

Akava's employment policies

Akava's theme programme



Akava

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1. Introduction

A high rate of employment enhances the well-being of individuals and the entire population. The aim of Akava's employment policy is to see the employment rate raised to 80 per cent in order to continue to ensure sufficient funding for public services. Akava encourages the Government to enact measures that would facilitate an increase in employment and a decrease in unemployment as well as boosting inclusion in the labour force.

This document presents Akava's proposals to improve employment and develop competence-based immigration. The proposals target labour market policy, the promotion of work ability and competence, labour mobility, supply and demand within the labour market, unemployment security and immigration. The measures included in Akava's well-being at work project are intended to reduce work disability costs, to promote work ability and the ability to stay in work and to lengthen careers.

With the exception of the crash caused by the COVID-19 pandemic, the employment rate has been on the rise in recent years. Prior to the pandemic, the unemployment rate had also been developing in a favourable direction. Deliberate measures are required in order for this positive development in the labour market to continue in the future. Problems related to the availability of labour and supply-demand mismatch further increase the degree of difficulty involved with this endeavour.

The role of education within the labour market is known to be significant: those who are highly educated have a high employment rate and relatively low unemployment rate. Correspondingly, among those who are uneducated, unemployment is quite common and their employment rate is low. Akava is especially concerned about the employment of those with only a basic level of education.

Physical and mental work ability are vital in terms of access to and staying in work. Among the unemployed, there are a great many people for whom the process to become employed requires significant effort. On the other hand, there

Deliberate measures are required in order for this positive development in the labour market to continue in the future.

are also many who could become employed relatively quickly, some without services and some through support measures.

The employment rate of immigrants has consistently been below average. Immigrants who come to Finland represent a heterogeneous group that includes both highly educated people and people with only the most basic schooling. Training in Finland's national languages is the key to integration.

The obstacles to work and education-based immigration must be eliminated. Services that promote employment must succeed better in getting people into working life in all areas and to help match applicants with relevant workplaces. The labour force must be able to move where the jobs are.

Ultimately, in the context of employment and public finances, the key issue is the benefit-dependency ratio. Those who are employed build the foundation for the well-being of the entire population. The higher the employment rate, the higher the level of well-being.

Akava's proposals to increase employment

- The determination of the unemployment allowance shall be renewed in a linear manner based on employment history.
- The measures included in Akava's well-being at work project shall be implemented.
- The possibilities to strengthen the employer's role in competence development during working hours through legislation shall be assessed.
- Legislation shall be utilised to enable unions and unemployment funds to provide employment services and share information. At the same time, the possibilities for companies to operate as service providers shall be expanded.
- An action programme to advance the competence level of those with only a basic level education shall be implemented as part of the activities of the Service Centre for Continuous Learning and Employment.
- A reform of the care support system for children, including the child home care allowance, shall be realised.
- Labour market tests shall be removed.
- Working life-oriented language and integration training shall be initiated immediately upon arrival to Finland, regardless of the time required for permit processes.
- Everyone who completes a university degree in Finland shall automatically be granted a permanent residence permit.
- All integration services, guidance and counselling shall be made available centrally in one place.



2. Competence, work ability and mobility

2.1. A rise in competence level contributes to employment growth

Education is the best way to ensure employment and inclusion. People who have only the basic level of education are at the greatest risk of social exclusion. The aim is for everyone to complete at least an upper secondary level degree and for at least half of the young age groups to acquire a university degree.

