

Labour market training

Työvoimapolitiittinen (Työvoimakoulutus)



1 Description

Timespan Labour market training (LMT) has a long tradition in Finland. This instrument has been in force since January 2013.

Stage **FULLY OPERATIONAL**

Focus area  **MATCHING SKILLS FOR TODAY'S JOB MARKET**

2 Foundations

Policy area  **ACTIVE LABOUR MARKET POLICIES**

The policy actively promotes employment by assisting the unemployed, or people at the risk of unemployment, to find new employment more quickly.

Policy goal The goal is to improve the professional skills of unemployed adults or adults who are at risk of being unemployed, enhancing their possibilities of finding a job or retaining one. It also aims to improve their capacity for working as entrepreneurs. The overall aim is to promote the availability of skilled labour. Education and training are key measures to help people meet changing skills requirements and improve the matching of supply of and demand for labour. Skills development of individuals has an important role in the implementation of ALMPs and in managing challenges of changing skills requirements.

Mismatch **EXPLICITLY DESIGNED TO ADDRESS SKILL MISMATCH**

The main idea behind labour market training is that there are open jobs, but the unemployed cannot apply because they lack the right skills. The labour market training is designed to provide those skills in demand. Sometimes the training may require a whole new vocational degree, but in most cases the programmes are more targeted to upgrade and update existing skills.

Aim of policy instrument



UPSKILL AND MATCH SKILLS OF UNEMPLOYED



UPSKILL EMPLOYED ADULTS

Legal basis

LAW

Administrative level

NATIONAL

Main responsible body

Ministry of Economic Affairs and Employment

Stakeholders



GOVERNMENT (CENTRAL & REGIONAL)



TRAINING PROVIDERS (PUBLIC/PRIVATE)

Centres for Economic Development, Transport and the Environment: the regional administrations of central government are responsible for distributing funding regionally.

TE-Toimisto (Employment Offices) are responsible for public unemployment services, and among other tasks, they participate in selecting people for training. Only customers of TE-Toimisto are eligible to apply for unemployment training.

Educational Institutes and Private Education Companies: organise most of the training and participate in the development of new programmes.

Funding

The funding is mainly public. In the 2017 Finnish Government Budget, there was €146.6 million for unemployment training and €37.4 million for expert services and pilots. Private companies may cover a part of the expenses when a new labour force is educated for their needs. The actual share of private funding is not available in statistics.

The major funding sources are national. The most important funding is the government funding, which is part of the government budget. This funding is decided for each year. Companies also participate in the programmes that are tailored to their needs. The European Social Fund is used locally to pilot training programmes but otherwise there is no EU funding. The total funding fluctuates from year to year and, due to general budget cuts, funding for labour market training has decreased in recent years.

Intended beneficiaries

Unemployed adults or adults at risk of being unemployed. The aim is to upgrade and update their skills to find new employment or to keep their current jobs. Companies may also be seen as beneficiaries. The unemployment training programmes are sometimes tailored for the needs of specific companies in order to provide qualified labour.

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Processes

Use of labour market intelligence



DESIGN TRAINING PROGRAMMES TO ACTIVATE UNEMPLOYED



INFORM DECISIONS ON COURSE FUNDING/PROVISION



INFORM JOB-SEARCH DECISIONS OF UNEMPLOYED

LMSI are used on an ongoing basis to improve the training delivered. New programmes are designed to meet the observed or sometimes predicted labour needs. When the unemployed person is searching for new career options, she or he is advised about which choices would improve his/her employability.

Financial schemes

The employment officials purchase training programmes from educational institutes or private education companies by public tendering.

Frequency of updates The LMSI exercises used to inform this policy are as follows: The "Occupational barometer", which is conducted twice a year and analyses the demand and supply of certain professionals; skills anticipation carried out by Finnish National Agency for Education, which comprises a long-term forecast of labour demand. Those are both used to design labour market training.

Development The labour training is continuously developed for several purposes. Active labour market policy aims at finding training for all who need it. While the unemployment rate has remained high since the beginning of the financial crisis in 2009, the demand for training has increased. However, its funding has not increased accordingly. For that reason, there is a need to develop new models to combine public and private funding and meet the needs of the companies. In Finland, a new issue is that highly-educated people have difficulties to find employment. That has created the need to design training programmes for them too.

Barriers In general, the implementation has been successful. However, there are some remaining challenges. One of them is a lack of funding. There is also no evidence that all the training programmes would increase employability. Furthermore, there is a debate about the fairness of the programmes. Especially when a company is training unemployed people and not then recruiting them, it is questioned whether the unemployed are treated fairly or used as a subsidised labour.

Success factors The success factors is how well new programmes manage to link unemployed people to the labour markets needs. An important factor is the collaboration between unemployment officials and companies. The other is the use of LMSI to assess changing labour market needs.

Monitoring The progress of the instrument is monitored on a regular basis. Key indicators are: (1) how many of the participants are employed within 2 months after training; and (2) a standard survey (OPAL-survey) of every participant to assess their satisfaction, including their self-assessment of whether or not they have learnt something new.

Innovativeness **SLIGHTLY INNOVATIVE**

There are many kinds of labour market policies and for that reason, also different types of innovativeness. New methods of learning are used in some of the programmes and new models for collaboration with the companies are designed. The key factor has been maintaining a high quality without additional resources. Good outcomes have been reached, for instance, in collaboration with private recruitment companies, who know the companies' needs and understand what kind of education is required to meet those needs.

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Sustainability

Evidence of effectiveness

The effectiveness is monitored systematically with two main indicators. They are the share of trained persons who have found employment within 2 months after training and OPAL-survey, which collects feedback from the participants. The latest report is from 2016 with figures for 2015. In 2015, about 49% of participants were employed within 2 months after the training. According to the OPAL-survey, 82% of participants were satisfied with the training. The benefits are in the line with the expectation. Naturally the employability could be higher and the instrument cannot equally serve all the groups, but in principle, it has helped the unemployed to find employment. There are no reports of unexpected benefits or cost. The cost control is quite good and it is limited by the budget. The satisfaction of the participants indicated that the benefits exceed the improved employability.

Engagement of stakeholders

The engagement is based on the continuity of the instrument. Finnish labour markets operate in a particular way and all parties are committed to follow those principles. The engagement is based upon the fact the government mainly funds the program. Labour market training is profitable for the educational institutions i.e. they are selling the training as a service for a price that covers all the expenses with potential margins. For the companies, the training project is a cost-efficient way to hire employees when qualified labour is not available in other ways.

Transferability

EASILY TRANSFERABLE

The idea is easily transferable to all the countries with educational institutions producing these types of training programme, and with availability of public funding. Collaboration with companies in their recruitment processes is another good practice.

Sustainability

The instrument will continue in the future. It has a long history and there is no indication that the instrument would be cancelled.
