
*Department for Government,
and Labour Law and Administration
Document No.4*

Labour Administration in Finland

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Preface

The ILO Department for Government and Labour Law and Administration (GLLAD) has just published a book entitled "The new forms of labour administration: Actors for development", which examines labour administration in the present context of change and globalization, and describes and analyses 27 cases of innovative practice in this field.

To write this book a number of specific studies were carried out during the course of 1999 and 2000, the publication of which may be of use to the constituent bodies of the ILO. These texts describe different systems set up for specific purposes or in response to particular situations, such as the separation of jurisdiction between the federal and provincial governments of Canada, the importance of assessment in the United Kingdom and Finland's new public administration.

These four texts will be published separately.

We wish to extend our sincere thanks to Mr. Jason Heyes, author of the text on the United Kingdom, Mr. Jean Bernier (Québec), Mr. Nigel Chippindale and Mr. John Dingwall (Ontario), authors of the text on Canada, and Mr. Markku Temmes and Ms. Helinä Melkas (revision), who were responsible for the publication on Finland.

All publications were edited by Mr. Normand Lécuyer.

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1. Introduction

Introduction and methodology

Finland is a Nordic welfare state in which the labour administration has long played an important role in the state's intervention in national welfare policies. The development of the Finnish labour administration naturally has its historical roots in Finnish society, and it has recently had to adapt to major changes in the same way as society has had to. The following description of the Finnish labour administration has taken both of these aspects into account. In doing so, it describes the evolution of the labour administration as a historical phenomenon.

The history of labour administration in Finland is, however, also a very specific political-administrative phenomenon and not simply part of the general history of the country. The development of labour administration is thus linked to the development of the political-administrative system of the whole society. The development of labour legislation and formal labour relations between labour market organizations, one of the most important elements of the evolution, are systematically followed in the present article. The purpose of the description of labour legislation and labour relations is to provide a picture of the main elements of the Finnish labour administration as an example of the Nordic labour markets and working life. The recent major changes in welfare state policies and especially in the administration that is responsible for planning and producing welfare state services are also emphasised as relevant features of the development of the Finnish labour administration.

This analysis of the Finnish labour administration mainly applies qualitative research methods. The basic data, further information and deeper analysis are mainly based on the published material of the labour administration and administrative scientific research. Plenty of published material is available because of the Finnish tradition of preparatory committees, working groups and planning groups that normally publish their reports. Additionally, the evolution of the Finnish labour administration has been analysed in historical research studies. Doctor Jorma Kalela did the most important study of this sort. Some recent evaluation studies undertaken within the framework of more general evaluation programmes have also included analyses of the Finnish labour administration. The most interesting of these evaluation studies was done by Professor Frieder Naschold in 1995. This evaluation research investigated public sector modernisation in Finland in comparison with certain other European countries. The Finnish labour administration was the topic of one of the case studies. The experts of the Finnish Ministry of Labour have also submitted plenty of useful supplementary information that has been incorporated in this study.

2. Historical context and present situation of the National System of Labour Administration (NSLA)

Finland is a constitutional republic with a government that operates on the parliamentary principle (see Annex 1 for benchmark statistics on Finland). The governmental system is unitary. The Finnish Constitution Act of 1919 provides for a tripartite division of power. Legislative power is exercised by the Parliament, which has 200 members. Supreme executive power rests with the President and the Government. Finland has a multiparty political system, and because of the election procedure, Governments tend to be based on coalitions.

Judicial power is vested in independent courts of justice, the highest being the Supreme Court and the Supreme Administrative Court. Finland has adopted the French-German legal tradition. The country's laws – acts, decrees and legal provisions – make up a hierarchical system, at the top of which stands the constitution. Other important institutions in the judicial system are the Chancellor of Justice and the Parliamentary Ombudsman, who protect the citizens' interests. There are also other ombudsmen, such as the Consumer Ombudsman, the Equality Ombudsman, the Ombudsman for Foreigners and the Data Protection Ombudsman.

The development of the Finnish state has undergone a long process of evolution. This evolution includes historical traditions from Finland's Swedish and Russian periods, birth of the modern "Rechtstaat", period of active industrialisation, experiences of wartime governments, hesitant first steps of the social state, rapid build-up of a welfare state and adaptation of its programmes to post-industrial society. The development of the Finnish administrative system, from the beginning of the history of Finland as an autonomous grand duchy within the Russian Empire, can be divided into the following periods:

- S the "night-watchman state" period, 1809-1855, when the administration was first created and overseen by the Senate (a civil servant government of the autonomous Finland);
- S the 1856-1917 period, during which the constitutionally governed state was created and the foundations of the country's administrative structure were established;
- S the 1918-1966 period, when the foundation of the socialised and industrialised state was created; during this period social activity was centralised and state-managed, but the lack of resources and the external threats and wars prevented the development of a genuine welfare state;
- S the 1966-1987 period, when the welfare state became a reality; during this period the administrative system grew in size many times over while the well-being of the people advanced auspiciously; and
- S the welfare state's adjustment phase, beginning in 1987, which will be remembered for the drastic measures used in order to cope with the welfare state crisis which now threatens the administrative system; the dilemma of how to adjust to life after the crisis of the welfare state characterises the Finnish administration of today (Temmes and Salminen, 1994, p. 17-18).

The historical context of the Finnish national system of labour administration has several ties with the socio-political development of the country. Firstly, since 1906 and finally after gaining independence in 1917, Finland has been a liberal democratic republic whose constitution is based on the principle of the sovereignty of the people. Finland has implemented a so-called half-presidential political system in which the power of the president is quite broad. The typical European and Nordic model of liberal democracy also implemented in Finland includes a strong

legislative authority that is balanced between the main actors (a unicameral parliament and a president who has restricted rights together with government to interpret the parliamentary laws issuing by decrees), a judicial authority (independent courts) and an executive authority (Council of State and ministries). Because of this tradition, the role of lawyers has been very significant in the Finnish central administration, especially in the so-called general administration (see Annex 2 for a model of Finland's political-administrative system).

The second connection between Finland's labour administration and its socio-political development is its role in the development of Finland's specific welfare state system, which is also typical of that of other Nordic countries, and also of most of the post-war Western European countries. The labour administration gained its own ministry in the middle of an active development period of the Finnish welfare state in the 1970s. As will be explained in section I.B, however, the development of the ministry and its capacity to direct socio-economic development according to the strategies of labour policy have not always been clear-cut. On the other hand, the position and role of the Finnish labour administration have often been the focus of political tensions. There have also been disagreements and quarrels concerning the territories of different ministerial sectors. Most of these tensions have arisen between the labour administration and the Ministry of Social Affairs and Health. Also other ministries, for instance the Ministry of Trade and Industry, have been interested in assuming the responsibilities of the labour administration.

The third main linkage between the labour administration and socio-economic development is the labour administration's role in creating tripartite models of cooperation between employer organizations, worker organizations and the Government. In fact, this cooperation was one of the reasons for creating a separate ministry for labour administration. As will be shown in section I. A, in recent years the implementation of tripartite cooperation has encountered political resistance in some areas of the national labour policy.

According to the Constitution Act, the Council of State (Government) consists of a Prime Minister and a necessary number of ministers (a maximum of 18 ministers). A minister heads each ministry. The number of ministers within the Council of State and their general field of competence are given in a special law. The ministries are:

- 1) Ministry for Foreign Affairs
- 2) Ministry of Justice
- 3) Ministry of the Interior
- 4) Ministry of Defence
- 5) Ministry of Finance
- 6) Ministry of Education
- 7) Ministry of Agriculture and Forestry
- 8) Ministry of Communications
- 9) Ministry of Trade and Industry
- 10) Ministry of Social Affairs and Health
- 11) Ministry of Labour
- 12) Ministry of the Environment

In addition to these, there is the Prime Minister's Office that has the status of a ministry. As the Council of State can have a maximum of 18 ministers, which is more than the number of the ministries (currently 12), several ministries have two, or even more, ministers. In the Council of State, there can also be a number of so-called "ministers without portfolio" who are neither heads of any ministry nor responsible for an area within a ministry. These ministers are members of the

Council of State and have special responsibilities such as preparing important reforms. In the Finnish system all members of the Council of State have an equal status; there are neither vice-ministers or other lower ranking ministers subordinate to the heads of the ministries nor permanent political secretaries (except the State Secretary at the Prime Minister's Office).

Decisions of the Council of State are made either in general meetings or within a ministry. Within a ministry, the power of decision can be given either to the minister or to the highest civil servants, depending on the decree regulating the ministry in question. In the Finnish system the ministries have a double role: 1) they prepare the decisions of the Council of State, and 2) they provide national leadership in the ministerial sector. The position of each individual ministry is quite strong because of the nature of the role of the Prime Minister, who is more a chairman in the Council of State than a dominant leader of the Government. The role of the Prime Minister can, of course, vary greatly according to the changing political situation, the personality of the Prime Minister and different government coalitions. The type of government has usually been the so-called coalition government in which several parties are represented, and in this kind of a government, the Prime Minister does not have a substantive role (The Public Sector in Finland, 1996).

The Ministry of Labour is the newest (the present Ministry of Labour was created in a reorganization in 1989) or second newest (the independent Ministry of Labour Force was founded in 1970) of the ministries. The Ministry of the Environment was founded in 1984. The recentness of the Ministry of Labour gives it some special features. Firstly, its organizational structure is simpler than that of the other ministries. A ministerial sector normally consists of a ministry and several central boards (agencies), which share the role of the ministry as a leading unit of the central administration. Historically, this structure comes from Sweden (Finland was a part of Sweden until 1809) and it has dominated the structures of the ministerial sectors. We may speak of a Swedish-type central board (agency) system or of a ministerial system that is common in other European countries. The Ministry of Labour is an exception to that system because of its relative newness. In the ministerial sector of the Ministry of Labour, there was previously only one central board, the National Board of Labour Protection, but even that was discontinued and assimilated within the Ministry in the 1990s.

Secondly, throughout its history the Ministry of Labour has mainly been a ministry with only one minister. Only once have there been two ministers in the Ministry of Labour. It also has a modern organizational structure in this respect. This same compactness can be seen at its regional and local levels. Since its creation, the Ministry of Labour has had only one system of regional administration; normally ministries have quite a few. The organizational compactness has given the Ministry of Labour exceptionally good opportunities to develop its internal management and steering systems.

Thirdly, the Ministry of Labour has a role whereby it must, in order to attain its goals, cooperate with other ministries. The most important of these cooperation partners are ministries responsible for economic development, such as the Ministry of Finance, the Ministry of Agriculture and Forestry, the Ministry of Communications and the Ministry of Trade and Industry. However, the Ministry of Labour has also maintained administrative cooperation relations with other "welfare ministries", including the Ministry of Education, the Ministry of Social Affairs and Health and the Ministry of the Environment. These administrative relations extensively control the methods used by the ministry when it strives to fulfil its responsibilities and execute its programmes.

Finland's membership in the European Union since 1995 has made it necessary for the Ministry of Labour to reorganize its cooperation with certain other ministries. The Ministry of Labour has responsibility for the activities of the European Social Fund (ESF) in Finland. This role has meant increasingly active cooperation with the Ministry for Foreign Affairs, which has responsibility at

the national level for coordinating Finnish EU policies, and also with the Ministry of the Interior, which coordinates the activities of the structural funds, which are used for the implementation of Finland's regional development policies.

In recent years, especially during 1987–1995 (Prime Minister Holkeri's and Prime Minister Aho's governments), many significant and fundamental administrative reforms have been carried out. The most essential reform projects have been: 1) the development of a results-oriented economic steering and management system (management by results system) throughout the administration, 2) the transformation of the former service agencies by creating new public enterprises and state-owned companies, 3) the strengthening of municipal self-government and the creation of a new and more economic state subsidy system for the municipalities, and 4) numerous structural reforms especially at the agency level (the central boards) to develop more efficient and customer-oriented organizational structures for the state administration.

The Finnish Ministry of Finance has organized a broad evaluation programme to map the impact of these reforms (for a summary report of this programme, see Temmes and Kiviniemi, 1997). These reforms have mainly followed the so-called New Public Management (NPM) doctrine, which originated in the Anglo-Saxon countries (see Temmes, 1998). The above-mentioned evaluation programme also includes an international comparison, in which the Finnish administrative reform profile is compared with four other countries that are of relevance to Finland (the United Kingdom, the Netherlands, Denmark and New Zealand). This comparative analysis shows that the Finnish model of implementation of the NPM doctrine has been clearly more of a Nordic than a Westminster type (see Pollitt et al., 1997).

In his evaluation research published in 1995 by the Ministry of Labour, Frieder Naschold saw a wide consensus within all the OECD countries of the necessity of far-reaching reforms in the bureaucratic organizations and steering systems. The direction and speed of the reform process, however, remain subjects of great controversy. Naschold noticed a trend within the OECD countries towards quality control of public service production through citizen and customer participation. On the other hand, the simple application of market models into the public sector usually leads to both cost and quality problems with regard to both the services offered and the working conditions of those providing the services (Naschold, 1995, p. VI-VII). Naschold's analysis formed an important part of the basis for strategies and visions followed in the Finnish labour administration.

The recent administrative reforms within the labour administration may be analysed at two levels. Firstly, it can be seen that the national level reforms briefly described above have had a remarkable impact on the labour administration. In particular, the management by results system has changed the steering systems in the labour administration. The ministry of labour was, from the beginning of the planning and implementation process of this reform, one of the pilot institutions in which the new system was tested. However, whereas the structure of the labour administration was organized according to modern models, the heavy structural reforms needed in other parts of the administrative machinery were not as extensive as in the labour administration. Furthermore, the reforms in the relationship between the state and municipalities also had an essential impact on the labour administration.

There have also been plans to reform the functions and structures of the ministries. In general, however, the structural reforms of the Finnish state administration have not yet reached the ministries as organizational units. The Ministry of Labour seems to be an exception to this rule because its reorganization was implemented at the beginning of 1999. This reorganization, which is based on the idea of the providing-producing model typical of the New Public Management doctrine, certainly serves as a basis of comparison for other ministries as well.

A. Organization of the National System of Labour Administration

Regional level

Finland is a typical unitary state without any federal elements. Until recently, the regional level of the administrative machinery was weak. In 1993 and 1997, the regional administration was strengthened through internal reorganization and by creating new regional organizations for regional development. The country is divided into 19 regional associations, in which the decision-making power concerning regional development belongs to the municipalities located in those regions. These regional associations are official organizations according to the law on regional development from 1993.

In September 1997, the new Employment and Economic Development Centres started their work as common regional and cooperative units under three ministries, the Ministry of Trade and Industry, the Ministry of Agriculture and Forestry, and the Ministry of Labour. The aim of this reform was that the ministerial sectors responsible for economic development and employment should work better together at the regional level by using a common regional administration.

The tasks of the Employment and Economic Development Centres are:

- to support and advise small and medium-sized enterprises (SMEs) in different phases of their life cycle,
- to promote the technological development of their client companies, assisting them with export and internationalisation issues,
- to implement regional labour policy,
- to plan and organize training and education for adults concerning the official labour policy,
- to promote farming and rural industries,
- to develop fisheries, and
- to contribute to the overall development of the region.

Thus, each regional Employment and Economic Development Centre provides, on a centralised basis, the same services that were previously provided by the regional units of the three ministries: the Labour Districts, the MTI Business Service Offices, the regional units of the Technology Development Centre (TEKES) as well as the regional offices of the Finnish Guarantee Board and the Finnish Foreign Trade Association, etc.

In the long run, a single organization will, for example, facilitate and simplify customer contacts in employment-related and industrial matters. The centres are also significant channels for EU financing, and they speed up cooperation with the EU.

The Employment and Economic Development Centres provide many types of assistance, advice and consultancy to companies. For example, they help firms to set up, expand, and develop their business operations and personnel. Each centre contributes to the development of its region by financing its client companies' investment and development projects and, more generally, projects aimed at enhancing their operational framework and the employment rate within the private sector.

At the Employment and Economic Development Centres, experts analyse the needs and allocation of professional education and training in cooperation with local companies, employers, employees, industries and other partners. They advise on matters concerning the location of the firms as well as restructuring. They help in product development and in production techniques to develop firms to an internationally competitive level by means of technology. The centres also

provide information, advice and practical assistance in the preparation of export strategies and in services relating to market communications.

The Labour Market Departments of the Centres are responsible for the planning and implementation of regional employment policy. This is done in cooperation with other regional authorities, the municipalities and industrial and commercial organizations. Decision-making regarding the implementation of employment policy is delegated to the regional Labour Market Departments and the local employment offices. The Labour Market Departments guide and develop the local employment offices (the local units of the Ministry of Labour) that work for the benefit of both employers and those seeking work. They also serve municipalities in issues relating to immigrants and asylum-seekers.

