Assessment and recommendations

Finland has a short history of hosting migrants…

Over the last quarter of a century, Finland’s foreign-born population has been growing at a compound annual rate of 6.8%: whereas the foreign-born accounted for just 1% of the Finnish population in 1990, in 2016 they accounted for close to 6.5%. While the number of foreign born individuals residing in Finland remains small by international standards, growth has been amongst the fastest in the OECD.

Historically, Finland has more been a country of emigration than of immigration. Indeed, Finland did not become a destination country until after the collapse of the Soviet Union, when large numbers of ethnic (Ingrian) Finns began to arrive – largely from Russia and Estonia. Alongside these Ingrian Finns, humanitarian migrants from Somalia and from the former Yugoslavia also began arriving in Finland in the early 1990s. As a result, in contrast to many other immigrant-receiving countries, Finland’s early immigration was dominated – alongside family unification – by humanitarian migration.

…and a diverse migrant population

Finland’s migrant population come from a diverse range of countries and bring with them a concomitantly wide range of integration service needs. Since the mid-1990’s, migrants from Russia and Estonia have made up the largest foreign-born group in Finland and continue to do so; in 2016, they accounted for 20%, and 13%, of the foreign-born population, respectively. Since 1994, migrants from Somalia have represented a fairly stable 3% of the foreign-born population of Finland, while the number of migrants arriving from Iraq and Afghanistan has been increasing. As a result, in 2015, migrants from Iraq overtook those from Somalia as Finland’s third largest group, accounting for 4% of the foreign-born population. The number of migrants from Thailand, Viet Nam and India has also grown gradually over the previous ten years such that, in 2016, they accounted for 3, 2 and 2% of Finland’s foreign-born population, respectively.
Different migrant populations have quite different labour market outcomes

Finland’s foreign born population have, on average, a lower employment population ratio than native-born Finns. Indeed when the migrant population is restricted to include only those arriving from outside the European Union, employment rates among Finland’s migrants are the lowest in the OECD. This stark finding is somewhat hidden in the aggregate figure, which masks a large degree of heterogeneity among different migrant populations. Thus, while among Finland’s Estonian population the employment population ratio, at 66%, is less than four percentage points below that of Finnish citizens, among the Russian, Iraqi, Somali and Afghan population conversely, employment population ratios are substantially lower, standing at 37, 12, 11 and 15% respectively.

Given the size of the Estonian population, the extremely poor labour market outcomes among some of Finland’s migrants are hidden if the focus is just on the overall picture. However, as the number of migrants from Iraq, Somalia and Afghanistan continues to grow, efforts to improve their labour market integration is becoming an increasingly pressing concern.

Large inflows of asylum seekers in 2015 put integration squarely on the agenda...

In 2015, as in many European OECD countries, Finland received a large number of asylum requests. 32 000 individuals sought asylum in Finland – equivalent to 6.6 asylum seekers for every 1000 of the Finnish population. This represented a substantial increase in the number of asylum requests compared to the preceding years, during which it had hovered between three and four thousand. The country has been grappling with the implications of these numbers, both in terms of meeting the immediate needs regarding housing and initial settlement, and in terms of long-term integration into the Finnish labour market and society.

Not all asylum seekers will eventually settle and, consequently, not all need to be integrated. Of the asylum decisions made in 2016 in Finland, only 27 % were positive, rising to 40% in 2017. Indeed, despite close to 44 000 asylum applications since the start of 2015, the number of persons granted international protection over this period remains under 14 000.

…but numbers have since fallen

It is not yet clear to what extent the recent increase in the numbers seeking asylum in Finland will be sustained in the longer term. Indeed numbers have
since fallen quite dramatically. In 2016, just 4 005 individuals made first-time applications for asylum in Finland and, in 2017, the number fell still further; nearly halving to just 2 139. Nevertheless, temporarily elevated numbers have put a strain on an integration system designed to support far fewer migrants. This strain is set to continue in the years to come as this large cohort makes its way along the integration path.

Current policy for new arrivals is centred around the creation of a personalised integration plan

Following the first wave of migrant inflows in the early 1990s, an Integration Act, implemented in 1999, laid the basic building blocks of the current Finnish integration system. In particular, the Act mandated the use of personalised integration plans which generally last for two to three years. The aim of these plans, drawn up by the local employment offices, is to build a tailored package of training measures to ensure that migrants are directed to programmes that are appropriate to their specific skills, experience, and needs.

The new arrangement of integration training has the potential to increase efficiency

In an effort to increase the efficiency with which the integration plan prepares participants for employment, the Finnish integration system is currently undergoing substantial changes in the way it is implemented. In 2016, changes were introduced to reorganise the integration plan into sub-modules combining vocationally-oriented content with basic integration training at an early stage. In conjunction with basic integration studies (largely language and civic education), the new training modules may contain a diverse range of other activities, including on-the-job learning and work experience. These modules may also be interspersed with other labour market activities, such as work trials, subsidised employment and third-sector services. The flexibility of implementation is also to be enhanced through the increased use of distance learning, so that participants are able to study in the workplace or online at home.

