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Report on the national labour market on the field of Fair treatment in employment, prepared for the TF on Quality of Employment

Introduction

This report aims to give a short analysis of the Finnish labour market from the viewpoint of fair treatment in employment. The analysis is mainly drawing on the pre-selected indicators from the QE framework, but additional indicators and information are used to enrich the picture.

The concept of fair treatment in employment comes close to the concept of equality and equal opportunities at work: to gender equality and equality between different employee groups, may they differ in age, socio-economic status, ethnic background, physical ability / disability or so on.

Among other Nordic countries, Finland has been looked upon as one of the countries where equality has been quite well achieved in many respects. Finland has been a very homogenic society, with e.g. relatively narrow income differences and only a minor immigrant population. Many major international studies and indicators have shown the Finnish working life as the best or among the best in the world. For instance, the ILO has published a report where Finland and Sweden are shown as leaders in many work life quality indices. (Lehto, tsekkää lähde)

However, in the past ten, fifteen years - especially after the economic recession of the 1990's - disparities have been increasing in the society. In the work life, collective bargaining has increasingly given way to local, individual agreements on e.g. on pay and working times. Public sector has not yet recovered from the resizing measures in the mid-1990's, which has meant, among other things, that working conditions in the local government sector have become sometimes unreasonable hard. At the same time, this means increasing disparities between women and men, since women dominate the public sector of employment, especially the municipal one. Deficiencies in equality have largely been the product of this disparity. (E.g. Lehto)

Because of the evidence of some sort of polarisation taking place in the society as well as in work life, it seems quite elementary that changes in working life are examined against different background variable such as gender, employer sector, occupational group, age, job tenure etc. The general overall figures describing certain phenomena would not tell much about how different employee groups are affected by it.

Background: the case of Finland

The analysis is Finland is a Nordic welfare state where employment rate is relatively high as well for men (71.4% in 2006) as for women (67.3%), the gender employment gap being the lowest (3.9 %) in the EU27. In Finland, women's and mothers' employment already for long time has been seen as their self-evident right. The combination of women's high (full-time) employment with the relatively high and stable total fertility rate (1.8 in 2007) has been possible thanks to the well-functioning public day care system and warm lunches at school.

The employment rate of the old age group (55-64 years) has risen drastically over the recent years, from about 36 % in the late 1990's to 54.6 % in 2006, being clearly above the EU average. This is to great extent due to the active policy measures since the late 1990's aiming at the promotion of old worker's wellbeing and coping at work as well as to the new retirement legislation, effective since the beginning of 2005, which is designed to keep employed people longer in working life.

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Compared to the European average, part-time work is not very common, not even among women (women 19.2%, men 9.2%). However, temporary contracts have become a substantial gender problem in the labour market, with 20.0 % of female employees compared to 12.6 % of males having a fixed-term employment relationship. While the legislation stipulating the use of fixed-term employment has become stricter, and local governments have been given recommendations to decrease the use of fixed-term employment in the past few years, another form of precarious employment is emerging: temporary agency work. Until now, reliable statistics on TAW have been lacking, and the estimations range from about 30,000 to as much as 100,000 persons (i.e. 1.5 % - 4.5 % of employees). The Finnish LFS will start to provide these statistics from 2009 on.

In the last ten, fifteen years Finland has undergone drastic economical changes. In the early 1990's, Finland was gripped by a deep economic recession with an unemployment rate of 16.6 % in 1994. Cuts and resizing were made in the public sector in attempt to balance the state economy. Later, this recession was followed by an unequalled boom in the end of 1990's, the growth performance of the Finnish economy being very impressive.. The unemployment rate has decreased to 7.7 % in 2006 with only a minor gender difference (men 7.4%, women 8.1%). The proportion of long-term unemployed of the labour force was only around 2 % in 2005, less than the EU25 average (3.9 % in 2005). However, this strong economic growth has brought along clear negative influence on working conditions of the employees in terms of growing time pressures, mental burdening, tougher competition and increasing uncertainties.