These remarkable reforms at the regional level do not change Finland into a federal state. On the contrary, Finland remains, even after these reforms, one of the most clearly unitary states in Europe. The main structure of the administrative machinery is also historically based on a strong central administration and, at the same time, on a strong municipal administration (already created in the 1870s), which is responsible for, for instance, providing the majority of the welfare state services. The reforms described above have more the nature of strengthening this general dual structure of the administration than moving Finland towards federalisation. It is important to note that the municipalities govern the policies of the new regional associations and that the new Employment and Economic Development Centres are part of the state administration and subordinate to the appropriate ministries.

Without having any federal aspects, these new regional units are important in developing regional planning and implementing public policies. This, together with certain other elements of regional development, also affects employment policies. It is also important to note that both state administration, through the new Employment and Economic Development Centres, and the municipalities, through new regional associations, are cooperating at the same level of administration towards further regional development. These new organizations are especially useful in the regional development financed by the structural funds and the Social Fund of the European Union.

Ministry of Labour

The Ministry of Labour directs and supervises the entire labour administration. The Ministry defines the focal points of national employment policy together with the whole Government and other ministries, prepares the ground for legislative activity by Parliament and the Government, is responsible for the results-oriented management of the administration and issues binding administrative norms. The Ministry allocates resources for the implementation of employment policy to the Labour Market Departments at the Employment and Economic Development Centres on an annual basis.

The Programme of the Government (Prime Minister Lipponen's second government which began its term of office in April 1999) states that the main aim of the Government's economic policy is to improve employment, which in turn requires securing stable economic growth. Among the goals are a rapid upswing in the number of new jobs and that the proportion of employed persons in the working age population in Finland approach the target of 70 per cent laid down in the European Union's employment guidelines. The Programme of the Government continues on the lines laid down by Prime Minister Lipponen's first government (1995-1999) and the 1994 Presidential working group on employment, which also emphasised the importance of decreasing mass unemployment, one consequence of the economic recession at the beginning of the 1990s.

The key areas of activity of the Ministry of Labour are improving the functioning of the labour market and promoting quality of working life. The labour administration is striving to achieve its goals by means of various policy measures, such as job creation, labour market training, rehabilitation, placement, information services, occupational guidance, improvement of working environment and conditions, and development of labour legislation. The structure of the Ministry of Labour was reorganized at the beginning of 1999, which will be further described in section II C.

Linkages with other ministries

The labour administration is quite independent in implementing its own targets in labour market policy. The nature of the linkages of labour market policy to the other ministerial sectors is mainly economic. The Ministry of Trade and Industry and the Ministry of Finance are important partners in creating an efficient labour market policy. The Ministry of the Interior is also important because of its responsibility for regional development in Finland.

In the area of promoting quality of working life, the main cooperation partner is the Ministry of Social Affairs and Health. This partnership has not always been easy. Nevertheless, continuous reorganising and territorial tensions between these two ministries have contributed to the development of the division of work between these ministries. In 1989, when the modern Ministry of Labour was created, responsibility for labour protection issues was shifted to it. In 1997, these issues were moved back to the Ministry of Social Affairs and Health. These tensions may be the result of professional competition between experts in social care and medical activities on the one hand and labour policy experts with more socio-political and economic views on the other; in particular the views of medical doctors and labour policy experts have conflicted. This tension has complicated the improvement of working life and environment in Finland.

Tripartite bodies

The tripartite cooperation between the labour administration, the employer organizations and the worker organizations has a fairly long tradition in Finland. It has spread since World War II to many areas of employment policy and improvement of working life. The main tools for organising tripartite cooperation are the numerous committee-type advisory boards assisting the Ministry of Labour, in which the principal agents of the tripartite partners are represented. The highest tripartite body of this kind is the Council for Labour Affairs, chaired by the Minister of Labour. It makes proposals and issues statements to the Ministry on labour market policy issues of fundamental importance.

The Ministry of Labour is also assisted by an Advisory Board on Manpower Policies, the Board on Wage Statistics in the Forestry Sector, the Advisory Board on Civilian Service, the Advisory Board on Ethnic Relations, the Advisory Board on Research Policy in Working Life, the Advisory Board on Seamen's Affairs, the Advisory Board on Wage Security, and the Finnish Tripartite ILO Committee. The Advisory Board on Labour Protection within the Ministry (from 1997 in the Ministry of Social Affairs and Health) handled questions of principle concerning labour protection, the harmonisation and promotion of labour safety, and labour market policy. Other advisory boards that were transferred to the Ministry of Social Affairs and Health in 1997 are the Advisory Board drafting Occupational Safety Provisions and the Advisory Board on Labour Protection in the Chemical Sector.

According to the Decree on District and Local Administration of Labour Affairs, each Labour Market Department of the Employment and Economic Development Centres is assisted by a

tripartite Labour District Committee. Also, a tripartite Labour Commission is assigned to each employment office. The central function of these units is to make statements to the Social Insurance Institution or the trade union unemployment funds as to whether the labour market policy conditions for payment of unemployment allowances have been met.

It can be seen that the Finnish labour administration is widely assisted by advisory boards and similar units mostly following the tripartite principle. The members of these organs also include constituent groups from elsewhere in the administration such as municipal administration, etc. Non-governmental labour market organizations themselves do not directly participate in the decision-making procedures of the labour administration, but all important issues are discussed with these organizations before decisions are taken. The labour administration has several tripartite organs at all levels of administration.

In spite of the current broad tripartite cooperation, there are also areas in which the development of tripartite cooperation has recently regressed, especially in the area of development of working life. One of the clearest examples of this regression pertains to productivity and quality of work because certain former cooperative arrangements have been replaced by separate units within labour market organizations.

B. The historical evolution of the Finnish labour administration

Structural development

The history of an independent administrative tradition of the Finnish labour administration is relatively short. As an official name, the Ministry of Labour dates from 1989, but in fact, the independent ministry and its administrative sector had already been created in 1970. The evolution of the Finnish labour administration has been not only an administrative phenomenon but also and mainly a socio-political evolution process. In that sense, the evolution of the Finnish labour administration had already started at the beginning of this century (see Kalela, 1989, and Temmes, 1989).

The evolution of the Finnish labour administration is a good example of how much and how deeply public administration can be involved in the development of society and the extent to which the roles and tasks of the administration can be changed in that connection.

The preconditions of the rising importance of the rights of the labour force and of the need to tackle the problems of unemployment as socio-political questions were created in the 1860s, when the liberalisation of economic life became a national priority. Unemployment did not gain, however, political relevance until 1905, when political life was activated, and Finland was granted a unicameral parliament and universal suffrage. At the same time, the political activity of workers increased. The Social Democratic Party was founded in 1899, and it enjoyed excellent success in the elections at the beginning of the century. Because of this political activity the Parliament passed several laws to increase the rights of the labour force even before the First World War, but most of these were not implemented, because the Russian rulers exercised their right of veto concerning the autonomous Finland's legislation. Because of the veto of the Russian Tsar, the following laws, for example, never entered into force: the Law of Job Placement (1911), the Law of Labour Accident Insurance (1912), the Law of Bargaining of Labour Disagreements (1913).

Finland gained her independence in 1917, but a devastating civil war in 1918 meant that the possibilities of creating efficient social and labour policies and administration were again lost. In the early years of independence, efforts to counteract unemployment through public works projects were undertaken by the Ministry of Communication and Public Works, but the social activities

needed as a result of unemployment were the responsibility of the Ministry of Social Affairs. This division corresponded to bourgeois doctrines in which unemployment, understood as a socio-political problem, was excluded from public works. The losers in the civil war, the Social Democrats, who were now the minority in the Parliament, wanted to organize public works to decrease unemployment. Agrarianism, which was the third relevant political doctrine guiding unemployment policy in the country, also saw unemployment as more of a social problem. National land settlement policy was its key tool in creating new jobs for the population. All these doctrines remained influential into the 1960s.

The great economic recession of the 1930s was a difficult challenge for the labour administration of the newly independent Republic. The depth of the recession forced the Government to activate policies designed to reduce the high unemployment caused by the economic crisis. The Government supported the local units, the municipalities, with state subsidies so that they could organize "reserve work" in order to diminish the impact of unemployment. The card index (register) of unemployed persons was also organized for the first time during the recession. Again, the Government tried to follow bourgeois lines of unemployment policy in the severe conditions of the economic crisis, but in fact, the new system of "reserve work" organized by the state and municipalities meant a new strategy, which became important for later policies to combat unemployment. Social care for unemployed persons was organized in the same way as traditional care for the poor, and a state system of unemployment aid did not exist.

In the 1920s and 1930s, the administrative responsibility for labour affairs belonged mainly to the municipal authorities. It was not necessary to organize any national or regional administration for labour affairs. In fact, the first national level effort to organize the labour administration was the establishment of a new chief inspector post within the Ministry of Communication and Public Works. This new post was created in 1937 by the so-called "red ochre" Government (Social Democrats and Agrarians as main parties in the coalition), and because civil servants with long careers and great competence were appointed to that post, it has been markedly important for the development of labour affairs at the national level. The above-mentioned Government also included for the first time a special minister for unemployment affairs, who was located at the Ministry of Communication and Public Works.

The Second World War in Finland began in 1939 when the Soviet army attacked Finland. Finland's successful defence was based on the total reorganization of the society according to the war state doctrine. In these conditions, the whole country was short of almost everything, including the labour force. Because of these shortages, the Government was obliged to organize regulation and control systems to allocate resources. In this regulated economy, the Ministry of Communication and Public Works had an important role as a regulator of the labour force. This crisis period of war state and regulation also had a positive impact on the labour relations between the employer organizations and the trade unions of the employees. In fact, the first labour market agreements were made in these exceptional conditions.

The war state experiences have had a very significant impact on the Finnish administrative culture. In the labour administration, this impact resulted in increased planning of labour resource allocation and in efforts to increase productivity and rationalise working processes. In fact, the pioneer activities to develop national level comprehensive planning systems and rationalisation of working life originated in the war state doctrine of 1939–1945.

The development of the labour administration to better meet modern challenges also started during the war. The most important figure in these preparatory discussions was the new Chief Inspector of Labour Affairs, Eljas Kahra. He proposed the creation of a special ministry for labour administration in 1942. After some committee reports and political discussions, this proposal was abandoned. The next attempt was made after the war in 1947 under new conditions in which the

political climate was more supportive of the improvement of working life and the goals of the labour administration. But the idea of a special labour ministry was also seen as a threat, especially by the bourgeois parties. They were again successful in rejecting the creation of a ministry of labour. The main argument against the new ministry was the fear of too active involvement of the state in the labour market, which the bourgeois political forces wanted to exclude from the sphere of state intervention.

In the 1950s, the unemployment policy of the government returned to the traditional doctrine of public works (the "spade line" as it was popularly called). The division of activities created during the war was kept in force, and according to them, the Ministry of Communication and Public Works was responsible for the comprehensive programme of public works. These were mainly earthworks, and their implementation was organized by the Central Board of Road and Water Ways Administration, the State Railways, and the Central Board of Agriculture. The Ministry of Social Affairs was responsible for social care for unemployed persons.

At the same time in the 1950s, the political tensions in connection with the reorganization of the labour administration were so serious that hardly any real progress was made towards developing a modern administration for labour activities. The main tension was between left-wing parties and right-wing parties. The former supported a stronger and more centralised labour administration. The latter saw a threat in the plans for a ministry of labour, and they felt that its creation was not only a reorganization, but also a substantive change in the labour policy. One example of these tensions was a disagreement over the location of vocational guidance. The representatives of the labour administration wanted to locate vocational guidance under the labour administration but the Ministry of Education disagreed. At this time, the Government followed the opinion of the former, and in 1956, the Bureau of Vocational Guidance was located under the Ministry of Communication and Public Works.

The creation of the Finnish Ministry of Labour was related to the rapid development of the welfare state from the end of the 1960s to the first half of the 1970s. In the Parliamentary elections in 1966, the left-wing parties were very successful, and in the Government formed after the election, the so-called "Front of parties of the people" (Social Democrats, Communists and Agrarian Party) had a leading role. This coalition stood for reforms that could support welfare state development in society. These reforms also included a list of important structural changes in the state administration (see the report of a working group appointed by Prime Minister Rafael Paasio). One of the most significant of these structural reforms was the reorganising of the Ministry of Communication and Public Works into two new ministries: the Ministry of Communication and the Ministry of Labour Force.

The plan for a new Ministry of Labour Force was prepared in a committee chaired by Keijo Liinamaa (a state conciliator and later Prime Minister), who was a key person in the creation in the 1970s of the so-called consensus policy with respect to the Finnish labour market. The new ministry was created from those parts of the former Ministry of Communication and Public Works that were related to public works. This reform did not include the activities of other ministries; especially the tasks belonging to the Ministry of Social Affairs and Health were excluded.

The new ministry began functioning in 1970 and its first Permanent General was Keijo Liinamaa. The strategy of the new ministry from the very beginning included an active labour market policy. The former strategy of public works, the so-called "spade line" was to pass into history. The new strategy emphasised labour force mobility, which public works had prevented both geographically and professionally. Employment training was one of the priority activities. The implementation of the active labour market policy required enhanced coordination between the different areas of the labour administration, that is activities to reduce unemployment, employment exchange, vocational guidance and international exchange of trainees. These activities had had their

own bureaus, and vocational guidance had also had its own regional administration. In the reorganization, the structure of the new ministry was to be made more unitary, and the regional administration was to be consolidated.

The most significant changes were, however, made at the local level. Employment exchange at the municipal level had already been moved under the labour administration in 1961. The creation of the new consolidated regional administration was not only a structural reform, but also a fundamental change in the role of the regional and local units towards more service-oriented and active providers of employment service.

The first two decades of the Ministry of Labour Force brought in fact a rather steady transition to a more active labour policy. One motive for the active labour policy was the increasing unemployment in the 1970s and 1980s. This development was still rather tranquil in comparison to the mass unemployment of the 1990s.

The next phase in the creation of the modern Ministry of Labour in Finland was the reorganization, which took place in 1989. In this reform, the name of the ministry was changed to the Ministry of Labour, and the reorganization also included activities that had previously belonged to other ministries. This reform was part of a larger reform plan to adjust the structures of the Finnish administrative machinery to better meet new challenges. In the new model, the Ministry of Labour had a clear mandate in the whole area of labour administration including labour protection issues.

The creation of the Ministry of Labour was not the most recent phase in the development of the Finnish labour administration. In 1997, labour protection activities (the Occupational Safety and Health Department) were transferred back to the Ministry of Social Affairs and Health. Working environment activities stayed in the Ministry of Labour, while refugee activities were moved from the Ministry of Social Affairs and Health to the Ministry of Labour. These decisions probably show again how difficult it is to organize the division of work between the labour ministry and the social ministry.

However, perhaps the most significant recent change made in the Finnish labour administration was the creation of the Employment and Economic Development Centres in 1997 in order to unify the regional administrations of three ministries: the Ministry of Labour, the Ministry of Agriculture and Forestry, and the Ministry of Trade and Industry, which has the administrative responsibility for the new common regional units. This reform was described earlier in the present article.

The creation of the Employment and Economic Development Centres was part of a larger reorganization of Finland's regional administration. It may also be an interesting challenge to networking in the labour administration in its effort to activate economic life in the country. The impact of the new centres on employment policy is, however, only starting to show, and it is too early to assess how successful this reform has been in integrating the various activities.

Development of Labour Legislation

The labour legislation in Finland, as well as in other Nordic countries, has been developed through cooperation between the labour market organizations and the Government. Chronologically, this process can be divided into four stages. The first stage started in the 1920s just after Finland had gained independence. At this stage, laws governing employment contracts, work rules and the conciliation of labour disputes were enacted. In spite of the efforts made by trade unions, collective bargaining and collective agreements were not common in Finland (Kauppinen, 1997, pp. 52-54).

The second stage in the development of labour legislation took place in the 1940s. During the Second World War, central labour market organizations came closer together than before, and it was possible to negotiate in order to resolve labour market problems. This led to the general agreements of 1944 and 1946, which set down the framework and the general rules for collective bargaining. Finland ratified the ILO Convention concerning Freedom of Association and Protection of the Right to Organize (No. 87) in 1950, and the ILO Convention concerning the Application of the Principles of the Right to Organize and to Bargain Collectively (No. 98) in 1951 (Kauppinen, 1997, p. 52).

The third stage took place at the end of the 1960s and the beginning of the 1970s. Laws were revised and completely new laws enacted to regulate such new aspects as employment contracts, compensation for termination of employment, collective agreement rules for the public sector, annual holidays, occupational safety and health, codetermination between the employer and the employees in an enterprise, study leave and occupational health care services for employees. Such legislation is a good indication of the rapid development of the welfare state legislation that started in Finland at the end of the 1960s (Kauppinen, 1997, p. 53).

The fourth important period of development of the Finnish labour laws was at the end of the 1980s. The law of 1988 improved the collective job security of wage earners by making the termination notice periods longer. There were also new laws that made it possible for a representative of the employees to participate in the highest levels of management in an enterprise. In 1989, the law governing personnel funds was passed, followed in 1990 by laws regulating employee representation in management. The emphasis in those laws was on the definition of procedures, powers and rights in the labour market (Kauppinen, 1997, p. 53).

