

*A Brief Overview of Working
Conditions in the Care Sector*

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INTRODUCTION

This paper is a part of the EU-project "Employment status of workers in the care sector. Data, qualifications, training and pay" made for the European Commission, Directorate General, Employment and Social Affairs. VATT has participated in the project together with partners from three other countries: Austria, Spain, and United Kingdom. The co-ordinator of the project is Spain. The aim of the project is to study the working conditions in the care sector (childcare and the care of the elderly), identify the relations between the quality of care services and the human resources used, propose indicators that may serve to evaluate the quality of services and the growth of the sector, identify the possibilities of growth for male employment in the sector and to make recommendations in the framework of the European Employment Strategy.

The project consists of two parts. The first part includes case studies, where both private firms, public sector and non profit organisations providing care services were interviewed based on a questionnaire made by the co-ordinator. The major part of the questions dealt with the characteristics of the workers and volunteers and the working conditions in the care sector: age, gender, educational level, type of contracts, salaries, mobility of workers among subsectors or activities, future employment growth, competencies required, and training needs and possibilities. The interviewees were also asked to express their opinion on the demand prospects of the sector and the policies needed for further development of the sector.

This paper forms the second part of the project. It consists of an overview of working conditions in the care sector in Finland based on statistical data, surveys, previous studies, etc. In chapter 1 the main demographic and labour market trends (especially women's economic activity) influencing demand for care activities are studied. In chapter 2 the institutional aspects of the care sector are outlined. The main regulations affecting care services are mentioned briefly and the private and public provision of care services are described. Chapter 3 gives a short description of the present situation of labour (employment, working conditions) in the sector. Finally, chapter 4 lists the policies and measures that have been implemented and planned in Finland within the framework of the European Employment Strategy (NAPs) for the provision of care services.

1. MAIN DEMOGRAPHIC AND LABOUR MARKET TRENDS

1.1. Age structure

Considerable change will take place in the age structure in Finland after year 2000 (Table 1). The share of those over 65 years, at 15 % in year 2000, will be 25 % in 2030 according to the population projections made by Statistics Finland. Especially the number of those in the oldest age groups will increase (Table 2). The share of those over 75 years will double from the year 2000 to the 2030, while the growth of total population is estimated to be 1.3 % (migration taken into account) or -1 % (without migration).

Table 1. The Finnish age structure in 1950 and 1990 and projections for 2000-2030

Year	Age group			Total
	0 - 14	15 - 64	65+	
1950	30	63	7	100
1990	19	67	14	100
2000	18	67	15	100
2010	16	67	17	100
2020	16	62	23	100
2030	16	59	26	100

Source: Tilastokeskus 1998 (Statistics Finland).

Table 2. Projections for the share of elderly people (% of population)

Age group	1998	2000	2010	2020	2030
65 - 74 years	8.4	8.4	9.6	13.4	12.6
75 - 84 years	4.8	5.0	5.7	7.0	10.2
85+ years	1.5	1.5	1.8	2.1	2.9
Total	14.7	14.9	17.1	22.5	25.7

Source: Tilastokeskus 1998 (Statistics Finland).

The increase in the number of old people, their longer lifespan, the growing need for special care that comes with old age, the relative decrease in the number of younger

age groups, and changes in the family structure are all increasing the demand for social care services. Because Finland's labour market participation rate is high and most people work full-time, there is little potential for unpaid care by relatives (Finland's National Action Plan for Employment 1998, 1998).

Another important fact affecting policy for the elderly is that the gender distribution among the elderly population will even out considerably by the year 2030 (Table 3). This estimated development is due to the fact that at present the mortality rate for men is dropping faster than that for women. This also means people will live together as couples longer than at present. This development will have an impact on the demands and patterns of care in the future (Vaarama - Kautto).

Table 3. Sex ratio for the elderly in 1998 and estimated gender ratio in 2030 in Finland (females per 100 males)

Age group	Year	
	1998	2030
65 years and over	163	125
75 years and over	226	143

Source: Tilastokeskus (1998).

1.2. Labour force participation

Women's participation in work outside home has been very common in Finland compared to other OECD countries since as long ago as the 1960s. This has been explained by, among other things, the characteristics of Finnish culture and economy, such as late and rapid industrialisation and the transfer of the agricultural partnership model of working to industrial and post-industrial society, or the fact that the male breadwinner model has never really taken root in Finland. Another important factor has been the symmetry of the educational levels of Finnish women and men (Lehto-Sutela 1999).

