Working Together

Skills and Labour Market Integration of Immigrants and their Children in Finland



OECD

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Foreword

This review of the skills and labour market integration of immigrants and their children in Finland is the second in a new series conducted by the International Migration Division in the OECD Directorate for Employment, Labour and Social Affairs. It builds on previous country-specific reports by the OECD in the series *Jobs for Immigrants* (Vols. 1, 2 and 3).

In recent years, the integration of migrants – and in particular of refugees – has been high on the policy agenda in many countries, and Finland is certainly no exception. Finland does not have a long history of hosting international migrants. But with a compound annual growth rate of 7% over the past 25 years, the growth of this population has been amongst the fastest in the OECD.

The large number of asylum seekers that arrived in Finland in 2015 put integration squarely on the agenda, and the country was quick to develop a number of innovative integration policies in response. Some, such as the Social Impact Bond, have attracted attention from across the OECD. Asylum seeker numbers have fallen dramatically in recent years – from 32 000 in the record year of 2015, to just over 2 100 first time applications in 2017. Not everybody will obtain asylum and need to be integrated. Nevertheless, accommodating the stark rise and fall in arrivals presents its own difficulties; raising questions of how best to respond to the integration needs of this large cohort without scaling up the integration system on a permanent basis. In this context, careful monitoring of the training offered to migrants, and outcome this training achieves, will be essential – to ensure that bottlenecks do not form, that no migrant falls through the cracks, and that resources are targeted to where they are most needed.

This review examines the skills and labour market situation of immigrants and their children in this, the Finnish context. The remainder of the report is structured as follows: the report starts with an assessment and recommendations. Chapter 1 presents an overview of the context in which integration in Finland takes place – the background and composition of Finland's foreign-born population, as well as the labour market and the integration policy context. Chapter 2 then moves beyond averages, to delve

deeper into the integration outcomes of Finland's foreign-born population; providing a closer examination of the relative integration success of Finland's migrant groups, as well as the pathways they take to integration. Chapter 3 sets out the core services at the heart of early integration efforts in Finland. It outlines some of the bottlenecks that currently compromise the efficiency of these services and takes a closer look at the relationship between early settlement patterns and integration outcomes. Chapter 4 looks at the opportunities migrants have to demonstrate their skills – translating them for the Finnish labour market and gaining their first foothold in employment. Finally Chapter 5 provides a closer look at the challenges facing some of Finland's most vulnerable migrants – in particular, migrant women and their children.

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Acronyms and abbreviations

ALMP	Active Labour Market Policy
AVI	Regional State Administrative Agencies
CHCA	Child Home Care Allowance
EEA	European Economic Area
EEP	Equal Employment Policy
EFTA	European Free Trade Area
ELY	Centres for Economic Development, Transport and the Environment
ETNO	Advisory Board for Ethnic Relations
FLEED	Finnish Longitudinal Employer–Employee Data
FNBE	Finnish National Board of Education
ICT	Information and communication technology
ISCED	International Standard Classification of Education
ISCO	International Standard Classification of Occupations
KELA	Social Insurance Institution of Finland
LFS	Labour Force Survey
LUVA	Preparatory studies for general upper-secondary education
MEE	Ministry of Economic Affairs and Employment
NARIC	National Academic Recognition Information Centres
NEET	Neither in education nor in training
NGO	Non-Governmental Organisation
PES	Public Employment Service

PEVA	Preparatory Instruction for Basic Education
PIAAC	OECD Survey of Adult Skills
PISA	OECD Programme for International Student Assessment
RPL	Recognition of prior learning
SIB	Social Investment Bond
THL	National Institute for Health and Welfare
TTL	Finnish Institute of Occupational Health
UTH	Survey on Work and Wellbeing among People of Foreign Origin
VALMA	Preparatory studies for vocational training
VALMO	Supplementary training for teachers giving instruction preparing foreign-born for school
VET	Vocational Education and Training
YSM	Years Since Migration

Executive summary

Finland has a short history of hosting migrants and, while the number of foreign-born individuals residing in Finland remains small by international standards, growth – in per capita terms – has been amongst the fastest in the OECD. Over the last quarter of a century, Finland's foreign-born population has been growing at a compound annual rate of 6.8 %; where the foreign-born accounted for just 1% of the Finnish population in 1990, in 2016 they accounted for close to 6.5%. Despite this rapid growth, the foreign-born population in Finland remains among the smallest of all OECD countries.

New challenges emerged in 2015, when Finland received requests from 32 000 individuals seeking asylum. This was equivalent to 6.6 asylum seekers for every 1000 of the Finnish population, nearly 8 times the figure the previous year and the largest percentage increase of all OECD countries. Not everyone will obtain asylum however, and, of the asylum decisions made in 2016 in Finland, only 27 % were positive. Furthermore, inflows have since fallen dramatically, and 2017 saw asylum applications fall to levels below those seen prior to the crisis. Despite this, the elevated numbers of the 2015 inflow have put, and will continue to put, a heavy strain on an integration system designed to support far fewer refugees.

The recent nature of immigration to Finland has meant that the country has had to adapt, in a relatively short period of time, from policies designed to integrate a small number of arrivals in a, more or less, ad hoc manner, to a holistic approach. What is more, Finland is only now emerging from a protracted recession. Unemployment stood at 8.7% in the final quarter of 2017 and, as early signs of growth remain frail, the country is struggling to find the fiscal space to fund the cross-cutting investments into integration that have been made elsewhere in the OECD in response to the large humanitarian inflows of 2015/16. In this context, and given the fact that migrant inflows are likely to be relatively small and volatile going forward, it will be important to ensure the Finnish integration system is flexible and responsive. Fixed costs must be kept to a minimum, but integration investments, which are likely to pay long-run dividends across generations, must ensure that no migrant falls through the cracks.

Since 1999, integration policy in Finland, as in other Nordic countries, has been centred around the use of personalised integration plans which generally last for two to three years. The aim of these plans, which are drawn

up by 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. In practice, however, there is a heavy emphasis placed on language training which accounts for close to two thirds of the maximum 2100 hours of integration training for new arrivals.

There remain, however, important dead-ends within the system. In the first place, despite the heavy emphasis of initial training on language learning, language outcomes have been poor. And these poor outcomes compromise access to further employment services. 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 grade necessary for entry into vocational training (B1.1), and close to 60% of participants failed even to achieve the level necessary to gain access to preparatory education for vocational training (A2.2). Poor language skills can leave migrants isolated, and their integration path blocked and nowhere is this more true than in Finland where the Uralic roots of the language render it among the more difficult languages to learn. Blocked from access to further education by poor language skills, many of Finland's most vulnerable migrants struggle to enter a labour force in which fewer than 6% of workers are employed in low-skill occupations. And, in 2015, close to 2 in every 5 participants of integration training fell into unemployment or left the labour market entirely at the end of their training.

A further dead-end is produced by an early separation of the integration pathways of the active from the inactive. In Finland, the inactive are directed for their integration support, not to employment services, but to the municipality. This early separation can have long-lasting consequences, rendering it difficult for those who are temporarily outside the labour force shortly after arrival – many of whom are women – to find their way back to employment. Indeed, employment rate disparities between comparable native-born and foreign-born women five years after arrival in Finland, at 40 percentage points, are nearly double the employment rate disparities among men. These disparities are even larger among women with children, and take 15 years to narrow to those seen among men. To close this gap, foreign-born women must systematically be given opportunities and incentives to participate in labour market-oriented integration programmes, to ensure they do not become isolated – both socially, and from the world of work.

Participation rates among foreign-born women in Finland are also stymied by the availability of the Child Home Care Allowance (CHCA). This allowance, 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. While the CHCA is not targeted at

foreign-born women, their concentration in lower paid jobs means that the incentive to remain at home, engendered by the allowance, is likely to play more forcefully upon their choices. These choices risk having a lasting impact – on the integration outcomes of the women themselves, and also on those of their children. Indeed, though the benefits of day care, such as language and social learning, tend to be particularly pronounced for children from disadvantaged or migrant families, the children of foreign-born women in Finland are more likely to be cared for at home for longer spells. This is particularly marked among those children whose parents come from refugee-sending countries. While cash-for-care schemes can limit the cost of publicly-financed early childhood education, the long term costs, can be substantial – both for the mother, for the child, and for the economy. The CHCA should be replaced by child support that is not linked to pre-school attendance.

In 1990, foreign-born youth accounted for just 0.3% of the Finnish population aged under 17. In 2016 the proportion had increased tenfold. Over the same period native-born children of migrants grew from accounting for less than 0.1% of Finnish youth, to 4.6%. Many of these young people with a migrant background are struggling in school and, according to the OECD Programme for International Student Assessment, at age 15 close to half of foreign-born students in Finland (and 30% of the native-born children of migrants) fall below basic proficiency in mathematics. With just over one in ten native-born students falling below this level, the disparity in Finland is among the largest of all surveyed countries. Addressing these disparities as this population grows is now an urgent question. Increasing participation in pre-school education will be an important step in preventing disparities from developing, and systematic diagnosis of language difficulties should be introduced to ensure that early difficulties are addressed before they impede further learning. Newly-arrived young migrants must systematically be offered preparatory support prior to, and alongside, entry into mainstream education.

Partly in reaction to the refugee crisis, Finland has taken significant steps to reform integration system. Indeed, a rearrangement of integration training into a modular structure that took place in 2016 has the potential to increase efficiency of both language and labour market training. These ambitious changes, currently in the implementation stage, combine language modules with a diverse range of other activities, including on-the-job learning and work experience. Combining modules in this way will help migrants identify and address their real-world language needs and, if effectively implemented, has the potential to speed up the integration path and put Finland among the countries at the forefront of integration policy design. Implementing these changes in a manner that ensures modules are able to respond to the needs and aspirations of each migrant, and that the system creates no bottlenecks or

dead-ends will, however, require resources and careful monitoring and evaluation of both activities and outcomes.

Providing an integration infrastructure with the flexibility to provide sufficient services in times of high demand, while maintaining the ability to downsize as refugee flows – and concomitant course demand – fall, will require building upon existing structures. One resource, currently underutilised in Finland, is the structured environment provided by the workplace. A number of wage subsidy programmes are available in Finland. However, while these programmes have proven to be effective in integrating foreign-born jobseekers elsewhere in the OECD, in Finland, in 2015 only 6.9% of foreign-born jobseekers benefited from these programmes, compared with 23.4 % of native-born. Participation is limited because, under the current rules, time spent in integration training does not count towards the unemployment duration requirements of these programmes, rendering them inaccessible to the foreign-born at a time when they would be most needed. This barrier should be addressed. Employers are well placed to understand the skills development needs of migrant workers and, beyond hiring subsidies, structuring support to employers to harness the workplace as a learning environment may help the integration system to remain flexible. Initiatives in this ilk have been pursued in other OECD countries and include: support for employers in identifying the skills of migrants, promoting informal learning through vocational language mentors at work, or providing public subsidies for employer-organised training.

Alongside changes in the integration infrastructure, the tight fiscal environment has prompted much thought into creative new models for integration policy design and finance. One such example, that has attracted much international attention, is the recently-launched Social Impact Bond (SIB), which has the ambitious goal of moving individuals into employment within four months of beginning the programme. The innovations of the bond are twofold. Firstly, on the policy front, the SIB pilots a training model in which short periods of integration training are interspersed with early employment; initial training is kept to a minimum, while subsequent interventions top-up skills deficiencies identified during employment. Secondly, on the financial front, the SIB pilots a model of private funding for integration process. According to this model, alongside the social return, investors see a financial return on their investment if the costs associated with the labour market integration of participants are below those of a comparable group who undertook traditional integration training. Initial setbacks, including a high drop-out rate, have prompted enhanced pre-programme screening and an increased focus on migrants resident in Finland for more than 2 years. Further evaluation, however, is needed to understand the causes

and correlates of course interruptions and ensure that policy is modified appropriately.

More generally, the wider integration architecture in Finland fails to capitalise on much of the policy innovation – such as that of the SIB – due to the small-scale nature of many pilots, the paucity of data and the difficulties of conducting sound evaluations. Indeed, the stringent requirements regarding equality of access that are enshrined within the Finnish constitution render random assignment with public funds impossible.

Given the increasing foreign-born population in Finland, the integration infrastructure requires improvement on many fronts, indeed progress is already underway. However, to capitalise on the investment into creative policy design, Finland must pay urgent attention to data collection, monitoring and evaluation. Finland stands in stark contrast with its Nordic neighbours in that, despite having high-quality register-based data covering the native-born population, critical information – such as education – is very poorly covered among the foreign-born population. Furthermore register-based data is accessible only with a four year lag. In addition, national labour force data is not representative of the foreign-born population, and the snapshot provided by the 2014 ad hoc survey aimed to fill this gap is quickly becoming out of date. A more sustainable approach to collecting information on Finland's foreign-born population would be to strengthen the register based data on the foreign-born population and 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. It will also be important to ensure that data regarding the type of residence permit held is made available and linked to other data sources. 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.

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

(if possible in the migrants' mother-tongue); visits to educational institutions, workplaces, and municipal services; and labour market studies.

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 of 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 work place 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 work place 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% cent 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.

Chapter 1

Migration in Finland and the context of integration policy

Despite rapid growth over the past 25 years, Finland's migrant population is not large in international comparison. The foreign-born in Finland, however, come from a diverse range of countries and bring with them a concomitantly wide range of integration service needs. The increase in inflows – particularly asylum seekers – in 2015, put a strain on the Finnish integration system, which was designed to support far fewer migrants. And important changes were introduced as the system struggled to maintain efficiency in the fact of increasing demand. These changes included integration services organised into modules that could be more easily combined into a tailored package of measures and the introduction of the Social Impact Bond to harness private finance in support of integration. If effective in ensuring Finland's migrants are well integrated in society and on the labour market, these investments will help to alleviate the ageing-related challenges the country expects in the coming years.. This chapter provides the context for the report outlining i) the integration context, and the characteristics and composition of Finland's foreign-born population that influence their integration outcomes, as well as the labour market context and challenges this presents, before turning to ii) the recent developments in integration policy in Finland.

Over the last quarter of a century, Finland's foreign-born population has been growing at a compound annual rate of 6.8 %; where 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.

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.

In late 2015, Finland received close to 32 500 asylum seekers – equivalent to 6.4 asylum seekers for every 1000 of the Finnish population. This represented a substantial increase on the number of asylum requests in the preceding years, which had hovered between three and four thousand. However, not all asylum seekers have the right to remain in Finland, indeed, of the asylum decisions made in 2016 in Finland, only 27 % were positive. This is low by international standards. 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. It does not appear that the 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.

Finland, however, is only now emerging from a long recession. Since 2009, the economy has experienced the largest economic contraction of all Eurozone countries outside of the Southern member states. And the Finnish Central Bank does not expect real GDP to recover its pre-financial crisis levels by the end of their forecast period in 2018. In this context the country is struggling to find the fiscal space to fund largescale investments in response to the augmented migratory flows of 2015/16. The answer, however, is not to avoid integration investments that, if undertaken efficiently, are likely to pay long-run dividends across generations.

Rather, in the context of what are likely to be relatively small and volatile migrant flows going forward, it will be important to ensure the Finnish integration system is flexible and responsive, and that fixed costs are kept to a minimum.

Given Finland's limited experience with integration, the development of an integration system; sufficiently flexible to respond to temporarily augmented numbers, while nonetheless operating within tight budget constraints, is now of paramount importance. Careful reconsideration of integration policy design and implementation is required. If integration is not prioritised, new arrivals risk falling into inactivity, presenting a permanent drain on the economy and portraying a poor image of the productive potential of migrants – both to future migrants, and to the Finnish population. Policymakers are aware of this need, and in the years since 2015 much thought has gone into the design of integration policy.

Yet while newly-arrived migrants have dominated much of the policy debate in recent years it is important that the long-term integration of established migrants does not fall below the radar. Indeed, some of Finland's established migrants are struggling to integrate and have become quite distant from the labour force. Notably the labour market outcomes of certain groups – particularly women, and the children of immigrants – are poor in international comparison. These groups are facing challenges that, if left unaddressed, risk compromising the potential of the economy, the society, and of the individuals themselves.

In light of these challenges, this report provides an in-depth analysis of the Finnish integration system – where it is succeeding, where it is struggling, and where the efficiency of existing efforts could be enhanced. The report begins, in this chapter, with an initial discussion of the Finnish labour market, and an overview of the history of integration to Finland, before turning to a brief outline of integration policy and recent changes in this field. Chapter 2 then continues with an examination of integration outcomes of Finland's foreign-born population and how they are faring on the labour market. Chapter 3 presents a discussion of the settlement patterns and policy in Finland discussing, in detail, the early integration activities available to help migrants build their country specific skills. Chapter 4 then turns to an examination of the efficiency with which the Finnish integration system recognises, builds upon, and uses the existing skills migrants bring with them to Finland. Finally chapter 5 concludes with an examination of the integration of some of the most vulnerable groups in Finland, in particular women, children with foreign born parents, and youth who arrive shortly before, or after, the end of compulsory schooling.

This report has benefited from, and builds upon, the insights of Finnish practitioners from across the integration system. It is the result of a process that convened stakeholders – drawn from government ministries and agencies, social partners, regional actors and private sector employers. In the summer of 2016, a joint workshop, hosted by the OECD and the Finnish Ministry of Economic Affairs

and Employment, brought together these stakeholders to work together on identifying the co-ordination challenges and bottlenecks in the Finnish integration system (see Box 1.1).

Box 1.1. Workshop on migrant integration, Helsinki 20 June 2016

In order to support Finland in a holistic examination of the integration process, on the 20 June 2016, the OECD co-organised, together with the Finnish Ministry for Employment and the Economy, a workshop bringing together practitioners – drawn from across government ministries and agencies, social partners, regional actors, private sector employers, academia and non-governmental organisations. Supported by specialist peer reviewers from Germany, Portugal and from Sweden, experts worked together to identify bottlenecks and inefficiencies in the current integration system and develop concrete ideas of how to tackle these challenges.

Building on the in-depth knowledge and expertise of the participants, small groups worked to identify the challenges facing migrants, as well as the support available to them along their pathways to labour market integration – from school, from unemployment or from arrival. By working with experts from across the integration system in this manner, groups were able to identify co-ordination challenges and address areas where migrants risk falling through the cracks.

The design of the workshop was built upon information gathered during **an initial OECD fact-finding mission in April 2016 and** focused on six themes identified by the OECD as critical issues facing migrants in Finland on their path to integration into the labour market.

I. Building skills in school for young arrivals and the children of immigrants

II. Language training and early integration support

III. Validation and recognition of migrant skills

IV. Contact with employers and social partners

V. Discrimination

VI. Co-ordination among actors at the national, regional, and municipal level

Each of these six thematic areas was discussed in small sub-groups of relevant stakeholders. The findings in these areas were brought together in a short note (see OECD 2017a).

The Integration and Labour Market Context

Finland has a relatively short history of migration

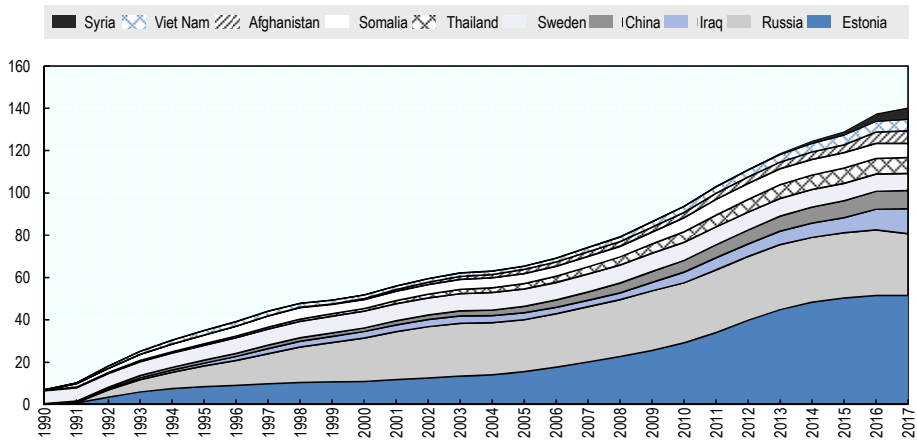
Historically Finland has been a country of emigration rather than immigration and, as a result, the share of the foreign born in the Finnish population has been low. Indeed, until the end of the 1980s, return migrants and their family (mostly from Sweden) accounted for some 85% of immigrants arriving in Finland. Following the collapse of the Soviet Union, migrants that had relocated to the USSR during the Great Depression, and their offspring, were to be allowed to return to Finland. Thus, beginning in the 1990s, Finland became an immigrant receiving country with migrants arriving largely from Russia and Estonia. Since 1990, about 30 000 – 35 000 Ingrian Finns have arrived to Finland – primarily from Russia and Estonia.[1] At the same time, asylum seekers from Somalia and from the former Yugoslavia also began arriving in Finland during the aftershocks of the Soviet collapse.[2]

The increase in the immigrant population in the 1990s coincided with a deep economic recession. These adverse economic conditions led to high levels of unemployment among immigrants, whose limited Finnish labour market experience often meant that they struggled to find work in the context of limited employment opportunities. This unfortunate timing had long-term repercussions; both because unfavourable economic conditions at the time of immigration can have a scarring effect on the future integration path (see for example Åslund and Rooth, 2007, who find, in Sweden, that labour market conditions encountered upon arrival can affect individuals employment outcomes for at least ten years) and because it created an environment in which the labour market integration of immigrants was viewed as a costly duty rather than an opportunity.

Migrants from Russia and Estonia continue to make up the largest foreign-born group and, in 2016, accounted for 20% and 13% of the foreign-born population, respectively (see Figure 1.1). Migrants from Somalia have, since 1994, 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. Since 2015, migrants from Iraq have overtaken those from Somalia as Finland's third largest migrant group.

Figure 1.1. Migrants from Russia and Estonia make up the largest migrant groups in Finland

Thousands of migrants by largest origin countries, 1998-2017



Source: Statistics Finland.

In 2015, Finland received a large number of asylum requests

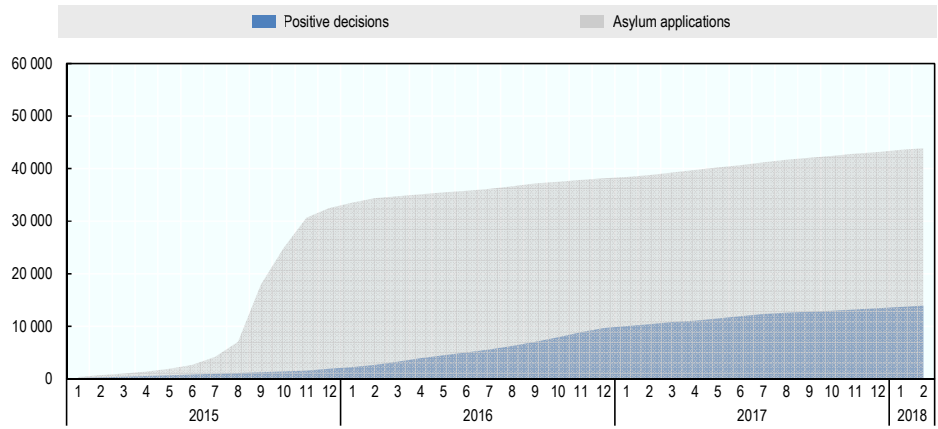
In 2015, as in many European OECD countries, Finland received a large number of asylum requests as close to 32 500 individuals sought asylum in Finland. The majority of applicants came from Iraqi asylum seekers with close to 20 500 asylum applications registered from Iraq in 2015 alone. Representing a substantial increase on the number of asylum requests in the preceding years – which had hovered between three and four thousand – the country was left 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. 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 applied for asylum in Finland for the first time and, in 2017, the number fell still further; nearly halving to just 2 139.

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%er cent in 2017. Among the largest asylum seeking groups, of decisions taken in 2016 and 2017, over 56% of Iraqi applications were denied, 49% of those coming from Afghanistan and 56% of asylum applications from Somalia. At the same time over 91% of asylum applicants from Syria were offered asylum or subsidiary protection. All in all,

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 (Figure 1.2) – though this is also partially driven by procedural delays. Nevertheless, the 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.

Figure 1.2. Less than one third of asylum requests have resulted in positive decisions

Cumulative number of asylum requests and individuals receiving a positive decision regarding a request for international protection, 2015-18



Source: Statistics Finland.

At the same time, recovery from the financial crisis has been slow

The Finnish economy and labour market were hit hard by the financial crisis. Output plummeted by 8.3% in 2009 and, between 2008 and 2015, employment rates fell by close to four percentage points. Alongside this, increasing wages along with falling productivity led to high unit costs of labour. Even now, as the Finnish economy is taking tentative steps towards a recovery – GDP grew by 0.9% in 2016 and 3% in 2017 – unemployment, at 8.4% in Q1 2018, remains stubbornly high. Furthermore, the number of individuals in 'disguised unemployment' (individuals who could and would accept work, but did not actively seek it) has been increasing. In 2016 these numbers reached the highest levels since 1997, when such statistics were first compiled and the consistent increase since 2010 suggests that, in the face of the elevated unemployment rates of the last seven years, some workers are becoming increasingly discouraged from seeking work.

Employment has also been slow to recover from the financial crisis and – despite tentative growth since 2016 – employment rates are only now, in 2018, returning to pre-crisis levels. At 68.7%, the employment rate in Finland remains above the OECD average. It is, however, the lowest of the Nordic economies. Furthermore, while employment among Finland's native born population has returned to its pre-crisis levels, the employment rates among Finland's foreign born population still lag seven percentage points behind their 2007 levels (Figure 1.3 Panel D).

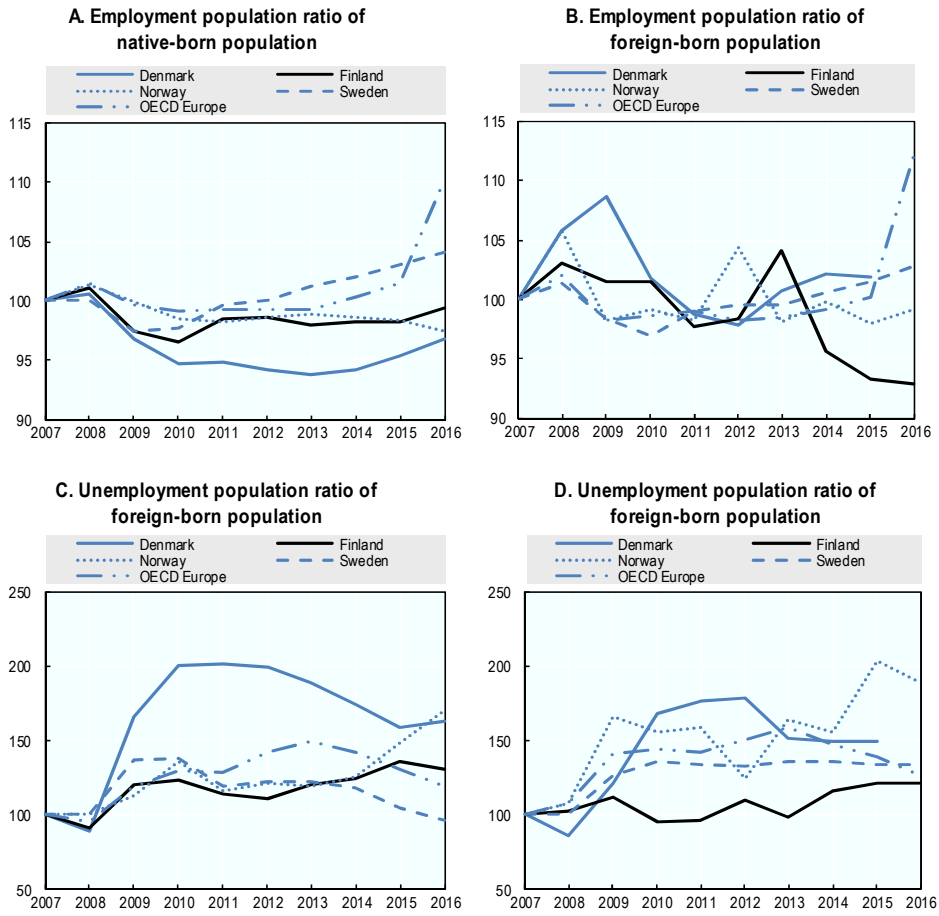
…And growing dependency risks limiting long-term growth prospects particularly in rural areas

Alongside this slow recovery, population ageing and a shrinking workforce, risk compromising long-term growth prospects. Indeed according to the medium-variant forecasts made by the World Population Prospects, by the year 2 100, there will be more than 60 individuals aged 65+ for every one hundred members of the working age population (Figure 1.4). The Finnish population aged 15-64 is falling by almost 0.5% a year, and the concomitant age-related spending – on pensions and the costs of health and social care – is putting increasing pressure on public finances.

Against this background, enhancing employment and productivity, while containing public spending is a major challenge. In response the government has announced a wide-ranging agenda of structural reforms. The *2017 Pension reform* will go some way towards increasing participation among the elderly through extending the retirement age, while the reduced duration of unemployment benefits from 2017 may increase participation among younger cohorts. In addition, the recently negotiated *Competitiveness Pact* – which will cover 90% of Finnish workers – is expected to reduce labour costs, increase hours worked, and introduce more firm-level flexibility in the wage bargaining system.[3,4]

Figure 1.3. The foreign-born population have not seen the employment recovery observed among the native born

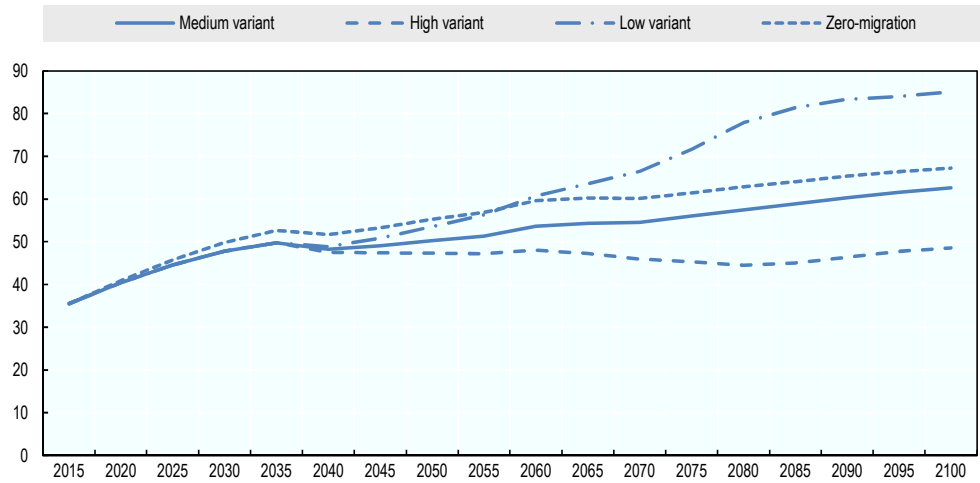
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Source: Labour Force Surveys (Eurostat).

Figure 1.4. The Finnish population is ageing

Ratio of population aged 65+ per 100 population aged 20-64, 1950-2100

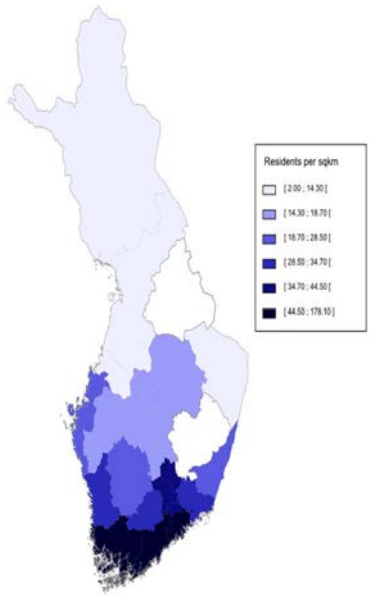


Source: World Population Prospects: The 2015 Revision.

The pressures of population ageing are particularly acute in rural areas. The population of Finland is increasingly concentrated in the large settlements predominantly located in the southern half of the country. Concentration is particularly acute in the Greater Helsinki metropolitan area and, to a more limited extent, other large settlements.[5] Conversely, the Finnish countryside is relatively sparsely populated; rural areas have struggled to retain young people, and internal migration to Helsinki and other regional centres with better employment prospects has exacerbated low birth rates (see Figures 1.5 and 1.6). Given that tax on personal income is the primary source of municipal revenue (accounting for approximately half of municipal revenue), this has profound implications for the financing of service provision in remote areas.

Figure 1.5. The Finnish population is concentrated in the capital region, 2017

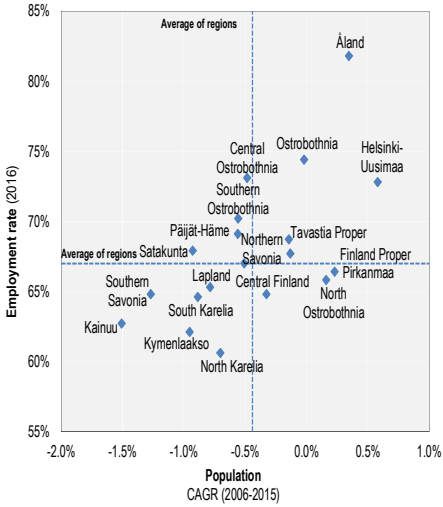
Residents per square kilometre



Source: Statistics Finland.

Figure 1.6. People are moving to jobs

Population growth and employment rate, 2006-15 and 2016



Source: OECD Regional Database.

Finland's foreign-born population have the potential to ease these challenges

By 2016, the foreign-born accounted for 6.5% of the Finnish population. In the context of an ageing native-born population, the relatively young foreign-born population – 85% of whom are between the ages of 15 and 64 (Figure 1.7) – represent an important resource. This is particularly true in those regions in which the native-born population is shrinking (Figure 1.8). Alongside the implications of population ageing on the economic vitality and growth of Finland, the changing population structure also has far-reaching implications for the sustainability of the pension, heath-care, and education systems. And while migration is rarely a long-term solution to population ageing, ensuring that the foreign-born working-age population is able and

ready to work represents not only an urgent challenge but an important opportunity.

Figure 1.7. Finland's foreign-born population is younger than the native-born

% of population, 2016

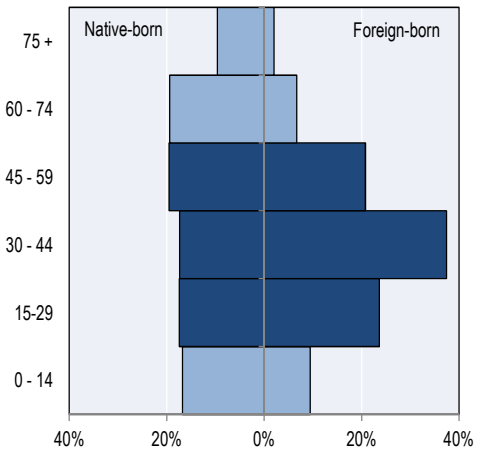
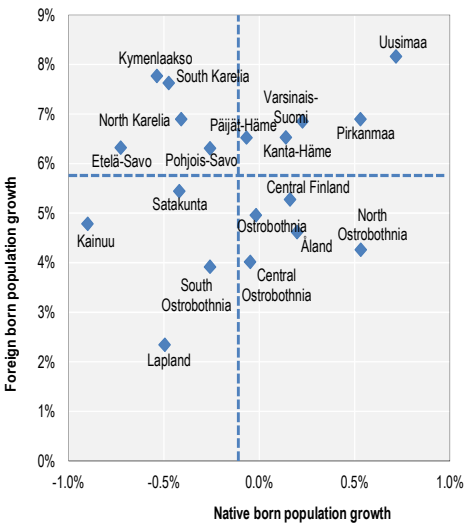


Figure 1.8. The foreign-born population is growing also in some regions where population is shrinking

Compound Annual Growth Rate by country of birth, 1990-2016



Source: Statistics Finland.