Importantly, in order to speed up the start of integration efforts, an intensive orientation module has been added for those who have been granted a residence permit, but do not yet have a municipal placement, as well as for those who are waiting for access to training services after being transferred to a municipality. This intensive orientation module can include training to achieve basic oral proficiency of Finnish/Swedish language necessary for everyday situations; literacy training in the Roman alphabet, social orientation
The goals of these reforms are twofold. In the first place, it is hoped that modularised training will enhance efficiency of integration training by enabling increased flexibility to tailor training to the needs of the individual migrant. However, alongside this, it is hoped that, by incorporating other non-classroom based activities into integration training resources can be spread further, thereby accommodating an increased number of migrants. These goals, if attained, would put Finland at the forefront of integration policy design. However, appropriate implementation – in a country where much of the practical policy design and implementation is left to local actors – will require careful thought, resources, and support. Furthermore those who undertook their training prior to the recent changes, and whose skills, in the meantime, have eroded still further, will need to be given access to support and to routes back to the labour force.

These changes, which are currently in the implementation stage, represent an important step forward for Finland and, for the time being, modularised integration training appears to be working well. Given the more targeted nature of the offer, provision of training in sparsely populated areas is proving to be a challenge but, in response, many course providers are relying on various forms of remote training. If this reduction in contact time is accompanied by increased flexibility and sustained outreach, it may facilitate the integration training among those migrants, such as women with young children, who previously struggled to attend intensive courses. However, it will be important to ensure sustained interaction with new-arrivals to ensure that they remain actively engaged in their learning.

…and creative new funding models have ambitious goals

The tight fiscal environment in recent years in Finland has prompted much thought into creative new models for funding integration, and much hope has been placed on Social Impact investing (investments made with the intention of generating a social, alongside a financial, return) as a way to harness private funding in the integration process. The recently-launched pilot of a Social Impact Bond (SIB) – which pilots the use of social impact investment for integration – has the ambitious goal of moving individuals into employment within four months of the beginning of their participation in the programme. The pilot, however, has experienced some initial setbacks, and a high rate of drop-outs has prompted an increased focus on migrants resident in Finland for greater than 2 years. However, the organisation of training piloted by the SIB – in which initial training is kept to a minimum with subsequent training used to top-up skill shortages identified during initial
employment phases – is an innovative response to the need to increase the flexibility of integration training.

The early separation of the inactive from labour market oriented trainings should be urgently addressed

Migrants who are not seeking work at the time of their arrival in Finland are directed, not to the Public Employment Service and the associated modularised integration training but, instead, to the municipality for their integration support. In theory, the municipal integration services should mirror those provided by the PES – including basic education, language training and civic orientation. Municipal integration support, however, tends to have less emphasis on labour market training, and, given that these services are provided at the local level, there tends is a larger degree of variation in the quality and scope of the courses offered across municipalities.

This early separation between migrants who are seeking work at the time of arrival, and those who are not, may be intuitive to the extent that only those who are seeking work tend to enrol themselves with the PES. However, such an early separation between the active and the inactive may have long-lasting consequences and may make it difficult for those who are temporarily outside the labour force at the time of arrival – for example due to sickness or childcare duties – to find their way back to employment. To ensure that distance to the labour force is not allowed to grow, it will be important to ensure that the newly-arrived are systematically directed to the PES integration programme.

Many women are struggling to integrate...

In their first year in Finland, employment rates among migrant women lag behind those of comparable native-born women by more than 51 percentage points. This disparity is substantially larger than the 29 percentage point difference between the employment rates of male migrants in their first year and comparable native-born Finns. As the years pass, more and more women move into employment such that, after 15 years residence in Finland, employment disparities between foreign- and native-born women are similar to those between foreign- and native-born men. Both trail the employment rates of comparable native born Finns by approximately 20 percentage points. The average integration pathway of foreign-born women in Finland, however, masks trends that differ quite markedly between diaspora groups with women from Estonia and Russia making good progress towards labour market integration while those from Somalia, Iraq, the EU15, USA and Canada, make little such progress.
...because many are locked into inactivity and face incentives to remain in the home

Women who are not actively seeking work upon arrival in Finland, may drift quite far from the labour market and risk becoming isolated from Finnish society. The notion of a ‘Family Integration Plan’, outlined in the Integration Act, to ensure the smooth integration of all family members, has the potential to be an important asset. Nevertheless, it need not be necessary that the primary – and often only – link to the family be the mother. Defining the integration focus of women solely by their status within the family may act to the detriment of their labour market integration and, paradoxically, in the long run, that of their children as well.

Childcare responsibilities can often mean that migrant women find it difficult to participate in full-time integration activities at the time of arrival. Without the opportunities and incentives to participate in integration programmes, such women can become increasingly isolated – both socially, and from the world of work. While a generous system of paid leave contributes to supporting high participation rates among the native-born women, many foreign-born women, who are less likely to have had stable employment prior to having a child, may be more likely to drop out of the labour market following childbirth.

Beyond the difficulties involved in juggling employment with childcare duties, participation rates, in Finland, may also be stymied by the availability of the Child Home Care Allowance (CHCA). This allowance, which is granted when a child under three years of age is looked after at home, can render staying at home more financially advantageous than engaging in training or paid employment. The CHC allowance is not targeted at foreign-born women. However, given that foreign-born women are more often outside the labour market, and therefore ineligible to parental leave, and given that when they find employment they tend to be concentrated in lower paying jobs, the incentive to remain at home engendered by the allowance is likely to play more forcefully upon their choices.

