

No. 88

**Article 22 of the Constitution of the ILO**  
 Report for the period 1 June 2015 to 31 May 2021  
 made by the Government of Finland  
 on the  
**EMPLOYMENT SERVICE CONVENTION, 1948 (No. 88)**  
 (ratification registered on 23 November 1989)

## I LEGISLATION AND REGULATIONS

### **Act on Public Employment and Business Services (916/2012)**

Act on the temporary amendment of the Act on Public Employment and Business Services (496/2020), in force from 1 July 2020 31 December 2020

Act on the temporary amendment of the chapter 2, section 4 of the Act on Public Employment and Business Services (295/2020), in force from 1 May 2020 to 30 June 2020

Act on the Amendment of the Act on Public Employment and Business Services (1456/2016)

### **Act on Local Government Pilots on Promoting Employment (1269/2020)**

Act on Local Government Pilots on Promoting Employment (1269/2020), in force from 1 March 2021 to 30 June 2023.

Act amending the Act on Local Government Pilots on Promoting Employment (421/2021), entry into force on 1 June 2021

#### *Local government pilots on employment – TE-services to be transferred to municipalities*

The Act on Local Government Pilots on Promoting Employment (1269/2020) entered into force on 1 March 2021. The local government pilots on employment began on 1 March 2021 and will end on 30 June 2023. A total of 25 areas and 118 municipalities will participate in the pilot projects.

As stated in Prime Minister Marin's Government Programme, the role of local governments as organiser of employment services will be strengthened. In its mid-term policy review in spring 2021, the Government decided to continue preparations for the transfer of employment and economic development services (TE services) to municipalities. The services will be transferred entirely to municipalities in 2024. Therefore, the local government pilot is likely to continue. In connection with the transfer, a funding model will be created for municipalities to develop their employment promotion activities in order to increase employment by 7,000–10,000 people.

The local government pilots on employment emphasise the role of municipalities as strategic partners. The pilot projects aim to increase the effectiveness of promoting employment by coordinating the resources, skills and services of the State and municipalities. The state and the municipality have partly overlapping tasks, especially in the services of jobseekers who are in a more vulnerable position in the labour market.

Unemployed jobseekers and jobseekers covered by employment services who are not entitled to earnings-related unemployment allowance will transfer to the pilot projects in the areas. The target group also includes all jobseekers under the age of 30 and all immigrants and foreign-language speakers who are either unemployed or covered by employment services in the TE Offices in the pilot areas. The municipality is responsible for providing public employment and business services (TE services) to these customer groups. TE Offices will inform the jobseekers in question that their municipality will be responsible for providing TE services to them in the future.

With the local government pilots on employment, the majority of jobseekers covered by the current multidisciplinary services will be transferred as customers of municipalities participating in the pilots. Regardless of the pilots, however, the TE Office must continue to provide a multidisciplinary service to jobseekers living in non-pilot municipalities or receiving earnings-related benefits, for example. Municipal cooperation and other partnership cooperation with regard to customer groups remaining in the TE Office is important in order to increase service integration that supports the employment of customers.

The legislative changes do not affect employers who are customers of TE Offices. TE Offices will continue to provide employer and business services in the pilot areas, but they will cooperate closely with the municipalities in the coordination of employer services. The municipalities participating in the pilots can accept job advertisements from employers and introduce suitable jobseekers to the employers.

#### *Arranging interview with the jobseeker and the temporary amendments*

The chapter 2, section 4, subsection 2, was amended by the Act (1456/2016). Amendment entered into force on 1 January 2017. Employment and economic development authorities must reserve an opportunity for the jobseeker to arrange further interviews at regular intervals, in accordance with the jobseeker's need for services. However, an interview with an unemployed jobseeker must always be arranged whenever unemployment has continued continuously for three months and after that, always after unemployment has continued continuously for three months.

Due to the coronavirus pandemic and the strong increase in the number of laid-off and other unemployed people the obligation of the TE Office to organise periodic interviews with jobseeker was temporarily amended. Interviews were only arranged at the start of the job search with jobseekers with a special need for an interview. The resources of the TE Office and the region's labour market situation were also taken into account when assessing the obligation to organise interviews. Any subsequent interviews were required to be arranged every three months, if possible. The amendment of the chapter 2, section 4 of the Act on Public Employment and Business Services was in force from 1 May 2020 to 31 December 2021.

## **II Observation, 2015**

***The Committee requests the Government to provide updated information on the impact and effectiveness of the activities carried out by the employment service and the manner in which it ensures “the best possible organisation of the employment market as an integral part of the national programme for the achievement and maintenance of full employment and the development and use of productive resources” (Article 1(2)). Please also continue to provide information on the number of public employment offices established, the number of employment applications received, the number of vacancies notified and the number of persons placed in employment by the offices.***

***The Committee requests the Government to continue to provide information on the impact of the reform of the public employment services in relation to employment service staff and employment services provided.***

In recent years, additional resources have been allocated to Employment and Economic Development Offices for various tasks, both through existing appropriations (career guidance resources, protection tasks in the event of restructuring, youth guidance and counselling) and through additional appropriations. In the 2016–2019 parliamentary term, there was a significant increase in appropriations compared to previous periods. One of the key factors was the increase in periodic interviews with unemployed jobseekers from 2017 onwards, as well as measures related to the promotion of integration, the regularisation of One Stop Guidance Centre operations and measures to support the implementation of the active model.