The recent nature of immigration in Finland has meant that the population of native born children of migrants is still small. This group, however, is now beginning to grow – increasing tenfold since 1990, to reach close to 50 000 in 2015. 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 – there integration outcomes will be the real test of integration policy in Finland.

Integration Policy

Since 1999, integration policy in Finland has centred around individualised integration plans

Given the relatively limited experience with integration prior to the 1990's, immigration policy in Finland remained largely undeveloped until late in the decade.[6] The public employment services did not recognise the special needs of migrants, and the instruments were largely the same for the foreign born as they were for the native born. The notable exception was language courses which were available as part of PES supplied labour market training, demand outstripped supply and lack of resources meant that enrolment and waiting times could extend to several years, and only half of immigrants received language training (Sarvirmäki and Hämäläinen, 2016). As immigration began to increase in the early the 1990s, the *Aliens Act and the Non-Discrimination Act* – which had previously governed legislation relating to immigration – were updated with *the Act on the Integration of Immigrants and Reception of Asylum Seekers*, which came to force in 1999.[7]

Importantly from the point of view of newly-arriving immigrants, the *Act on the Integration of Immigrants and Reception of Asylum Seekers* stipulated that employment offices had to start preparing personalised integration plans for immigrants who were not working and had lived in Finland for less than three years. These plans consist of a sequence of language courses, preparatory or vocational training, career counselling, and work experience. While no additional funding was made available, the objective of the plan was to ensure that migrants were directed to training and other measures that were in line with their skills and experience, as well as their specific needs.

Given that similar labour market programmes were available before the Act came to force, the primary innovation of the act was to increase the attention paid by employment office caseworkers to the individual circumstances of foreign-born clients. This was an important change in Finnish integration policy, and indeed intensive support, in this ilk, has been shown, in Sweden, to be one of the most effective investments in promoting labour market integration of the most vulnerable migrants (Åslund and Johansson 2011).

And in 2011 efforts were made to streamline integration services

The current law on integration, *the Act on the Promotion of Immigrant Integration*, came to force in 2011. The focus of the law is on the early stages of integration, with the objective of ensuring that all immigrants are provided with basic information about Finnish society, work life and available

integration services. As such the law emphasises the dissemination of information and the provision of guidance and counselling. To this end, the 2011 Integration Act also defines the tasks and roles of the different actors in the integration system.

At the national level, primary responsibility for the integration of newly-arrived immigrants lies with the Ministry of Economic Affairs and Employment, under which the Centre of Expertise in Integration compiles and distributes research, statistics, and data, as the basis for the planning and implementation of integration policy. The Centre also disseminates good practice, and develops networks of co-operation in the field of integration. Alongside this, the Finnish Immigration Service (*Migri)*, which operates under the Ministry of Interior, is responsible for granting residence permits, handling asylum applications and operating reception centres. The Ministry of Education and Culture alongside recognition boards –primarily the Finnish National Board of Education – are in charge of education and recognition of education obtained abroad.

The Public Employment Service (TE offices) operates under the Ministry of Economic Affairs and Employment and is responsible for the integration of migrants who register as jobseekers. Together with the Centres for Economic Development, Transport and the Environment (ELY centres), TE offices are responsible for organising the integration-promoting employment services (see Chapters 3 and 4 for further discussion of the PES employment services).

At the regional level the ELY centres, which are responsible for economic development, labour force, competence and cultural activities, transport and infrastructure, the environment and natural resources, foster regional development by implementing and developing government activities in the regions. The role of these regional bodies, when it comes to integration is to negotiate the municipal allocation of humanitarian migrants and to provide support to municipalities in their implementation of integration policy (see Chapter 3 for a discussion of settlement of humanitarian migrants). Additionally, the Regional State Administrative Agencies (AVI) are responsible for ensuring regional equality in access to public services, legal rights, and education.

Finally, at the local level municipalities are responsible for the development and implementation of the integration plans of social assistance recipients, as well as for monitoring the execution and impact of integration. Alongside the integration of their residents, municipalities are also responsible for the provision of basic education and childcare for those who are living temporarily in their area who do not have a municipality of residence.

Despite improvements, the integration system has struggled to maintain efficiency in the face of increasing demand.

The aim of policy reforms mandating the use of individualised integration plans was to ensure that immigrants were provided more targeted guidance through the integration system. The current economic and integration context, however, has undermined these developments to some extent in recent years. Increased numbers of new arrivals in the context of tight fiscal constraints has meant that limited resources are spread increasingly thin. Heavy caseloads, of up to 400 foreign-born clients with 0-5 year's residence per caseworker (OECD 2016), have meant that Public Employment Service caseworkers often have insufficient time to provide appropriate guidance and support to immigrants.

The dramatic increase in inflows – particularly asylum seekers – in 2015, put a heavy strain on an integration system designed to support far fewer migrants. Integrating these new arrivals, given the current economic climate (unemployment remained at 8.8% in 2016), the relatively highly-skilled labour market (in which fewer than 6% of workers are employed in low-skill occupations), and Finland's limited experience with integration, will require careful reconsideration of integration policy design and implementation. To this end the Finnish government is investigating ways in which integration could be adapted in order to develop a more flexible, efficient, and cost-effective integration system.

The tight fiscal environment and high inflows have prompted thought into creative new models

In response to the augmented asylum flows of 2015, in the May 2016 the Finnish government published an action plan on integration with a view to finding innovative way to settle those granted a residence permit into municipalities and move them into education and employment. The action plan is focused around six measures:

1. Accelerate the move of those granted residence permits into municipalities and into integration services.
2. Link integration to employment by focussing integration efforts on enhancing employability and responding to the needs of employers.
3. Integrate language learning with other activities.
4. Re-organise basic education for adults such that an initial assessment is completed within a fortnight of residence permit issuance and those with prior studies are channelled into complementary training to build on their prior learning.

5. Ensure cross-sectoral support is available to immigrant families and students.
6. Emphasise the specific needs of immigrants in teacher training.

Alongside this, in attempts to form expectations regarding the future educational needs of the current cohort of asylum seekers, the Ministry of Education and Culture recorded the educational backgrounds, and work histories of asylum seekers in reception centres. Initial findings suggest that four out of five asylum seekers held at least a basic education, with 27% holding a university degree (Department of Employment and Entrepreneurship 2016). However, this data collection has currently been limited to a one time sample and not expected to be an ongoing on a continual basis.

The tight fiscal environment has also prompted much thought into new models for funding integration, speeding up the integration process, and allowing education and work to be combined in a flexible way. Much hope, for example, has been placed on Social Impact investing as a way to harness private funding in the integration process. The recently-launched pilot of a Social Impact Bond for integration has the ambitious goal of moving individuals into employment within four months of the beginning of their participation in the programme (see Box 1.2 for more details).

Box 1.2. A new model for integration? The Social Impact Bond

A new model for integration is currently under pilot with the aim of speeding up the integration process.

Project aims: The goal of the model under pilot is to allow education and work to be combined in a flexible way – offering training modules that are interspersed with employment, such that participants are able to undertake periods of work followed by top-up integration training to fulfil training needs as they emerge. This represents an innovative departure from the current system under which all training is provided prior to first employment. Specifically, the project aims to enable full time employment within four months of the start of the programme. Target sectors include construction, property, services, care, ICT, and restaurants and catering. In addition to ensuring better integration into Finnish society, the Social Impact Bond aims to increase tax receipts, reduce social welfare transfers and tap into private sector funding in a tight fiscal environment.

Funding: The pilot is funded via a social impact bond. That is to say, companies were invited to invest in a private fund used to finance the educational and work programmes undertaken as part of the pilot project. The bond is designed such that investors see a return on their investment if the costs associated with the labour market integration of participants are below those of a comparable group who do not receive the new training. In this manner, it is investors – and not the public sector – who carry the financial risks

Box 1.3. A new model for integration? The Social Impact Bond *(cont.)*

involved in testing the novel approach. The public sector will pay only if the employment objectives are met. In this event, the Ministry of Economic Affairs and Employment will pay a portion of the achieved savings into a fund from which the investors will draw their initial capital as well as a "reasonable" profit. The pilot has been designed in this manner, in order to harness private finance and thereby enable the random assignment necessary for policy evaluation. Given the stringent requirements regarding equality of access enshrined within the Finnish constitution, such random assignment would not be possible were the pilot undertaken with public funding.

Administration: The pilot is administered by an external contractor identified through a competitive bidding process. In addition to administering the fund, the contractor is also tasked with identifying training providers as well as establishing contact with potential employers.

Results based remuneration: The remuneration of the contractor contains a results-based component such that if savings are achieved, relative to the integration costs of the counterfactual group who did not undertake the new programme, the project administrator will be awarded a bonus.

Timeline for the pilot: The pilot is running from September 2016 to December 2019 and the evaluation of the results is scheduled for 2020.

This method of organising training – where initial training is kept to a minimum and subsequent training is used to build skills identified as lacking during initial employment phases – is a highly pragmatic and innovative response to the need to increase the flexibility of integration training. The pilot began in September 2016 in the Uusima region and will now expand into Western Finland, where labour shortages in the automotive and shipbuilding industries mean that employers are keen to participate. The SIB has currently provided training to 350 participants, approximately 60-70 of whom are now working full time in the private sector. However, despite its short length, the programme has suffered from a high drop-out rate.

Organising integration training in this way – interspersing periods of work to uncover training needs, with access to an account of available training hours to address these needs as they emerge– could represent an astute way to involve employers in the assessment the existing skills of migrants and target resources where they are most needed. However, undertaking such a radical transformation of the way integration training is offered in a short time frame and without public financing is a tall order. Furthermore, the time-horizon of four months is extremely ambitious for the majority of new arrivals.

In response to these emergent challenges and the high drop-out rate, pre-participation screening has been strengthened and, in response to the feeling that unaddressed health and psychological difficulties were undermining the success of some newly-arrived participants, eligibility for the SIB training has been widened to include those who have been resident in Finland for greater than 2 years. Alongside this, greater emphasis has been placed on pre-programme career advice and counselling. With such ambitious programme goals, careful screening of potential participants to ensure that the programme reaches those who could benefit from this fast approach to integration is likely to be important. However, care must be taken to ensure that such selection does not undermine the randomisation that is central to the evaluation – and hence financing – of the model.

Beyond the Social Impact Bond, in order to achieve the goals laid out in the 2016 action plan, the Finnish integration system is currently undergoing substantial changes in the way it is implemented. While the maximum duration of the integration programme will remain the same, the training will, in future, by divided into sub-modules combining vocationally-oriented content with training at an early a stage as possible. 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 (see Chapter 4 for a discussion of these programmes). The flexibility of implementation will also be enhanced through the increased use of distance learning, so that participants are able to study in the workplace, or online at home.

In the first place, 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 Latin alphabet, social orientation; visits to educational institutions, workplaces, and municipal services; and labour market studies.

Under the new implementation model, the content of Module 1 would be largely common to nearly all integration training participants. The content of the remaining three modules, however, should vary according to the target groups and individual needs and be supplemented with activities such as: supervised language practice, online study modules, work experience, supervised internships, volunteer work, entrepreneurship, subsidised employment and further education. In addition supplementary vocational

language courses should be proposed for sectors such as construction, transport, health and social care, and cleaning.

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. It is also hoped that, by incorporating other non-classroom based activities into integration training resources can be spread further, thereby accommodating an increased number of migrants. 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.

For the time being, caseworkers within the PES report that 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 the reduction in contact time associated with remote training 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.

Recent emphasis on the economic potential of migrants may help to enhance public perception of the potential of migrants

Alongside efforts to increase the efficiency of migrant integration training, the Finnish government is working towards strengthening its focus on the economic benefits of migration – including the potential of migrants to spur job creation, and promote the economic and innovative dynamism of the Finnish economy. Efforts in this ilk include the preparation of a cross-sectoral migration policy programme as part of the General Government Fiscal Plan for 2018-2021.[8] The aim of this programme, which is scheduled to be submitted to the Government for approval in early 2018, is to raise awareness of the potential role of labour migration in boosting employment, strengthening public finances, improving the dependency ratio and increasing the links between the Finnish and the global economy. Alongside this, the recently launched Talent Boost programme aims to make Finland more attractive to international talent while, at the same time, channelling the expertise of international talent already based in Finland.

As human capital becomes increasingly central to growth prospects, and access to skilled individuals is an important determinant of countries' future prosperity, Finland is not alone in its focus on adopting immigration policies and programmes favouring skilled foreign labour. However, attractiveness depends not only on open migration policies, but also on the capacity to recognise and reward them. And while Finland tends to score well on traditional indicators of talent attractiveness – making it within the top 10 destination countries on the recently released 2017 Global Talent Attractiveness Index – such indices are frequently based upon employment and environmental data that is not specific to the experience of the migrant. Indeed, a migrants experience of the opportunities offered by the Finnish labour market are, as outlined in Chapter 2, quite different from those of the native-born that are captured by the data that form the basis of these traditional talent attractiveness indices. Increasing the pull of Finland in the global race for talent will therefore involve reducing the gap between the experience of a native-born Finn on the Finnish labour market and that of a migrant.

Notes

1. The number of Ingrian Finns living in Finland is imprecise due to their immigration in the early 1990s not being particularly controlled. The return system for Ingrian Finns has been abolished: an amendment of the Aliens Act to that effect (57/2011) came into force on 1 July 2011. The five-year transition period to apply for a residence permit as a returnee ended on 1 July 2016.
2. Between 1990 and 1995, 2 435 Somalis and 3 053 former Yugoslavians immigrated to Finland. Though large from the point of view of immigration to Finland up to that point, particularly these numbers remain substantially below those that moved to neighbouring Sweden.
3. Measures negotiated under the Competitiveness pact include a wage freeze for 2017; an unremunerated increase in annual hours worked of 24 hours and a 30 % cut in holiday bonuses for public sector employees from 2017 to 19. In addition there will be a shift in security contributions of 2 percentage point from employers to employees over 2017-19. However, this will be offset in the short-run by income tax cuts. Lastly, the pact calls for changes to increase firm-level flexibility in the wage bargaining process.
4. The health care and social services reform set to come into force in 2019, is hoped to contain costs by introducing provider competition and administration at the country (rather than municipal) level (Ministry of Social Affairs and Health, 2016).
5. Outside the greater Helsinki area the bulk of growth is taking place in Southern Finland, Oulu, and Jyväskylä.
6. In 1995, the municipality of Helsinki developed an integration strategy.
7. At that time, immigration to Finland was predominantly humanitarian in nature and, as such, the law – and subsequent amendments made to the Aliens Act in 2000 – largely included changes related to asylum interviews, DNA testing in connection with the family ties, and appeals related to citizenship matters.

8. The plan is to be drafted by a cross-sectoral working group comprised of representatives from the Ministry of the Interior, the Ministry of Justice, the Ministry of Economic Affairs and Employment, the Ministry of Education and Culture, the Ministry of Social Affairs and Health, the Ministry for Foreign Affairs, the Ministry of the Environment, and the Finnish Immigration Service.

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Chapter 2

The integration outcomes of migrants in Finland

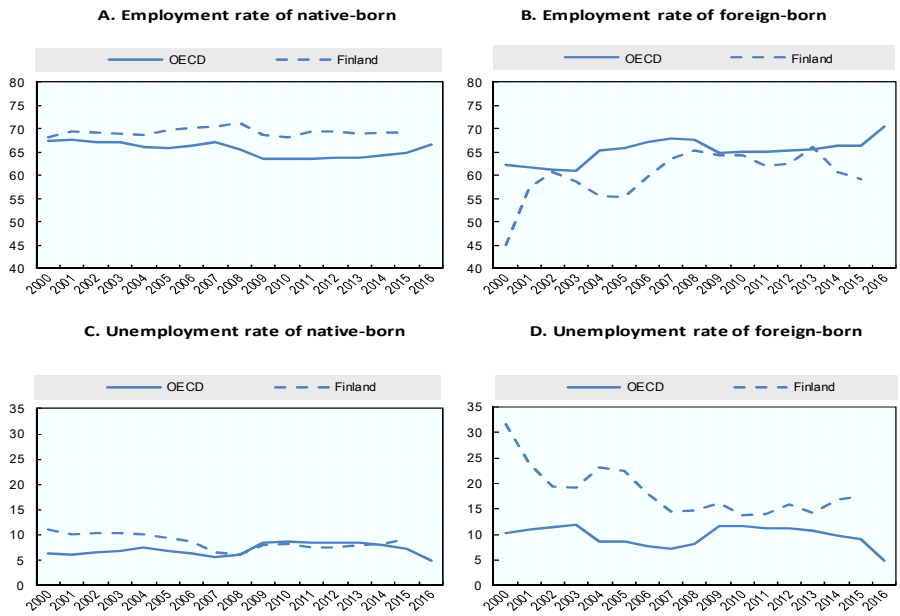
While employment rates among Finland's native-born population consistently outperform the OECD average, among Finland's foreign-born population, employment rates have fallen short of those achieved elsewhere. However, these average figures incorporate the outcomes of migrants with very different backgrounds, education and experience. They aggregate recent migrants with those who have resided in Finland for many years; those who arrived during boom, and during bust; the educated with the uneducated, the old with the young and men with women. They aggregate those who arrived from MENA, from southern Africa, or from Asia with those who arrived from elsewhere in Europe or North America. In order to try to pull apart some of these influences, the analysis of this chapter uses detailed administrative data to investigate the disparate integration pathways of Finland's immigrant groups. Results suggest that while migrants from Estonians migrants integrate quickly, other groups – particularly those from refugee sending countries – see lower employment rates for many years. Women, in particular, are struggling to integrate and many remain locked in inactivity for many years.

Foreign-born individuals in Finland are frequently trapped outside employment

Employment rates among Finland's native-born population have consistently outperformed the OECD average for many years (Figure 2.1., Panel A). Contrastingly, among the foreign-born population, employment rates in Finland have fallen short of those achieved elsewhere in the OECD (Figure 2.1., Panel B). Furthermore, while the employment rates of the foreign-born saw substantial improvements between 2000 and 2009, they were particularly vulnerable to the faltering Finnish labour market since the financial crisis, and have fallen by more than five percentage points since 2009.[1] While falling employment rates among the foreign-born are partially driven, mechanically, by the increasing number of new-arrivals in Finland over this period, the susceptibility of employment rates to the downturn, may also indicate that these foreign-born workers were situated in the most vulnerable jobs.

Figure 2.1. While employment rates of native-born Finns outperform the OECD average the opposite is true among the foreign-born

Percentage of working age population (for employment rate), of labour force (for unemployment rate), 15-64, 2000-16



Note: OECD refers to OECD pooled.

Source: Eurostat Labour Force Surveys (2000-16).

Box 2.1 Data covering migrants and their children in Finland

The majority of the international comparisons presented in this report rely on labour force survey data, including the European Union Labour Force Data, provided by Eurostat. This data, which is built upon the Labour Force Surveys conducted by national statistical institutes across Europe and centrally processed by Eurostat, has the advantage of being harmonised across countries and thus provides an important source for benchmarking labour market outcomes.

In Finland, however, concerns have been raised that the small sample and limited participation of the foreign born in the national labour force survey has limited the accuracy of statistics pertaining to the foreign-born population.[1] These concerns have prompted the National Institute for Health and Welfare (THL), the Finnish Institute of Occupational Health (TTL), and Statistics Finland, to produce a special survey, The Work and Wellbeing Among Persons of Foreign Origin Survey, or UTH (Ulkomaalaisten työ ja hyvinvointi). The survey is, thus far, the most extensive population study to focus on people of foreign origin carried out in Finland. A total of 5 449 people of foreign origin, aged between 15 and 64 years, were randomly selected for the survey, out of which 66 % responded. As a result, where possible, results obtained from the Work and Wellbeing survey (UTH) are presented alongside those obtained from the harmonised labour force surveys.

Alongside survey data, this report – in parts – relies upon Finnish administrative data. Finland, like other Nordic countries, has a system of administrative registers that can be linked, through a personal identification number, to provide a wide range of individual-level information covering health, education and labour market outcomes.

The data used for the empirical analysis relying on longitudinal data in this report is based upon the full population sample of the *FLEED* (Finnish Longitudinal Employer–Employee Data) database for the years 1987-2013 (the latest available year). This dataset contains background information on population of working age, which can be combined with enterprise and establishment level data. Administrative data providing the full population sample was crucial for the analysis for a number of elements of the analysis. In the first place, where the focus is on the children of immigrants, the full population is essential to establish links between immigrant children and their parents. Furthermore, given that the size of this population started to grow only in the 2000s, reliable results that distinguish between childhood immigrants, and Finnish-born children of immigrants, requires the full population of these children. Lastly, where the analysis involves investigation of segregation at different regional levels the precision of estimates is also dependent on the full population.

In addition the empirical analysis also relies on linked register data from the individual-level student dataset, which provides the detailed level and field of study of the education and qualifications. Finally, the data is linked to the municipality and postal codes of the individuals' workplace in order to control for neighbourhood and school effects, as well as to explore the extent of ethnic segregation of neighbourhoods and school choices (see, for example, Bernelius, 2013).

There are, however, a number of shortcomings of the Finnish administrative data that limit its use for integration research. In the first place, and most importantly, unlike in Sweden,

Box 2.1 Data covering migrants and their children in Finland *(cont.)*

foreign qualifications in Finland are rarely recorded. Education plays a central role in determining integration outcomes and, as such, this shortcoming is highly restrictive. Where relevant, as a result, the analysis attempts to ascertain the robustness of results that do not control for education by restricting the sample of native-born individuals to those with a low level of education to give an approximate lower bound to estimated disparities. Clearly this approach is far from ideal. Nevertheless, it is important to note that, even where education data is available, the comparability between qualifications obtained in different countries is highly approximate.

A second shortcoming of the Finnish administrative data is that Finland does not currently link administrative data to information on the residence permit status of immigrants. As such, while some implications can be drawn from analysis on the basis of country of origin – the majority of migrants from Afghanistan, Iraq and Somalia are likely to be refugees or family members reunified with refugees – country of origin is unlikely to be sufficiently correlated with residence status among migrants from other countries. In particular, it is very difficult to distinguish between labour migrants and family migrants and, in some cases, refugees.

Notes: 1. In extensive population studies the response rate of vulnerable groups tends to be low. These groups include people with disabilities, unemployed people, people without language skills, and people with little education. 2. The UTH sample selection is based on the definition of people of foreign origin, which draws on a classification used by statistical authorities in Finland and the other Nordic countries. According to this classification, people of foreign origin are defined as those persons whose parents (or the only known parent) were born outside Finland and who themselves are born in or outside Finland. 3. While almost 1000 Russians obtained asylum in Finland between 2000 and 2015, for example, they and their families represent only a small fraction of the roughly 80 000 Russian immigrants living in Finland in 2015 (see Sarvimäki, 2017).

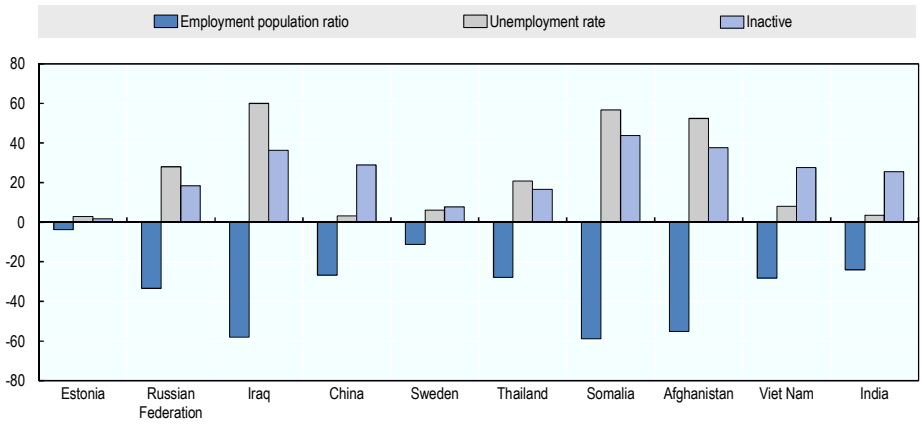
The speed and success of integration in Finland is strongly related to the origin of the migrant

The figures above give some indication, in an OECD context, of the relative under-performance of the foreign born in the Finnish labour market. However, these aggregated figures incorporate the outcomes of migrants with very different backgrounds, education and experience. They aggregate recent migrants with those who have resided in Finland for many years; they aggregate those who fled war and persecution, with those who moved in response to a job offer; they aggregate those who arrived from MENA, from southern Africa, or from Asia with those who arrived from elsewhere in Europe or North America. They aggregate those who arrived during boom, and during bust; the educated with the uneducated, and the old with the young. As such these figures mask much of the variation in the integration outcomes of the foreign born.

The speed and success of integration in Finland is strongly related to the origin of the migrant. Indeed, when breaking down average figures to take a closer look at the employment outcomes of particular nationalities, the heterogeneity between migrant groups is apparent (Figure 2.2). For instance, while Estonian and Swedish nationals have fairly similar unemployment rates to the Finnish nationals, unemployment rates among Iraqi, Somali and Afghan nationals are over 35 percentage points higher.

Figure 2.2. Employment, unemployment and inactivity vary significantly with nationality

Percentage point difference with native population, working age population, 2016



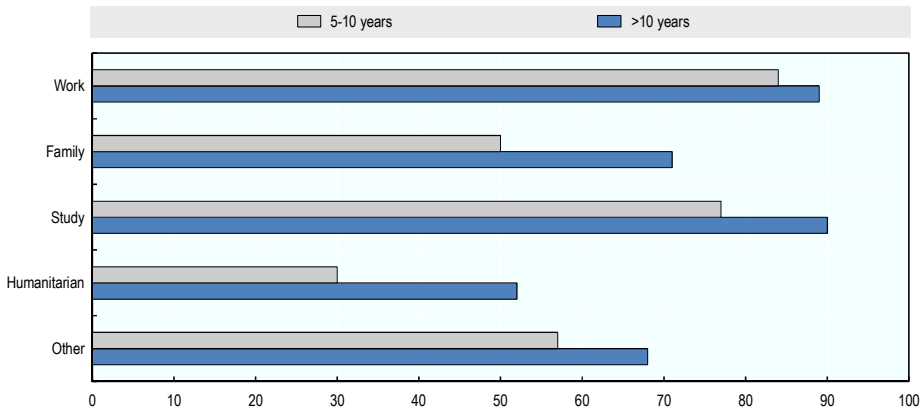
Source: Statistics Finland.

Much of the difference in integration pathways observed among migrants from different origins is likely to be driven by the reason for which they migrated. Indeed, as elsewhere in the OECD, integration success and labour market outcomes in Finland vary markedly across the migrant population with respect to the reason prompting their migration decision. In particular refugees tend to face considerable barriers to integration. This stems partially from the fact that those arriving for international protection are largely driven by push rather than pull factors, it stems partially from the fact that they have had little to no time to prepare for migration (in terms of collecting proof of qualifications and learning the language, etc.) partially from the health and educational consequences of their long journey to Finland, and partially from their lack of contact with Finland prior to arrival.[2] Migrants from Somalia and Iraq are likely to have arrived under these circumstances, while this is not the case for those from the EU.

In contrast to labour migrants, who already have an employer upon arrival, refugees arrive without a job. And in contrast to those migrants who arrive to reunite with their family (who have, in recent years, made up the majority of permanent migrants to Finland) refugees often have no family links to their host country and more limited networks through which to orient themselves and access information. As a result, more than those who migrate for other reasons, refugees face a unique set of integration challenges. This is reflected in their employment rates (Figure 2.3).

Figure 2.3. Migrants moving for international protection tend to have lower employment rates

Employment rate by reason for migration among population aged 20-64, resident 5-10 and >10 years in Finland, 2014



Source: Work and Wellbeing among Persons of Foreign Origin Survey (UTH).

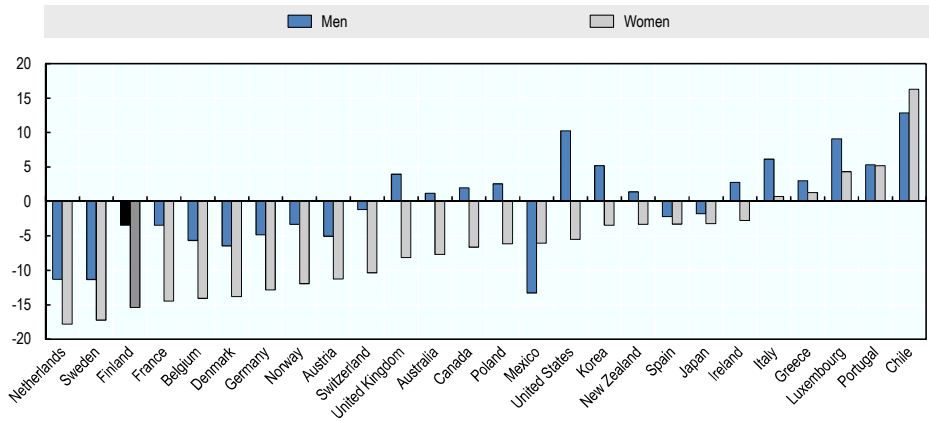
Clearly there are many attributes highly correlated with reason for migration that may be driving the disparities highlighted in Figure 2.3. Unfortunately, however, micro-data on visa type is not currently available to researchers to link to administrative data. And, while the 2014 Ad Hoc Module of the European Labour Force Survey provides information on reason for migration, the figures obtained from the Finnish Labour Force Survey are not representative and differ markedly from those obtained from administrative sources. This has limited the research into this important area in Finland. Elsewhere, in Scandinavian countries, where administrative data is linked to permit data, studies have found that non-labour migrants tend to experience a relatively slow process of labour market entry and poor long-term outcomes (see Åslund, 2017, for research on Sweden, and Bratsberg, 2017, for research on Norway).

…And migrant women in particular experience poor labour market outcomes

The poor employment rates of Finland's foreign-born population are driven, in large part, by poor labour market outcomes among foreign-born women (Figure 2.4). Gender disparities in employment are marked among those born abroad while, among individuals born in Finland, they are among the lowest in all OECD countries.

Figure 2.4. Foreign-born women have particularly low employment rates in Finland

Percentage point disparity in employment population ratio of foreign and native-born, 15-64, by gender, 2015/16



Source: Labour Force Survey, Eurostat 2015/16 (European countries); United States: CPS 2016/17; Chile: CASEN 2015; Mexico: ENOE 2016.

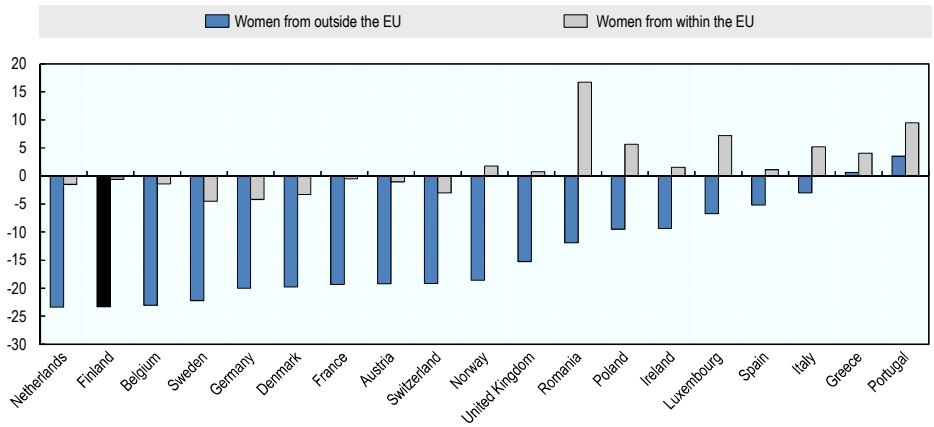
The employment rate of native-born women, at 68.8%, is higher than the OECD average of 67.4%. Participation rates are higher, and unemployment rates are lower.[3] Furthermore, the rate at which female employees work part-time is substantially lower than the OECD average, indeed, the share of part-time workers who are women in Finland, at under 60%, is amongst the lowest in the OECD – second only to Portugal.[4]

The strong labour market participation of women born in Finland, however, is not mirrored among the foreign-born population. And, as in many OECD countries, women are particularly vulnerable to experiencing poor integration outcomes. This is true both of employment and participation rates, though the difference is particularly pronounced when it comes to participation. Indeed, while foreign-born men are more likely to participate in

the labour market than men born in Finland, participation rates among foreign-born women fall over 10 percentage points behind those of their native-born peers and disparities are particularly stark among those from outside the European Union (Figure 2.5). Among young women, between the ages of 15 and 34 inactivity rates reach over 37% – among the highest in the OECD (see Chapter 5).

Figure 2.5. Foreign-born women from outside the EU fall a long way behind the native born

Percentage point disparity in employment population ratio of foreign and native-born, 15-64, by gender, 2015/16



*Notes: W*eighted sample sizes of Finnish populations of EU men (42 132) EU women (39 069), Non EU men (61 237) Non EU women (71 090).

Source: Labour Force Survey Eurostat 2015/16.

To the extent that employment rates are high among native-born women in Finland relative to elsewhere, it is to be expected that employment rates among the foreign-born population are lower - particularly in the early years following arrival, when migrants are more likely to reflect the norms of their origin country than those prevalent in Finland. However, high unemployment rates – combined with high inactivity rates – among migrants from countries such as Sweden which are characterised by high female participation suggest that there is more to the story. Indeed, high inactivity is also likely to be partially driven by the discouragement of jobseekers who do not see a route to employment. Indeed, the employment rates of some of Finland's largest migrant groups – including women from the UK, from Germany, from Somalia, Iraq and Estonia – are lower in Finland than they are in many other destination countries (Figure 2.6). This suggests that differing preferences upon arrival does not hold up as a complete explanation for the lower employment rates among foreign-born women in Finland.[5]

The foreign-born population exhibit markedly different integration pathways

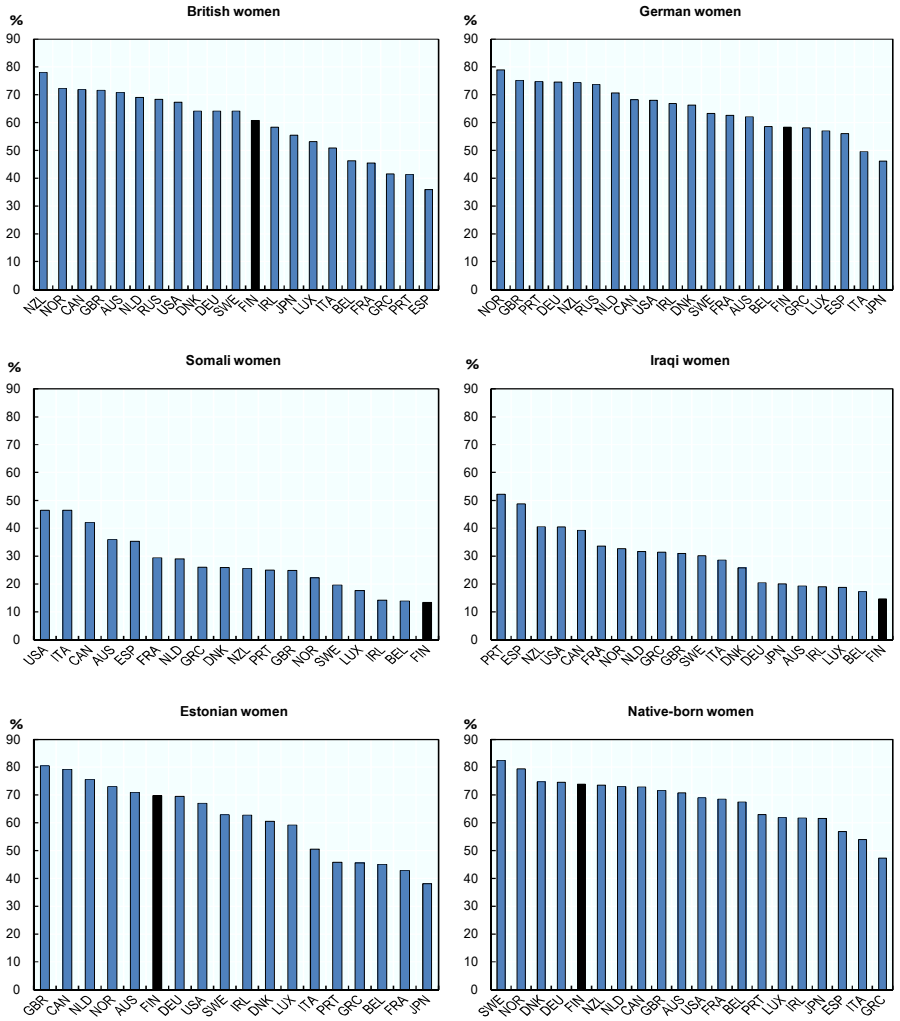
The disaggregated figures above give some indication of the correlates of poor integration outcomes. However, this snapshot masks substantial variation in the integration pathways of the foreign born.[6] For example, a greater linguistic distance, alongside more substantial differences in the performance of the origin country education system and in the functioning of local labour markets mean that migrants from Iraq and Somalia are likely to require more time to transfer the skills learnt in their origin countries to the Finnish labour market than are migrants from Sweden or Estonia. Figures aggregated over time and cohorts will be unable to distinguish between longer integration pathways, and poor long-run integration outcomes.