Integration failures among female migrants that are left unaddressed risk leaving a lasting impact on the integration outcomes of their children. And, though the benefits of day care, such as language and social learning, tend to be particularly pronounced for children from disadvantaged or immigrant families, the children of foreign-born women are more likely to be cared for at home for longer spells. Worryingly, this is particularly marked among those children whose parents come from refugee-sending countries. Given the high costs associated with the provision of publicly-financed early childhood development, such cash-for-care schemes can appear to be a cost saving
measure. The long term costs, however, can be substantial – both for the mother, for the child, and for the economy.

**This may have long-term implications for the prospects of their children...**

While the foreign-born population is growing in Finland, the recent nature of immigration has meant that the population of native born children of immigrants is still small. This group, however, is now beginning to grow – with those under 17 increasing eleven fold since 1995 to reach close to 50 000 in 2016. Despite this growth, integration policy for these young people with a foreign background remains, thus far, relatively underdeveloped. As they now begin to leave school or enter higher education in greater numbers, their integration outcomes will be the real test of integration policy in Finland. Unfortunately, many of those in Finland whose parents were born abroad appear to inherit the integration challenges of their parents; struggling with language difficulties and lacking the local knowledge to navigate Finnish society and the Finnish labour market. While the concentration of foreign born adults at the lower end of the wage distribution has been falling over the past 20 years, the opposite trend has emerged among their children.

...Who are often poorly prepared for school and would benefit from early and systematic diagnosis of difficulties

For those young people who are born in Finland with migrant parents, or who arrive at a young age, one of the major challenges they must face is adapting to a language of instruction that is often different from the language they speak at home. Recent research indicates that it can take students many years to develop the academic language used in school environments and language learning is an ongoing process that requires effective support beginning in early childhood education and continuing throughout compulsory and upper-secondary schooling. This is particularly the case given the complexity of the Finnish language. Indeed, 9% of early school leavers report that insufficient language skills prompted their decision not to complete their education. The Finnish schooling system leaves much discretion to the school head. However, given the central role played by of language skills in effective learning, and the absorption of academic content, it is essential that poor language skills are systematically identified and addressed at the earliest stage possible to ensure that no student is allowed to fall through the cracks.

Beyond language learning, increasing the support for the children of migrants will, most likely require close co-operation with their families. The
IT systems that now form the basis of communication between schools, students, and parents, can be difficult to navigate for non-native Finnish speakers and those with limited experience of using ICT. As such, it will be important that complementary efforts are made to reach out to the families of those with a foreign background, to inform and involve them in their child’s educational career.

Young migrants also face particular integration challenges…

In Finland many young migrants are struggling to learn the Finnish language and integrate into the school system in time to catch up with their native-born peers. Indeed over half of foreign-born students surveyed for the OECD Programme for International Student Assessment fall below basic proficiency in mathematics. Such low proficiency in mathematics is found in only one in ten native-born students, rendering the disparity in Finland among the largest of all surveyed countries. Integration success or failure at this vulnerable age can have long-lasting implications and these early struggles, if left unaddressed, can affect the educational trajectory of the child; while 99% of native-born students apply to upper-secondary education, one in every five foreign-born students chooses not even apply. And, of those that do continue to upper-secondary, foreign-born students – and children with foreign-born parents – are more likely to opt for vocational tracks, rendering it difficult to enter the university system.

…And will need support when entering mainstream classes

Given the need for language learning and adaptation to a new education system, and the potential delays this can cause for the learning of content, the Ministry of Education and Culture has allocated additional funding to incentivise municipalities to offer preparatory education courses. These preparatory courses are designed to strengthen the language skills and abilities of those who it is deemed will struggle to enter mainstream pre-primary and basic education classes. However, while Finland’s Basic Education Act suggests that municipalities may organise preparatory basic education, they have no legal obligation to do so. Indeed, in September 2015 only 3 480 students were participating in preparatory studies. This accounts for little more than one in three of the young migrants between the ages of 5 and 19 that arrived in Finland over the course of 2014/2015.

The number of foreign-born students varies substantially from school to school, and this can have significant implications for the ease of offering preparatory classes and tailoring these classes to the ages and abilities of attending students. Nevertheless, it is important that local autonomy, in
determining the extent of integration support and the provision of preparatory classes, is supported by careful monitoring of outcomes and the provision of national guidelines on minimum requirements. The large degree of school autonomy alongside the lack of data linking participation in preparatory classes with educational pathways, render the drivers of poor outcomes among young migrants hard to evaluate. Further efforts should be made to monitor the integration support tools employed, and the outcomes these achieve. This will enable schools to identify where insufficient support is being offered as well as helping national authorities to and scale-up those interventions found to be effective.

Language training is the main element of support for new arrivals in Finland...

The primary components of the integration plan include language training, labour market training, civic orientation and, for those that need it, basic literacy training. However, in practice, initial training has placed a heavy emphasis on language learning. Language skills are central to the success of integration across OECD countries, strong language skills facilitate not only access to employment, but access to education, to social interactions and, hence, to further acquisition of language skills. Conversely, poor language skills can leave migrants isolated and their integration path blocked. Nowhere is this more true than in Finland where, language skills essential both to social interaction with the native-born population, and to finding employment. Indeed the linguistic distance between the Finnish language and the mother tongue of many migrant groups means that the impact of language background upon functional skills, as measured by the OECD Survey of Adult Skills, is the largest of all participating countries.