The human resources in the Employment and Economic Development Offices are divided into different functional units, the largest of which are the support services the office. In 2019, the employment and business services department employed the most personnel (37% of human resources), whose responsibilities include,

in addition to department-specific tasks related to services for jobseekers, tasks related to work permits, unemployment security expertise, wage subsidy as well as regional employer and business services. About 35 per cent of the offices' human resources were invested in competence development services. In addition to personal customer services, the business unit includes e.g. integration and One Stop Guidance Centres functions, and tasks covered by the training units of the offices. Supported employment services account for the smallest share of the human resources of the departments (17%).

In 2019, the services of the Employment and Economic Development Office were organised with a total of 3,149 person-years. Until 2016, resource development has been declining. The reasons include the fiscal adjustment program and the organisational reform of the Employment and Economic Development Office, in which the administrative tasks of the Office were centralised in the Centres for Economic Development, Transport and the Environment. The declining trend in human resources was reversed in 2017. At that time, the key factor was the 200 additional person-years allocated to the organisation of periodic interviews with the unemployed.

In 2020, human resources continued to increase. According to the latest information, there were 3,963 employees in Employment and Economic Development services at the end of April 2021. There were 3,646 people working in customer service. (Total PES staff was 3,963 persons at the end of April 2021. Front office staff covered 3,646 persons; they are directly in contact and dealing with clients.) TE services are provided by 15 TE Offices that have approximately 120 branches. (Link: [Local TE Offices - TE services](#))

The local government pilots on employment launched in March 2021 will change the personnel structures of almost all Employment and Economic Development Offices (excl. South-East Finland). Approximately 1,100 state person-years were transferred to the pilot municipalities. In total, resource transfers cover about 33% of the person-years of the Employment and Economic Development Offices. In addition, a significant amount of decision-making power will be transferred to municipalities in employment appropriations. During the experiments, the additional funds already granted and to be granted to the Employment and Economic Development Office will be distributed between the municipalities and the state. In March 2021, 1 121 person-years of PES staff will be transferred to the municipalities. This is roughly 33 % of all PES human resources.

#### *Nordic labour market service model (entry into force during 2022):*

The goal of the model is to streamline and customise the job search process and to make registering as an unemployed jobseeker easy and smooth. Contact with the unemployed is quick and appointments are arranged regularly. The services are supportive at all stages of the job search. Job search discussions can be used to map the job search situation and the customer's need for services, to present and offer vacancies, to direct them to employment support services or to ensure the timeliness of job search skills.

The job search process is also made more specified. As a rule, jobseekers will select the job opportunities they apply for and they should apply for four jobs each month. The obligation is agreed in the employment plan and also takes into account the ability to work, skills and the labour market situation. No requirements will be posed on jobseekers beyond their capacity. Applying for job opportunities is understood in a broad sense (e.g., applying for job vacancies, employer meetings, recruitment events, and contacts).

The Nordic labour market service model will increase the resources of TE services by EUR 70 million a year. More than 1,000 experts will be hired for customer service. This represents an increase of 40% compared with the resources of TE Offices in 2019.

The government proposal is due to be submitted to Parliament during the autumn session 2021. The changes to the service process of jobseekers are intended to enter into force in May 2022.

We refer also to report on Employment Policy Convention (No. 122).

#### **Annual Employment Service Statistics for 2020**

In 2020, the number of vacancies decreased from the previous year. The Employment and Economy Development Offices had a total of 741,500 vacancies in 2020, down by 96,200 on the previous year. The number of new vacancies reported to Employment and Economic Development Offices during the year totalled 687,000, which is 102,100 less than in 2019. During 2020, 113,900 of the vacancies were filled.

On average, the number of vacancies per month during 2020 amounted to 111,400, of which 57,100 were new vacancies. In 2020, the number of jobseekers registered at Employment and Economic Development Offices totalled 1,064,500, up 295,200 on the previous year. The average duration of a job-seeking period was 39 weeks.

During 2020, a total of 1,144,000, job-seeking periods were completed, 48 per cent of them ending with employment in the open labour market. In 2020, the average number of jobseekers at the end of the month was 666,900, representing an increase of 138,800 on the previous year. The number of unemployed jobseekers increased in 2020. A total of 836,700 people were registered as unemployed jobseekers in 2020, which is 273,600 more than in the previous year.

In 2020, a total of 342,400, people on average were registered as unemployed jobseekers at the end of the month, an increase of 102,000 people on the previous year.

### **III APPLICATION OF THE ARTICLES IN FINLAND**

Please see the answers in section I and II.