During the last few years, characterised by the economic recession of the beginning of the 1990s and the great changes it caused in the labour market, both labour legislation and social legislation have been revised. The Government has carried out measures to increase flexibility in the labour market. In 1991–1995, when a right-wing Government was in power, these measures met a lot of opposition from the Social Democratic Party and the trade unions. From 1995, the coalition Government, led by the Social Democrats (the Government of five parties led by Prime Minister Lipponen) succeeded better in meeting the labour flexibility objectives, making local bargaining more widely possible in the workplace, for example on working hours issues. The most difficult issue to resolve was the unemployment insurance cuts, which led to a general strike warning in 1996. In the autumn of 1995, the Government began its work by listing 54 issues of working life in which more flexibility should be allowed. By the summer of 1996, 52 of those issues had been addressed. One of these is the general revision of working time laws completed in August 1996 that united the various regulations that had been in force separately for workers, salaried employees and public servants. In general, the latest revisions have reversed the earlier approaches, which gave more protection to the rights of the employees. The new approach emphasises more the flexibility of work and the rights of the enterprises (Kauppinen, 1997, p. 54).

Prime Minister Lipponen's second coalition Government began its work in April 1999, sustained by the legacy of its predecessor. In the Programme of the Government, the following issues related to the development of labour legislation are brought up:

1. Cyclical, sectoral and regional flexibility in wages and salaries, as well as in terms of employment, including local agreements, can best be promoted in Finnish conditions within the framework of generally binding comprehensive collective agreements that guarantee minimum conditions for wage earners.
2. The measures inherent in an active employment policy to promote job seeking will be boosted. The Government will continue the clarification of ways to promote independent initiative and incentives.

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3. Labour legislation will be developed so that the security of employees and the flexibility required in company operations will be moulded into a balanced entity. The Contracts of Employment Act will be revised once the Committee on Contracts of Employment has completed its work. The minimum security system of employment conditions will be guaranteed. Studies will be conducted on the need to revise the Annual Holidays Act. The Data Protection Act prescribing working life will be prepared in collaboration with the social partners (Government Bill on the Act is expected to be given to Parliament in Spring 2000). The flexibility and practicability of the system of employee funds will be added to.
 4. The need for the reform of occupational safety and health legislation will be studied in collaboration with the social partners, paying particular attention to EU norms and the changes that have occurred in working life. Legislation concerning accident prevention and work-related injuries will be revised once the on-going three-tier clarification work has been completed.
 5. The Government will seek to promote the protection of working hours, employment and a flexible system of working time. The Government will promote cooperation of work communities in questions relating to work organization.
 6. The Government will seek to establish the effects of the new legislation on equality. The Ministry of Social Affairs and Health will approve resources and study the administration of the legislation on equality. Together with the social partners, efforts will be made to divide the costs of various types of parental leave between employers, within the framework of the present sickness insurance contribution.

3. Functions, Objectives and Organization of the Labour Administration

A. Responsibilities

The Finnish labour administration consists of the ministerial sector subordinate to the Ministry of Labour, the corresponding regional administration, which has since September 1997 been included in the 15 Employment and Economic Development Centres, and the local employment offices, of which there are 180 all around the country. We can call this organization the core of the Finnish labour administration. It has general responsibility for labour and employment policies and it is, together with other ministerial sectors, partly responsible for several other areas, namely vocational training (together with the Ministry of Education), industrial relations (together with the Ministry of Social Affairs and Health and the Ministry of Trade and Industry) and improvement of working life (together with the Ministry of Social Affairs and Health). This means that the Ministry of Labour has, when directing the labour policy, both its own result goals and goals shared with other ministries.

B. Objectives and Strategies

In Finland, the government planning is done for a four-year term, in which the first year serves as a budget proposal period. This planning system has been supported since the beginning of the 1990s by results budgeting and a monitoring system. When running this planning system, the Council of State and the Ministry of Finance monitor each ministry with the help of a results-oriented budget. In the new management by results system, an effort is made to achieve a results-oriented attitude by fixing focal points and subjecting them and their impact and resource allocation to critical evaluation. The Ministry of Labour sets its result targets using parameters appropriate to the number and allocation of employment services and management of labour administration. Result target negotiations are carried out annually between the Ministry and the district administration. Evaluation and assessment are performed at regular intervals.

During the present Government (Prime Minister Lipponen's second government that began its term of office in April 1999), new strategies for change have been adopted for the labour administration for 1999-2003. The strategies correspond to the objectives of the Programme of the Government. The strategies include vision and operating principle of the labour administration, its key result areas as well as the strategic guidelines that have been derived from the operating principle.

The principal objective of the Government's economic policy is to promote employment. The goal is that the number of jobs increases fast and that the employment rate of the working age population is raised to 68 per cent by the year 2003. This is also the objective of Finnish employment policy in accordance with the European Union's Employment Guidelines. The objective of unemployment declining to a point where there is virtually full employment can only be achieved with the aid of both results-oriented labour policy and successful economic, income, educational, social and business policy. The Ministry of Labour is specifically responsible for enhancing the efficacy of the labour market and the development of the labour organizations.

According to the new strategies for change, the operating principle of the labour administration is to promote the effective functioning of the labour market and working organizations, employment and the integration of immigrants. It is emphasised that at the beginning of the new

millennium, the labour administration should be committed to operating proactively instead of reacting to problems that have already arisen.

The labour administration's strategic guidelines for 1999-2003 are as follows:

1. *Strengthening the demand for labour force and accessibility of workers.* Labour administration strengthens the demand for labour force and together with other operators in the labour market makes sure that workers are accessible. The administration supports the growth of jobs so that the annual net growth could be approximately 40,000.
2. *The know-how and coping of workers.* Labour administration strengthens and broadens programme functions in order to improve the know-how and coping of workers. This strategy supports the aim to raise the average retirement age by 2-3 years.
3. *Incentives and prevention of exclusion.* Incentives for accepting work are increased and exclusion from the labour market is prevented. This strategy supports the aim to reduce structural unemployment by approximately 50,000 persons.
4. *Preventing discrimination and racism.* Discrimination and racism are prevented and good ethnic relations in the society are promoted.

Many of the strategic guidelines require cooperation with other ministerial sectors and various interest organizations. The emphasis of the strategies for change is thus on cooperation. The tripartite principle was applied in the preparation of the strategies, and it will also guide the implementation.

In its vision the labour administration is a forward-looking and flexible cooperation partner for employers, workers, micro-entrepreneurs, the unemployed and other stakeholders, a well-established authority on the labour market as well as an internationally respected entity that uses labour policy, labour legislation and immigration policy to seek to achieve its goals.

To implement the operating principle and the strategic guidelines, the following areas have been defined as key result areas within the labour administration:

1. The employment services;
2. Development of human resources;
3. Strengthening the demand for labour;
4. Prevention of exclusion from the labour market and promotion of immigrant integration; and
5. Development of working organizations and personnel.

The results and quality of operations are to be promoted by developing the intra-organizational functioning of the labour administration. A special quality strategy has been prepared for 1999-2001 including an action plan. The strategies for change are to be assessed and, when necessary, revised yearly.

In the development of human resources, the objectives of the labour administration are coordinated with the objectives of other ministries such as, for instance, the objectives of vocational training of the Ministry of Education. This coordination is based on preparatory processes in advisory boards, committees and working groups. As there is not yet much experience of the new management by results system, certain problems have arisen in coordinating the objectives of the ministries. From the viewpoint of the Ministry of Labour, the most difficult coordination problems have been in vocational training because of the bottlenecks of education and their impact on employment, and in the development of working life, where problems have been caused by unclear and partly conflicting objectives to balance productivity, quality of work and a good working environment. More generally, the principal problem of the management by results system seems to be coordination of the objectives in different sectors. In the labour administration, these problems have worsened because of the new management systems.

The responsibility for vocational training is divided between the Ministry of Education and the Ministry of Labour. The Ministry of Education has to organize regular vocational training in vocational schools and other permanent training institutes. A new category of vocational institutions of higher education was created in the first half of the 1990s. The problem of the basic vocational training system has been its inability to react rapidly to changes in employment and working life conditions. The Ministry of Labour is responsible for employment training, the goal of which is to adjust vocational training to better suit the needs and changes in the labour market. This employment-oriented vocational training consists mainly of ad hoc type short-term training organized and financed by the labour administration. The implementation is mainly contracted out to various kinds of suppliers of training services. The high percentage of unemployment at the beginning of the 1990s increased the need for employment training.

In improving productivity of working life, quality of work and working environment should balance and support each other. The administrative responsibilities for these elements have been divided between the Ministry of Labour, the Ministry of Trade and Industry, and the Ministry of Social Affairs and Health. The cooperation between the Ministry of Labour and the Ministry of Trade and Industry has been organized through national-level projects and programmes devised to improve productivity and quality of work. The most important of these are the National Workplace Development Programme and the National Productivity Programme. These inter-ministerial programmes are implemented by the Ministry of Labour, the Ministry of Trade and Industry and the Ministry of Social Affairs and Health together with the social partners. The role of the Ministry of Labour has been important in these kinds of activities and research on working life and environment, and it has also financed some of the projects.

The National Workplace Programme has three main focus areas. Firstly, it supports workplace-initiated development projects that contribute to changes in modes of operation that increase productivity and improve the quality of working life. The second focus area deals with the dissemination of know-how concerning working life development in Finland. As part of the programme, publications have been issued and seminars held, and a comprehensive information register has been created on the Internet. The third focus area concerns strengthening the structures of Finnish working life development. The programme has functioned as a cooperation forum aimed at setting up a comprehensive dialogue between the most important interest groups.

The National Productivity Programme has led to the creation of working life development tools which enhance the efficacy of work communities and thereby productivity and employment. There is also a National Programme for Ageing Workers, the goal of which is to improve employment among the over 45 year-olds and to reduce the number of people who retire prematurely and suffer from displacement. The aim is to show employers that it can be worthwhile to invest in older people. The Ministry of Labour gathers information about good working life practices in collaboration with the social partners and educational and research institutions. Ageing unemployed citizens are provided with individualised employment services. Issues relating to ageing are taken into account as far as possible in all labour administration activities and when developing the working community and job content at workplaces. Extensive communication is employed to support the implementation of the National Programme for Ageing Workers - with the aim of getting the labour market to appreciate the strengths brought about by age.

In accordance with the Government Programme, a new programme of research and measures relating to capacity to cope at work has been designed. It was launched in November 1999. The aim of the programme is to improve the capacity to cope at work at all stages of a person's lifetime and work career. In addition to the Ministry of Labour, the Ministry of Social Affairs and Health, the Ministry of Education, the social partners as well as other cooperation partners are involved in the programme. According to the programme, capacity to cope at work includes, for instance, physical

and psychological health, functioning of the work community and its development, working environment, working conditions, management of work and maintenance of professional skills as well as working time and other work arrangements. Information on best practices related to capacity to cope at work is given to work communities and enterprises, practical projects are supported, research efforts are increased and the usability of research results is improved. Coordination with the other working life development programmes such as the National Workplace Development Programme, the National Productivity Programme and the National Programme for Ageing Workers as well as projects funded by the European Social Fund will be paid special attention, as capacity to cope at work can also be improved within the framework of these programmes and projects.

C. Organization and management

Organization structures

The structure of the Finnish labour administration followed the typical structure of the Finnish ministries until the beginning of 1999 (Annexes 3 and 4 include organization charts). The Ministry is headed by the Minister of Labour, who has principal responsibility for matters belonging to the Ministry's sphere of authority; the Ministry of Social Affairs and Health, for instance, rules on matters pertaining to safety and health. The Minister of Labour is also a full member of the Council of State.

Until the beginning of 1999, the Ministry of Labour was divided into a planning secretariat and several divisions. The divisions used to be further subdivided into bureaus, but in the reorganization of 1995, the bureaus were abolished and replaced by operating units with a more flexible structure and more project-oriented working methods. The basis for this reform lies in the management by results system, which requires clear and concrete result units for improving efficiency. The present structure of the Ministry and its complete restructuring that took place at the beginning of 1999 will be described in detail in subsequent paragraphs.

The officials of the Ministry of Labour have decision-making power regarding less important issues. This kind of power has been delegated by decree of the Ministry (delegation of decision-making power requires an express order in a law or decree) to the Permanent Secretary, to his or her deputy, to the directors and to the heads of operating units. The highest civil servant in the Ministry is the Permanent Secretary, who is appointed for five years (this provision has been in force since 1989). His or her duty is to assist the Minister in managing, coordinating and supervising the functions of the departments of the Ministry, and to participate in the planning, implementing and supervision of the activities of the Ministry. In the Finnish system, the Permanent Secretaries, who are professional civil servants, have a strong position as the real director of the civil servants in their ministries. They do not leave their posts when changes are made in the Government, and thus they represent continuity and cumulative professionalism in the activities of the ministries.

Until the end of 1998, there was a planning secretariat that was directly subordinate to the Permanent Secretary and supported the Minister and the Permanent Secretary in the coordination and strategic management of the labour administration. This secretariat was headed by a Special Adviser, who assisted the top management of the Ministry by supervising extensive projects related to the development and planning of the Ministry and the entire labour administration.

Until 1999, the divisions of the Ministry of Labour were the Administration Division, the Working Environment Division, the Employment Services Division, the Employment Division, and the Migration Division. The Migration Division was founded by the Ministry of Labour on 1 March

1997, after a reform in which matters related to the reception of refugees were transferred to the Ministry of Labour from the Ministry of Social Affairs and Health, and the Occupational Safety and Health Division was transferred from the Ministry of Labour to the Ministry of Social Affairs and Health.

The central agency level played a remarkable role in the Finnish administrative system until the beginning of the 1990s. As noted above, the traditional agency administration markedly lost its relevance during this decade. The labour administration, because of its newness, has not had any significant agencies sharing the authority of the Ministry. However, there are some agency-type offices and institutes under the Ministry. These are:

1. the National Conciliators' Office, the supreme conciliator of labour disputes in Finland;
2. the Seamen's Service, which is responsible for arranging leisure pursuits for seamen, such as study, sports and cultural activities;
3. the Labour Institute, a further education centre for in-service training in the provision and management of services and in relevant general administration;
4. the Labour Council, which issues statements on the interpretation and application of labour laws; and
5. the Office for the Ombudsman for Foreigners, which has the task of promoting and safeguarding the position of foreigners in Finland.

There are also three reception centres for asylum-seekers that belong to the Ministry. The system of offices and institutes is presently the same as before the structural reform at the beginning of 1999.

At the regional and local level, the labour administration has traditionally been organized into labour districts (of which there were 13 before September 1997) and local employment offices (180). These units are responsible for offering employment services and for other field activities of the labour administration. Because of their essential role in providing services within the labour administration, the regional and local units have a lot of independent decision-making power in relation to the organising of their services and other activities. The new management by results system has emphasised the increasing need of these grass-root units for room to operate.

The reform described earlier in the present article to unify the labour district units with other regional units under the Employment and Economic Development Centres has brought an interesting new aspect to the development of the labour administration. In this new model, the regional level of the labour administration works together with the other regional units responsible for economic progress. Finland's membership in the European Union and the due need to coordinate national EU policies was one of the arguments in favour of this reform.

The structural reform of 1999

The most recent phase in the organizational development of the Finnish Ministry of Labour is the remarkable restructuring of the whole ministry at the beginning of 1999 according to the New Public Management provider-producer model (NPM, see Temmes, 1998). In this model, the strategic core of the Ministry is to be responsible for the strategies, objectives and legislative reforms related to labour conditions and working life, whereas the executive part is to be responsible for the management of the services provided by the labour administration. The main idea behind the reform was to create a real provider-producer relationship between these two departments and, at same time, increase their political and professional accountability and render their work more efficient.

In the new organization, functions are divided between just two departments (see Annex 4). The Policy Department serves primarily the Council of State and the Minister. It focuses on drafting and developing labour legislation, legislation on labour policy and on immigrants and refugees. The department is responsible for strategic planning and international cooperation at the Ministry of Labour. The Permanent Secretary is the head of the Policy Department. The Implementation Department is responsible for services provided by the labour administration to jobseekers and employers and for implementing labour policy. It guides and supports the Ministry's regional and local administration in accordance with strategic objectives. The Implementation Department is headed by a Director-General.

The Policy Department consists of the following teams: Strategic development and labour policy; Structural funds policy and programmes of the European Social Fund; Working Environment policy; Immigration policy; Controller; Economic planning; and International affairs. The Implementation Department includes an Information team, a Unit for Personal Services (immigration and work permits; income security; and development and guidance of labour), a Unit for Employer Services (working life and work organizations; employer support and entrepreneurship; exchange and recruitment of labour; system planning for employment services), and a Unit for Supportive Services (administration and economy; staff development and international support services; information services; internal services; IT services) (see also Annex 4 with the new organization chart of the Ministry of Labour). The division of units within the Implementation Department signifies a clear shift towards customer orientation and diversification in customer relations in the labour administration. To achieve these aims project and team working methods are increasingly used in organising the work of this new department.