Women's labour force participation rate grew slowly right up to the end of 1980s. In men's case, the rate was in slight decline. As the period of economic boom turned to a

recession in the early 1990s, the labour force participation rates of both women and men fell by approximately five percentage points (Table 4). The decrease in the participation rates of both women and men in the Finnish labour force during the 1990s can largely be explained by a growth in the proportion of students, and partly by the fact that women have stayed at home.

Table 4. Labour force participation rate and unemployment rate among population of 15–74 years, %

Year	Labour force participation rate			Unemployment rate		
	Total	Male	Female	Total	Male	Female
1989	69.5	74	65.1	3.1	3.2	3
1990	69.2	73.8	64.8	3.2	3.6	2.7
1991	67.6	71.8	63.6	6.6	8	5.1
1992	66	70	62.1	11.7	13.6	9.6
1993	65.1	69.1	61.2	16.3	18.1	14.4
1994	64.4	68.4	60.5	16.6	18.1	14.8
1995	64.6	68.4	60.9	15.4	15.7	15.1
1996	64.7	68.3	61.2	14.6	14.3	14.9
1997	64.3	68	60.7	12.7	12.3	13
1998	64.7	68.4	61	11.4	10.9	12

Source: Savola (2000).

After the recession men's employment situation started to improve earlier – and also faster – than women's. In terms of long-term development, unlike the situation in many other countries (STM 1999a), men's unemployment rate had been higher than women's. Since 1996 women's unemployment rate has slightly exceeded men's, but the gap is very small compared to other countries.

According to the latest information, fixed term and other atypical employment increased in the past decade up until 1998. In 1998, 17.4 % of the labour force – 20.5 % of women and 14.5 % of men – had fixed-term employment.

Part-time work (under 30 hours a week) increased in the 1990s somewhat, both among men and women. In 1999, 11 % of wage earners - 15.7 % of female wage earners and 6.5 % of male wage earners - did part-time work.

2. INSTITUTIONAL ASPECTS

Finnish welfare state forms part of the Nordic welfare model. The availability of the social welfare services needed is rather an individual right based on the citizenship than a right based on the employment status of a family member or on the previous working career. However, the wide availability of the services has made it possible for an increasing number of family members to become care sector employees.

The responsibility for providing social welfare and health care services belongs to the municipalities. The municipalities have the freedom to decide how they provide for or arrange the care services. The municipalities have basically two options, either to provide the services themselves or purchase them from private or other public service suppliers. Services are financed mainly by tax revenues, and partly by users. Clients pay for the services according to their income, and persons lacking means have received services free of charge.

The amount of care services was increased especially during earlier decades. A more recent feature is the occurrence of the carer's allowances. The statutory children's home care allowance was gradually introduced in the mid 1980s. The municipal allowance to the carers of the elderly, the disabled and chronically ill was introduced by municipalities throughout the country when central government began to contribute with subsidies in 1984 (the informal care allowance).

Furthermore, the availability of the new leaves has also increased the options related to the care obligations. The child care leave was introduced gradually in the mid 1980s and the job rotation scheme only in the mid 1990's on an experimental basis.

A very recent enlargement in this field are the two temporary schemes which encourage the households to purchase domestic help in the private sector: tax allowance scheme and subsidies for the producers of domestic services. The scope for these new schemes is not restricted to purchasing of care services, but it is probable that in many case the families use these schemes for the purposes. In 1999, in the

subsidies scheme the share of care services was 5 % and domestic help 45 %, measured as working hours (Kainlauri - Määttä - Simonen, 1999).

It can be concluded that there is a wide array of schemes that all aim to help families who have dependent members. For example, in the case of small children all three modes of child care (parental, public and private) have become subsidized, and the families with small children have the right to choose between a public-provided service and a cash benefit. In other words, the interests of families with different needs related to care have been taken care of. This feature also implies that the motivations for the schemes do not necessarily stem from the needs of the employed population. The number of the schemes is naturally also related to the overall financial burden of the care system. There are pressures towards expenditure cuts also due to the demographic changes i.e. "ageing population problem". The high level of unemployment may increase the willingness to avoid cuts in those existing schemes that are related to informal care (Ilmakunnas - Nieminen).

2.1. Main regulations affecting care

2.1.1. Care of children

Sickness Insurance Act, Sairausvakuutuslaki (1963): maternity leave, parental leave, paternity leave: paid leave in connection of child birth or adoption. The amount of **maternity, paternity and parenthood allowance** depends on the earned income of the recipient as assessed by the taxation authorities. Persons with no previous earnings are also entitled to parenthood allowance (the basic allowance).