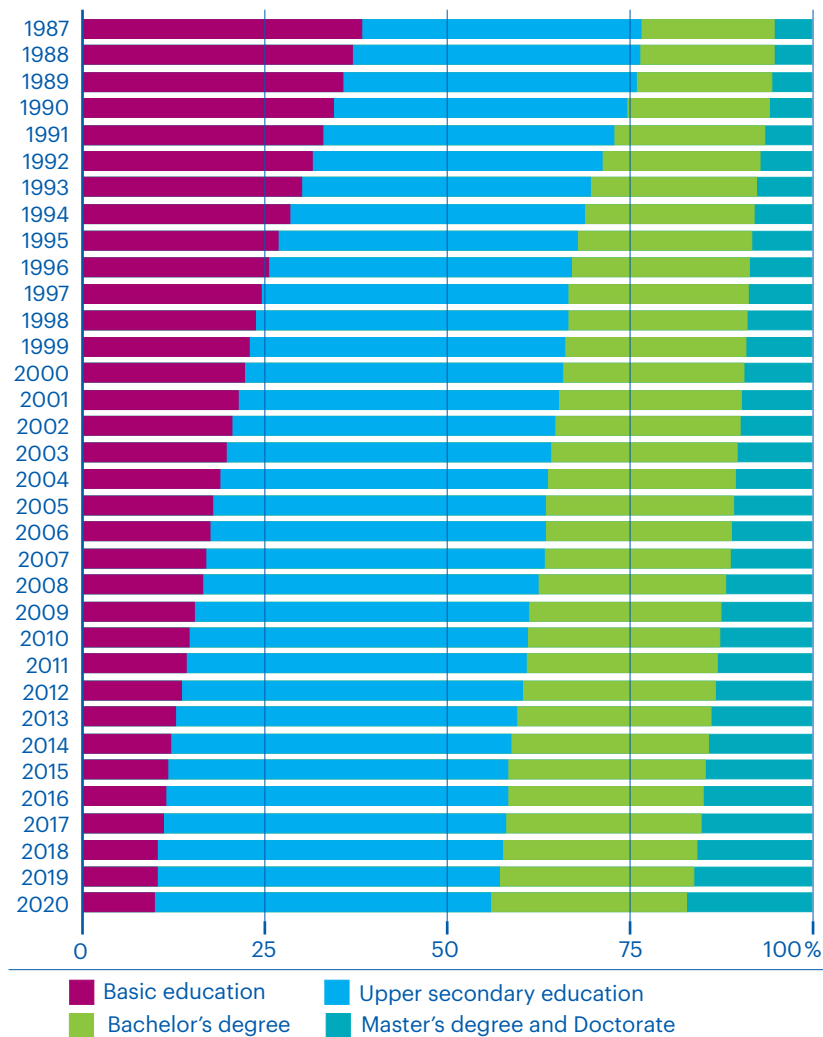
The skill requirements for working life are ever increasing as a result of, for example, technological developments. Staying employed requires ongoing competence development throughout one's working career and the acceptance of professional and regional mobility. Employers should respond to the lack of skilled labour by, for example, making it possible for their current employees to advance their own competence, also during working hours. Tools to recognise competence should be seen as one of the key ways to maintain employees' physical and mental work ability.

Education is the best way to ensure employment and inclusion.

Akava's objectives

- An action programme applicable to the employed, unemployed and those outside of the labour force shall be initiated for the purpose of raising the competence level of those with only a basic education. The programme shall be realised as part of the activities of the Service Centre for Continuous Learning and Employment.
- Efforts shall be made to ensure that a one-stop digital service for further education and training will support the development of work-based competence by drawing on labour market foresight data.

Employed by level of education (18–64-year-olds), %



Source: Employment statistics, Statistics Finland

- Attention shall be paid to the provision of support and guidance services at all levels of education, and sufficient resources shall be allocated for this purpose.
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- The possibilities to strengthen the employer's role in the development of competence during working hours, also through legislation, shall be assessed..
- Mid-career reviews shall be conducted, involving an analysis of competence and a plan for dealing with changes from the perspective of skills and work ability. Career reviews shall be an integral part of workplace personnel and training plans.
- The use of competence vouchers shall be piloted as part of the activities of the Service Centre for Continuous Learning and Employment.
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2.2. The maintenance of work ability is an investment in longer work careers

The increased number of disability pensions based on mental health issues indicates that psychosocial and ethical burdens are not sufficiently recognised in working life. In order to maintain work ability, the focal point must be shifted to prevention.