Furthermore, given the temporal trends in Finland's recent immigration history, different migrant groups have quite different duration of residence. The picture provided by a simple snapshot, therefore, fails to capture the compositional effects that, in large part, drive integration success. Higher employment rates among migrants with Russian origins may partially reflect that, having lived longer in Finland, these individuals have had more time to assimilate into the Finnish labour market.

In order to try to pull apart some of these influences and to isolate them from other factors, where possible, the analysis that follows will use administrative data to investigate the influences on the labour market outcomes of migrants in Finland in further detail. Duration of residence is perhaps the most important determinant of labour market integration. However, beyond the influence of duration of residence, diverse time trends can also influence comparisons between certain migrant groups and the native labour force. This is driven partially by the fact that Finland's native-born population is ageing at a faster rate than the foreign-born population. As such, aggregate employment and wage figures that do not control for the age composition of the populations may be misleading and merely reflect the aggregate trend towards greater seniority among the native-born population that accompanies ageing. As a result, the analysis that follows uses the methodology outlined in Box 2.2 to examine the integration pathways of some of Finland's largest migrant groups contrasted to a synthetic group of native-born Finns that are comparable in terms of the age profile and location in Finland.

Figure 2.6. Many migrant groups face poorer labour market outcomes in Finland than elsewhere in the OECD

Employment population ratio among female migrants in OECD host countries, by country of birth, 15-64, 2010/11



Notes: These data are based upon international census data and are, therefore, not updated on a regular basis.
Source: OECD Database on Immigrants in OECD Countries.

Box 2.2. Assessing the labour market integration of the foreign-born population in Finland

Empirical studies of the labour market integration of immigrants face the inherent challenge of isolating the impact of integration from three, potentially correlated, effects:

Cohort effects: the composition of immigrant cohorts varies substantially over time depending on both push and pull factors, including labour markets, immigration policies, and external events. Given the correlation of integration outcomes with factors such as education, reason for migration, and country of origin – which frequently vary systematically with cohorts – a comparison of integration outcomes across cohorts is likely to be deceptive.

Ageing: labour market outcomes tend to be correlated with age. Thus following the integration outcomes of a given cohort over time, may also be misleading.

Period effects: macroeconomic conditions clearly have an impact on the labour market outcomes of both immigrants and natives.

Given that, within cohorts, years since migration is perfectly correlated with calendar time, when using a synthetic panel of repeated cross-sections to track the labour market outcomes of immigrant arrival cohorts, identification of the impact of cohort effects and aging requires the assumption that period effects are common to both immigrants and natives.

Importantly, however, the employment and wages of those who are less established in the labour market – particularly immigrants – tend to be more vulnerable to the vagaries of the labour market than those who are well established (see MacDonald and Worswick,1997 in Canada, and Bratsberg 2006 in the US, for evidence that immigrants' wages are more responsive to local unemployment than those of the native born). As a result, when unemployment rates are trending downward (as they have been in Finland over the period in question) the assumption of common period effects can imply an upward bias in the estimated speed of integration. This is because the underestimation is more pronounced in earlier years, such that what appears to be integration is actually the result of a decline in the underestimation. Furthermore, what appears to be a cohort effect may, instead, be the result of differences in unemployment at the time of observation.

To overcome this hurdle, using longitudinal Finnish administrative data, following Sarvimäki (2011) and Barth et al (2004) the analysis of this report uses the following methodology in order to account for the differential sensitivity of immigrants and natives to local employment conditions. Using administrative data enables the measurement of how the labour market performance of immigrants evolves with time spent in Finland, contrasting this performance with comparable native-born individuals – while controlling for changing macro-economic conditions.

First-stage estimates of the elasticity of employment and earnings-per-worker with respect to age are:

$$y_{jpt} = \boldsymbol{YSM}_{jt}\alpha + \boldsymbol{A}_{jt}\delta^{I} + \boldsymbol{C}_{jm}\beta_{m} + \gamma_{t} + k^{I}u_{pt} + v_{p} + \varepsilon_{jt}$$

Box 2.2. Assessing the labour market integration of the foreign-born population in Finland *(cont.)*

For the foreign-born population and:

$$y_{jpt} = \boldsymbol{A}_{jt}\delta^N + \gamma_t + k^N u_{pt} + v_p + \varepsilon_{jt}$$

For the native-born population.

That is, the outcome (employment/wages of individual *j*, living in province *p,* at time *t*) is regressed upon age and age squared (in the above A_{jt} represents the quadratic polynomial), 23 indicators for year (*m)* of arrival (C_{jm}), 19 province indicators (v_p), and logarithmic annual provincial unemployment rate among the native born (u_{pt}) and, for the foreign-born, indicators for years-since-migration (*YSM*). Thus β_m captures the cohort effect (time-invariant differences across immigrant arrival cohorts), while the time fixed effects are captured by γ_t. In this manner, the coefficients on age (δ^I, δ^N) and the local unemployment rate (k^I, k^N) allow for a differing impact of these variables on the outcomes of the native and the foreign-born.[7] That is period effects are assumed to be equal only after conditioning on the unemployment rate in the local labour market – which is allowed to vary.

In the second stage, the first-stage estimates are used to calculate the expected outcome (employment/wages) for each immigrant observation (setting time dummies and local unemployment to the sample mean) first using the immigrant coefficients ($\widehat{\delta^I}, \widehat{k^I}$) and then those calculated from the native-born population ($\widehat{\delta^N}, \widehat{k^N}$). In this manner, for each immigrant, the analysis retrieves two expectations (in terms of employment/earnings): the first is their expected outcome abstracting from the business cycle ($\widehat{y^I}$) and the second is an expectation of what a native with similar characteristics would have earned also abstracting from the business cycle ($\widehat{y^N}$). In separate specifications, results are computed by gender, as well as by country of origin. Finally, results are computed separating the foreign born into four cohort groups: those arriving between 1990 and 1994, 1995 and 1999, 2000 and 2004, and finally between 2005 and 2009.

This methodology, whilst preferable to that which does not allow aggregate economic conditions to have a differential impact on migrant and native workers is, however, unable to overcome the potential bias induced if migrants self-select out of the labour force; for example, if those who are unable to find employment leave the country (see Dustmann and Görlach, 2016 or Lubotsky, 2007 for an investigation of this effect in the United States). Similarly, the identification able to control for potential bias that may arise if immigrants planning on only a temporary stay in Finland, invest less in country-specific human capital (see Dustmann, 2000 for a discussion). Appendix A disaggregates selected migrant cohorts by the duration of their stay to give some indication of the extent to which such issues are present among Finland's migrants.[8] Finally, the lack of reliable data on the education level of the foreign-born population prohibits the inclusion of education controls. As a result, as a robustness check, after comparing the foreign-born population to the entire native-born population, the native born comparison group is confined to those with a low level of education.

Box 2.2. Assessing the labour market integration of the foreign-born population in Finland *(cont.)*

Notes: Native-born are defined as native-born individuals with native-born parents while migrants are defined as foreign-born individuals both of whose parents (or the only known parent) is foreign-born. Migrants with unknown birth country are dropped from the analysis. Observations YSM > 15 are ignored in the estimations due to small sample sizes. Employment is defined as 1 if earnings positive, and 0 if they are not. The employment gap is defined as the difference between migrant and native employment. To capture the migrant-native gap in both income and entrepreneurial activity, earnings are defined as the annual sum of earned and entrepreneurial income in thousands of euros, expressed in year 2010 euros (with zero earnings *not* included). The earnings gap is defined as the ratio of migrant and native earnings. The estimation sample composes of: the years 1990–2013; individuals aged 15–64 years of age, and immigrants who arrived between 1990 and 2013. Age has been normalised such that 18=0.

Integration pathways differ among men and women and across migrant groups

Employment disparities among Finland's immigrant women are driven largely by poor outcomes in their early years in Finland. For these women, the migration pathway is a long one. In their first year in Finland, employment rates among migrant women (when controlling for age, province, year of arrival, and local economic conditions as detailed in Box 2.2) lag behind those of their native peers by 51.5 percentage points. This disparity is substantially larger than the 28.8 percentage point difference between the employment rates of male migrants in their first year and comparable native-born Finns (Figure 2.7). Over time, the employment rates of foreign-born women begin to close the gulf in employment rates that characterise their early years. That is to say, employment rates among female migrants who have been living in Finland for many years tend to be closer to the employment rates of the native born, than do those of the newly-arrived.

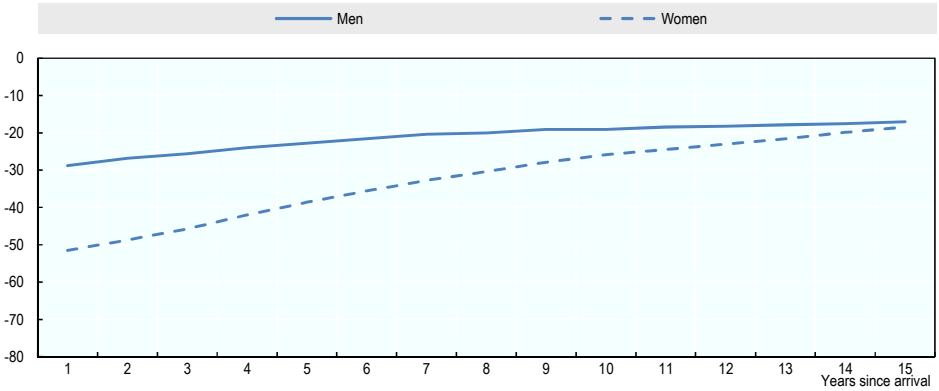
When considering the magnitude of these disparities, it is important to note that the empirical analysis of this section defines the employed as those with greater than zero earnings for the given year. This definition of employment results in a native-born employment rate estimated between 86% and 90% among women. This compares to a rate of 68% according to the labour force data.

Foreign-born women who arrive in Finland with children tend to take longer to integrate than do those who have no children at arrival (Figure 2.8). In particular, when married/cohabiting women are disaggregated into two groups; those who are accompanied by children under 18 upon their arrival in Finland, and those who are not, it becomes clear that women with children have significantly poorer integration outcomes. Not only are women with

children more likely to be outside employment upon arrival but that this initial disadvantage takes many years to overcome, with the disparity remaining even after 10 years.

Figure 2.7. Female migrants have poor employment outcomes upon arrival

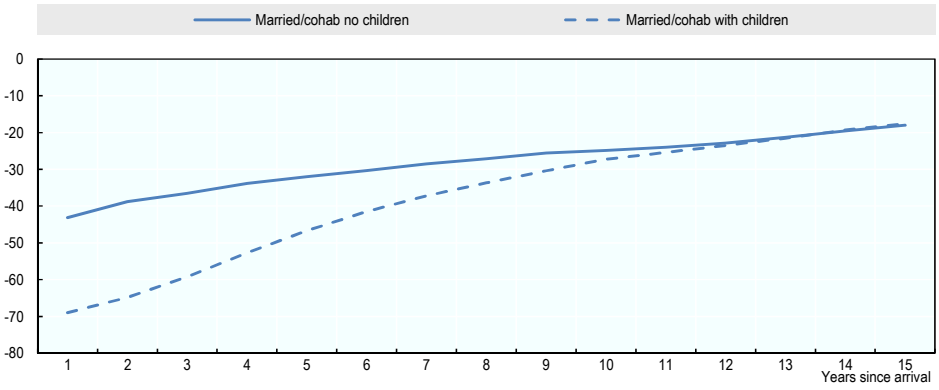
Percentage point disparity in employment rate between the foreign born and comparable native-born groups by years of residency by sex, 1990-2013



Source: Secretariat calculations on the basis of administrative data (see Box 2.2 for details of empirical strategy).

Figure 2.8. Foreign-born women with children upon arrival take longer to find employment

Percentage point disparity in employment rate between the foreign born and comparable native-born groups by years of residency by presence of children, 1990-2013



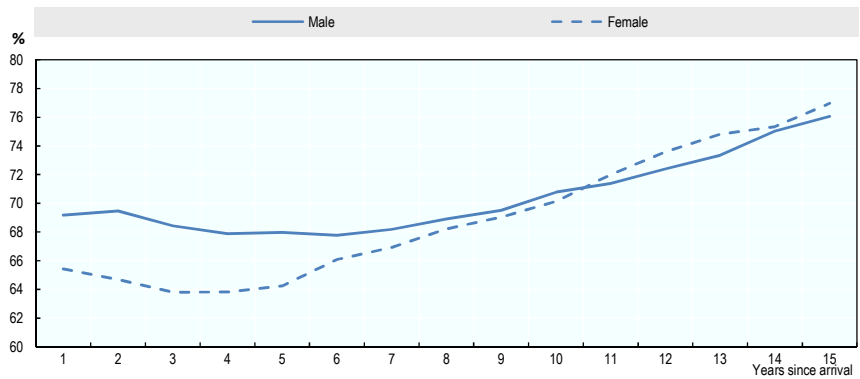
Source: Secretariat calculations on the basis of administrative data (see Box 2.2 for details of empirical strategy).

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. That foreign-born women are able to narrow this gulf demonstrates that they have both the potential and disposition to find employment in Finland. Yet, 15 years is a long time. This time represents a substantial waste of the potential of these women. What is more, with the passing years their skills will atrophy and their enthusiasm may wane.

A similar pattern emerges when turning to wage assimilation. Here wages are measured as the annual sum of earned and entrepreneurial income. The analysis presented here restricts the sample to only those with positive earnings in order to highlight the extent to which even those migrants that are able to enter employment suffer a significant wage penalty for many years.[9] Figure 2.9 below illustrates the extent to which the earnings gap, defined as the ratio of the earnings of the migrant and native-born populations, is larger among women in the early years following arrival. Among those who are employed, foreign-born women initially experience a substantial earnings shortfall relative to comparable native-born women – earning 65% of the wages of their native born peers one year after arrival. This is larger than the wage disparity among men. However, wage-earning women appear to experience faster wage assimilation than men such that, after 11 years in Finland the wage disadvantage associated with being born abroad is no different among employed women and among employed men.

Figure 2.9. Migrant women have larger wage disparities upon arrival but catch up with their male peers

Ratio of foreign- and native-born predicted earnings by sex, 1990-2013



Notes: Earnings defined as the annual sum of earned and entrepreneurial income expressed in 2010 EUR. Zeros excluded.

Source: Secretariat calculations on the basis of administrative data (see Box 2.2 for details of empirical strategy).

These findings suggest that the specific barriers impeding the employment and stymieing the wages of women are not insurmountable. Nevertheless, long delays to the labour market integration of foreign-born women carry with them a significant cost – for the women themselves, for their children, and for the Finnish economy more widely. It is important to note that while the methodology employed in this chapter enables this analysis to control for a multitude of background characteristics, cohort effects, and the influence of the local labour market, it is not possible to eliminate bias that may arise if migrants with weak labour market prospects become discouraged and no longer seek work. Were such selection present, such that only the most able remain in the labour market, it would suggest that the figures above may overestimate the speed and extent of wage integration.

It is important to note here that one explanation for the persistent disparity between the native and foreign-born employment rates is education, that is, education levels – or quality – may differ between the native and the foreign-born populations. This is because data on the educational attainment of the foreign born who obtained their education outside Finland is not captured in the Finnish administrative data and, hence, education is excluded from the analysis.[10] When the analysis is run restricting the native-born sample to those with only a low level of education (see Appendix 2.2), the disparity is diminished; with foreign-born men experiencing an initial wage penalty of 11%, while foreign-born women experience an initial 23% wage penalty. After 15 years in Finland both foreign-born men and foreign-born women earn incrementally more, on average, than the low-educated native born. Nevertheless, this can be thought of as a lower bound of the effective penalty associated with being born, and potentially educated, abroad.

Integration pathways also differ quite markedly between migrant groups. Figure 2.10 illustrates the extent to which immigrants arriving from Estonia integrate relatively rapidly into the Finnish labour market. From their first year in Finland migrants from Estonia experience the smallest employment penalty – with an employment rate trailing comparable natives by just 22 percentage points, much lower than for most other migrant groups. In the ensuing years, Estonians manage to close the gap with native born Finn's such that, after 15 years in Finland, their employment rates are just 2 percentage points below native-born Finns. Part of this Estonian integration success may be related to language. Indeed, Finnish and Estonian are both Uralic languages and, as such, the linguistic difference between the two languages is smaller. Obtaining proficiency in Finnish tends to be much easier for Estonians than for other migrants.

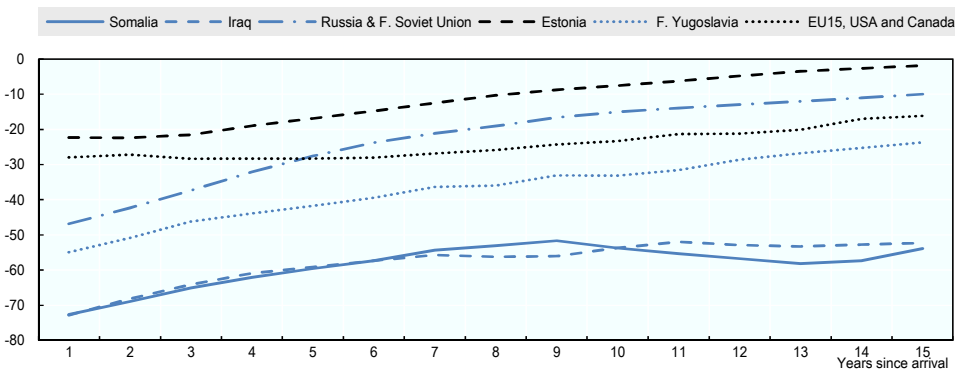
Migrants arriving from EU15 countries, from the United States and from Canada also enter Finland with a relatively small employment penalty; trailing native-born Finns by 28 percentage points in their first year. The relatively strong

employment performance among these migrants is likely to be reflective of the fact that many of those arriving from the EU15, from the United States and from Canada have arrived for employment with a job already in hand. However, these immigrants do not appear to make substantial integration progress as the time they spend in Finland increases. Indeed after 15 years these migrants have narrowed the gap with comparable native-born individuals by only 12 percentage points. This is the most limited progress towards labour market assimilation of all migrant groups represented in Figure 2.10.

While migrants from Russia and from the Former Yugoslavia tend to have relatively large employment disparities upon arrival, they experience relatively strong and sustained employment assimilation. After five years in Finland, migrants from Russia exhibit employment rates that are comparable to those arriving from EU15 countries, from the United States and from Canada; after 15 years, employment rates among this group lag behind those of comparable native-born Finns by just 10 percentage points. Finally, migrants arriving from Somalia and Iraq tend to have the poorest employment outcomes. Indeed, arrivals from these countries – many of whom will have come to Finland on humanitarian grounds – face substantial employment disparities upon arrival lagging the employment rates of native-born Finns by over 70 percentage points. Labour market integration among this group is slow, limited, and tends to plateau after approximately 10 years of residence.

Figure 2.10. Estonian and Russian migrants move into employment more easily

Percentage point disparity in employment rate between the foreign born and comparable native born groups by years of residency and country of origin, 1990-2013



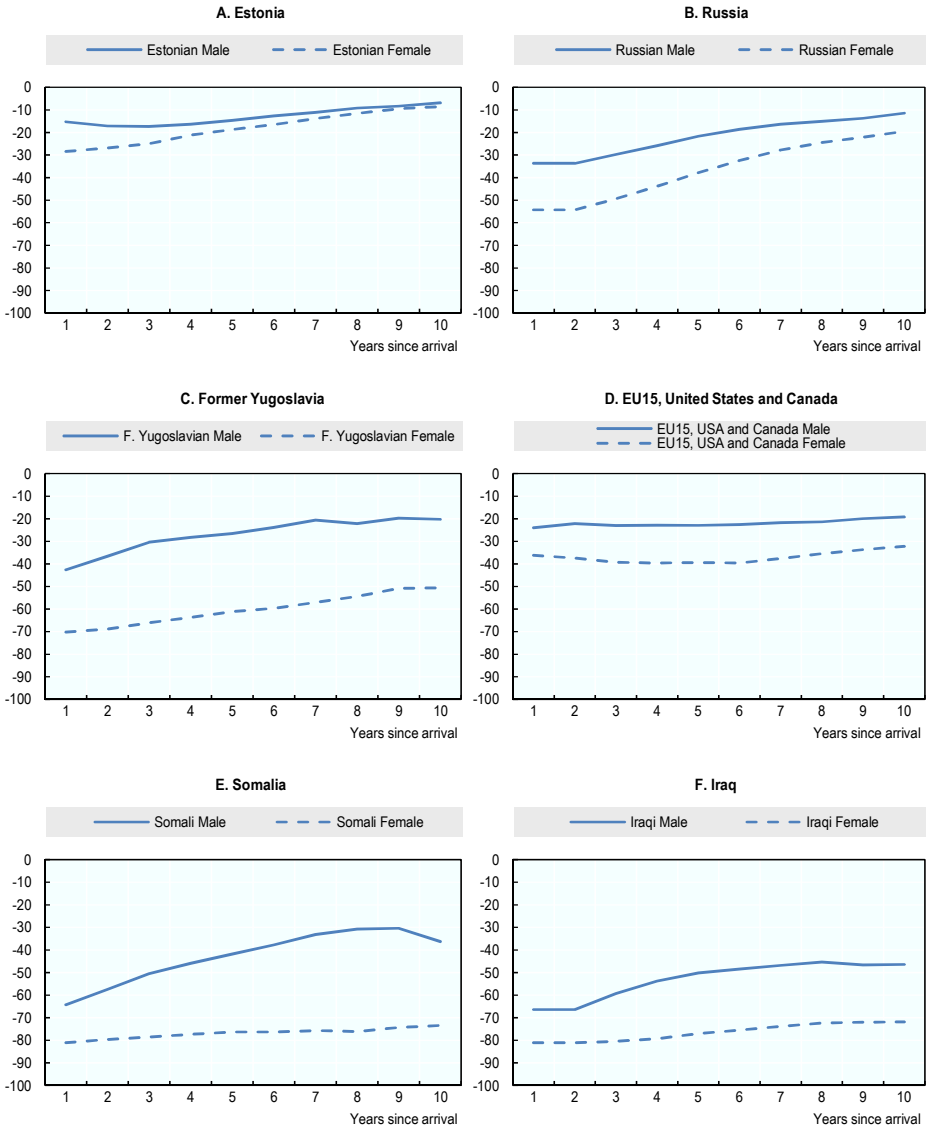
Note: Natives defined as native-born individuals with native-born parents. Immigrants defined as foreign-born individuals with both (or only known) parents with foreign born.
Source: Secretariat calculations on the basis of administrative data (*FLEED* database).

The integration pathways of foreign-born women in Finland differ even more markedly between migrant groups (Figure 2.11). Women born in Estonia have a relatively small employment disparity with those born in Finland and, from arrival, their employment rates lag behind those of comparable native-born Finns by less than 30 percentage points. Over time, more and more Estonian women take up employment such that after 5 years in Finland, employment rates among this group lag those of the native-born population by 20 percentage points, after 10 years the disparity has fallen to 10 percentage points. The pattern of employment integration among Russian women to some extent mirrors that among Estonian women, with the notable difference that employment disparities with native born Finns tend to be more pronounced among Russian women than they do with Estonian women. Furthermore, while migrant women from Russia narrow the gap with native-born women over time, in contrast to migrants from Estonia, persistent employment disparities continue to remain higher among migrant women from Russia then they do among migrant men from Russia. Finally, while women from the Former Yugoslavia tend to make some progress towards closing the employment rate gap with native born Finns, their progress falls short of that made by migrant men from the Former Yugoslavia.

Labour market integration among women from other origin groups, however, is less marked. Those women who are outside the labour market upon arrival make little progress towards it. Among those, on the one hand, who arrive from the EU, from Canada and from the United States, the employment population ratio is relatively high upon arrival but does not increase much with duration of residence. Among those women who arrive in Finland from Somalia and from Iraq, on the other hand, the employment population ratio is low from day one and lags close to 80 percentage points behind that of native born Finns. These women also make very little progress towards narrowing the gap even after ten years resident in Finland.

Figure 2.11. Few migrant women from Somalia, Iraq move into employment

Percentage point disparity in employment rate between the foreign born and comparable native-born groups by years of residency and country of origin and sex, 1990-2013



Source: Secretariat calculations on the basis of administrative data (*FLEED* database).

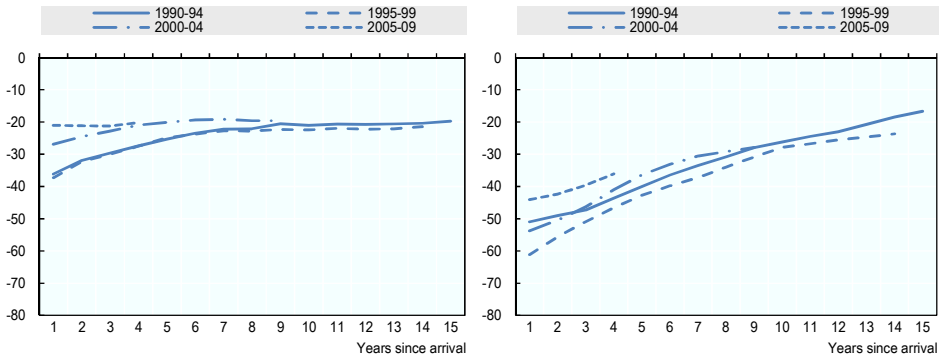
These trends may be partially reflective of the composition of these migrant groups and the reasons that prompted their migration. Among women from the EU15, USA and Canada the persistence of gender disparities in employment integration may be driven partially by the large number of family migrants in this group.

But early integration levels have improved in recent years

Since the introduction of the Integration Act in 1999 – which recognised the particular needs of migrants such as language training and the adaptation of country-specific skills – employment outcomes in the early years following arrival in Finland have improved (Figure 2.12). Indeed, research into the effectiveness of the integration plans introduced as part of the Integration Act in 1999 has suggested that these plans significantly increased the employment and earnings of immigrants and reduced their dependency on social benefits (Sarvimäki and Hämäläinen, 2016).[11] While the integration training did not introduce new PES tools, Sarvimäki and Hämäläinen (2016) found that the content of integration training moved away from traditional training such as job-seeking courses and vocational training programmes and towards more targeted training – such as language courses. The authors attribute the positive labour market effect to the more efficient use of existing resources at the employment office.

Figure 2.12. Early labour market integration has been stronger among recent cohorts

Percentage point disparity in employment rate between the foreign born and comparable native-born groups by years of residency and entry cohort, 1990-2013



Source: Secretariat calculations on the basis of administrative data (*FLEED* database).

Notes

1. It is important to bear in mind that these rates are also driven partially by the denominator; the underlying population. As such, the reduced employment rates among the foreign-born in 2015, for example, are also reflective of the increase in the foreign born population in that year.
2. In contrast to labour migrants, who already have an employer upon arrival, refugees arrive without a job. Furthermore, lack of language skills, local networks, and knowledge of the local labour market, combines with employer uncertainty regarding the value of the foreign credentials and experience they hold to ensure that gaining an initial foothold in the labour market of their host country can be very hard for this group of migrants. In contrast to international students, refugees have no educational institution to provide them with a programme of daily activities and link them to their host country. And in contrast to those migrants who arrive to reunite with their family (who have, in recent years, made up the majority of permanent migrants to Finland) refugees have no family links to their host country and no networks to orient themselves and provide them with much needed information. See OECD (2016) for a discussion of the particular challenges facing humanitarian migrants.
3. Added to this, gender segregation with respect to occupation and sector (48% of female employees work in the public sector (Statistics Finland)) has meant that the employment rate of women has been somewhat protected from the crisis, which hit the manufacturing sector most heavily.
4. This is particularly notable in light of the high birth rates in Finland, and the relatively limited number of children enrolled in childcare, both of which might be expected to stymie the participation of women.
5. It is important to note that these aggregated figures may be partially driven by compositional effects – such as duration of residence – that can have a substantial impact upon labour market outcomes.

6. In addition, the relatively small migrant population in Finland means that labour force survey based information on disaggregated groups may not be perfectly representative of the population.

7. Note, that this implies the assumption that the impact of local labour market conditions on the labour market outcomes of the foreign-born is equal irrespective of the years since arrival. However, as immigrants spend time in Finland, and become more established on the labour market, their experience wage curve elasticities may increasingly resemble those of the native born.

8. In addition, given that, mechanically, there is a higher density of people who have arrived recently among those data points representing fewer years since migration, to the extent that recent immigrants have seen higher employment in their early years, aggregated figures are indicative of trends and may overestimate the speed of integration.

9. Until recently (see Aslund et al 2017), much of the literature has not looked explicitly at employment trajectories, instead compressing all the information in a single figure including also zero earnings and thus capturing both the integration issues both on the extensive and intensive margin (see for example Hämäläinen and Sarvimaki, 2017). Excluding those with zero earnings may lead to concerns over potential selectivity – that is, if only the most able migrants find employment, those with positive earnings will not truly represent the full sample of the foreign-born. However, this positive selectivity only serves to render the disparity all the more stark since even the most able migrants face large disparities.

10. In any case, comparisons of education obtained in Finland with that obtained in many origin countries are likely to be problematic. Indeed, recent research has shown that migrants with similar education levels are likely to hold quite different skills (OECD, forthcoming).

11. This research has exploited the policy discontinuity arising from the fact that the obligation to participate in an integration plan only applied to those entering the population register after May 1st 1997.

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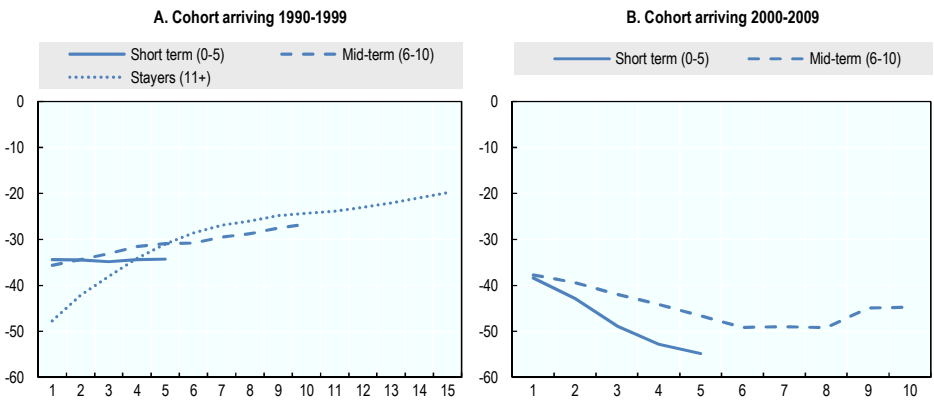
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Annex A

2.1 Selective out migration

Figure A.1. Selective out migration

Percentage point disparity in employment rate between the foreign born and comparable native born groups by years of residency and total duration of stay in Finland, 1990-2013

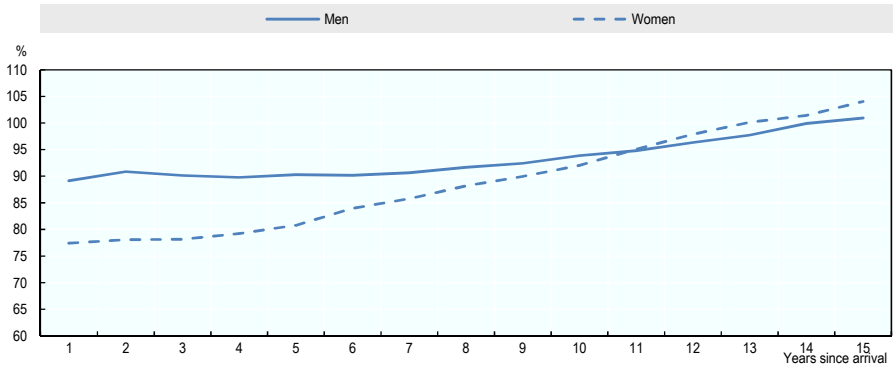


Source: Secretariat calculations on the basis of administrative data (*FLEED* database).

2.2 Wages relative to native born with a low education

Figure A.2. Wage assimilation relative to native born with a low education, by gender

Ratio of foreign- and native-born predicted earnings

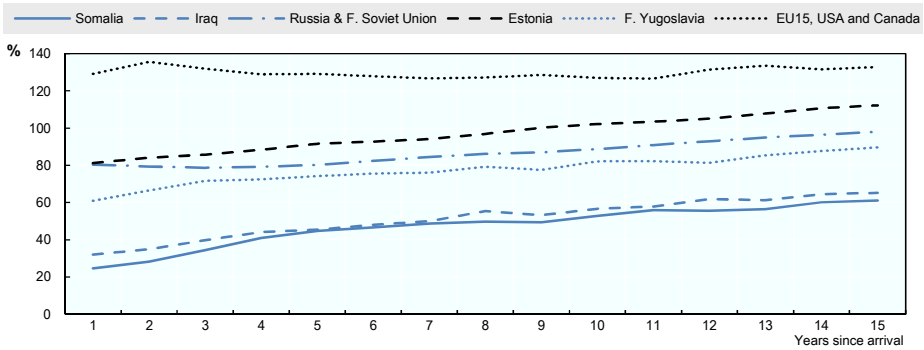


Note: Native counterfactual restricted to only those with a lower education level.

Source: Secretariat calculations on the basis of administrative data (*FLEED* database).

Figure A.3. Wage assimilation relative to native born with a low education, by country of origin

Ratio of foreign- and native-born predicted earnings



Note: Native counterfactual restricted to only those with a lower education level.

Source: Secretariat calculations on the basis of administrative data (*FLEED* database).