Contracts of Employment Act, Työsopimuslaki (1970): child home care leave: In all cases where the child under three years is taken care at home (by the mother or the father) the family is entitled to **child home care allowance** (may the parent be on child care leave or not).

Contracts of Employment Act, Työsopimuslaki (1970): partial child care leave: Mother or father may take part-time leave for caring of children at home (youngest child under school age or in the first class at school).

Child Day Care Act, Laki lasten päivähoidosta (1973): children's day care services: All families are entitled to get a public day care place (with subsidized prices) to their children under school age.

Child Home Care Allowance and Private Care Act, Laki lasten kotihoidon ja yksityisen hoidon tuesta: (1996): It is possible to receive a **home care allowance** in order to look after a child under three years of age at home. The child care costs of the family that uses private child care services (and is not receiving child home care allowance) are subsidized by the municipality. The support is paid directly to the service provider. **Private child care allowance** also offers the option of hiring a child minder to look after the child at home (STM 1999c).

Act on Temporary Subsidies for Domestic Services, Laki kotitaloustyön väliaikaisesta tukijärjestelmästä (1997): subsidies for domestic services: The law is in force until the end of the year 2000. Producers of domestic services get state subsidies. The services include various caring services and house maintenance or repair work. Available only in Eastern and Western Finland.

Act on Temporary Tax Subsidies for Domestic Services, Laki kotitaloustyön väliaikaisesta verotuesta (1997): tax allowance scheme: The law is in force until the end of the year 2000. Tax deduction for families purchasing domestic help for caring tasks or for house maintenance or repair work. Available only in Southern and Northern Finland.

Job Rotation Act, Laki vuorotteluvapaakoikeilusta (1995): job rotation scheme (experimental): Individual career breaks for studies, training or personal reasons for a fixed period between three months and a year.

2.1.2. Care of the elderly and care of the disabled

Social Welfare Act, Sosiaalihuoltolaki (1982) covers all social services, income support, other possible support and all functions which are meant for improving and maintaining single persons', families' and community's social safety and functionality. The legislation clearly specifies the following services for elderly in need of external help: social work, home help, auxiliary services, day care, service housing, residential care, home renovations/improvements, subsidies/loans and home care allowances. The Social Welfare Act is a framework law which legislates for municipalities to arrange these services. The most important regulations are those prescribing municipalities to organise home help, institutional care, service housing and preventive services for the elderly.

Municipalities can also make contracts with relatives and other intimates on taking care of the elderly and sick at their homes. The municipalities pay the caretakers compensation but it is not to be taken as a salary.

Act on Temporary Subsidies for Domestic Services, see 2.1.1.

Act on Temporary Tax Subsidies for Domestic Services, see 2.1.1.

Job Rotation Act, see 2.1.1.

2.2. Public and Private Provision of Care Services

The public sector is the principal body for providing services for all citizens and for funding these services by tax revenues. Owing to high subsidising with public funds, client fees have been relatively low until recently. Persons lacking means have, furthermore, been provided services free of charge.

Even if the public sector, mainly the municipalities, is the main producer of welfare and health services (Table 5, Table 6), there is a trend towards cut-backs in public care, more contracting out and a growing share of private enterprises and non-profit organisations in the provision of services.

Table 5. Production (annual turnover) of social care services, %

	1995	1996	1997	1998
State	0.1	0.1	0.2	0.1
Municipalities and municipal federations	82.1	83.7	81.7	75.7
Private enterprise	1.9	2.1	2.5	3.0
Non-profit sector	15.8	14.1	15.6	21.2
Total	100.0	100.0	100.0	100.0

Source: Partanen (2000).

Table 6. Employed in the social care sector by employer sector, 1000 persons and %

Year	Total		State		Municipality, joint municipal authority		Private sector	
	1000 pers.	1000 pers.	1000 pers.	%	1000 pers.	%	1000 pers.	%
1990	132	0	0	0	117	89	14	11
1991	137	0	0	0	122	89	14	10
1992	130	0	0	0	118	91	11	8
1993	124	0	0	0	109	88	15	12
1994	130	0	0	0	112	86	17	13
1995	133	0	0	0	113	85	20	15
1996	144	0	0	0	123	85	20	14
1997	151	0	0	0	127	84	23	15
1998	155	0	0	0	129	83	25	16
1999	159	..	..	..	..	..	..	..

Source: Labour Market 1999:21; Ohtonen 1997, Labour Market 2000:6.