In Finland, most new arrivals come from very different language families and the Uralic roots of the language render it among the more difficult languages to learn. While language training is typically provided for 240 hours, the national curriculum for integration states that the scope and content of integration training should vary according to each student’s individual needs. As such integration training may continue up to a maximum of 2100 hours, with close to two thirds of this time dedicated to language training and the remaining hours – largely devoted to civic orientation – conducted in Finnish. This number of hours is substantial in international comparison.
…But a heavy focus on classroom-based learning has not produced strong results…

Language is most effectively learnt in combination with vocational integration activities. Even learners who are far from the labour market may gain more benefit when the course is focused on their real-world language needs. In Finland, however, the heavy focus on academic curricula, and limited scope for incorporating informal and non-formal language learning, has not been effective in promoting employability, and has led to an overly long integration pathway. Indeed, by the end of the language courses provided under the integration training, in 2016, more than four in every five participants failed to attain the target grade of B1.1 – the grade necessary for entry into vocational training. Cross-country survey data suggest that these results are poor in international comparison and, despite the large number of hours dedicated to language learning in Finland, 28% of language course participants hold language skills at beginner level or less. This is comparable to countries, such as France, that dedicate far fewer resources to language training.

These averages mask a degree of heterogeneity in the migrant population and language attainment at the end of integration training tends to vary with the native language of the migrant. Indeed, data from one language training provider suggest that while the majority of those from Estonia achieve the target grade of B1.1 at the end of their language training, those speaking Arabic or Somali as their first language were most likely to attain only A2.2.

…And there is little targeted support for migrants when integration training ends

While other components of integration training are available alongside language learning, the pre-requisite level of Finnish language skills is often prohibitive. As a result, in practice, many migrants never undertake other integration activities. Migrants whose language skills remain poor at the end of integration training, or those whose language skills have eroded following the end of their training have few options available to them when it comes to reskilling. Thus, for some migrants, failure to progress in their language skills by the end of integration training compromises their ability to continue their integration pathway at all. Indeed, in 2017, close to one in every three participants of integration training fell into unemployment three months following the end of their participation, a further 62% were in other PES measures. The majority of the remainder continued to vocational training or independent study while fewer than 10% moved into work trials or employment.
Project-based support, led by municipalities and NGOs, has, in many places, filled this gap. Coverage, however, is heterogeneous and multiple providers often serve to complicate the integration landscape still further. Instead remedial support for established migrants whose foundational skill requirements exclude them from educational and labour market programmes must be built into the integration infrastructure and systematically available for those that need it.

In an attempt to address this gap, recent changes have created a new educational track for those with profound literacy training needs. In December 2017, a new curriculum guideline to create literacy training for adult migrants within the education system was issued by the Finnish National Agency for Education. The new training is part of a more extensive reform transferring responsibility for literacy training to the Ministry of Education and Culture. The aim of this reform is to bridge the gap between integration training and subsequent education and training, and will represent an important change for those with the most limited literacy skills. However, these reforms alone are unlikely to address the more widespread difficulties faced by literate migrants in reaching the language threshold necessary to access further labour market training and education.

A number of untargeted employment services are available to migrants. Among these, lifelong learning plays an important role…

Lifelong learning, undertaken under the umbrella of ‘independent study’ takes a prominent role in the employment services offered to migrants in Finland and accommodates over one third of all foreign-born recipients of public employment services. In many OECD countries, education provided through the Public Employment Service is limited to short employment-oriented trainings that are poorly suited to the needs of migrants with profound skills needs. As such, the incorporation of meaningful further education as a component of labour market services is an important asset of the Finnish system reflecting an acknowledgement both of the degree to which Finnish qualifications and bridging education are required for labour market entry, and the degree to which some migrants still have profound learning needs.

…but little is known about the scope and content of courses tendered to external course providers

Provision of independent study is, however, largely tendered to external course providers and the education and training provided under this umbrella is diverse. While course providers have been given guidelines regarding the
content of the curriculum since 2012, reliable information about the form, scope, content and value-added is difficult to obtain. Course eligibility for this type of supported study is largely granted on case-by-case basis with the number of hours constituting the primary requirement. Given the importance of this form of integration training in the integration of the foreign-born, it is important to monitor these programmes – collecting information on participants, course content, and outcomes – to ensure that they are adding value for all participants.

Competence-based qualifications are a highly effective integration tool to recognise prior learning…

Finland offers an advanced system for the recognition of prior learning through competence-based qualifications. While not targeted specifically at migrants, measures are in place to ensure that these qualifications are well adapted to their needs. Candidates with language difficulties are permitted to provide oral demonstrations in place of written sections of the test, they may be granted additional time, or the ability to use support materials.

These qualifications require no training in Finland, yet provide a nationally-recognisable certificate. A particularly important element in the success of the competence-based qualification is that it provides an indication of competences that is harmonised at the national level. Indeed, qualifications that can be obtained through the competence-based qualification (including vocational upper-secondary qualifications, further vocational qualifications and specialist vocational qualifications) can also be obtained in the formal education system. As a result, qualifications obtained in this manner are recognisable and easy to interpret for employers. Employment rates one year after completion of a competence-based qualification, at 71%, are very high. However, this is likely to be partially driven by the targeting of the qualification at those who hold skills in shortage occupations.

