their low wage levels.⁵⁶

Savon Sanomat published an article on 19 June 2010 describing workers' rights abuses at berry farms in Eastern Finland. A round of inspections by Occupational Safety and Health authorities in berry farms in Eastern Finland revealed that roughly one half of the farms is infringing on the rights of foreign workers. Half of the inspected farms had neglected to maintain logs of working hours either entirely or at least partly. At some 40% of the farms, wages did not correspond to the collective labour agreement in the industry. Only one half of the farms had organised statutory occupational healthcare services. The inspected farms were located in Northern Savonia and Northern Karelia. The inspection that was carried out last year will be repeated this summer. The inspections were based on random sampling, and the grey economy proved to be a greater problem than perhaps expected. The majority of seasonal workers in the agricultural sector are foreigners. There are 5,000-8,000 foreign berry pickers in Eastern Finland.⁵⁷

Workers joining a labour union has been proposed as one method to improve the working conditions of employment-based immigrants and repress the grey economy. Unionised workers are more aware of their rights as employees and labour unions monitor their members' working conditions and compensation.⁵⁸ Labour organisations have reported that foreign workers have become more active in joining them: In 2010 the unions estimated the number of members with immigrant backgrounds to total 17,000, up from 13,000 previously. The unionisation rate among employed immigrants was estimated to be 30-40% in 2010.⁵⁹

⁵⁶ Taloussanomat 6 June 2010: <http://www.taloussanomat.fi/tyo-ja-koulutus/2010/06/06/talla-hinnalla-halpatyolainen-korvaa-sinut/20107987/139>

⁵⁷ <http://www.savonsanomat.fi/uutiset/savo/puolet-marjatiloista-polkee-poimijoita/573294>

⁵⁸ Keskipohjanmaa 16 June 2010: <http://www.kp24.fi/uutiset/115101/Keskipohjanmaa-Yksi-keino-hillit%C3%A4-harmaata-taloutta>

⁵⁹ YLE 16 June 2010:

http://yle.fi/uutiset/kotimaa/2010/06/maahanmuuttajia_virtaa_ammattiliittoihin_1757148.html?origin=rss

2.3.4. Dialogue with stakeholder groups to ensure more effective policies

Finland is a society based on agreements, where trade unions have a negotiating partner on the employer side. Employers and employees are highly organised in Finland. Reforms concerning working life in terms of both policy and legislation are subject to cooperative proceedings where labour market organisations are heard. The process is known as the tripartite approach. The tripartite approach refers to employees, employers and the Government all being involved in decision making. Employers and employees are represented by organisations such as SAK, STTK, AKAVA and EK. Until recently, the most visible part of the tripartite system has been national comprehensive income policy agreements, which were generally concluded once every few years. Outside the negotiations on comprehensive income policy, the tripartite cooperation manifests itself in representation in various work groups and committees that shape joint recommendations or legislative proposals.

Section 211 of the Aliens Act⁶⁰ provides for the establishment of a special committee on the employment and residence permit affairs of foreign workers. In February 2007, the Government issued a Decree with more detailed provisions on the matter. Kari Rajamäki, Minister of the Interior at the time, set a committee on 27 March 2007 to promote cooperation and the flow of information between different actors and to monitor development in the supervision of employment and permits. The committee has broad representation of public administration, and its meetings are also attended by representatives of labour market organisations. The key branches of administration in the work of the committee are the administration of internal affairs, the occupational safety and health administration and the labour administration. Labour, employer and entrepreneur organisations have an important role in developing the supervision of the terms of employment of foreign workers. The committee was appointed for a new term in June 2010.

In appointing the committee to monitor the terms of employment and employed persons' residence permits of foreign workers and the supervision of those matters, the continuous need to develop cooperation and flow of information between the authorities was emphasised. The number of foreign workers in Finland is increasing sharply and the future looks to hold a need for foreign workers for both short-term and long-term employment.

Section 211 (9 November 2007/973)

Committee on the terms of employment and residence permit affairs of foreign workers

A committee on the terms of employment and residence permit affairs of foreign workers may be established under the Ministry of the Interior to monitor the terms of employment of foreign workers. The task of the committee is to promote cooperation and the flow of information between authorities on matters pertaining to the supervision of the terms of employment and employed persons' residence permits of foreign workers, to moni-

⁶⁰ 9 November 2007/973

for the development of the supervision of the terms of employment and permits of foreign workers and to issue statements on these matters.

The members of the committee are appointed by the Ministry of the Interior. The committee must have representation from the authorities and branches of administration relevant to the supervision. The committee works in cooperation with key labour market organisations. More detailed provisions on the composition, tasks, working methods and term of the committee are issued by a Government Decree.

The Committee on the Immigration and Integration of Workers is based on the Action Plan for Labour Migration created as a result of the project set by the Ministry of the Interior for the period 3 March 2008 - 30 April 2009. The Committee includes representation from the Ministry of the Interior, Ministry of Employment and the Economy, Ministry for Foreign Affairs, Ministry of Employment, Ministry for Social Affairs and Health, seven regional Centres for Economic Development, Transport and the Environment, the Association of Finnish Local and Regional Authorities, experts on economy and employment policy from AKAVA⁶¹, Confederation of Finnish Industries⁶² (EK), Local Authority Employers, the Central Union of Agricultural Producers and Forest Owners⁶³ (MTK), the Federation of Employers in Agriculture, the Central Organisation of Finnish Trade Unions⁶⁴ (SAK), the Finnish Confederation of Professionals⁶⁵ (STTK) and Finnish entrepreneurs. Follow-up work on the Action Plan started in the beginning of June 2010 with the first meeting of the Committee.

3. Policy implementation

3.1. Mechanisms for identifying labour shortages

The employment and economic development administration is one of the key actors in questions concerning the immigration of workers. In addition to making forecasts of the labour market situation, it is responsible for the effectiveness of labour markets, the development of working life and providing integration services for immigrants at Employment and Economic Development Offices.

The Ministry of Employment and the Economy prepares annual forecasts of the development of the structure of the labour force and labour reserves on various development paths as well as scenarios for trends in labour demand in different industries and regions. Employer surveys carried out by the Ministry include questions on recruitment problems experienced by employers, on foreign employees employed by them and on hiring workers from abroad. Based on these analyses, the Ministry also assesses interfaces with trends in the demand for workers hired from abroad. The forecasts made by the Ministry are macroeconomic forecasts that describe future developmental trends and also influence education policy.⁶⁶

⁶¹ AKAVA is the Confederation of Unions for Professional and Managerial Staff in Finland, with 34 member unions.

www.akava.fi

⁶² http://www.ek.fi/www/fi/mikaek/EK_jasenliitot.php

⁶³ http://www.mtk.fi/mtk/fi_FI/mtk/

⁶⁴ www.sak.fi

⁶⁵ <http://www.sttk.fi/fi-FI>

⁶⁶ Action plan for labour migration. Ministry of the Interior publication 23/2009.

The mechanisms for identifying labour shortages are discussed in more detail in Section 2.2.3.

3.2. Mechanisms for assessing degrees and qualifications

The assessment of the qualifications of an employment-based immigrant is the responsibility of the employer. The employer may use public or private recruitment services to assist in recruitment, but the ultimate responsibility always lies with the employer. The vocational and educational qualifications of an immigrant, the recognition of which is the responsibility of the National Board of Education or, with certain occupations, other authorities, are assessed during the application phase.

Mechanisms of recognising degrees and qualifications refer to decisions by competent authorities on the qualifications an overseas degree provides on the Finnish labour market. Decisions on such recognition have been made by the National Board of Education since 1997. In recognising degrees, the extent to which they correspond to Finnish degrees is assessed. Such decisions on the recognition of degrees do not take a stance on the candidate's suitability for the position in question, nor do they cover the language skills or personal characteristics of the person holding the degree. The recognition of degrees completed outside the EU/EEA is subject to the provisions of the Act on Eligibility Provided by Foreign Higher Education Degrees for Public Posts in Finland (531/1986) and Decree 519/1997 issued on the basis of that Act. Under the Act, the decision on the recognition of such degrees can only be issued if the degree is part of the official system of degrees in the country of departure and is granted by an accredited institution.⁶⁷

This decision on the recognition only applies to municipal or state posts. In the private sector the employer determines the recognition of a degree in conjunction with employment or applying for a job or relevant permits. The employer's responsibility concerning the recognition of an employee's professional and educational qualifications and work experience is stipulated by the Aliens' Act. There are also additional regulations concerning health and qualifications for certain professions.⁶⁸ In such cases, a residence permit is only granted if the applicant meets the statutory requirements. The National Board of Education also issues statements on foreign vocational qualifications. The statements describe the contents of the education received and the type of work it qualifies its recipient for. The statement does not qualify an applicant for a state or municipal post.