The staff and expertise of the Policy Department came from the earlier five divisions and from the Planning Secretariat. This rather small department that consists of about 90 experts, and gets supporting research, statistical, report and economic analysis materials from the Implementation Department. The Implementation Department is responsible for annual planning of result targets and result target negotiations with the regional and local units of the labour administration. It also makes, quite independently, decisions concerning the allocation of the resources needed in the implementation of labour policies. The Implementation Department is much larger than the Policy Department and consists of about 270 experts.

Behind this important reorganization of the whole Ministry was quite critical feedback concerning the service profile and functioning of the Ministry that was brought up in the evaluation and monitoring reports done at the beginning of the 1990s by the Ministry of Labour. The main problem highlighted in these reports was lack of customer orientation in the activities of the Ministry. Problems were also identified in internal cooperation between the units and levels of the labour administration. Enhanced cooperation and better knowledge of grass root activities were also considered necessary. The role of the Ministry was seen mainly as a supporter of the regional and local service units. The cooperation partners of the Ministry levelled similar criticism.

In response to this criticism the management of the Ministry saw the need to undertake a significant structural reform by gathering all strategy development units into one department and setting up the Government's labour market activities in another department. This quite radical basic solution was seen as a new and innovative combination of the former central board (agency) model and the ministry model that had been adopted in the Finnish labour administration. The aim of this solution was to develop a clear division of work between strategy work and implementation without losing the political steering and prioritising necessary for the work of the Ministry.

Budgetary aspects

In the 1990s, the budget of the Ministry of Labour was larger than before because of the huge increase in unemployment due to the economic recession at the beginning of the decade. The main part of the expenditures caused by unemployment is, however, budgeted in the sector of the Ministry of Social Affairs and Health, particularly for the use of the Social Insurance Institution (SII), which pays most of the unemployment benefits to the unemployed. The budget of the entire labour administration has been a little over 10 billion Finnish marks (FIM) over the last few years, which makes up about 5-6 per cent of the entire state budget. The main part of the budget of the labour administration is used for the implementation of the labour market policy that will be described in section III of the present article.

The budget of the Ministry itself has over the last few years been only approximately 170 million FIM, which includes the expenses of the Ministry, the Labour Institute, membership fees of international organizations and national development and research programmes to improve productivity and quality of working life (in 1999 about 30 million FIM). For 2000, altogether circa 185 million FIM were allocated, of which 50 million FIM for working life development programmes. Finnish expenditure on the implementation of the programmes of the European Social Fund (ESF) was 1.617 million FIM in 1998 (765 million FIM allocated for 2000) and on the implementation of labour market policy 11.321 million FIM (9.943 for 2000). In 1998, the expenditure on refugee and immigration activities was 332 million FIM (375 million allocated for 2000). Additional expenditure was only indirectly related to labour market policy, such as the expenditure on civilian (non-military) service, wage security and seamen's service (a total of 119 million FIM in 1998).

The budget of the labour administration started to increase at the beginning of the 1990s, but the strict frame budgeting imposed by the Governments since 1993 squeezed the budget of the labour administration into tighter limits. From 1998 to 1999, expenditure decreased. This trend will most probably continue in early 2000. The good progress of the economy, which has already markedly decreased unemployment, may support this policy of reducing the expenditure of the labour administration.

Human resources

At the end of 1998, the staff of the labour administration came to a total of 3,810 civil servants. These employees have the status of a civil servant and their working conditions are different from those of employees in the private sector. These 3,810 civil servants were distributed among the Ministry (323 civil servants) and the regional and local units (3,487 civil servants). The personnel of the regional and local units was distributed among the Labour Market Departments of the Employment and Economic Development Centres (501 persons), local employment offices (2,919), the Labour Institute (7), and the three reception centres for asylum-seekers (60). The above-mentioned numbers do not constitute the total number of the staff. The labour administration has also hired, using employment funding, additional and temporary staff particularly for the regional and local administrations. At the end of 1998, the total number for this category of staff was 1,061 in the regional and local administrations and 7 in the Ministry of Labour.

The size and structure of the labour administration have been greatly affected by organizational changes in the 1990s. Matters concerning occupational safety and health were transferred to the labour administration in 1993 and again back to the Ministry of Social Affairs and Health in 1997. Refugee and immigration affairs were transferred to the labour administration in 1997, and in the same year, the regional labour administration was reorganized.

The difficult employment situation of the beginning of the 1990s led to increasing pressure in the customer services of employment offices. The number of temporary staff in the customer

services grew somewhat in 1994 – 1996. In 1998, the number of customer service staff with permanent contracts increased significantly owing to additional resources.

The percentage of women in the labour administration has, because of its service orientation, been higher than usual in the state administration. In 1998, the percentage of women was 76,9% in the labour administration, while in the state administration as a whole it was 45,1%. In the Ministry of Labour, 66,3% of employees were women in 1998, whereas in the regional and local administration the corresponding percentage was 77,9%. The transfer of matters concerning occupational safety and health to the Ministry of Social Affairs and Health in 1997 affected the gender structure of the Ministry considerably, as occupational safety and health experts were typically men. In addition, the increase of low-paid customer service work in the regional and local administrations has affected the proportion of women within the whole labour administration in recent years.

The educational level of the staff in the labour administration has been quite low compared with their difficult tasks requiring service orientation and professionalism. The large customer service personnel of the labour administration have a considerable impact on the overall educational level. On the other hand, the percentage of employees with an academic degree is higher than in the state administration on average. Men's educational level is clearly higher than women's in the whole labour administration, owing to the tradition of recruiting women to customer services and routine office work, where a lower educational level is sufficient. Partly because of the staff's low educational background, the labour administration has traditionally organized a wide range of in-service training opportunities for its personnel. In fact, by using in-service training, the labour administration has created a channel for undereducated employees of the administration to obtain the qualifications necessary for building their careers. The main organizer of this internal training has been the Labour Institute.

The average age of the personnel of the labour administration was 43,3 years in 1998 (42,8 for women and 43,9 for men). The average age has been rising, particularly in the Ministry. One of the present problems facing the personnel policies in the labour administration is the rapid ageing of the permanent civil servants. In the Ministry, 56,1% of the personnel were older than 45 years in 1998. The corresponding percentage for the whole labour administration was 44,0% and for the whole state administration (in 1997) 42,0%.

Logistics

The general profile of the labour administration is one of a service organization. That is why the logistics and support systems for the service activities of the administration are crucial for the successful implementation of its services. In the 1970s and 1980s, the Finnish labour administration created a national data system to cover the main services of the employment offices. The model for this reform was taken from Sweden, which had already developed a comprehensive data system for employment services in the 1970s. This reform has now been implemented, and as a result, the employment officers in all employment offices of the country can use the same database of vacancies and job seekers. The comprehensive data system for employment services was the basis for improving employment services at a time when the workload of the personnel in the employment offices increased dramatically because of the mass unemployment in recent years.

A national data system has also been created for paying unemployment benefits, but this data system belongs both to the trade unions, which finance and organize their unemployment funds and to the Social Insurance Institution, which coordinates payments of benefits to the unemployed. Lately, this kind of division of work has been seen as a source of problems in the coordination of activities to combat unemployment.

D. Internal coordination

Internal coordination of the Finnish labour administration has followed the normal patterns established for other Finnish ministries.

Until the end of 1998, the main body for internal coordination was the management group of the Ministry, consisting of the Minister of Labour, the Permanent Secretary and heads of the divisions. The Special Adviser in charge of the Planning Secretariat had an important professional role in internal coordination by providing support in planning and preparing activities. As a result of the reorganization at the beginning of 1999, internal coordination is now handled by two department-level management groups. The management group of the Policy Department consists of the Permanent Secretary, advisers of the Minister, directors and heads of teams of the Department, a representative of the Information team and a representative of the personnel. The management group of the Implementation Department again consists of the Director-General, heads of the three service units as well as representatives of the Information team and the personnel. In addition, internal coordination takes place in the Cabinet of the Minister.

Since the introduction of the new management by results system (see section II B), coordination of the activities of the regional units and local employment offices has been organized through result and target negotiations. The experience accumulated so far is limited, but the new system seems to have increased results-orientation and increasingly economic behaviour in the labour administration.

The evaluation and monitoring systems that the Finnish labour administration has already used for a long time now support even the internal coordination by providing information and analysis which are important for internal coordination.

It will be interesting to see the impact of the reorganization of the Ministry from the beginning of 1999 on the internal coordination of the labour administration.

E. The legal framework of the activities

Instead of a single constitution, Finland has a number of parliamentary acts with constitutional status. The most important of these is the Constitution Act of 1919. Under Subsection 6 (2) of the Constitution Act, the labour of Finnish citizens is under the special protection of the state. The Act further states that the authorities are, if necessary, obliged to provide a Finnish citizen with the opportunity to work, unless otherwise prescribed. According to the Constitution Act, basic human rights extend to all persons within the jurisdiction of Finland regardless of nationality. All people are equal before the law, and equality between the sexes is promoted in society and in working life, particularly with respect to wages and other terms of employment, as further specified in the law. Exceptions have, however, been made concerning the rights of non-nationals, for instance in connection with their entry into and residence in Finland.

Since 1972, the Constitution Act has included a paragraph, which emphasises the citizen's right to work as one of the constitutional civil rights of Finnish citizens. In its original formulation, the law stated that the state had an obligation to provide work for all citizens. In 1995, this paragraph was amended to refer more generally to the obligation of the state to promote employment and to strive to ensure that everyone has the right to work. In spite of this amendment, it is important that protection of the labour force and the citizen's right to work are included among the constitutional civil rights of Finnish citizens. Under Section 15, everyone has the right to earn an income through a chosen profession, occupation or enterprise. Labour protection is the task of the public authorities. There is also legislation concerning the right to training that promotes employment.

Anyone who is unable to acquire for him/herself the basic necessities for a humane existence has the right to a minimum income and welfare support. Under Section 15a of the Constitution Act, everyone has the right to basic income security during, for instance, periods of unemployment or disability. The right to strike is an established part of Finnish labour law. It is not a fundamental right, but it is, through interpretation, derived from Subsection 6 (2) of the Constitution Act.

The Constitution Act was amended, and the new Act entered into force on 1 March 2000. In this Act, formulations concerning the right to gainful employment and right to pursue a business and equality of the sexes are similar to those of the old Act.

Laws governing employment contracts and collective bargaining

Laws governing employment contracts and collective bargaining are the most important in Finnish labour market legislation. In this regard, Finland follows the Nordic and Continental European legal tradition. An employment contract is a free form agreement, in which the employee agrees to work for an employer under the latter's direction and supervision. The Employment Contracts Act was passed in 1970, and it is considered the foundation of labour law. Currently, a state committee is working on revising and modernising this central law. The committee was expected to complete its work at the beginning of 2000.

The legislation on collective agreements covers the general rules for how collective agreements are to be made. The Collective Agreements Act (1946) regulates the statutory for collective negotiation on the terms of employment and the sanctions for breaking collective agreements. If an employment contract is in contradiction with the relevant collective agreement, it is deemed invalid in that respect. A collective agreement lays down the minimum terms to be observed in all future contracts and thus the collective agreements are of general validity – they are binding on all parties. Collective agreements have been negotiated at the national, sectoral and local levels. They are generally sector-specific; each sector has a single collective agreement covering the whole of Finland. Under discussion are at present issues of enhancement of local bargaining and granting of exceptions to the collective agreements for small enterprises. Especially the Centre Party, which is in opposition, has been calling for these reforms.

The Employment Contracts Act contains the rules to be applied in connection with the termination of an employment contract. According to these provisions, the employer can give notice on a contract if he has a particularly weighty reason. Terms on the period of notice vary according to the length of the employment contract, the shortest notice being one month, the longest notice six months. The Employment Contracts Act also contains provisions on the employee's right to maternity, paternity and parental leave and to care leave. The length of the maternity, paternity and parental leave is linked to the payment periods for maternity, paternity and parental allowance laid down in the Sickness Insurance Act. Under the Employment Contracts Act, an employee is entitled to care leave to look after a child under three.

The Act on the Education and Redundancy Payment Fund (1990) concerns the rights of employees who have long-standing work careers. If an employee, who is over 43 years of age is made redundant for production-related or financial reasons and not offered a new job or placed in training and if the employment contract has lasted for more than five years, he or she will have the right to receive a redundancy payment as well as training support to improve her or his employability and qualifications or to maintain existing professional qualifications.

Finland's legislation on working hours was revised comprehensively in 1996. The new Working Hours Act (1996) concerns all wage earners, workers, salaried employees, and public servants. This law stipulates that the maximum number of regular working hours is eight hours per

day and forty hours per week. The maximum overtime is 250 hours per year. The new law provides for an expanded range of license for local bargaining on the issue of working hours.

The Act on Annual Holidays (1973) regulates the right of the employee to have paid annual holidays. A holiday is earned during the holiday-accounting year at the rate of two days or two-and-a-half days per month. If the employment has continued for at least one year by the end of the holiday entitlement period, the employee earns two-and-a-half days per month, which means that the total paid holiday is from four to five weeks annually. The provisions of the Act are unconditional; any contract that reduces the employee's entitlement is invalid.

The Pay Security Act (amended in 1998) ensures the payment of an employee's wages and other claims based on his employment relationship, in the event of the employer's insolvency. An employer is considered to be insolvent, when he is in a state of bankruptcy or otherwise suffers liquidity failure.

The Act on Young Employees (amended in 1993) is a special law containing stipulations for young employees, i.e. employees under eighteen years of age. For instance, young employees have different working hours.

Laws governing employment and conditions of employment

The purpose of the Employment Act (1987) is to provide citizens with job opportunities. The objectives of productive employment are set out in this Act and in the Employment Services Act (1993), which are the most important statutes relating to direct services provided by the labour administration. The Employment Act is based on the principle of full employment, that is to ensure the citizens' livelihood and of a free choice of employment and productive work.

Under the reform of the Employment Act in 1992, the obligation of the state and municipalities to employ young people and long-term unemployed was repealed. The reform pursued more active and flexible labour policies. The Employment Decree (issued in 1993 under the authority of the Employment Act) contains a number of special provisions on the management of employment, allowing employees to interrupt unemployment and improve their chances of obtaining permanent employment. By virtue of the Decree, unemployment benefits can be paid out of government funds to both employers and the unemployed (i.e. wage-related employment subsidies). An amendment to the Decree (1995) simplified the subsidy system considerably and introduced more flexibility in the choice of implementation.

The new Employment Services Act (1993) came into force at the beginning of 1994. It stipulates that employment services must intensify the activation of labour market policy measures and improve the functioning of the labour market. According to the Act, the government is to organize and develop employment services on the basis of customer needs and free choice. Public employment services include employment exchange services, vocational guidance, labour market training and vocational information, and vocational rehabilitation. These services are free to individual clients, and employers are not charged for employment exchange services. The Employment Services Act of 1993 lifted the public monopoly on employment services, abolished the permit procedure and deregulated labour recruitment.

The aim of the Labour Market Training Act (1990) is to create planned training systems for the quantitative, qualitative and regional needs of working life. The Act contains provisions on how to arrange labour market training and on the social benefits for students in training. The labour administration is responsible for financing the labour market training, while responsibility for planning and implementation is delegated to the regional and local levels. The labour administration purchases training from adult training centres, other vocational institutions

belonging to the administrative sector of the Ministry of Education and private suppliers of training.

According to the Study Leave Act (1979), an employee may apply for a leave of absence for training or studies, when the employment contract with the same employer has lasted for one year in one or several periods. The maximum total leave is two years, distributed over a period of five years of employment. Training or studies can be in any subject chosen by the employee, and they do not have to be connected with the business of the employer. Salaries or wages will not be paid during this leave, but the employee may receive other income through the government's labour training programmes etc. Employees who have been employed by the same employer for at least three months in one or more periods are entitled to study leave lasting five days or less.

Legislation concerning industrial safety and labour protection

The Labour Protection Act (1958) is a framework law that sets forth the principles of protection against accidents and health hazards at work. The Act contains provisions on employees' obligations, occupational health, and the conditions of work at workplaces. It strongly recommends cooperation between employers and employees. The law stipulates that the manufacturers of machines, technological equipment, chemicals and toxic substances must accept certain responsibilities. This law also calls for engineers, designers and planners to take into account the preventive stipulations about physical occupational safety when planning and designing working spaces, production methods, machinery and equipment (Kauppinen, 1997, p. 58).

The implementation of cooperation at the workplace is regulated in the Act on the Supervision of Labour Protection and Appeal Procedure in Matters Concerning Labour Protection (1973). The responsibility to organize cooperation falls to the employer, who bears ultimate responsibility for the safety and health of the employees.