In Finland, 4.9 % of employed population works in agriculture, 25.9 % in industry and a relatively large share, 69.1 %, in services. The educational level of the Finnish employees is considerably high with a clear gender differences at tertiary level: almost half of the female employees aged 25 to 64 have a tertiary level education (46.8%) compared to 35.7 % of men. Respectively, 40.4 % of women and 57.8 % of men have a upper or post-secondary education. Some 15 % of employees have primary or lower secondary education.

The percentage of those participating in lifelong learning is high, 22.5 %. A culture of lifelong learning has well rooted in Finland, where education, training and self-development are generally appreciated. Survey results also show that most of the Finnish employees consider the contents of their job more important than pay and the development opportunities are valued high above career promotion opportunities (Lehto & Sutela 2005).

Fair treatment in employment

Female share of employment

Back in the 1950's, Finnish women already were actively participating in the labour market. Their share and number in gainful employment continued increasing in the 1960's, being at the highest level in OECD countries (Lehto 1999). Women formed almost half (48.4 %) of the wage and salary earning population already in 1984 (Lehto 1988), and today, the percentage is over the half 50.6 % in 2007. Among the eldest employees, aged 55 to 64 years, the proportion is even 55 %. Among all employed 15 to 64, female share is 48 % (2007).

Internationally compared, part-time work is not very common in Finland, but like in other countries, also in Finland women work part-time more commonly than men. Thus, the female share in part-time employment is 70 % (LFS). According to the Finnish Quality of Work Life Surveys, the female share in part-time work has clearly decreased in 20 years (from 80 % in 1984 to 73 % in 2003), simultaneously as the share of part-time employees has increased. It should be noted, that in Finland part-time work is mostly done by students and part-time pensioners, thus not for family reasons, and the increase in the share of part-time work in the 2000's is largely due to the increased popularity of part-time pension scheme.

One of the main problems regarding gender equality in today's labour market are fixed-term employment relationships, which have become a problematic phenomenon especially among women in the public sector. Altogether 20.0 % of Finnish female employees aged 15 to 64, as against to 14.9 % of EU27 average, had a fixed-

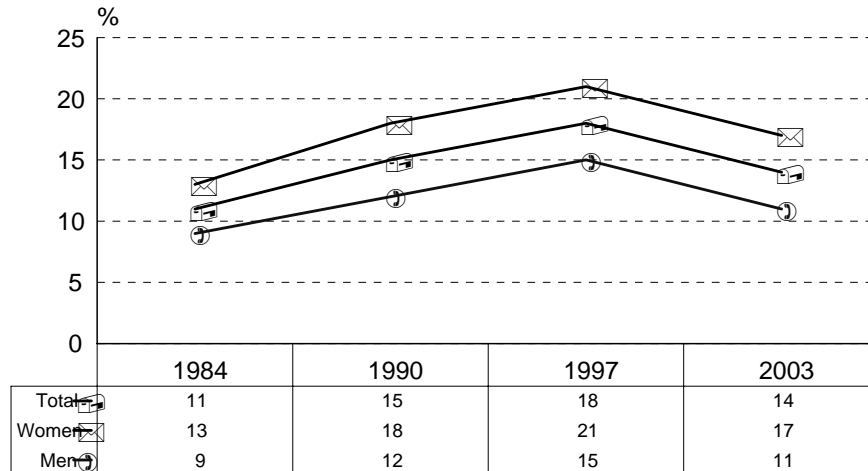
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term employment relationship in 2006 (Eurostat 2006) . As to men, the fixed-term employment (12.6 %) was below the EU-average (13.9 %). The gender gap in this respect was the second highest (7.4 %) in the EU27.

According to Quality of Work Life Surveys, providing comparable data for a couple of decades, the proportion of wage and salary earners in fixed-term employment grew from the 1980's right up to the year 1997, but has since declined a bit, especially for men.