Well-being at work and work ability can be enhanced by paying close attention to the organisation of work and working conditions. The multiprofessional expertise of occupational health care providers should be utilised more efficiently as a means of ensuring health security within the workplace and preventing an unhealthy burden.

It is also important to maintain the work and functioning ability of those who are not employed. The employment of those with disabilities and a partial ability to work must be especially supported through multiple means. It is essential that those on disability pension have access to the same jobseeking services as those receiving unemployment security.

Psychosocial and ethical burdens must be recognised better in the working life.

Akava's objectives

- Age-group-specific competence and work ability checkpoints shall be taken into use for those outside of the labour force and at risk of social exclusion.
- A new model for outreach guidance shall be created. The aim for those activities under the responsibility of municipalities and wellbeing services counties is to provide targeted customer-oriented guidance, support and career planning services to both young people and adults.

- The employment of those with disabilities and a partial work ability shall be supported by developing a new state-owned special assignment company to employ such individuals. The company shall focus specifically on offering jobs to those with disabilities.
- Support that facilitates the entrepreneurial activities shall be allocated for those with disabilities.
- The daily sickness allowance checkpoints and partial daily sickness allowance shall be developed. The purpose of the checkpoints is to assess the need for professional, medical and social rehabilitation and competence development.

2.3. Increased labour mobility improves the employment rate

The problems related to the supply-demand mismatch in the labour market have increased as business structures are changing, non-competition agreements are becoming more common, living costs are rising and areas are diverging. The obstacles that prevent employees from changing workplaces, expanding their commuter area and moving must be eliminated in order to resolve the supply-demand issues.

The increase of remote work during the COVID-19 pandemic has rapidly changed working methods, and remote work, alone and in combination with office work, will continue to play an important role in working life. These changes provide opportunities for more flexible work at individual workplaces as well as within multiple areas and countries. Special attention should be paid to the recovery and rest of employees who travel for work.

Incentives to accept work shall be improved by assuring sufficient housing production in larger urban areas.

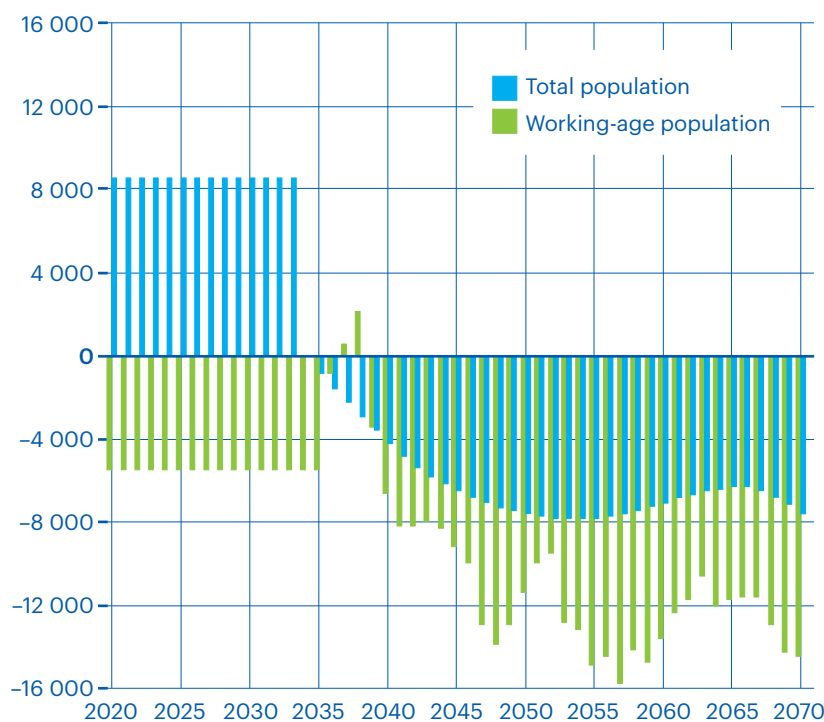
Akava's objectives

- Remote working shall be flexibly combined with office work whenever possible.
- Regional mobility shall be supported by encouraging growth centres to increase housing construction, increasing the maximum deduction for a second home for work and improving transport connections.
- The use of the commuting and relocation allowance shall be increased and the right to such benefits shall be extended also to those who are under threat of redundancy or on family leave.
- A reform of the care support system for children, including the child home care allowance, shall be realised.