The Act on Young Employees (1993) contains special provisions concerning work by employees under the age of eighteen. The Act allows regular employment of a young person over the age of fifteen who has completed compulsory schooling. Persons over fourteen years of age can be taken on for light work that will not harm their health.

The Occupational Health Care Act (1978) contains provisions requiring the employer to place the workplace under constant surveillance and also to make plans aimed at achieving a safer and healthier workplace. The employer must arrange health checks in the case of work involving a health hazard. The Act also requires the employer to monitor whether a disabled employee can cope with his work.

Occupational health services are to be organized at the expense of the employer, using professional medical personnel and services in the types of employment to which the Labour Protection Act is applicable. The employer may obtain the necessary medical services from the local medical centre (a municipality unit), or they can be organized completely independently, or jointly with other employers. The services may also be obtained from another qualified source, such as a private medical centre or an independent practitioner of medicine (Kauppinen, 1997, p. 59).

Laws concerning equality of employment

The principle of equality of all citizens prescribed in the Constitution Act is binding on both state and municipal authorities. The Employment Contracts Act (1970) and the State Civil Servants Act (1995) contain comprehensive provisions according to which no person may be discriminated against on grounds of parentage, religion, age, political or trade union activity, or any other

comparable reason in connection with recruitment for work or appointment to a post, or during service. The same principles are also applied in the municipal administration.

The Act on Equality between Women and Men (1986) came into force at the beginning of 1987. It covers all areas of social life and concerns particularly equality between women and men. It is not concerned, for instance, with inequality relating to nationality, race or language. The Act has no power to interfere in the internal affairs of a family or in private life. The aim of the Act is to promote equality between women and men, to prevent discrimination on the basis of sex and to promote women's status, particularly in working life.

The Act obliges the authorities and all employers to actively promote equality; authorities and employers have an obligation to promote equality in a goal-oriented and planned manner. An employer who regularly employs a staff of at least 30 must include measures to further equality between women and men at the workplace in the annual personnel and training plan or in the action plan for labour protection. The aim of equality planning is to promote de facto equality at workplaces. The Act requires that men and women have equal opportunities for education and professional development and that both women and men are represented on the national working committees and local government commissions. The amended Act (which entered into force in 1995) contains a provision for 40 % quotas of both sexes in government committees, advisory boards and similar bodies, and in municipal bodies, except municipal councils.

The Equality Act prohibits any discrimination, i.e. placing people in different positions because of their sex. Prohibition of discrimination with regard to jobs is dealt with differently from prohibition of discrimination for training advertising. It has a specific clause relating to work-related discrimination concerning recruitment, pay, working conditions and termination of the employment relationship. There are corresponding regulations for fixed-period work contracts. The Equality Act does not apply to tasks within the Defence Forces and Frontier Guards requiring military training, nor is it concerned with any religious activities.

The amended Act of 1992 also bans discrimination on the basis of pregnancy and parenthood. This prohibition relates also to fixed-period contracts. Any person who feels that he or she is being discriminated against can bring legal action within a year to the employer's local Court. He or she can also claim for compensation in accordance with other laws. Local government elections that do not comply with the Equality Act can also be declared invalid. The Equality Act does not apply to advertising. Equality issues relating to advertising are monitored by an advertising industry committee, which handles complaints about advertisements that violate the principle of equality.

The task of the Equality Ombudsman and the Equality Board is to supervise that this law is observed and to promote its implementation. It is the duty of the Equality Board to make statements to courts in cases involving compensation for discrimination on the grounds of sex. These authorities are located under the Ministry of Social Affairs and Health.

Legal basis of industrial relations

Parties to a collective agreement may not initiate a labour dispute affecting the collective agreement as a whole or one of its provisions whilst it is in force. The organizations and individuals subordinate to the party or parties are obliged to supervise the maintenance of industrial peace. An individual employer or associations of employees and employers can be penalised for violating the obligation to maintain industrial peace.

After agreements have expired, the employees can engage in a strike or in other labour dispute measures. The employer can resort to a lockout. Conflicts of interest are dealt with by a permanent labour dispute conciliation (arbitration) system that is administered by the labour administration. "Legal" disputes, i.e. those arising out of the violation of collective agreements, can be referred for

settlement to the Labour Court. Labour disputes not connected to collective agreements are dealt with in the general courts.

The objective of the conciliation system is to help the labour market organizations in arriving at a collective agreement through continuous bargaining where their mutual negotiations have not led to any settlement. This is organized by the five District Conciliators and the State Conciliator. According to the law, the relevant parties must be present at the arbitration meetings, but it is not compulsory to accept the proposals made by the conciliator (Kauppinen, 1997, p. 66).

Other legislation connected with the labour market

The labour market organizations have traditionally participated in the improvement of the social security system as far as wage earners are concerned. Especially important were the 1960's and 1970's comprehensive prices-and-incomes agreements, which represent the "Finnish consensus policy culture", and include a number of social insurance elements. This is why many laws concerning social insurance administered by the Ministry of Social Affairs and Health have a close connection to labour market policy. These include for instance, the Act on Accident Insurance, the Act on Work-related Illness Insurance, the Act on Sickness Insurance, the National Pensions Act, the Unemployment Allowances Act and the Labour Market Support Act. The latter two are especially important to the labour administration because they stipulate the minimum level of unemployment benefits.

General agreements made by central organizations

The labour market organizations (the central associations of employers and workers) have entered into several general agreements in addition to collective agreements. The purpose of these agreements is to create a system of unified procedures to settle various issues at the job level. The most important of these general agreements are the Agreement on Protection against Termination (latest amendments in 1991), the Agreement about Chief Shop Stewards (latest amendments in 1989), the Agreement on Occupational Safety and Health (latest amendments in 1994), the Agreement about Modernisation (latest amendments in 1986), the Agreement about On-the-job training (1971), and the Agreement on Cooperation in Compiling Statistics (1970). Some of these general agreements, which also represent the "Finnish consensus culture", are especially important in developing working life. For instance, the Agreement about Chief Shop Stewards has provided the basis for a participation system in which the chief shop steward is the representative of the entire personnel of a certain workplace. The employees select him or her, and the appointment is confirmed by the local trade union. As a result of that procedure, the chief shop steward also functions as the trade union representative at the workplace. He or she also is to ensure that the local trade union acts according to the existing agreements, especially regarding labour market peace.

4. Services provided

In the Finnish system of labour administration, the legal basis of the labour policy activities (described above in section II E) has a crucial role in reaching the goals of the labour administration. In fact, the laws and decrees concerning labour market policy are the main tools to reach these goals. The provision of services by the labour administration is based on this legislation (see in particular the Employment Services Act, which regulates the main employment services of the labour administration). Additionally, collective agreements, especially the general agreements mentioned above, have a role in the implementation of labour market policies. The development of the Finnish labour market and working life has played a relevant part in the development of the welfare state. In this process the tripartite and consensus-type bargaining relations between the partners of the labour market have been very close.

The role of the labour administration's own service production has increased since its foundation in the 1970s. In the present situation the Ministry of Labour has a threefold role: firstly, as a regulator it develops the labour market and working life in the country; secondly, as a coordinator it takes part, together with the other ministries, in formulating policies which have a connection to labour market policy; and thirdly, as a provider and planner of service production it offers labour market services to enterprises, and also to individual employees. According to the legislation concerning employment services, these are mainly public services and are free of charge.

One can divide the services of the labour administration into two groups, the first of which is general services, which are collective merit services, such as maintaining the collective bargaining system or labour protection. These general services support the main structures of the labour market and working life. The other group is customer-oriented services, which help employees and enterprises to meet their specific needs in the labour market. These services mainly support the specific targets of the labour administration in developing and maintaining employment and an efficient labour market in the country. The customer-oriented part of the labour administration's service production is directed with the help of the new management by results system.

A. General services

One can define three main areas in which the labour administration provides general merit-type services. They are (i) the collective bargaining system together with the conciliator institution, (ii) labour protection services (transferred back to the Ministry of Social Affairs and Health in 1997), and (iii) international employment services and migration issues (moved partly from the Ministry of Social Affairs and Health to the Ministry of Labour in 1997). Services of the Ministry of Social Affairs and Health concerning gender equality are also described in the present section. Additionally, the Ministry of Labour is naturally responsible for the development of legislation on its sector and also provides information and research materials to support the activities of the labour administration.

The nature of the services concerning the collective bargaining system and the conciliator institution is very general. The Ministry of Labour takes part in negotiations as a representative of the Government, according to the principle of tripartite corporatism, but also the Prime Minister and other ministries give their inputs to these negotiations. In the Finnish labour market, the Government has, since the 1970s, played a central mediating role in regulating the mutual relationship between labour and capital. This has been compared with the strategic triangle of decision-making under corporatism. We can draw triangles of various sizes according to the

relevant level of organization, whether at the central organization level, union level or workplace level. In the Finnish system, collective bargaining may take place at any of these levels (Kauppinen, 1997, p. 23).

Especially during the period from 1968 until 1992, the collective agreements were usually based on centralised prices-and-incomes policy resolutions. The main parties to them were the central organizations of both workers and employers. The Government has usually demanded that salary increases be modest, while reforms in employment policy and social policy have been promised in exchange. As such reforms have constituted an essential part of the comprehensive prices-and-incomes policy resolutions, it has been possible to implement even certain quite expensive social reforms (Kauppinen, 1997, p. 32).

At the union and workplace levels, the conciliator services have supported the above-described consensus-type labour market policy that is typical for Finland. Strikes, which were quite common in the 1960s and 1970s, decreased remarkably in the 1980s and 1990s. During an average year, there are about five to six organization-wide strikes organized by trade unions. Short strikes of four to eight hours at the workplace level, the so-called "wild-cat strikes", were quite common in the 1970s, and also at the beginning of the 1980s, when they amounted to as many as about 1,600 annually. In the 1990s, the frequency of these strikes decreased, and now they number approximately 200 per year. The well-organized conciliator institution has had a role in their diminution, but, naturally, the deep economic recession of the beginning of the 1990s also had its impact.

The labour protection services are organized by using the expertise of the Ministry, in which there used to be a divisional level unit for coordinating labour protection policy and development of the labour protection legislation. The regional and local services were based on the eleven Occupational Safety Inspectorates. This organization was moved back to the Ministry of Social Affairs and Health in 1997, but it is still working in close cooperation with the labour administration. It is, however, separated from the regional and local labour administration, which was united to the fifteen new Employment and Economic Development Centres in 1997.

The Department for Occupational Safety and Health in the Ministry of Social Affairs and Health is responsible for the activities of work organizations and the quality of the work environment in improving security, health, job satisfaction and results. These actions are implemented in close cooperation with the social partners and other interest groups. The main strategy of occupational safety and health is to maintain work capacity and the employer's capacity to look after his own occupational safety and health.

The Department for Occupational Safety and Health is concerned with matters related to occupational safety and health, with monitoring occupational safety and health, with production control for machines, equipment and personal protective equipment used at workplaces, with cooperation in occupational safety and health, and with the monitoring of occupational health care. The Department also deals with international cooperation in the field, coordinates research in occupational safety and health, and prepares and monitors legislation. The Department advises and monitors the districts for occupational safety and health, whose main function is to monitor compliance with the occupational safety and health legislation, and maintains a national occupational safety and health policy and a strategy for it.

The country is divided into eleven districts for occupational safety and health. The function of the eleven Occupational Safety and Health Inspectorates as regional authorities responsible for the districts is to monitor working conditions and the observance of employment legislation, and to promote occupational safety and health. Versatile methods are used to monitor and disseminate

information. The Occupational Safety and Health Inspectorates conduct safety inspections and give guidance on the application of rules on working conditions, employment and equality. The inspectorates employ approximately 460 people; about 360 of these do field surveys at workplaces. Approximately 30,000 safety inspections are undertaken annually. Finland has about 240,000 workplaces subject to regular inspections.

The overall responsibility for migration issues is quite a new task for the labour administration. At the end of 1998, there were 85,060 foreign citizens in Finland (1,6% of the total population), of whom 16,400 were refugees. These numbers are quite modest in comparison to most European countries. During 1998, approximately 8,500 persons immigrated to Finland and 9,000 emigrated out of Finland. Russian citizens form the largest group of foreigners (16,861 in 1998). The so-called "remigrants" coming from the former Soviet Union numbered 3,628 in 1998. Many of them were Ingrian Finns, who can get migration services from the labour administration and from the Finnish embassies in Russia and Estonia. The labour administration is responsible for the services they need. In 1998, 1,165 Ingrian Finns immigrated to Finland, and in 1999, the corresponding figure was 1,305. The age structure of foreigners in Finland is clearly different from that of Finnish citizens. In 1998, 73% of foreigners belonged to the working age population (15-64 years), whereas 67% of Finnish citizens were in the working age.

Under the Ministry of Labour, there is also the Office for the Ombudsman for Foreigners, which has the task of promoting and safeguarding the position of foreigners in Finland. This Office was transferred to the Ministry of Labour from the Ministry of Social Affairs and Health on 1 March 1999. At the same time, the scope of duties of the Ombudsman was widened to include supervision of observance of the principle of non-discrimination. Long-term action is underway to further ethnic equality and to prevent racism and discrimination. In 1999, the Act on Integration of Immigrants and Reception of Asylum Seekers entered into force. Immigrants are helped and encouraged to learn the Finnish language and other capacities that enable them to cope in Finnish society and working life. Through the Advisory Board for Ethnic Relations (ETNO), immigrants can influence the processing of matters that affect them.

The observance of the Act on Equality between Women and Men is monitored by the Ombudsman for Equality, whose office is a unit within the Ministry of Social Affairs and Health, which funds its operation. The Equality Act aims at promoting equality between women and men. It prevents direct and indirect discrimination based on gender, improves the status of women particularly in working life, facilitates the reconciliation of working life and family life for women and men, prohibits discrimination in advertising jobs and training vacancies, gives those discriminated against in working life a right to claim compensation, obliges the authorities to change such circumstances that prevent the achievement of equality, requires that men and women shall be provided equal opportunities for education and occupational advancement, and demands an even distribution of male and female members in state and municipal bodies. The Act does not apply to activities connected with the religious practices of religious communities, and it does not authorise interference in families' internal affairs or in people's private life.

The post and office of the Equality Ombudsman were established after the enforcement of the Act on Equality between Women and Men. The Equality Ombudsman monitors the observance of the Equality Act and particularly the observance of the prohibition on discrimination and discriminatory job and training advertising. The Ombudsman's team communicate, initiate action, give advice and instructions, and prepare statements for cases in contravention of the Act. Advice and statements are free.

The Ombudsman monitors the implications of equality in different areas of society. He or she has a wide enough authority to gain information both from authorities and employers and private people, along with the additional right to inspect workplaces if the employer appears to have acted

against the Act on Equality or its obligations. The Ombudsman handles about 200 written discrimination cases annually. Half of the statements concern the workplace, the other half other areas of life. About 30% are brought by men and 70% by women. In addition to private citizens, the County Administrative Courts, trade unions and various associations have also been presenting statements.

During the economic recession, the statements relating to work mostly concerned redundancies. In particular, pregnant women or women returning to work after their child care leave period expired had been asking for information about their rights. Previously, most of the enquiries came from municipalities and related to recruitment. Recently, private employers have increasingly come under suspicion about discrimination following dismissals, notices and reorganization. Equal pay is also an escalating issue. The Office publishes reports, research findings, brochures and bulletins. It has a wide reference and press library.

The Council on Equality, a parliamentary organ dealing with equal opportunity policies, publishes various reports, studies, brochures and press releases. The publications are published mostly in the Equality Publications series of the Ministry of Social Affairs and Health and are mainly in Finnish. The Council also publishes a newsletter on women's studies ("Naistutkimustiedote") and a magazine called "Tasa-arvo" jointly with the Equality Ombudsman's office. The Council has a national women's studies coordinator who runs the women's studies and equality studies information service. This service is used by the media, scholars, students and non-governmental organizations. The office has an extensive reference library on women's and equality issues. International material on equality is also archived there.

As to information and research by the labour administration, Statistics Finland (the central statistical office) and the Ministry of Labour together compile labour market statistics in Finland. Coordination between the two statistical systems has recently been improved after public debate on differences between their statistics concerning development of unemployment. The monthly labour force survey and annual employment statistics of Statistics Finland provide data on the working age population and labour force. The Ministry of Labour draws up employment service statistics and issues a monthly bulletin on the employment situation.

The Labour Force Survey is a monthly sample survey, which samples 12,000 persons aged 15 to 74 years, and it has been produced by Statistics Finland since 1959. The data concern the survey week including the 15th day of each month. The definitions used in this survey comply with ILO recommendations. The contents of the survey were restructured in 1997 so as to better comply with the practices of statistics compilation in the European Community official statistics. Since May 1998, Statistics Finland has applied the same practices in its unemployment statistics as those used by Eurostat, the Statistical Office of the European Communities. The revision in the statistical practice lowered the rate of unemployment by about 1.5 percentage points in comparison with the old practice. The Labour Force Survey provides data with various classifications on the working age population, labour force, employed persons, types of employment contracts, unemployment, discouraged workers, hours of work, participation rates, persons outside the labour force, etc.

