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## National analysis of Finnish NAPs

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## 1. The process of NAP

This report is based on a textual analysis of National Action Plans of Employment (NAP) of Finland. The National Action Plans describes how the European Employment Guidelines of European Employment Strategy are put into practise in Finland. All the six NAPs of Finland between 1998 and 2003 were read through once. At the second reading all the NAPs were coded according to the issues discussed in the WELLKNOW process. The codes indicate issues related to general employment policies, knowledge-based society policies and gender equality policies written in the Finnish NAPs. The final third stage was to recall the codes by standard indexing search of Adobe Acrobat Distiller for writing this report. By indexing and coding it is possible to handle systematically all the relevant issues of the research question despite the huge amount of text. With the help of Web search a national discussion around NAP process was also analysed.

In Finland the NAP process is concentrated around the Ministry of Labour, although in the actual NAP reports the Finnish Government is represented as the owner of NAPs. In the 2003 process the Ministry of Labour appointed a project team to prepare the annual NAP. The project team was consisted of members of Ministries of Labour (9 persons), Finance (1), Education (1), Trade and Industry (2) and Social Affairs and Health (2). In the project team there was 6 men and 8 women. A social partner’s forum the Committee on Labour Policy (Työpolitiikan neuvottelukunta) appointed a fixed-term NAP section to participate in the NAP preparation process. The project team prepared a first draft of NAP and it was discussed in the NAP section in two meetings. Finally the Committee on Labour Policy accepted the NAP.<sup>2</sup>

The EIRO Surveys 2002 and 2003 of Finland<sup>3</sup> are arguing that the NAP 2002 is not a joint text of government and social partners in Finland, although the NAP draft texts were made in the tripartite cooperation. Also there is said that the cooperation between government and social

<sup>2</sup> <http://www.eiro.eurofound.eu.int/print/2003/10/feature/fi0310204t.html> (EIRO Social partner involvement in the 2003 NAP Questionnaire in Finland) ; <http://www.hare.vn.fj/> (National State Administration Project Database)

<sup>3</sup> <http://www.eiro.eurofound.eu.int/print/2003/10/feature/fi0310204t.html> (EIRO Social partner involvement in the 2003 NAP Questionnaire) and <http://www.eiro.eurofound.eu.int/print/2002/06/feature/fi0206101t.html> (EIRO Social partner involvement in the 2002 NAP Questionnaire in Finland)

partners in employment affairs in Finland has had a long history and in this respect the NAP process has not brought any new elements: *“Since the 1970s, Finland has had wide-ranging system of cooperation and consultation with the social partners on all aspects of employment policy through various standing and ad hoc committees and groups, with no changes seen as being required in the light of the European employment strategy. This is based on the International Labour Organisation (ILO) tripartite principle (in line with Article 3 of ILO Convention No. 122 on employment policy). The NAP reflects mainly the short- and medium-term plans of the relevant ministries. Also the recent year’s broad multi-annual national incomes policy agreements with their economic, social and employment policy fixes are not negotiated in connection with the NAPs. The bargaining dialogue and framework has existed a long time in Finland and the NAPs have not influenced this practise and little change in this area is expected in the coming years.*

According the EIRO Survey of Finland 2002 the social partners are presenting different views in relation to policy contents of the NAPs. The Palvelutyönantajat (service employer’s organisation) is quite satisfied with the content of the NAP and they do not see any significant disagreements. The Teollisuus ja Työnantajat (industrial employer’s organisation) sees that there will be problems in exporting of products of certain industries and there is a need for better functioning of labour markets by enhancing the skills and mobility of labour force. These views of the Teollisuus ja Työnantajat were included in the NAP 2002 as compromise formulations. Also the Teollisuus ja Työnantajat sees that active labour market policies should not be increased and effectiveness of these measures should be enhanced through better individual tailoring and cooperation with companies. Employment subsidies should not be given to enterprises without training obligations. According to TT the NAP 2002 lacks focus as a strategy: it has too many targets and objectives.

In the EIRO Survey of Finland 2003 the social partners express that there was not enough time to introduce new initiatives in the NAP process, although they were represented in the NAP section. According to the partners a major part of the topics of NAP belong to the sphere of collective bargaining and it was unrealistic to expect to have negotiations leading to real solutions or compromises during the short NAP process. The social partners also argue that the NAP relies heavily on government employment programme and the government policies as real policies are decided elsewhere, like in the ministries and state committees.

It is interesting to notice from the point of view of WELLKNOW objectives and Gender Mainstreaming, that in the EIRO pages<sup>4</sup> it is said that in Finland employers as social partners disagree on amendments to Equality Act. In 2002 a Finnish Equality Commission examining a reform of the Equality Act submitted its proposals and recommended numbers of measures to strengthen gender equality and combat against discrimination. The workers unions were largely in favour of these proposals while employers unions were not. The principal employers unions disagreed strongly on the proposed amendments: according to the employers unions equality in working life is important but *“true equality cannot be imposed through the forced measures and sanctions ... included in the commission’s proposals.”* The presumed positive impact of the social partners collaboration in the NAP process expressed in the EES process looks conflicting after this case. This conflict is not on view in the Finnish NAPs, there the picture is more harmonious.

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<sup>4</sup> <http://www.eiro.eurofound.eu.int/print/2002/12/inbrief/fi0212108n.html> (Social partners disagree on amendments to Equality Act in Finland)

As a part of the EES evaluation The Ministry of Labour has published the national final report 2002<sup>5</sup>. The report is a summary of eleven independent EES themes evaluation sub-projects, which carried out by six research institutes. In the report it is mentioned that<sup>6</sup>:

- The main policy instrument in Finland is the Government's Programme, which also includes employment policy and strategy section ("Hallituksen työllisyysohjelma").
- The domestic employment strategy applied in Finland differs from the European Employment Strategy and its guidelines. Finland gives its employment strategy a wider definition than just the EES and the Pillars.
- The labour market and employment policy have been seen as means to achieve the goals of economic policy. In that sense one could say that the labour market policies were subordinated to the economic policy.<sup>7</sup>

In the report (p. 59) it is also stated when comparing Finland's national strategy with the European Employment Guidelines that:

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- *In Finland, Government Programmes are a key strategy instrument. As of the 1980s, Governments have typically held office for four year terms.*
- *The annual process of drawing up the National Action Plan (NAP) in accordance with the European Employment Guidelines has proved cumbersome in its present form.*
- *The economy and employment situation in different Member States are different, so a common strategy may not work equally well for them all. In Finland, for instance, economic cycles diverge from the general trends in other Member States.*
- *The comprehensiveness of the employment strategy in Finland diverges slightly from the EES guidelines. The target level is also higher than in the Guidelines in some cases.*

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The evaluation report concludes that in Finland employment policy is a part, or even a result, of broader economic policy. The nation states are so different from their economic and social structures and therefore there is a rational reason for primary national programme in relation with the EES.<sup>8</sup> This primary nature of the national programme is also seen in a Web search analysis of national employment discourse and texts related to Finnish NAPs and "Government's Employment Strategy and Employment Policy Programme".<sup>9</sup> The Government's programme is more

<sup>5</sup> MINISTRY OF LABOUR, EES evaluation project (2002): Impacts of the EES National evaluation (NEP-fi) of the effects of the European Employment Strategy. FINAL REPORT.

<sup>6</sup> Above-mentioned pp. 47-48

<sup>7</sup> In fact this is the theoretical standpoint of the Rehn – Meidners original theory of active labour market policy. See Sihto, M, (1994): Aktiivinen työvoimapolitiikka (Active labour market policy). Tampere University Press. Tampere.

<sup>8</sup> Actually this is a more common phenomena and argument in all economies but, it seems that the interest for national strategies has been the a faithful issue for small economies who tried to safeguard their own position in the global competition and when they tried to protect oneself from the external shocks. See **Auer, P.** (1999): Employment Revival in Europe. Labour Market Success in Austria, Denmark, Ireland and the Netherlands. International Labour Organisation: Geneva ; **Virkkala, S.** (2002): Recovery in Finland in the Late 1990s – Continuation of the national Project? In Koistinen, P. and Sengenberger, W. (eds): Labour Flexibility. A Factor of Economic and Social Performance of Finland in the 1990s. Tampere University Press, Tampere (Pp. 47-61) and **Koistinen, P.** (2002): Long term unemployed in the competitions and selection process of labour markets. In Koistinen, P. and Sengenberger, W. (eds): Labour Flexibility. A Factor of Economic and Social Performance of Finland in the 1990s. Tampere University Press, Tampere (Pp.181 – 205).