The costs for social welfare services are mainly financed by the state and the municipalities. The state pays subsidies for the operating of social welfare services. The state subsidy varies between the municipalities according to several criteria. The government subsidies for municipalities depend on the age structure and morbidity of inhabitants in the municipality, and on the municipalities' population density, size and economic situation. In addition, the state contributes to the investments in welfare and health care. Since the state subsidy reform in 1993, the municipalities have greater freedom in the allocation of money to various services. It was intended that municipalities should no longer provide services but simply finance them (Simonen - Kovalainen 1998).

In the care for the elderly, private service production makes up only a minor part of the whole servicing system, but its proportion is increasing. In some services in some municipalities the private non-profit institutions play a significant role. This specially concerns service housing, recreational services and some auxiliary services. The main bodies funding the non-profit service provision are the Slot Machine Association (run by the state and the NGOs together) and the municipalities, who purchase services for the elderly. Also the role of the traditional neighbour helper is still important in the countryside (Vaarama - Kautto 1997).

Relatives are still an important source of aid for elderly persons also in Finland. The state also supports informal home care.

The Ministry of Social Affairs and Health carries out programmes that have impacts also on elderly care. One of the most important programmes is the reorganising of the service system for the elderly by shifting the balance from institutional care towards community care.

According to Statistics Finland (Vaajakallio 1999), children under 1 year old are taken care of at home (Table 7). This is made possible by the long maternity or parental leave. One fifth of children 1 - 2 years old and half of children 3 - 5 years old are taken care of by the municipal day care. For 6 years old children the share is 60 %. The share of private day care of children seems still marginal.

Table 7. Day care of children under school age in 1998, %

Age	Home	Municipal	Private	Other	Total
0	96	2	2	0	100
1 - 2	71	22	6	2	100
3 - 5	41	52	6	1	100
6	33	60	3	3	100
0 - 6	56	38	5	2	100

Source: Vaajakallio (1999).

3. PRESENT SITUATION OF THE LABOUR IN THE SOCIAL CARE SECTOR

3.1. Employment in the social care sector

Employment in the care sector declined during the economic recession in the first years of the 1990's (Table 8). After 1993 the employment began to increase again. The employment of the social care sector grew from 1993 to 1999 28 % while in the total employment the growth was 11 %.

Table 8. Employed, 1000 persons, the proportion of women, % and the unemployment rate, %

Year	Employment 1000 persons		Proportion of women, %		All industries	Unemployment rate, %		
	All industries	Social care sector	All industries	Social care sector		Total	Social care sector Men	Women
1990	2 504	134	47.7	94.5	3.2	2.9	..	..
1991	2 375	138	48.4	93.7	6.6	5.1	..	..
1992	2 206	130	48.8	93	11.7	9.2	..	..
1993	2 071	124	48.7	92.2	16.3	15.6	..	..
1994	2 054	130	48.5	92.2	16.6	15.1	..	..
1995	2 099	133	47.8	92.2	15.4	16.8	..	..
1996	2 127	144	47.5	91.7	14.6	14.7	..	..
1997	2 169	151	47.3	91.7	12.7	13.7	27.2	12.3
1998	2 222	155	47.1	91.8	11.4	13.5	26.1	12.2
1999	2 296	159	47.3	91.2	10.2	12.1	23.2	10.9

Source: Labour Market 1999:21, Labour Market 2000:6.

In the beginning of 1990s the unemployment increased in the social care sector, though not as fast as in the total economy. When unemployment rate began to decline after the mid-1990's, the pace was again slower in the care sector than in the total economy. The unemployment rate of men in the care sector is more than double compared to that of women.

3.2. Working conditions according to the Statistics Finland Quality of Work Life Surveys

Statistics Finland has conducted surveys on the quality of working life in 1977, 1984, 1990, and 1997. The surveys have been implemented as personal, face-to-face interviews. The interview includes questions on physical, mental and social work environment and the employees' experiences related to it, as well as questions on work experience, position on labour market, conditions of employment, incidence of physical and psychological symptoms, work motivation, job contentment, work orientation, and experiences relating to gender equality and fair treatment.

The report on the latest, 1997 Quality of Work Life Survey (Lehto–Sutela 1999) gives an exhaustive picture of the changes in working conditions that have taken place in the nineties. The findings are published for all employed, for men and women, for different age groups and educational levels, according to the employer sector and socio-economic group, etc. Some results are also given by occupations or sectors so that information on work life quality in the social care sector is also available in this report. In the following, some results are mentioned.