Figure1. proportions of fixed-term employees of all wage and salary earners 1984, 1990, 1997 and 2003.



Source: Lehto & Sutela 2005, Finnish Quality of Work Life Surveys

At the same time, the group of fixed-term employees has become more and more over-feminised (Table).

Table 1. The female share in fixed-term employment

1984	1990	1997	2003
57 %	61 %	62 %	65 %

Source: Finnish Quality of Work Life Surveys, Statistics Finland

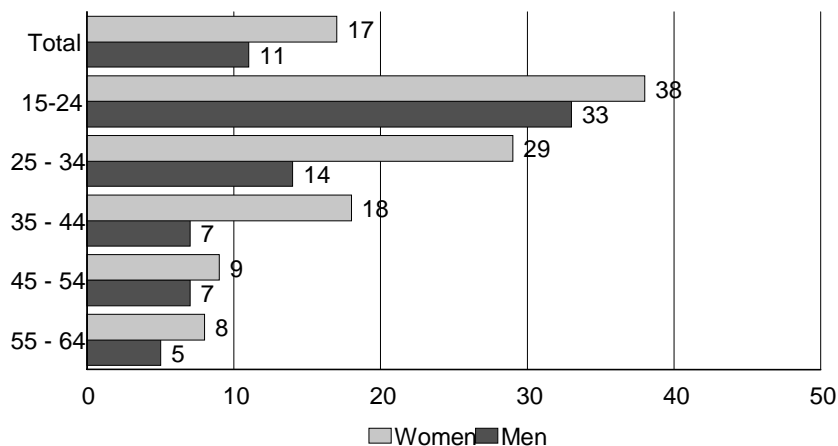
Women's and men's working careers start clearly differently. No difference between the genders is yet visible among the very young people aged between 15 and 24. In these age groups it is often the case of working while studying. Disparity between the genders becomes quite clear in the next age group of 25 to 34-year-olds. Fixed-term employment is twice as common among women as it is among men, and the same still applies to people aged 35 to 44.

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Figure 1. Proportion of fixed-term employees

Employees by sex and age category, Quality of Work Life Survey 2003



Source: Lehto & Sutela 2005

Fixed-term employment is often not the personal choice an employee would make. The more prevalent fixed-term employment relationships are, the less often they are chosen out of own preference. In 2003, four out of five (80%) wage and salary earners in fixed-term employment relationships said they did it because they could not find a permanent job, while in 1990 the respective proportion had been a good 30 %. (Lehto & Sutela 2005.)

The questions concerning discrimination reveal the interesting aspect that there are clear differences between fixed-term and permanent employees in factors like access to training, receiving information or getting fringe benefits, which are closely linked to the employment relationship (ibid).

Occupational gender segregation

Occupational structure of Finnish labour market is clearly segregated by sex, just like in other Nordic countries as well. One of the explanations for this phenomenon is the fact, that in countries with a high female employment rate, a part of the unpaid care work otherwise done at home is 'subcontracted' to public sector. Consequently, the large public sector is an extremely important employer of women. Almost half of the women work in the public sector, especially in the local governmental sector (40 % in 2003). Otherwise put, the female share in the local government sector employment is 77 % (FQWLS 2003).

The major industrial sectors groups employing women (at NACE 2-digit level) are health and social work (28% in 2005), retail trade (9.4%) and education (9.4%). For men, the major sectors are construction (11.8 %), business activities (6.3%), land transport and wholesale trade (5.2 % each).

