

# MIGRANTS, MINORITIES AND EMPLOYMENT IN FINLAND

## EXCLUSION, DISCRIMINATION AND ANTI-DISCRIMINATION

RAXEN 3 Report to the ▲ European Monitoring Centre on Racism and Xenophobia (EUMC)

by the A RAXEN Focal Point for Finland
The Finnish League for Human Rights

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### 1. Executive summary

In April 2002, the European Monitoring Centre on Racism and Xenophobia (EUMC) ordered four analyses from four different societal sectors from each of the 15 EU member states. This paper concerns the position of immigrants in the Finnish labour market. The study is based mostly on administrative documents and secondary analysis of existing research. The aim is to sketch the position of immigrants and ethnic minorities in the Finnish labour market. It will also present factors affecting their position, discuss effective existing practices, and potential measures which could and should be used in order to improve their labour market position.

Immigration of labour is a new phenomenon in Finland. The number of immigrants has so far been around 2.5 percent, which is low in comparison with other Western European countries. In addition, there exists a Roma minority of about 10 000 people. Other national minorities are fairly small, except the Finnish Swedish population, which has no special problems in the labour market, and are historically fully integrated.

The labour market position of immigrants is marginal in several respects. The most deprived group are refugee women. There are three kinds of factors behind this deprivation: a) human capital and its transferability; b) racism and discrimination; and c) structural factors.

Experiences of racism are common among immigrants. Employment discrimination however is hidden and difficult to verify. Annually, there are only several court cases linked to employment sector discrimination, although a majority of immigrants have experienced this phenomenon.

Updating human capital is crucial in terms of improving immigrants' labour market performance. However, there are problems with adult immigrant education.

Integrative measures are mostly the responsibility of the labour administration. This means that vocational education is emphasized, and language courses and more general integrative education are in a smaller role than before.

Finnish work permit policy is to be taken in a more liberal direction, but still lacks a comprehensive understanding of the requirements for the lasting and sustainable integration of immigrants. Administrative documents show a lack of understanding of the nature of international labour migration. The false assumption of temporary labour migration or circular migration playing a key role in the future does not encourage the labour administration to bear its responsibility of assuring sustainable integration of immigrants. This risks the objectives of national labour policy, as well as bringing around a high risk of social exclusion of labour migrants and their family members.

The formation of immigrant communities defines a new starting point to integration policies. The question is not only about integration in the labour market, but also about their integration in social, cultural and political terms.

### 2. Introduction

The structure of this report is based on the **\Delta** EUMC guidelines. Thus, the main chapters follow each other in the order set out by the EUMC. The summary of the research is presented in <u>Chapter one</u>. <u>Chapter three</u> presents an insight to the current situation in the labour market, especially from the point of view of immigrants. <u>Chapter four</u> presents some remarks on the method and on the theoretical background.

<u>Chapter five</u> is the first of the two empirical chapters. It presents labour market positions of immigrants and nationals, as well as administrative and other factors affecting these positions. <u>Chapter six</u> is complementary to the previous one, presenting compilations of good practices, and includes several examples of measures which have proven to be efficient in terms of improving labour market position of immigrants and diversity in the labour market. Good practices are divided into three parts according to the sector on which they are based.

<u>Chapter seven</u> includes a short theoretical interpretation of factors behind labour market position of immigrants, as well as a socio-political point of view on the consequences of this position. Chapter eight is a concluding chapter. Chapter nine includes eleven suggestions.

Concept definitions (most concepts are defined in the chapters)

Discrimination: "unjustified separation of people, which is based on their individual differences, and other actions, which sets people in unequal positions without acceptable grounds." (Makkonen • 2000, Scheinin • 1996)

- rejection (Karisto et. al. 1998, Berglind 1974), or direct discrimination (Jasinskaja-Lahti et. al. 2002): Discrimination is justified by a straight reference to the individual/group quality, on which discrimination is based. Typically "traditional" discrimination.
- removal (Karisto et. al. 1998, Berglind 1974), or indirect discrimination(Jasinskaja-Lahti et. al. 2002): Discrimination is hidden behind formal competence requirements and necessity rhetoric. A person conducting removal appeals to factors and tendencies, that he claims to be out of his or her reach, so that no one seems to be actually making the discriminative acts. Removal is often conducted because of "structural necessities".