Chapter 3

Integration services for new migrants and settlement across Finland

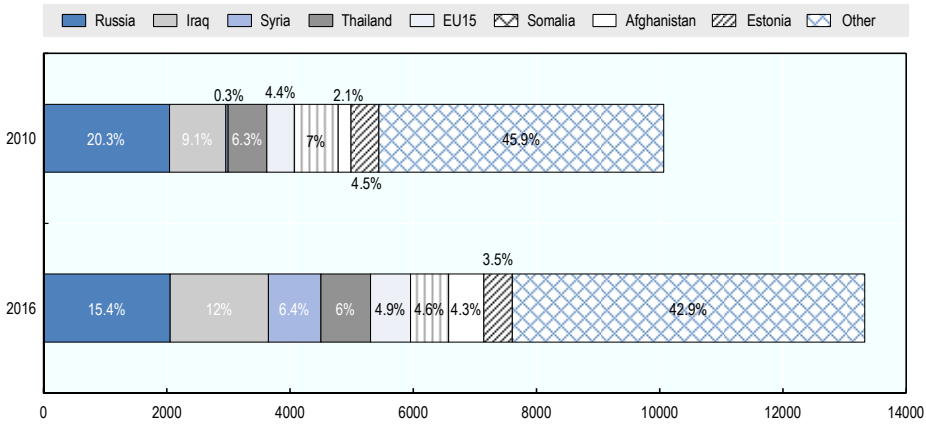
In offering a comprehensive integration support to all resident migrants who are seeking work, or claiming social assistance, Finland stands apart from many other OECD countries. Indeed, where in other Nordic countries public provision of integration services tends to be reserved for those migrants – usually refugees and their families – who do not have the resources to fund their own integration. In Finland, the majority of participants of integration training are not humanitarian migrants. Early integration services in Finland are built around the integration assessment, plan, and training. However, little is known regarding the extent and content of training and, in practice, much emphasis is put on language. This chapter sets out the core services at the heart of early integration efforts in Finland. It outlines some of the bottlenecks that currently compromise the efficiency of these services and takes a closer look at the relationship between early settlement patterns and integration outcomes.

Integration Services

In Finland, all unemployed migrant job-seekers and those that receive income support are entitled to access integration services. Most OECD countries offer publicly-funded language courses to new migrants. However, in offering a comprehensive integration support to all resident migrants who are seeking work, or claiming social assistance, Finland stands apart from many other OECD countries. In particular, across the Nordic countries, where integration services tend to be bundled into a comprehensive 'programme' along similar lines to Finland, public provision of these services tends to be reserved for those migrants – usually refugees and their accompanying families – who do not have the resources to fund their own integration. In Sweden, for example, the introduction programme is available only for refugees and their family, while in Norway, labour migrants and those moving from elsewhere in the EU make a contribution to their language learning. In Finland, on the other hand, in 2016, of the 7 779 individuals to undertake integration training, 15.4% were from Russia, 6% from Thailand and 5% from EU15 countries (Figure 3.1)

Figure 3.1. The majority of participants of integration training are not humanitarian migrants

Number of people begun integration training by nationality, 2010-16

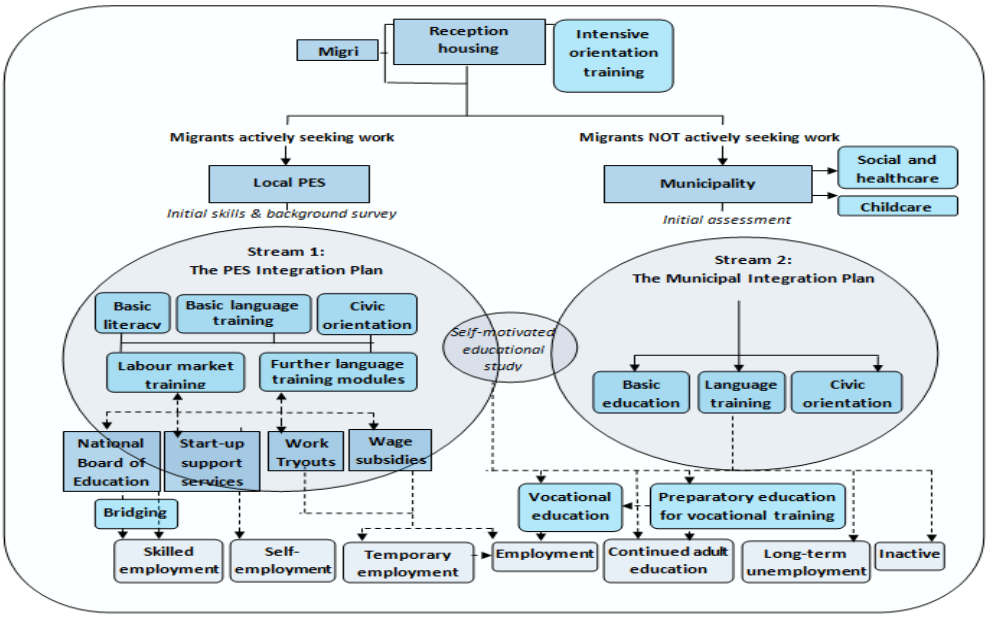


Source: : Employment Service Statistics (*Kotoutumiskoulutuksen*).

Early integration services in Finland are built around the integration assessment, plan, and training

Integration services in Finland are built upon three primary tools; the initial assessment, the integration plan, and integration training (see Box 3.1). Implementation of the three primary components of integration services is divided into two streams in Finland, as illustrated in Figure 3.2. The first stream is targeted at those migrants who are actively seeking work. This group may include refugees directed to the PES by the reception centre or local ELY centre, it may include family migrants who are seeking work, or it may include free movement migrants from other EU countries seeking work in Finland. Migrants who are not seeking work at the time of their arrival in Finland, conversely, are directed to the municipality for their integration support. In theory, the municipal integration services should mirror those provided by the PES – including an initial assessment followed by basic education, language training and civic orientation. Municipal integration support, however, tends to have less emphasis on labour market training. Furthermore, given that these services are provided at the local level, there tends to be a larger degree of variation in the quality and content of the courses offered, with some being highly developed, while the offer is limited in other municipalities.

Figure 3.2. The path of new arrival through the Integration Plan in Finland



Source: OECD Secretariat analysis based on national legislation and regulations.

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 to employment (see Chapter 5 for further discussion).

The starting point of both integration streams – whether undertaken with the PES or through the municipality, is the initial assessment. This assessment plays the role of identifying the needs the migrant and forms the basis of the ensuing integration activities. This initial assessment is largely undertaken by externally contracted providers. The largest among these providers, *Testipiste*, bases placement assignment on information on study and work experience, current circumstances and career aspirations, as well as tests of reading and writing in the Roman alphabet, Finnish language skills, mathematics, and tests of structural perception. These tests are employed in the hope of ascertaining both current language ability and the likely speed of language acquisition. Following the placement assessment, participants on a pathway for employment are allocated to one of four streams: a fast track, an intermediate track, a slow track, and a track for those requiring basic literacy training. In 2014, the majority of test-takers were allocated to the intermediate (52%) or slow (26%) tracks.

Following the initial assessment, according to national legislation, an integration plan should be drawn up for all unemployed jobseekers, those claiming social assistance, as well as those who it is deemed, on the basis of their initial assessment, would benefit from such a plan. The first integration plan should be drawn up no later than three years following the issuance of the first residence permit and should last for a maximum period of one year.

Box 3.1 Finnish policy at a glance: The Integration Programme

The central pillar of integration policy in Finland is the Integration Plan; a personalised plan of activities incorporating language training, basic literacy and/or education and civic orientation aimed at endowing each migrant with the skills and knowledge required for integration into Finnish society and working life. The aim of these plans is to provide sequenced integration measures designed to maximise the efficiency of training given the skills and circumstances of each migrant.

Responsibility: The initial assessment of unemployed migrants is undertaken by their local employment and economic development office. In contrast, the initial assessment of inactive migrants receiving social assistance is initiated by a municipality.

Eligibility: The plan is offered to all non-employed migrants resident in Finland for fewer than three years. Foreign-born individuals are eligible to the programme irrespective of their grounds for residence in Finland. Asylum seekers and others not yet granted residency, however, are not eligible.

Duration: The scope and structure of training varies according to the individuals initial assessment results (see below) and can last at most 60 study weeks. The integration plan ends prematurely if the immigrant finds permanent, full-time employment or becomes a full-time student.

The initial placement assessment: The integration path is based upon an initial placement assessment undertaken by externally contracted providers.

The Integration Plan: For those migrants seeking work (registered unemployed), the integration plan is prepared in a joint meeting between the migrant, a representative from the local public employment office and, if necessary an interpreter. For those who are inactive, such as women with small children, municipalities are responsible for drawing up integration plans. Integration plans can incorporate either labour market training or 'self-motivated educational study'. Within the former, a placement assessment allocates participants to one of four tracks while those entering 'independent educational study' may enter vocationally-oriented integration training, basic or upper-secondary education, or preparatory classes.

Implementation: Integration training is usually implemented as labour market adult education provided by ELY centres, which periodically put the provision of integration training out to tender. Training can also be provided as independent studies provided by public or private education institutions. Immigrants are guided to education either by the PES office or by the municipality, depending on which authority prepared the integration plan.

Co-ordination: A database, *Koulutusportti*, is available to share information between PES offices and educational institutions on placement test results, as well as labour market programmes and educational courses undertaken.

Benefit Entitlement: There are no benefits directly linked to the Integration Plan in Finland. However, non-participation in the programme, or refusal to follow the plan, is sanctioned by a reduction in social benefits (typically of between 20-40%).

…But implementation of integration services remains a black box

The heart of Finland's integration programme – the initial assessment, plan and subsequent training – is designed to provide a sound basis for tailored integration activities that assess and build upon the skills, qualifications and experiences that migrants bring with them to Finland. Efficient integration, however, depends also on effective implementation; on how policy plans regarding immigrant integration, are turned into action – both locally and nationally.

Precise and comprehensive information regarding the form, content and coverage of initial assessments is not collected in Finland and the training systems statistics database does not provide clear information about these assessments (Ministry of the Interior and Ministry of Employment and Economy, 2015). While some information on immigrant education – and language tests in particular – is collected and made available, this is not reflective of the comprehensive assessment mandated in the legislation (*Koulutusportti*, 2017). Indeed it has been suggested that, in reality, initial assessments fall far short of those decreed in government regulation and vary from simple language tests, to ordinary assessments for all jobseekers and other preliminary assessments (Ministry of Employment and the Economy 2016). Furthermore, those migrants who are not actively seeking employment (and therefore beyond the remit of the PES), are frequently unaware of their entitlement to an initial assessment. Outreach has often been limited (Saukkonen 2017).

For those migrants who do receive a comprehensive initial assessment, the subsequent integration plan is intended to set out a roadmap of services to prepare the migrant for the Finnish labour market. When it comes to implementation, however, only limited information is available regarding the extent and content of these plans. Indeed, a recent study by Soininen and Puuronen (2016) suggests that 41% of integration plans consist of only language studies. Furthermore, according to a survey sent to municipalities in 2016, only 28% of local authorities responded that they prepare an integration plan for almost all those migrants needing such a plan, while 35% stated that such plans were compiled for less than half of those in need, or for hardly any migrants (Ministry of Employment and the Economy, 2016).

Following the compilation of an integration plan, migrants should begin integration training. According to the integration act, this training must include both language courses (Finnish or Swedish) as well as further courses to promote employment (administered by the ELY centres) or independent study – study that is funded, but not administered, by the PES (courses are validated as eligible for PES funding as part of independent study on an individual case-by-case basis). In

practice, the emphasis of integration training is placed heavily on formal language learning.

The average waiting time newly-arrived migrants between registering with the public employment service and beginning integration training was, in 2016, 83 days. This is composed of a median wait of 13 days prior to the initial assessment, and a further 70 days before the integration training begins. The length of this delay, however, varies substantially across the country, ranging from just 34 days in Kainuu, to 140 days in Uusimaa. These long delays can have important implications for the outcomes of the training as long delays can erode the patience and enthusiasm of participants.

Recent changes, introduced in 2016, enable asylum seekers and refugees to begin taking some early language modules and initial integration studies while still housed in reception centres. This is an important policy change that should alleviate the negative impact of settlement delays. Furthermore, in principle, the new modular nature of Finnish integration training could enable new arrivals to begin certain modules – such as early language or literacy training and credential recognition – that are not specific to local labour markets, and build upon these early measures when they are permanently settled.[1]

The current focus on formal language learning implies a long integration pathway

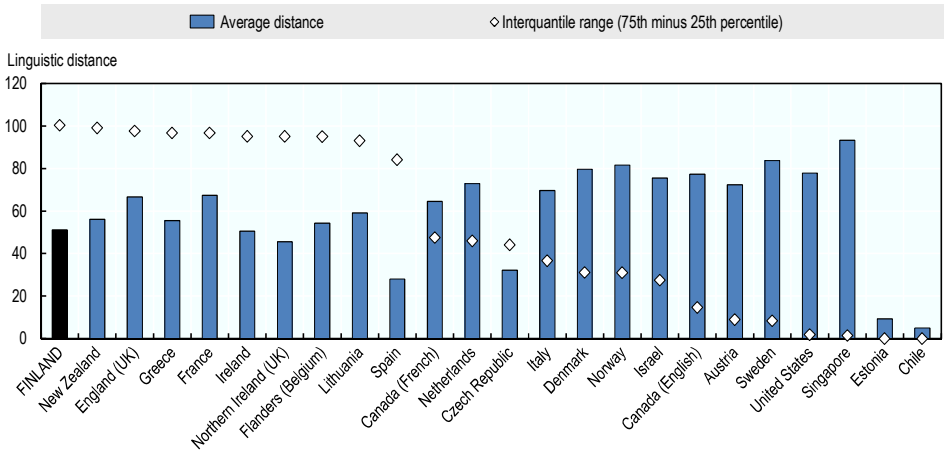
Across the OECD, knowledge of the host-country language is a key factor in determining the speed and success of integration. Furthermore, the diversity of the languages spoken by migrants, and the degree to which, on average, migrant languages differ from the official language spoken in the country is an important factor determining, not only the potential language training, but also the length of time the integration pathway will take. In Finland, where, in 2017, Estonians accounted for over 20 % of the foreign born population the average linguistic difference between Finnish and the mother-tongue of the migrant community – as calculated according to the Language Distance Index – created by does not stand out as particularly large in international comparison (see OECD (forthcoming) for a complete discussion of this index). This is largely because, sharing the same Uralic roots, the linguistic difference between Estonian and Finnish is not large.

However, there are important differences in the language distance that different groups of migrants face within countries. Indeed, aside from Estonians (and to a lesser extent Russians) most new arrivals in Finland come from very different language families, and the Uralic roots of the Finnish language render it among the more difficult languages to learn. Indeed, among migrants who live in Finland the language distance that Arabic speaking migrants face is considerably larger than that faced by Estonians. As such, an alternative measure of linguistic distance that

captures this diversity is, rather than the average Language Distance Index, the interquartile range of the Index. Indeed, according to this indicator, Finland has the largest linguistic distance of surveyed countries (Figure 3.3). Furthermore, focusing on dissimilarities in pronunciation, this indicator is likely to be an underestimation of the true linguistic distance in Finland, where the grammatical structure of the Finnish language is highly complex. [2]

Figure 3.3. Language distance varies substantially among migrant groups in Finland

Average and interquartile range in the language distance to host country language among migrant groups



Notes: 1. Linguistic distance calculated using the Levenshtein distance to compute the level of dissimilarity across combinations of languages (see Bakker et al., 2009).

2. Countries are ranked in descending order of the interquartile range of linguistic distance between migrant groups and the Finnish language.

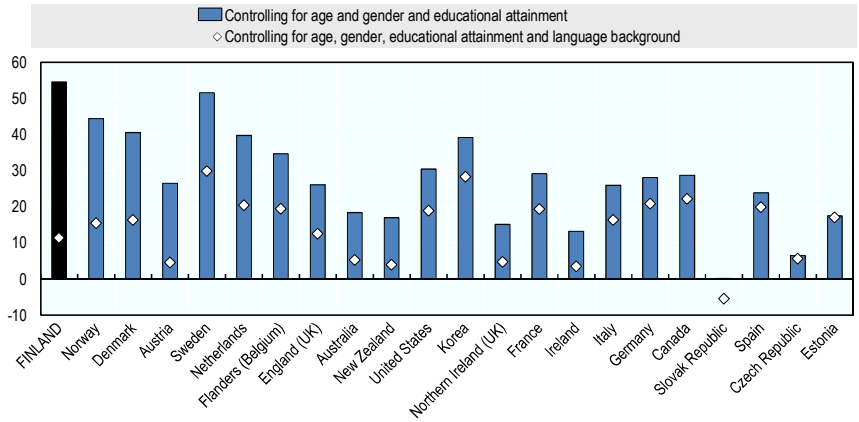
Source: OECD (forthcoming) based upon the OECD Survey of Adult Skills (PIAAC) (2012, 2015).

The extent to which the linguistic distance between the Finnish language and the mother tongue of many of Finland's migrant groups means that the impact of language background upon functional skills, as measured by the OECD Survey of Adult Skills, is substantial. Indeed, recent OECD work examining the extent to which the relative difficulty in learning a distal language, indicates that, across the OECD, the greater the linguistic dissimilarity between the mother tongue of an individual and the language in which the individual sat the PIAAC test, the lower his or her proficiency in literacy and numeracy will be (OECD (forthcoming). The association between language distance and literacy scores can also shed light on the role language composition plays in shaping between country differences in the literacy gap between natives and foreign born individuals. Indeed, when

controlling for the language background of the migrant, the differences observed in the functional skills of the foreign- and native-born in Finland fall substantially (Figure 3.4).

Figure 3.4. Language background has a large impact on the functional skills of the foreign born

Difference in literacy proficiency between native and foreign-born adults, adjusted PIAAC score disparity, 2012



Notes: 1. Linguistic distance calculated using the Levenshtein distance to compute the level of dissimilarity across combinations of languages (see Bakker et al., 2009) 2. Countries are ranked in descending order according to the impact of language background on difference in literacy proficiency.

Source: OECD (forthcoming) based upon the OECD Survey of Adult Skills (PIAAC) (2012, 2015).

Given that both networks and employment are important routes through which to build further language skills, poor knowledge of the host country language can prompt a vicious cycle. Conversely, early development of sound language skills can have a substantial impact on the transferability of existing skills as well as enabling further skill acquisition.

The centrality of language to integration efforts in Finland is illustrated by the fact that, from the initial placement assessment upon which the integration plan is built, the expected speed of integration is largely based upon a battery of tests employed to ascertain current language ability, and the likely speed of language acquisition. Furthermore, while the primary components of the integration plan include language training, labour market training, civic orientation and, for those that need it, basic literacy training, in practice, as already mentioned, initial training has placed a heavy emphasis on language learning.

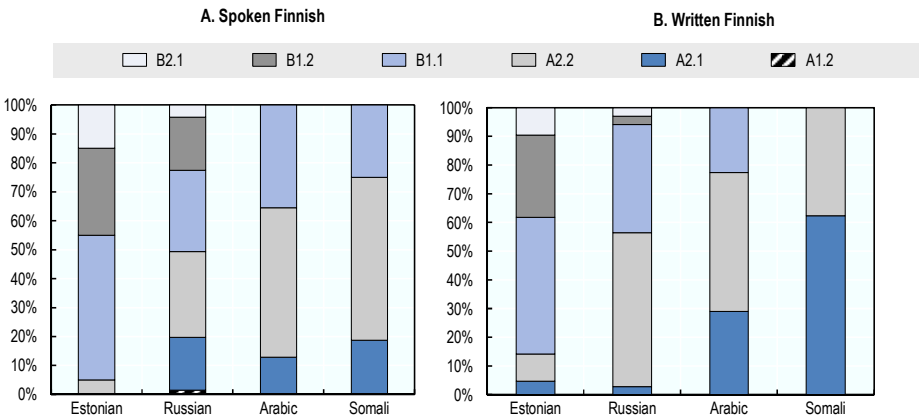
The national curriculum for integration states that the scope and content of integration training should vary according to each student's individual needs. As such integration training may continue up to a maximum of 2100 hours, with close to two thirds of this time dedicated to language training and the remaining hours – largely devoted to civic orientation – conducted in Finnish. This number of hours is substantial in international comparison. However, there is little information collected regarding the actual number of hours undertaken by migrants in Finland as part of their integration training. And, data obtained from *Testipiste* (one of the largest providers of integration training in Finland) suggest that participants study for an average of slightly under 240 language hours per module with course length ranging from 60 hours to 345 hours.

Despite this heavy focus on language learning, 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. 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 (Figure 3.5).

While the number of hours of language training undertaken does appear to vary with the linguistic background of the migrant, the extent of the variation may not be sufficient to account for the extent of the difference in the profundity of the language challenge. Indeed, while integration training participants from Estonia undertook an average of 213 hours of language training per module, the number of hours undertaken from those arriving from Afghanistan, Iraq, Somalia and Syria was 254 hours.

Figure 3.5. Language performance tends to vary with language of mother tongue

Post-language course language performance by mother tongue



Source: *Testipiste* data.

While language learning in Finland has been heavily theoretical, integration is most effective if language is taught in such a way as to render it practical. Indeed, where language can be combined with practical activities, and other integration measures, functional learning can be enhanced. Enabling learners to put their newly acquired language skills to immediate use, the combination of language instruction with vocational training has been shown to be effective across this skill spectrum (see, for example, Friedenberg 2014). Indeed, in recent years, some OECD countries, such as Sweden, have created language courses tailored to the requirements of specific professions such as academics, educators, engineers, economists, lawyers, healthcare workers, as well as entrepreneurs, craftsmen, and bus and truck drivers. Given the difficulties in offering these profession specific courses where there is not a sufficient density of migrant demand, many OECD countries have, as an alternative, created language courses oriented towards the development of professional language skills. These have included *German for Professional Purposes* offered in Germany; the *Settlement Language Pathways to Employment and Training* programme in Australia; or the job-oriented language courses such as *Dutch in the Workplace* offered in the Belgian region of Flanders (see Box 3.2).

Box 3.2 Examples of OECD countries combining language training with other integration activities

Combining language with civic orientation

Language training in **Canada** is offered from literacy to advanced levels and couples language acquisition with knowledge of Canadian civics and culture and covers aspects of living in Canada, job search skills, civics, and cross-cultural communication.

Combining language with work experience

In Sweden, in an effort to speed up the entry of skilled immigrants into shortage occupations the Fast Track Initiatives are designed in such a manner so as to allow language learning alongside and concurrently with validation of qualifications and bridging education. In the teaching profession, for example, where in 2015 the skills of up to 1 500 newly-accepted refugees with experience as teachers were needed to help accommodate newly-arrived minors into school, courses initially concentrated on bridging – notably regarding Swedish pedagogy – while building language skills concurrently. At the end of the course teachers are able to continue their language studies alongside work by working four days a week in the classroom in their mother tongue, and devoting one day to Swedish language classes.

Germany has recently put in place a wide-reaching new system of free vocation-specific language courses, entitled "German for professional purposes". The courses target foreign-born job seekers and their children who have completed mandatory schooling and intermediate German language training. Courses combine technical instruction, work placements and site visits.

Australia is among the OECD countries that pioneered on-the-job language training. Since 1991, Australian authorities provide co-funding to employers for training their workers in "Workplace English Language and Literary" (WELL). Australia's "Adult Migrant English Programme" (AMEP) also includes a "Settlement Language Pathways to Employment and Training" (SLPET), entitling participants to up to 200 hours of vocation-specific language tuition and up to 80 hours of work placements.

In Belgium, the third step of the integration programme in the region of Flanders is the orientation of participants to the Flemish employment service (VDAB), whose programme then offers job-oriented language courses, including "Dutch in the Workplace" (NodW). Luxembourg's "Linguistic leave" programme allows employees up to 200 hours of leave, instruction, and compensatory allowance in order to improve their Luxembourgish skills.

In April 2016, with the introduction of the new modular system, Finland took substantive steps in this direction, with the aim of increasing both the efficiency and flexibility of integration training. Following the first two purely language-based modules, integration participants are able to focus on vocational language training. The new modular nature of the courses is anticipated to increase flexibility of integration training, by allowing new

arrivals to undertake those modules most useful and relevant to their skills, qualifications and aspirations. These modules – which include language training, labour market and work-life training as well as entrepreneurship support – are cumulative and organised to enable progression along three tracks, with a pathway selected according to whether the individual is determined to be a fast or a slow learner. Each module lasts between two and five weeks and the aim is that these official training modules are combined and interspersed with vocational education, education for entrepreneurship, voluntary work, and distance learning and PES measures such as work try-outs and job search training.[3] A further aim is to provide integration training in a vocational environment, and to foster the learning of the 'occupational language' during the integration training.

These changes have the potential to introduce a bespoke element to the delivery of integration training that is at the centre of the philosophy governing Finnish integration policy but has, as yet, not been fully realised. In order to move towards this new model, ELY centres have been charged with re-organising their integration trainings into a modular fashion and have also been asked to implement results-based financing for the contracting of external providers for the provision of these services. The extent to which these new changes will be able to achieve the increased efficiency and flexibility, however, will be dependent on significant implementation support at the regional and local level.

Yet language is learnt most effectively through real-life communications over an extended period of time. Thus, alongside the employment-oriented integration training, Finland would benefit from increasing efforts to build language learning into everyday life – both in the workplace and through social interactions. Elsewhere in the OECD, recent language initiatives are making attempts to build language learning into everyday life – both in, and outside of work. These, and other mechanisms that facilitate language learning in parallel to work– such as web-enabled self-directed learning – can be provided at a low cost and are very important for migrants who might otherwise remain trapped in low-pay limited-language jobs or in the home.[4]

The workplace, however, is the ideal place for language learning; offering structured and repeated opportunities for real-life communication linked to tasks and teams. As a result, in order to maximise the benefits of professionally-oriented language training, such training should be undertaken in parallel to work – either alongside or, ideally, combined with work. The reorganisation of the Finnish integration training into a modular structure, able to combine language training with work experience is an important step in this direction. A fully-integrated model, however, requires increased engagement from employers; to encourage them to hire foreign-born workers

with imperfect language skills, and to provide them with time and support for their continued learning.

Alongside these changes in the training for those actively seeking employment, from 2018 the Ministry of Education and Culture has taken on responsibility for the organisation of language studies for illiterate immigrants, those who have not completed basic education, and stay-at-home parents. Linking early literacy training to the rest of the education system in this manner has the potential to ease the bottleneck that has previously impeded the integration path of many migrants who fail to attain the language level needed to progress in the education system. However, it will be important that this move does not undermine the labour-market orientation of training.

Few migrants find employment following integration training and many struggle to access further services

Following the end of integration training (usually two-three years after arrival), less than 2% of participants move directly into employment (Figure 3.6). Indeed, the majority of jobseekers move into vocational training or further study. However, given that eligibility to subsequent activation and training programmes are frequently contingent on a level of language that few participants achieve, for many integration training is both the first and the last formal step towards integration. For many, the distance that remains between their capabilities and the labour market proves too high, and close to 2 out of every 5 participants of integration training subsequently fall into unemployment or leave the labour market entirely.

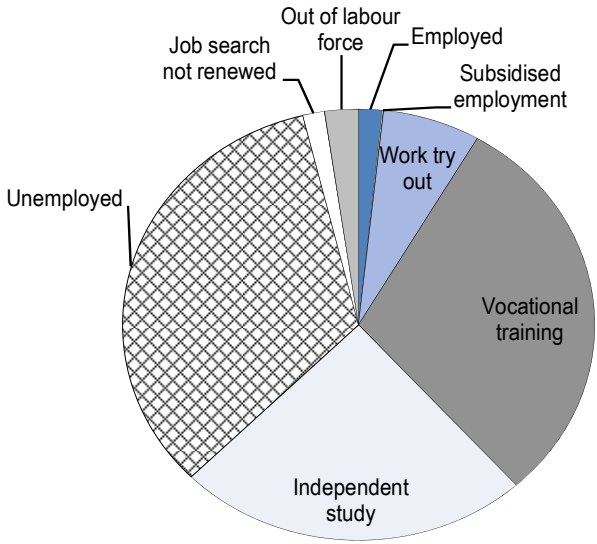
Migrants who finish integration training without having attained the necessary Finnish skills to join further PES activities are particularly vulnerable to poor labour market prospects.

Some migrants may need more support in navigating the complex integration system and PES counsellors would benefit from training and specialised support

A central pillar of integration support in Finland is the provision of information. Indeed, the website infopanki.fi provide a rich source of information on how to access advice and support for integration to help migrants find the information they need to fulfil their service needs. Yet, stakeholders report that many migrants – both new and established – are nevertheless unaware of the services available to support them in their integration. These migrants may need more support in understanding what services are available and how they can become eligible to access them.

Figure 3.6. Many refugee participants of integration training subsequently fall into unemployment or leave the labour market entirely

Percentage of participants by post-integration training outcome, 2015



Notes: Average statuses for immigrants with Afghan, Iranian, Iraqi, Somalian and Syrian nationality. In 2015 (and 2014), these groups received the highest number of positive asylum decisions.

Source: Employment Service Statistics 2016.

Furthermore, without an in-depth knowledge of Finnish society and the Finnish labour market, migrants may be less able to determine which programmes and actions may make the most efficient use of their skills and enable them to translate their skills and experience for the Finnish labour market. In these cases a lack of knowledge regarding what to search for can reinforce the lack of knowledge regarding where to search, and the foreign-born are heavily reliant on the knowledge of their PES caseworker regarding how to strengthen their chances of finding employment.

The current "Act on Public Employment and Business Service" came to force in the beginning of year 2013. Where previously, PES services had been targeted to particular client groups – including immigrants – the aim of the new Act, was to channel all clients, after an initial assessment, to a specific track based on their service needs. The reform did not introduce new services as such, but old measures and services were restructured into three service

tracks (employment and business services, competence-building services and supported employment services) based on the needs rather than characteristics of the jobseeker.[5] Some of the old services were dropped altogether.

One goal of the service reorganisation was to target services to needs rather than identity; to make better use of the existing labour market capabilities of migrants, rather than directing them automatically to language or other immigrant-specific trainings or coaching (MEE 2014). This means that, under the current act, all service tracks must be able to serve immigrant clients to the same extent as native ones. However, some labour market hurdles are – in themselves or in their coincidence – specific to foreign-born jobseekers and PES offices have reported that they have not had sufficient time and resources to examine and develop the set of services most relevant to migrant clients (MEE 2014).

Since the mainstreaming of employment services, however, the heavy caseloads of PES counsellors and, in some cases, the lack of experience with the particular employment service needs of the foreign born, can mean that migrants are not channelled to the programmes that most efficiently develop, activate, and make use of their skills. Ensuring services are tailored, in the context of mainstreamed service provision will require training of PES workers to enable them to understand and react to the specific needs of foreign born clients as well as the time to do so. Indeed, evidence from Sweden suggests that the employment rates of refugees, in particular, have shown to respond to intensive support and measures that cut the number of unemployed people PES counsellors are responsible for, giving them more time to contact employers and provide the network that refugees lack (Åslund and Johansson (2011)).

Given the augmented arrival numbers of 2015/16, the number of migrants requiring employment support is likely to rise in the years to come. In this context, a clearer acknowledgement of the extent of the guidance PES caseworkers can provide given their resources will be important to ensure that roles are clarified and 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. The profiling tool already developed in Finland, but currently underutilised may, if used appropriately, provide a useful complement to support the work of PES caseworkers.

Those who are locked out of the labour market will need access to second chances and further training

Gaps in service provision, for example the gap between the language level provided under integration training and the level required in education or the labour market, have led other private and NGO providers to step in to fill these gaps – often through project-based interventions. Such project-based interventions can be an important source of knowledge regarding what works in integration policy, but can lead to a complex and confusing landscape if they are used to solve structural integration challenges.[6] To be useful in the long-term, projects must be carefully designed, effectively evaluated and those aspects that are found to be successful must be scaled-up and firmly embedded within the integration system. The early provision of information is important in order to galvanise the early enthusiasm of migrants to begin the integration process. However, 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. The model of the training provided under the Social Impact Bond – in which initial training is kept to a minimum with subsequent training used to top-up skill shortages identified during initial employment phases – has the potential to play an important role here (see Chapter 2).

Settlement patterns

Early access to employment is a critical determinant of long-term integration outcomes, and local labour market conditions have been shown to have a significant impact on employment among migrants (Åslund and Rooth, 2007). As a result settlement patterns and integration outcomes are intrinsically linked. However, available housing can be limited in areas where jobs are easiest to find, and affordable housing is often concentrated in areas where labour market conditions are poor. This conundrum is most stark among refugees who do not have employment upon arrival and, for the most part, have limited options to access their own housing. Refugees are, therefore, more likely to rely on public housing in the first instance.

Local labour market conditions have a lasting impact on the integration outcomes of refugees

Many countries, Finland included, allocate housing to asylum seekers and humanitarian migrants in locations across the country in an attempt to reduce segregation, share integration costs and access available and affordable housing.[7] However, given that the implementation of integration policy is, in large part, undertaken at the local level, it is important that municipalities are

invested in the integration of their new residents. As such, the institutional arrangements through which refugees are allocated across the country can have important implications for the concomitant integration outcomes. On the one hand, if settlement allocation decisions that are taken exclusively at the state level, decisions can be made in response to labour market conditions and, at the same time, the extent of segregation can be controlled. The disadvantage of this approach, however, is that municipalities may not feel engaged with the process.

An alternative approach, to ensure that municipalities are fully invested with the integration of their new residents, is to let negotiations between municipalities and central authorities determine settlement patterns. While this mechanism has the advantage of ensuring municipal engagement with the integration process is more easily secured, it can lead to delays in placement that mean refugees remain stuck in reception centres while they are waiting to be housed. These long delays can be detrimental to the integration process (OECD, 2016). Furthermore, if agreed placements do not take into account local labour market realities, such policies can exacerbate the difficulties migrants face in accessing employment. Indeed, evidence from Sweden and Denmark suggests that, where the design of humanitarian migrant dispersal policies does not take employment-related factors into account, the employment prospects of migrants may be stymied for many years (Damm, 2014; Åslund et al., 2004).[8]

OECD countries have taken different approaches to this trade-off. While Denmark, for example has undertaken the former approach (with decisions taken at the state level), and Norway has pursued the latter (with settlement based on negotiations with municipalities). Finland, like Sweden, has adopted a mixed settlement system. In Finland, refugees are given the option to find their own accommodation, with assistance offered to those who are not able to do so. These assisted migrants are then placed in municipalities according to pre-agreed contracts (see Box 3.3). This approach can help to ease the pressure placed on reception centres if negotiations with municipalities are long, while providing a degree of responsiveness to local labour market conditions. However, while Finland has, in theory, incorporated employment-related elements into their dispersal schemes for refugees, in practice dispersal is largely driven by long negotiations between municipalities and central government and there is a shortage of settlement places offered by municipalities. The concern with this approach, therefore, is that long delays in the settlement process, alongside placements with poor job prospects, may encourage migrants, even those who are ill-equipped to identify suitable housing, to attempt settle themselves. This can lead to overcrowding and segregation.

Box 3.3 Finnish policy at a glance: Settlement

In principle, efforts are made in Finland to locate migrants receiving international protection (refugees or those receiving subsidiary protection) into municipalities where the labour market needs match the skills of the immigrants. In practice, however, this process has not been straightforward.

Having received a residence permit, refugees are moved into municipalities through one of three routes:

Contract-based moves: Under this stream a fixed number of places are agreed upon through discussion between the ELY Centre (Centres for Economic Development, Transport and the Environment) and the municipality. The ELY Centre then allocates migrants to municipalities balancing this agreement with the need for places as refugees move from the reception centres. This stream currently accounts for approximately 25% of all settlement moves.

For contract-based moves the reception centre applies to the ELY Centre, and supports the refugee in their PES registration while the ELY Centre selects a municipality by matching its information on the municipalities' needs with information obtained from the PES registration.

Assisted moves: The reception centre supports the move of the refugee to the municipality. Assisted moves are possible only to the municipalities of the ELY Centre where the reception centre is located. This stream currently accounts for approximately 35% of all settlement moves.

For assisted moves, in addition to supporting the refugee in their PES registration, the reception centre is also tasked with finding rental accommodation. In principle this should also match information on the municipalities' needs with information obtained from the PES registration. The reception centre is then tasked with assisting with the rental agreement, paying 1-2 months' rent, granting the rent security deposit, and paying 2-8 weeks' integration allowance to the migrant. This is intended to cover the expenses of the transition period before the municipal services begin.