The National Board of Education does not issue decisions on recognition for professions where qualifications are determined by another authority. Such authorities in Finland include:

- The National Authority for Medicolegal Affairs
- Ministry of Agriculture and Forestry
- Central Chamber of Commerce
- The Finnish Board for Chartered Public Finance Auditors
- The Finnish Bar Association
- The Finnish Maritime Administration

⁶⁷ For more information, refer to Sorainen 2007, p. 55.

⁶⁸ Refer to the National Board of Education's list of regulated professions

http://www.opetushallitus.fi/koulutus_ja_tutkinnot/tutkintojen_tunnustaminen/suomen_saannellyt_ammattit

3.2.1. International cooperation pertaining to the recognition of degrees⁶⁹

The National Board of Education has national responsibility for cooperation and communications in the following international cooperation and information exchange networks: exchange of information concerning academic recognition, the Qualification Directive, frame of reference for academic degrees and the Europass system.

Lisbon Recognition Convention

The 1997 Lisbon Recognition Convention concerns the recognition of qualifications concerning higher education in the EU. Finnish legislation meets the criteria set in the Convention, which took effect in Finland in 2004. In Finland, the Convention covers universities and universities of applied sciences, the Finnish National Defence University and the Åland University of Applied Sciences. The Convention is effective in 50 countries. The Convention has also been signed by, among others, Canada and the United States.

The Convention promotes academic mobility in Europe by making it easier for students to continue their studies or take courses at an institution of higher education in another country under the Convention. The Convention also aims to improve practices and procedures related to the recognition of academic degrees and increase transparency in their recognition. The Convention's premise is that parties to the Convention recognise counterparty degrees unless it can be shown that there are substantial differences between the degree being recognised and the corresponding degree issued in the country that receives the application for recognition.

The Convention includes annexes to steer its implementation and promote shared good practices. The annexes pertain to, among other things, criteria and processes for academic recognition, quality assurance in cross-border education and the recognition of joint degrees.

The National Board of Education represents Finland on the ENIC and NARIC information exchange networks. The task of the ENIC/NARIC centres is to improve the availability of information pertaining to systems of higher education and higher education degrees and to disseminate information on the recognition of degrees.

The Qualification Directive

The National Board of Education is the national contact point for matters pertaining to the Qualification Directive. Its task is to provide information on degrees and qualifications as well as the procedures related to the recognition of degrees in Finland other EU/EEA Member States. The National Board of Education is the national coordination point for the framework of European degrees.

Europass

Europass is a system developed by the European Commission to assist students and workers in making their skills and qualifications easily understood in labour markets and in the field of education. The five Europass documents (CV, Language Passport, Europass Mobility and Certificate/Diploma Supplements) are used in identical format in all EU/EEA countries and they have been developed to improve student and worker mobility in Europe.

⁶⁹http://www.opetushallitus.fi/koulutus_ja_tutkinnot/tutkintojen_tunnustaminen/ammattillisten_tutkintojen_tunnustaminen_liittyva_kansainvalinen_yhteistyö

3.2.2. Practical implementation of the policy on employment-based immigration

Integration measures or participation in them is not a mandatory element of the application process. The vocational and educational qualifications of an immigrant for which the National Board of Education or, in the case of certain professions, another authority, is responsible, are determined in the application phase. Training and language studies prior to that process in the country of departure are primarily the employer's responsibility.

The integration plan is based on the Act on the Integration and Reception of Asylum Seekers and it includes a plan concerning municipal services to support the integration of the immigrant. Municipalities and Employment and Economic Development Offices also have advisors for immigrant affairs that assist newly arrived immigrants in integration matters and help them get started on their career paths in Finland. An employment-based immigrant is entitled to receive the services specified in the integration plan only if he or she becomes unemployed. In such cases, they receive integration assistance to ensure their livelihood. This, however, is limited to a maximum period of three years⁷⁰.

In May 2010, the Ministry of the Interior circulated the Government proposal for the reform of the Act on the Integration and Reception of Asylum Seekers for comment. The new Act would be called the Act on the Promotion of Integration. Under the proposal, the Act would apply to all immigrants with a valid residence permit or whose right of residence has been registered. At present, integration measures only apply to immigrants who are registered as unemployed.

Under the proposed Act, all immigrants would be provided basic information on Finnish society, rights and obligations when granted a residence permit. They would also be provided information on services and the integration system. Every immigrant would also be entitled to an initial survey of their situation to assess needs for language training and to determine whether they require an integration plan. The duration of the integration plan would be determined on a case-by-case basis, with the maximum duration of the initial plan being one year. The aim is to speed up integration and employment and make integration measures more responsive to the individual needs of each immigrant.

The Act would also include more detailed provisions on arranging integration education. A key part of this education would be learning Finnish or Swedish. Such education would be arranged according to the recommendations of the National Board of Education.

Minimum contents for municipal integration plans would be defined and the integration programme would become part of municipal budgeting. Municipalities would still receive computational state subsidies for three years based on the number of refugees or persons under international protection allocated to them. The subsidies would be paid for four years for persons received under the annual refugee quota. Centres for Economic Development, Transport and the Environment would be charged with drafting a multi-year agreement with regional municipalities on the allocation of refugees. This agreement would, together with the integration plan, be a precondition for payment of state subsidies.

⁷⁰ In such cases, integration assistance is paid instead of labour market support. The integration plan is made for a maximum of three years, or until the time the immigrant becomes available to the open job market. In special cases the plan may be extended to five years.

The reform of the Act on the Integration and Reception of Asylum Seekers is also set to include provisions concerning the **As a participant in Finnish society** pilot project. Under the project, municipalities may try out new ways of arranging integration training for a period of time. The Ministry of the Interior established the As a participant in Finnish society project in autumn 2009 to set a framework for these trial periods.⁷¹ The project aims to develop the initial guidance and integration training of immigrants. The aim is to create a clear and consistent three-path model for integration training:

(1) path for those entering the labour market quickly (immigrants entering the labour market/employment-based immigrants). A new one-year training plan with the goal of finding employment as well as supporting those already employed in improving their language skills.

(2) path for those requiring special support: aimed at groups such as housewives, people of old age and illiterate individuals. Multidisciplinary work with the aim of improving the language skills and social preparedness of immigrants.

(3) path for children and teenagers. Aimed at children below school age, the school-aged and teenagers above the age of mandatory education but below the age of 18. Objectives include developing sufficient language skills and developing new models for education as well as cooperation between the school and the family to encourage parental involvement in learning.

The project is designed to test alternative and flexible methods for organising education and developing educational contents. An assessment of the results and the effectiveness of education is also included. The project will involve approximately ten pilot municipalities based on applications. The project is set to continue until 2013. In 2010, the educational model is developed and the pilot municipalities are selected. The actual education will begin in 2011. The project is jointly implemented and funded by the Ministry of the Interior, the Ministry of Employment and the Economy, the Association of Finnish Local and Regional Authorities, the Finnish Cultural Foundation and the Swedish Cultural Foundation in Finland.

The project has a monitoring group including representation from the Ministry of the Interior, the Ministry of Employment and the Economy, the Ministry of Education, the Ministry of Social Affairs and Health, the Association of Finnish Local and Regional Authorities, the Finnish Cultural Foundation, the Swedish Cultural Foundation in Finland, the pilot municipalities, representatives of Centres for Economic Development, Transport and the Environment and Employment and Economic Development Offices operating in the pilot municipalities and separately invited representatives of immigrant organisations. The Chairman of the monitoring group is Permanent Secretary of the Ministry of the Interior Ritva Viljanen.

The 2009–2015 Strategy for the Internationalisation of Finnish Higher Education Institutions includes the objective of increasing and targeting the teaching of domestic languages and culture to better correspond with the needs of immigrant and non-Finnish-speaking degree students, instructors and researchers. The Ministry of Education is set to expand its voucher-based assistance system to cover foreign nationals and persons with immigrant backgrounds studying and working at higher education institutions. Higher education institutions may apply for voucher assistance to support the study of domestic languages. The annual budget allo-

⁷¹ <http://www.intermin.fi/intermin/bulletin.nsf/vwSearchView/2FAF81F52C87E2D1C22576F7002E1E55>

cated to the voucher system is increased by one million euros under the strategy. Students are not, however, obligated to pursue language studies in higher education institutions only. They may also study the languages in adult education settings.⁷²

On 8 December 2009, a Memorandum of Understanding was signed under the leadership of Astrid Thors, Minister of Migration and European Affairs, regarding the promotion of employment of immigrants in the Helsinki region. The MoU aims to make the integration and employment of immigrants more effective and faster through joint action by Employment and Economic Development Offices and municipalities. The goal is to create a rapid employment model for immigrants, which could then be used at the national level. The MoU will take effect in the beginning of next year. The funding is shared between the State and municipalities in the Helsinki region, with the State responsible for EUR 2.6 million and the municipalities for EUR 2 million in 2010.