- Work included supervising tasks for 14 % of women working in the social care sector in 1984, for 24 % in 1990, and for 19 % in 1997. For men the respective figures are not available.
- In the health and social care sector, 5 % of women used information technology in 1984, 24 % in 1990, and 51 % in 1997. For men the respective figures were 11, 38, and 79 %.
- ADP training during two last years, paid by the employer, had been received by 38 % of women and by 33 % of men in 1997.
- Guidance in the use of information technology was available for 35 % of women and 46 % of men.

3.3. Working conditions according to the Ministry of Labour Working Life Barometer

Working conditions in all industries and sectors are studied by the Ministry of Labour in its seventh working life barometer of 1998 (Ylöstalo 1999) based on the interviews of wage and salary earners. The aim of the barometer is to monitor the changes in the quality of working life. The report also includes data on the changes in employment, the amount of overtime work, etc.

For the municipal sector the results of the barometer, together with additional information collected in a special interview of wage and salary earners, are published by the Centre for Occupational Safety (Työturvallisuuskeskus 2000). The results are given for the whole municipal sector and its four subsectors (social, health, education, other).

In the interviews the opinion of the workers is asked on the changes in the quality of working life: have the changes from the previous year been into a better or worse direction. Then the balance has been counted as the difference between positive and negative percentages. In the following, results are reported for those aspects of working life, for which they are available for the municipal social care sector.

- Work related pressure has increased. Over a quarter of the interviewees in the social care sector told that overtime work had increased (net, balance) in 1999 while the respective balance figure for 1998 was 15 %.
- 66 % told that pace of work had increased (net). 40 % (net) had felt physical stress and 56 % (net) mental stress. For 1998 the respective figures were 65, 41, and 53 %. Work pressure had increased in the municipal sector more than in other sectors.
- Changes in the possibilities to influence own tasks were less positive in 1999 (balance 11 %) than in 1998 (balance 24 %). The same result was received for the possibilities to influence the distribution of work. Balance figure for 1998 was 24 % but for 1999 4 %.

- As to the possibilities to influence on the pace of work, in 1998 the balance was 3 %, while in 1999 the proportion of those for whom they had decreased (24 %) was higher than that of those for whom they had increased (13 %).
- The improvement of the qualifications of workers continued in 1999 (balance 33 %) but in a slower pace than in the previous year (40 %).
- Inconsistency between the requirements of the work and the possibilities to use skills continued. In 1998 the balance figure for the requirements was 73 % and for the possibility to use skills 41 %. In 1999 the respective figures were 66 % and 29 % in the municipal social care sector.

3.4. Working conditions in the private social care

In order to get information on the private service provision in the field of social welfare and health care a survey was conducted among new entrepreneurs operating in the field in spring 1995 (Kovalainen - Simonen - Österberg 1996). The questionnaire aimed to examine the entrepreneurs' education, working career, motives, and experience in the early stages of business. Information was sought on enterprises' economy, turnover, clientele, quality of service, successes and difficulties. The respondents' accounts and narratives were used as quotations illustrating the distributions and tables.

More than half the respondents had been in business for less than four years. One in five had started an enterprise because of unemployment, but close on half had resigned from a job with a municipality or private employer in order to set up in business or to provide an alternative form of service. The enterprises were for the most part in small group homes, housing units, family care units and service houses or provision of all kinds of district nursing and community care services in the client's home, and private day care of children.

As their motive for setting up a business the entrepreneurs mentioned their wish to provide a client-oriented service based on a flexible, multifarious business concept.

They were eager to combine their innovative ideas with the opportunity afforded by their family situation to make a dream come true and to break away from institutional of narrowly professional employment. They were inspired by the thought of more meaningful work and service of a higher quality, not of making money. One in two, indeed, earn less than they had in their former waged work, even though many of them worked long hours. Attitudes towards the future were optimistic, and they recommended entrepreneurship to others.

4. THE PROVISION OF CARE SERVICES IN RELATION TO NAP

This chapter describes the policies and measures that have been implemented and planned in Finland within the framework of the European Employment Strategy for the provision of care services. They have been selected from Finland's National Action Plan for Employment 1998, Finland's National Action Plan for Employment 1999, and Finland's National Action Plan for Employment 2000. The policies included in the Guideline 21 (GL 21) are taken into account but also other guidelines are considered when applicable. In addition to care sector specific measures, also more general policies aiming to promote SME's have been included, because the firms producing care services are mainly small and medium enterprises. They include eg. subsidy policies, taxation policies, active labour market policies etc.