3. Immigration

Along with the shrinking age groups, Finland is facing a lack of a competent labour force. Measures to attract international talent and students should be accelerated and new procedures created without weakening the terms and conditions of employment. Increasing work and education-based immigration provides an opportunity to respond to the declining dependency ratio, problems related to the supply-demand mismatch in the labour market and challenges in terms of the availability of labour. An open and international society supports the prerequisites for economic growth by increasing the competence and productivity of companies as well as investments in Finland. The service paths for the migration to and integration of professionals in Finland require cross-administrative, seamless co-operation and investments.

**Annual change in population and working-age population
2020–2070, change, number of persons**

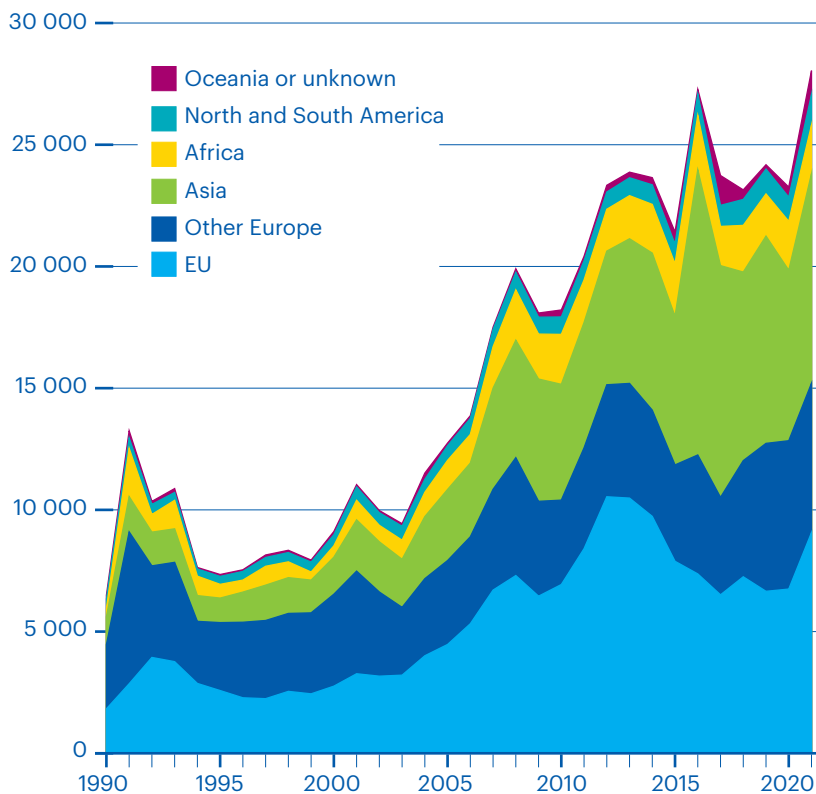


Source: Population forecast and demography statistics 2021 by Statistics Finland

3.1. Work and education-based immigration shall be increased significantly

Immigrants arriving in Finland represent a heterogeneous group that includes both highly educated people and people with only a few years of schooling. The acceleration of the residence permit processes and the provision of training in Finland's national languages are the key to improving integration, regardless of the reason for immigration. Services offered by the trade unions shall be included as a fixed source of integration support.