<sup>9</sup> Officially it is a publication: Työllisyysstrategia ja työllisyyden politiikkaohjelma. In Valtioneuvoston kanslia (2003): Hallituksen strategia-asiakirja 2003. Hallituksen poikkeukselliset politiikkaohjelmat ja politiikat. Valtioneuvoston kanslian julkaisusarja 14/2003. Pp. 9-21. ; Employment Strategy and Policy Programme. In Prime Minister's Office (2003): The Official Strategy Paper of the Government. The Horizontal Policy Programmes and Policies of the Government. Publications of Prime Minister's Office 14/2003. Pp. 9-21.

widely discussed than the NAPs and understood as the primary policy programme related to employment. The NAP is discussed much less and only by the official institutions and the social partners taking part in the NAP process, but interestingly it is also discussed by the National Association of Unemployed People<sup>10</sup> in its seminar supported by the Evangelical Lutheran Church. The church has been one of the few institutions, which have publicly supported socially excluded and unemployed in Finland. The church allied with the National Association of Unemployed People at early 1990's in the circumstances of mass unemployment and great depression and they have since that worked together mainly through church's welfare work. This seminar, where the NAP was concerned, is one outcome of this cooperation. It looks clear after Web survey that the NAPs have only secondary role in the Finnish employment policy discussion as such. Therefore it is obvious that the NGOs or Women's Institutions are not interested in the NAPs or more truthfully there have not been any possibilities to participate the NAP process. There has not probably been easy public access to read or discuss the final NAP.

## 2. The Governments "Employment Programme" 2003 shortly

The Finnish centrist-social democratic government accepted at the 25<sup>th</sup> September 2003 its Employment Programme.<sup>11</sup> The main target of *economic and employment policy* was to increase employment at least 100 000 persons by the end of election period (2007). The growth of employment will be achieved in the Government's first budgets by moderate tax reductions and selected targeted expenses. The fast changes in technology and economy requires more investments in life long learning and multiform training during ones work career. Behind the good employment development there must be an economic policy, which balance state budget by the end of the election period. To increase the productivity and efficiency of the public sector there is a need for structural adjustments, new ways of working, more advanced use of information technology, general intensifying of services and increased use of substitutive private services.

The government has decided to enhance the R&D spending. In education and training policy<sup>12</sup> the aim is to develop the skills of people entering labour markets and ageing people. The educational system will be boosted by reducing time used in examinations. With the tax reductions of work there is a plan to support domestic demand by increasing private consumption of small and medium income persons.<sup>13</sup> To foster employability of individuals there will be adjustments of national "labour market support" benefits and developments in work rehabilitation activities. The reconciliation of work and family life is under development. The general aims are to keep people in working life longer and similarly increase the supply side of the labour force.

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<sup>10</sup> It is worth mentioning that *the National Association of Unemployed People* is the central organization of more the 200 local organizations of Unemployed People. The organization itself has been established in the years of recession and nowadays the organization has been accepted as a partner and interest group almost at all levels of political discourse and decision-making.

<sup>11</sup> Above-mentioned footnote 9

<sup>12</sup> The commitment of the governments and the whole society to the idea of education and learning as a development strategy of the society may be one of the specialties of the Finnish society also in a comparative perspective. The trust in education as a means of economic growth and welfare has even the history of its own in Finland. The latest Pisa studies etc. may reflect this as a real fact even if some researchers point out that the higher education is also a risk capital. Look: Silvennoinen, H. (2002): *Koulutus marginalisaation hallintana*. Gaudeamus. Helsinki and Kivinen, O. and Ahola, S. (1999): Education as human risk capital. Reflections on changing labour markets. *Journal of Higher Education*, Vol 38. (Pp.191 – 208)

<sup>13</sup> The involvement and commitment of labour market partners on income policies and collective bargaining (tripartite practices in industrial relations) may be another specialty of national strategy.

In the employment policy programme the governments main goals are:

- To decrease the structural unemployment and reduce a social exclusion<sup>14</sup>
- To guarantee the availability of skilled workforce and to make provision for the scarcity of labour force due to ageing
- To keep workers active in labour markets for longer time
- To increase the productivity of labour and to improve the management of work and a meaningfulness of work

The programme will be carried on with four sub programmes including several concrete measures:

1. The developing of public employment service (PES) and its service structure
2. The activation of “labour market support” benefit
3. The active labour market programmes and training
4. The prolongation work careers

These programmes include the structural renewing of public employment services during 2004-2006. Employment exchange services and services of weakly employable persons will be segregated. In the near future in selected municipalities there will be 40 special Labour Force Service Centres and simultaneously 40 Job-hunting Centres instead of the present day Labour Offices.

There are distinct programmes of Knowledge Based Society and Equality including Gender Equality in the government programme paper<sup>15</sup>. The Knowledge Based Society Programme declares the general rhetoric of equality and citizen’s preparedness in the KBS, which consists of an access to broadband data networks, a preventing of digital divide and e-services of the public sector. Simultaneously this requires developments in educational policy, research and design policy and data security. The problem of bad coordination between policy areas and strategy- and development programmes is brought fore, and public-private partnership as a cooperation method is underlined. Specific development programmes included in the Government KBS Programme are:

- The telecommunications connections and digital TV broadcasting
- The KBS preparedness of citizens and intensifying the use of IT based services
- The education, working life, research and design (incl. R&D, life long learning, skilled workforce, good quality education, learning on jobs, computer aided learning facilities)
- The interactive e-services of public administration
- The social and health care (incl. seamless service chains of services and treatment, independent living)
- The e-business, digital contents and services (incl. business services, cultural industry)
- The development of state IT administration
- The legislative measures

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<sup>14</sup> According to the studies of OECD the NAIRU, which reflects the rate of structural unemployment as a share of total unemployment, was not among the highest of OECD –countries in Finland but increased during the years of recession and high unemployment. See OECD (2001) Employment outlook, Paris: OECD.

<sup>15</sup> Above-mentioned footnote 9

In the Government's Equality Programme<sup>16</sup> there is a very short special section "The promotion of Gender Equality". The rest of the programme consists of the issues of 1) *promotion of the health and independent living of the whole population*, 2) *prevention of social exclusion*, 3) *serviceable social- and health services with reasonable income support*, 4) *promoting the welfare of families with children* and 5) *preparation of the immigration policy programme*. The idea of promoting the welfare of families is similar than the idea of reconciliation of work and family life in most of the NAPs. In this section it is mentioned 1) *the supporting of parenthood and unbrokenness of families*, 2) *the easing of the reconciliation of work and family life*, 3) *the compensation of the costs due to the children* and 4) *the strengthening of children's safe growth and development surroundings*. The government will start a new national action programme of gender equality in 2004. A ministry of Social affairs and health is responsible for the programme. One part of the work is to renew the Law of Equality from the point of view of equality planning and equal wages. The method of gender mainstreaming is planned to adopt in whole state administration. Especially this means that gender effects are evaluated in a budget preparation and in a law preparation. An equal pay programme will be implemented together with the social partners to abolish unjustifiable pay differences.<sup>17</sup> The special gender equality objectives of the government are:

- To prepare the government's equality action programme
- To get the renewed Equality Law valid
- To narrow gender gaps between men and women
- To reduce short-term work contracts<sup>18</sup>
- To increase women's participation in the decision making and in the economy
- To increase the women's entrepreneurship
- To reduce the violence against women and the prostitution
- To evaluate the gender equality issues also from the point of view of women

It looks in relation to the NAP 2003 that the Government KBS Programme is wider and includes technical infrastructure, citizen's access, social services and market liberalisation issues instead of the narrow training, R&D and labour market functionality outlook of the NAP 2003. To the contrary the NAP 2003 expresses much wider gender relations way of thinking than the Government Equality Programme. It looks that the NAPs are better concentrated on the gender equality issues, but another question is how effectively these issues expressed in the NAPs are implemented as concrete policies.

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<sup>16</sup> Above-mentioned footnote 9

<sup>17</sup> Despite these programmes and positive expressions the pay gap issues are very difficult to solve in the collective bargaining process of Finland and there are not epochal solutions today. For example in the negotiation field of the private sector there has been among others the following type of wage increments related to equality since 1998: a 1998 women amount of 0,9% of planners and consultants (SKOL), a 2001 trade union specific equality amount of 0,7%, a 2001 women amount of 0,7% of planners and consultants (SKOL) and a 2003 trade union specific equality amount of 0,7%. This tells that the equality amounts are very small and for specific groups and they do not offer any structural solutions. See <http://www.ytn.fi/tiedotteet/index.html?page=2316>.