4.1. Implementation of the 1998 programme

NAP 1999

- GL 2: Combined subsidy (labour market support for the unemployed person and employment subsidy, both paid to the employer) was introduced as a new measure. Though potential employers for this group could not be found immediately, the number of job opportunities increased steadily toward the end of the year. A total of 9,400 long-term unemployed people were employed with the aid of the combined subsidy during the year, mostly in the third sector.
- GL 10: In order to reduce the overhead costs and administrative burdens for businesses a system of indicators was developed to facilitate pooling of different types of company data held by the public authorities. Standards and procedures were defined to allow companies to send their final accounts to the National Board of Patents and Registration, the National Board of Taxes and Statistics Finland by a single electronic communication, thus dispensing with the need to send separate communications to all three bodies.

In the business service units at the regional Employment and Economic Development Centres managers were appointed with special responsibility for improving the standard of advice offered to SMEs.

The system of employer's contributions for SMEs was made lighter and more flexible. Since 1998, companies with under 5 employees have had the alternative option of paying their employee pension contributions along with the employee's salary each month. An effort is also being made to simplify the social insurance system by standardizing the 'salary' concept, the insurance obligation and the definition of entrepreneur used by the different insurance systems.

An information system for SMEs was introduced as a pilot scheme in autumn 1998. The services attached to the system mean in practice implementation of the 'one-counter' principle.

- GL 11: The provision of information, information services and advice for companies and employers was improved on how to set up and develop a business and how to improve competitiveness.

Becoming entrepreneurs was made easier by paying start-up grants to unemployed job-seekers interested in setting up business for themselves.

In 1998, a start-up grant was paid to approximately 5,000 new entrepreneurs. The proportion of women receiving a start-up grant rose over several successive years and reached 45 % in 1998, which is far more than the overall proportion of women entrepreneurs. Loans to small enterprises were used to launch around 1,000 business in 1998, loans to women entrepreneurs led to the setting up of a further 350. The former led to the creation of approximately 2,900 new jobs, and the latter to around 1,000.

- GL 12: New types of cooperative as a business form have been encouraged through support for a national project to encourage new types of cooperative and the provision of separate support for those wishing to set up a cooperative. During 1998 support was given to 96 cooperatives. By the end of 1998 there were a total of 800

new cooperatives registered in Finland, around half of which were work, service or consultancy cooperatives set up by people registered as unemployed.

GL 14: Taxation of earned income was cut by funding it in part by shifting the focus of taxation in the direction of environmental and energy taxes.

Employers' social security contributions as a proportion of overall labour costs fell by an average of 0.7 % between 1995 and 1999.

The Government's basic approach is to reduce the tax burden in a way that avoids endangering basic public services. The production of basic services will be secured by using public payment policy measures to strengthen the funding base of local government. Basic services such as childcare, care of the elderly and provision of school meals are essential factors which enable the widespread participation of women in the labour market.

- GL 17: In 1998, well over 17 per cent of the workforce were engaged in fixed-term jobs, against an EU average of 12 % (1997). Women accounted for just over a fifth.

The tax deduction allowed on commuting expenses was changed as of the beginning of 1999, allowing people in short-term jobs a proportional right to deduction. A Ministry of Labour survey on management attitudes to atypical jobs in the services and to legal amendments concerning them was completed in 1998. It showed that service companies have welcomed the extended opportunity granted in February 1997 to make fixed-term contracts. SMEs were particularly pleased with the amendment.

- GL 21: The provisions of family leave in the Employment Contracts Act were amended in 1998 to make them more flexible for families. The changes allow an employee to be absent from work temporarily if he or she needs to be at home because of some temporary or emergency situation in the family. In spring 1999 there were campaigns about the new legislation on family leave aimed at encouraging fathers to seize the opportunities now possible.

Children under school age are entitled to a full-time day care place arranged by the local authority. There will be no need to increase the number of care places to any

degree in the next few years, as the under-school-age group will get smaller over the longer term.

The number of old people is rising rather fast in Finland and increasing the demand for public care services. Because Finland's labour market participation rate is high and most people work full-time, there is little potential for unpaid care by relatives.

In Finland, the parents of small children can be away from work to look after them up to the age of three. After parental and care leave end, parents are entitled to go back to their earlier or comparable work.

According to employers, there have been no special problems with placing workers who return from family leaves, though there may be difficulties in the case of those who are out of working life for a long time because of having several children. If those using family leave show a need for retraining or supplementary training, this is arranged as labour market training. However, there has been little need for this.