…But limited referral undermines the use of validation programmes, recognition remains ad hoc and over qualification remains a concern

Despite the emphasis placed on the tailored nature of early integration activities in Finland, and despite the fact that the skills and qualifications an immigrant holds are perhaps the most important determinant of the training they require, referral of new arrivals to recognition and validation remains ad hoc. At 36%, over-qualification rates among foreign-born workers in Finland are double those among native-born workers. This disparity is large in international comparison.
While no national data is collected on the number of qualifications recognised annually for regulated professions, figures from individual recognition bodies suggest numbers are small. In unregulated professions, the competence-based qualification is the primary vehicle for validation. However, while the Helsinki region has begun urging providers of integration training to refer students with a background in sectors with a high labour demand to undertake the qualification, numbers are remain limited.

Taking stock of the qualifications and skills that migrants bring with them to Finland must, going forward, be the point of departure for effective integration. The possibility of attaining a competence-based qualification should, systematically, be introduced during the early stages of integration and referral to recognition services must form part of any initial mapping performed in integration training.

**Finland offers subsidised wages to support employment entry...**

Early contact with the labour market is important to set new arrivals on a positive integration pathway. However, when migrants first arrive in Finland, their ability to productively use their skills in employment tends to be compromised by limited language skills, lack of familiarity with the labour market and, in some cases, poor health. Where wages are able to respond to productivity, lower productivity should not necessarily compromise employer demand. In Finland, however, where collectively-bargained minimum wages act as wage floors, employers hiring those whose productivity is temporarily compromised by limited language skills, are unable to adapt wages accordingly. This is particularly true because foreign-born workers in Finland are heavily concentrated in the lowest-paid positions where collectively-bargained minimum wages bind (over 40% are concentrated in the lowest income quintile). The result of this can be that employment opportunities for new-arrivals are limited. Given the role of employment in strengthening language learning, the resultant exclusion from the labour market can become a vicious cycle.

To help the unemployed gain an initial foothold in the labour market, the Finnish Public Employment Service offers a number of wage subsidy programmes. Unemployed jobseekers registered with the PES office, and aged 30 years or over, are eligible to apply for a card granting the right to subsidised wages. Employers of a card holder will then receive a subsidy covering 30, 40 or 50 % of payroll costs (up to a maximum of EUR 1 400 per month) while the card holder receives the salary stated in the relevant collective agreement. The percentage of payroll costs and the duration of the subsidy are determined on the basis of time in unemployment.
Subsidised wages, when offered on a temporary basis, can help the foreign-born out of this “limited language/low-productivity” trap and have been used in other Scandinavian countries with some success. By compensating employers for the short-term difficulties associated with limited language skills such subsidies can provide migrants with the opportunity to prove their skills, gain Finnish labour market experience, and improve their Finnish concurrently. Indeed, migrants undertaking subsidised work in Finland demonstrate relatively strong post-programme outcomes with 20% in employment three months after ending the subsidised wage spell.

…Few migrants benefit from these, and many are ineligible for the highest wage subsidies

Despite the potential of wage subsidies for foreign-born jobseekers, few currently benefit. Only 6.9% of foreign-born PES clients participated in subsidised employment, compared to 23.4% of native-born. This low participation rate is, to some extent, a result of the dependence of eligibility for these programmes on the length of time spent in unemployment – with participation in integration training not counting towards this time. This renders those who have undertaken integration training in the previous year’s ineligible for the highest wage subsidies at a time when they would be most needed.

For native-born jobseekers, the dependence of wage subsidies on time spent looking for employment is aimed at minimising the deadweight losses associated with such programmes when subsidies go to those who would otherwise have been able to find unsubsidised positions. This is because distance to employment tends to be an increasing function of time spent in unemployment. However, for the foreign-born – who accumulate language skills, local knowledge and networks over time – it is not clear that this is the case. Given that very few of the foreign-born move into employment in their first years in Finland, the crowding-out of unsubsidised work among this group is likely to be minimal. Delaying employment support, by requiring a long period of post-integration-training unemployment, will, instead, fail to capitalise on the early motivation and delay the labour market entry that is crucial for long-term integration.

Apprenticeships have been replaced by unpaid work trials

Alongside wage subsidies, temporary training contracts and apprenticeships that provide opportunities for employers to “test” the skills of migrants at a low cost can be important tools for integration. By giving the foreign-born an opportunity to demonstrate their skills, such short-term
contracts can provide an important stepping stone into more stable and better-paid employment. Such contracts, however, are currently rarely used in Finland and, since 2013, apprenticeships – which were previously heavily used by the foreign-born, have been replaced by ‘work trials’, a form of unpaid internship. On-the-job training during work trials is more limited than during apprenticeships. Furthermore, use of these trials is limited due to the requirement that employers may only offer such trials when they have first offered the job to any redundant, laid off or part-time employees.

There is scope to offer more support to encourage employers to offer early labour market access

Beyond direct financial support for hiring through subsidised wages, many OECD countries are now experimenting with other forms of support, such as enabling employers to identify migrants with the necessary spoken language skills for the job. Finland is ahead of the game in this respect and tests already distinguish spoken Finnish from reading and writing. Data from one provider suggest that 50% of test-takers achieve an intermediate rating in spoken Finnish; 10% more than the proportion who achieve this classification in reading or writing. This information, however, is currently underutilised and should be shared with employers or used to distinguish candidates that may be ready to move on to on-the-job training.