<sup>18</sup> The increase of short-term employment have been one of the most acute problems of the labour markets of Finland and the rate of short-term labour contracts is one of the highest of European Union countries, just after the Spain. In the mid of 1990's the share of short-term contracts reached ca. 20 % of all contracts and in some sectors and occupations, like in the hospitals and social sectors, the share of short-term contract may reach even 30 % of all contracts ( Jolkkonen and Koistinen 2002; Kauhanen 2003)

### 3. The NAPs of Finland<sup>19</sup>

The National Action Plans of Employment are written in a different way than the primary policy document Government Programme. The main difference is the structure of the papers. The NAPs are written according to a structure of the European Employment Guidelines. The EEG give more emphasis on gender and entrepreneurship issues than the national paper. The NAPs are directed more for discussions with the EU than for a political discourse on employment policy. In general there is a conflict between the more concrete (and more real) national programme and the more rhetorical and EU policy related NAP. Problematic is also that many options and policies of EEG have been standard practice in Finnish public policies for many decades and in many cases the NAP options do not bring any extra. This is the case for example in the policies of reconciliation of work and family life, where in Finland there are advanced family leaves and extensive childcare establishments in relation to many other countries.

During the NAP period 1998-2003 Finnish economic growth was strong mainly due to a success of electronics industry, metal industry and private services. Especially the strong export based GDP growth of late 90's was expected to solve many problems like the mass unemployment born in circumstances of 'great depression' of early 1990's. The growth of the ICT sector was a crucial factor behind the macroeconomic growth and the increasing labour demand but still the labour demand was not enough to decrease unemployment to a tolerable level. The unemployment rate has fallen from its post-recession peak of 16.6% in 1994 to 9.1% in 2002. It is still high, mostly because of the regional unemployment of Northern and Eastern Finland – areas of long distances and primary sector production. The fruits of employment increase did fall to other groups of job seekers (students, new entrants, entrants from family leaves) than the unemployed because of the strengthening competition and social selection in the labour markets<sup>20</sup>. The ICT sector's share of the overall employment growth between 1996-2001 was 21 % and its share of employment growth in manufacturing (mainly in electronics industry) was more than 40 %. By qualification the ICT sector recruited more often young and very well qualified workforce. Regionally the demand of ICT employment was concentrated on urban regions like Helsinki, Salo, Oulu, Tampere and Jyväskylä. But the ICT sector grew strongly only at late 1990's and early 2000's. Between 2001 and 2002 there was a decline in GDP growth as in the electronics industry production and from which the country is now clearing up and reaching a GDP growth between 2-3 %. Still there are problems with the export and the economic growth is significantly based on private consumption.<sup>21</sup> The Finnish economy is still very sensitive to economic fluctuations due to its main export industries as forestry and wood processing, electronics (so called 'Nokia cluster') and metal industry.

#### 3.1 The problems related to employment mentioned in the NAPs

There are some relevant and long-lasting employment problems noticed in the Finnish employment policy. In the NAP 1998 a long-term unemployment of ageing people is mentioned to be one of the most difficult. Typical for them is that they do not have vocational education relevant

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<sup>19</sup> See ANNEX 1 of European Employment Guidelines related statistical indicators of Finland

<sup>20</sup> Koistinen, P. (2002): Long term unemployed in the competitions and selection process of labour markets. In Koistinen, P. and Sengenberger, W. (eds): Labour Flexibility. A Factor of Economic and Social Performance of Finland in the 1990s. Tampere University Press, Tampere (Pp.181 – 205).

<sup>21</sup> Finland's Employment Action Plans Based on the European Union's Employment Guidelines (later NAPs) 1998-2003; Tilastokeskus (2003): Tiedolla tietoyhteiskuntaan IV. Tilastokeskus, Helsinki.



in labour markets. This problem has survived to the later NAPs. The central problems of Finnish labour markets are listed in the NAP 1998 (p. 12) as following:

- Low labour demand
- Increasing structural problems of unemployment and the threat of exclusion from the labour market
- Ageing of the work force
- Bottlenecks in the labour markets
- Increasing regional differences in labour markets and employment
- Difficulties in remaining permanently in the labour market
- Low proportion of active compared with passive measures of the labour market policies

In the NAP 1999 besides the fore mentioned (p.1) it is said that there are problems in equality between different population groups, different regions of the country, and between the sexes. Also there must be a focus on fighting poverty and exclusion. In the NAP 2000 (p.1) it has been pointed out that there is a need for preventive measures to combat long-term structural unemployment involving both tailored employment services and training. Simultaneously there is a need for adequate supply of skilled labour. 2001 (NAP 2001, p.2) besides the fore mentioned problems the regional differentiation of labour markets is raised. Rising employment is concentrated in the growth centres, and there has been very low increase in jobs in ‘problem’ areas in Eastern and Northern Finland, where there are now 20-25% less jobs than 10 years ago. In the 2002 NAP (p. 4) is acknowledged a lack of skilled labour force and a need to develop structures of life long learning. This is also connected for young people’s transition from comprehensive school to further education, and from training to working life. The 2003 NAP (p.4) emphasise besides the long term structural unemployment, the changing demographic structure of the working-age population and the age groups retiring from the labour market which in the future are larger than the new generations replacing them.

The general change in the NAPs has been a move from individual support measures to labour market functionality and performance measures. The KBS development leads to a political conclusion that the labour markets must be globally competitive besides the more traditional thinking that the individuals must be protected against social risks. This argument was raised already seen in the first NAP of 1998.

### 3.2 The main employment policies outlined in the NAPs

When describing the main employment policies and their target areas in addition to EEG goals (which Finland has fulfilled in many cases and almost fulfilled in the case of employment rate) it is said in the 1998 NAP (p.8) that: *“The competitive environment deriving from deregulated trade and new information technology has effected a critical change in the operating conditions of business and industry. This increasingly competitive environment demands greater skills and innovativeness.”* At the same time it is noticed that the taxation of labour must be lowered in the long-term run and there is a need to develop incentives to make low paid work profitable.<sup>22</sup> For the ageing workers there are reserved revisions in the labour and pension legislation. The aim of

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<sup>22</sup> The economist has urged this strategy since the beginning of 1990’s and it was a central policy line of previous Prime Minister Esko Aho’s government and was called “Employment Reform”. It was rejected by influence of the trade unions and social democrats. The new government of Matti Vanhanen seem to warm up the idea of low paid work as a means of employment policies.

these changes is to help ageing workers remain in work, return to work and to improve their employability. (NAP 1998, p.11, 38) It is also said that the ensuring of economic growth and especially the growth of fast-growing intensive know-how production and technology intensive services is crucial also from the point of view of employment policy (NAP 1998, p.36).

The Prime Minister Paavo Lipponen's second "Rainbow coalition"<sup>23</sup> government stated at least rhetorically in its first NAP of 1999 (p.1) that: *"The Government's social policy is based on the principle of preserving the model of the Nordic welfare state, a factor which is also of importance for women's employment. The aim is to create a society, which makes it possible for everyone to participate actively and be in charge of their own life. Increasing the number of people in work is the best way to ensure sufficient funding for welfare services and social security."* A target of employment rate was set according the EEG objectives to 70%. To achieve this, the government said, it is necessary to have a competitive wage trend, a low inflation and a steady growth in the wage earner's purchasing power. The taxation solutions will support a moderate wage agreement between social partners. A disciplined fiscal policy will reduce the public debt. (p.2)

In the 1999 NAP (Pp. 2-3) there is a long list of employment (and economic) policy goals and options and a need for:

- Reform of taxation and social benefit systems
- Business policy supporting economic growth
- Technology policy guaranteeing competitiveness
- Improving the general level of expertise, better education and training incl. life long learning
- Workplace development
- Equality between the sexes both at home and at work
- Improving the employment rate of ageing workers
- Active labour market policy cutting structural unemployment, supplying labour and preventing exclusion from the labour markets
- Regional development and technology policies
- Public sector personnel policies
- Cooperation between administrative sectors in order to solve problems of disadvantaged population groups
- Good relations between different ethnic groups and measures to combat discrimination

In the NAP 2000 (p.1) it is noted *"the current Action Plan is specifically designed to improve the employment rate, the supply of labour and the functioning of the labour market by raising the level of skills and expertise."* There is a need to improve the supply of labour by increasing the efficiency of the public employment services<sup>24</sup> and giving both the unemployed and new graduates skills, which match the needs of the labour market. Also the need to support entrepreneurship is brought fore (p. 24) In this NAP (p.17) there are mentioned three Council recommendations given on February 2000 according to which Finland must give special attention in its Action Plan for 2000:

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<sup>23</sup> The "Rainbow coalition" means that the main parties in the government are social democrats and conservatives. Also a left wing and greens were included. The centrist regionally oriented "Keskusta" was excluded.

<sup>24</sup> Although the Finnish PES was reformed in 1998 and 1999 with adjustments in unemployment benefits and individual job seeking plans.