4.2. Implementation of the 1999 programme

NAP 2000

- GL 10 - 13: Start-up grants were granted to about 4,300 unemployed people to set up in business as entrepreneurs; 48 % of these were women. Government support (the Finnvera Plc) was used to create nearly 10,000 new jobs, half of which were in companies with under 10 employees. Finnvera Plc granted finance and guarantees about 3,000 start-ups undertaking, 93 % of which were companies with under 10 employees. Women's entrepreneurship loans were granted by the Finnvera Plc to a total of 1,300 companies (half of them with under ten employees). Over 1,500 new jobs were created in these companies.

Work continued on implementing cluster programmes to create business in the export sector. A number of projects connected with the strategy for utilizing information technology in the social services and health care sector are in progress in the welfare cluster. These are also being implemented locally and regionally. In

the Satakunta macro pilot area, for instance, an electronic social security card is to be tested in 2000. The macro pilot is a regional pilot project for testing applied health services and technology and creating opportunities for new health service companies and products.

Assistance for local self-initiatives were granted to help in setting up 54 cooperatives founded by the unemployed.

Two regional support test projects continued for employment in domestic work in the home. About 1,600 companies offering domestic services had registered for the business aid experiment. The popularity of the support grew noticeably compared with the previous year: over 23,000 households in the test area (15,000 in 1998) used the support. No figures on the use of the temporary tax relief system are available for 1999 although it, too, is likely to have gained in popularity. In 1998, over 19,000 families used the system.

A new project, 'Hoiva 2000' (Care 2000), was launched to promote entrepreneurship in care provision in the social services sector by bringing together the service procurers (the municipalities) and the service providers (companies).

The legislation on business aid was amended as of the beginning of 2000. The aim is to clarify the system of direct business aid, to improve the efficacy of aid and to improve monitoring of the use of business aid. Meanwhile, the sectoral limitations of the aid to SMEs were eliminated.

The black economy and ways to combat it have been studied and continue to be focus of cross-sectoral administrative study in co-operation with the labour market organizations.

- GL 14 - 15: An inflation adjustment of 1 % was made to the income tax rates for 2000. The marginal percentages were reduced for all income brackets on the progressive income tax scale and the maximum standard deduction for work-related expenses was raised. The employee's unemployment contribution fell by 0.35 percentage points.

The part of labour costs accounted for by employer's social insurance contributions was reduced by an average of 0.7 percentage points between 1995 and 1999. There will be a further reduction of 0.2 percentage points in 2000.

A number of studies have been conducted into how employer contributions could be reformed. The Government will decide on this matter in connection with future decisions on income and taxation policy.

- GL 19 - 22: An equality barometer was introduced as a tool for monitoring the development of equality. The first barometer was published in 1999. Statistics and indicators were developed to make it easier to monitor equality.

A target of alleviating segregation was introduced as part of the labour administration's management by results.

More equal wage systems were developed. In 1999, work focused especially on the public sector and on white-collar workers in the private sector.

The labour market organizations implemented a co-operation project for the development of equal workplaces. The project continues in 2000.

Measures were prepared to encourage more effective uptake of paternity leave. About 60 % of fathers currently take paternity leave. The potential for part-time parental leave was also explored.

Preparations were made for the introduction of free pre-school teaching for all 6-year-olds. This will begin on August 1, 2000

4.3. New initiatives in 2000

NAP 2000

- GL 5 - 6, 17: In order to create the prerequisites for promoting long-term development work in support of employees' employment prospects and lifelong learning joint, multi-annual, systematic and comprehensive measures will be

launched as co-operation between the Government and the labour market organizations with the specific aim of improving skills within SMEs.

- GL 8 - 9: In order to improve the functioning of the labour market and to prevent a shortage of skilled labour from forming an obstacle to regional development or the expansion of rapidly growing sectors, a joint project between the Government and the labour market organizations for ensuring the availability of skilled labour will be set up for the period 2000-2003.
- GL 10 - 14: In order to encourage people to start up new companies and to ensure their growth and competitiveness, the Government has decided in the Government programme to launch a special entrepreneurship project (2000-2001). It will initiate and implement concrete measures designed to promote entrepreneurship and enterprise and will also endeavour to give a fillip to ongoing measures. Particular attention will be given to issues of competitive tendering for public procurement, social services and health care and the value added tax system for the public sector. Actions will target the critical stages for success in the life-cycle of an enterprise. Becoming an entrepreneur, the first few years in the life of a company and the growth stage are considered such stages. Measures will also be taken to make it easier for enterprises to enter the market and to make the market more functional. Entrepreneurship will also be promoted as an attractive career.