Beyond hiring support, supporting employers in offering on-the-job training would be a fruitful avenue to develop in Finland. Initiatives in this ilk should include promoting informal learning through language mentors at work, or providing public subsidies for employer organised training. Not only are employer’s best placed to understand the skills development needs of migrant workers but channelling support through employers will help the integration system to remain flexible; to expand in response to the current high demand for training, and contract as the number of new arrivals diminishes.

Some migrants would benefit from more intensive guidance...

The current law on integration emphasises the objective of ensuring all immigrants are provided with basic information about Finnish society, work life and available integration services. The provision of information is important in order to galvanise the enthusiasm of migrants to begin the integration process. Nevertheless, the lack of co-operation between government services, their dispersed locations, and diversity of procedures and communication channels creates a lack of clarity in the integration system in Finland. As a result, the integration process can be difficult to navigate for
those who are not familiar with the Finnish system and must, at the same time, overcome communication difficulties. In this context, misinformation can spread rapidly through migrant networks. Infopankki.fi, a website providing information in multiple languages, is an important first step in this direction but newly-arrived migrants must be more systematically directed to the site soon after arrival. And, there will be some that require more guidance and support in navigating their way through information that is often fragmented, dispersed and available in many sources.

...And the PES needs more support to provide this guidance

There is a need for greater clarity in the data regarding the caseload of PES councillors. While national statistics suggest that PES officers in Finland have an average of 20 clients on integration training per counsellor, according to the local statistics collected from the individual PES offices there are around 200 clients on integration training per PES officer.

Beyond integration training, since the mainstreaming of employment support in 2013, the Finnish PES directs clients to one of three support streams. While migrants are most commonly channelled to service stream 2, for competence-building, the support offered to those requiring the most support, directed to stream 3, tends to be compromised by the large number of jobseekers per PES caseworker operating in this service line – reaching up to 400 cases per councillor.

Given the augmented arrival numbers of 2015/16, these numbers are likely to rise in the years to come. And while changes, introduced in 2018, that move the responsibility for illiterate migrants to the Ministry of Education should alleviate this strain, clearer monitoring of client numbers will be important to ensure help is consistently available to those migrants with heavy support needs. Beyond this, caseworkers would benefit from additional support, to assist them in their ability to provide guidance that is appropriately targeted to address the specific needs of the foreign born.

Despite active search, few migrants find work through PES services

Job search activity is high among the foreign-born. Indeed, according to the UTH survey of 2014, while 35% of unemployed individuals of foreign origin actively sought employment in the four weeks prior to the survey, among the native-born population the comparable figure stood at just 24%. Yet, despite the intensity of job search among the foreign born, lack of well-connected networks and poor knowledge of the Finnish labour market and job application procedures can often hamper the efficiency of this job search. Given their more limited networks, the foreign born tend to rely more heavily
on the Public Employment Service and, in 2015, more than a half of unemployed migrants had a job application pending at their local PES office, compared to 32% of unemployed natives. Yet, the high use of PES employment services does not translate into high rates of employment matches. Indeed, while 62% of foreign-born unemployed persons had contacted the PES office when looking for work, only 9% had found work in this manner.

**And reliance on networks leads to workplace segregation**

With few other options, migrants are often more reliant on their informal contacts. More than half unemployed migrants turn to friends or relatives when looking for work, compared to 35% of native job-seekers). Where asking friends and family is a major job search strategy, social segregation can quickly translate into workplace segregation.

Segregation in the workplace in Finland is relatively high. While less than 5% of the co-workers of native-born employees were born outside Finland, the equivalent figure among foreign-born employees was over 27%. This segregation is particularly pronounced among newly-arrived migrants and those working in small and medium sized enterprises. The degree of workplace segregation also varies according to the diaspora group with certain groups more likely to work alongside one another. Migrants from Turkey and Iraq, for example, are particularly concentrated in immigrant-dense establishments while those from Somalia and from Thailand tend to work in more establishments with a more heterogeneous workforce.

Approximately 10% of Finland’s foreign born population in employment are working as entrepreneurs, a similar proportion to that among native-born Finns. However, again this aggregate masks rates of entrepreneurship as high as 19% and 20% among Chinese and Iraqi nationals, while just 9% of employed Estonians work as entrepreneurs, and among the Somali population the figure is as low as 1%.

Workplace segregation is not restricted to those that were born outside Finland. And, despite the fact that they have undertaken the majority of their schooling in Finland, even the foreign-born who arrived as young children are segregated in the workplace. And, more striking still, workplace segregation is even higher among the native-born children of immigrants than it is among those that arrived at a young age.

Given that employment is a major domain for contact formation and the building of networks, segregation of this type can be self-perpetuating. It is of utmost importance that efforts to promote social integration and mentoring,
among women across the skills spectrum, are encouraged alongside labour market integration to ensure that the network of contacts available to the migrant population is more representative of the Finnish population.