Under the MoU, the Ministry of Employment and the Economy will allocate an additional EUR 2 million to Employment and Economic Development Offices in the Helsinki region in 2010 to increase personnel resources for immigrant services by approximately 40 man years. The initial guidance system will be developed to allow immigrants to quickly enter initial surveys of their situation as well as education and training. Employment measures aimed at immigrants, such as positions with subsidised pay and traineeships, will be increased in the municipalities and advisory services on integration matters will be offered in multiple languages. The aim is to create an integration plan within four weeks of an immigrant registering with an Employment and Economic Development Office. Education and training will be implemented as a continuous path to avoid immigrants having to wait for long periods to receive training. Efforts will also focus on immigrant education, supplementary training for highly skilled immigrants and the recognition of foreign degrees and qualifications. The training given to immigrants will be developed to make it more relevant to working life.⁷³

3.3. National projects pertaining to integration

Support structure projects funded by the European Social Fund and led by the Immigration Department of the Ministry of the Interior, i.e. ALPO and MATTO, are designed to improve services in the initial phases of integration and the resources focused on the immigration of workers. Support structures disseminate information, provide training and encourage active involvement among actors in the cooperative network. The support structures also acquire services, studies and reports that support comprehensive development.

ALPO project, i.e. path for the initial stages in Finland: ALPO aims to develop a national model for guidance and advisory services for immigrants' initial stages in Finland. ALPO is also in a supportive role for projects designed to improve immigrants' professional qualifications. The ALPO support structure pulls together best practices identified and created in regional development projects and strengthens the expert network. The aim is to make the services provided in the initial phases of integration more consistent to make integration into Finnish society flexible and effective.

MATTO project - promoting labour migration: MATTO is a project focused on employment-based immigration. It aims to bring together the national and international dimensions in labour migration and create a close-knit cooperative network between the actors in the field.

⁷² Ministry of Education publications 2009:21.

⁷³ <http://www.intermin.fi/intermin/bulletin.nsf/HeadlinesPublicFin/9176FB15459F0D3EC225768600483C99>

The ALPO and MATTO projects are part of the action plan for continental Finland funded by the European Social Fund, with total funding for the 2007–2013 period of EUR 1,414 million. The continental Finland action plan comprises four elements: 1. "Developing work organisations, the employed workforce and companies and promoting entrepreneurship", 2. Promoting employment and workers' remaining on the job market and preventing exclusion", 3. developing systems of know-how and services to promote the effectiveness of the job market" and 4. "cooperation between Member States and regions in European Social Fund activities".

3.4. Statistics and trends

3.4.1. Labour markets and immigration

3.4.1.1. Employed persons 2004–2007⁷⁴

In 2004–2007 the proportion of third-country nationals in the labour force has grown steadily. The proportions of female and male third-country nationals in the labour markets have increased at an equal rate. The proportion of men among employment-based immigrants from third countries has been stable at approximately 60%. Employment-based immigrants from third countries primarily find work in low skilled service jobs. The statistics do not include seasonal workers, of whom third-country nationals represent approximately 12,000 workers per year.

The sharpest growth among employed persons migrating to Finland from the EU is in the EU-10 group of countries. This is partly explained by Finland's southern neighbour Estonia joining the EU and Estonian construction workers finding work at Finnish construction sites. Among third-country nationals, the largest group is Russian citizens, whose proportion of the workforce has remained at approximately 7,000-9,000 employees throughout the period in question. The share of Russian employment-based immigrants across all occupations has grown steadily through the years, representing the majority of workers from third countries. The most significant growth in employees from third countries is in employment-based immigrants from Thailand, in the "low skilled" category.

As data published by Statistics Finland at present only extends to 2007, the effects of the economic slowdown in 2008–2009 on the proportion of foreign nationals in the workforce can only be estimated. The table below represents trends in employed foreign nationals in Finland in 2004–2007. The data does not include workers with Finnish citizenship or persons who have worked in Finland for less than one year.

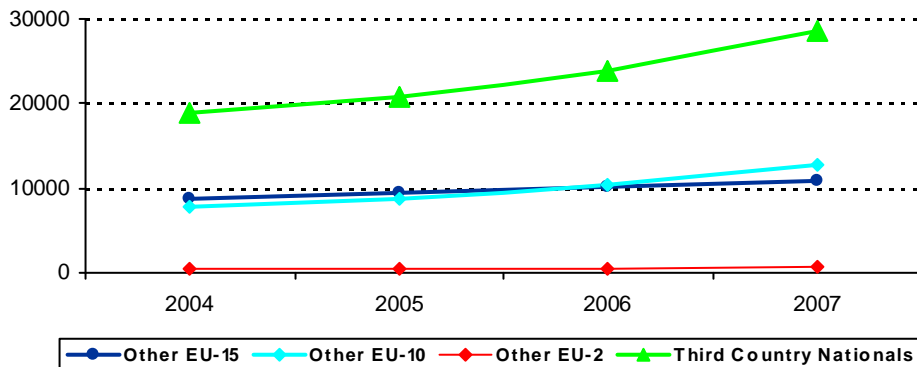
⁷⁴ Refer to statistical supplement, Tables 1 and 3.

EU-15: The European Union prior to 31 April 2004: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom.

EU-10: Eight of the formerly Communist Central and East European (CEE) countries (Czech Republic, Hungary, Poland, Slovakia, Slovenia, Latvia, Lithuania, and Estonia) plus Cyprus and Malta.

EU-2: Bulgaria and Romania.

Stock of workers 2004-2007 by nationality (main categorisation) excluding nationals



3.4.1.2. Employment-based immigration 2004–2008.⁷⁵

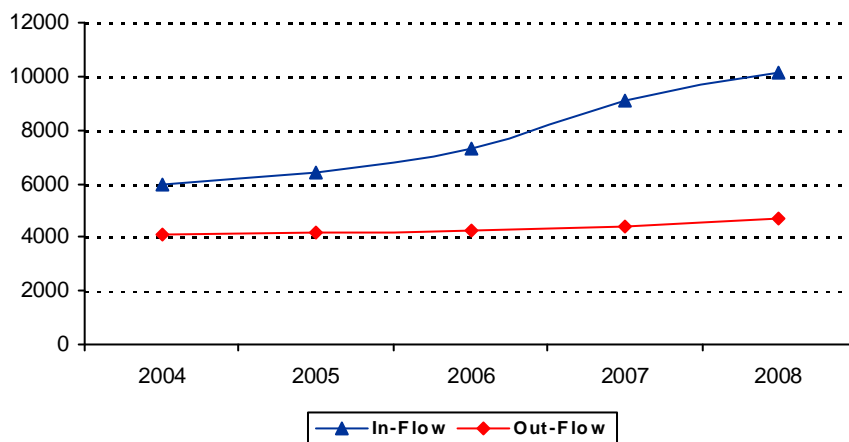
In the 2004–2007 period, employment-based immigration from third countries has grown steadily in all primary categories analysed in this study (highly skilled, skilled, low skilled, researchers). The largest of these categories in employment-based immigration from third countries is the "low skilled" category (46% of all immigrants in 2007). This is explained by the changes in the structure of the Finnish economy and the shortage of labour in service industries brought about by the aging of the population and the resultant change in the dependency ratio. The proportion of third-country nationals among all employment-based immigrants has more than doubled in the period in question. The rate of repatriation of Finnish citizens to the domestic labour market has remained very steady in 2004–2008 (approximately 2,800 individuals per year). The otherwise fairly static top 10⁷⁶ list of third countries as countries of departure for employment-based immigrants reflects changes in the number of citizens of the Philippines and Vietnam among employment-based immigrants in 2008. The number of Philippines citizens (116) is explained by, among other things, the pilot project started in 2008 by recruitment services firm Opteam and the Hospital District of Helsinki and Uusimaa to have Opteam bring nurses from the Philippines to Finland. The rise of Vietnam into the top 10 countries in employment-based immigration, in turn, is explained by the Regional Council of Southern Ostrobothnia bringing Vietnamese professionals into the region in autumn 2008.

⁷⁵ Refer to statistical supplement, Tables 2 and 4.

⁷⁶ Russia, India, China, Turkey, the United States, Ukraine, Thailand, Nigeria, Kenya, Nepal.

3.4.1.3. Inflow vs. Outflow⁷⁷

In 2004–2008 the largest group of employment-based immigrants was from Russia (921 Russian immigrants in 2008). Russian employment-based immigrants are primarily in the skilled category, but there has also been growth in the highly skilled group. In terms of outflow, however, among employment-based immigrants from third countries the largest number of departures is seen among Indian nationals, with Russia second or third. The majority of Indian employment-based immigrants are in the highly skilled category, with the Finnish technology sector employing a significant number of Indians. Outflows in the highly skilled category are thereby also largest among Indian employees (the duration of their employment in Finland normally not exceeding a few years).