- raising the average retirement age
- reducing taxation on work
- reducing the segregation of the labour market into men and women's occupations

In the 2001 NAP (p.i) there are some extra employment policy goal areas in addition to NAP 1999 (see list above). One is to support especially SMEs and their personnel in raising the level of expertise and developing their work communities. The method of life long learning will be used too. Another addition is the reinforcing of the information society: all the population groups must have the necessary skills and provisions for contents, education and training. The use of ICT in companies will be promoted and their favourable operational environment must be secured. The NAP 2001 (p.ii) outlines a comprehensive and unified lifelong learning strategy. According to its rhetoric “*all citizens should possess the basic knowledge and skills needed to function at work and in society at large, and they should also possess the ability to further increase their skills and knowledge*”.<sup>25</sup> In this sense, the Government says, there is a need to further develop the educational system and the use of unofficial learning forums. The cooperation between authorities, labour market organisations and NGOs is advisable. The lifelong learning strategy answers the qualification needs of company employees and entrepreneurs and ensures the availability of labour and reduces structural unemployment.

The 2002 NAP (p. 4) emphasises the functioning of labour markets and availability of labour. In the booming economy of 2001 there was a growing demand of skilled labour especially in IT-services, electronics industry and private services. The functioning of labour market could be achieved by raising the skills and mobility of labour and by keeping job seekers active. Also there is a need for national, regional and local cooperation to ensure the functionality. This is also in connection with the EEG target of 70% employment rate. To achieve this rate in the future the labour market reserves must be activated with the help of incentives to avoid early retirement. Preparations for an immigration of foreign labour must be started too.

The NAP 2003 was first NAP of the Prime Minister Matti Vanhanen’s centrist - social democratic government. The political expectation is that there will be more regional policy investments, because the centrist “Keskusta” has traditionally advocated rural and sparsely populated areas of Finland. The government declares (NAP 2003, p.3): “*The main economic policy goal of Prime Minister Matti Vanhanen’s Government is to raise employment by 100,000 by the end of the electoral period 2003-2007. Strong growth in employment is essential if a 75 per cent employment rate is to be achieved by the end of the following period, which will end in 2011. The Government’s aim is to reduce unemployment and raise employment in all regions of Finland.*” The methods of this government in supporting employment look similar to the previous NAPs. A remarkable change will be in PES services: The employment services will be developed through the founding of new ‘labour force service centres’ to cater for unemployed people with particular difficulties in finding work. Also there is a stronger emphasis on supporting entrepreneurship. In the Governments Entrepreneurship Policy Programme there are following objectives:

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<sup>25</sup> This basic strategy to promote capabilities of labour to enable the labour to compete in the markets is one of the principles of neo-classic economic theory. According to the Simon Deakin even Hayek was the mind that state should support the development of labour capabilities so that the labour would get the basic qualities to take part in competition in the markets. See Deakin, S. (2001): Social rights and the market. In: Mueckenberger, U. (ed.) Manifesto Social Europe. Publications of European Trade Union Institute. Brussels. (Pp.17 – 40)

- 1) Entrepreneurial education and business advisory services
- 2) New companies, growth and internationalization
- 3) Taxes and fees with an impact on entrepreneurship
- 4) Regional entrepreneurship
- 5) Business legislation and market functioning.

Also the government states clearly that people must stay longer in work and that there is a need for labour force immigration. Although the employment rate of women is high in Finland, there is still clear gender segregation in occupations, labour market sectors and in salaries. The Government will set up a national action programme for equality for the period 2004-2007. The social partners are to draw up a programme on equal pay and equality in the workplace, designed to eliminate unjustifiable pay gaps. Regional differences in employment are approached by guaranteeing regional competitiveness and skills. Regional centres will be developed to be more innovative and regions to have more skilled labour. (NAP 2003, p.3-4,) More clearly than earlier is mentioned a need to move a passive "labour market support"<sup>26</sup> benefit to more active one. The concrete proposal is to add a tax-free and non-need assessed maintenance allowance component to support and encourage people to take part in active programmes. Also an 'activity precondition' would be added for those receiving labour market support after a specific period of unemployment, making participation in an active programme a precondition for continued reception of the support. (NAP 2003, p.13)<sup>27</sup>

#### **4. The Knowledge Based Society in the NAPs**

##### **4.1 The concept of Knowledge Based Society in the NAPs**

The separate Finnish NAPs might express different kind of conceptions of the KBS. At least the conceptions expressed in the NAPs are narrower and more implicit than the ones in the Government Programmes or in the domestic information society strategies. The NAPs do not emphasise as much ICT based public and private services (e-businesses, e-government, social and health care chains), a digital content production and civic society issues as the government's initiatives do. In the 1998 NAP (p. 8,11) the KBS as such is not explicit, but the IT is seen as an actor in the change of operation environment of businesses and industries. This increasingly competitive environment demands greater skills and innovativeness. Essential are the skills based on knowledge provided by research. The demands of competitiveness maintain heavy pressure on flexibility in working hours. Jobs requiring fewer skills are expected to become more temporary and part-time. In this operative environment the principles and practices of life-long learning must be adopted in all working communities and levels of society. Also it is important to support the innovation system to create competitive products (p.36).

Again in the NAP 1999 (p.1), the supposed KBS is seen as an internationally competitive operating environment for capital investments and company operations. Finland is offering a high level of education, technological expertise, sound infrastructure and stable social conditions. Information technology is seen to be applicable in developing health and social services and the emphasis in national information society strategy is mentioned to be in content production. (NAP 1999, p.5) From the point of view of employment policy it is necessary to offer provisions

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<sup>26</sup> The Labour Market Support is a money allowance including work-training element without extra pay. It is reserved for them who do not belong to the insurance-based unemployment support systems.

for life-long learning. In the Pillar II “Developing Entrepreneurship” and in its section “Developing the employment potential of the service sector” (NAP 1999, p.39) it is stated that: *“Viewed internationally, Finland is one of the leading developers of the information society. An estimated two thirds of Finns use information technology at work, 60% of the population possesses a mobile phone, and one in two has used the Internet. As a society, Finland has made a considerable investment in education, research and product development. There are hundreds of information society projects under way in the country.”* Also there is a chapter “3.3 Job creations in the information society” in the NAP 1999 (p. 55 - 56). There is a philosophical argumentation saying that the key issue in the advance of the information society is that technical and organisational systems can be used increasingly to support human brain processes and work. But despite the technical artefacts the real knowledge and thought can only exist in the human mind. Organisations must be given the chance to learn and develop their work organisation.

In the NAP 2000 (p.3) the KBS - here mentioned as the Information Society - is given greater emphasis and broader definition and it was one of the governments central initiatives also put in the NAP. It was the time of IT boom and Hype. There it is said that the Government *“will further reinforce the information society so that all population groups possess the necessary skills and that the provision and content of education and training take the information society into account. Basic information society skills will be improved across the entire population, all educational institutions will draw up a strategy for teaching information and communications technology, an extensive virtual university and virtual polytechnics will be set up, and company-based labour market training in the IT sector will be expanded.”* This is interesting exception, because the specific KBS policies related to peoples IT skills, IT access and equal opportunities in the KBS are not usually expressed in the employment programmes, although these are necessary preconditions also to manage in the labour markets. At the end of the citation there is familiar credo of competitiveness and innovativeness supported by R&D policies.

In the 2001 NAP (p.17) there is a special section of Pillar 1 “1.6 reinforcing the Information Society”. Again Finland’s superiority is declared as the highly developed Information Society. The infrastructure is highly developed and the Internet and mobile phone penetration are among highest in the world etc. Now the importance of electronic services and e-commerce and their exponential growth both in the public and private sector is noticed. Also the information and communications technology (ICT) sector is occupying a particularly prominent position in Finnish industry. All schools are linked to the Internet, and the subject of computer skills have been integrated into all education within the public education system.

The NAP 2002 (p.9, 14) went back to the tradition and showed that the IT boom and Hype is over. The credo was again the globalisation of economy, the competitiveness, the innovativeness and the functionality of labour market. In this sense there are strong demands for structural adaptation of industrialised countries. In a small national economy such as Finland, competitive advantages can be created through high-quality expertise and development of the innovation system. Improving the functioning and quality of workplace organisations can support these targets. Lifelong learning structures must be built based on needs arising from changes in the population’s age structure and competing industries. Lifelong learning can affect the functioning of the labour market, the availability of skilled labour and the decreasing of unemployment.

The KBS of the NAP 2003 is a “training society” with the connection to competitiveness, innovativeness and labour market flexibility. It (e.g. p.9) recognises rapid technological advances in work content and rapidly changing requirements for training and qualifications. These changes along with the emergence of the Information Society may lead to a polarisation of the work-

force. It is important to offer advanced training for all demographic groups and alongside support top expertise and high technology. There must be a clear link between successful training, specific skills, lifelong learning and occupational development. All occupational groups and people at all educational level must be ensured job continuity and guard against recruitment problems.