Immigrants 1990–2021, number of persons moving from location



Source: Statistics Finland

Akava's objectives

- A fast-track immigration service for specialists, start-up entrepreneurs, university students, researchers and their family members shall be ensured for citizens of non-EU/EEA countries. A maximum processing time of 14 days for residence permits shall be guaranteed by moving permit processes online, developing the activities of public authorities and removing legal barriers.
- Labour market tests shall be removed. The processing time for work permits shall be guaranteed to be a maximum of 30 day by ensuring that the resources of the Finnish Immigration Service are permanent.
- Working life-oriented national language and integration training shall be initiated immediately upon arrival to Finland, regardless of the time required for permit processes. The right of quick entry to language and culture training shall be guaranteed regardless of the individual's educational level, also for those who move to Finland for work and their family members.
- The quality of integration training shall be assured by including it as part of the preparatory training offered by authorised education providers. The training shall include the identification and recognition of previously acquired competence as well as professional planning and career guidance.
- Financial incentives, such as the payment of a language proficiency bonus, shall be created to motivate the study and learning of Finnish or



Swedish during working hours. Municipal or state funding shall be allocated to language studies.

- More resources shall be allocated to the activities of the occupational safety and health authorities.
- A permanent residence permit shall be granted to everyone who has achieved a proficiency level of three in the YKI language test for Finnish or Swedish within three years of their arrival in Finland (or equivalent language proficiency acquired abroad).

3.2. The attraction and retention of Finnish working life shall be improved

Finnish working life shall be developed in order to enhance its attractiveness for international professionals, also in terms of keeping them in Finland. In order to ensure that at least 75% of international students and researchers remain in Finland after graduation, they must be offered realistic and attractive career opportunities. Additionally, their families should also be offered services that support integration.

In addition to the development of entry processes and the service system, receptivity could be improved by systematic country brand marketing and attitude changes within working life. Equality and non-discrimination should be fundamental principles of working life. Cases involving discrimination and the exploitation of the labour force must be sternly addressed.

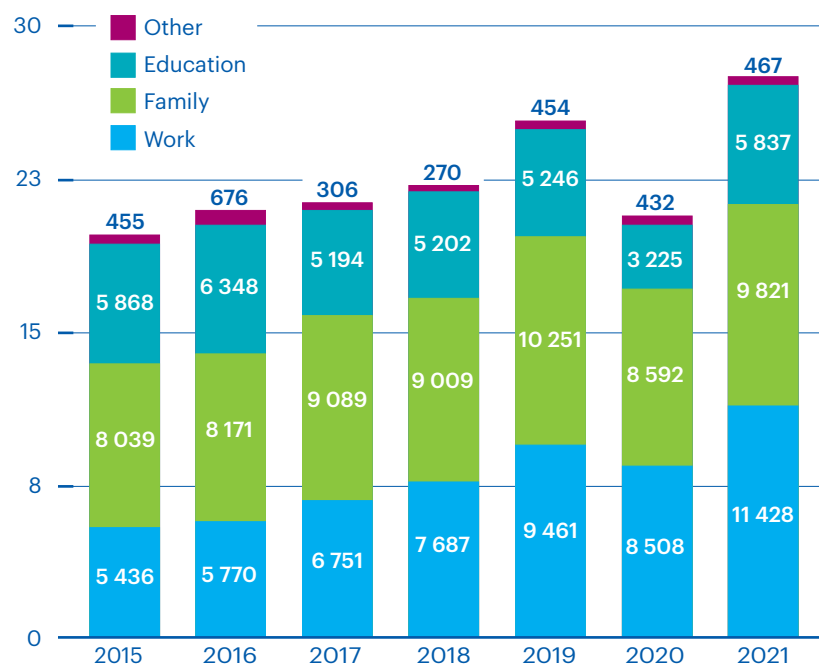
Equality and non-discrimination should be fundamental principles of working life.

Akava's objectives

- The number of international recruitment pilot programmes shall be increased and investments shall be made for the development and marketing of Finland's international image with the help of Business Finland. Team Finland networks shall be exploited for the purpose of attracting highly educated immigrants.