According to a recent study, segregation has slightly decreased between 1995 - 2004, especially in the private employer sector. Measured by the ID-index, the segregation has decreased from 0.607 in 1995 to 0.574 in 2004 in the private sector. In the local government sector the respective figures are 0.675 and 0.643 and in the central government sector 0.585 and 0.513. (Napari 2008). (In case where the women's share of employment equals that of men, like in Finland, the ID index divided by two can be interpreted as the proportion of women and men who would have to change jobs to remove segregation.) The changes in the degree of segregation derive, in practice, from the fact that some previously very masculinised occupations are attracting more women. There is not much

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evident from transfer to other direction, meaning that men are not more commonly seek their way to female-dominated occupations than before. (Eg. Kolehmainen 1999.).

Gender pay gap / Ratio of women's earnings to men's

The gender pay gap of about 20 per cent has been surprisingly persistent over the last decades in Finland. This is surprisingly also from the point of view that women's educational level has clearly increased and passed by men's educational level already about 15 years ago. Furthermore, the working experience of female employees is practically almost as long as that of male wage and salary earners (women 19.9 years at the average, men 20.7 years, FQWLS 2003).

It is possible to receive information on gender pay gap from various sources. The results vary to some extent depending on the definitions, data sources and methods used (Tables x-xxx).

Table 3. The ratio of women's monthly pay compared to that of men, according to Structure of Earnings

1985	79%
1990	80%
1995	82 %
2000	82%
2005	81%

Table 4. The ratio of women's monthly pay compared to that of men, according to ECHP and EU-SILC

	According to average	According to median
1990	74.5%	77.1%
1995	76.2%	77.6%
2000	77.0%	79.6%
2005	78.2%	81.1%

Table 5. The ratio of women's monthly pay compared to that of men, according to FQWLS

1984	76.7%
1990	75.4%
1997	79.5%
2003	79.9%

According to FQWLS 2003, examined by the level of education, the ratio of women's pay to men's is the highest among those with basic education only (81.2 %), and the lowest among those with tertiary education (73.5 %). One of the main explanations for the persistent pay gaps in Finland is the fact that in the local governmental sector wages are clearly lower than in the private or even central governmental sector. As mentioned above, almost half (47 %) of the Finnish female employees, as against 20 % of male employees, are employed in the public sector.

However, the differences in monthly or hourly pay are not the only ones contributing to income differences between women and men. One of the differences in pay comparisons today is the fact, that these days, a pay often consists of many various supplements and includes various individual agreements. The extent to which diverse performance-based bonuses or profit sharing are paid at workplaces is particularly interesting from the point of pay flexibility. The findings of the Quality of work Life Surveys concerning this show that there is large difference in their payment, which divides male and female wage and salary earners. Payments of performance-based bonuses for 2002 proved considerably more common among men (29%) than among women (14%). In addition, the amounts paid to men were much larger than the ones paid to women: 13 per cent of male wage and salary earners had been paid in excess of EUR 1,000 while the respective proportion among women was only 5 per

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cent. This difference is, again, largely explained by the fact that more men work in the private sector where these bonuses are more common than in the public sector. However, the finding also substantiates the fact that mere application of the general principle of pay flexibility does not create equality and, if anything, may actually have the opposite effect. (Lehto & Sutela 2005.)

Ratio of part-time employees with recent job training to full time employees with recent job training

Finland is the leading country in work-related training in the EU. However, also in Finland there are discernible differences in the access of training between different employee groups. According to Finnish Quality of Work Life Survey 2003, the ratio of part-time employees with recent job training to full time employees with recent job training was 54.1 % for women and 64.7 % for men. The ratio was somewhat higher, when comparing fixed-term employees to those with a contract of unlimited duration: women 63.3 % and men 80.3 %.

The following tables display more concretely differences in access to training according to sex, contract type, educational level and employer sector. Even though women receive training more often than men, the difference in access to training between female employees according to the type of employment contract is greater than for male employees. Furthermore, while the situation has improved for the male fixed-term and part-time employees from 1997 to 2003, the disparity among women has actually been growing.

Table 6. Training paid for by the employer during the last 12 months.

Proportion of those having received training by type of contract

Quality of Work Life Surveys 1997 and 2003.