In analysing inflows and outflows illustrated by the above chart, it is clear that inflows have grown in proportion to outflows. Greater inflows compared to outflows suggest that, since 2005, Finland has attracted workers of a more permanent nature in addition to employees in fixed-term posts.

3.4.2. Analysis: trends

3.4.2.1. Labour demand in Finland 2010–2025

The economic slowdown brought about by the financial crisis has resulted in quickly rising unemployment, particularly in the industrial sector, and according to the Government Institute for Economic Research, a quick recovery from the recession is unlikely. In January 2010, the Government Institute for Economic Research (VATT) published a study carried out in cooperation with four ministries (Ministry of Education, Ministry of Employment and the Economy, Ministry of Finance and the Ministry of Social Affairs and Health) on labour demand in the Finnish economy in 2010–2025.⁷⁸ The results of the study indicate that increases in productivity and changes in demand will play a key role in future economic development. One significant

⁷⁷ Refer to statistical supplement, table 4: In/Outflow

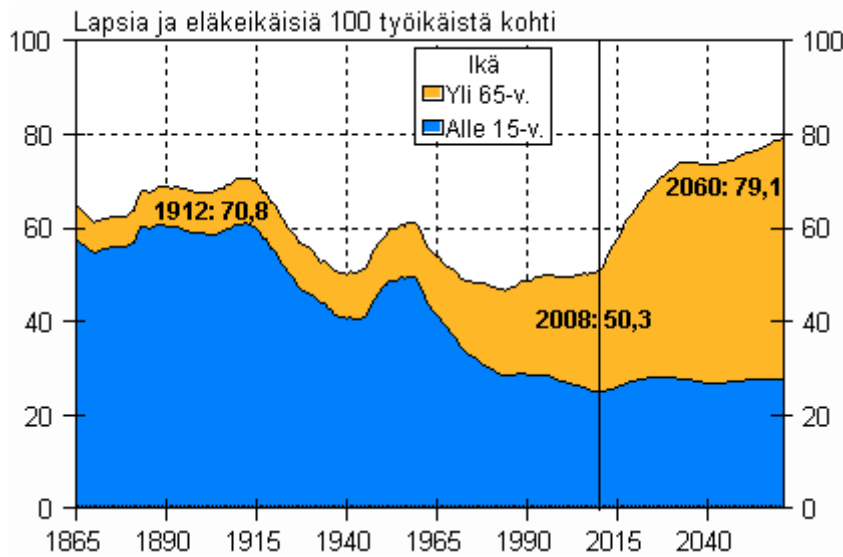
⁷⁸ VATT Tutkimukset 154 – Työvoiman tarve Suomen taloudessa vuosina 2010–2025.

change is the increasing share of services of the national economy, a trend that has been evident in Finland for quite some time. Services will continue to represent an increasing share of GDP, particularly due to the rising demand for health care and nursing services caused by the aging of the population. According to VATT, the increasing role of services has a significant impact on economic growth prospects: the slow rise in productivity in several service sectors and the public sector may become a key challenge for the national economy if the demand for public services grows at a faster rate than anticipated. The structure of the Finnish workforce has reflected the changes in the structure of economic production. Primary production and processing have represented a diminishing share of the workforce since the 1970s, with this trend expected to continue. The share of public services began to decrease in the mid-1990s but is set to begin rising again in the 2010s. According to VATT's analyses, the share of the workforce employed in the private service sector has grown steadily since the early 1980s. In the future this growth will continue, led particularly by household demand. VATT's basic scenarios indicate that there may be labour shortages in the future, which is reflected in the rapid rise in labour costs. However, VATT suggests that whether labour shortages will actually happen depend on whether the expectations concerning the rising demand for health care and social services materialise. In an alternative scenario the share of health care of the increase in value of the national economy would be significantly smaller. This would strengthen the potential growth of the industrial sector. Growth in employment and value added in private services would also strengthen due to lower-than-expected demand for labour in social and health care sectors.

The impact of immigration on employment depends on the age and occupational background of immigrants. In order for immigration to mitigate the potential problem of labour shortages, two thirds of immigrants should be of working age. This would mean a 0.4% increase in the labour supply compared to forecasts, which, over time, would mitigate labour shortage problems. In VATT's scenario of higher immigration, the promotion of immigration is proposed as a solution for ensuring that there is a sufficient supply of labour. In that scenario, however, the available labour would primarily be directed to the service sector, in which case higher immigration rates would provide little benefit from the perspective of the development of industrial sectors. According to VATT, the higher immigration scenario reveals a tendency with a strong impact on trends in the Finnish economy, which is that of contraction in industry and primary production and growth in the service sectors. The structural changes that have been evident for a long time appear to still be ongoing.⁷⁹

⁷⁹ VATT Tutkimukset 154 – Työvoiman tarve Suomen taloudessa vuosina 2010–2025, p. 139–144.

Population dependency ratio 1865–2060⁸⁰



Source: Population statistics 2009/ Statistics Finland.

Children and pensioners per 100 persons of working age. Yellow: persons over 65 years. Blue: persons under 15 years.

3.4.2.2. Short-term labour market forecast

The Ministry of Employment and the Economy publishes a short-term labour market forecast each spring and autumn. The forecast is the Ministry's expert view on short-term employment trends, intended to provide information for the Ministry's policy making and act as market information for other target audiences. In January 2010, the Ministry published its most recent results, for the period after the economic recession,⁸¹ along with its expectations for the spring. Their analysis indicates that there are signs of economic recovery: demand has increased in certain industries and increases in production levels are expected in the coming years. The state of public finances, however, is set to continue to become worse as a result of rising unemployment and stimulus measures.

⁸⁰The number of pensioners, i.e. people aged 65 and above, is set to double from the current figure of 905,000 to 1.79 million by the year 2060. The share of the population of those aged over 85 is predicted to rise from 2% at the beginning of last year to 7% and their total number from 108,000 to 463,000.

If internal migration patterns in Finland remain the same as they have been in the past five years, the population of Southern Savonia in 2030 will be 8% lower than it presently is. The next highest decrease in population would be in the Kainuu region, with 6%. Proportional population growth is expected to be highest in the Åland, Eastern Uusimaa and Uusimaa regions. The population in those areas would be some 20% higher in 2030 than it is at present. The population forecasts published by Statistics Finland are based on past data on birth rates, mortality rates and migration. They do not take into account the potential effects of economic, social or other regional policy on population trends. The calculations simply indicate what population figures would be if present trends should continue. As such, they should not be interpreted as unavoidable outcomes. The purpose of the population forecast is to provide decision-makers with tools to assess whether measures to influence the trends are needed.

⁸¹ Ministry of Employment and the Economy analyses 21/2010: Short-term labour market forecast by the Ministry of Employment and the Economy.

The economic recession has made it more difficult for new graduates to enter the job market. Temporary jobs suitable for students have also decreased, which has resulted in young people leaving the job market. The total workforce decreased by 25,000 in 2009, which represents one third of the decrease in employment.

The size of the working age population is still growing, but only in the age group of 55 and older. Unless the length of working lives is extended continuously, the supply of labour will begin to decrease due to reasons related to the population age structure. The supply of labour is estimated to decrease by 18,000 and 5,000 in 2010 and 2011 respectively.

In 2009 the employment rate decreased by only 2.9% compared to a 7.5% drop in output. In these post-recessionary times, businesses also have a significant number of underused staff who can be utilised more effectively before the need to recruit more employees truly arises. The employment rate can be expected to start growing again only after businesses have regained the balance between output and workforce utilisation.

The Ministry of Employment and the Economy predicts that employment will decrease by some 50,000 in 2010. In 2011, the demand for labour is expected to begin showing slow growth. The total number of jobs lost during the entire economic slowdown (125,000) would thereby be slightly over a quarter of the losses seen during the recession in the 1990s.

Unemployment increased steeply in early 2009, but the growth began to slow down in the latter part of the year. The unemployment rate reflected by the register of job seekers reached its peak at the end of the year and has begun to decrease since then. Unemployment measured by the labour force survey, however, has increased in the first quarter of 2010, but at a much slower rate than previously.