The KBS in the Finnish NAPs is understood quite narrowly through the training and skills development for the labour markets and its qualifications requirements. In this sense the idea of KBS is more nearer of the developments of the traditional Finnish active employment policy than the matters expressed in the government and national KBS programmes. In the NAPs the labour markets face global competition of generating product and production innovations and this competition requires labour markets functionality and skilled labour force. The broader definition of the KBS in the Government Programmes and domestic information society strategies<sup>28</sup> consists of the development aspects related to e-services, content production, computer literacy, ICT technology access and penetration, ICT infrastructure development and the citizenship rights in the KBS. These ideas are not explicitly labour market or industrial competitiveness related in the programmes. The KBS programmes combine social and economic issues of KBS, when in the NAPs the emphasis is more on the side of economic competitiveness through the effective use of the labour force by competitive industries.<sup>29</sup> The broader understanding of the KBS was partly written in the NAPs of 2000 and 2001 but this “awakening” did not continue later.

## 4.2 KBS policies involved in the NAPs

It looks that the approach to answer the challenges of KBS in Finnish employment policy is mainly based on labour force training and rhetorically on lifelong learning. The real possibilities for most of the population to take flexible education during one’s life course or in different regional locations are not considered. This is the case in NAP 1998 (p.11), where vocational training and apprenticeship training is aimed for young unemployed but also for the needs of information industry. Also the whole education must be extended to working life and workplaces (p.13, 28). Tele-work is mentioned as a development object of ESF projects (p.41). A national lifelong learning strategy was drafted at the end of 1997. It comprises six main themes (NAP 1998 p.24):

- 1) A strong foundation for learning
- 2) Comprehensive learning
- 3) Public recognition of what has been learned
- 4) Information and support for building paths to learning
- 5) Updating the skills of teachers and trainers
- 6) Comprehensive policy to promote learning.

The IT is planned to be used in expanding of a welfare cluster and on creation of welfare and health care services in the NAP 1999 (p.5). Again lifelong learning is mentioned to be essential

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<sup>28</sup> E.g. see Suomen itsenäisyyden juhlarahasto (1998): ELÄMÄNLAATU, OSAAMINEN JA KILPAILUKYKY Tietoyhteiskunnan strategisen kehittämisen lähtökohdat ja päämäärät. Sitra 206. Helsinki 1998 and Tietoyhteiskunta-asian neuvottelukunta (2000): Suomi tietoyhteiskuntana. Tietoyhteiskunta-asia neuvottelukunnan raportti hallitukselle 14.6.2000. Oy Edita Ab. Helsinki.

<sup>29</sup> See Amparo Serrano-Pascual and Lilja Mósesdóttir (eds.) (2003): The implications of the KBS for employment and gender relations. Towards a conceptual and analytical framework. WELLKNOW - HPSE-CT-2002-00119. Project report no. 1

for further development of employment and labour markets (p.21). New groups are found to be educated in addition to young people: women in service sector, people over 40 without compulsory education and teachers. Vocational training facilities are expanded: cooperation between employment administration and training providers will be strengthened, a degree and crediting system will be developed and job rotation models will be connected to training. (p.23) In fact this argumentation is very interesting because the research literature gives strong evidence for the argument that the increase of ICT sector employment may not only create labour demand but also have direct and indirect impacts on the quality of working life: increasing qualifications needed in the work and decreasing income differentials among higher educated labour including gender differentials in pay.<sup>30</sup>

The IT sector was booming, and in this 1999 NAP (p.29) it was mentioned that a additional programme for the IT industry will be started to rapidly alleviate the shortage of labour. The number of starter places in higher education will be increased to provide 1,000 starter places in basic university training as of the year 2000 and additional 1,400 starter places at advanced levels in the polytechnics. Under the programme a total of 5,400 new students during 1998-2002 would also be admitted to professional upgrading and student transfer in the universities, 3,400 in the polytechnics and 400 in vocational institutions. The updating of Finland's National Information Society Strategy<sup>31</sup> made by national R&D fund SITRA was mentioned (p.40). The report argues: *"The opportunities of the information society should be exploited in a way that supports the competitiveness of Finnish businesses and the diversification of social services, while also creating new business opportunities."*

In the 2000 NAP (p.17) it was presented that the government will support employee's employment prospects and lifelong learning as part of the development of companies and workplace communities. The idea of lifelong learning was extended inside the enterprises and especially for a skills development within SMEs. All educational institutions were to become linked to the Internet. Training in the information technology and media sector has been increased fourfold in ten years. Information technology and data communications have been the most popular subject in further training. (p.22) The NAP 2000 also included section "2.4 Reinforcing the information society" in Guideline 8. In it (p.23) were listed several measures to promote IS:

- A project will be launched in co-operation between adult education centres, municipalities and NGOs with the aim of raising the standard of civic skills for the information society among the general public. Particular attention will be devoted to population groups whose opportunities for acquiring computer literacy through other training or work are small.
- All educational institutions will assess their present curricula and draw up an IT and communications technology curriculum by 2002. An additional aim is for more than half

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<sup>30</sup> See **Martin, P. and Pereira, P.** (2004): Does education reduce wage inequality? Quantile regression evidence from 16 countries. *Journal of Labour Economics* 11. Pp. 355 - 371). About the increasing the quality of services and supporting the development of learning organisations and creating floor for social capital development see **de la Fuente, A. and A. Ciccone** (2002): Human capital in a global and knowledge-based economy. FINAL REPORT. Employment & social affairs. Employment and European Social Fund. European Commission. Directorate-General for Employment and Social Affairs. Unit A.1. About the changing the basis of industrial relations see **Kahman, M.** (2003): Trade unions and the growth of information economies. Discussion papers of European Trade Union Institute. Brussels; **Neumark, D. and Reed, D.** (2004): Employment relations in new Economy. *Journal of Labour Economics* 11. (Pp.1 –31) and **Westenholz, A.** (2003) Working lives of temporarily company-affiliated workers – A study of Danish IT –workers. <http://www.cbs.dk/departments/ia/research/temps/publikationer/publikationeruk.shtml>

<sup>31</sup> Suomen itsenäisyyden juhlarahasto (1998): ELÄMÄNLAATU, OSAAMINEN JA KILPAILUKYKY Tietoyhteiskunnan strategisen kehittämisen lähtökohdat ja päämäärät. Sitra 206. Helsinki.

the staff of the education administration to acquire good skills for pedagogic use of information technology.

- A joint virtual university and a joint virtual polytechnic bringing together several universities, companies and research institutions should be in operation by 2004. The virtual university and the virtual polytechnic will produce and provide high-quality, internationally competitive training services.
- Long-term research and development work will be launched on learning environments based on the new information and communications technology.
- Labour market training will be continued and expanded based on companies needs in the IT field, as will work to build up skills and encourage employees to stay on at work.
- The Finnish National Workplace Development Programme and the ESF programmes will stress the needs of the information society, for instance in the development of work organizations and training measures.
- Economic policy incentives will be applied to ensure that the environment of IT and communications businesses is as competitive as possible.
- Competitiveness in the IT and communications sector will be promoted on the national and international level.
- Steps must be taken to ensure that there is adequate public investment in long-term research in the IT and communications sector.

Beforehand it looks that most of these measures have not been effective at least in the meaning of structural change. Many projects were failures or their net effect was minimal. Also later it was realised that in Finland there was no coordination between the policy measures (mainly projects) of different administrative sectors. In an OECD publication "*E-Government in Finland: An Assessment*" the rhetorical bubble of Finland's superiority as the most advanced Information Society was questioned, besides the EU statistics<sup>32</sup>. The exception is however the strong investments on R&D policy measures of Finnish ICT industries.

In the NAP 2001 (p. i, 4) was repeated measures related to the labour force skills, the company use of IT, the lifelong learning, the R&D connected with innovations and also the peoples equal access to IT and computer illiteracy issues (p.17). In a section "1.6 Reinforcing the information society" it was mentioned - with a strong emphasis in relation to other NAPs - measures needed to prevent computer illiteracy of general public. Also the virtual learning environments must be developed. By 2004 half of all teaching staff will be expected to be well equipped for teaching ICT skills and majority of teachers should have basic ICT skills. Specific, but generally minor, measures were aimed for middle aged people without computer skills, NGOs for having computer facilities and elderly people to become acquainted with the IT. A citizens @-computer licence was introduced. (p.17-18) In the 2001 NAP (p. 19) a deregulation of ICT service market was also mentioned. Finland has been a forerunner in the deregulation of markets related to ICT infrastructure and services in order to create competition, new entrepreneurship and service delivery. This has also meant that Finland has adopted a market approach in order to create physical ICT access and to increase service penetrations. Later it looks that this choice has been a failure at least in short run and in some fields of ICT penetration, therefore Finland has dropped to a European middle ranking in the international ICT statistics.

In the NAP 2002 the KBS issues were almost forgotten outside the skills training and the labour market functionality. But regional measures were referred to for the first time (p.36). Thirty-four regions in different parts of Finland were included in the Programme for Regional Centres. The

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<sup>32</sup> OECD Policy Brief: E-Government in Finland: An Assessment. OECD Observer. September 2003.



aim of the programme is to support a balanced regional structure in terms of the strengths of urban areas. Another Centre of Expertise Programme started in 1999 and founded 14 regional and two networked centres of expertise. Resources are targeted on the development of internationally competitive sectors.