Migrants who find employment tend to move away from disadvantaged neighbourhoods

The tendency of migrants who find employment to relocate away from disadvantaged neighbourhoods can strengthen concentration of poorly integrated migrants in less affluent neighbourhoods. Those migrants who initially settle in poorer neighbourhoods with a concentration of social housing and a lower tax base may be inclined to move if and when they are able to afford to do so. Indeed, in Helsinki, the data shows that while there has been a clear trend among those who have been unable to find employment to remain in the postcode into which they originally settled, among those who had found employment the proportion choosing to relocate within the capital were both larger and correlated with length of employment. 37% of those who had been employed between one and four years, and 45% of those who had been employed for five to six years chose to relocate within Helsinki. This is 11 and 19 percentage points, respectively, greater than the proportion with no employment history that chose to move within the capital region. While it is not clear which way causality runs, from the perspective of municipal finances, the outmigration of those closest to the labour market can be problematic. Municipalities into which new arrivals first settle must expend the costs of integration without being able to reap the benefits – in the form of income tax. In this manner relocation can lead to self-perpetuating disadvantage in less affluent municipalities.

Municipal reimbursement for hosting refugees should be responsive to integration costs and outcomes

In reaction to the crisis, in order to incentivise them to agree to receive a certain number of refugees, in 2016 municipalities received a one-off supplement to the usual funding they receive for integration. However, given that labour market integration is a long process requiring several years of investment – particularly for those with less education – such a one-off supplement may not be the most effective financial incentive. The funding transferred to municipalities for refugee settlement remains independent both of local cost considerations and, with few exceptions, of the characteristics of those refugees settled. Restructuring the funding municipalities receive for integration, to render it more reflective of expected costs, and build in incentives to make early and effective integration investments would address the shortage of placements in a more sustainable way.
Going forward, efficient use of resources will require a flexible integration system

Given Finland's limited experience with integration, the development of an integration system that is sufficiently flexible to respond to temporarily augmented numbers while nonetheless operating within tight budget constraints, is of paramount importance. While the rise in the numbers of asylum seekers in 2015/16, put a strain on the integration system, the subsequent fall has meant that the creation of a largescale integration infrastructure, capable of providing services to a large number of newcomers on a continual basis, may not be an efficient investment.

There is no easy answer to this trade-off – increased use of online learning and tele-support is likely to represent a fruitful avenue for further development, but is not likely to represent a silver bullet. Indeed, if used in isolation, such distance training and support can enhance isolation. To some extent, scaling-up integration training to accommodate recent inflows, with a view to downsizing as flows reduce, is inevitable. However, measures to contain the fixed costs involved in expanding the integration infrastructure need careful consideration; methods to harness existing infrastructures should be exploited.

The new modular structure of integration training is an important step in this direction. By combining language learning with on-the-job experience, the integration training system can build upon private sector infrastructure and harness the workplace as a learning environment. This will, however, require more support for employers, and incentives to encourage them to use their assets to ensure their workplace is able to provide such a learning environment. Such support may take the form of increased use of subsidised wages, hiring support, and publicly-funded workplace learning. Exploiting these existing infrastructures, however, will require careful monitoring of outcomes in order to ensure that no migrant is left to fall through the cracks.

Ensuring that no migrant falls through the cracks will require a more systematic approach upon arrival...

It is important that flexibility is accompanied by the certainty that no migrant is allowed to fall through the cracks of the system; that there are no dead ends and that each migrant is provided with a clear and coherent pathway back to the labour market. This will require collecting, sharing, and using information about the migrant’s background, skills and experience in a more systematic way. While some publicly-procured providers of the initial
integration currently collect detailed information of this sort, this must become systematic across the country.

This information must be used consistently to: determine referral to supplementary services – such as recognition and bridging; design the integration plan, and ensure that there are no dead-ends within the system.

...And monitoring of the outcomes of integration interventions

Data on the outcomes of integration interventions are currently collected through the Koulutusportti database. However, the current system does not allow for comparisons regarding the efficiency of various interventions. This is because, in the first place, outcome data is not matched to data regarding the initial characteristics of the participants. As a result, it is not possible to determine the extent to which outcomes are driven by the composition of the intake, nor is it possible to gain a clear picture of whether some groups benefit particularly from certain interventions. In the second place, the comparability of the data on course outcomes is compromised by the fact that the data do not distinguish between final course outcomes, and the outcomes of individual modules.

A more harmonised approach to the collection of data on the outcomes of integration courses – as well as the background characteristics such as gender and education that may influence these outcomes – would facilitate a clearer evaluation of the impact of integration interventions while, at the same time, easing identification of those needing further support.

Information on Finland's foreign-born population needs to be improved

Given the increasing foreign-born population in Finland, the integration infrastructure requires improvement on many fronts, not least on data, and on monitoring and evaluation. Despite having high-quality register based data that covers the native-born population, critical information – such as education – is very poorly covered among the foreign-born population.

Furthermore, despite the increasing foreign-born population of Finland, the sample of foreign-born people included in the Finnish Labour Force Survey is small. This renders international benchmarking difficult. In response to this, in 2014, the Survey on Work and Wellbeing among People of Foreign Origin (UTH) sampled a total of 6000 randomly selected foreign-born people, aged between 15 and 64 years of age. This snapshot, however, is quickly becoming out of date and fails to reflect the changing migrant inflows and the rapidly evolving integration policy. A more sustainable
approach to collecting information on Finland’s foreign-born population would be to boost the sample for foreign-born individuals (as well as native-born individuals with foreign-born parents) that appear in the Labour Force Survey. In addition, to increase the reliability of data on the level of education of the foreign-born it would be useful to include a question on the level of education in the core LFS and harmonise this with register data where available.