Responsibility for the entrepreneurship project will lie with the Ministry of Trade and Industry, the Ministry of Finance, the Ministry of Labour, the Ministry of Education, the Ministry of Social Affairs and Health, the Ministry of the Interior, the Ministry of Transport and Communications, the Ministry of Agriculture and Forestry, the Ministry of Justice and the Association of Finnish Local and Regional Authorities. The entrepreneurial and labour market organizations are involved in the project.

- GL 15 - 17: Proposed amendments in the Employment Contracts Act include improvements to the job security of people in atypical employment.

- GL 18 - 21: The Finnish labour market is clearly divided into men's and women's occupations. Only about 16 % of the workforce is employed in equal occupations where the gender distribution is within 40-60 %. In the social care sector women's share of employed is over 90 %. This is partly due to the fact the employment rate for women in Finland is among the highest in Europe, and that women earn wages doing the kind of nursing and care work which may elsewhere be done at home. The gender division of occupations is not only a problem of equality; it also prevents the smooth functioning of the labour market.

The aim of the Government is to influence the mechanisms behind people's choices of occupation to encourage men and women towards a more equal distribution in various occupations. An extensive strategic project 'equal labour market' will be launched in this area (2000-2003). During 2000, the project will work with research findings and good practices to discover the key factors for eliminating this clear gender division in certain occupations. After this, the project will define the measures needed, their extent and the bodies responsible for implementation, and then monitor implementation.

The labour market organizations will launch a three-year co-operation programme with schools and companies. This will study ways of encouraging boys and girls at various stages of their education into choosing occupations which are not typical of their gender. An information campaign aimed at schools and other educational work will be implemented as part of the programme. The programme will be funded with ESF funding, among other sources. It will last for three years (2000-2002).

A study on the statistics and monitoring of gender-based pay differentials which starts in 2000 will serve as the basis for constructing a systematic monitoring framework for monitoring gender pay differentials in the labour market. The aim is to facilitate analysis of the factors which influence these pay differentials and to apply statistical methods to monitoring changes in the differentials at regular intervals.

The Ministry of Education, the Ministry of Labour, the Ministry of Social Affairs and Health and Statistics Finland will be in charge of implementing the measures in co-operation with the labour market organizations.

4.4. Further policies in the social care sector

According to the latest report describing the trends in the social protection (STM 2000), one of the most important future problems facing the municipal social and health care policy is ensuring an adequate amount of skilled personnel. The need for children day care will decrease because of declining birth rate. Instead, the growing number of old people and their longer life expectancies will increase the need for social care services to some degree. The oldest age groups are also in poorer condition, which increases the need for staff and imposes new requirements in terms of service quality.

The increasing need of services and the ageing clients make the work in the social sector harder. There are reports of overworked personnel and poor atmosphere in the workplace. An aspect to be taken into account is the fast ageing of the social care personnel. Especially in the elderly care the share of young workers has decreased; almost a third of them is over 50. In the next ten years a big share of municipal employees will be retiring, which may cause a labour shortage at the same time as the need of care is growing.

These developments pose great challenges to the social care policy in the future. In the Target and Action Plan for Social Welfare and Health Care for 2000-2003 (STM 1999b) made by the Ministry of Social Affairs and Health, the central issues are to ensure the availability of sufficient well-qualified social welfare and health care personnel and to prevent the occurrence of stress at work within the sector. Its recommendations underline the importance of supplementary training, of maintaining the professional skills of the young professionals over the next few years, and of drawing up a programme of research and action on the prevention of stress at work. Also a wide use of personnel accounting by municipalities is recommended.

Policy on care for elderly is not limited to the social services and health care sector. The quality of life of elderly people can also be improved through community planning, physical planning, housing policy and transport policy, so there is a need for network of the authorities of these areas.

In an assessment of basic services carried out by the provincial State offices in 1998, the main problem revealed was the variation in the quality of social care services provided by private producers. It is therefore important that the municipalities take quality into account when purchasing services. (STM 1999b)

The private providers of social care services are mainly SMEs, organisations and co-operatives. As can be seen in chapters 4.1. – 4.3., many policy measures promoting their activities have been planned and implemented in the NAPs of 1998, 1999 and 2000. However, in the case studies of this EU-project many interviewees expressed that further reforms in social security contributions, in taxation, in municipal subsidy and pricing policy, etc. are still necessary for the development of the private care. Also the regulation of the care sector and the amount of information required by the authorities was felt to be too extensive.

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