Independent moves: Refugees also have the option to move, unassisted, from the reception centre to the municipality of their choice. In addition, during the application process for asylum, the immigrant can live in private accommodation, in which case he moves independently to a municipality after receiving his residence permit. The majority of refugees settle via this route which currently accounts for approximately 40% of all settlement moves.

Contract-based settlements currently account for approximately 25% of all settlement moves and while the target has been to increase this to 50%, ELY-municipal agreements have, thus far, been unable to secure agreement for numbers approaching this target. Furthermore, contract-based municipal slots must also be reserved for quota refugees, unaccompanied minors and other groups. As a result, the number of contract-based slots available for

needs-based movers (those that match migrant skills to local labour market needs) is limited.

The reluctance of municipalities to accept to host refugees in their locality stems, in many cases, from a number of misaligned incentives resulting from (i) the timing of investments, (ii) the public good component of integration and (iii) co-ordination difficulties. In the first place, the timing of integration investments can partially explain the reluctance of municipalities to settle migrants. While successfully integrated migrants make an important contribution to the social, economic and cultural development of their adopted region, integration costs are largely borne during the early months and years after settlement. If migrants are effectively integrated into the labour market, and into jobs which are appropriately matched to their skills and qualifications they have the capacity to enhance local productivity, contribute to tax receipts and economise on social assistance payments. However, if local governments are liquidity constrained, or if political business cycles encourage short-term thinking, these long-term yields on integration investments may not be optimally taken into account

A second factor which may impede integration financing is the risk that municipalities face when making the investment. Depending on the level of government to which taxes accrue and from which benefits are paid, the yields of integration investments will only accrue fully at the local level if the migrant finds employment and chooses to stay in the locality. However, given that migrants who successfully find employment are more likely to move to a more affluent area, municipalities – who are unlikely to reap the full benefits of integration – are likely to underinvest. Finally, where short-term costs are financed at the local level, while social assistance costs are financed at the national level, the incentives for localities to expend short-term costs in order to enable long-term savings are dampened, since they will not be the beneficiaries of these savings. This too may lead to underinvestment in early integration services and an over-reliance on the long-term costs of social assistance where integration fails.

Proposals to ease the bottleneck in municipal placements following the asylum inflows of 2015 have focused on increasing the information available to ELY centres regarding the skills and experience of the new arrivals. Increasing information flows in this manner may facilitate ELY centres in matching new arrivals with the labour market needs of their municipalities. However, whether such information would facilitate negotiations with municipalities is not assured and, in the absence of additional funds – linked to the individual needs of the refugee – municipalities may struggle to see the interest of hosting those refugees needing the most support. A more straightforward alternative, adopted in Sweden, has been to remove the autonomy of municipalities in the negotiation process such that municipalities are now obliged to accept those migrants allocated to them. This

approach has the benefit of simplicity, but it remains to be seen whether municipalities remain sufficiently engaged in the integration of those refugees that are imposed upon them.

An alternative to mandated allocation, is to continue to settle individuals on the basis of negotiations with municipalities while acknowledging that their willingness to receive refugees is dependent on the level of financial support they receive to fund integration. The funding that municipalities are currently granted for hosting refugees is calculated on the basis of estimated costs (see Box 3.4). These estimated costs include: costs of organising reception, of providing language tuition, of civic orientation, of school and pre-school for children, as well as expected welfare costs. However, the grants transferred on the basis of these calculations are often seen, by municipalities, as insufficient to cover the costs incurred for the provision of these services. This shortfall can be particularly acute in the case of migrants with a limited educational background whose labour market integration may take more time. Linking municipal funding more closely to those characteristics that influence the expected duration of the integration process for refugees may be more effective in encouraging municipalities to offer a home to those that are in need of the most support.

Box 3.4 Finnish policy at a glance: Municipal reimbursement for hosting refugees

In order to get reimbursements for hosting refugees in Finland, municipalities must first conclude an agreement with the regional centre for economic development, transport and the environment (ELY Centre). The agreement can be concluded on a multi-year basis and is reviewed each year. In addition, as a further precondition for reimbursement, municipalities are required to draw-up – either alone or jointly with other municipalities – a multi-year plan on promoting integration. In the plan municipalities should identify the special needs of the refugees, and arrange the measures and services necessary to respond to these needs.

Following the conclusion of the agreement and integration plan, the centre for economic development, transport and the environment assigns refugees to the municipality and reimburses them according to a given formula or in accordance with actual costs incurred in arranging integration measures.[1] Reimbursement is paid to the municipality from the date on which the person's municipal residence is registered.

Formula-based reimbursements are paid automatically to the municipalities for a period three years (or four years in the case of quota refugees). These reimbursements are calculated as follows:

- For refugees under seven years old: EUR 6 845 per year

Box 3.4 Finnish policy at a glance: Municipal reimbursement for hosting refugees *(cont.)*

- For refugees of age of seven years and older: EUR 2 300 per year
- For arranging the initial assessment to map skills and background for the integration plan: EUR 700 per year

Further cost-based reimbursements are transferred for costs arising from:

- Arranging municipal integration measures for new arrivals
- Social assistance paid for a maximum of three years
- Providing interpretation services for refugees
- Support of return migration

Reimbursement for special costs[2] are available for a maximum of ten years to cover substantial costs incurred by the municipality for:

- The placement of unaccompanied minors in a family group home or other residential unit. These costs may cover family care, residential support services and other measures similar to child welfare services, until the young person in question is 21 years old;
- The provision of long-term social and health care resulting from a disability or illness if the person concerned has been in need of care or treatment on his/her entry to Finland;
- Other special costs.

Finally, in addition to these reimbursements, municipalities receive state subsidies according to the proportion that foreign-born contribute to the municipal population.[3]

Note: 1. Reimbursements are covered from the state budget coordinated from the Ministry of Economic Affairs and Employment. 2. The reimbursement of these costs requires a further agreement between the Centre for Economic Development, Transport and the Environment and the municipality. 3. This reimbursement is available for all new migrants.

Settlement of migrants is largely concentrated within the capital region

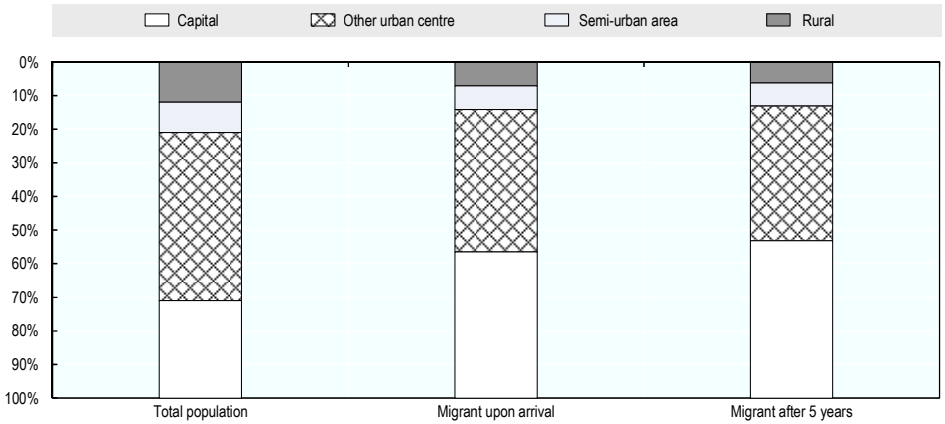
The limited number of places that are made available through negotiations with municipalities – particularly in those municipalities in which refugees would like to settle – has contributed to the large number of refugees that move independently. Among these independent movers, the majority chose to locate in metropolitan areas – and particularly in Helsinki.

In addition, many of the refugees whose settlement is organised by Finland's reception centres also often result in settlement in Helsinki or one of Finland's other larger cities.

Of those migrants arriving in Finland between 2004 and 2008, over 44% located in the capital region of Helsinki – which includes the municipalities of Helsinki, Espoo, Vantaa and Kauniainen. This level of concentration is significantly higher than that the population in general – just 30% of whom are concentrated in the capital region. Furthermore, five years later, this concentration had increased by a further 3 percentage points as many of those migrants that remained in Finland relocated to the capital Helsinki (Figure 3.7). This tendency to move to the capital region was most pronounced among prime aged adults, among whom the concentration in the Helsinki region increased by over 9 percentage points after five years of residence.

Figure 3.7. Settlement patterns by duration of residence

Percentage of cohort arriving 2004-08 by duration of residence and location



Notes: Years selected so as to observe the same migrant cohort upon arrival and after five years, in order to isolate moving patterns from changes in initial settlement patterns.

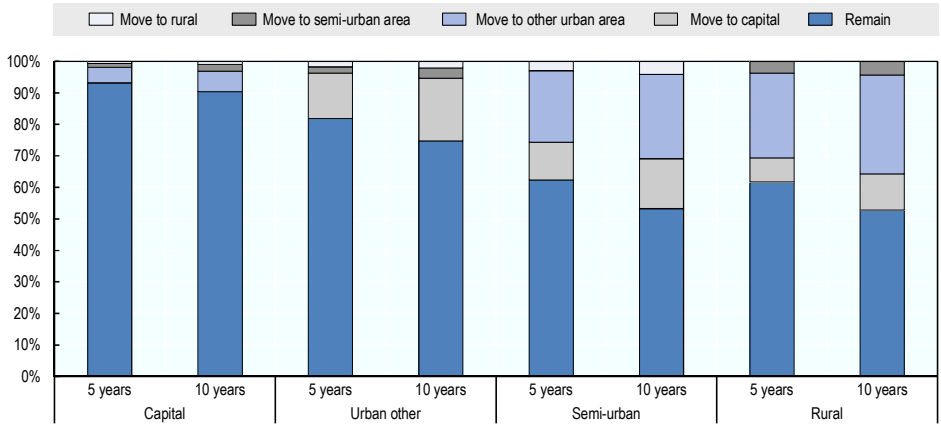
Source: Administrative data: Native born (2013), Migrant upon arrival (2008) Migrant after five years (2013).

While over 90% of migrants who initially move to Helsinki stay in the capital region even ten years following their initial settlement, those who initially settle in rural areas are far less likely to stay in their initial settlement location (see Figure 3.8). Of those who settled in urban areas outside Helsinki between 1999 and 2003, a full 15% moved to the Helsinki region after five years of residence in Finland – rising to 20% after ten years. Of those who initially settled in semi-urban and rural areas, there was a strong movement

towards other urban areas with only 53.2% and 52.7% remaining in semi-urban and rural areas ten years after their initial settlement in these areas. Among more recent arrivals – those arriving between 2004 and 2008 – the patterns are similar. This concentration, and the growing population in metropolitan areas, can mean that finding an apartment – particularly in Helsinki – can be difficult.[9]

Figure 3.8. Many migrants move to the capital region

Percentage of migrants internally migrating by duration of residence and location, cohort arriving 1999-2003



Source: Secretariat calculations on the basis of administrative data (*FLEED* database).

And as migrants move away from poorer neighbourhoods, segregation may become a risk

Migrants frequently face restricted opportunities on the housing market; because of income constraints, because of a lack of networks or understanding of how the housing market works, or potentially because of discrimination. As a result, in many cities, migrants are often concentrated – at least in the early years after arrival – in the social housing sector. Indeed, unlike Sweden, Denmark and Norway, access to social housing in Finland is means-tested. Low income and vulnerable individuals are given priority such that, in practice, social housing is restricted to low-income groups.[10] In practice, this has meant that the concentration of migrants in social rental housing is high in Helsinki – particularly among non-OECD immigrants. Indeed, recent work by Skifter Andersen et al (2016) finds that while 22 % of the Helsinki population lives in social rental housing, among the migrant population this figure stands at 52% - with 62% of 'non-western' migrants living in social

housing. In Oslo, Stockholm and Copenhagen the concentration of the migrant population in social housing stands at just 10%, 30% and 39%, respectively.

In many countries, an over-representation of migrants in social housing is linked to segregation. This is often the case where there is a correlation between the type of housing and its geographical location. In Helsinki, however, the explicit goal of mixing social housing into different neighbourhoods pursued in of urban planning policy in Helsinki since the early 1970s has had effect of mitigating segregation. Indeed, using administrative data from Finland, Sweden, Norway and Denmark, Skifter Andersen et al (2016) find that migrants in Finland – with the exception of Eastern European migrants – have tended to have a lower level of segregation in Helsinki than in the other Nordic capitals. Furthermore, all existing spatial concentrations have a multi-ethnic composition such that ethnic enclaves – neighbourhoods mostly populated by a single origin group – are rarely found in Helsinki.

Discussion on the consequences of residential segregation was first raised in Finland back in the early 1990s as a result of the growth in immigration at that time. As a result, in 1997, the aim of ensuring "balanced urban development" was included on the agenda of the national immigration policy and has influenced local and urban policies at municipal level ever since. However, most growth in cities takes place in a limited number of neighbourhoods on the urban fringe. As a result, segregation is, to some extent, dependent on the level and speed of immigration. The recent increase in the migrant population that was seen in Finland in 2015/16 will increase demand for affordable housing. This demand risks outstripping the existing supply of geographically-integrated affordable housing and, if unaddressed, may leave Helsinki vulnerable to such segregation once again.

Alongside the role of geographically concentrated social housing, the tendency for those migrants who find employment to relocate away from disadvantaged neighbourhoods can also 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. Alternatively, migrants may move neighbourhoods in response to better employment prospects elsewhere. Indeed, Figure 3.9 illustrates that, among those migrants arriving in the capital region of Finland between 2004 and 2008, there was 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, on the other hand, the proportion relocating within the capital region were both larger and

correlated with length of employment. 37% of those who had been employed between 1 and 4 years, and 45% of those who had been employed for five to six years had relocated within the capital region. This is 11 and 19 percentage points, respectively, greater than the proportion with no employment history that relocated within the capital region.

Figure 3.9. Migrants who find employment are more likely to move

Percentage of migrants internally migrating by duration of residence employment history, cohort arriving 2004-08

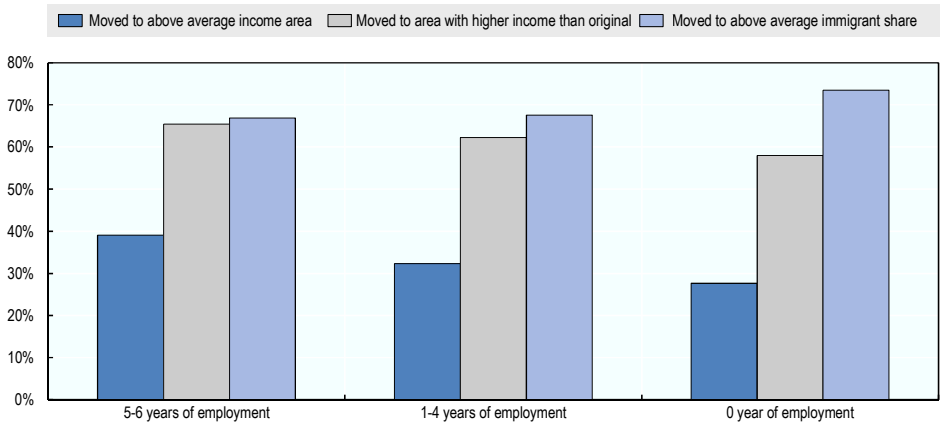


Source: Secretariat calculations on the basis of administrative data (*FLEED* database). Sample restricted to those arriving between 2004 and 2008 in order to ensure all have at least six years of residence in Finland by 2013 when sample observed.

Such sorting can be problematic for municipalities if those areas into which new arrivals first settle expend the costs of integration but do not then reap the benefits – in the form of income tax. In this manner, relocation can lead to self-perpetuating disadvantage in less affluent municipalities. Indeed, of those migrants who relocated within the capital region, 39% of those with five to six years of employment, moved to an area with an income above the average within the capital (Figure 3.10). Among those with no employment history, only 27% of movers made a comparable move. Similarly, while 65% of those with five to six years in employment moved to an area with a higher average income than the area into which they had originally settled, among those outside employment only 58% made such a move. This discrepancy is likely to be an underestimate of the true extent of sorting as many of those without an employment history are likely to be family migrants who move to accompany a worker.

Figure 3.10. Migrants with a longer employment history are more likely to move to affluent areas within the capital region

Percentage of migrants internally migrating by duration of residence employment history, cohort arriving 2004-08



Source: Secretariat calculations on the basis of administrative data (*FLEED* database). Sample restricted to those arriving between 2004 and 2008 in order to ensure all have at least six years of residence in Finland by 2013 when sample observed.

Conversely, those migrants who have not managed to find a job are more likely than those with an employment history to move to areas within the capital region which are characterised by an above average share of migrants, although the differences are not large. While 73% of movers with no employment history move toward migrant concentrations, among those with five to six years of employment the comparable figure is 67%.

Notes

1. Along similar lines, integration activities in Sweden were, in the past, possible prior to settlement. However, concerns that early training was insufficiently targeted to the needs of the local labour market, in the context of the inflexible time limit of the Swedish integration plan, led to the move to begin the plan only when the migrant was allocated to a municipality. Sweden has since introduced changes to speed up the settlement by obliging municipalities to accept those refugees assigned to them and also be introducing some language training for asylum seekers.

2. Despite being widely used in previous empirical work (Bakker et al., 2009; Isphording and Otten, 2014), a key limitation of the indicator is that it only captures differences between languages in pronunciation, while languages differ along a range of dimensions, including grammatical structure, alphabet and the extension of the vocabulary.

3. A new feature is the possibility to take part in integration training as part-time student. Earlier, the requirement to study fulltime hampered participation of e.g. parents with little/many children and persons with health problems.

4. Building language learning into everyday life can give added meaning to the newly-acquired knowledge and provide an immediate reward. As a result, to be effective, language learning and integration must be inherently linked: in schools, in job-related training, and in social life. In order to facilitate the development and practice of language skills in social life, the city of Antwerp has created a website to enable users to find volunteers with whom to practice their Dutch. Users are able filter their search according their language level, and the time at which they are available, or their location. They are also able to search on a thematic basis; they may, for example, choose to narrow their search to activities for parents with children up to six years old, or to activities for young women ('girls in the city') in order to find opportunities for practicing language relevant to their interests and experience.

5. Integration training is most typically provided under service track two, the competence-building track.

6. In addition, the reliance on temporary projects to fulfil long-term roles can lead to an inefficient use of resources if it impedes the ability of providers to plan, train, and motivate staff. In addition, resources are devoted to seeking continued finance rather than integration itself.

7. Migrants are able to stay in individually-arranged housing if they choose.

8. Findings from Sweden reveal that, eight years after settlement, refugees who had been dispersed to areas on the grounds of available housing earned 25% less on average, showed employment levels that were 6 to 8 percentage points lower, and were 40% more welfare dependent than refugees who were not settled through a dispersal policy (Åslund et al (2004)).

9. In applying for social housing, a longer stay in Helsinki is an advantage (for otherwise equivalent applicants) which can put those applying from outside the capital at a disadvantage

10. Even when available for all, this does not guarantee even distribution because those with the most acute needs are often likely to accept the least desirable accommodation in the least desirable neighbourhoods. Indeed, in Finland as elsewhere, the most disadvantaged tend to be concentrated in the least popular neighbourhoods.

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Chapter 4

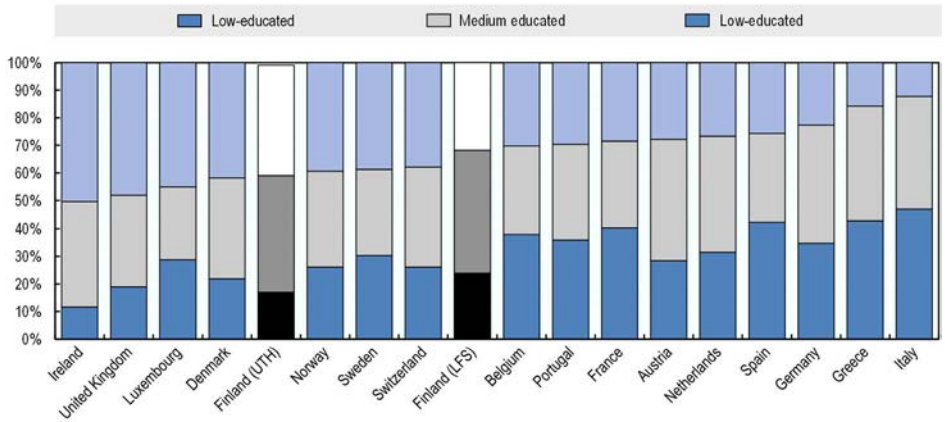
Giving migrants in Finland a chance to demonstrate their skills

Many migrants bring with them skills that could be productively put to use in Finland – both formal qualifications and informal skills. As progress is made towards speeding the transition of new migrants into employment, long-run efficiency will require efforts to ensure migrants move into employment that is appropriate to their qualification and competences. Recognition is important part of this but, alongside this, it is important that migrants have the opportunity to demonstrate their skills – both cognitive and non-cognitive, formal and informal – through employment spells with Finnish employers. Chapter 4 looks at the challenges migrants face in demonstrating their skills – translating them for the Finnish labour market and gaining their first foothold in employment. The chapter investigates constraints on the demand for migrant skills as well as the policy responses that attempt to tackle them including wage subsidies and anti-discrimination policies.

The design of recent policy in Finland has put a heavy emphasis on speeding up the path to the labour market. Yet, many migrants bring with them skills that could be productively put to use in Finland – both formal qualifications and informal skills (Figure 4.1). However many migrants obtained their skills and qualifications abroad, prior to arrival in Finland and, as such, their skills are not easily recognised, understood, or valued on the Finnish labour market.

Figure 4.1. A large proportion of Finland's foreign-born are highly educated

Percentage of foreign-born by level of education, 2015



Note: Education level classified according to the International Standard Classification of Education (ISCED). People falling into ISCED groups 0-2 (no more than a lower-secondary level of education) are described as having low education. People with ISCED 3-4 are described as having a medium level of education. They completed upper secondary school or postsecondary non-tertiary studies. Those with ISCED 5-6, hold a tertiary education and are classified as highly educated.

Source: Eurostat Labour Force Survey Data 2015 (European Countries), UTH 2014 (Finland).

As progress is made towards speeding the transition of new migrants into employment, long-run efficiency will require efforts to ensure migrants move into employment that is appropriate to their qualification and skills. Qualification and skill recognition will be an important part of this but, alongside this, it will be important to ensure that migrants are given the opportunity to demonstrate their skills – both cognitive and non-cognitive, formal and informal – through employment spells with Finnish employers.

Recognising skills

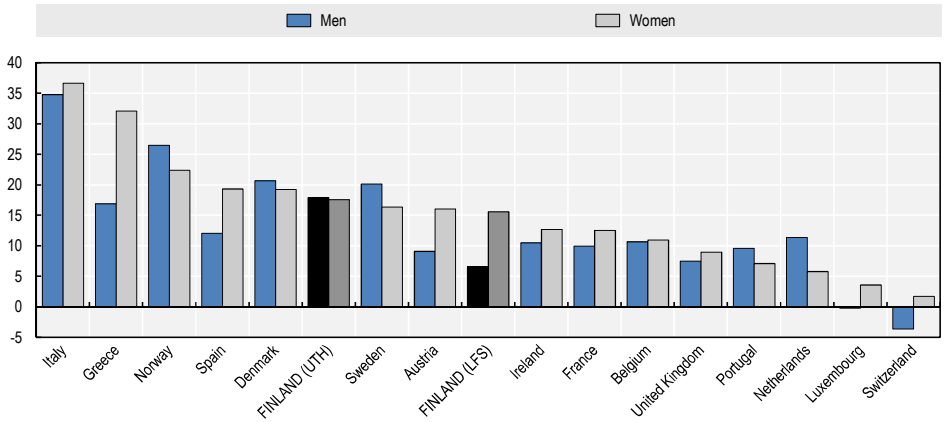
Over qualification rates are high in Finland

Across the OECD, education acquired outside the host country – and particularly that acquired outside the OECD – is strongly discounted on the host country labour market. Employers, who are unsure of the value of foreign qualifications, are often unwilling to offer employment at a commensurate level, and the prevalence of formal over-qualification among foreign-workers is often the result.

Over-qualification rates – the share of individuals working in low-skill occupations despite holding a high level of formal qualifications – are significantly higher in Finland among the foreign-born than they are among the native-born. Indeed, according to the UTH survey, over-qualification rates among foreign-born workers, at 36%, are double those among native-born workers. Among foreign-born women, close to two in every five workers are overqualified for the job they hold in Finland (Figure 4.2).

Figure 4.2. Over qualification rates are large in international comparison

Percentage point disparity between native-born and foreign-born over qualification rates, 2015



Notes: 1. Over qualification rate defined as the share of employees not working in professional occupations (ISCO 1-3) as a percentage of highly qualified employees (ISCED5-8) 2. Rates from the Finland UTH survey refer to the year 2014.

Source: Eurostat Labour Force Survey Data 2015 (European Countries), UTH 2014 (Finland).

Recognition of foreign qualifications and competences can take several forms, dependent both on the purpose of the recognition – employment or

further education, and also on the nature of the skills – formal or informal. Among recognition procedures for employment purposes, an important distinction must be made between regulated and non-regulated professions and occupations. Regulated professions and trades generally require a specific registration certificate or licence, awarded by the relevant professional licencing body, often in order to protect public health and safety. As a result, immigrants trained abroad are not eligible to work in regulated professions unless they obtain a formal assessment and recognition of their qualification from the relevant licencing body.

Conversely, in occupations that are not formally regulated, migrants with foreign qualifications are not formally prevented from exercising their profession. However, employer uncertainty over the value of foreign qualifications may still present a barrier to employment in non-regulated professions and informal assessment of qualifications can be an important tool to increase transparency. Finally, having foreign qualifications assessed is generally required if migrants seek to pursue further studies in the host country or to carry an academic title. The specifics of the Finnish system for the recognition of foreign qualifications and competences are outlined in Box 4.1 below.

Box 4.1 Finnish policy at a glance: The recognition landscape

Recognition in regulated professions: In Finland, the authority in charge of recognising qualifications in regulated professions varies according to the profession. There are 17 bodies in charge of recognising qualifications in regulated professions including three regional bodies. The largest among these authorities, alongside the National Agency for Education, is the National Board of Health (Valvira).

Recognition in Non-regulated professions: There is no formal recognition procedure for non-regulated professions and qualifications. Private sector employers generally assess the competence conferred by a foreign qualification themselves when deciding on employee recruitment. However, there is no co-ordinated procedure for this recognition and, as such, this form of recognition is not transferable between employers.

Recognition for entry into further studies: Higher educational institutions, and other educational institutions, have autonomy over recognition for entry into further studies or for use towards the completion of a Finnish qualification. If requested to do so the Finnish National Agency for Education may advise higher education institutions.

The Finnish National Agency for Education. This body functions as an assistance centre for the recognition of professional qualifications and is responsible for providing information about qualifications and competences and recognition procedures.

Fees. The fees for recognition of qualifications vary according to the purpose of recognition and the competent authority. For example, the fees for Finnish National Agency for

Box 4.1 Finnish policy at a glance: The recognition landscape *(cont.)*

Education decisions range from EUR 234 for recognition of the level of a higher educational degree to EUR 353 for recognition of eligibility, conferred by foreign qualifications, to practice a regulated profession. The Finnish National Agency for Education will also issue, for a fee of EUR 274, an advisory statement on foreign vocational qualifications that can be used to support job search.

Number of qualifications recognised annually: No national data is collected. The Finnish National Agency for Education estimates that it recognises approximately 800 qualifications annually.

Source: www.oph.fi, www.valvira.fi, studyinfo.fi/wp2/en.

Many actors operate in the field of recognition but limited referral undermines the use of these services

Recognition decisions, in Finland, are made by a number of different bodies. Primary among these is the Finnish National Agency for Education which decides on eligibility for positions requiring a higher education degree, and in 20 of the 81 regulated professions. Alongside the Finnish National Agency for Education, 14 other field-specific authorities decide on foreign qualifications within their area of competence. The largest among these, Valvira, is responsible for recognition in health related professions. The exact pathway the individual follows will depend upon the field in which they hold a qualification, and whether they require recognition for entry into education, or into employment.

In the first place, and most simply, individuals hoping to enter Finnish university to work towards a Finnish degree will have their qualifications assessed directly by higher education institutions. These higher education institutions will verify whether the individuals existing qualifications are sufficient to confer eligibility to study for a further Finnish degree.

Migrants who seek recognition for work in non-regulated professions can submit their qualifications to the Finnish National Agency for Education for a decision regarding the level of their degree. A foreign higher education can be recognised as comparable to a degree completed at a Finnish higher education institution if the extent, orientation and requirements of the studies are comparable to those in Finland. Since March 2017, the National Framework for Qualifications has classified the Finnish education and qualifications system into eight levels based upon the European Qualifications Framework. By describing the knowledge, skills and

competences required by qualifications in a uniform, comprehensible and comparable manner, it is hoped that the framework will improve the clarity and effectiveness of the Finnish qualifications system.

In addition, the Finnish National Agency for Education can issue advisory statements on vocational qualifications completed abroad. These statements do not confer eligibility for a position for which a certain education is required. Nevertheless, the statement provides information about the level and content of the qualification and the competence provided and may be helpful when seeking employment or applying for studies.

Finally, for those migrants hoping to have qualifications recognised in order to enter employment, the route they take, and the body they consult, will depend upon the field in which their qualification is held. In order to apply for recognition into a regulated profession, migrants must approach the relevant professional regulatory body and follow its specific assessment criteria and procedures. Migrants whose qualifications are successfully recognised will then be given the right to work in their chosen field. If their qualification is not considered comparable to the Finnish equivalent, they may be offered "conditional" recognition with the requirement that they undertake supplementary training before being given the right to practice their profession.

Yet referral of new arrivals to recognition services is currently *ad hoc.* While some individuals are referred by the public employment services, the majority of migrants are left to make their own way to recognition bodies and to navigate the process themselves. The large number of actors in the recognition field, alongside a lack of transparency surrounding recognition procedures, makes it hard to navigate the system for those who are not familiar with the Finnish labour market. And though competent authorities provide information on the procedures and requirements in their field, few pro-active measures are taken to distribute material, or reach out to migrants who may benefit from recognition. Given that migrants may not know of the existence of recognition services, or may not fully appreciate the benefits recognition can bestow, this lack of systematic referral can lead to significant underutilisation and compromise the efficiency of early integration activities. Elsewhere in the OECD, for example in Australia, Austria, Canada, Denmark, Germany and Sweden, countries have made assessing foreign qualifications an integral part of early integration activities and targeted counselling services are provided to tackle lack of awareness about recognition procedures.

Existing qualifications should be used to orient early labour market experience

Finland has put substantial efforts on the tailored nature of early integration activities. Yet, the skills and qualifications an immigrant holds are perhaps the most important determinant of their integration path and the training they require. Early assessment and validation is therefore a fundamental foundation upon which to build an appropriate integration plan. Taking stock of the qualifications and skills that migrants bring with them to Finland must, therefore, be the point of departure for effective integration. Only when this is done can integration programmes be tailored to the specific needs of the individual migrant.

Where recognition is effectively aligned with integration measures from an early stage, qualifications can provide an important guide to direct early labour market experience. In this manner, a career pathways approach, similar to the alternative career approach adopted in Canada (see Box 4.2) can ensure that the benefits early contact with the labour market yields – in terms of language and network acquisition – are vocationally relevant. Such an approach can also help to reconcile the dual aims of early labour market entry with the need to top-up migrant skills through bridging. Career pathways can incorporate both bridging courses and bridging jobs. A bridging job can provide a flexible complement to bridging courses, enabling immigrants to identify employment that requires little or no upgrading upon arrival but that relates to the profession in which they were originally educated and trained. Such positions utilise the skills and experience the migrant has already developed in the field, and can be pursued alongside bridging courses. In this manner, bridging jobs can put new arrivals on a pathway to work while building upon their existing skills, gaining professional work experience, learning work-related language and networking with individuals within the sector. In order that bridging jobs remain distinct from survival jobs (were migrants are trapped in jobs for which they are overqualified) it is, however, important that supplementary educational courses are indeed pursued alongside work and the goal of skilled employment is maintained.

Box 4.2 Work alongside bridging in Canada and Germany

Combining work and participation in bridging courses ensures that early contact with the labour market does not impinge upon the ability of qualified migrants to eventually enter employment in which they are able to use their skills and qualifications. The most effective programmes that combine employment and bridging courses provide early work experience within a field that is closely related to the subject area of the bridging material.

In **Canada**, since only 20% of immigrants in licensed occupations obtain a professional license in their field, Citizenship and Immigration Canada (CIC) has been working with partners to explore alternative careers – to be pursued while working towards gaining the requisite license, or as a new career choice in itself. Since 2013 CIC, together with Settlement service provider organisations and provincial and territorial counterparts, has worked with highly-skilled immigrants in sectors including finance, biotechnology, health, accounting and engineering, to explore alternative career options and connect immigrants with employers. The model brings together stakeholders – government's regulators, professional associations, educational institutions and employers – to provide information to internationally trained individuals on alternative career pathways, licensing practices and connects them with employers to discuss job options.

In addition, a new programme in **Germany** called Early Intervention works to assist refugees and certain asylum seekers to determine what their skills are, how these are relevant to different occupations and how to apply them in sectors where there are shortages. Similar to the alternative careers model adopted in Canada, migrants may then begin working in a job that requires a lower level of qualifications than the job for which they are formally qualified (for example as a nursing assistant rather than as a nurse) with the aim of moving into a more qualified position when they have attained fluency in German and have experience of the German nursing sector. Importantly, migrants are given the opportunity to study language alongside their initial position in order to ensure they progress towards their goal and do not remain stuck in a position for which they are over-qualified.

Informal and undocumented skills can be recognised as part of a competence-based qualification structure

Much broader than the recognition of formal qualifications is the assessment and validation of skills. Recognition of Prior Learning (RPL) gives immigrants a chance to have their competencies systematically assessed and certified, regardless of how and where these skills have been acquired. In Finland, the primary vehicle through which vocational competencies are recognised is the competence-based method of completing qualification (see Box 4.3). Under this framework of the competence-based qualification, competences are evaluated on the bases of vocational skills demonstrated at the workplace while undertaking actual work tasks. Importantly, these skills may have been acquired either formally or informally – through work

experience, studies or other activities. New legislation on vocational education and training that entered into force in January 2018 have streamlined the competence-based method for completing qualifications, creating a single track – both for young and adult students – where previously the system and requirements had differed.

Box 4.3 Finnish policy at a glance: The competence-based method of completing qualification

The competence-based qualification is one of the primary vehicles through which vocational competencies are recognised, built upon, and accredited in Finland. The qualification builds upon existing competences, not only those obtained in formal educational institutions, but also those acquired through work experience, studies or other activities.

In 2016, approximately 38 700 students obtained vocational qualifications through the competence-based qualification system. Of these, 3 638 (or 9.4 per cent) were students with a foreign mother tongue. This proportion is substantially larger than the 5.9 per cent of school-based vocational qualifications that were awarded to students with a foreign mother tongue.

The assessment: Competences are evaluated on the bases of vocational skills demonstrated at the workplace while undertaking actual work tasks.

Comparability: The competence-based method of completing qualifications can lead to the attainment of vocational upper-secondary qualifications, further vocational qualifications and specialist vocational qualifications. Importantly these qualifications can also be obtained in the formal education system. This means, in effect, that the standard is easily assessed by employers and they can be compared to those gained in the formal education system. Furthermore, the involvement of employers and employees in drawing up the qualification requirements ensures that their contents and requirements are well understood by employers.

Eligibility for further studies: Vocational qualifications obtained through the competence-based method confer eligibility for higher education studies.