Since 1995, every spring (March-May) a Community Labour Force Survey has been produced using part of the sample. The size of the sub-sample is some 7,000 households, and all the members of the households in the sub-sample are interviewed (approximately 22,000 persons). The data are comparable with those of other EU member states. Supplementary interviews provide detailed data on changes in working life, working-time arrangements, education, the structure and composition of the households, etc. The Labour Force Survey is produced by Statistics Finland and the main publication is called "Labour Force Statistics" (monthly and annual).

Annual cross-sectional employment statistics have been produced since 1987 by Statistics Finland. These provide regional data on the employment situation at the end of the year. The statistics are collected by combining data from various administrative registers and the main publication is "Regional Employment Statistics".

Employment service statistics are used mainly for administrative purposes within the labour administration. They are register-based monthly statistics that provide data on the clients and activities of employment services. These statistics are compiled in connection with the service function of the employment offices. They include both monthly and annual cross-sectional and flow data. Monthly stock and flow statistics provide data on the whole country and regional data with various classifications on job applicants, unemployed jobseekers registered at employment offices, job vacancies registered at employment offices, completed spells of unemployment, reasons for termination of unemployment, redundancies (lay-offs, shortened working weeks), subsidised employment, labour market training, duration of unemployment (including long-term unemployment), employment services for foreign applicants, etc. Annual flow statistics provide the same information on a yearly basis. In addition, separate statistics produced by the Ministry of Labour are compiled on accidents at work, vocational guidance and pay security. Statistics on unemployment compensation are produced by the Ministry of Social Affairs and Health.

These statistics form the main basis for planning, implementing and monitoring service activities within the labour administration. Recently, it has become possible to collect data for these statistics by using the common computerized system created for labour market services at the end of the 1970s (see above section II, Logistics).

Labour market research is considered a strategic resource for the labour administration. It has three main goals:

- to help understand the labour market and the impact of various labour market policy measures;
- to help anticipate changes in the labour market; and
- to help achieve positive and avoid negative changes in the labour market and in labour market policy.

The information provided by research activities mainly concerns labour market policy, labour force, employment, unemployment, industrial relations, working environment and working conditions, physical and psychological health of employees and evaluation of impact and efficiency of various interventions. Research activities are mainly financed by the Ministry of Labour. Co-financing is used in cases where research focuses on the sectors of several ministries, such as unemployment, social benefits, vocational training, health, and migration. Specific research activities are purchased from independent universities and other research organizations. The use of external organizations serves to maximise objectiveness and scientific standards. The Ministry of Labour publishes a quarterly bulletin "The Finnish Labour Review", which includes statistics, articles and information on recent labour market policy studies. The summaries and statistical headings are also reproduced in English.

All research activities commissioned by the Ministry of Labour are undertaken with a view to publication. The study and survey reports are published either in the publication series of the Ministry of Labour or in the series issued by the relevant research organizations. The series of the Ministry are called "Studies in Labour market policy" and "Työhallinnon julkaisuja". The reports are usually produced in Finnish but they include short English abstracts. A few studies are also published in English.

Working environment research is carried out by the team called Working Life and Work Organizations of the Implementation Department of the Ministry of Labour, at the Department for Occupational Safety and Health of the Ministry of Social Affairs and Health, and also at the

Institute of Occupational Health. The main areas of research of the Implementation Department concern industrial relations, collective bargaining, flexibility, productivity, working time, combining work and family life, and elderly employees. In addition, research and development projects aimed at enhancing the quality of working life and productivity are carried out. The emphasis is laid on organizational development, competence and flexibility. The Department for Occupational Safety and Health of the Ministry of Social Affairs and Health carries out projects that are targeted at improving the physical working environment. Cooperation between labour market research implemented by the Ministry of Labour and labour protection research by the Ministry of Social Affairs and Health has remained close after the reorganization of the activities in 1997.

B. Customer-oriented services

The main part of services of the Finnish labour administration is customer-oriented services implemented by the regional and local units. The user's expectations and demand for services are the basis on which delivery of these services is built. According to the Employment Services Act (1993), the State, through the labour administration, arranges and develops employment services on the basis of customers' needs and free choice. The aims of these services are:

- promoting vocational development, job placement, employment and permanent presence on the free labour market; and
- ensuring the availability of labour for employers.

Employment services provided by the labour administration include:

- placement services;
- vocational guidance;
- labour market training;
- information services regarding training and occupational choices; and
- vocational retraining.

The placement services are mainly public and free of charge for customers (employees and enterprises). The employer is obliged to notify vacancies to the public employment exchange (the local employment office of which there are 180). The obligation of notification applies to vacancies for which external candidates are sought. The number of clients in the employment offices has grown considerably in recent years. In order to serve larger numbers of clients, the organization and methods of the employment offices have been updated by increasing the opportunities for computer-based self-service and group services. The employment offices are now also offering employers, against a fee, special recruitment, selection and staff development services alongside the basic free services.

At the beginning of 1998, the service procedures in the employment offices were reformed along with the reform of the Finnish labour market policy delivery system. The rights and duties of jobseekers were also defined in the course of the reform for the first time. The aim of the reform was to make the services form an ongoing process and to encourage jobseekers in active job seeking. Another goal was to match jobseekers and vacancies as quickly as possible.

The "mass" approach made necessary by the economic recession period was replaced by one oriented towards providing individual services for jobseekers and employers. Employers are stimulated to notify all new vacancies to the employment service. The employment offices call on jobseekers to attend periodic interviews, which include job-seeking plans and skill mapping. New measures to prevent exclusion of the unemployed were introduced along with the reform.

Subsidised employment is now focused more closely on the long-term unemployed. The labour market support was activated by introducing a combined support consisting of labour market support and employment subsidy. The job-seeking qualifications of the unemployed were enhanced by introducing a job-seeking booklet. It helps the jobseeker to follow his/her job search progress and to evaluate his/her current situation. On the basis of the regular interviews, a skill-map and a job-seeking plan is drawn up. Instead of the former open-ended labour market support or unemployment allowance, a new "active period" will start for the long-term unemployed after having drawn support for more than 500 days. Then a new job-seeking plan will be made with the aim of enhancing the chances of the jobseeker to return to work.

Labour market training is principally vocational training for adults who have work experience. Labour market training is built on the idea of matching labour supply and demand. In the beginning of 1991, the labour market training system underwent a fundamental reform with the passing of the new Labour Market Training Act (1990). The aim of the new Act was to create planned training systems for quantitative, qualitative and regional needs of working life. The entire financing of labour market training was transferred to the labour administration, and planning of the training was devolved to regional and local level. A new purchase system was created to meet the demand for training and to counterbalance the profitability requirements of the training.

Labour market training consists for the most part of further training and updating training. The training is flexible in form and can last from a few days to more than a year. Initial vocational training can be provided if the participant lacks professional skills. Supplementary training is intended to broaden the scope of participants' skills. Retraining is offered when the person is changing occupation.

Adult labour market training is available for persons over 20 years of age. An application for training can be placed following an interview with an employment consultant. Recently, labour market training has been increasingly channelled to cover the young long-term unemployed and to cater for the special training needs of the partially disabled and those over forty years of age. In order to prevent exclusion from the labour market and to promote the long-term unemployed persons' return to working life, training has been targeted all the more at persons who have been unemployed for a long time, at the disabled and the ageing. As the demand for labour is picking up, special attention has been paid to preventing the development of labour force bottlenecks. Cooperation with employers in the planning and implementation of training has also been increased.

The labour administration purchases labour market training from various providers of training, such as adult training centres, other vocational institutions, institutions of higher education, and private suppliers of training. In fact, these suppliers of training form a market of labour market training services. At this market, both the Ministry of Labour and suppliers of training can follow the demand and operate along market lines. There are, however, in spite of the development in recent years, certain problems at the labour training market because of unclearness of market orientation and "quasi-market" elements.

The purchase of labour market training is financed by the Ministry of Labour. It allocates resources to its regional organizations, and the Employment and Economic Development Centres. When allocating resources, certain criteria, i.e. the number of unemployed, the total labour force and the unemployment rate are taken into account. The objectives are set with respect to the volume of training to be purchased and post-training placement. The Employment and Economic Development Centres are in charge of planning of training in their districts. Structural changes and the development needs of working life caused by the fluctuations in demand for and supply of labour are also taken into account, and consideration is given to the training needs of jobseekers. Planning is carried out in cooperation with the county authorities, representatives of industry and

business, and the social partners, following the tripartite principle. Institutional support is also received from educational authorities. The decentralised planning system is a responsive and flexible arrangement to meet the needs of the labour market economically and efficiently.

Labour market training may also be purchased jointly by the authorities and employers. Such training is planned and implemented in cooperation with the enterprise in question. Joint training purchases may be used for firms facing structural changes and as an alternative to lay-offs, recruitment training, etc. Training related to European Social Fund programmes is also funded with ESF resources. Expenditure incurred by such training is not included in the expenditure on labour market training that in 1998 was FIM 927 million. Labour market training involved an average of 41,400 students in 1998. Eight per cent of persons starting training were disabled. Resources allocated for labour market training for 2000 are FIM 853 million, and it is estimated that an average of 27,400 students are involved in training.

In recent years, labour market training has been extended to include a range of courses aimed at private entrepreneurship and self-employment as part of various occupational training programmes. Entrepreneurial training is also available to those who have already set up their own enterprises so that they can combine training and work in their enterprises. In an increasing number of cases, the start-up grant for new enterprises is combined with training, and the results have been very positive (MISEP, 1998, p. 26). Under Programme 3 of the European Social Fund, a "pathway to entrepreneurship" was launched in 1995 combining market analysis, training, start-up aid and consulting in a systematic way. In 1998, a total of 8,200 persons started entrepreneurial training and 7,100 completed the training; in 1997, the corresponding figures were 12,100 and 11,000.

In 1993, a special form of development training for small and medium-sized enterprises and training of specially educated unemployed in small and medium-sized enterprises was started as part of the labour market training (the so-called KEKO project). The objective of the project is to support the development of these kinds of enterprises; in particular, product and quality development as well as export functions, marketing and productivity. The project is also a pathway from unemployment to employment for engineers, business graduates and other specially educated unemployed people. Participants work for companies in special development projects and receive a daily allowance during training. Average duration of a project within KEKO is nine months. The project is implemented under the responsibility of the regional Employment and Economic Development Centres and in cooperation with the social partners. KEKO has been evaluated exhaustively, and the results of the studies have been very positive, both from the participants and the enterprises' point of view (MISEP, 1998, p. 58).

The effectiveness of entrepreneurial labour market training has recently been monitored by means of a comprehensive research study. According to the study, 30% of the persons who had completed entrepreneurial training were still in business a year later; approximately 21% had found other employment, while 10% were continuing in further training or education. The quality of the training is being monitored by a continuous follow-up system at regional and local levels. Special training is also organized for women interested in entrepreneurship.

As to labour market training in general, evaluation studies have shown that the system is functioning well; it has contributed to reducing unemployment and enhancing the skills of the labour force. According to the survey on the impact of the training at the individual level, the employment status of those who participated in training has developed more positively than that of those who did not. Similar results have been found in studies based on different statistical registers (MISEP, 1998, p. 55).

Vocational guidance services help to solve questions relating to career choice and professional development. Vocational guidance by psychologists is available in 120 employment offices. The

approximately 250 vocational guidance psychologists handle about 45,000 clients annually. Half of these clients are young people. In recent years, the adult clientele has increased considerably. This has also brought health-related factors into consideration in these services. Vocational guidance is also provided by study councillors in comprehensive schools in cooperation with the vocational guidance officers of the labour administration.

The training and vocational information service at the employment offices provides information on training, occupations, working life and financing of studies. This information is available on a walk-in basis, with no appointment necessary. There is a comprehensive collection of publications, guides, brochures and videos on education and training institutions, programmes and vocations available to the clients. The officers also have access to a computer database and the Internet. Clients can study the material themselves, but if necessary, there are information service officers who provide help and counselling. The service is also available by telephone. Over 650,000 requests for information are registered each year.

The training and vocational information service also informs different groups of people about study and work opportunities. Further, the information services have a European dimension; information is provided on training opportunities in all EU countries as well as in other foreign countries. There is a total of 165 full-time information service officers and a large number of other officers who provide education, training and career counselling in addition to their other duties at the employment offices.

Until the end of 1993, the public monopoly on labour market services was relatively strict and rigorously observed. The Ministry of Labour could grant permits to private associations to engage in job-placement activities, if the association in question was regarded as being well suited to carry out this activity. The hiring of labour was regulated. The Employment Services Act (1993) lifted the monopoly of labour market services at the beginning of 1994, abolished the permit procedure, and released the hiring of labour from regulation. A person or a corporate body can now freely provide labour market services. A private service provider may charge for these services, with the exception of placement, for which individual clients may not be charged. The operation of private employment agencies has so far been quite modest. There are 150 private businesses hiring out labour and 0.5% of the labour force is employed on a contract of hire. According to the results of a study launched in 1995 by the Ministry of Labour, there were no particular problems in the functioning of the few new non-public competitors to the public labour services.

In order to promote the geographical mobility of labour and increase the range of jobs open to jobseekers, an unemployed person or a person threatened with unemployment may be granted a mobility allowance in the form of a daily allowance and reimbursement of travel costs due to travel within Finland for the purpose of getting acquainted with the job offered, concluding an employment contract or relocating in order to take up a new job.

Apprenticeship training is promoted in Finland to further skills of the workforce and the unemployed and to provide basic vocational training for young persons under 20 years of age. The European Social Fund co-finances apprenticeship training for unemployed people mainly under 20 (basic training) and for unemployed people mainly under 25 (further training). The legal basis consists of the Apprenticeship Training Act (1992). Apprenticeship is linked closely with other vocational training as a type of labour-intensive vocational training and an alternative channel for young people. Apprenticeship can be in the form of basic vocational training, further training, updating training or retraining. The labour administration collaborates with educational administration, municipalities and the European Social Fund in the promotion of apprenticeship training.

The labour administration in cooperation with the educational administration also provides support for self-motivated training for long-term unemployed persons to encourage those who are entirely without specialised vocational training to acquire a basic vocational qualification. Legislation on this form of support was passed in 1997. Long-term unemployed persons are provided with an opportunity to receive a training allowance for a maximum period of two years if they apply on their own initiative for training promoting their occupational skills. The condition of eligibility for the allowance is at least 12 years' experience of work or entrepreneurship. The training should be full time and lead to an examination.

There are numerous measures for job creation that the labour administration implements or whose implementation it monitors. These include:

1. Job rotation;
2. Part-time pay supplement;
3. 6+6 hour shift work;
4. Start-up grant;
5. Employment-promoting project aid;
6. Investment aid to promote employment; and
7. Temporary system of financial support for domestic work.

The aim of job rotation is to increase employment through job-sharing and to broaden the opportunities for employees to undertake studies and training or to take leave for personal and/or family reasons, while at the same time giving young people a footing in working life. The aim of the part-time pay supplement and the 6+6 hour shift work is to increase flexibility in the labour market and through this, employment. Innovative working-time arrangements have been developed also with a view to coping with work fatigue and furthering the reconciliation of work and family life. So far, women have been more active in seizing the opportunity to transfer to a part-time job. With the temporary system of financial support for domestic work, the activities of service enterprises are promoted by cutting the prices of services offered for households. The aim is also to reduce the frequency of undeclared work. Detailed information on these measures may be found, for example, in MISEP, 1998.

Many of the above-described services benefit also special categories of workers, such as the long-term unemployed, young and older workers, and the disabled. For older workers there is additionally the possibility of taking a part-time pension, which compensates for part of the shortfall in earnings when the working time is reduced. An employed person or a self-employed person aged 58-64 (general pension age is 65) may take a part-time pension under certain general conditions: the person has been in working life for a long time, at least five years during the past fifteen years; and he/she has been in full-time employment for at least twelve months during the 18 months preceding the semi-retirement and is not in receipt of an employment pension. The amount of part-time pension is roughly half of the difference between the earnings from full-time employment and the earnings from the part-time hours. The Ministry of Social Affairs and Health, the Social Insurance Institution, the Central Pension Security Institute and private insurance companies together take care of the institutional support of this system.