The 2003 NAP expresses strong commitment to measures extending and developing training in all areas: lifelong learning, learning by doing, adult education, workplace training and apprenticeship training.<sup>33</sup> It also mentions workplace development and telecommuting. In this NAP the regional policies are (p.37) clearly expressed. They will strengthen regional competitiveness, competence and strengths and with these policies regional centres, expertise, innovation policy and sub-regional cooperation will be promoted. The effects of the current Regional Centre Programme are planned to be effective also in sub-areas around them. Another Centre of Expertise Programme *“is a tool of national and regional innovation policy. It focuses on the development of welfare services and competitive top expertise in industry and other business sectors. The programme concentrates on internationally strong cutting-edge sectors and internationalization. It supports the distribution and use of top expertise beyond the centres of expertise themselves. Also, the potential of all areas to benefit from technology and expertise financing and the resulting growth is upheld. The regional impact of universities, polytechnics and research institutions is increased through cooperation with companies, technology centres, research units, educational institutions, and local and regional government.”*

## 5. Gender issues in the NAPs

### 5.1 The concept of gender relations understood in the NAPs

When evaluating how the Gender Mainstreaming idea has been understood in the NAPs, we will find that there is no clear and explicit definition of the Gender Mainstreaming concept. If we forget ‘gender neutral’ large-scale public policies typical to Nordic welfare states<sup>34</sup>, in the NAP 1998 (p.47) “Gender Mainstreaming” is seen as a project of State administration by which new models are formulated allowing gender equality to be incorporated into the drafting of government proposals, budget control and information planning.

In the NAP 1999 (p.48), in the pillar IV “Strengthening equal opportunities policies for women and men”, it was mentioned that the Finnish welfare model provides jobs for women also by allowing both parents to go out to work. Public day care, care for old people and school meals all mean that both parents can be out at work all day. The law guarantees all children under school age a day care place subsidized by the society. The NAP 1999 (p.55) was tried to be “Gender Mainstreamed”: *“Equality mainstreaming has jointly been carried out under Pillars I, II and III jointly by the civil servants in charge of work on the various Guidelines and the officer responsible for mainstreaming throughout the Action Plan. The Ministry of Social Affairs and Health’s equality unit has also been actively involved.”* There was a seminar for civil servants of various ministries and labour market organisation representatives involved in the work of NAP. Representatives of the Social Ministry’s equality unit commented the Action Plan draft, and Mainstreaming was discussed with Commission representatives at a bilateral seminar. The inter-ministerial NAP group decided that issues related to gender equality should be dealt with under

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<sup>33</sup> Once again it is interesting to note that this commitment to education and training takes place in a context where the international evaluations, like Pisa –study and others, do verify that quality, efficiency and trade of the education in Finland is one of the highest in the OECD and EU-countries. Especially the investments in polytechnic education and research have been high.

<sup>34</sup> Like the subjective right to public day care to all children in Finland

each Guideline, rather than having separate reports under Guidelines 1-18. The work on the Action Plan on the mainstreaming principle revealed a need for certain improvements in ministries' data collection systems and statistics. The mainstreaming project was continuing in 1999 at five ministries under the Ministry of Social Affairs and Health. The project came into the following conclusions: (p.49):

- The Government is adopting the practice whereby new legislation is always accompanied by an assessment of its effects on gender equality.
- Statistics Finland is making more gender distinctions in its statistical data. It is also developing equality indicators to illustrate the gender breakdown in education, training and working life, earned income, the breakdown and availability of services, social participation, decision-making, state of health, crime, and the effects of small children and family on working women and men's use of family leaves.
- Regular equality barometers are being produced which monitor people's views on equality in practice and changes in it.

But the budget of this GM project was only 212,000 FIM (36000 €) for the Ministry of Social Affairs and Health and 50,000 FIM (8500 €) for the Statistics of Finland. An ordinary researcher gets a very little, if nothing, with this sum from the Statistics of Finland.

In the 1999 NAP (p.50-51) the rhetorical idea how gender issues are understood in Finnish policy was clarified: *"Finland has a great need to reduce gender-based segregation. This means constant and effective work in schools, other institutes of education and the labour administration. In line with the mainstreaming principle, all decision-making processes with an impact on the labour market must start scrutinizing impacts on men's and women's job-creation, working conditions, professional gender segregation, promotion of the equal pay principle, and career advancement. Job creation for both genders will be supported, and the differential in unemployment rates kept small. The volume and quality of public services will be improved still further, affecting both women's employment and ways for women to get work outside the home. In implementation of the equal pay principle, work on systems for assessing job demands will continue in cooperation with the labour market organizations, and their introduction at the workplace encouraged."*

As an outcome of such policies it was outlined in the NAP 1999 (p.9) that in Finland women's unemployment rose more slowly than that of men at the beginning of recession of early 90's, but later the female unemployment rate was higher and in the last years there was very little difference. In March 1999 the unemployment rates for men and women were the same.

In the NAP 2000 (p.16) it was noticed that the mainstreaming process was implemented and most importantly administrative sectors will take equal opportunities into account in the planning and implementation of their operations. The year 2000 Employment Contracts Act will be assessed for its gender impact. The equality barometer was introduced and published in 1999. A target of alleviating segregation was introduced as part of labour administrations result management and each *"Employment and Economic Development Centre"* drew up a programme for alleviating segregation. More equal wage system was under development and extension. The equal workplace development programme of social partners started.

In the NAP 2001 (p.30) the GM was understood as a gender impact assessment of legislative proposals of the Government Programme. Also the gender impact of Employment Contracts was evaluated by a pilot study. A monitoring framework project was created for the systematic

monitoring and analysis of the gender pay gap. The equality barometer was again carried out after 1999.

The NAP 2002 (p.5) declared that: *“All aspects of the NAP will take into account the mainstreaming of equal opportunities policy and the development of the labour force and working life in accordance with the needs of the information society.”* But the NAP does not answer how to do this. Again the progressiveness of the welfare state was quoted in pillar IV by saying that Finnish women’s high educational level improves their position in the labour market. The educational level of working-age women is higher than that of men. In 2000 half of all vocational students were women, 55% of polytechnics students and 53% of university students. In spite of all, the choices of study subjects were still strongly based on gender divisions. (p.40)

The new Government of Matti Vanhanen outlines its policies to increase gender equality in NAP 2003 (p.30). The government’s main goals are to improve the reconciliation of work and family life, to narrow the gender pay gap, to reduce the number of fixed-term public sector relationships, to increase the number of women involved in decision making and the economy, and to increase women’s entrepreneurship. According to the Government equality will be promoted in various parts of society, such as working life, education and family life. The conditions for employment and entrepreneurship with respect to men and women will be supported e.g. through day care and other public services. The national equality action plan will be implemented between 2004 and 2007. Major measures for improving equality during this Government’s are the following:

- Mainstreaming gender equality throughout the central administration.
- Methods for assessing gender effects will be developed.
- Gender effect assessment will be taken into account in the preparation of legislation and the central government budget.
- Assessing equality issues also from the viewpoint of men.

It looks afterwards that the impact of 1999 mainstreaming project trying to impose GM in the NAP process was effective in the NAPs of 1999 and 2000. After this the idea of GM disappeared as concrete measures, the idea of GM was later presented rhetorically, as a general will to support women and without concrete GM initiatives. Also the quantitative intensity to bring fore gender issues decreased in the NAPs of 2001 and 2002.

## **5.2. The gender related policy measures and problems mentioned in the NAPs**

The Finnish NAPs are difficult to read from the gender perspective, because most of the policies are universal and meant for all citizens who have subjective right to benefits or support measures. Gender quite seldom entitles to a certain measure, but with careful reading there are some policies to be understood as gender specific. Like the NAP 1998 (p.15) highlighted in its pillar IV concrete measures to support women entrepreneurship and an implementation of same-pay-same-work principle. Under the Government tripartite preparation there was a proposal for Parliament to increase flexibility of rights related to parental leave and a temporary absence from work. The expenses incurred by employers from various leaves related to childbirth and care will be investigated. Also there was in the pillar IV (p.48) a proposal for labour administration to favour women in career guidance and training select professions not typical to their sex. The social partners agreed on a special pay supplement for women based on the number of women

of all workers in the sector for years 1998-1999. A project 'equal work community' was started by the Ministry of Labour and the social partners to promote e.g. equality at workplaces.