Special support: Education providers are obliged to attend to the needs of candidates requiring special support, including migrants, in order to ensure applicants are given the best conditions to demonstrate their competences, without adjusting the skills requirements of the competence demonstration. Where language skills are found to be inadequate, the candidate must be provided with the special instruction, support services and special arrangements to ensure that deficiencies in language skills do not have a negative effect on the candidate's performance (FNBE 2013). If necessary, and if the qualification requirements permit it, special arrangements may include:

- A candidate may provide an oral demonstration in place of the written sections of the competence demonstration.

Box 4.3 Finnish policy at a glance: The competence-based method of completing qualification *(cont.)*

- Additional time can be allocated during competence tests for the planning of tasks and written modules.
- Support materials, such as plain language texts, pictures, drawings, models and aids can be used.

Funding: The financing of the competence-based qualifications depends heavily on the form of the qualification takes. The competence-based qualifications are largely funded (i) by the state and employers when the qualification takes the form of apprenticeship training or in-service training or, (ii) by the state and local authorities when the qualification takes the form of independent training or, (iii) by the state when the qualification takes the form of adult employment training. Student financial aid from KELA (Social Insurance Institution of Finland) is available for students completing the qualification, (FNBE 2011).

Actors: The Ministry of Education and Culture determines the qualification structure, grants permission to providers and provides financing for preparatory training. The Ministry of Employment and the Economy provides financing.

Source: Finnish National Board of Education (2013) Competence-Based Qualification Guide, 2013:22.

Qualifications obtained through the competence-based method require no training in Finland, yet provide a nationally recognisable certificate. [1] As a result, while they are not targeted specifically at foreign-born jobseekers, they can be a particularly important route for migrants to demonstrate and accredit their skills and appear to be an extremely effective route to the labour force. Indeed one year after completing a competence-based qualification, 71% of foreign-born participants are in employment (compared to a 78% employment rate among native-born participants). These employment rates remain comparably high three years after the completion of the degree, indicating that these qualifications lead to relatively resilient positions.

Making particular efforts to disentangle the assessment of vocational capabilities from an assessment of the individual's general language proficiency (see Box 4.3 above) the competence-based qualification framework represents a particularly valuable programme for the foreign-born. To maximise the integration potential of the programme it will be important to ensure that the possibility of attaining a competence-based qualification is systematically introduced during the early stages of integration training as part of the initial skills mapping.

Employers should be given more support in assessing informal skills

Qualifications and experience are central to getting a job in any country. However, more important than the qualification itself, is often the ability of employers to form skills expectations on the basis of these qualifications. With qualifications that have often been obtained overseas, and little or no local labour market experience, migrants are at a distinct disadvantage when it comes to demonstrating their suitability for a job opening. 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 and comparable to qualifications obtained in the formal education system (see Box 4.2).[2] The result of this is that qualifications obtained in this manner are recognisable and easy to interpret for employers. As a result, these qualifications play a central role in increasing transparency; helping migrants to demonstrate their skills and ensuring that employers are able to interpret them. Furthermore, employers are consulted in the design of the work tasks upon which the vocational modules of the competence-based qualification are based. As a result, they have a clear idea of the relevance of the skills these qualifications demonstrate.

Outside of the competence-based qualification, however, there is little support for employers in assessing the value of migrant's skills. As a result, given the greater degree of uncertainty regarding the skills of foreign-born job-seekers, employers may steer away from hiring them in order to minimise their risk of hiring an employee who is ill-equipped to meet the demands of the job.

To ensure that employers are easily able to understand the value of qualifications obtained overseas, OECD countries are beginning to provide employers with access to comprehensive databases about international education systems and courses. This information can include details of the course structure, framework, governance, quality-assurance procedures, and institutional status. Recognition bodies generate a rich pool of information during their assessment and evaluation of qualifications. Making this information publicly available, or sharing it with employers would facilitate the informal assessment undertaken by employers in a cost effective manner. Such information would enable employers to consult the database independently when in doubt about the value of a foreign qualification rather than steering clear of the uncertainty such qualifications would otherwise entail. OECD countries that have taken steps towards supporting employers in this manner include Australia, Germany and Denmark (see Box 4.4). At the international level National Academic Recognition Information Centres (NARIC), in countries across the European Union, support the recognition of diplomas and periods of study undertaken in other countries.

Box 4.4 Providing support to employers for assessment of skills in Australia, Germany and Denmark

Ultimately, outside regulated professions, the functional recognition of the skills of a migrant is down to the employer. Acknowledging this fact, several OECD countries have undertaken measures to support employers in understanding qualifications and assessing skills.

Support for interpreting formal skills

In **Australia**, the Australian National Office of Overseas Skills Recognition shares Country Education Profiles online that provide information on foreign qualifications and how they relate to the Australian Qualifications Framework.[1] The information provided is designed to assist employers and higher education institutions in deciding whether to admit a candidate for employment or studies. To this end, every country profile provides assessment guidelines; a list of recognised institutions; a description of the education system including grading standards, language of instruction, and admission requirements. There are currently country profiles covering 127 countries, focusing on higher education and post-secondary vocational qualifications. The profiles are accessible to all registered users on the basis of subscription fee.

In a similar vein, the BQ online portal in **Germany** provides individual employers and assessment bodies with detailed and authoritative information regarding foreign vocational training systems in 76 countries. This includes information on the content and duration of 1 650 individual vocational training programmes as well as the legal basis upon which these courses are offered. The platform also allows registered members of the Chamber of Skilled Crafts to add information thereby pooling all relevant information on foreign professional qualifications. With its collaborative approach, the BQ-Portal ensures that the competent organisations draw on the same database, this helps to foster transparency and consistency between the decisions made by the various chambers. These comprehensive databases provide a useful basis to facilitate the work of further recognition stakeholders in other countries and may represent a useful contact for Finnish recognition agencies.

Support for assessing informal skills

To assess informal skills – in particular those of refugees, the **German** public employment service has developed, in co-operation with a foundation and a research institute, computer-based skills identification tests. These interactive tests rely mainly on images and use few words. The aim is to establish which practical competences of refugees can be transferred in the working context. Different fields are tested; the test uses videos where persons perform standard tasks in the respective occupation and then asks the candidate to identify errors or to put them into the right order. The instrument has been developed in co-operation with employers' associations to ensure compatibility with job requirements. The assessment takes around four hours and is done under the supervision of an expert. Testing is planned to be available for around 30 professions and in six languages.

Additionally, German employers are actively involved in the development of industry specific practical guidelines for RPL through vocational trade committees. Practical guidelines and manuals for RPL have been developed in various sectors including building and

Box 4.4 Providing support to employers for assessment of skills in Australia, Germany and Denmark *(cont.)*

construction; trade, administration, communication and management; industry; kitchen, restaurant, bakery, pastry and meat industry; dairy and agriculture; metal industry; social and health; the services sector; the tree industry and transport. In addition, employers co-operate with VET schools and training centres offering RPL schemes when undertaking validation of RPL for example as part of their company's continuing training for workers. Employers can also use the initiative "My competence portfolio", a digital tool helping immigrants to develop competence portfolios.

In **Denmark**, following an agreement on an Action Plan for Recognition of Prior Learning, the Danish Ministry of Education has developed My Competence Portfolio (*Min kompetencemappe*) as an online tool enabling persons to create a systematic overview of their prior learning free of charge. The tool is available in Danish and English and allows individuals to provide details of prior learning and previous education for various purposes including:

- Education/continuing education and training
- Recognition of competencies
- Job search

Users are able, not only to describe any relevant work experience, but also to provide documentation in the form of pictures of products and outputs of their work. After having created a profile and completed the relevant information, users are able to download their portfolio in order to enclose it with a job application. Portfolio presentations can be customised to particular jobs, meaning that users can select which items they want to include in a given portfolio in accordance with the job for which you are applying.

My Competence Portfolio can also be used by education institutions and employers. There is a specific interface for education counsellors and another for employers, who can use the tool for annual performance reviews or for planning their employees' continuing education and training.

At the international level, an **EU Skills Profile Tool for Third Country Nationals** was launched in June 2017 to support the early-stage profiling of the qualifications and skills of refugees and other citizens of non-EU countries who are staying in the EU (third country nationals). Developed as part of the New Skills Agenda for Europe, the profiling tool has the ambitious aim of ensuring that skills development, training and support for third country nationals are effectively targeted to build efficiently on the skills they already possess.

The tool is not intended to explicitly recognise or authenticate skills, but is instead designed to be used in an interview situation to get to know the individual, their skills, qualifications and experiences. In this manner, the information collected can be used to: support further assessment; form a basis for offering guidance; identify up-skilling needs and support job-searching and job-matching. While the tool is available as a web-based tool for anyone to use

Box 4.4 Providing support to employers for assessment of skills in Australia, Germany and Denmark *(cont.)*

free of charge, it is specifically designed to aid the skills assessment undertaken by: national authorities responsible for reception and integration of refugees; reception centres; employment assistance services; education and training advisers; social services; NGOs and charitable organisations.

The tool is available in all EU languages (except Irish) as well as in Arabic, Farsi, Pashto, Sorani, Somali, Tigrinya and Turkish. In addition, in order to reduce the language barriers between case workers and citizens of non-EU countries, it is possible use the tool in two languages at the same time on one screen. Completed profiles are exportable as PDF or XML files.

Notes: 1. AEI-NOOSR is part of the Department of Education, Science and Training and is the Australian NARIC, National Information Centre on Recognition. It provides official information and advice on the comparability of overseas qualifications with Australian qualifications, using the Australian Qualifications Framework (AQF) as a benchmark.

Sources: https://www.bertelsmann-stiftung.de/de/unsere-projekte/berufliche-kompetenzen-erkennen/; https://internationaleducation.gov.au/Services-And-Resources/services-for-organisations; OECD (2017), *Making Integration Work.*

Demonstrating skills

Alongside providing support to employers to assess ex-ante the skills migrants hold, an alternative route is to endow migrants with opportunities to demonstrate their skills to potential employers.

Following early-integration training immigrants have limited access to targeted support

The Finnish Public Employment Service offers a range of programmes to support the job search of both migrants and native Finns. The programmes of particular relevance to the foreign born are outlined in Box 4.5.

Box 4.5 Finnish policy at a glance: PES Activation Programmes

In addition to the early integration services targeted specifically at migrants (the initial assessment, the integration plan and the early integration training), the PES offices run a number of programmes that are also available to the foreign-born to help them access employment.

Work Try Outs: These short, unpaid, work spells are used as a tool to provide jobseekers with Finnish labour market experience and clarify their vocational skills and career choice options. In 2017, 2 575 foreign-born jobseekers undertook work try outs, accounting for 24 % of all participants, and approximately 10 per cent of foreign-born job seekers undertaking PES programmes. Try outs are largely used for jobseekers who do not hold a vocational education or those that have been outside the job market for a long period of time. During a work trial, the participant undertakes tasks of a similar nature to those of an employee while continuing to receive the same benefits as prior to the commencement of the trial.[3] The duration of a work trial may not exceed 12 months – or six months with the same employer. If the work trial is organised within a municipality, it may last for 12 months but the jobseeker cannot stay on in the same tasks for more than six months. During the try out, the employer must designate a trial organiser who is responsible for the guidance and supervision throughout the trial period and, together with a representative from the PES, concludes a written agreement with the jobseeker regarding the terms of the trial.

Wage subsidies (Duuni and Sanssi card): Unemployed jobseekers registered with the PES office, and aged 30 years or over, are eligible to apply for a Duuni card granting the right to subsidised wages. In 2017, 1 654 foreign-born jobseekers were employed on subsidised wage programmes, accounting for 7 % of all participants on such programmes. Subsidised wage programmes accounted for just 12 per cent of foreign-born job seekers from the EU and less than 5 % of jobseekers from outside the EU. This compares to over 24 per cent of native-born job seekers undertaking PES programmes.

Employers of a Duuni card holder will receive a subsidy covering 30, 40 or 50 % of payroll costs while the Duuni card holder receives the salary stated in the relevant collective agreement (see Table 4.1 below).[2] The maximum subsidy, was set at EUR 1 400 per month in 2017. The percentage and duration of the available subsidy is determined on the basis of time in unemployment.

Table 4.1. Employment subsidies

Duration of employment	Subsidy amount	Subsidy duration	Subsidy cap
t <12 months[3]	30% payroll costs	< 6 months	1400
12 months ≤ t < 24 months	40% payroll costs	<12 months	1400
t > 24 months[4]	50% payroll costs	<12 months	1400

The equivalent Sanssi card – designed for recent graduates of comprehensive or upper secondary school – grants eligibility for subsidised salary costs for those jobseekers under the age of 30. Both the Duuni and Sanssi cards are valid for three months, during which time the

Box 4.5 Finnish policy at a glance: PES Activation Programmes *(cont.)*

jobseeker can search for employment. An employer is eligible for pay subsidies if, prior to submitting an application, they have offered employment (or additional hours) to all their part-time employees, all those whose contracts have been terminated, and all those whose notice period has come to an end during the previous 12 months. Importantly, from the perspective of the foreign-born, eligibility for the larger subsidies is restricted to the long-term unemployed. And, given that participation in the integration programme is not counted as time in unemployment, many foreign-born are excluded from eligibility.

Independent study supported by unemployment benefit: Registered jobseekers over the age of 25 may be eligible to pursue further education while supported by unemployment benefit paid by the Social Insurance Institution (Kela). Eligibility is granted by the PES office if their assessment indicates that the education would improve the jobseeker's vocational skills and chances of finding employment. However, unlike labour market training, in this case the PES office is responsible neither for the procurement of training nor for the selection of students. There are no requirements as to the duration of the studies, but unemployment benefit to support the jobseeker's studies can only be paid for a maximum of 24 months per qualification or degree. The jobseeker will also be using up his days of the maximum period for paying an earnings-related and basic allowance during his studies. In 2017, 12 571 foreign-born jobseekers undertook independent (self-motivated) study, accounting for 44 per cent of foreign-born job seekers undertaking PES programmes.

Notes: 1. The participant may also receive compensation for his expenses over the days which he takes part in the trial. 2. The magnitude and duration of the subsidy depends principally on the distance of the jobseeker from the labour market. 3. Twelve months within a 14 month period; 4. Twenty-four months within a 28 month period.

Source: http://www.te-palvelut.fi/.

In 2017, 35% of foreign-born job seekers registered with the PES undertook integration/labour market training (Table 4.2). This high proportion reflects the centrality of integration training in PES services targeted at migrants. A further 45% of migrants from outside the EU, and 40% of EU migrants undertook independent study – compared to just 28% of native-born jobseekers (see Chapter 2). The concentration of migrant jobseekers in these programmes largely reflects the fact that immigrants typically participate in integration training and independent studies as part of their integration plan. The result is that the majority of recent arrivals are enrolled in one, or both, of these programmes.

Table 4.2. Foreign nationals are concentrated in integration training and independent study courses

Monthly average number of employment office clients in different employment services by nationality in 2017.

	Natives	Foreign nationals (Non EU)	Foreign nationals (EU)
Integration/labour market training	10.1%	29.8%	34.9%
Job search coaching	1.1%	0.4%	0.2%
Career coaching	1.3%	0.9%	0.4%
Subsidised employment	24.1%	11.5%	4.9%
Independent study	27.6%	40.0%	45.1%
Work trial	9.2%	9.6%	9.0%
Job alteration leave	3.8%	0.7%	0.1%
Rehabilitative activities	22.8%	7.1%	5.5%
Total	91 306	4 177	24 179

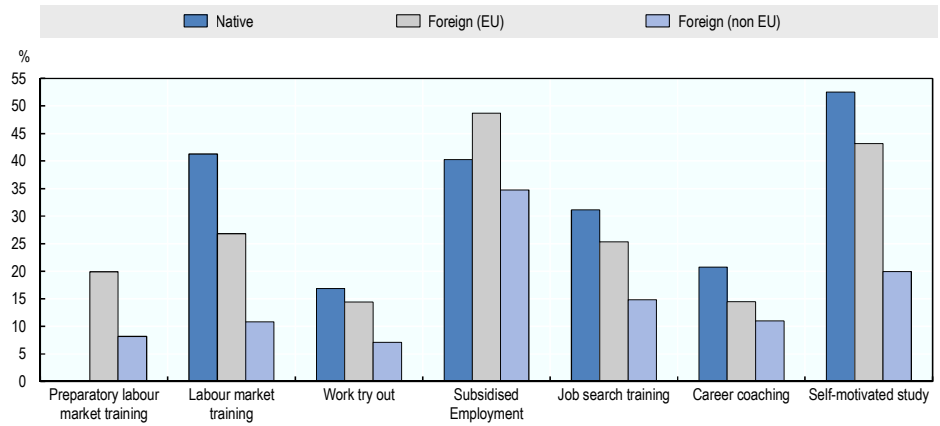
Source: Employment Service Statistics, Ministry of Economic Affairs and Employment.

That independent study takes such a prominent role in the employment services offered to migrants reflects the importance of Finnish qualifications and bridging education in enhancing the employability of foreign-born individuals. Indeed, in many OECD countries, education provided through the Public Employment Service is limited to employment oriented trainings that are often not well suited to the needs of migrants who are still distant from the labour force. The possibility to combine further education with other labour market services is, therefore, an important asset of the Finnish system when it comes to enhancing the long-term integration prospects of migrants in Finland.

That said, while employment outcomes were better after all types of public employment service spell among native-born Finns than among the foreign-born, the largest difference is observed after independent study. While 52 % of native clients had found employment three months after doing independent studies (see Figure 4.3), the corresponding share among immigrant clients was only 23.1 % (and as low as 20 % among non-EU nationals) .This outcome is likely to have much to do with the composition of these groups and differences in their proximity to the labour market. Nevertheless, the magnitude of the disparity suggests that independent study may be a “catch all” course provided to migrants who remain very distant from the labour market and may need more guidance than is provided within these courses.

Figure 4.3. Wage subsidies have strong post-programme outcomes for foreign nationals

% of former participants entering employment three months after ending an employment service spell, by nationality 2017[1]



Notes: Figures capturing those entering employment may also capture those are no longer searching for employment but left the labour force.

Source: Employment Service Statistics, Ministry of Employment and the Economy.

Provision of independent study is largely tendered to external course providers who are, since 2012, given guidelines regarding the content of the curriculum. Yet, as discussed in Chapter 2, when it comes to monitoring the scope and content of these independent study courses, the details of implementation are opaque. The education and training provided under the umbrella of independent study is diverse and reliable information about the form, scope and content is difficult to obtain (Ministry of the Interior and Ministry of Employment and the Economy, 2015). Given the importance of this form of integration training in the integration of the foreign-born, it would be worthwhile to step-up monitoring of these programmes – collecting information on participants, course content, and outcomes – in order to ensure that they are adding value for all participants.

PES programmes provide limited opportunities for early contact with the labour market

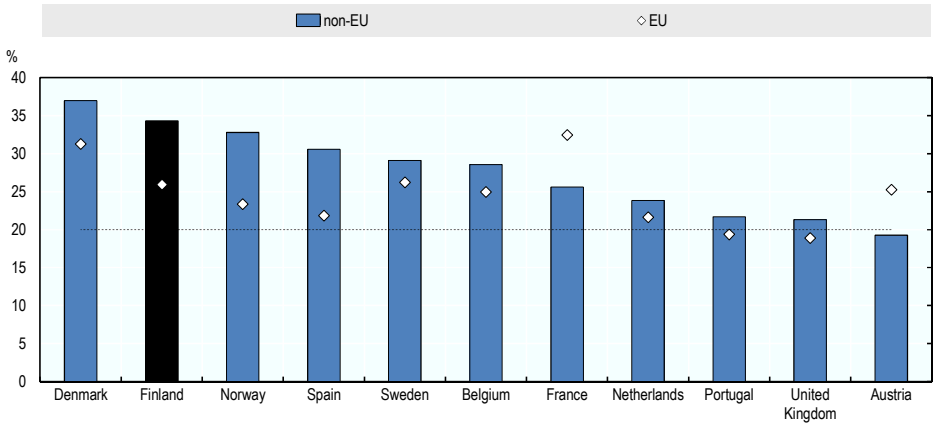
While early contact with the labour market is an important tool to set new arrivals on a positive integration pathway, when migrants first arrive in Finland, their ability to productively use their skills in employment may be compromised by a number of factors such as limited language abilities, lack of familiarity with the Finnish labour market, and in some cases poor health.

Given the role of employment in strengthening language learning, exclusion from the labour market in this manner can become a vicious cycle.

Normally, if wages respond to productivity, this temporarily lower productivity should not compromise employer demand. However, foreign-born workers in Finland are heavily concentrated in the lowest-paid positions in which collectively-bargained minimum wages bind. Indeed, while the concentration of the foreign-born in low wage jobs is observed in a number of OECD countries, in Finland, where more than one third of all non-EU foreign-born workers are working for a wage in the lowest quintile of the wage distribution, the pattern is particularly stark (Figure 4.4). As such the willingness of employers to hire individuals with poor language skills and additional training needs may be limited.[4]

Figure 4.4. Non-EU foreign-born migrants are heavily concentrated in the low-wage jobs

Concentration of Non-EU foreign-born workers in the lowest wage quintile
in selected OECD countries, 2016



Notes: Hourly wages refer to cash income and are calculated on the basis of number of hours worked a week, and reported number of months worked in the previous 12 months.

Source: European Union Statistics on Income and Living Conditions (EU SILC) 2016.

Subsidised wages, when they offered on a temporary basis, can help the foreign-born out of this "limited-language-low-productivity" trap. 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. In Denmark, for example, a study by Clausen et al. (2009) found that subsidised employment had a significant

effect on the employment outcomes of newly-arrived immigrants (a reduction in the duration of unemployment of about four months over a four-year period). Likewise, Heinesen et al. (2013) find that, among all ALMPs examined, employment with a wage subsidy has the largest effect on the hazard rate from social assistance into regular employment among non-western immigrants.

In Finland, migrants undertaking subsidised work demonstrate the strongest post programme outcomes (Figure 4.3). However, despite the relative success of these programmes for foreign-born jobseekers, few migrant jobseekers benefit from these programmes and, in 2017, only 5.8 % of foreign PES clients participated in subsidised employment (11.5 % of EU nationals and 4.9 % of non-EU nationals) compared to 24.1 % of Finnish PES clients. Indeed, while the proportion of Finnish jobseekers undertaking subsidised employment has increased in recent years, among foreign nationals the trend has been the opposite.[5]

In previous years, the use of wage subsidies was limited by the availability of these subsidies only for indefinite positions. This had the effect of limiting the use foreign-born workers were able to make of pay subsidies since uncertainty surrounding the education and experience means that migrant workers are rarely hired on such contracts. Since 2013, however, the preconditions for receiving the subsidised wage have been relaxed such that it is now possible to receive the subsidy even in a fixed-term position. Despite this important step towards enabling the foreign-born to access these subsidies, the majority are still *de facto* excluded from the larger wage subsidies. This is because extent and duration of wage subsidies in Finland is dependent on the length of time spent in unemployment with participation in integration training not counting towards this time. This restriction renders the majority of newly-arrived foreign-born – who have undertaken integration training – ineligible to larger wage cost subsidies when they would be most needed.

From the perspective of the long-term unemployed, the dependence of wage subsidies on time spent looking for employment is an important part of policy design in order to minimise some of the deadweight losses associated with such programmes if subsidies go to those who would have been able to find unsubsidised positions. This is because distance to the labour force 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 – this dependence is counter-intuitive and fails to capitalise on the early motivation of migrants finishing their integration training.

In addition to this, a recent government report identified the belief among PES counsellors that subsidised employment is not a useful tool for promoting the employment of foreign-born jobseekers, but rather migrants should be directed to work try outs or independent study (MEE 2016). The reasons for

this belief are not clear. However, the important role that such erroneous intuitions can play, points to a need for careful monitoring, evaluation and dissemination of training outcomes in order to ensure that counsellor's advice is evidence-based and migrants access the programmes and trainings that most effectively target their specific needs.

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. Use of these trials, however, 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.

Support should be provided to employers to assess skills and assist those with limited language

Early contact with the labour market is important not only to enable migrants to demonstrate their skills, but also to give them the opportunity to build these skills. Yet many OECD countries are grappling with the difficulties involved with encouraging employers to taken on foreign-born workers whose language studies are not yet complete. As a result, some of the most recent innovations in integration policy OECD countries concern the provision of hiring support.

This hiring support can take a number of forms. In the first place, hiring support can be direct financial support, as provided through wage subsidies as outlined above. However, in Sweden, the Step in Jobs programme, which combined subsidised wages with the requirement that subsidised workers were given one day a week to focus on language learning, failed to attract the interest of employers despite providing subsidies up to 80% of wage costs. Thus, beyond direct financial support for hiring, many OECD countries are focussing on enabling employers to identify migrants with the necessary skills for the job. One clear skill that employers require are language skills, however, rather than focusing on formal qualifications some OECD countries are now providing employers with information regarding the level of spoken skills – which are of primary importance in many jobs. Germany, for example, is currently looking into a test of spoken interactions that would provide employers with an objective measure of migrants' functional language skills.

Similarly, the new language reforms that came into force in Denmark in July 2017 provide for a special focus on spoken language skills for the workplace.

In Finland, according to data provided by one of Finland's largest providers of integration training, 50% of language test-takers achieve the target level of B1.1 in spoken Finnish by the end of their integration training; over 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, many OECD countries are also supporting training undertaken on the job and, in many cases, by the employer. To ensure sufficient employer buy-in, therefore, offering flexibility and support to employers is essential. To this end, initiatives must support workplace goals, while at the same time allowing flexibility to work around constraints such as work pressure. In Germany, the *Sprachpaten* (language godparent) programme promotes informal language learning support at work from German-speaking colleagues, while in the United Kingdom, *Learning Through Work* provides guided learning materials focused on workplace communication to support on-the-job coaching. In the Netherlands, the *Tel mee met Taal* programme gives employers the flexibility to organise their own training arrangements while accessing a public subsidy to cover two thirds of the costs of this training. In addition to enabling their employees to dedicate working hours to language training, employers are also obliged to provide one third co-financing of the training.

Box 4.6 Private sector integration efforts: *The Programmers*

In some sectors, the private sector has been moving fast to identify, develop and use the skills of the most motivated and able migrants in rapidly changing sectors where the public sector is not well adapted.

In the Information Technology sector, where there is an acute labour shortage in Finland, *Integrify* has recently recruited some 50 migrants to undertake software development and IT training. The social enterprise will then connect these newly trained programmers with start-ups and the technology industry where, it is estimated, Finland currently lacks 10 000 programmers. That need is expected to triple within a few years.

The aim of the programme is to bypass the public integration programmes, teaching coding to new arrivals in English with the view that Finnish language skills can be more effectively learnt on the job when employment is secured. The programme began in 2016 with a pilot course for five computer programmers, recruited from refugee centres around the country. The training took a few months and four out of the five completed the training, and subsequently secured jobs within the Finnish IT industry.

An innovative alternative is provided by the "Fast Track" agreements in Sweden where, following credential recognition, bridging courses and language acquisition are pursued alongside work (Box 4.7). This approach has provided a route to enable migrants to begin bridging programmes before having achieved a language level sufficient to enter into tertiary education. Nevertheless, thus far, most Fast Track participants have found work in the public sector. Expanding the scope of the approach such that it is widely used in the private sector – particularly in industries outside shortage sectors may yet prove to be a challenge.

Box 4.7 Tripartite co-operation for integration in Denmark and Sweden

The capacity of tripartite agreements to take the interests of the public sector, employers and social partners into consideration and thereby secure the commitment of all has meant that such agreements can have a major impact in driving effective integration reform.

In 2016, **Denmark,** in order to strengthen the employment focus of integration while offering companies better conditions for hiring migrants, introduced a new tripartite agreement initiative, the two year *Integrative Training Programme (IGU)*. This programme involves employers directly in the integration training process while providing them with an IGU training benefit funded by the local authority. In exchange the employers provide practical training within the company, a wage in line with those stipulated with collective agreements, and time for the migrant employee to focus on developing their skills (e.g. language courses, labour market training or further education). Alongside the IGU, the tripartite agreement has also made provisions to improve early screening of formal and informal qualifications, and provide a financial bonus for companies hiring refugees - for IGU or regular jobs - in the first two years after they obtain their residence permit.

In 2015, in **Sweden**, in response to the finding that over one-quarter of new arrivals had tertiary education; many of them with both training and experience in shortage occupations, the Swedish PES launched the Fast Track initiative. This initiative created a streamlined package of interventions for migrants arriving with skills in these shortage occupations. In order to speed up the labour market integration, rather than requiring Swedish language skills as a pre-requisite for bridging, the Fast Tracks begin to map, validate and bridge the skills of migrants identified as eligible for the programme in their mother-tongue. Language tuition is then offered concurrently throughout the process.

Fast tracks are now available for social scientists, social workers, teachers and pre-school teachers, chefs, as well as professions requiring registration in health and medical care. In addition, tripartite talks have now been held in industries including: pharmacies, tourism, health and medical care, local government, industry, health and social care, transport, painting, timber and graphics companies, real estate, energy and electronics, building, forestry and agriculture.

Source: OECD (2016) and www.government.se.

Despite active search, few find work through PES services, and reliance on networks can lead to workplace segregation

Job search activity is high among the foreign-born. Indeed, according to the Work and Wellbeing among Persons of Foreign Origin Survey (UTH), in 2014, while 35% of the foreign-born unemployed 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 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 (Statistics Finland, 2015). Despite this, according to the UTH survey, while 62 % of unemployed persons of foreign origin had contacted the PES office when looking for work, only 9 % had found work this way.[6]

Alongside the job brokerage provided by the PES, privately-run temporary work agencies also offer job-search support. And, according to the UTH Survey, in 2014, 4 % of wage-earners of foreign origin were employed through temporary work agencies, compared to 1 % among those of native origin. As a result, foreign-born workers comprise nearly one fifth of all employees working through such agencies. Furthermore, the prevalence of temporary work agency contracts among the foreign-born extends beyond those occupational groups in which agency work is particularly common. For example, in service and sales jobs, 7 % of foreign-origin workers, but only 2 % of native-origin workers, were employed through an agency (Statistics Finland 2015).

With fewer other options, migrants are often more reliant on their informal contacts. More than half of the unemployed migrants turned to friends or relatives when looking for work (compared to 35 % of native job-seekers). And, in 2014, with over one in three employed migrants finding their job in this manner, networks were most important route to the labour market (UTH).

The majority of migrants, particularly those who have just arrived in Finland, tend to have fewer contacts than native-born Finns. What is more, given that these recent arrivals do not always have a sound command of Finnish, these contacts tend to be concentrated among other migrant groups. As a result, when asking friends and family is a major job search strategy, this network concentration can quickly translate into work place segregation. The tendency for the networks of new arrivals to be concentrated in low status,

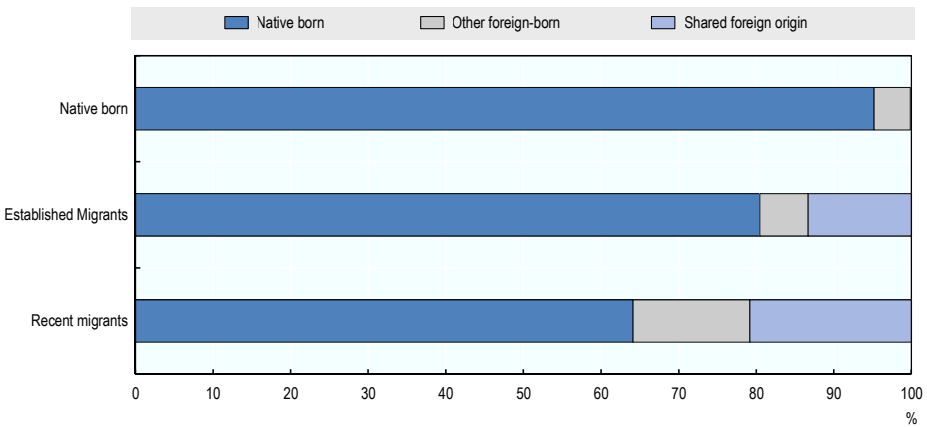
low-skill jobs means that employment found through these networks is often low quality (see Ahmed 2015 for a study of Finland's Pakistani migrants).[7]

Employment is a major domain for contact formation and the building of networks, as a result segregation of this type can be self-perpetuating. Mentoring and social integration should be strengthened to ensure that the network of contacts available to the migrant population is more representative of the Finnish population.

Segregation in the workplace in Finland is relatively high. In 2013, less than 5% of the co-workers of a native-born employee were born outside Finland. The equivalent figure among foreign-born employees was over 27%. Workplace segregation is particularly pronounced among newly-arrived migrants. Indeed, workers with fewer than five years of residence are particularly concentrated in firms with foreign-born co-workers: while native-born Finns make up four in every five of the colleagues of a migrant who has resided in Finland for greater than ten years, migrants with less than five years of residents are likely to find themselves employed in companies in which more than one third of their colleagues were born outside Finland. Furthermore, one in every five of all employees in such firms is likely to share the same country of origin as the newly arrived migrant (Figure 4.5).

Figure 4.5. Migrants are more likely to work alongside other foreign-born workers than native-born Finns

Percentage of foreign-born colleagues in the firm by country of birth and duration of residence, 2013

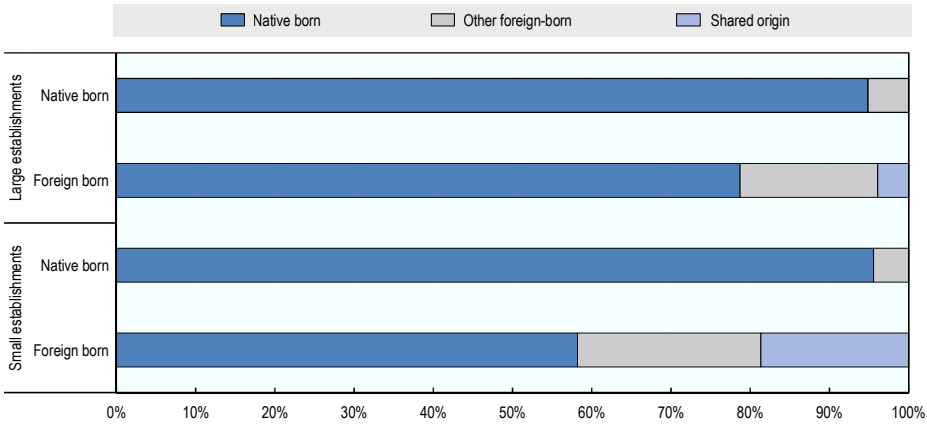


Source: Secretariat calculations on the basis of administrative data (*FLEED* database).

The foreign-born are most frequently found working in Small and Medium sized Enterprises (SMEs), and the concentration of foreign-born workers in small firms is high. In establishments comprising of 15 or fewer workers, 42% of immigrant workers' colleagues were made up of other immigrants – with over half of these other immigrants sharing the same country of origin. Native-born workers in small establishments, on the other hand, typically work alongside just 5% of migrant colleagues. In large establishments, this concentration is less pronounced (Figure 4.6). Immigrant concentration is particularly high in construction, accommodation and food service activities, and administrative and support service activities (including cleaning of buildings and temporary employment service activities). Over 40% of the colleagues of migrants working in each of these sectors are likely to be foreign born. And, in the construction sector, over 60% of foreign-born workers will share the same country of origin. Women are clearly less concentrated in migrant-dense establishments than men. While male migrants working in accommodation and food service activities can expect 56% of their colleagues to be foreign born, women are likely to be working in establishments where just 34% are foreign born.

Figure 4.6. Small firms tend to be more segregated

Percentage of foreign-born colleagues by country of birth and establishment size, 2013



Notes: Small establishments are defined as those with fewer than 15 employees. Large establishments are defined as those with greater than 50 employees.

Source: Secretariat calculations on the basis of administrative data (*FLEED* database).