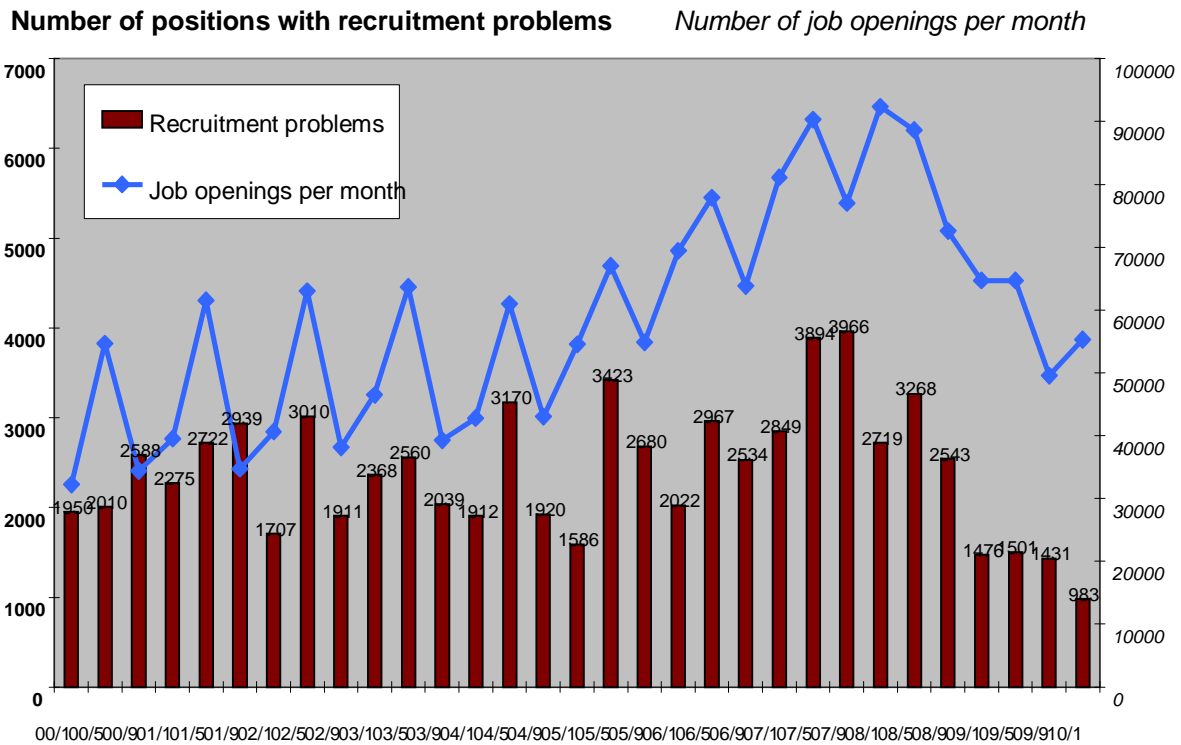
The structure of unemployment has become more challenging during the economic slowdown, with the longer term nature of unemployment slowing down the rate at which unemployment can be expected to decrease. When the demand for labour begins to strengthen, the first group to find employment is the laid-off, followed by the short-term unemployed, but it will take time before increasing labour demand will extend to the long term unemployed. Long term unemployment is set to increase throughout 2010. The unemployment rate is expected to rise to approximately 9.5% this year, and forecasts suggest that it will not fall significantly below 9% in 2011.

According to the latest data from Employment and Economic Development Offices, there are approximately 5.5 unemployed job seekers for each open position. The supply of labour, proportional to demand, is still increasing. The greatest surplus in labour supply is in the construction sector, with the least surplus in commerce. Shortages in labour supply are not expected to become a significant problem in the short term.

3.4.2.3. Labour supply in the short term

On 9 March 2010, the Ministry of Employment and the Economy published its analysis concerning recruitment problems and labour demand and supply based on the situation in January 2010. In January 2010, Employment and Economic Development Offices registered a total of approximately 55,000 job openings, of which 963 were considered difficult to find a suitable candidate for. Recruitment problems associated with job openings have been decreasing since the beginning of 2008, a trend that continued in January 2010. Recovery in demand was seen in some occupational categories such as the construction sector and jobs requiring higher academic qualifications. Conversely, labour demand in fields such as the social and health care

sector, industry and the service sector was significantly lower in January 2010 than in previous years. Nevertheless, the number of jobs that are difficult to find suitable candidates for has decreased compared to 2009,⁸² in particular in the fields of health care, social work and services. The most frequent reasons for recruitment problems in January 2010 were related to the characteristics of the jobs (e.g. entrepreneur positions or contract jobs). The second most frequently cited reasons for recruitment problems were having no applicants (labour shortage) and the wages offered. The proportion of recruitment problems resulting from labour shortages was, however, significantly lower than in 2009.⁸³



Source: Ministry of Employment and the Economy.

Occupations with the most recruitment problems			
Jan 09		Jan 10	
Sales consultant	109	Sales consultant	80
Nurse	106	Sales representative	73
Practical nurse	91	Hair stylist	42
Cook/Chef	89	Cook/Chef	34
Hair stylist	52	Nurse	32
Waiter	48	Personal assistant	31
Sales representative	40	Doctor at Public Health Centre	29
Taxi driver	38	Taxi driver	29
Delivering free publications	32	Real estate manager	26
Dentist	27	Practical nurse	25

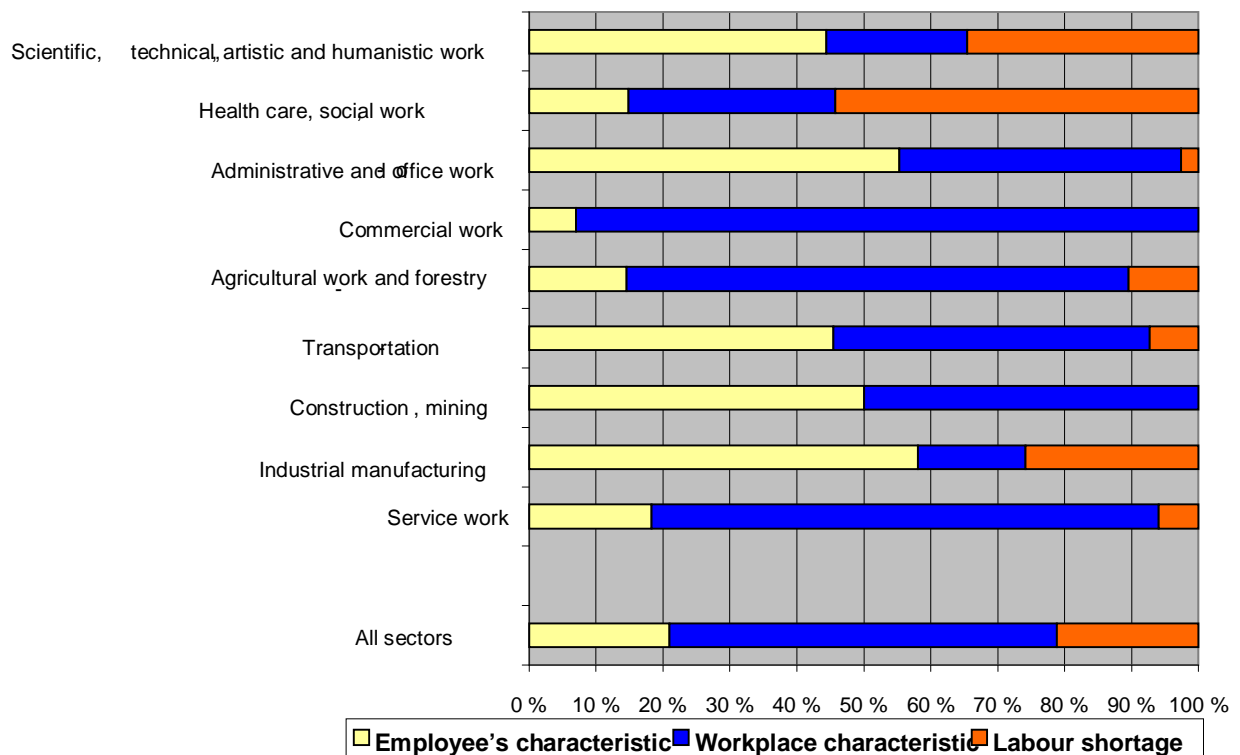
⁸² In January 2009 there were approximately 450 jobs in the health care sector for which it was difficult to find suitable candidates, but in January 2010 there were only 270.

⁸³ Ministry of Employment and the Economy 19 March 2010: Recruitment problems and the supply and demand for labour at Employment and Economic Development Offices.

Ministry of Employment and the Economy 9 March 2010

Reasons for recruitment problems vary greatly depending on sector and occupation: labour shortages currently a problem particularly in the social and health care service sector. In the industrial sector, administrative and clerical work and in the construction industry the job seeker's characteristics are a significant factor, with the nature of the work a key cause for recruitment problems in commercial work, agriculture, forestry and the service industry.⁸⁴

Ministry of Employment and the Economy 19 March 2010: causes of recruitment problems



⁸⁴ Ministry of Employment and the Economy 19 March 2010: Recruitment problems and the supply and demand for labour at Employment and Economic Development Offices.