The NAP 1998 (p.49-50) says that the reconciliation of work and family life is the vital part of Finnish equality policy. Both parents are entitled to 'baby leave' (maternity/paternity and parental leave) and most collective agreements give at least part (2-3 months) of the maternity leave on full pay. Furthermore, the mother and father can alternately take time off work to care for the child until s/he reaches the age of three (care leave). Thereafter the parents are entitled to work shorter hours (part-time work) till the comprehensive school at the age of 7 (partial care leave). If a child under 10 falls sick, the mother or father can stay off work for up to four days to care for, or arrange for care of, the child. The Finnish law guarantees both the mother and the father the right to return to their previous or a comparable job after any kind of parental leave. The law also guarantees that the employer may not give a worker notice because of pregnancy or in the beginning or during parental leave. Though these rights apply equally to men and women, it is mainly women that use them. The leaves are paid mainly by the state through The Social Insurance Institution of Finland, but a proportion is usually left for the employer. The NAP 1998 (p.49) expresses that the law guarantees every child under school age (7) the right to publicly funded day-care. If parents need a day-care place because of a job, studies or training, one must be provided within two weeks.

The NAP 1999, fortified with the Gender Mainstreaming Project (p.50), argues that the EU statistics indicate that professional and occupational segregation by gender in Finland is one of the most rigid in the Union. Women tend to be employed doing the kind of nursing and caring jobs that are done at home for free in many other EU countries. Women and men also tend to study different subjects and take part in different programmes. Of all working women, 60% are in sectors where women account for at least 80% of the workforce. Despite numerous projects and attitude training, this gender segregation seems to be fixed and unchanging, though some shifts can be detected. To prevent this tendency a work in schools, educational institutes and labour market administration is needed. According to the mainstreaming principle: *"all decision-making processes with an impact on the labour market must start scrutinizing impacts on men's and women's job-creation, working conditions, professional gender segregation, promotion of the equal pay principle, and career advancement. Job creation for both genders will be supported, and the differential in unemployment rates kept small. The volume and quality of public services will be improved still further, affecting both women's employment and ways for women to get work outside the home."*

The 'GM fortified' NAP 1999 (p.52) express that there must be a fairer sharing of family care duties and leaves between men and women on a voluntary basis. It must be studied whether it would be possible to set up a system that would guarantee fathers a right to their own one-month parental leave.

The need to increase women's participation in the information technology sector and related sector training was expressed in the NAP 1999 (p.5). In the pillar IV (p.6) there was mentioned an adoption of new practise of assessing the gender impact during the preparation of new legislation. The Statistics of Finland has promised to increase gender differentiation in its statistics. The equality barometer has been published at regular intervals. The gender segregation in labour markets is included in the criteria's of management by results of labour administration. The equal pay for equal work principle is connected with the work assessment systems of public administrative sector.

The year 2000s central gender theme in the NAP was in connection with the lack of qualified workforce in the IT sector. The Government's (NAP 2000, p.3, 27) aim was to encourage men and women towards a more equal distribution in various occupations. An extensive strategic project 'equal labour market' was launched in this area (2000-2003). A four-year project sought to influence the mechanisms for placement in different professions so that men and women will be more equally distributed in different fields. A cooperation programme between companies and schools was launched in order to encourage boys and girls to seek employment in fields traditionally dominated by the opposite gender. Besides the strong investment in extra IT training a special campaign "Tietonaisia" (InfoWomen) was started in increasing women's share in IT sector studies and conversion training (p.12).<sup>35</sup>

The problem of gender segregation in the labour markets was central also in the NAP 2001 (p.i, 11) The policies should be aimed at creating more equal distribution of professions between sexes and The Tietonaisia campaign continued. In pillar IV (p.28) the Council recommended Finland: "*Finland should therefore monitor and assess, in the context of a gender mainstreaming approach, the current levels of occupational and sectoral segregation in the labour market.*" In the reply it was noticed that the gender division of the Finnish labour market has not changed notably between 1990 and 2000. The percentage of women in sectors such as hotels and catering or social services has gone down somewhat but the health care services have become more female-dominated than ever. There are an ever-higher percentage of men working in industry, because female-dominated sectors of industry have tended to decline. Labour shortages in male dominated industries such as metals and engineering have increased employer's interest in recruiting women. One can ask is the recruitment of labour force in circumstances of labour shortage more the reason than the gender equality. Two thirds of the rapid growth in technical and business services has focused on men. Segregation levels also tend to change in connection with growth or decline in a sector. Women's higher educational level has not essentially changed the vertical segregation of the labour.

In 2002 NAP the problem of gender segregation of the labour force was repeated. And there was too the Council Recommendation (p.18) reminding of the importance of gender issues not to be neglected: "*Finland should therefore take appropriate action, in the context of a gender mainstreaming approach, to close the gender pay gap and continue taking action to improve the balance in representation between men and women across both occupations and sectors.*" The acting projects "Good and Equality-Conscious Workplaces" and "National Equality Barometer" were mentioned (p.40). As a new measure in 2002 there was the proposal for amendments to the Act on Equality Between Men and Women. The amendment proposals were targeted to prevent pay discrimination. A two-week's extension of the paternity leave and a campaign to encourage men to take the leave was planned. Sexual harassment and abuse issues were brought fore in this NAP. (p.41-42).

The first NAP 2003 of the new Government of Matti Vanhanen has a strong gender emphasis. It is a NAP of "Reconciliation of Work and Family Life". It describes as a background information (p.29) that the employment rate among women in Finland has risen steadily since 1994 reaching 66.8% in 2002, while the employment rate among men declined slightly to 69.2%. There is a lower employment rate among women than men in age groups between 20 and 44, while the situation is the opposite in age groups between 45 and 59. This tendency led in gender relation in the employment. In some developing regions the economic activity of women reached higher rate than the economic activity of men (Jolkkonen, Kilpeläinen, Koistinen,

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<sup>35</sup> A class teacher was the only profession in the Finnish NAPs, to which the men were needed to be trained when affecting gender segregated labour market. (1998 Finnish NAP)

Kurvinen and Haarala 2004)<sup>36</sup>. The unemployment rate was the same for men and women in 2002, at 9.1%. Women's unemployment has been decreasing steadily since 1995, whereas the decrease in men's unemployment halted last year. Women account for just under half (48%) of all unemployed. Men account for the majority of long-term unemployed, too. On the other hand, most (60%) of those participating in active labour market measures are women.

According to the Government there is a need for advanced gender equality in companies (p.16). The Working Life Barometer points out that women have more difficulties in coping with the psychological work stress (p.19). The workplace discrimination focuses on fixed-term and part-time workers and is gender based (p.20). Gender segregation in the labour market is slow to change. No significant overall changes have taken place. But the percentage of women among students of information technology and media has increased significantly. The number of women students in the sector more than tripled, while over the same period the number of male students doubled. No material changes have happened in the gender pay gap overall. Women continue to earn 82% of what men earn in terms of average monthly pay. (p.19)

The Council has recommended (NAP 2003, p. 30-31) again that Finland should strengthen efforts, in the context of gender mainstreaming, to address the factors underlying the gender pay gap and gender segregation. The extraordinary policy of reconciliation of work and family life was presented again as a reply and it will be more extended. The government's main goals are to *“improve the reconciliation of work and family life, to narrow the gender pay gap, to reduce the number of fixed-term public sector employment relationships, to increase the number of women involved in decision making and the economy, and to increase women's entrepreneurship. Equality will be promoted in various parts of society, such as working life, education and family life.”* The “bombardment” of Government operations continues:

- Mainstreaming gender equality throughout the central administration.
- Methods for assessing gender effects will be developed.
- Gender effect assessment will be taken into account in the preparation of legislation and the central government budget.
- Assessing equality issues also from the viewpoint of men.
- Together with the social partners, the Government will aim to enable working hours arrangements that allow better for the needs of families and children.
- Dismantling segregation and narrowing the gender pay gap
- Together with the labour market organizations, the Government will promote equal pay and workplace equality through a long-term programme. The goal is to eliminate unjustified differences in pay between women and men.
- The Government will reform the Act on Equality between Women and Men and ensure its enforcement.
- The number of women involved in political and economic decision-making will be increased.
- ESF programmes include an allocation of about EUR 70 million for implementing equality-promoting projects in training and working life in 2003-2006.

The present government promises a lot and it is interesting why it has taken socially a so demanding role in promoting gender issues. Especially, when the targets look historically unachievable and are sounding very rhetorical without concrete social basis. I think this is a basic

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<sup>36</sup> Jolkkonen, A., Kilpeläinen, R., Koistinen, P., Kurvinen, A. and Haarala, M. (2004): Työmarkkinoiden rakenne ja toiminta Pohjois-Karjalassa. (The Structure and Functioning of Labour Markets in North-Karelia Region of Finland). Forthcoming.

problem of the whole NAP analysis to separate out the rhetorical policy propagation and concrete realistic policy outcomes.