- Talent Hub activities linked to higher education institutions shall be integrated as an established part of the regional service network for international experts and their families.
- The incentives for cities and municipalities shall be increased to boost competence-based migration and to expand the International House action model nationwide.
- The integration of the immigrant population into employment shall be supported by providing services to help those on family leave to transition into working life no later than when their child reaches the age of two. A target shall be set to ensure that the participation rate in early childhood education for children speaking a foreign language shall be at least at the level of Finnish-speaking children.
- Attitudes towards foreigners shall be improved by promoting measures to increase diversity in working life, such as anonymous recruitment, and by offering training and incentives for the creation of culturally diverse work communities.

Granted residence permits 2015–2021 (in thousands)



Source: Finnish Immigration Service

3.3. A diverse society shall be built through education

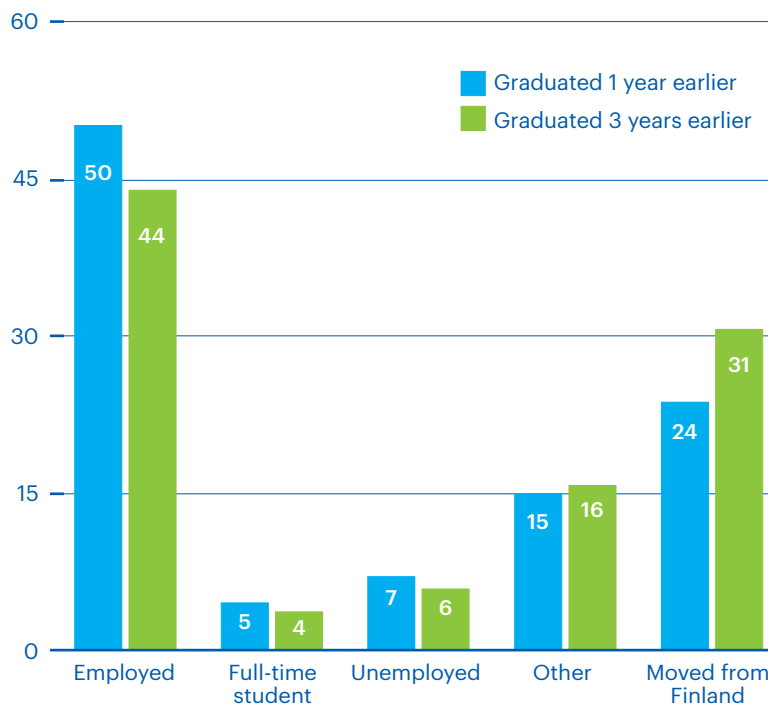
An increase in education level improves employment opportunities and integration into society. Quality education and research as well as services are essential factors in terms of Finland's attractiveness. They also support the inclusion of those with a foreign background who are already residing in Finland.

Akava's objectives

- Multilingual early childhood education services shall be increased.
- The apposite model of positive discrimination shall be expanded on the national level and shall be applicable throughout the entire period of compulsory education.
- The funding system that provides for an education in Finnish or Swedish as a second language shall be changed so as to make it possible to receive such instruction until the end of upper secondary education.
- Immigrants shall be encouraged to participate in higher education. A preparatory programme shall be established at each institution of higher learning as a means of supporting access to education.
- Studies in the national languages of Finland shall be added to all university study programmes and sufficient resources shall be allocated for this purpose.
- The position of non-formal adult educational institutions shall be strengthened as providers of language and cultural studies and increased visibility shall be given to their course selection.
- Everyone who completes a university degree in Finland shall automatically be granted a permanent residence permit.
- The authorities shall present clear sector-specific criteria by which to recognise an education acquired outside the EU/EEA as a professional qualification. The criteria can include clearly defined further education and training.

An increase in education level improves employment opportunities and integration into society.