Statistics Finland: Employment figures and trends 1989/01 – 2010/05

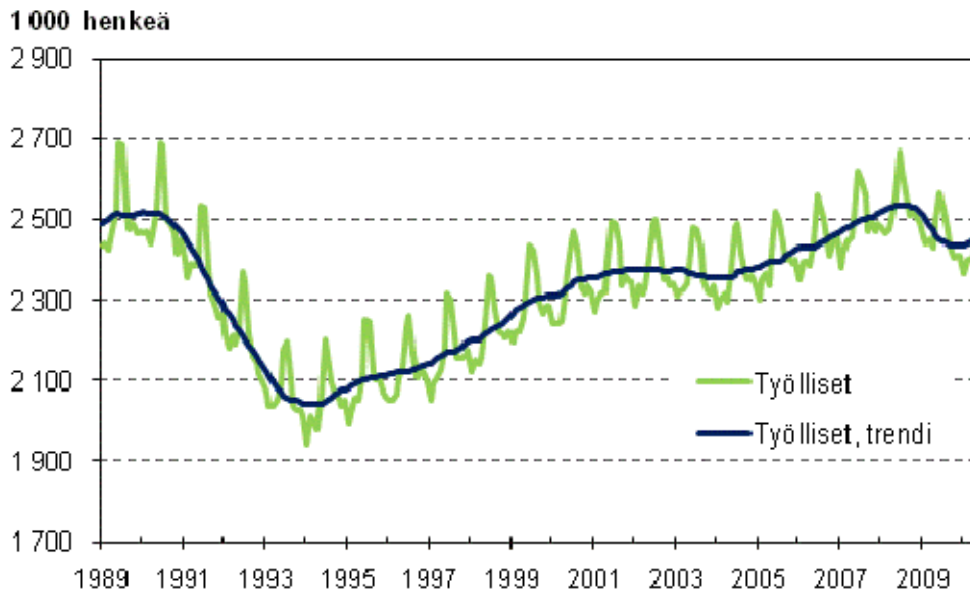


Table: Employed persons highlighted in green, trend for employed persons highlighted with blue.

According to the Statistics Finland labour survey, the total number of the employed in May 2010 was lower than the year before by 13,000. Unemployment rate in May was 10.5%, or 0.3% lower than the previous year.

3.4.2.4. Applications for employed person's residence permits

The number of pending residence permit applications in January-June 2010 was approximately 15% higher than the previous year.

A foreign national who intends to engage in gainful employment in Finland generally needs an employed person's residence permit. The process of granting the employed person's residence permit involves two phases. First, the Ministry of Employment and the Economy assesses the preconditions for the permit in terms of labour policy and livelihood, after which the Finnish Immigration Service grants the first employed person's residence permit unless there are legal reasons not to do so. A person intending to engage in independent economic pursuits or self-employment in Finland must apply for a residence permit for a self-employed person.

A total of 2,330 employed person's residence permit applications were filed in January-June 2010. The number is 6.15% higher than in the corresponding period in 2009.

In the category of residence permits on other grounds, the majority of the applications involve employment-based immigration. They are residence permit applications filed by persons who do not require an employed person's residence permit to work in Finland due to being allowed to work legally on a regular residence permit. This group comprises e.g. special experts, ath-

letes and coaches. Foreign researchers and foreign nationals applying for residence in Finland on the basis of an au pair arrangement are also in this category.⁸⁵

In January-June 2010 a total of 1,523 applications based on "other grounds" were filed.

3.4.2.5. Illegal workers / grey economy

In 2004, the number of foreign nationals working without a work permit in Finland was estimated to be as high as 30,000. Estimates of what industries might represent the largest numbers of illegal workers are impossible to make. Individuals who are in the country illegally are occasionally discovered in inspections conducted at work sites by Occupational Safety and Health Inspectorates. Occupational Safety and Health Inspectorates supervise foreign nationals' right to work and terms of employment in Finland. Occupational safety and health authorities have the obligation to notify the police if they suspect an employer of having employed a foreign national who is in the country illegally. The penalty for an employer's infringement of the law in this context is a fine or a maximum of one year's imprisonment. In Finland, the grey economy is a greater problem than illegal workers. The effects of the grey economy are particularly significant in the construction industry. It is estimated to cause total damages of EUR 400-500 million each year. A significant threat in the form of grey economy actors in the construction industry are, among others, Finnish citizens who are banned from engaging in business operations. Financial crime and the grey economy, particularly in the construction industry, is increasingly dominated by subcontracting activities controlled by professional or organised crime.⁸⁶

The number of aggravated theft cases reported to the police grew by 20% in 2009. Estimates indicate that some 5% of these crimes targeted construction sites. Behind these criminal activities are networks of grey economy operators and the perpetrators are both Finnish and, increasingly, foreign professional criminals.

⁸⁵ Under the Aliens' Act, a foreign national may also be granted temporary residence permit on the basis of some other special reason. When such applications are filed that are not based on employment, family ties or studies, they count towards the "other grounds" category.

The "other grounds" group also comprises persons who are not granted international protection in Finland, but who have been granted a temporary or continuous residence permit due to being unable to leave the country or having individual humanitarian grounds (for instance, applicants from Somalia, Afghanistan and Iraq).

⁸⁶ National Bureau of Investigation 19 April 2010: Current situation and themes in crimes against construction companies and criminals exploiting construction companies.

<http://www.intermin.fi/intermin/hankkeet/turva/home.nsf/headlinesfin/7E8CC8C11D7839CDC225771400446854?OpenDocument>

4. Cooperation with third countries (immigration on economic grounds)

On 11 February 2008, the Ministry of the Interior set a project⁸⁷ to assess potential forms of cooperation to promote the immigration of workers with countries of departure and established a cross-administrational working group for this purpose, comprising representatives of the Ministry of the Interior, the Ministry for Foreign Affairs, the Ministry of Education, the Ministry of Social Affairs and Health, the Ministry of Employment and the Economy and the Ministry of Finance. The working group's concrete recommendations were⁸⁸:

- Linking information sources on immigration to Finland and living in Finland under a single domain, <http://virtual.finland.fi>
- Finland's diplomatic missions abroad support only well planned and appropriately targeted recruitment in countries of departure (preventing abuses).
- Beginning a two-year trial of a labour coordinator in Finland's representation in Vietnam.
- The employment and economic development administration will develop cooperation with Centres for Employment and Economic Development and its special expert at the Finnish Consulate General in St. Petersburg on communication, training and mobility cooperation with employment administration authorities in north-eastern Russia. Assess the needs and opportunities for establishing a permanent advisory service in St. Petersburg. The Ministry of Employment and the Economy in cooperation with Centres for Employment and the Economy aim to promote the mobility of labour and cross-border commuting between Finland and the border areas on the Russian side.
- The Ministry of Education will commence negotiations with CIMO to expand a public officers' exchange programme to cover cooperation with countries of departure on recruiting people to work in Finland.
- Recommendations concerning the recruitment and qualification of social and health care professionals and the relevant cooperation between the authorities will be drafted by the competent authorities.
- Increase the provision of information to Finnish social and health care professionals residing abroad on job opportunities in Finland and key questions regarding repatriation in cooperation with the Eures employment services network.
- Make better use of the international networks of representations, friendship associations, schools and higher education institutions in teaching Finnish language and increasing awareness of Finnish society among foreign nationals.
- Municipalities that are significant destinations for employment-based immigration appoint a contact person or party that coordinates the reception of new immigrants and provides them and other authorities with the required advisory services and guidance. The responsibility for induction and early language training for employment-based immigrants and their family members is shared between the employer, the State, the municipality and the employee.
- The employment on the Finnish job market of foreign nationals who are degree-seeking students in Finland is promoted by ensuring that they are offered sufficient opportunities to study the Finnish language as well as traineeships.
- Training to provide supplementary qualifications for persons from immigrant backgrounds must be increased.

⁸⁷ Ministry of the Interior publications 31/2008: Methods of cooperation to promote the immigration of workers with countries of departure. Final project report.

⁸⁸ The implementation of the recommendations has not been specifically followed up on.

Regional Council of Southern Ostrobothnia⁸⁹ has, as part of its strategy for internationalisation⁹⁰ implemented a recruitment project in Vietnam together with municipalities, businesses and other regional actors. The project is the first third-country labour sourcing process implemented by a framework of public organisations. The Regional Council of Southern Ostrobothnia established a relationship with Vietnam in 2006 when the Vietnamese Ambassador was hosted by the Regional Council on his first trip to the region. This was followed by three delegations from Southern Ostrobothnia visiting Vietnam to gain familiarity with the country and engage in negotiations. The plan is to attract employment-based immigration from Vietnam under formal agreements concluded by public authorities. The goal is to create a recruitment process that is in line with good administrative practices in both Finland and Vietnam. This is intended to increase transparency and reliability, as there have previously been problems with private employment agencies operating in Vietnam and collecting unreasonable fees from the persons that sought overseas employment through them. During the internationalisation project from 1 January 2006 to 31 March 2008 the Regional Council of Southern Ostrobothnia signed cooperation agreements with the city of Hanoi, six other Vietnamese actors and the Southern Ostrobothnia region. The project's final report suggests that these agreements, along with various cooperation models and the appropriate exchange of information have served to create a positive atmosphere for future efforts to increase employment-based immigration.⁹¹

A Memorandum of Understanding was signed between Finland and Vietnam in November 2009. The MoU was drafted between the two countries' governments and signed by their respective Prime Ministers. The MoU covers various areas of labour policy and the extension of cooperation pertaining to labour mobility.