**TE Services Strategy – Service strategy for the State’s employment and business services in 2021–2023 and Annual Employment Service Statistics for 2020 can be found on the following websites:**

TE Services Strategy, link: [https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/162609/TEM\\_2020\\_58\\_TE-palvelustrategia.pdf](https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/162609/TEM_2020_58_TE-palvelustrategia.pdf)

Annual Employment Service Statistics for 2020, link: <https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/162892/2%20Tilastotiedote%202021.pdf?sequence=1&isAllowed=y>

### **IV**

A copy of this report has been sent to following labour market organizations:

1. The Confederation of Finnish Industries (EK)
2. The Central Organization of Finnish Trade Unions (SAK)
3. The Finnish Confederation of Salaried Employees (STTK)
4. The Confederation of Unions for Academic Professionals in Finland (Akava)
5. The Commission for Local Authority Employers (KT)
6. The State Employer’s Office (VTML)
7. The Federation of Finnish Enterprises (SY)

Statements of the labour market organisations:

#### **The Federation of Finnish Enterprises (SY)**

The Federation of Finnish Enterprises find that the objectives of the Employment Service and Employment Policy Conventions are reasonably well achieved in Finland. However, The Federation of Finnish Enterprises wish to point out that there is a significant skills mismatch in the Finnish labour market, both regionally and professionally. Employment and labour market policies should play a more active role in solving these problems and increasing the employment rate.

The Federation of Finnish Enterprises maintain that the activities of the employment services should be developed in such a way that the authorities can focus on employment services without being responsible for tasks that ought to be carried out by agencies providing unemployment security. A model known as the “Nordic job search model” is currently being prepared in Finland, with the aim of reforming both the provision of employment services and the criteria for receiving unemployment security as part of the implementation of labour market policy. The Federation of Finnish Enterprises believe that the objectives of the Nordic job search model are correctly set. Labour market policy must start from the job seeker’s obligation to actively seek employment. However, public employment services must operate efficiently and appropriately, taking into account the needs of each jobseeker. While The Federation of Finnish Enterprises believe that the Nordic job search model could help improve the efficiency of public employment services, the organisation also wishes to emphasise that the operations of public employment services must be closely monitored and evaluated.

### **The Central Organization of Finnish Trade Unions (SAK), The Finnish Confederation of Salaried Employees (STTK) and The Confederation of Unions for Academic Professionals in Finland (Akava)**

The coronavirus crisis has had a significant impact on employment services, as the number of the unemployed and laid-off increased steeply after March 2020. Many temporary amendments were made to acts governing employment services and unemployment security to make the work of employment services easier and more flexible to take care of the increased number of customers.

The labour market organisations are expressing concern over the access to employment services by individuals who have become unemployed or who have been laid off during the crisis. Following the end of the validity of the temporary legislation which added flexibility, all unemployed individuals should once again update their employment plan at least every three months. However, this has not been possible in every part of the country. Furthermore, employees who have been laid off for a long time due to the crisis should be better guided to develop their competence while they are laid off. Labour market organisations have also presented their proposal regarding this.

Alongside the coronavirus crisis, the preparation of major changes is underway in Finnish employment policy. The responsibility for organising employment services will be transferred from the Government to municipalities in 2024. The service funding model will also be updated. The goal of this preparation is that municipalities’ responsibilities for the basic component of unemployment security would be expanded and the link between unemployment security and the activation of services for the unemployed would be removed. The labour market organisations underline that it is necessary to update the funding model if the organisation of services becomes the responsibility of municipalities. In addition, we would like to emphasise that preparations must be thorough, while keeping the customer at the centre. Changes must also address sufficiently large organisers, the access of the less educated to studies, and large structural changes.

In addition, the Nordic employment service model is to be adopted in 2022, in which the unemployed will be provided with more personal services and a quantitative job-seeking obligation will be set for the unemployed. More than EUR 70 million will be allocated for increasing the amount of personal services.

The labour market organisations are concerned over how high-quality services can be guaranteed for the unemployed, even with the additional resources mentioned above. Employment service resources relative to Finland’s gross national product are still behind Sweden and Denmark. We would like to emphasise that the quality of services, not the quantity, is what matters when meeting the unemployed and helping them to find a job.

### **The Confederation of Finnish Industries (EK)**

The objectives of the employment services and employment policy conventions are partially achieved in Finland. There is a shortage of skilled labor in the Finnish labor market in several sectors, which is largely due to

the problem of regional and professional skills mismatching. Employment and labor market policies should play a more active role in tackling these problems and raising employment rates. Labor market policy must be based on the jobseeker's obligation to actively seek work and on the fact that non-compliance with the jobseeker's obligation has an effect on the unemployment benefits. Labor services must be improved and labor mobility must be supported. Public employment services must be provided efficiently and appropriately, taking into account the needs of each jobseeker.

The objectives of the Nordic model of employment services are set mainly correct. However, the model should make use of private employment services, which play a significant role in matching labor supply and demand. A portal should be built for private providers of TE services, through which they would have the opportunity to search for potential employees among the applicants who are jobseekers in the public TE service, to work as employees in their client companies.