## 6. Conclusions

In general the NAP analyses and the comparison of it's status with other policy programmes verifies very well that at least in small economies there have been some interest for national choice and strategies to reach the objectives of welfare and to protect oneself from the external shocks and pressures of competition. This has led the governments to develop and adopt national development programmes of economic, technology, employment, education or social policies. These programmes have been politically debated and large part of actors have been involved and integrated into these programmes. Therefore the new policy instruments and practices that have been implemented in the context of EU-integration have not always contributed a dramatic value add. The most important value add may be the fact that the EU-integration did facilitate a larger global coordination than the traditional national policies included. On the other hand the EU-integration and the OMC did facilitate the comparative perspective in discourse on national solutions. The OMC as a strategy and the NAPs as a specific policy process may even open new dimensions and contents for discussion. The European wide discourses on common values, interest, solidarity and responsibilities are good examples of that. But nevertheless on the base of NAP analyse and related research documents we can come to some pessimistic conclusions as well.

Concerning the overall status of NAPs as a policy strategy, we can argue that in Finland the NAPs are secondary policy documents in relations to the Governments Programme. This means that political discourses on the Government's overall policy line specified in the so called Government's Programme are the most important and discussed political documents because it includes all the most important strategy choices of economic and income policies and employment, social and welfare policies. In the Government's programme there is a large section on KBS issues called the Information Society Programme of the Government. This section includes the broad concept of KBS including the citizenship and service structure issues of the KBS too. In the NAPs the concept of KBS is narrower: it includes the promotion of the functioning of the labour market in the context of global competition and R&D policies in promoting product innovations and lifelong learning of the whole labour force. But the gender equality issues have been mentioned quite minimally in the Government Programme of 2003. In every NAP the gender equality issues are largely concerned especially with the pillar IV. Therefore there are reasons to argue that the NAPs may have an important role especially in promoting gender equality issues in Finland. They "force" the government and administration around to take the gender issues more seriously into account. There are e.g. examples of improved coordination and financing of gender mainstreaming policies at least.

Despite the overall strategy and idea of the NAPs to create social dialogue on employment policies the NAP process analysis looks much closed from the point of view of civic discussion and very hurried from the point of view of social partners and the tradition of Finnish tripartite system. The problem of the OMC method is in this case that it does not exceed traditional political processes (to mention the Government policy programme and its implementation) and historical continuum of Finnish employment policy based on large civic discussions and tripartite tradition of compromises. This leads to a textual strategy to emphasise the state of the art situation of advanced Nordic welfare state policies or to "caramelize" the more problematic areas with a textual rhetoric and a need to study and monitor the problems before solutions. But this is the

situation in other country's NAPs too. This closeness of the NAP process is not a problem in gender issues at least when the EEG brings fore the modern European gender discourse in addition to the traditional family and equality policies of Nordic countries.

The NAP process does not give any extra value add to Finnish KBS policies. Again the main document is the Governments Programme and also there are at least ten different IS strategies on the national level. In the NAPs the Knowledge-based society has been understood narrowly through the quality of labour force, functionality of labour markets and R&D policies with an exception of the NAPs of Hype era. The prevention of social exclusion and civic issues are not the primary aims in the NAPs. The main objective of KBS policies is to foster national economy into international competition. There must be enough skilled labour in flexible labour markets to guarantee the adaptation of industries into the global competition. There must be product innovations to be sold worldwide. The important part of this adaptation is the efforts to intensify the national educational system to answer the challenges expressed in the rhetoric of lifelong learning. Educational and vocational training system must be flexible and adaptive as the labour markets. Interesting is that nowhere is thought the contents of education, only the accessibility and adaptability of it. The need to educate people for IT sector is an exception but all the way the IT sector is not operationalised. The challenge of the Lisbon Strategy of Europe to be the worlds most dynamic and competitive economy is in Finnish NAPs answered by flexibilisation of labour markets and educational systems. The contentual or social side of the required change is not reflected, the emphasis is on organisational changes of labour market structures and actors.

A positive value add of the NAPs is that they bring fore the European discussion of Gender Equality in addition to traditional equality policy lines of Finland. The EEG and the Open Coordination Method of the NAPs makes at least the administration and the Government think whether there is more to be done in the gender equality issues than was done historically in the Nordic countries. But the very idea of Gender Mainstreaming is not fully used in the NAPs. Gender Mainstreaming is grasped in Finnish NAPs more as an administrative practise in preparation of administrative decisions, in preparatory legislative work and in ex ante evaluation of outcomes of administrative decision. This work is helped with eligible statistics. This definition is very far from the ideas presented in the WELLKNOW Report 1. Also the idea of GM was presented only in the two of NAPs after the specific GM project, but the narrow idea disappeared after those NAPs of 1999-2000. I think that especially the present Government needs consultation in the GM issues, particularly because of its long rhetorical list of gender objects.

When thinking about how the KBS and the gender issues are combined in Finland, we must rely a lot on traditional policies of the welfare state. These policies guarantee at least formally the possibility for both sexes to take part in flexible working arrangements and training possibilities. As an extra there are some initiatives to educate women to non-traditional sectors and especially to IT sector. But the total process of GM is missing in a sense that there still exists clear gender gaps and segregation in the Finnish labour markets, there are no large-scale structural initiatives to be effective. The narrow definition of KBS does not too realise civic society and everyday life issues of using IT, neither the aspects related to computer illiteracy and technology access after and before Hype. This narrow understanding of KBS might lead to a situation where the external support services of working and everyday life are missing and the problems of computer illiteracy and ICT access are not solved.



## ANNEX 1: Some statistical indicators related to European Employment Guidelines

**Table 1: Employment rates of selected countries (EEG target 67% in 2005 and 70% in 2010)**

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>EU (25 countries)</b>	:	:	:	:	:	60.6	61.2	61.9	62.4	62.8	62.8	62.9
<b>EU (15 countries)</b>	61.2	60.1	59.8	60.1	60.3	60.7	61.4	62.5	63.4	64.1	64.2	64.3
<b>Euro-zone</b>	59.5	58.3	57.9	58.1	58.2	58.6	59.3	60.5	61.6	62.1	62.3	62.4
<b>Denmark</b>	73.7	72.1	72.3	73.4	73.8	74.9	75.1	76.0	76.3	76.2	75.9	75.1
<b>Spain</b>	49.0	46.6	46.1	46.9	47.9	49.4	51.2	53.7	56.2	57.7	58.4	59.7
<b>Hungary</b>	:	:	:	:	52.1	52.4	53.7	55.6	56.3	56.2	56.2	57.0
<b>Netherlands</b>	64.0	63.6	64.0	64.7	66.3	68.5	70.2	71.7	72.9	74.1	74.4	73.5
<b>Austria</b>	:	:	68.5	68.8	67.8	67.8	67.9	68.6	68.5	68.5	69.2	69.2
<b>Finland</b>	65.1	61.0	60.3	61.6	62.4	63.3	64.6	66.4	67.2	68.1	68.1	67.7

Source: Eurostat

**Table 2: Employment rates for women in Finland (EEG target 57% in 2005 and 60% in 2010)**

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Finland</b>	63.7	59.5	58.7	59.0	59.4	60.3	61.2	63.4	64.2	65.4	66.2	65.7

Source: Eurostat

**Table 3: Employment rates for older workers (55 to 64) in Finland (EEG target 50% in 2010)**

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Finland</b>	37.0	34.8	33.2	34.4	35.4	35.6	36.2	39.0	41.6	45.7	47.8	49.6

Source: Eurostat

**Table 4: Unemployment rates in Finland**

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Total</b>	11.7	16.3	16.6	15.4	14.6	12.7	11.4	10.2	9.8	9.1	9.1	9.0
<b>Male</b>	13.6	18.1	18.1	15.7	14.3	12.3	10.9	9.8	9.1	8.6	9.1	9.2
<b>Female</b>	9.6	14.4	14.8	15.1	14.9	13.0	12.0	10.7	10.6	9.7	9.1	8.9

Source: Eurostat

**Table 5: Percentage of the total population aged 25 to 64 having completed at least upper secondary education in Finland (EEG target 85% by 2010)**

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>EU-15</b>				55.4	55.8	57.3		62.3	63.5	63.9		
<b>Finland</b>				66.8	67.9	69.6	70.1	71.5	73.2	73.5		

Source: Eurostat yearbook 2003 - People in Europe

**Table 6: Life-long learning: Percentage of the adult population aged 25 to 64 participating on education and training (EEG target 12,5% by 2010)**

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>EU-15</b>					5.7	5.8		8.2	8.5	8.4	8.5	9.7
<b>Finland</b>					16.3	15.8	16.1	17.6	19.6	19.3	18.9	17.6

Source: Eurostat

**Table 7: Percentage of children aged under 7 in subsidized day care arrangements 31.12.2000 (EEG target 85% between 3 to school age in childcare)**

<b>% FINLAND TOTAL</b>	<b>% in municipal day care</b>	<b>% covered by home care allowance</b>	<b>% covered by private day care allowance</b>
<b>76.0</b>	<b>46.0</b>	<b>26.6</b>	<b>3.4</b>

Source: Tasa-arvotietokanta