Primary activities of foreign students after graduation in 2020, Bachelor's degrees + Master's degrees, share of graduates (%)



Source: Vipunen Education Statistics service of the Finnish National Agency for Education

4. Employment services and unemployment security

4.1. Employment shall be increased through active labour market policies and quality services

The central aim of employment services is to advance the functioning of the labour market. Services should support jobseeking and enhance competence and work ability. As the resources allocated to the arrangement of public employment services are limited, their use must be as efficient and effective as possible. Resourcing must be in line with the objectives set for it. Allocated funding for the purchase of services is needed as well as competent personnel to produce such services and an appropriate service network.

Responsibility for organising labour policy is being transferred to municipalities from 2024 onwards. This shift in responsibility is historically significant. The reform must safeguard labour mobility, thus maintaining employment agency on the national level. As part of the implementation, care must be taken to integrate social and health care services into the service path of the unemployed, as well as adequate incentives for the wellbeing services county to offer, for example, rehabilitative work activities. The competence development of the labour authorities during and after the transition period must be ensured. Attention must also be paid to the skills required for the procurement of services.

Co-operation within employment areas must be ensured so that private sector service providers, trade unions, unemployment funds, educational institutions and other actors form a well-functioning entity. A wide range of actors enables the provision of high-quality and individualised services.

The Nordic labour market service model, which was introduced in 2022 for the purpose of increasing active job-seeking and intensive support for the early stages of the job search, requires significant additional investments. The next step will be to assess whether the reform is effective and achieves its objectives.

Access to publicly co-financed training and education should be made available to those who have lost their job. Municipalities responsible for organising employment services must be encouraged to consider those who are highly educated as their own special group. Career guidance service providers should be better equipped to provide information on the career paths and opportunities available to jobseekers with a higher education. Competent personnel and solid collaboration with education institutions are necessary in order to properly serve the needs of highly educated individuals.

The resourcing for public employment services must be in line with the objectives set for it.

Akava's objectives

- The impact and cost-effectiveness of employment services must be improved by the shift of responsibility for organising employment services, and attention must be paid to the integration of services with



the healthcare and social welfare services provided by the wellbeing services countries.

- Legislation shall ensure trade unions, unemployment funds and companies more extensive opportunities to provide employment services and share information.
- The availability of employment services in every higher education institution shall be assured, e.g., through digital solutions.
- The competence of educational institutions shall be offered to support the career guidance provided by employment services.
- The provision of FEC (Further Educated with Companies) training to highly educated individuals shall be increased.
- Training that aims to strengthen job-seeking skills shall be increased.
- As part of career coaching, international talent shall be identified and provided tailored language and networking training. More resources shall be allocated for the recognition of qualifications and competency-based training.

4.2. Unemployment security reform reduces incentive traps

Unemployment security provides the necessary financial safeguards for a job-seeker to seek work, and it improves their ability to enter or return to the labour market by compensating for financial losses caused by unemployment. At the same time, however, unemployment security reduces the incentives to seek employment. The development of the unemployment security system should seek to minimise these incentive issues and, simultaneously, to increase the available labour force and shorten periods of unemployment.

Eligibility for unemployment security must be conditional, i.e., the unemployed person is required to actively seek employment and make every effort to become employed either directly or through services in place to support work ability or develop competence.

The unemployment allowance should be reformed in a way that boosts employment so that the maximum payment period for the daily allowance is extended

linearly for each month of work, not in big steps (300, 400, 500 days), as in the current system. A person should not be entitled to unemployment allowance for a period that exceeds the duration of their employment history. In this way, the employment history of an unemployed person would be taken into account more fairly than at present. The reform would not decrease anyone's earnings-related security.

In connection with the reform of the daily unemployment allowance, the earnings limit for the earnings-based allowance should be removed (0.45/0.2) and the earnings component should be calculated at all income levels according to the same multiplier (0.45). In the case of unemployment insurance contributions, earnings-related security is financed as a proportionally equal share of the salary for all levels of income, so it is logical that a standard multiplier should also be used to calculate the benefit from it.

The process of eliminating bureaucratic and information barriers must continue. Legislation should not unnecessarily create situations in which a person has to consider whether taking up short-term or part-time work would have harmful or unclear consequences for their unemployment benefit.