The degree of work place segregation varies according to the migrant 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 with 43% and 30% of their co-workers being other migrants, respectively. The Turkish, however, are more likely to concentrate in workplaces with other Turkish migrants than are migrants from Iraq are to work alongside other Iraqi migrants. Similarly workers from China and from Estonia also tend to have more colleagues from their origin country. In contrast, migrants from Somalia and Thailand, as well as those from Germany and the UK, tend to work in more establishments with a more heterogeneous workforce.

Despite the fact that they have undertaken the majority of their schooling in Finland, the foreign-born who arrived as young children are also segregated in the workplace. And, while the degree of segregation is less among these migrants who undertook their compulsory education in Finland, the disparities are less easily explained by lack of networks. While, in 2013, 4.7% of the colleagues of the average native-born worker will have been born abroad, this figure reaches 7.5% of the colleagues of a migrant who arrived in Finland below the age of seven. More striking still, workplace segregation is not restricted to those that were born outside Finland. Indeed, workplace segregation is higher among the children of immigrants than it is among those that arrived at a young age.

Discrimination

Discrimination based on ethnicity is forbidden under the Non-Discrimination Act

When lack of information about a candidate's experience or qualifications causes risk-averse employers to avoid hiring him/her employer uncertainty can lead to so-called "statistical discrimination". Beyond this, discrimination may manifest in the labour market as the reluctance of employers to hire foreign workers, or at workplaces as unequal treatment or harassment of colleagues of foreign origin.

Most OECD countries have taken measures to combat discrimination, and Finland is no exception. The purpose of the Non-Discrimination Act, which came to force in its current form in 2015, is to foster and safeguard equality and enhance the protection provided by law to those who have been discriminated against in cases of discrimination that fall under the scope of the Act. The law forbids direct and indirect discrimination, harassment and orders to discriminate against any person on the basis of age, ethnic or national origin, nationality, language, religion, conviction, opinion, health, handicap, gender orientation or other personal reason. According to the Act, authorities, educational providers and employers have the responsibility in all their actions to promote equality purposefully and, to this end, the Act requires the aforementioned to have an official

equality plan outlining how equality is to be promoted, with the exception of authorities and employers employing less than 30 people. The Act also allows for affirmative action in situations when the person is in danger of not having an equal standing due to some reason related to his background or characteristics.[8] While employers have the responsibility to actively promote equality among their employees, affirmative action is not an employer's responsibility, but rather a form of discrimination that is permissible under the Non-discrimination Act. In practice, therefore, such affirmative action is rarely used.

Alongside the new Non-Discrimination Act, changes passed in 2014 created the Non-Discrimination Ombudsman (previously the Ombudsman for Minorities) and combined the previous National Discrimination Tribunal and the National Equality Tribunal into a National Non-Discrimination and Equality Tribunal (see Box 4.8 for further details of these and other institutions regarding anti-discrimination).

Box 4.8 Actors in the discrimination field

Formal bodies

The Non-Discrimination Ombudsman is an independent and autonomous authority, tasked with advancing equality in Finland, while preventing and tackling discrimination. The Ombudsman also works towards improving the rights, living conditions and status of groups at risk of discrimination, such as foreign nationals. Individuals who have experienced discrimination may turn to the Ombudsman who offer counselling, investigate individual cases, promotes conciliation and provides legal assistance. In addition, the Ombudsman provides training and undertakes lobbying concerning the practices and formation of anti-discrimination legislation.

National Non-Discrimination and Equality Tribunal is an independent judicial body appointed by the Government to give legal protection to those who consider they have been discriminated against. The Tribunal supervises compliance with the Non-Discrimination Act as well as the Equality Act in private activities, in the public administrative and in commercial activities.

Advisory Board for Ethnic Relations (ETNO) engages in dialogue with immigrants, with ethnic, cultural and religious minorities, and well as with public authorities, political parties and NGOs to raise awareness about discrimination. The Board brings together migration experts from national, regional and local levels ranging from public officials to civil society representatives with the aim of building trust through cooperation and discussion. The Advisory Board for Ethnic Relations is appointed by the Government for a four-year term, and works under the auspices of the Ministry of Justice. Besides the national Advisory Board, there are seven regional advisory boards for ethnic relations.

Box 4.8 Actors in the discrimination field *(cont.)*

Projects and pilots

Tackling discrimination through the courts can be a challenge as proving that it has occurred is difficult. Indeed, much of the effect of anti-discrimination policy appears to stem from raising awareness rather than from a direct impact on discrimination.

Multiplicity, insight and dialogue (MOD) training works to reduce prejudice and racism at Finnish workplaces and within Finnish communities. The concept, initially developed in Sweden, is in Finland licenced to the Church Council of the Evangelical Lutheran Church, and coordinated by the Church Training College (*Seurakuntaopisto*). MOD offers two two-day courses. A basic course provides participants with tools to identify discrimination, and support equality within their work environments, and an advanced course supports participants to examine the forms discrimination and racism may take in the society. Courses are held in parishes, mainly targeted at parish and municipal employees, as well as in work organisations.

The TRUST project is a three-year pilot that begun in 2016 with the aim of promoting good relations between population groups on the local and national level. The project aims to develop action models to promote good relations at the regional and local level; to increase awareness; to recognise at an early stage any tensions arising between different population groups, and; to prevent conflicts. The implementation of the project is the responsibility of the Unit for Democracy, Language Affairs and Fundamental Rights of the Ministry of Justice, in collaboration with the Ministry of Economic Affairs and Employment, the Advisory Board for Ethnic Relations, and the Finnish Immigration Service and other organisations.

Studies report both direct and perceived discrimination to be an issue in the labour market

Awareness about discrimination is high in Finland. According to the Eurobarometer of 2015, 66% of Finnish respondents thought that skin colour or ethnic origin puts a job candidate at a disadvantage – substantially above the European average of 46%. Finnish workers are clearly less comfortable with having persons from a different ethnic origin or race in political positions or as their colleagues at work and a full 15% of respondents would be uncomfortable working alongside a Muslim colleague (European Commission 2015). Indeed, according to the Finnish Work and Wellbeing Among Persons of Foreign Origin Survey (UTH) conducted in 2014 (Box 2.1), the group with the most negative experience of discrimination were workers of Middle Eastern and African origin, of whom 22% regarded treatment to be at least somewhat unequal (Statistics Finland 2014).

These opinions of immigrants can to some extent be compared with those reported in the Quality of Work Life – a 2013 survey on native wage-earners.[9]

The share of native workers agreeing fully with the statement that immigrant colleagues are treated equally in the organisation had increased from 41 to 45% between 2008 and 2012. The share had increased particularly among men, such that there was practically no difference between male and female respondents. However, the share is lower than that reported in the UTH Survey for immigrant workers, out of whom 57% reported to fully agree with a similar statement. Natives thus seem to be more critical about equality at workplaces than immigrants are, possibly reflecting their different standards or notions these groups have of equal treatment.

While these surveys tell a lot about the awareness and perception regarding discrimination, they say nothing regarding the actual incidence. In order to try to capture the objective incidence of discrimination, research is increasingly turning to testing studies which compare the job-search success of fictional candidates who differ only in the origin of their name. Indeed, a 2012 study of fictional applicants for 1 200 vacant jobs captured the contrasting experience of Russian and Finnish named candidates with comparable education and work experiences. The results indicate that Russian named job-seekers had to send twice as many applications in order to receive an invitation to a job interview (MEE 2012). The study further found that discrimination was particularly pronounced against Russian-named men applying for jobs in certain sectors. Although it is difficult to compare levels of discrimination across groups or countries, this tendency is in line with patterns found in testing studies elsewhere in the OECD (OECD 2013).

Multiple language requirements in the public sector can put migrants at a disadvantage

Discrimination appears to be a particular issue in the public sector. Indeed, where 47% of employees working in the private sector felt that workers of foreign-origin were treated equally, in the public sector perceptions were less positive and only 42 and 39% of UTH survey respondents stated that the foreign-born were treated equally at the municipal, and national, level respectively. The degree of perceived discrimination in the public sector may be partially driven by certain recruitment methods and job requirements can put the foreign born at a structural disadvantage.

Such unintended discrimination, which can be found both in the public and private sector, is particularly problematic in the Finnish public sector. Migrant recruitment in the public sector serves as an important example for other sectors, it not only gives migrant community greater visibility, but demonstrates the country's and its localities' commitment to integration. Yet in the Finnish public sector, employment of the foreign-born has been stymied by the requirement that, alongside a sound command of Finnish, a good

knowledge of Swedish is also required for the majority of positions. Having officially recognised the problems these stringent language requirements create for the ability of the foreign-born to access employment, the City of Helsinki now states in its recruitment guidelines that the requirement of good Finnish and Swedish skills in job advertisements constitutes indirect discrimination in cases where the actual work tasks do not demand such. As a result of this acknowledgement, the City of Helsinki now defines spoken language requirements for each job within the municipal organisation. Nevertheless, the requirement of the Finnish law to ensure customer service is offered in both Finnish and Swedish limits the discretion available in avoiding this structural disadvantage.

In principle, each municipality in Finland is required to draw up an immigrant integration programme in which they can include additional details of their intention to promote the societal participation of immigrants. Some municipalities, such as the City of Helsinki and the City of Espoo, have explicitly set targets for the employment of migrants in the local public sector. Both cities officially attempt to increase the number of foreign language speakers in the cities' personnel to match their share of the population through initiatives such as the provision of supplementary language training for hired immigrants. Both cities also monitor the diversity of positions within the cities' organisations that are held by the foreign-born, and the City of Helsinki explicitly attempts to support the appointment of foreign language speakers in expert and supervisory tasks. Despite these targets, however, both cities still have a long way to go. In 2013/2014, the most recent figures available, the population share of foreign language speakers was 12.8 in Helsinki and 11.3% in Espoo, while the share of them employed in municipal bodies was only 6.6% and a good 5%, respectively.

Notes

1. Most students do, however, attend preparatory training before taking a competence test.
2. In 2013, a total of 374 vocational qualifications were awarded. Of these, 52 were upper-secondary, 190 further vocational qualifications and 132 specialist vocational qualifications.
3. Though if the work try out was a part of the participant's employment or integration plan, his unemployment benefit may be increased
4. Indeed while analyses of the employment effect of high minimum wages have produced a wide range of estimates (see Abowd et al., 2000; Stewart, 2004; Pacheco, 2011; and Allegretto et al., 2011), recent evidence focussing on low-wage workers has tended to find a negative effect on employment. Using employee-employer matched data in the Swedish retail sector, Skedinger (2015), for example, finds that separations increase as minimum wages increase. In a similar vein, Neumark et al. (2012) find that employment at the lower end of the skill distribution suffers with increases in wages at the bottom of the wage distribution. Recent work using Swedish administrative data suggests that minimum wages increase unemployment among male refugees considerably – and more so than among a comparison group of young native-born individuals (Lundborg and Skedinger, 2014b).
5. Clearly the composition of the participants undertaking each programme plays a role in determining post-programme outcomes. And while it will be important to collect data in order to evaluate the extent to which this is the case, the relative success of these programmes suggests there may be scope to expand their role in facilitating the labour market integration of migrants.
6. The sample of non-employed includes 20-64-year-old persons who were unemployed or outside the labour force (including students, retirees and those in military/non-military service). The sample of those finding work consisted of 20-64-year-old wage-earners whose employment relationship had begun less than five years ago.

7. Moreover, even when migrants look for jobs through formal sources, the indirect effect of friends and acquaintances either through serving as role models or providing a source of information may also induce them to seek employment opportunities from less prestigious areas of the labour market (Ahmad 2015).

8. In recruitment practices of employers, for instance, positive discrimination would mean hiring the minority candidate out of two equally competent and skilled applicants.

9. The survey is based on 4 876 interviews of Finnish- or Swedish speaking wage-earners investigating their opinions about various aspects of their working environment.

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Chapter 5

Vulnerable migrants in Finland – women and children

Migrant women, in particular, are struggling to integrate in Finland; many are locked into inactivity, and face incentives to stay in the home. Early integration support in Finland sends the inactive, including many immigrant women, down a separate track from those who are actively seeking employment. This is unusual among OECD countries and risks increasing the distance between the inactive and the labour force, locking them into inactivity. On top of this, women eligible for the Child Home Care Allowance may find that staying at home is as financially advantageous as engaging in training or paid employment. If immigrant mothers stay at home for many years there may be long-term consequences for their children; in terms of reduced enrolment in preschool during the critical early years, limited exposure to the Finnish language, and the concomitant implications for their chances of succeeding in school. As in many OECD countries, the children of immigrants do worse in school in Finland than children with native-born parents. In Finland, however, these differences are particularly striking. This chapter examines the integration challenges facing women and children and the extent to which Finnish integration policy supports them in overcoming these challenges.

As highlighted in Chapter 2, in Finland, as across the OECD, the foreign-born tend to experience more difficulties on the labour market than native-born individuals. Among those that appear to struggle the most, however, are women and children – both those migrants that arrive in Finland as children and, more worryingly, those that were born in Finland with migrant parents.[1]

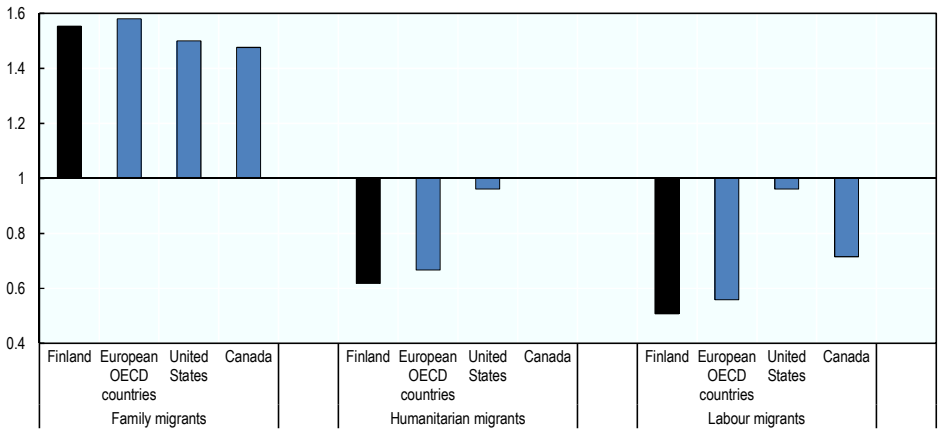
Women

The organisation of integration activities may lead to lock-in of early inactivity among female migrants

Migrant women, many of whom arrive as family migrants with no direct ties to the labour market (see Figure 5.1), often experience more difficulties integrating than do their male counterparts. Many of these women must also juggle childcare responsibilities which can compromise their involvement in early integration activities. As time passes, these women risk becoming increasingly distant from the labour force.

Figure 5.1. Female migrants are more likely to migrate for family reasons

Ratio female to male migrants by reason for migration, around 2014



Notes: Figures for family migrants in the United States refer to the family class (2003 cohort) and do not include family members of labour migrants, diversity migrants or refugees. For Canada, the 2014 figures refer to the 2010 cohort and the 2008 figures refer to the 2004 cohort. Figures for European OECD countries are for 2014. European countries: 15-64, United States: 18 and older, and all ages for Canada.

Source: For Finland, UTH; for European countries, European Labour Force Survey (Eurostat) ad-hoc module 2014 on the labour market situation of migrants and their immediate descendants; for the United States, the New Immigrant Survey (US Immigration and Naturalization Service), and for Canada, the Longitudinal Immigration Database (Statistics Canada).

In many OECD countries, family migrants are outside the spotlight of integration and activation measures, even if they are far from the labour market. This is because the requirement that family migrants have a sponsor, able to guarantee their living expenses, means that they rarely claim social assistance. Beyond social assistance payments, however, failure to integrate family migrants represents a significant lost resource and risks having long-run consequences on the integration success of their children. In Finland, while family migrants are not the explicit target of integration measures, they are eligible to sign up for an integration plan. Such publicly-funded integration measures available and open to family migrants are somewhat unusual in an OECD context – particularly in the case of intra EU migrants. However, concrete numbers on the number of family migrants – or even women – undertaking integration courses are not collected and there is some evidence that take-up of the integration plan is limited (Saukkonen 2017).

Women who arrive on humanitarian grounds are also vulnerable to becoming distant from the labour market. Indeed, the integration trends discussed in Chapter 2 illustrate that female migrants from Somalia and Iraq – countries from which migrants are most likely to arrive on humanitarian grounds – experience limited progress towards the labour market even after many years in Finland. These women are less likely to have a spouse that is able to fully support them financially and, as a result, they are more likely to depend upon social assistance. This makes them more likely to be a target of activation measures. It is important, however, that these women receive intensive and continual support from arrival, to avoid state dependence and ensure they have time to build the skills necessary for the labour market in a coherent manner.

Whether their migration was prompted by family or humanitarian reasons, it is important that these women do not become isolated from Finnish society and are also given the opportunity and support to find their place in the labour market (see Box 5.1 for a discussion of support measures employed in other OECD countries). Monitoring who participates in integration activities will be an important first step in understanding the extent to which family migrants – many of whom are women – are failing to access these courses. Such monitoring could be done through the Koulutusportti database which collects information on integration course participants. Extracting data on the sex of participants – from the social security information already incorporated in the database would be a relatively straightforward exercise and should be a priority, but is currently not done.

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. In Finland, the approach to these additional hurdles has been to direct women, along with the inactive, to a separate stream of activities organised by municipalities that

is not oriented at labour market entry (see Chapter 3). Indeed, the Integration Act suggests that a 'Family Integration Plan' should be crafted for families in order to grant a smooth integration for all family members. While such a family approach is an important asset, it need not be necessary that the primary – and only – link to the family be female migrants. 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. 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, the approach has the effect of limiting the labour-market-orientation of the integration training these women have access to. As a result, such early separation between the active and the inactive may have long lasting consequences, and women whose childcare duties place them temporarily outside the labour force at the time of arrival may struggle to find their way back to employment.

In theory, women on maternity leave at the time of their arrival in Finland are able to delay their integration plan for the duration of their leave. There are, however, no data regarding the number of women that take integration training organised by the PES after returning to active participation. And many of those that remain at home to look after their children subsequently struggle, and take many years, to return to active participation.[2] If women undertake only limited integration activities organised by the municipality and unrelated from the labour force, and if they are left to drift following the end of these activities, skills can atrophy and, upon return to active job search, these women may struggle even to meet the language requirements of other employment and job search trainings organised by the PES.

Box 5.1 Employment Support for foreign-born women in OECD countries

Realising that family migrants can be an important resource and that supporting the employment search among this group can benefit the economy as well as the individuals concerned, a number of OECD countries have begun to develop programmes particularly targeted at this group.

The Expat Spouses Initiative, which began in 2014 in Eindhoven, the **Netherlands**, aims to help the partners of expatriate workers to make better use of their qualifications and realise their potential as international professionals. The Expat Spouses Initiative in its current form comprises of a network of professionals working together to help men and women start their own business or find a job that matches their unique qualifications.

Box 5.1 Employment Support for foreign-born women in OECD countries *(cont.)*

To this end the network organises events, training sessions, language classes, and community-building projects with the dual goals of:

- Encouraging more interaction between internationals and locals in Eindhoven.
- Supporting the employment search and professional development among the spouses of expatriated workers settling in the region of Eindhoven.

The initiative as received the support of local government which views supporting the employment potential of family migrants as an important component, not only in enhancing the employment outcomes of family migrants, but also in attracting international talent to the region.

In **Denmark**, the Danish Centre for Information on Women and Gender (KVINFO) has created a mentor network for migrant women with the aim of facilitating integration into the Danish labour market. *The Mentor Network* is a professional woman-to-woman network matching women that are well established in the Danish labour market and in Danish society, with refugee or migrant women that need new inspiration and different forms of support. Since its establishment in 2002, more than 7 500 women have participated in KVINFO's mentor network and more than 3 200 mentor-couples have been matched. An evaluation of the Mentor Network carried out between 2010 and 2014 has found that 38 % of the mentees have found a job after being part of the project.

In addition to mainstream integration and employment support, a few countries have developed specific low-threshold options targeted at low-educated female migrants.

An example is the **Norwegian municipality, Levanger**, where local authorities, employers and the public employment service (NAV) have worked with the adult teaching centre to run a pilot scheme that assists low educated migrant women in obtaining a qualification and accessing regular work. Between 2014 and 2016, the 'Levanger Arena Work' scheme helped 24 participants to obtain a qualification and subsequently eased their entry into lower-skilled occupations in health, cleaning, kindergarten and gastronomy, following an intensive six-step model. A curriculum was developed jointly with professionals from the relevant sectors. Participants were divided in small groups and attended training courses before moving into employment. At first they were closely supervised. Then, accompanied by a mentor, migrants were given greater autonomy. The scheme also incorporated an online learning platform.

Australia, too, has developed programmes helping migrant women build new skills and increase their labour market participation. An example is the *New Futures Training Program* run by the Victorian Cooperative on Children's Services For ethnic Groups (VICSEG). The programme, which has been successful in increasing labour force participation and employment for women, trains predominantly women from culturally and linguistically diverse backgrounds to become certified childcare workers. In so doing, it equips them with skills that are valuable in the workforce and diversifies the childcare sector to meet the needs of families from various backgrounds. Besides training towards a childcare certificate, the *New Futures*

Box 5.1 Employment Support for foreign-born women in OECD countries *(cont.)*

Training Program provides pre-employment training to familiarise participants with the Australian labour market, mentoring from community members currently in the childcare sector, and follow-up supervision in the workplace.

Source: https://www.brainport.nl; http://expatspousesinitiative.org/Integration: activities aimed at low-skilled women in Norway and Australia and OECD (2017), *Making Integration Work: Family Migrants,* OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264279520-en.

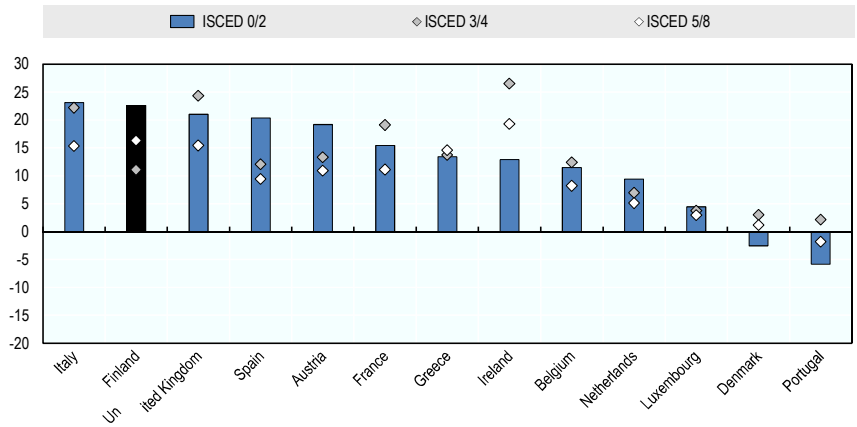
Policies to maintain female participation have limited success among the foreign-born

Female labour market participation varies to a considerable degree across OECD countries and while individual characteristics and choices play a role in determining participation rates, policy measures can play a significant role in shaping these choices. There is wide variation in the prevalence of different forms of public childcare support across the OECD, including cash benefits (e.g. childcare subsidies), public in-kind services (e.g. public provision of childcare and out-of-school-hours care) and fiscal support (e.g. tax deductions for formal childcare). Relevant policy measures can be largely classified into the following categories (i) labour market policy measures; (ii) childcare support measures (e.g. direct or indirect support for the costs incurred in the provision of childcare); (iii) parental leave policies and finally (iv) policies facilitating flexible work (see OECD 2017b, Eurofund, 2016). By altering the childcare support women can access, as well as the financial incentives they face, these policies can bring women closer to the labour market, while removing the barriers that might impede them. Finland is often highlighted as a good practice example in this respect and high participation among Finnish women with children is, to some extent, testament to the success of these policies.[3]

However, it is important to bear in mind how the effects of policies designed to support the labour market participation of women may differ for women born outside of Finland. In general, the negative effects of motherhood on labour force participation are particularly pronounced for women with low levels of education (see OECD 2017) and low wages and this is particularly pronounced in Finland (Figure 5.2). While it is challenging for most parents (both mothers and fathers) to balance a career with childrearing, low wages tend to reduce the financial incentives even further. And, given the concentration of the foreign born among low wage workers they are particularly likely to face poor financial incentives to join the labour market.

Figure 5.2. The employment rate penalty associated with young children is high in Finland

Percentage point difference in the employment rates of women with and without children, by level of education 25-54 year olds, 2015/16 or latest available year



Notes: Data organised according to the magnitude of the influence of children on the gender gap. Data for Finland rely on 2014 data.

Source: Eurostat Labour Force Survey Data 2015/16 and ad hoc module (EULFS AHM) 2014.

Additionally, generous employment-protected paid leave around childbirth and when children are young is important for ensuring that women have income security around these life events and have a job to return to when their child is older. However, these leave policies, alongside policies facilitating flexible work, may have a more limited impact on the participation rates of foreign-born women who, often, have not had a stable job to which they can return following maternity leave.

High take-up of the Child Home Care Allowance risks compromising the integration of both foreign-born women and their children

Children who attend day-care are often better prepared for school and the labour market by virtue of the social and human capital that such day-care confers. The long-term benefits both for the child – in terms of improved health outcomes, stronger future labour incomes, and more education – as well as for the mother, have been widely documented (see for example Garcia et al, 2016, Conti et al, 2016). Furthermore, the accrual of these benefits has been found to be particularly pronounced among disadvantaged families (see, for example, recent work by Cornelissen et al, forthcoming). Indeed, recent work by Johnson et al (2014), found a significant improvement in school readiness (measured using reading skills) among children that had been cared for outside the home among children of

immigrants, while no such effect was found among the children of native-born parents.

Given these findings, the use of subsidised home care, that incentivises parents to stay at home with their children, has been controversial (see, for example, Rønsen and Kitterød, 2010). In Finland, however, the use of subsidised home care is widespread under the Child Home Care Allowance (CHCA) (see Box 5.2 for further details). Indeed, close to 90% of all children born in Finland in the 2000s were cared for at home under the subsidy (Tervola, 2015).[4]

Box 5.2 Finnish policy at a glance: Costs of child care

Child Home Care Allowance (CHCA)

The Child home care allowance is granted when a child, less than three years of age, is looked after at home. The allowance can also be paid for the siblings of the under three-year-old child if these siblings are themselves under school age and looked after at home. The allowance is ended when the child reaches three years of age or if the birth of another child renders the parents eligible for maternity and parental allowances

The care allowance comprises of a fixed care component as well as a means-tested supplement and is adjusted annually according to an index.

The **fixed component** of the care allowance currently amounts to approximately:

- EUR 340 per month for one child under three years of age
- EUR 100 per month for each additional child under three years of age
- EUR 65 per month for each child over three years of age but under school age

The **means-tested supplement** can reach a maximum of approximately EUR 180 per month and is paid for one child only. The income threshold is determined by family size.

In addition to the fixed and means-tested components, depending on the home municipality, there may also be a variable **municipal supplement**. These supplements are primarily paid in urban municipalities – where migrants are concentrated – and, in 2014, the average municipal supplement was EUR 148 per child. Through the use of these supplements, municipalities can influence the relative use of day care and home care.

Public Day Care

Fees for public day care are income-related such that the higher the family income, the higher the fee. The fee, which is capped, is calculated as a percentage of the family income that exceeds an income floor, where both the level of the floor, and the percentages, depend on the size of the family.

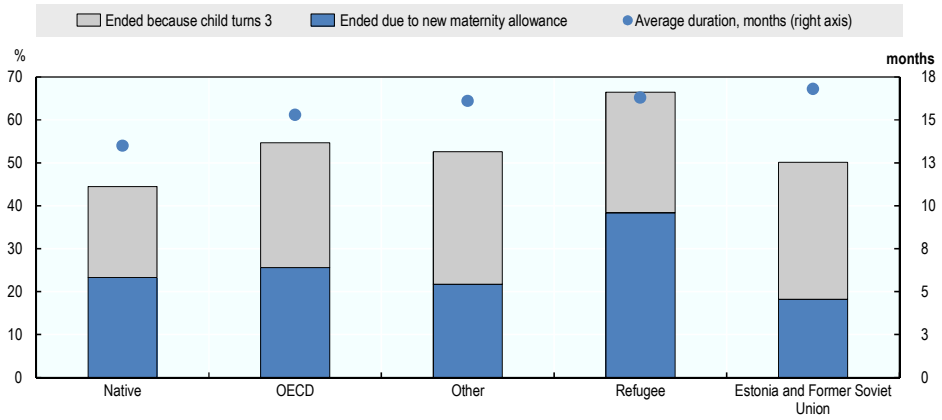
Source: KELA (www.kela.fi).

Though the benefits of day care, such as language and social learning, tend to be particularly pronounced among children from disadvantaged or immigrant families, in Finland, the children of foreign-born women are more

likely to be cared for at home and for longer spells (Figure 5.3).[5] In addition to undertaking longer spells, the CHCA spells of foreign-born carers – and particularly those from refugee sending countries –more frequently come to an end as the result of the arrival of another child (enabling a return to paid maternity leave).

Figure 5.3. The foreign-born tend to claim Child Home Care Allowance for longer spells

Reason for end of Child Home Care Allowance. % (left axis), months (right axis), 1999-2007



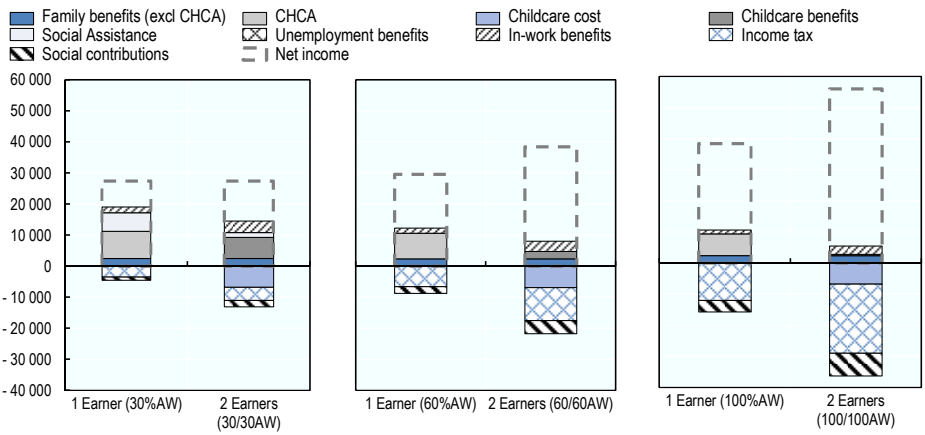
Notes: Immigrant children divided into four groups based on mother's country of birth. Refugee sending countries are defined as those countries for which more than 15 % of the population residing in Finland had reported refugee status in the social assistance database held by KELA (see using Tervola and Verho, 2014).Short spells do not necessarily describe the actual duration of home care, if the spell has ended due to new maternity allowance spell.

Source: Tervola, J. (2015) 'Use of child home care allowance among immigrants (*Maahanmuuttajien kotihoidon tuen käyttö* 2000-*luvulla*)' *Yhteiskuntapolitikka* 80 2015:2.

The heavy use of the CHCA among foreign-born women – and particularly those from refugee sending countries – can be partially explained by the concentration of these women at the lower end of the income distribution.[6] The low wages these women are able to command on the labour market means that the opportunity cost of providing home care, in terms of forgone earnings, is lower for these women. And indeed, for households with young children on low incomes, the movement of a second earner into work has a limited impact on the net income (Figure 5.4).

Figure 5.4. Second-earners have a limited impact on household net income at lower income levels

Breakdown of the net income of a one/two-earner couple, with two children aged two and three



Source: Secretariat calculations on the basis of OECD tax-benefit models, administrative data and OECD education financing data.

Short run savings on public child care provision imply long run costs

The costs of providing universal early childhood education are substantial, yet so are the benefits. Yet given that costs must be expended in the short term, while the savings will be reaped over the lifetime of the child, short-term savings offered by child home care subsidies can be tempting from a policy perspective. However, such short-term savings are likely to be inefficient over a longer policy horizon.[7]

Beyond the foregone benefits of early childhood education for the development of the child, subsidised homecare may also create incentives that compromise the integration of foreign-born women. Thus while public provision of early childcare may appear expensive, it is important to put these expenses in the context of the welfare savings that moving these caregivers into employment entails. Net replacement rates for the long-term unemployed are relatively high in Finland, as such, moving an individual into employment – even if this implying additional childcare costs are paid from the public purse – is less costly than it might initially appear, even in the short term.

While homecare subsidies may appear attractive in order to save some of the costs associated with publicly provided childcare and may also be attractive to women facing difficulties in accessing employment. In the long-term, such subsidies can entail substantial costs. Long spells outside the

labour market may be particularly detrimental to the future employment prospects of immigrant women – particularly those who arrived as refugees and lack the contacts to the host country that other migrant groups may have. These women, who are in most in need of integration support, are those most frequently isolated in the home taking care of children at home.

Youth

Young migrants, and native-born children with foreign born parents, also face particular integration challenges. Those that arrive at a young age must learn the language and integrate into the school system in time to catch up with their native-born peers. Those that arrive later – or even after the age of compulsory education – often face difficulties in qualifying for further education and may have lifelong difficulties gaining durable employment.

The integration outcomes of migrant women and their children should not be considered in isolation. Indeed, integration failures among female migrants that are left unaddressed, risk leaving a lasting impact on the integration outcomes of their children. If native-born children are raised without access to spoken Finnish, and little guidance and support to navigate their education and career pathways, there is a risk that disadvantage is transmitted from one generation to the next. This will have long-term consequences – both for the individuals concerned, and for Finnish society (OECD (2017c).

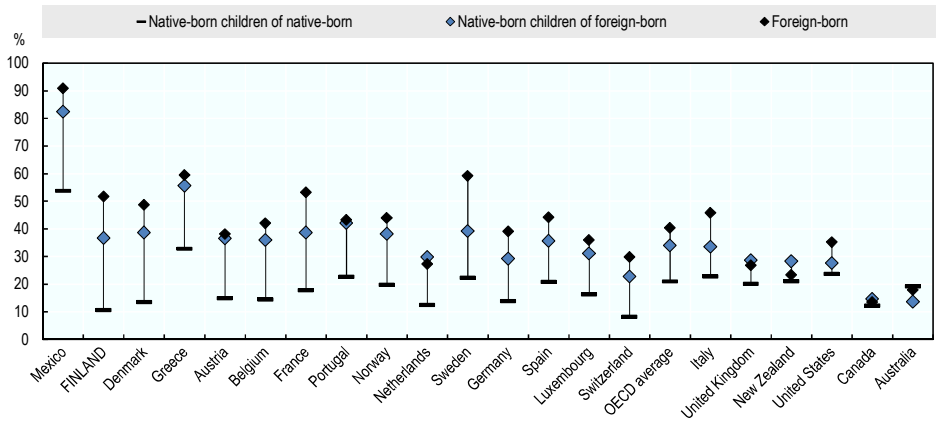
The number of youth with a foreign background is increasing and many are struggling in school

In the vast majority of OECD countries, the educational outcomes of foreign-born students tend to lag behind those of the native-born students. The OECD Programme for International Student Assessment (PISA), tests literacy and mathematics skills among children at age 15. The results highlight that, in the vast majority of countries – with the exception of countries with large-scale highly skilled labour migration and fewer language barriers, notably Australia, Canada and New Zealand – foreign-born students underperform their native born peers. In Finland, the score difference in mathematics is close to 100 percentage points – a disparity equal to approximately two and a half years of school. Over half of surveyed foreign-born students fall below basic proficiency in mathematics, compared to just one in ten native-born students such that the disparity in Finland is among the largest of all surveyed countries (Figure 5.5). While this large attainment gap among foreign-born children can be partially explained by grade placement (new arrivals are frequently placed in a grade lower than their age group, while PISA is tested at age 16 irrespective of school grade), such a caveat

cannot explain the poor results of the children of migrants (see Portin 2017).[8] Standing at 70 PISA points (equivalent to close to two years of school) the disparity between native born children with native born parents and those with foreign-born parents is, alongside Mexico, the highest in the OECD.