For disabled persons there are vocational rehabilitation services to maintain and enhance their working capacity. They are directed to all persons whose work and earnings capacity is significantly impaired by illness, defect or injury. The Finnish social and employment policy seeks the integration of disabled persons into mainstream training and employment programmes. In addition, there is legislation on organising special services for disabled persons in order to supplement the mainstream services. The Social Insurance Institution (KELA) has a specific

obligation to provide vocational rehabilitation for disabled persons. KELA pays the rehabilitation allowance during vocational rehabilitation. It also assesses the need for rehabilitation and provides rehabilitation courses and services. Adaptation training courses are often provided by non-governmental organizations representing the disabled. The municipalities have an obligation to provide counselling on rehabilitation, and they arrange for sheltered employment. Disabled persons at the employment offices are entitled to all available services and, if required, to special employment services. Special advisory services and vocational guidance services are provided by 120 employment offices. Placement of disabled persons into the open labour market can be promoted by offering them suitable jobs in regular employment, by supporting vocational training and by a variety of other supportive measures comprising medical examinations, job and training trials, support for the adaptation of working conditions, traineeship subsidies, part-time supplements, wage-related employment subsidies and support paid to those who enter self-employment. The vocational rehabilitation services are financed by the government, but financing is also provided through employer and employee contributions.

To reduce unemployment and the threat of exclusion from the labour market, particularly of the young, the long-term unemployed and the disabled, there is employment assistance for employers, the so-called combined support as well as employment assistance for jobseekers. The purpose of subsidised jobs (employment assistance for employers) is to develop and upgrade the skills and capabilities of the unemployed to improve their employability. The formal decision on granting employment assistance is made by the local employment office. Before taking decisions on employment assistance, the employment office will try to direct jobseekers to vacant jobs or training. If no other avenues of employment are available, the employment office can decide to offer the employer assistance for staff recruitment. This assistance can be paid to government offices or agencies, local councils and regional authorities for local government, and to companies or businesses in the private sector, including associations and foundations. Employment assistance can be granted for regular employment relationships, job training and apprenticeship schemes as well as for retraining people returning to working life. Training or rehabilitation can also be offered in conjunction with employment assistance to provide a package of services tailored to the employer's needs. Working closely together with the employer and the unemployed jobseeker, the local employment office can provide a full package of services to improve the professional skills and capabilities of the job applicant. The maximum duration of the complete package of services is 24 months.

Combined support was introduced at the beginning of 1998 as a new measure in an attempt to facilitate the return of the long-term unemployed to the labour market. Combined support can be paid to cover labour costs to an employer who employs a jobseeker who has received daily unemployment allowance or labour market support for the maximum 500 days. The new form of support is focused particularly on people who have been unemployed for a long time, aiming to improve their chances of returning to the open labour market. Combined support is used in an attempt to improve job-creation potential especially in what has been called the third sector: for instance, non-profit associations, sports clubs and similar organizations.

Employment assistance for jobseekers is an employment subsidy granted by the employment office to an unemployed jobseeker to secure his/her subsistence during practical training at the workplace. The aim of practical training is to develop and upgrade the professional skills and capabilities of the jobseeker. Practical training provides an opportunity to familiarise oneself with working life and to promote professional skills, especially when it comes to young jobseekers. The employment office draws up an individual employment plan together with the jobseeker, which may include training, rehabilitation, apprenticeship training or other practical training at the workplace. The assistance may be paid directly to the jobseeker for practical training at the

workplace not involving an employment contract, as a form of start-up grant to start his/her own business, or in certain cases to the employer.

The users' expectations are met in services offered by the Finnish labour administration in two ways. Firstly, the planning processes include elements in which demand of services and users' expectations have been mapped. The tripartite cooperation with the employer and worker organizations contributes to this mapping. Secondly, the new management by results system includes several elements that make it easier to follow changes in the demand for services and in users' expectations. The evaluation and monitoring system and discussions on the result targets included in the management by results system also contribute to following users' expectations, which are included into the parameters and impact criteria of monitoring. The labour administration also executes client surveys at intervals in its local units in order to follow changes in service profiles.

C. Unemployment benefit

The unemployment benefit scheme consists of a basic unemployment allowance administered by the Social Insurance Institution and an earning-related unemployment allowance administered by unemployment funds. The implementation of unemployment-related social security income-maintenance measures is directed, supervised and developed by the Ministry of Social Affairs and Health, while the Ministry of Labour is the highest authority as regards the employment policy aspects, including labour market support and alternate leave allowance.

The basic unemployment allowance is governed by the Unemployment Allowances Act (1984) and the Labour Market Support Act (1993), which grant basic unemployment protection to Finnish residents. Labour market support applies to those entering the labour market for the first time, and to those unemployed persons, who have exceeded the maximum period (500 days) of entitlement to the basic or earnings-related unemployment allowance.

The unemployment allowance scheme is managed by the Ministry of Social Affairs and Health as the highest authority in matters relating to social security, and by the Ministry of Labour in matters relating to labour market policy.

D. Workers not covered by labour legislation

Labour law is built largely on the concept of an "employment relationship", in that it applies to all legal relationships that meet the criteria for an employment relationship. If the conditions of an employment contract are met, the person doing the work is considered to be an "employee" and the terms under which he works are determined by the labour legislation and the agreements valid at the time. If the criteria for employment are not met in a given working situation, the person doing the work is considered to be "self-employed". In this case, norms under the law of obligations apply to the relationship between the worker and a person commissioning his work. The labour legislation includes some mandatory, or absolute, provisions that must not be diverged from to the employee's detriment in any contract or agreement. There are, for instance, provisions that protect the employee concerning employment security, preconditions for signing a fixed-term contract, the obligation to comply with what is laid down in universally binding collective agreements, the obligation to pay wages/salary if the work cannot be done for a reason beyond the employer's and employee's control, etc.

According to the law, supervising compliance with the provisions of the labour law mainly rests with the labour protection authorities. At the national level, the administration of labour

protection matters has been assigned to the Ministry of Social Affairs and Health in accordance with the Act on the Labour Protection Administration. At the local level, supervision of labour protection is the concern of civil servants (inspectors) at the various labour protection offices in the country's eleven labour protection districts. One of the administration's responsibilities is to carry out inspections and surveys to ensure that the rules and regulations on labour protection are being followed. The labour protection authorities have recourse to coercive means for this purpose.

As well as supervising the Occupational Safety Act and lower-level labour protection rules and regulations issued under it, the labour protection authorities watch over compliance with the provisions of the acts on employment contracts, working hours, annual holiday and study leave.

The scope of the labour legislation is thus wide, and compliance with it is rigorously supervised. The position of short-time workers, i.e. those not on a full working week (shortened week or day, part-time work, occasional full-time work lasting less than a month, auxiliary work, etc.) was also enhanced in 1997, when security in connection with atypical employment relationships was improved by amendments of various Acts. The amendments were part of the measures under the Government Programme for 1996-1999, which aimed at improving security in connection with atypical work. The Contracts of Employment Act was amended to the effect that workers are entitled to 50% of their wages during sick leave, the employment relationship having lasted for less than one month. The amendments to the Act on Annual Holidays entitle the workers, even those in short-term employment relations, to a considerably greater extent to holiday compensation. Holiday compensation is earned as of six hours' employment. The compensation is also payable if the worker has been employed by the same employer for at least six hours more than once during the calendar month.

In a welfare state like Finland, the services of the labour administration are also available to all citizens. There are, however, always people who may be in danger of being left outside public services. The borderline between an active and passive work force is always unclear and flexible in a society that tries to take care of all citizens.

The main policy of the Finnish Ministry of Labour concerning people who are in danger of not being covered by normal labour market services is to organize special programmes for them. The target groups of these programmes are:

- long-term unemployed;
- young persons entering the labour market;
- older workers; and
- disabled workers.

Most of the services offered to these target groups are the same as those in normal distribution, but the services are directed and implemented with special care and intensity. Some of the services of the labour administration are directed only to these target groups. These are the part-time pension and vocational rehabilitation services that have already been described in section III B.

Also, the borderline between entrepreneurs and wage earners has, especially in the last few years, become more flexible. During the mass unemployment of the 1990s, the labour administration tried to contribute to the efforts of unemployed persons to start their own enterprises, by for instance giving entrepreneurial training to them. Entrepreneurs and farmers are in general excluded from labour market services, but they have their own social security systems, for instance pension systems. They also have their own interest organizations.

5. Relations with other actors in the labour administration system

The relations of the Finnish labour administration with the actors affected by labour market policies can be divided into three main categories. Firstly, the labour administration has many cross-administrative relations with the other ministries, which are described in earlier sections. The labour administration also has a wide range of international relations useful to its activities. These are described briefly at the end of this section. Secondly, the labour administration works together with the employer and worker organizations following the tripartite principle of cooperation. In a country with a very high union density rate, this type of cooperation is a crucial part of the relations of the labour administration. This cooperation, which is mainly built on committee-type cooperation units, has also been described in earlier sections (section I A), but the trade unions and employer federations are introduced in the present section. The third area of relations is both horizontal and vertical concerning the participation systems in decision-making in enterprises and public agencies. The role of the labour administration in these relations is indirect. It cannot be a partner in decision-making in the enterprises, but actively supports the development of participation systems in Finnish working life.

The labour market system

The Finnish Constitution guarantees freedom of association and the right to form trade unions. The freedom of association is further safeguarded by the provisions of the Employment Contracts Act. Union density has risen rapidly since the 1960s. Approximately 80% of the labour force are trade union members. If the retired, student and non-paying members of the unions are included, the figure is almost 90%. The level of unionisation is slightly higher in the public sector than in the private sector. When compared with the data on other countries with free market economies, only Sweden, Denmark and Iceland show a greater union density rate (Kauppinen, 1997, p.17).

Typically, employees belong to a local union that in turn belongs to the central union in its sector. The central union then belongs to one of the three central trade union organizations. There are also a few trade unions outside the central organizations. Alongside the three central trade union organizations, there are approximately 80 trade unions. Their total membership is about two million. The principal type of wage earners' union is an industrial or professional group forming its specific union.

The biggest central organization of wage and salary earners is the Central Organization of Finnish Trade Unions (SAK). It was founded in 1907, and represents wage earners in industry, private services and the public sector. There are 24 member unions with over 1.1 million members. The other big central organization representing wage and salary earners is the Finnish Confederation of Salaried Employees (STTK). It was founded in 1947 and reorganized in 1993, when a formerly male-dominated federation of technical unions became a female-dominated federation of white-collar unions. The STTK represents salaried employees in industry, the private sector and the public sector. It has 650,000 members and 26 affiliated unions. The third central organization of employees is the Confederation of Unions for Academic Professionals in Finland (AKAVA), which is the central federation of unions for graduate employees. The AKAVA was founded in 1950 and has 32 affiliates with about 350,000 members. The AKAVA unions tend to be professional or degree-based.

Employers are organized into four major central organizations. Two represent the private sector and two the public sector. There are also three smaller employers' organizations. The Confederation of Finnish Industry and Employers (TT) consists of 30 member associations representing manufacturing industries, transportation, and the construction sector. About 5,600 member companies employ 470,000 wage earners. The TT was formed in 1992, when the Finnish Employers' Confederation (STK, founded in 1907) and Confederation of Finnish Industries combined forces. The Employers' Confederation of Service Industries (PT) has eight member associations and 7,400 member companies employing 285,000 people working mainly in shops, banks, hotels, restaurants, insurance companies and other private service occupations.

The State Employer's Office (VTML), is a department (Department of Personnel Policy) in the Ministry of Finance. It deals with general labour market and personnel policy and signs collective agreements for 120,000 officials and employees employed by the state. The Commission for Local Authority Employers (KT) promotes the interests of municipalities and municipal federations in the labour market. The municipal sector agreements cover 452 municipalities and 240 municipal federations employing 418,000 people.

The Negotiation Committee of the Finnish Lutheran Church (KiSV) represents the parishes and parish federations of the Lutheran Church, which employ 19,000 people. The Federation of Agricultural Employers (MTL) has about one thousand member companies, employing 10,000 people working within agriculture.

Participation in decision-making

The possibilities of a wage earner participating at job level are based on the collective agreements and labour legislation. Codetermination and collaboration between the employer and his personnel exist in several areas. The legal chief shop steward system described above had already been organized in 1946 by a general collective agreement. The workers' possibilities to have influence in decision-making are organized by laws such as the Act on the Supervision of Labour Protection (1973), the Act on Codetermination in Companies (1978), the Act on Personnel Funds (1989), and the Act on Personnel Representation in Company Administration (1990). Alongside these, there are some new forms of cooperation that are different from the representational forms laid down by the above-mentioned laws. They are based on direct participation by employees. Typical examples are groups and teams in working life, and also division meetings and project groups (Kauppinen, 1997, p.68).

Workplace-specific labour protection cooperation is based on the Act on the Supervision of Labour Protection and on collective agreements. A labour protection officer representing the employer must be appointed for each workplace, to take responsibility for codetermination. A workplace that regularly employs at least ten workers must also have a labour protection delegate (and two deputy delegates) elected by the employees to represent them in codetermination on labour protection and in relations with the labour protection authorities. Workplaces with over 20 employees must also elect a labour protection committee to consider how work safety and health can be promoted at the workplace.

The Act on Personnel Representation in Company Administration gives personnel the right to participate in handling issues connected with business operations, finance and staff in a company's decision-making, executive, supervisory and advisory bodies (administrative representation). The Act applies to companies regularly employing at least 150 workers, but does not apply to partnerships, insurance associations, foundations or public enterprises.

Administrative representation can be implemented in companies as jointly agreed by the employer and the personnel. If no agreement is reached, personnel groups are entitled by law to elect at least one representative to the company's supervisory board, board of directors or similar body. All legally competent workers employed by the company qualify as staff representatives. These representatives have the same rights as other members of the body concerned, but may not deal with matters connected with the selection or dismissal of management, management contract terms, staff employment terms or industrial action. Similarly, the staff representative may find himself liable for damages and punishment, just like other members of the body. The third form of company-specific codetermination is cooperation based on personnel funds. The aim of these funds is to intensify codetermination within the company, to boost competitiveness and to promote economic democracy. Setting up a personnel fund is left to the employer's discretion.

A personnel fund is one owned and run by the company personnel to manage profit-sharing payments made by the company and any other legally permissible monies. A fund can be set up at any company employing at least 30 people. The staff representatives have to make the proposal for the establishment of a fund. The management then decide on the profit-sharing system, i.e. what proportion of profits will be paid into the fund. The question of setting up the fund is dealt with in the procedure referred to in the Act on Codetermination in Companies.

The Act on Personnel Funds contains provisions on, for instance, the fund capital and its members' shares, on authority over the fund, and on its administration and supervision. There were 43 funds at the end of 1998 and over 93,000 employees had access to them.

The Act on Codetermination in Companies is the most important law on collaboration between employers and employees in companies. The aim of such codetermination is both to increase ways in which employees can influence their work and decision-making concerning their workplace, and to improve operations and working conditions within the company. Matters dealt with in codetermination procedures include those affecting the work done and working conditions, employment relations and changes in them, the impact on staff of changes in ownership, and training, rationalization and staff activities.

Codetermination according to the Act involves the preparation and processing of matters to support corporate decision-making. The procedure also acts as an information channel between company and staff. Furthermore, the participation system allowed for under the Act also provides an opportunity to agree on the matters to be covered in codetermination. An amendment to the Codetermination in Companies Act entered into force in 1991 and extended the rights of employees in large concerns with over 500 employees to participate and obtain information.

The above-mentioned participation systems and the strong tradition of collective bargaining form the basis for the network of relations of the Finnish labour administration. In the network, the labour administration itself has been quite a dominant actor following the tradition of active state intervention typical of the Nordic welfare states. On the other hand, during recent years direct state intervention has not increased. Instead, the labour market and working life have been developed towards greater flexibility and productivity.

International relations

The international relations of the Finnish labour administration have been built on several subelements, namely:

- integration within the European Union;
- membership in international organizations;
- Nordic cooperation; and

-
- bilateral cooperation with countries close to Finland, especially with the Baltic states and the so-called neighbouring areas of the former Soviet Union.

The Ministry of Labour has a team for international affairs within the Policy Department, which is responsible for coordinating the links between the departments, units and teams and their respective counterparts and international organizations abroad.

In the management of international affairs, the Ministry of Labour focuses on the work of the European Union. Finland's membership in the European Union from the beginning of 1995 has opened many new cooperation channels between Finland and the other member countries, especially between the labour administrations but also between employers' and workers' organizations. This supranational cooperation seems to be especially relevant in the lobbying activities typical of the European Union. Most of the employer and worker organizations have their own branch offices in Brussels for lobbying for their interests.

Each year, the Ministry of Labour heads the drafting of a national action plan in line with the European employment guidelines. The Ministry of Labour participates in the development of the Union's standards on working life and on the national application of these.

Another core sub-area of international activity is the affairs of the ILO, which the Ministry of Labour is responsible for reconciling nationally. Finland's membership in the ILO since 1920 has been the basis for the global international relations of the Finnish labour administration. Within the ILO, the Ministry of Labour takes part in the development of global working life standards and benefits as a result of methodological cooperation.

The OECD has been an important forum for cooperation and information exchange for developing economic and social welfare. The Committee on Public Management (PUMA) in the OECD has also been involved in the labour administration in matters concerning the development of management and services. Other central international activities relate to the affairs of the Council of Europe.