The Ministry for Foreign Affairs grants funding for regional cooperation, which has been used to establish an advisory service in Petrozavodsk to promote the mobility of workers and students between Eastern Finland and the Republic of Karelia. The project is scheduled for 1 April 2010 - 31 December 2011 and administered by the Northern Karelia Centre for Economic Development, Transport and the Environment. The goal of the project is to secure the availability and controlled mobility of skilled workers. The project will involve the establishment of an advisory service in Petrozavodsk to support labour mobility and a permanent advisory system.

The employment and economic development administration published its strategy for the implementation of Finland's development policy programme in December 2009⁹². The Ministry of Employment and the Economy is committed to following recommendations regarding the importance of responsible, ethical and targeted recruitment in the migration of labour for the benefit of the employee, the employer and the social development of the country of departure. The following have been identified as important steps in fulfilling that commitment:

- Informing candidates of the rules of Finnish working life in the country of departure. Employees should have the required qualifications and language skills before moving to Finland. The responsibility for concrete measures lies with commercial actors in the field; the employment and economic development administration is prepared to participate in the preparatory work for projects.
- Sufficiently extensive basic information and advisory services should be easily available and free of charge.

⁸⁹ The Regional Council of Southern Ostrobothnia is a statutory sub-regional federation of municipalities comprising the sub-regional centre of Seinäjoki along with 18 other municipalities.

⁹⁰ Southern Ostrobothnia internationalisation project 11 March 2008 – 31 December 2010.

⁹¹ Final report of the Regional Council of Southern Ostrobothnia's internationalisation project.

http://www.epliiitto.fi/?page=kansainvalinen_etela_pohjanmaa

⁹² <http://www.tem.fi/index.phtml?C=97982&s=2683&xmid=4279>

- Developing a cooperative network with the national employment administration authorities in significant countries of departure in labour migration.
- Increasing awareness among actors in the employment and economic development administration on recruiters that operate for unacceptable purposes or use questionable practices. During contract negotiations, it may be necessary to include provisions prohibiting the use of middlemen and the charging of agency and service fees and to make use of supplementary contracts to add more detail concerning employees and their family members.
- It is important that the Ministry of Employment and the Economy and the Ministry of the Interior are kept informed of current and planned regional recruitment projects. The mechanisms related to this should be developed.
- The contacts and networks of immigrants already residing in Finland should be systematically made use of to support Finnish exports.

5. Analysis and conclusions

5.1. The need for foreign workers

The Ministry of Employment and the Economy is jointly responsible with the Ministry of the Interior for monitoring the amounts and structure of immigrant workers and developing tools for this monitoring task. Nevertheless, the Ministry of Employment and the Economy is still responsible for collecting and analysing various employment statistics and developing foresight methods. The Ministry of the Interior is responsible for preparing immigration policy and legislation concerning immigration, integration and citizenship. The Ministry of the Interior participates in the work of the Government's foresight network, which serves the strategic planning and steering related to immigration as well as the Government's decision making.

In planning and implementing measures to promote labour migration, the objective is to ensure the availability of foreign labour when suitable workers are not available within the country. This is also the point of departure for employment-based immigration; workers recruited from abroad do not replace the existing labour potential in the country, but rather serve to complement it. This is a relatively new matter for Finland, which makes it important to establish clear channels and ways of working for recruiting workers from abroad. Economic conditions can change rapidly, which in turn makes labour markets potentially volatile. The chosen procedures should be flexible but also sustainable in terms of their basic approach. The point of departure must be focused, responsible and ethical recruitment in such a way as to avoid posing problems to sectors that are in a key role for social development in the country of departure.

In assessing the need to recruit employees from abroad, the key consideration is analysing existing reserves on the job market. In March 2010, there were 275,000 registered unemployed job seekers in Finland. At the same time, there were 53,000 new open positions registered with Employment and Economic Development Offices. In 2009 individuals receiving unemployment benefits refused or quit work or studies over 18,000 times for no valid reason. In other words, they chose unemployment. There has been considerable public dialogue on whether the poor popularity of work can be explained by the fact that the wages paid for work offered to foreign workers are simply not sufficient for getting by, not even for the original population.

The majority of immigrants already residing in Finland are in prime working age and have high motivation to work. Through integration training organised for immigrants, most of the immigrants who have resided in Finland for an extended period of time speak Finnish or Swedish language skills and their professional abilities have been improved to match the

needs of Finnish working life. It is imperative that labour resources already in the country and the potential of immigrants is fully made use of by making integration processes more effective and taking advantage of their language and cultural skills in recruiting and advising new immigrants.

According to both short and long term economic and labour market forecasts by the Ministry of Employment and the Economy⁹³ problems with labour availability are expected to increase in the future. As the population ages, the supply of labour will begin to contract rapidly in the beginning of the next decade. This, along with the fact that the current economic slowdown will have passed, will make labour shortages a likely scenario. It can be mitigated through domestic measures by improving labour productivity and extending careers. One solution to compensating for the diminishing domestic workforce is to recruit workers from abroad.

It has been suggested that if immigration is to be used as a measure to keep Finland's weakening dependency ratio in check, the dependency ratio among immigrants should be more favourable than among the current population. The age structure among immigrants has traditionally been more favourable than among the general population, which is chiefly explained by the almost complete absence of senior citizens among immigrants. The low proportion of workers among immigrants, however, tends to counter the positive effect the age structure might otherwise have.⁹⁴

Forecasts of labour supply and demand can't, however, be used to directly estimate the number of foreign workers required in Finland, but they can help analyse the number of future job openings in different fields. The estimates also significantly depend on the extent to which the original population seeks employment in different fields. This, in turn, is subject to many other factors, such as the education choices on offer, the attractiveness of different occupations, migration in the country as well as migration out of the country. Businesses operating on the international markets is also an increasingly important factor affecting the balance between the supply and demand of labour.

According to estimates in the Workforce 2025 report by the Ministry of Employment, in the long term the largest number of new jobs will become available in the service sector, social and health care and industry. This is primarily due to the simple fact that those sectors employ the largest number of people in Finland, which means that their attrition figures will also be the highest. The service, social and health care sectors are expected to be the major growth industries of the future⁹⁵. Estimates suggest that some 185,000-210,000 new jobs will be available in the social and health care sector between 2005 and 2020. This corresponds to 11,000-12,000 new jobs each year. This represents approximately one fifth of the total job openings across all sectors. The number of the employed is expected to grow the most, in absolute terms, in the field of business services. The largest reductions in the number of the employed are anticipated in the data communications sector. Economic forecasts were quickly adjusted downwards due to the recession, which is also reflected in labour market trends.

⁹³ Työvoima 2025, Ministry of Employment study published in 2007.

⁹⁴ Ministry of Employment analyses 2/2007: Immigration as a response to labour supply problems. Kai Torvi. Torvi has expressed the problem of low employment rates among immigrants as the threat of immigrants moving to Finland to be dependent rather than to be depended on.

⁹⁵ Under the 2007–2012 Education and Research Development Plan approved by the government, the primary strategies to ensure the availability of personnel for the social and health care sectors are increasing intake of students in relevant fields as well as educating and recruiting immigrants already residing in Finland. Further measures that are required include sufficient adult education in the field, ensuring the attractiveness of training and work in the sector and boosting productivity.

In the future, Finland will need both employees who are working in the country temporarily and employees who remain in the country for a longer period of time. As the process of providing qualifications and language skills is a costly and long process, particularly in the context of health care professionals, efforts should be made to ensure that those who enter Finland and receive education and training will also remain in the country. It is also important to put in place policies to encourage Finns who have previously emigrated elsewhere, and their offspring, to return to their home country at some stage.

The demand for labour may vary greatly by sector and geographic region. Increasing the regional and cross-occupational mobility of labour is an essential challenge on the labour market in terms of balancing demand and supply within the country. The same model is already partly operational between different countries, and there are efforts to put it in place, in particular in the EU. This type of circular migration is supported by the European Commission, which encourages Member States to establish legal, controlled and safe migratory paths and mobility programmes. The aim is not only to promote mobility within the EU, but also to promote opportunities for third-country nationals to work or study in the EU on a temporary basis.