Beyond this, as the country brings about far reaching reforms to the integration system, comprehensive data on integration activities and labour market training, matched with individual characteristics and eventual outcomes will be important to ensure that limited funds are directed to where they can be most effectively exploited.

In summary…

In the last couple of years Finland has taken significant steps to update the integration system and to increase the efficiency of early language training. There remain, however, some important dead-ends within the system that will need to be addressed to ensure that all migrants are able to find a pathway to the labour market. Priorities of this kind include, in the first place, addressing the discontinuity in support following the end of integration training. The outcomes of the new language training will need to be closely monitored while those migrants who undertook their training under the previous model and face continued language training needs will need systematic access to further targeted support to enable them to access mainstream services.

In the second place, it will be important to end the disparate paths taken by those who are seeking work at the time of their arrival in Finland and those who are not. All integration pathways should be directed toward the labour market and the current separation does little to support the integration of foreign-born women, or their children.

Finland has made good progress in designing a more flexible integration system, organised into a modular structure. Implementing these changes in a way that ensures these modules are able to respond to the needs and aspirations of each migrant will not be straightforward as migrant inflows – and demand for integration courses – wanes. Providing an integration infrastructure with the flexibility necessary to provide sufficient services in times of high demand, while maintaining the ability to downsize, is not straightforward and will require efforts to keep fixed costs to a minimum. This is not an easy task. Building on existing infrastructures, such as those provided by employers, and by civil society, may be a worthwhile avenue to
pursue. Strengthening co-operation with employers may include widening the
use of subsidised wages and publicly funded employer training, or increasing
support to employers in identifying migrants with the necessary skills and
experience. Civil society should, and already does, play a strong role in
meeting the needs of those who remain distant from the labour market.
However, increased co-operation with non-governmental actors must be
accompanied by careful monitoring and data collection in order to ensure no
migrant falls through the cracks.
Summary of the main policy recommendations

Improve co-ordination in integration efforts for the newly arrived

• End the early separation between the active and inactive in integration activities to ensure all integration training is geared towards labour market entry.
• Increase transparency regarding type and extent of activities undertaken during integration training.
• Ensure systematic referral to credential recognition and competence validation for those that would benefit, and establish one stop shop information and service centre for assessment and recognition of qualifications at all levels.
• Support PES caseworkers to ensure migrant specific needs are not overlooked in mainstream services and ensure councillor caseload reflects the need for more time for some migrants.

Facilitate initial labour market contact

• Ensure humanitarian migrants are eligible for the highest employment subsidies when integration training comes to an end.
• Support employers in undertaking fast-track skills assessments
• Share information on spoken language skills, and foreign qualification equivalence with employers.
• Provide support for on-the-job training to employers who hire workers with imperfect Finnish.
• Re-examine the requirement that employers offering work trials must first offer further opportunities to part-time workers and workers recently made redundant.
• Consider reintroducing subsidised apprenticeships for those employers taking on those who are further from the labour market.

Provide a second chance for established migrants

• Ensure supplementary language training is available to those for whom language deficiencies compromise employment prospects, potentially through the development of open access on-line training courses.
• Provide targeted language support for those whose linguistic skills need upgrading for eligibility for vocational education or preparatory vocational education courses.
• Provide increased opportunities for real-world language learning including through facilitating the formation of common interest groups to promote social interactions with
### Summary of the main policy recommendations (cont.)

native-born Finns.

#### Reach out to and support vulnerable migrants

- **Women**
  - Ensure that newly-arrived women are systematically directed to the PES integration programme following maternity leave.
  - Revisit the child home care allowance that incentivises vulnerable women to stay in the home, and undermines access to early childhood education for their children.

- **Children of migrants**
  - Systematically test language skills of students with a migrant background during early education and provide supplementary language development activities for those who require them.
  - Seek to increase the participation of children of migrants in pre-school education at the critical ages of three and four.
  - Be aware that electronic communication between school and parents may undermine interactions with migrant households and develop complementary outreach approaches.

- **Young migrants**
  - Increase support measures for young migrants who arrive towards the end of compulsory schooling to ensure they gain a Finnish qualification.
  - Make sure all newly-arrived children get adequate preparatory support prior to entry into mainstream education.
  - Ensure young migrants are not systematically directed to vocational educational, by providing remedial language training and by supporting career advisors in addressing implicit biases.

#### Ensure funding is responsive to integration costs

- Ensure dispersal of humanitarian migrants is matched with funding that is reflective of long-term costs and incentivises municipal investment in integration.
- Investigate causes of variation in waiting times for integration training and target resources to ensure that long delays do not undermine integration outcomes.
### Summary of the main policy recommendations (cont.)

- Invest in dispersed public housing to ensure increased numbers of new arrivals do not undermine Finland’s strong record in integrated housing.

### Strengthen monitoring and evaluation

- Ensure careful monitoring and evaluation of integration activities, and outcomes.
- Collect data on permit type and link to administrative records.
- Register the foreign qualifications of migrants to strengthen understanding of how these skills are used in the labour market and their role in determining integration outcomes.
- Monitor the caseload of PES counsellor’s working with migrant clients, and ensure caseloads are kept at manageable levels.