In matters relating to the position of immigrants, the Ministry of Labour collaborates closely with the United Nations High Commissioner for Refugees (UNHCR), the International Organization for Migration (IOM) and the Council of Europe. These have been important to the Ministry in its new tasks concerning migration.

Cooperation has traditionally been active between the Nordic Countries. The main institutions of this cooperation are the Nordic Council and the Nordic Council of Ministers (labour ministers). Within these institutions as well as the Nordic Committee of Senior Officials for Labour Market and Working Environment Policy there has been, since the beginning of the 1950s, an active exchange of information. Certain mutual agreements have also been made on, for instance, the common Nordic labour market and working environment issues, and many cooperation projects have been undertaken to develop various labour policy issues.

The labour administration participates fully in the implementation of the EURES (European Employment Services) labour exchange system, and Finland is part of the Nordic free labour market. The Ministry of Labour also collaborates with the World Association of Public Employment Services (WAPES).

Finland's cooperation with neighbouring areas has focused on Northwest Russia (the Murmansk region, the Republic of Karelia, the City of St. Petersburg and the Leningrad region) and the three Baltic States. The Finnish Government adopted an action plan for Central and Eastern Europe in 1993, another in 1996 and a revised version in 1999. Its main objectives are to promote pluralistic democracy, to create favourable conditions for economic and industrial cooperation and to improve basic social services in Central and Eastern Europe. The action plan is carried out jointly by several sectoral ministries and coordinated by the Ministry for Foreign Affairs.

The aim of bilateral cooperation in the labour market between Finland, the Baltic States and Northwest Russia is based on the principles of the action plan and strategies of the Finnish Government, Nordic Countries and the European Union. The cooperation is based on a cooperation agreement between the ministries, which rules the labour affairs in Russia and the Baltic Countries. Furthermore, Finland and neighbouring Russian areas have cooperation agreements.

The targets and priorities of the cooperation are to promote economic cooperation and to provide expertise for the labour and immigration authorities in their efforts to develop their organization and services. The Finnish Ministry of Labour and the Employment and Economic Development Centres to which the Ministry of Labour has delegated these tasks also retrain the labour force and carry out other projects relating to the labour market, working life and social dialogue or immigration affairs.

As regards the expertise provided for labour and immigration authorities, this includes the development of their organizations, working methods, employment services and issues relating to the reception of refugees. The activities include mutual exchange of information and experts, seminars and the arrangement of personnel training.

Labour market training has been arranged since 1993 in order to meet the training needs of employees primarily of Finnish enterprises or joint ventures in the neighbouring areas.

The third bilateral cooperation area is to organize mutual projects; for instance, to provide working life barometers, to help establish business incubators, to organize small business courses for unemployed persons, to construct refugee reception centres and to support Ingrian Finns in their own areas.

In addition to the budget-financed cooperation described above, the Ministry of Labour also carries out projects funded by international financial institutions. The Ministry has from international funding realised a project of occupational safety as well as developing a project for vocational guidance in the whole of Russia. A project to develop collective bargaining was carried out in St. Petersburg.

6. Evaluation

When analysing the present evaluation systems of the Finnish labour administration, the drastic changes in the administration's environment must be taken into consideration. For instance, during the period from 1990 to 1993, the number of unemployed persons increased from about 100,000 to about 537,000, from 4 % to 21,8 %. It is also important to note that the main aim of the present Government's economic policy is to improve employment. This, together with meeting the convergence criteria of the European Monetary Union, implies an increase in the political importance of labour policies. The Government Programme aims at a rapid upswing in the number of new jobs and at ensuring that the proportion of employed persons in the working age population in Finland approaches the target of 70 per cent laid down in the EU's employment guidelines.

In line with the Government Programme, the labour administration has prepared strategic guidelines for 1999-2003 that emphasise strengthening the demand for labour force and accessibility of workers as well as the know-how and coping of workers, increasing incentive to work, and preventing displacement from the labour market, discrimination and racism. All this gives increasing political importance to the evaluation of the labour policy activities. The third point which characterises the development of evaluation and monitoring systems of the Finnish labour administration is the new management by results system introduced in 1990, which gives the technical framework for evaluation and monitoring of the activities of the labour administration.

A. Internal evaluation methods

The internal evaluation and monitoring system of the labour administration is based on the management by results system. The main target of this system is a clear managerial division of work, in which decision-making power and responsibility for activities is delegated to the level with the best competence. The joint targets of the Ministry and the regional and local levels are agreed on in the annual result target negotiations. Concretisation of the result targets has improved step by step during the years in which the new system of management by results has been in use. In the system monitoring and evaluation of the result targets has crucial relevance.

The main reporting system of the internal monitoring is called "the Reports for the Management". It consists of monthly reports and periodical reports made three times a year. The main aim of these reports is to follow up the implementation of the result targets. All of the 15 Employment and Economic Development Centres do their own monitoring reports for the Ministry. The Ministry prepares a joint report by using the reports from the Centres. The periodical reports are drawn up in the spring for use in the follow-up negotiations of result management and in the autumn for use in the result target negotiations. The joint report, in which the data concerning the developments of the entire country are combined, is used when informing external partners and collecting materials for the report to the Government.

The periodical reports include, for instance, summaries of the activities, detailed statistics, qualitative descriptions of the activities, and information on internal cost accounting. In the monthly reports, there is information on relevant parameters and on use of expenditures. The reports are printed, but computer-based reporting systems are also being developed because of their fastness and easy use.

The most important internal computer-based systems for implementation and monitoring services are the URA-system for placement exchange and job exchange statistics, the money exchange and accounting system Merritt-Eco, the European Social Fund (ESF) project management

system, the office management system Tiimi, WWW-based Internet and Intranet-systems, and certain other smaller systems for special purposes. All these computer systems and networks also produce information for internal monitoring and evaluation.

The labour administration's newly prepared strategies for change for 1999-2003 will be subjected to an annual revision, if necessary, and their impact on procedures, the staff's expertise and the use of resources will be assessed and concretised yearly in connection with the management by results process. In 2000, detailed evaluation criteria were defined for success of reforms to be implemented. Changes required by the strategy will be implemented in the management by results system and in consultative management of the labour administration. A special section will be included in the result targets on realization of procedural changes that have been agreed on. Criteria for evaluating the success of the reforms will be identified in this section, too.

In general, project-based working methods will be increasingly used in the implementation of the strategies for change. Project work implies organized evaluation of the effectiveness of activities and decisions on redirecting the activities at regular intervals. Interdisciplinary projecting of activities based on collaboration between various actors will be used in the labour administration due to the structure of problems concerning management of employment.

In addition, a quality strategy of the labour administration and a related action plan have been designed for 1999-2001 in order to improve the internal functioning and quality level of the activities of the labour administration. Implementation of the quality strategy will be evaluated on a half-yearly basis in the meetings of the management of the Ministry.

B. External evaluation methods

The main tool for external monitoring and evaluation of the labour administration is the annual Government's Report concerning employment. Additionally, the Ministry of Labour also provides its share of the Government's annual joint reports to the Parliament concerning state economy and activities. These annual reports also include annexes consisting of sectoral information. In connection with this, the Ministry of Labour is responsible for sectoral information concerning employment activities and activities to develop working life and the labour market.

The Ministry of Labour is the organization responsible for the Social Fund of the European Union (ESF). The planning, coordination, and evaluation systems of the ESF have introduced new elements to monitoring and evaluation procedures of the labour administration. In 1997, the funds provided by the ESF for Finnish use were 680 million FIM, while the amount of national funding was about the same. The project management and systematic evaluation tradition used in EU projects seems to give a good basis for evaluation activities.

The agreement of the Amsterdam Summit to create joint strategies to develop employment has concrete linkages with the present Government Programme, as with the previous Government Programme and the Employment Programme for 1996-1999. The clearly stated targets of these programmes make evaluation easier. The Employment programme of 1996-1999 has been evaluated, and the results of this evaluation were described in an article published in a journal of the European Commission (see Employment Observatory, MISEP, Policies No. 60, Winter 1997).

According to a recent survey organized by the Ministry of Labour concerning national organizations coordinating operations supported by the European Social Fund in Ireland, the Netherlands, Denmark and Finland, the Finnish coordination and evaluation system seems to be one of the most centralised. However, the Finnish Ministry of Labour has mostly used independent institutes in evaluations in order to ensure objectivity and a high level of expertise (Rantahalvari, 1995, p. 85-86).

As described above, the production of statistics, which is an important part of the activities of the labour administration, also supports monitoring and evaluation. Additionally, the Ministry of Labour puts a lot of research effort into supplementing continuous monitoring. The Ministry of Labour has, together with other partners interested in the development of the labour market and working life, also organized national research programmes, which are mainly financed by the Ministry. These programmes, together with the obligatory evaluations of all ESF projects, support well the monitoring and evaluation activities implemented by the labour administration as part of its normal result management system.

The general key issues in the national research programme and evaluations provided by the Ministry are the following:

- changes and corresponding strategies in the environment of the labour administration;
- system of statistics and data collection;
- system of cost accounting;
- evaluation criteria;
- efficiency of labour policy activities;
- methodology of labour research and evaluation; and
- systems of coordination and evaluation of the activities financed by the ESF.

C. Consequences of evaluation

Generally, the evaluation culture does not have very deep roots in the Finnish administration. In recent years, because of the introduction of new steering and follow-up systems, evaluation has also developed faster than before. In the Finnish labour administration, the clear and systematic evaluation tradition of the ESF has hastened the development of evaluation practices. Apart from the progressive development of recent years, in which the new management by results system has played an activating role, the Finnish labour administration still has a lot to do in developing monitoring and evaluation of its activities. In the new strategies for change for 1999-2003, however, special attention has been paid to evaluation and monitoring of the effectiveness of the activities of the labour administration.

In a survey provided in 1998 by the Finnish Ministry of Finance, which is responsible for public management reforms, the Ministry of Labour was not in the group of the most advanced in developing monitoring and evaluation. The biggest problems concerning the monitoring and evaluation activities of the labour administration were lack of systematic use of evaluations, attitudes concerning usefulness of evaluation, and particularly utilisation of the results of evaluations and of evaluation research in developing and altering activities. In the survey report in question, the Ministry of Labour was classed in a group of organizations actively seeking tools for developing their evaluation and other follow-up systems. Thus, the Ministry of Labour was placed in the third group after the more advanced groups described as "professional users of evaluation" and "active users of evaluation" (Harrinvirta, Uusikylä and Virtanen, 1998).

7. Innovative practices

The following innovative practices have been chosen as examples at the national level of labour administration. There are also naturally plenty of innovative practices at the regional and local levels. The structural and system-related reforms that are described below as innovative practices have considerably changed the environment and tools of the grass-root activities of the Finnish labour administration. The two service innovations described in the following are national

level examples of how to develop labour policy activities to better meet changing needs of labour market and working life.

The main innovative practices have been:

- (i) *The structural and functional reform of the entire Ministry of Labour.* This is undoubtedly one of the most interesting recent innovative practices within the Finnish labour administration. The reform is discussed in section I A. Its long-term impact is yet to be evaluated, but as a model of modern management and policy development, it seems to be promising.
- (ii) *The new joint structure of the Employment and Economic Development Centres.* This reform is also important because of the quite radical attempt to solve problems of endurance, that is to coordinate horizontally sectoral administration so that it works better to achieve joint targets of regional economic development. This reform is discussed in greater detail in section I A.
- (iii) *The Government's Employment programme 1996-1999; Halving unemployment.* The Programme is a good example of the obligation many European Governments have felt in the last few years to coordinate and activate multi-issue and long-term programmes to fight mass unemployment, which seems to be one of the most serious societal problems in Europe today. The Employment programme of the previous Government is discussed in section I (see also MISEP, 1997, p. 28-32).
- (iv) *The entrepreneurial training started at the beginning of the 1990s as a tool for combating the high level of unemployment.* This type of training is also a good example of the new kinds of measures that the labour administration has been obliged to search for in order to create new jobs. These new training services are described in section III.
- (v) *The development of computer-based information networks.* This has been one of the most important innovation areas in the Finnish labour administration in recent years. Now, after some years' in use such investments seem to have supported well the services provided by the labour administration. (The discussion on these networks is found in section II on Logistics and section IV on Evaluation.)
- (vi) The most crucial example of "negative issues" requiring urgent innovative solutions and causing continuous problems is the territorial tensions and coordination problems between the labour administration and the other "welfare state ministries", especially the Ministry of Social Affairs and Health and the Ministry of Education. These problems are described above. Development of strategies and coordination practices by the Ministry of Labour is increasingly directed to solve these problems.

8. Conclusions

Firstly, we can give a brief profile of the main characteristics of working life and the labour market in Finland. They are as follows:

1. high union membership and density; according to membership statistics, 78% of those covered by collective bargaining are union members;
2. the right to form trade unions is a constitutional right;
3. there are three central wage-earners' organizations, nearly a hundred trade unions and local branches, and chief shop stewards or contact persons are present at most workplaces;
4. employers are well organized;
5. collective agreements are of general validity, i.e. even employers not belonging to any organization must operate according to the country-wide collective agreement;
6. labour market system is closely related to the political decision-making system, i.e. corporatism;
7. centralised income-policy agreements have been drawn-up since 1968;
8. employees may participate in decision-making in a variety of ways;
9. a large number of general agreements have been concluded between the central labour market organizations;
10. the system of mediation for collective bargaining is a permanent part of the labour market; and
11. a Labour Court exists for resolving legal conflicts concerning collective agreements. (Kauppinen, 1997, p.74).

Secondly, we can summarise general observations concerning the development of the Finnish labour administration and its future. These are:

- (i) The Finnish labour administration is a product of Nordic-type welfare state development. Its problems and challenges are mostly tied to the future development of the Nordic and European welfare state.
- (ii) The development of mass unemployment has in a very relevant way changed the working environment and position of the Finnish labour administration. Furthermore, unemployment has politically strengthened the administration's position. However, it has weakened the Ministry's possibilities to achieve its targets, making the post of the Minister of Labour one of the most difficult in the Council of State.
- (iii) The many, and sometimes significant, tensions concerning the evolution of the Finnish labour administration and its policies are good examples of the typical political battles surrounding state intervention in developing welfare policies and activities. It seems to be difficult for the labour administrations to steer clear of these kinds of tensions.
- (iv) The future potentially progressive role of the Finnish labour administration could be built on the basis of more extensive and qualified labour market services. The main difficulty in that evolution will be increasing coordination problems with other service sectors of the welfare state.
- (v) The position of the present Finnish labour administration is more stable than it has been during the almost 30 years that an independent Ministry of Labour has existed. The main reason for this development has been the mass unemployment and its political impact. In spite of this development, the Ministry of Labour is still a small ministry as far as budget resources and staffing levels are concerned. It seems to be difficult to achieve the labour policy targets of the Ministry of Labour without more open and active cooperation with the other ministries

concerned with developing employment and working life. In the innovative restructuring of the labour administration at regional level as well as in developing the new joint programmes (for instance, programmes for developing productivity and quality in the labour market and working life), one can see omens of new, more open and cooperative strategies of the Finnish labour administration.

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- <http://www.mol.fi/english/index.html> (Ministry of Labour)
- <http://www.vn.fi/stm/english/index.htm> (Ministry of Social Affairs and Health; information on, e.g., safety at work and gender equality)
- <http://www.minedu.fi/minedu.html> (Ministry of Education)
- <http://www.ias-berlin.de/> (European Employment Observatory of the European Commission, DG V; contains a database with MISEP publications)

Annexes

Annex 1: Benchmark statistics on Finland

Annex 2: Finland's political-administrative system

Annex 3: Organization chart of the Finnish labour administration (in force to the end of 1998)

Annex 4: Organization chart of the Finnish labour administration (from 1 January 1999)

Annex 1: Benchmark statistics on Finland

BENCHMARK STATISTICS 1997

THE LAND

Area 338,145 sq.km

THE PEOPLE

Resident Population (1997) 5.147.000

PRODUCTION

Gross Domestic Product (at market prices) FIM 618,042 million

LABOUR MARKET

Working age population (15-74 years) 3.862.000

of which

- women (15-74 years) 1.945.000

- men (15-74 years) 1.917.000

Labour Force (15-74 years) 2.484.000

- of which women 1.181.000

Activity Rate (15-74 years) 64,3 %

- for women 60,7 %

- for men 68,0 %

Employment (15-74 years) 2.170.000

of which:

- women 1.028.000

- under 25 years 213.000

by Sector:

- agriculture, etc. 153.000

- manufacturing 464.000

- construction 130.000

- tertiary sector 1.417.000

- other 6.000

Total 2.170.000

Unemployment 314.000

of which

- women 154.000

- under 25 years 72.000

Unemployment Rate by Education

- secondary education (1996) 16,0 %

- higher (1996) 6,9 %

- other (1996) 22,4 %

Total (1996) 16,5 %

Registered Unemployment July 1998 388.500

Source: MISEP, European Employment Observatory, Basic Information Report: Finland, Berlin, 1998.