	1997			2003		
	Part-time %	Fulltime %	Total %	Part-time %	Fulltime %	Total %
Total			47			53
Gender						
Women	33	52	49	33	61	57
Men	18	45	44	33	51	50
Age						
15-24	13	26	22	27	37	34
25-34	41	43	43	36	56	54
35-44	29	53	51	34	58	57
45-54	32	54	52	32	59	57
55-64	***	48	47	38	51	49
Education						
Basic level	21	35	34	21	39	36
Upper secon	30	46	45	33	47	46
Tertiary level	41	70	67	48	72	70
Sector						
State	27	66	63	30	75	72
Municipality	33	54	51	40	66	63
Private	28	45	43	32	50	47

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Table 7. Training paid for by the employer during the last 12 months.
Proportion of those having received training by type of contract

Quality of Work Life Surveys 1997 and 2003.

	1997			2003		
	Fixed-term %	Permanent %	Total %	Fixed-term %	Permanent %	Total %
Total	29	51	47	39	56	53
Gender	29	51				
Women	42	54	49	38	60	57
Men	30	47	44	41	51	50
Age						
15-24	21	23	22	30	36	34
25-34	35	46	43	48	56	54
35-44	34	54	51	41	59	57
45-54	24	56	52	33	59	57
55-64	***	50	47	51	26	49
Education						
Basic level	15	37	34	22	38	36
Upper secondary level	27	49	45	32	48	46
Tertiary level	47	72	67	55	73	70
Sector						
State	48	69	63	55	77	72
Municipality	29	59	51	41	70	63
Private	24	46	43	33	49	47

Occupational segregation on basis of ethnicity or citizenship

As mentioned above, the Finnish society has traditionally been a culturally and ethnically very homogeneous country. Furthermore, until the 1980's Finland has rather been a country of emigration. This emigration has largely been about Finns moving to Sweden in the 1960's and 1970's. From the 1980's on, this direction has rather been to the opposite direction. As late as in 1989, people with foreign nationality formed only about 0.4 % of the population. With drastic changes taken place in the 1990's, the proportion has increased to 2.3 % in 2006. The largest foreign populations are Russians (25,000), Estonians (18,000), Swedes (8,300), Somalis (4,600) and Chinese (3,400), former Serbia and Montenegro (3,300). Other larger groups (about 3,000) are Iraqis, Thais, Germans, British and Turkish. It should be noted, that an important share of Swedes living in Finland are actually Finnish remigrants i.e. people who have immigrated to Sweden in the 1960's and 1970's, received the Swedish nationality but then remigrated back to Finland, as well as their children. (Statistics Finland 2006.)

In addition to foreign nationals or foreign born citizens, Finland has small ethnic minorities of Sami and Roma people. There is no exact information on the number of these groups, since it is not allowed to make statistics on the basis of ethnicity in Finland.

The labour market opportunities considerably vary by the origins of the foreigners. On the basis of special studies following conclusions can be made: Finnish education, age of under 38 and an Asian or Western background

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characterise those having a stable labour market status. A refugee and an African background, male gender, low level of education and belonging to a group of recent immigrants within own nationality are typical for people with a marginal labour market status with great difficulties to enter the labour market at all. For Estonians it seems easier than to other immigrants to enter the Finnish labour market, probably because of their greater familiarity of culture, lesser language barrier (Estonian and Finnish are kindred languages) and close location. (Joronen 2005; Sutela 2005; Ylitalo 200x)

While differences in employment and unemployment rates are significant between different national groups, differences also exist in occupational segregation. Employees from Western countries and China are employed as professionals or technicians even more commonly than Finnish population is, but many other nationalities are concentrated in the occupational groups of service and care workers as well as and in elementary occupations. At general level, the major employment sectors of immigrants are the restaurant industry (about 20%), cleaning, teaching and other social sectors ('ethno-specific' occupations for more educated), construction and manufacturing (Forsander 2002).

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