Figure 5.5. Foreign-born students are more likely to underperform in tests of mathematics

Proportion of population falling below level 2 in PISA mathematics test, 2015



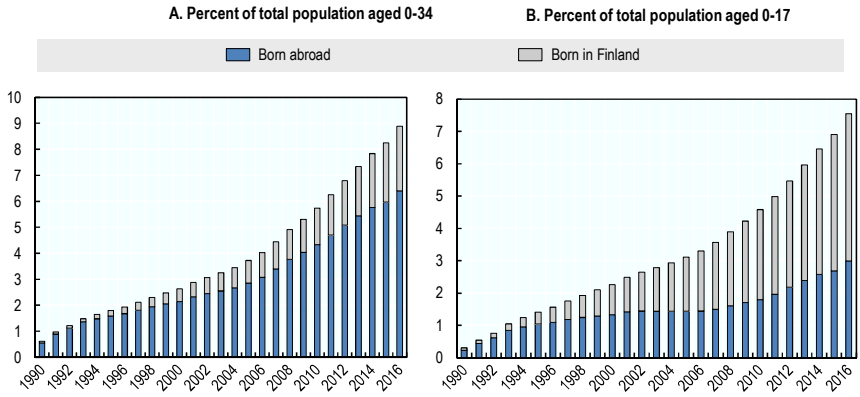
Notes: Data ordered according to disparity between native born with native-born parents and native born with foreign born parents.

Source: OECD Programme for International Student Assessment.

These large disparities in educational outcomes represent an increasingly urgent challenge as young people with a foreign background – those who were themselves born abroad, or those whose parents were born outside Finland – make up a growing proportion of the youth population in Finland. This trend is driven partially by the concentration of youth among new-arrivals and partially be the demographics of Finland's resident foreign-born population – who, having largely arrived since the 1990s, are now seeing their children grow up and make their way through the Finnish school system. Figure 5.6 (Panel A and B), below, illustrates the results of these trends. The total proportion of young people aged below 34 who were born abroad, or whose parents were born abroad, has grown from just 0.6% of under 34 years olds in 1990, to close to 9% in 2016.

Figure 5.6. Finland's youth population with a foreign background is growing rapidly

Evolution of youth population, foreign-born and native born with foreign-born parents 1990-2016

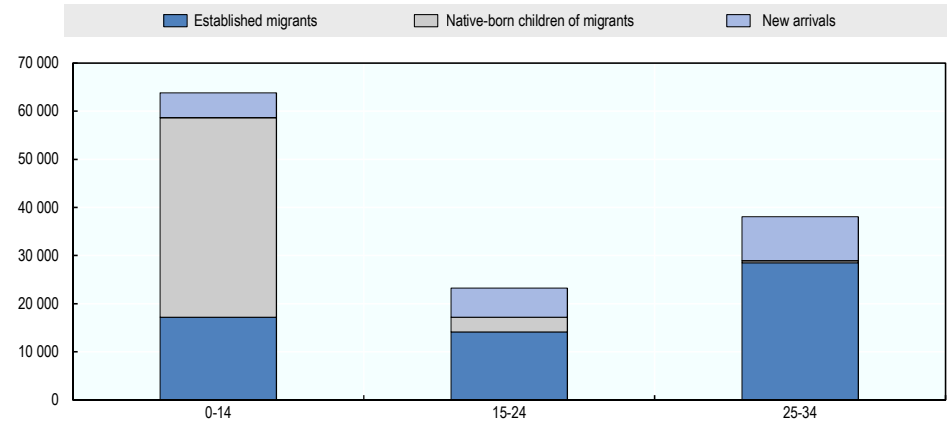


Source: Statistics Finland.

Over the course of 2015 and 2016, close to 72% of all immigrants to Finland, or close to 46 000 individuals, arrived under the age of 34. Of these young migrants, 44% were between 25 and 34 when they arrived, 32% were between 15 and 24 and 25% were younger than 15. Alongside these new arrivals, recent years have seen particularly strong growth among native-born children of migrants. Until 1994 this group accounted for fewer than 1.5% of the total population below the age of 35, however, since 2016, they have accounted for over 6.8%. The majority of these children with migrant parents are still relatively young. Indeed they account for four in every five children aged 0-6 with a foreign background as compared to fewer than 1 in every 100 of those with a foreign background aged between 25 and 34 (Figure 5.7). While these young people will often face challenges on their path to integration, the nature of these challenges will depend heavily upon whether they arrive before, or after, compulsory school leaving age.

Figure 5.7. Native-born children of migrants are a relatively new population in Finland

Breakdown of youth population aged 0-34 by background, 2016



Source: Statistics Finland.

Early identification of language difficulties is central to addressing problems early

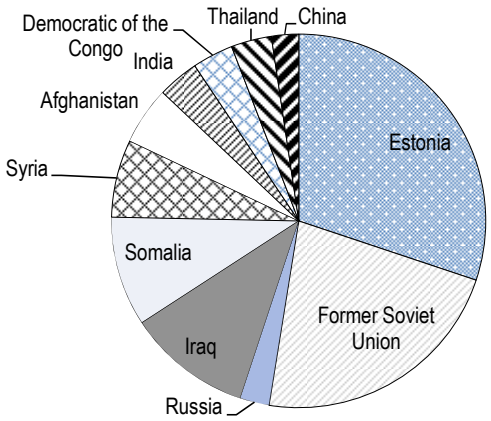
For those young people who are born in Finland with migrant parents, or who arrive before the end of compulsory schooling, one of the major challenges they face is adapting to a language of instruction that is often different from the language they speak at home. Recent research indicates that while it takes children approximately two years to acquire communicative language skills, they can take up to seven years to develop the academic language used in school environments (OECD, 2015). Furthermore, due to the complexity of the Finnish language, these findings are likely to represent a lower bound for children arriving in Finland. Language learning can prove a particular obstacle for those migrants who arrive late in the school system and whose language may impede their abilities in high-stakes tests or drive important educational choices soon after arrival. However, language difficulties are not confined to those arriving late in Finland and can also compromise the learning of those that arrive at a young age, and even the children of migrants born in Finland. If these language difficulties are not identified and addressed at a young age, they will have long-run consequences for the education of the child.

Yet language difficulties are not limited to those children that arrive in Finland during their childhood. Indeed the native-born children of immigrants also often experience language hurdles when making their way through the school system. In 2017, the majority of the native-born children of immigrants

are the children of earlier immigration waves; hence the majority are from Estonian or Russian speaking homes (Figure 5.8). As the children of more recent arrivals, who have a greater linguistic distance to travel, increasingly move into the education system, identifying and addressing language and other learning difficulties from a young age will become increasingly urgent.[9]

Figure 5.8. The majority of children of immigrants currently in the education system have Estonian or Russian parents

Country of birth of parents, children 0-14, 2017



Source: Statistics Finland.

For those arriving during compulsory education, municipalities may offer preparatory education but are not obliged to do so

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 (see Box 5.3).As a result, children that arrive in Finland below the age of 17 should be directed, in the first instance, into *Preparatory Instruction for Basic Education* (PEVA). 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. Prior to the commencement of PEVA training, the teacher, in collaboration with the parents, draws up an individual study plan designed to build upon the pupil's earlier education and experience. Integration into mainstream classes should then begin immediately in subjects where the knowledge of language is not

particularly essential, and should proceed in a gradual way, through collaboration between the preparatory teacher and the recipient teacher thereafter. Where a student's Finnish/Swedish knowledge insufficient to attend regular language/literature courses in compulsory school, courses in Finnish/Swedish as a second language may be offered.[10]

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 (Ministry of Education and Culture 2016). 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.[11] Similarly, municipalities are not obliged to organise Finnish/Swedish as a second language courses (though they receive financial compensation for doing so). Thus, while 92 % of foreign-language speaking students participated in second language courses in 2016 access was uneven and many smaller municipalities did not offer such courses (see Portin 2017).[12]

Furthermore, many of those young migrants that do receive preparatory training have been unable to attain the language and content objectives necessary for progression into mainstream classes within the number of instruction hours provided. While study plans are individualised to account for the educational background of each child, in practice, heterogeneous teaching groups that incorporate children of differing ages, backgrounds and skills often compromise the efficiency of learning. Alongside this, the arrival of new pupils throughout the academic year can render the design of a coherent teaching plan difficult.

Box 5.3 Finnish policy at a glance: Preparatory Instruction for basic education PEVA

Preparatory instruction for basic education (PEVA) is intended both for childhood migrants and for those pupils with migrant parents whose Finnish or Swedish language skills and/or other abilities are not deemed sufficient to study in mainstream pre-primary or basic education. When needed, PEVA can also be organised to youth and adults with an immigrant background. Taking part in the instruction does not require a residence permit.

Funding: PEVA instruction is funded on a per student basis through a statutory government transfer equivalent to 2.49 times the transfer for regular pupils.

Duration: Children between the ages of 6 and 10 are eligible for a minimum of 900 hours, while older children are eligible for a minimum of 1000 hours. However, if a pupil is deemed to have sufficient capabilities to thrive in a standard teaching group he/she may be transferred

Box 5.3 Finnish policy at a glance: Preparatory Instruction for basic education PEVA *(cont.)*

prior to the completion of this allocation. Transferring to a standard teaching group is discussed among parents, teachers, and the school's student welfare service.

Individual study plans are drawn up by the teacher in collaboration with the parents. These plans outline the scope and content of courses and are designed to build upon the pupil's earlier educational and other experiences.

Integration into mainstream classes can be started from the beginning of the instruction and usually begins in subjects where the knowledge of language is not particularly essential. The instructive teacher is responsible for the integration, but collaboration with the recipient teacher is important during both the design and evaluation stages.

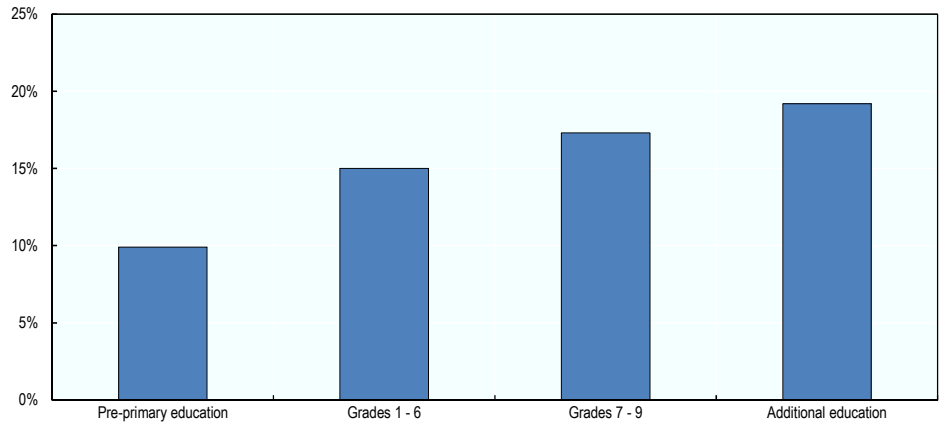
School autonomy is substantial and the education provider is responsible for defining class sizes and drawing up the curriculum – including the goals and organisation of instruction as well as the co-operation between pre-primary and basic education, homes and other agents.

Teacher training (VALMO): Supplementary training for teachers giving instruction preparing foreign-born children, and native-born children with foreign-born parents for basic education is currently being provided (by the University of Turku and the University of Oulu) for teachers who have recently begun teaching such pupils as well as to teachers with an immigrant background. The training, which is free of charge and is conducted over 16 weekend sessions, provides information, methods and tools for instruction, and works to increase the teacher's knowledge of learning a second language, mother-tongue learning, and of Finnish where necessary.

In Finland, rather than tracking or streaming students into ability groups, school is organised around the provision of differentiated instruction tailored to meet individual learning needs. Indeed, students' characteristics, including their abilities, orientations, but also their personalities are taken into account when choosing pedagogical methods in schools (Välijärvi and Sahlberg, 2008). As part of normal schooling, therefore, every child has the right to individualised support, and schools are encouraged to intervene at the first signs of learning difficulties. As a result, a relatively high proportion of pupils receive special needs education in their early years, with the proportion decreasing as their needs are addressed and they progress through primary and secondary education. The majority of those receiving special support are identified during pre-primary education, indeed 10% of students receive special support at this stage in their schooling (Figure 5.9). This accounts for more than half of all pupils that receive such support at some point during their school career.

Figure 5.9. Pupils tend to receive special support early in their educational careers

Share of pupils having received intensified or special support in basic education, 2016



Source: Statistics Finland (*Vipunen*).

Special needs education is mostly given for a short period of time – for just a few lessons, or a few weeks – and is often given by specialised teachers. Three levels of support are available: general, intensified and special support, with students on special support eligible to have their compulsory education lengthened by an additional school year. The curriculum for this additional year may include: core and elective subjects, vocational orientation studies and/or periods of work experience. There is, however, no nationally defined syllabus or distribution of lesson hours for this tenth year, and organisation is at the discretion of education providers. Only approximately 2% of those who complete basic education currently participate in the additional year.

Box 5.4 Recognising risk factors using predictive data in the Netherlands

Many young people who end up dropping out of education struggle with, or disengage from, school for a number of years before they drop-out. As a result, most drop-outs are identifiable, predictable and preventable. In the Netherlands, the *Personal Identification Number* (PGN), which follows students from school to school as they progress through the education system, enables the system to monitor pupils' school careers, school attendance and dropout risk. The PGN offers complete and reliable figures nationally, regionally and at municipal and district levels and all schools in secondary education are expected to register absenteeism, disengagement and dropout. A monthly report is available to municipalities and schools to allow them to give priority to those at risk. In addition, these data are linked to socio-economic data (including demographics, native Dutch citizens, ethnic minorities, unemployment, people entitled to benefits, etc.) by region, city and district, providing a wealth of information for implementing and adjusting policy. This monitoring of results enables the authorities to assess what works and what does not and therefore to disseminate good practices.

Source : Akkerman, Y. et al (2011).

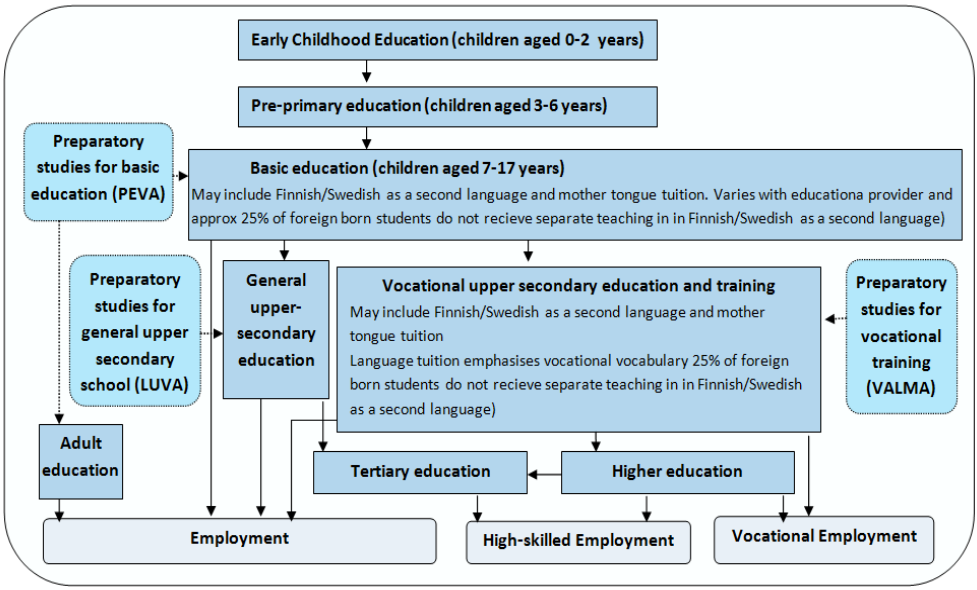
The number of foreign-born students varies substantially from class to class with significant implications for the ease of offering preparatory classes and tailoring these classes to the ages and abilities of attending students. As a result, it is up to the individual school to decide whether preparatory classes will be offered to newly-arrived students, and it is up to the individual teacher to design the content and syllabus of these courses. This large degree of school autonomy in the extent of integration support and the provision of preparatory classes 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. And it is important that such local autonomy is supported by careful monitoring of outcomes and the provision of national guidelines on minimum requirements. Further efforts should be made to harmonise the availability of additional support, 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.

Foreign born youth, and those with foreign-born parents, are at risk of self-censoring their aspirations

Following compulsory basic education, school-leavers may opt for general or vocational upper secondary education (Figure 5.10). Both forms usually take three years and, in theory, both give eligibility for higher education. And, while Finland stands out among OECD countries in the lack of high-stakes tests (indeed, the first national assessment is the matriculation examination at the end of general upper-secondary education) the selection of students for upper secondary school is based on their grade point average for the theoretical subjects in the basic education certificate.[13]

Following the completion of basic education, however, the proportion of young people who go on to enrol in upper-secondary education is substantially lower among those born outside Finland and those with foreign-born parents, than in it among their native-born peers with native-born parents. While 96% of Finnish children with native-born parents successfully enrol in upper secondary education at 16/17, following the completion of their basic education, among the foreign-born this figure stands at just 67% while among the native-born children of migrants enrolment in upper-secondary education at age 16/17 stands at 87%.

Figure 5.10. The path to integration in the Finnish school system



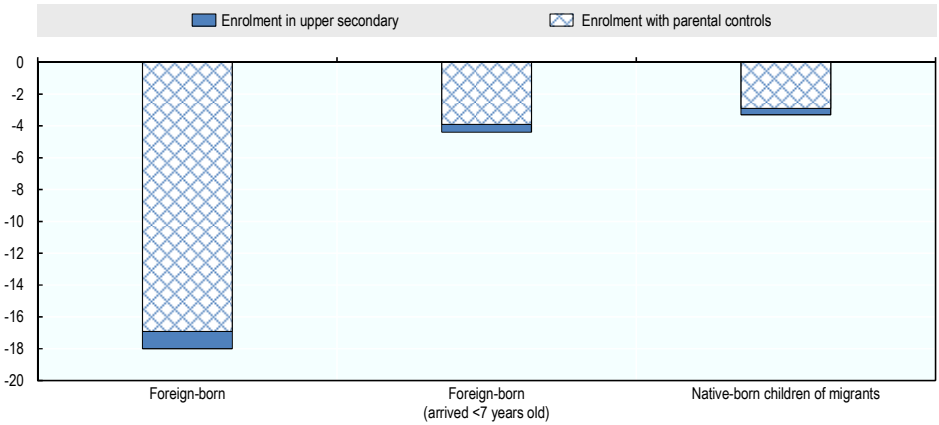
Source: OECD Secretariat based on national legislation and regulations.

Disparities in enrolment in upper secondary education are to be expected to some extent among those foreign-born children who arrive beyond the start of compulsory schooling. These young migrants may find that their struggles with language learning, and other early integration challenges, initially compromise their ability to take on new subject content. Allowing time for newly-arrived migrants to overcome the initial setbacks that, in the presence of age-related hurdles, can constrain their educational options will be important for these late arrivals.

More worrying, from the perspective of integration in education, however, is the low proportion of those that arrived prior to the start of compulsory school who enrol in upper secondary. After nine years in the Finnish education system these young migrants still face enrolment rates that lag over 10 percentage points behind their native born peers (Figure 5.12). This disparity is more than twice as large as the comparable figure in neighbouring Sweden (OECD 2016). These enrolment differentials point to an educational challenge that must urgently be addressed as the numbers in this situation rise.

Figure 5.11. Foreign-born children are less likely to apply to upper-secondary education

Percentage point difference in enrolment in upper-secondary education, by migration status, aged 16, 2009-13



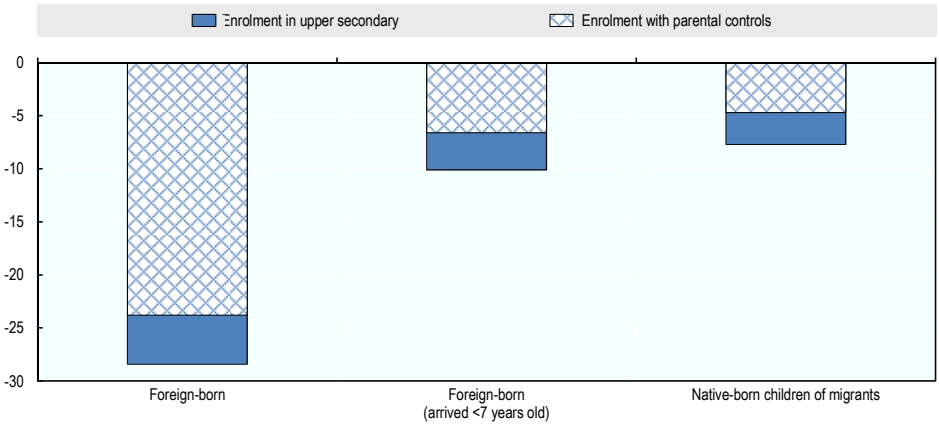
Notes: 1. Results show the coefficients of an OLS regression with municipal year fixed effects and controls for parental background characteristics. Parental background variables include: parental income (mean taxable income in the family unit), parental occupations, and parental age. Municipal year fixed effects are included.2. Parental variables are constructed by linking all persons observed in *FLEED* (15-70 year olds between 1988 and 2013) to a family unite identified by their building, apartment and family code. Parents are defined on the basis of their status in the family, as well as the family type. That is they are defined as household heads and spouses in households that also contain children. This is because information on biological is considered to be less reliable among the migrant families. Given that the definition is not based upon biological relationships it may change from year to year, however, given that the aim is to depict the relationship between childhood conditions and educational outcomes, this should not be regarded as problematic.

Source: Secretariat calculations on the basis of administrative data (*FLEED* database).

Lower enrolment in upper-secondary education among migrants, and among those with foreign-born parents, is partially a result of lower applications to upper-secondary education among these groups. Indeed, while 99% of native born students apply to upper-secondary education, one in every five foreign-born students chooses not even to apply. When parental variables that may have some explanatory power over educational aspirations are controlled for – including parental income, occupation, and age – these results remain largely unaffected. Application rates among the foreign-born continue to lag 17 percentage points behind those among the native born (Figure 5.11).[14]

Figure 5.12. Foreign-born children are less likely to be enrolled in upper-secondary education

Percentage point difference in enrolment in upper-secondary education, by migration status, aged 16, 2009-13



Notes: 1. Results show the coefficients of an OLS regression with municipal year fixed effects and controls for parental background characteristics; 2. Parental background variables include: parental income (mean taxable income in the family unit), parental occupations, and parental age. Municipal year fixed effects are included.

Source: Secretariat calculations on the basis of administrative data (*FLEED* database).

Difficulties in the education system can quickly translate into difficulties on the labour market and, as in many OECD countries, the foreign born in Finland are more likely than their native-born peers to fall outside both education and employment, and into so-called *NEET* (Neither in Employment nor Education and Training). The numbers who are in NEET are particularly elevated among young foreign-born women particularly those aged between 29 and 34, 33% of whom are neither in education nor employment (compared to 19% of the native born). Working with these young women – and their families – to build their aspirations and knowledge of what they can accomplish in the Finnish labour market is a pressing priority.

Native-born children of the foreign-born have not, until now, represented a sizeable population in Finland. Thus, while recent policy change has focused on improving the integration outcomes of those born abroad, little has been done to address the needs of those with a foreign background that are born in Finland. These young children, born and educated in Finland, are an important resource in Finland's aging economy. As they grow, enter and navigate the school system and begin their career in Finland, challenges that have already begun to manifest – such as language difficulties and poorly informed career choices – risk becoming more conspicuous. If these challenges are not

addressed in the near future they risk compromising the potential of these young children and the Finnish economy.

The finding that the proportion of children of foreign-born parents who apply to upper-secondary school falls significantly short of the proportion of children of native-born Finns is worrisome. Career choices tend to be shaped by stereotypes and built upon expectations.[15] Indeed, recent research has found that students more likely to self-select into fields in which they expect more success on the labour market (Arcidiacono *et al*., 2013; Wiswall and Zafar, 2015).[16] These expectations can easily become self-fulfilling as students with low expectations will have a smaller incentive to perform well academically (Jacob and Wilder, 2011; Beaman et al., 2012; Stinebrickner and Stinebrickner, 2014). If entrenched stereotypes about which careers are suitable for those with a foreign background are allowed to impact upon educational decisions, these stereotypes will perpetuate.

Informing and guiding these young migrants, and their families, about the different options offered by the Finnish educational system is a first step of central importance. Both the pupils and the parents need to know what consequences different educational choices have in terms of further education. Career guidance is relatively strong in Finland and, curriculum guidelines require career education to be included into basic education with two hours per week provided in grades 7-9.[17] However, to the extent that young migrants, and those with foreign-born parents, have more limited expectations about what they can achieve in the Finnish education system, targeted support for educational aspirations will be an important tool in addressing educational disparities. The degree to which this is actually the case in Finland is not, however, known.

Access to formal schooling is limited for those who arrive post compulsory education

While helping young arrivals and native-born children with foreign-born parents to thrive in school is clearly a challenge in Finland, providing support for those who arrive just before adulthood is yet more challenging still.

Young migrants arriving in Finland beyond the age of compulsory school have two available options in order to enter mainstream formal education.[18] The first is to enter preparatory studies for vocational training (*VALMA*), and the second, since 2014, is to enter preparatory studies for general upper-secondary education (*LUVA*). Neither of these preparatory courses, however, is particularly well adapted for new-arrivals. Preparatory studies for vocational training (*VALMA*), provides 6-12 months of language and content-based education. VALMA is not targeted at the foreign-born but also supports

the smooth transition to qualification-oriented studies for youth with special needs, and those outside the education system.[19] Tuition, however, is conducted entirely in Finnish/Swedish, and it is only once they have accessed vocational upper-secondary education, that foreign-born students may study Finnish/Swedish as a second language or, possibly, remedial education. Preparatory studies for those choosing to enter general upper-secondary education (LUVA), on the other hand, take one academic year and, alongside language studies, incorporate subject-based study, knowledge of society and culture, and student counselling. Basic education subjects can also be incorporated as part of LUVA to improve grades. However, numbers are limited and, in 2015 just 200 students participated in preparatory studies for general upper secondary education.

Those for whom the language requirements of VALMA are prescriptive may pursue a modular competence-based qualification (*OPVA*) as discussed in Chapter 4. Indeed, just 55% of all foreign born who gained vocational qualification in 2015 did so in the school system – compared to 76% among the native-born population and a full 13% of all competence-based students are foreign-born (Figure 5.13). The assessment procedure, upon which competence-based qualifications are based are well adapted to the needs of those who arrive in Finland after the end of compulsory education. Substantial language support is provided during the assessment process to ensure that linguistic deficiencies do not impede the participant's performance. And, depending on the subjects covered, vocational upper-secondary qualifications can even be obtained as competence-based qualifications. Importantly, as discussed in Chapter 4, the qualifications obtained in this manner are comparable to those obtained within the school system. As a result, potential employers are easily able to assess the level and standard of competence-based qualifications. Furthermore, through the competence-based qualification system students can gain eligibility for further studies at universities of applied sciences in the field.

Preparatory training for competence-based qualifications is offered, primarily, by adult education providers. While this system works well for some migrants, it may not provide sufficient structure and support for the most vulnerable youth – particularly for those young migrants who arrive without the support of a family and who make up the vast majority of those arriving beyond the age of compulsory school.

Unaccompanied minors, in particular, may need more structure and support than is offered by the competence-based qualifications

Unaccompanied minors - young migrants, under the age of 18, who have been separated from both parents - represent a particularly vulnerable group when it comes to access to education. These vulnerable young people

represent the vast majority of young migrants arriving beyond the age of compulsory schooling. Indeed, of the 3 000 asylum-seekers that arrived in Finland between the ages of 16 and 18 in 2015, approximately 2 800 were unaccompanied.

Alongside the hurdles faced by all migrants – language hurdles, unrecognised credentials, discrimination etc. – unaccompanied minors face additional hurdles resulting from the lack of financial and psychological support provided by a family. The structure provided by a formal education, and the peers that accompany it, are likely to be particularly beneficial to these young arrivals who may not find the same benefits within the competence-based system. However, the age profile of unaccompanied minors, the majority of whom arrive at 16 or 17 years of age means that these newly-arrived children have very little time with which to learn the host country language and take on new content before they must face high-stakes tests that determine eligibility for further education.

In addition to a lack of familial support during the integration process, unaccompanied minors are often expected to support the family they left behind through sending remittances. As a result, these children often feel substantial pressure to start work as soon as they can and may not feel they afford to spend time in education. This drive to begin work immediately means that job search intensity is often high among unaccompanied minors. It can, however, undermine long-term employment prospects, as those unaccompanied minors who find employment, often find themselves in low skilled and unstable work. Arriving with little prior education, limited language skills, a lack of understanding of host country labour markets, and a strong incentive to find work, few unaccompanied minors are able to attain the necessary education to prepare them for a resilient career. Many OECD countries have made additional efforts to smooth their integration into the formal school system (see Box 5.5).

Box 5.5. Integrating those who arrive late in OECD countries

Extending compulsory school age. In **New Zealand** compulsory school is age 6-16 but most children start at age five and education is free until age 19. If need be, refugees are allowed to stay in high school beyond that age – until they are 20 or 21. Policy in **Sweden** has been moving in a similar direction and, in 2016, the age at which schooling is compulsory was prolonged by one year. Discussion is now focused on the age limit before which eligibility for upper-secondary must be achieved. Currently, after 20, young people should enter the adult education system which is generally considered to be a less supportive environment.

Basing class assignment on skills and knowledge assessments. In **Sweden**, recent changes have ensured that, since 2016, the grade in which newly-arrived students are placed is determined by a skills mapping assessment. These assessments, which are based upon the new student's knowledge, age and personal circumstances, are carried out in the first two months of a new student's arrival in school. Prior to the change, grade mapping was left to the discretion of the municipality but grades were frequently determined independently of the student's abilities. **Norwegian** municipalities and schools have a large degree of autonomy regarding the support they offer to new arrivals. However, changes to the Education Act will open the possibility to assign students to classes based on their skill level and not only on their age.

Providing orientation classes or courses. While some countries choose to immerse newcomer students who are young enough to enter school into mainstream classes right away, others provide intensive language instruction first. This divide exists largely between mainly English-speaking traditional migration countries where migrant students are generally integrated straight away, and non-English speaking European countries, which tend to favour separate introductory classes. In **New Zealand**, for example, young migrants are integrated immediately into regular classes but may receive special support for up to five years. Students can also receive support from bilingual tutors in order to follow the mainstream curriculum. These tutors play the dual role of supporting the students' adjustment while at the same time supporting the teacher with building bilingual assessments and removing other barriers to learning. Similarly, Canada supports young arrivals to orientate themselves within the school system through its *Settlement Workers in Schools* (SWIS) programme. In **Switzerland**, the speed with which students are integrated into mainstream classes depends upon the canton. In areas where there are few new arrivals, students are integrated directly into mainstream classes with the support of special education teachers. In areas where there are sufficient new arrivals to support introductory classes, students are allocated to these classes for a maximum of one year, where they are taught by regular teachers with an additional qualification in German or French as a second language. In **Sweden**, since 2016, children are offered a phased transition such that, alongside preparatory classes, they are placed in regular classes in subjects were this is possible. In **Belgium**, a nine-week integration course is offered during the summer in Brussels, it is tailored to 16-17 year olds new comers who are not yet eligible for regular integration courses for adults. The programme provides these new arrivals with an opportunity to practice their Dutch and attend lessons about life in Belgium even though school is not in session.

Notes

1. While, clearly, refugees are particularly vulnerable, discussion of the challenges facing Finland's refugees is integrated throughout the entirety of the report.
2. Indeed, a 2015 report published by the Ministry of the Interior and the Ministry of Employment and the Economy acknowledges that it is difficult to obtain information on integration plans drawn up for minors and for families.
3. In Finland, as in Norway, and Sweden, the gender gap in the employment rate is lower than 3 percentage points for highly-educated men and women, and even among those with a low level of education, gender gaps are among the smallest in all OECD countries (OECD 2017).
4. In some cases, parents may receive care allowance and maternity/parental allowance concurrently if the total care allowance they receive for other children under school age exceeds the maternity/parental allowance. However, care allowance is not paid for children for whom maternity, paternity or parental allowance are received. Maternity allowance is paid for 105 working days during maternity leave, after which parental leave begins. Either the mother or the father can take a parental leave, or the parents can take turns. During the parental leave, KELA pays a parental allowance for 158 working days.
5. Refugee countries include those from which over 15% of arrivals in Finland report refuge/displacement as a reason for migration in their benefit application for KELA (This group includes Somalia, Sudan, Iraq, Iran, former Yugoslavian countries, Burma and Viet Nam.
6. Over 64% of Finland's foreign-born population is concentrated in the lowest three income deciles.
7. Indeed recent work by Garcia et al, (2016) has estimated that the ABC/CARE early childhood development programme in the US generated a benefit, in terms of improved earnings, but also reduced life-cycle

medical costs and improvements in the quality of life, of 7 USD for every 1 USD spent on the programme estimate.

8. The National Audit Office of Finland estimates that more than half of foreign-born children are placed in a grade lower than their age group.

9. See Chapter 3 for a discussion of the role of linguistic distance.

10. In practice, students often participate in a mixture of both Language/Literature courses and Swedish/Finnish as a second language.

11. A further 50 new preparatory education groups were opened over the autumn of 2015 to accommodate the large number of young-asylum seekers arriving during this period.

12. National Audit Office of Finland found in 2015, that by the end of the compulsory school, 87 % of students gained a minimum of good level or fluent level (B1.1 –B1.2) in Finnish as a second language.

13. Entrance and aptitude tests may also be used, and students may be awarded points for hobbies and other relevant activities.

14. Foreign-born children who arrived before that start of compulsory education, and children born in Finland with migrant parents are approximately 4% less likely to apply to upper secondary education.

15. In Finland, for example, boys are over four times as likely as girls to expect a career as an engineer, scientist or architect (OECD, 2015b).

16. There is also a wide literature using subjective expectations to understand decision-making under uncertainty (see Manski, 2004 for a review).

17. One hour per week in the optional tenth grade and in upper secondary education. Vocational school students receive 1.5 weeks of career guidance and counselling.

18. Alternatively, young migrants arriving after the end of compulsory school may join adult education life-long learning institutions (*aikuisten perusopetus*), or subscribe directly with the PES for an integration plan.

19. This support is also available to foreign-born adults, who may access VALMA alongside integration training or shortly thereafter.

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Working Together

Skills and Labour Market Integration of Immigrants and their Children in Finland

While Finland's foreign-born population remains small by international standards, growth has been amongst the fastest in the OECD. Finland's foreign-born population have lower employment rates than native-born Finns, and women, in particular, are struggling to integrate and face incentives to stay in the home. Indeed, the employment gap among those arriving from outside the European Union is among the largest in the OECD. This risks long-term implications for the integration of their children, many of whom are struggling to thrive in the Finnish school system. Large inflows of asylum seekers in 2015 put integration squarely on the agenda, and Finland developed a number of innovative integration policies in response. Yet, numbers have since fallen dramatically, raising questions of how to respond to the needs of a large cohort without scaling up the integration system on a permanent basis. This review, the second in a series on the skills and labour market integration of immigrants and their children, provides an assessment of these and other challenges. It includes a holistic assessment of Finland's integration services – such as the new modular integration training, and the Social Impact Bond – as well as challenges related to settlement, early labour market contact and workplace segregation. An earlier review in the series looked at integration policies in Sweden (2016).

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