When circular migration is successfully implemented, it benefits both the destination country and the country of departure. Destination countries get the labour they require and citizens of the countries of departure get employment, income transfer and, in the long term, the knowledge and skills they acquire abroad will benefit the country of departure. Circular migration is most suited for seasonal work (harvesting, travel and construction jobs) and highly skilled groups such as top experts and researchers employed by higher education institutions. The point of departure must be focused, responsible and ethical recruitment with the aim of securing the sourcing of workers from abroad when suitable candidates are not available in Finland or the EU. The programmes can provide guidance in the initial stages and help immigrants settle in, but they also support and facilitate their return to their home countries.

5.2. Towards a more sustainable immigration

According to a study on the out-migration of immigrants from Finland published by the Government Institute for Economic Research, the probability of out-migration is increased by factors such as early arrival in the country, a spouse left abroad and the immigrant being male. Factors that reduce the probability of out-migration include high age on arrival, having children, a Finnish spouse, a refugee background, income transfers and employment. Factors such as whether or not an immigrant has studied at a Finnish higher education institution or the income level do not appear to be significant determinants on the probability of out-migration according to the study.⁹⁶

Under the Act on the Integration and Reception of Asylum Seekers currently in force, when an immigrant who has permanently moved to Finland and been assigned a municipality of residence, he or she is entitled to an integration plan and the services it entails. The Act on the Integration and Reception of Asylum Seekers does not cover employment-based immigrants whose term of employment is shorter than one year. The Government proposal for the comprehensive reform of the Integration Act is scheduled to be submitted to the Parliament for discussion and approval in autumn 2010. The reform will extend the Act's scope of application to cover all immigrants, regardless of the grounds on which they migrate to Finland, whose residence in Finland is expected to last at least one year. Even with the extended scope of application, the Act would still not apply to foreign nationals who move to Finland on a temporary basis

⁹⁶ VATT research publications 144: Out-migration of immigrants from Finland.

due to the nature of their work only requiring them to stay in the country for a matter of weeks, months or, at a maximum, one year.⁹⁷

The immigrants for whom integration training is provided are a fairly heterogeneous group in terms of their educational backgrounds, yet their individual needs and objectives should be taken into consideration in the training provided to them. There is little that can be done about the heterogeneity of the group, but the training on offer could be clarified further. There are also differences between municipalities on what type of advice immigrants are given regarding educational choices. The parties to the integration training system tend to find the present system tremendously confusing, complicated and difficult, both in administrative terms and with regards to its terminology. Within the system of training and education itself, problems in implementation that are highlighted include inconsistency in the education and training offered, insufficient guidance and advice, inadequate flow of information and regional differences in the availability of training and education. The problems are further exacerbated by the strict requirements concerning inviting competitive bids, insufficient funding and problems in coordination between the authorities. The problems have impacts on the effective organisation, quality and continuity of training and education. The worst case scenario is that such difficulties can slow down the process of integrating immigrants into Finnish society, which in turn can result in social, psychological and economic problems.⁹⁸

As the economic situation changed in Finland from autumn 2008 onwards, so did the need for foreign workers. Foreign workers have been laid off for various periods of time. Due to regional differences in the need for labour, presently unemployed employment-based immigrants have been encouraged to seek work in other cities and businesses, but despite applying for numerous positions finding employment has been difficult for many. The number one factor cited as a reason for difficulties in finding new employment is the lack of language skills, which makes writing job applications and attending interviews difficult. One factor that limits mobility between different regions of the country is the relationship of dependency often created between a foreign employee and the employer: under normal economic conditions, the employer may arrange interpreting services for the employee, but once the business finds itself in financial difficulties, previously recruited foreign nationals may end up on the outside of the job market looking in. Also problematic is the situation where a foreign employee with a temporary category B residence permit is laid off during his or her first year of residence in Finland. Having resided in Finland for less than one year on a temporary residence permit does not entitle the employee to unemployment benefits.

For instance, the final report on the project to develop labour migration processes between Southern Ostrobothnia and Vietnam unambiguously states that the income requirement is a challenge to permanent immigration, or immigration in general. The income requirement is a part of Finnish immigration policy that's based on the principle that each individual migrating to Finland should earn a livelihood without having to resort to social security benefits.⁹⁹ With employment-based immigrants from third countries being, practically without exception, employed in precarious work, their net income is below the earnings limit¹⁰⁰, required for applying for Fin-

⁹⁷ http://www.intermin.fi/suomi/kotouttamislain_uudistus

⁹⁸ Maahanmuuttajien kotoutumiskoulutuksen arviointi s. 64 ss. Net Effect Oy/Työministeriö. Työvoimapolitiittinen tutkimus 267.

⁹⁹ Ministry of Employment and the Economy, December 2009: Voiko sitoutumista siirtää? Etelä-Pohjanmaan ja Vietnamin välisen työvoiman maahanmuuttoprosessin ja sen luoman toimintamallin siirrettävyyden arviointi.

¹⁰⁰

	Person	EUR/month	EUR/year
1st adult		900	10,800

nish residence permits for their family members.¹⁰¹ When a foreign worker perceives financial obstacles to their continued residence in Finland, their stay in the country is practically limited to the duration of their employment. Persons recruited to work in Finland from abroad should be informed in clear terms of the conditions pertaining to the application for residence permits based on family ties as well as the relevant income requirements. Migration to Finland should be based on realistic expectations without the employer or recruitment company promising the employee conditions that are impossible to provide.

5.3. Employment-based immigration and public dialogue

Finnish public dialogue on employment-based immigration is clearly twofold: the ministerial level concerned with the application of foresight methods views workers recruited from abroad generally as a secondary labour reserve in relation to the existing and potential labour reserves on the labour market. As such, policy to promote the immigration of new workers is in a role that is complementary to other strategies rather than a direct solution to labour shortages.¹⁰² Public dialogue, on the other hand, highlights the increase in the number of retirees and the change in the dependency ratio in the coming years, with less emphasis placed on existing unemployed job seekers on the labour market and the reasons leading to the refusal of work. Introducing information from the ministerial level to the level of political dialogue has been perceived as insufficient in Finland. Immigration policy discussion, particularly from the viewpoint of employment-based immigration, is likely to feature prominently in the run-up to the 2011 Parliamentary elections.

It is a widely held view that there are a number of parallel EU-funded projects whose work partially overlaps unnecessarily. The practical implementation of plans and recommendations is seen as ineffective. The division of duties between the Ministry of Employment and the Economy and the Ministry of the Interior is yet to fully take shape after the ministerial reforms. Tripartite cooperation is seen as having partly failed; labour market organisations are critical of the preparatory work led by the Ministry of the Interior, suggesting that it has compromised their opportunities to participate in the preparation of matters pertaining to employment-based immigration.

In the past year, the operations of private recruitment agencies have aroused public discussion. As the industry does not have clear rules and regulation, there are many kinds of companies in the field. There have been cases where recruitment agencies have charged foreign workers unreasonable recruitment costs and unrealistic promises have been made to all par-

2nd adult in same household	630	7,560
under aged family member	450	5,400

¹⁰¹ An exemption from the income requirement may be granted if particularly weighty reasons for doing so exist or if a child's interest demands it. If the applicant considers that the income requirement should not apply in their case, they must enclose the required justification and evidence with their residence permit application. For instance, a parent of a family with two children who is employed should, according to the earnings requirement, earn EUR 243 per month. Finnish Immigration Service: <http://www.migri.fi/netcomm/content.asp?path=8,2472,2612>

¹⁰² The government has proposed the extension of careers beyond retirement age as one solution to the country's future problems resulting from a weakening dependency ratio. This has also been taken into consideration in the State productivity programme, which states that monitoring the implementation of the measures outlined in the productivity programme in terms of total man years may disregard the number of man years represented by persons continuing their careers beyond retirement age (framework decision issued by the government on 30 March 2010 for the 2011–2014 period, VM/2202/02.02.00.00./2009).

ties involved. The most common victims of such exploitation are low skilled workers with poor language skills. The need to establish rules to govern the operation of recruitment agencies has been emphasised. As one alternative for doing this, a system of auditing/certification has been proposed. The Private Employment Agencies Association issued a press release on 17 September 2009¹⁰³ stating that the Association will begin issuing authorisations to its member agencies. This is in response to the need expressed by their client businesses and contracted workers to identify honest and reliable players in the industry. Agencies must meet strict criteria to receive authorisation from the Association. Only authorised companies will be granted the right to use the authorisation symbol issued by the Association.¹⁰⁴

¹⁰³ http://www.ek.fi/henkilostopalveluyritysten_liitto/auktorisointi/index.php?we_objectID=10109&pid=46039

¹⁰⁴ The authorisation process covers, among other things, the submission of certain certificates for inspection by the Association, training, company inspections as well as continuous guidance and control. If a company fails to meet the authorisation criteria, its membership in the Association is at risk. An Authorisation Committee will be established to supervise the authorised companies. The committee will include representatives of employee organisations, employer organisations and the authorities. This is designed to ensure the unbiased supervision of the authorised businesses.

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