Earnings-related unemployment security shall continue to be based on voluntary arrangements. It enables every employed person, if they wish, to be insured against the loss of earnings caused by unemployment. A shift to a general earnings-based security system would limit this option. In addition, the effect of mandatory insurance would be an increase in the cost of unemployment security and a decrease in employment.

Earnings-related security must continue to be financed as it is currently. It maintains a relatively high number of those with earnings-related unemployment insurance, thus improving the stability provided by unemployment security even in the face of economic fluctuations.

In future working life, earnings are likely to be increasingly comprised of successive or parallel salary and entrepreneurial income. It is important to reform our social security system so that the earnings of those with diversified means of employment would increasingly count towards working conditions and earnings-related security. For this reason, preparations aimed at enforcing a combination insurance must be continued.

Akava's objectives

- The daily unemployment allowance shall be reformed so as to boost employment and to change the determination of the maximum payment period to a linear system that corresponds to the length of the unemployed person's employment history. At the same time, the earnings limit for earnings-related security shall be removed.
- Unemployment security shall be clarified and the elimination of bureaucratic and information barriers shall continue.
- A combination insurance shall be introduced as unemployment security that includes all forms of work in the employment condition, thus facilitating smoother transitions between different forms of work.
- YEL insurance for self-employed persons is being developed to better cover those self-employed persons whose work is fragmented.
- The voluntary nature of earnings-related unemployment security shall be retained.

4.3. The activation of the labour market subsidy and social assistance shall be increased

A greater number of unemployed jobseekers receive a labour market subsidy rather than a daily unemployment allowance. Possible changes to the determination of earning-related allowances do not affect the incentives of those unemployed persons receiving a labour market subsidy. Labour market subsidies are granted to individuals who have not worked long enough (i.e., do not meet the work requirement) or whose period of unemployment has been so long that they have already received the maximum amount of the earnings-related unemployment allowance. In 2020, a total of 21% of labour market subsidy recipients were other than Finnish citizens.

According to an OECD study, long-term unemployed often felt their health issues and insufficient work ability were employment obstacles. There are multiple groups among labour subsidy recipients who would benefit from services that promote employment in different sectors and that could be accessed before their unemployment becomes prolonged. These types of services could be Ohjaamo's One-Stop Guidance Center services that guide young people to education and training opportunities, language training for immigrants and rehabilitative occupational activities and other forms of rehabilitation for the long-term unemployed.

One aim of the Nordic labour market service model is to point jobseekers towards the relevant services as quickly as possible. The success of this reform should be evaluated. If it does not successfully improve the employment and service participation of those receiving labour market subsidies, the labour market subsidy system itself shall be reformed to become more efficient at encouraging people to partake of the services available (including healthcare and social welfare services) that help people to access jobs and study opportunities.

Social assistance is intended as a last resort for financial support. In terms of the incentive nature of the social security system, it is not appropriate for it to undermine the obligatory aspect of unemployment security when possible consequences for the unemployed person will then become expenses for social assistance. Presently, social assistance can be reduced by 20 or 40 per cent if the unemployed individual has failed to comply with the labour policy requirements. Statistics indicate that such reductions are rarely made. In 2019, approximately 250,000 household received the basic social assistance paid by Kela. Of these, around 13,000 received a reduced amount.

The success of the reform of labour market services should be evaluated.

Akava's objectives

- An assessment shall be carried out to evaluate whether the Nordic labour market service model improves the employment and service participation of those receiving labour market subsidies. If the reform has not had a sufficient impact, the labour market subsidy system itself shall be reformed so that it is more efficient in encouraging people to partake of the services available. Such services could be, for example, Ohjaamo's One-Stop Guidance Center services for young people, Finnish or Swedish-language training, rehabilitation services and other healthcare and social welfare services.
- The same overall assessment would examine the possibilities to ensure that the reduction of the basic component of social assistance is made when conditions are in line with fundamental rights.

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