Racism: "Ideology and acts and practices, which are motivated by racist ideology" (Makkonen ■ 2000, p. 9), two major forms are used here

- **biological racism** (Paananen 1999) or **traditional racism** (Makkonen 2000); racial differences are insuperable, a racially different person is unequal, of less value and threatening, which justifies unequal treatment (ibid., p.9)
- cultural racism (Paananen 1999) or new racism (Makkonen 2000); cultural differences are insuperable. A foreign culture poses a threat to one's own culture, which justifies unequal treatment (Ibid., p. 9)

Human capital: individual resources, which to certain extent determine one's labour market position. Human capital consists of several sub-categories, such as social capital (social networks, social competence), cultural capital (specific informal modes of

behaviour), and "core" human capital (work skills, language skills, work experience etc.) (Reitz ■ 1998, Forsander ■ 2000, Forsander ■ 2001)

#### Labour market segments

- **Primary segment** (Vähätalo 1998, Forsander 2002); people in this segment have rare or casual unemployment and their employment situation is fairly stable. Entering this segment requires good individual labour market resources.
- Secondary segment (Vähätalo 1998) People in this segment face temporary, but fairly common unemployment periods and/or work much in so-called flexible jobs. Traditionally, youth, women and immigrants occupy these jobs.
- Marginal segment (ibid.) Long-term and repeated unemployment, exclusion from administrative measures, grey work, social exclusion.

### 3. Labour market and immigrants

### 3.1. Finland as a country for immigration

The percentage of immigrants in the Finnish population is less than 3 percent, the smallest in comparison with Western Europe. The Immigrant population has nevertheless grown rapidly in Finland during the 1990's.

In the 20<sup>th</sup> century, Finland has been a labour-self-sufficient country, and even a country of labour emigration. The "baby boom" which followed World War II was striking in size even in comparison with other western societies. Age cohorts born in the late 1940's are exceptionally large in comparison with the preceding and following cohorts. The large age cohorts jammed public services as they grew older; first the health care and education systems, and then the universities and labour market. In 1960's and 1970's, the oversupply of labour was followed by labour emigration of hundreds of thousands of Finns to Sweden. At the same time, women's participation in working life was increasing, which also contributed to the sufficient supply of labour. Women's high employment is one of the main reasons Finland has not had to rely on immigrant labour before present time.

Immigration to Finland started to increase during 1990's, when the overall unemployment rate was at its highest, over 20 percent. This was the worst possible timing from the perspective of immigrants seeking labour market entrance. Employment was a very scarce resource during the first years after immigration, and unemployment rate for immigrants in 1994 was over 50 percent. (*Tilastokeskus* 2000.)<sup>1</sup>

In many ways, the administrative ground-level integration measures are still developing. Partly because of continuous political difficulties, the area of responsibility for integration education (*kotouttamiskoulutus*) and vocational training are blurred, which complicates the planning and realization of integrative measures. This seems to be slowing down the integration of first generation immigrants. At the same time, a new kind of criticism has surfaced from the academic sphere: it questions the fundamental goals of the welfare state and the intrinsic value of employment.

The discussion around immigrants condenses the more general debate about whether welfare benefits makes citizens passive, and whether employment on the whole is a coherent tool for societal integration for everyone. The increasing scarcity of employment, the continuously high level of structural unemployment, and the increase of flexible jobs are magnified in the case of immigrants and work as obstacles in the path of integration.

Because of this, there have been numerous ideas, which have provided new alternative integration possibilities and concrete practices. In socio-political terms, we are facing a kind of extended concept of "work", which goes beyond traditional paid labour (for definition, see Rifkin • 1995) and extends towards new forms of work between the public, private and third sectors (see Chapter 6 and Beck • 2000).

There are multiple reasons for the labour market integration of immigrants, and they have been covered in several research projects. The research activity has been mainly funded and carried out by the labour administration, and as a result, the research is largely focused on the development of administrative practices. So far there has been very little academic research, which would treat the subject in a more comprehensive way. At present, a page 18.

<sup>&</sup>lt;sup>1</sup> *Tilastokeskus* (▲ Statistics Finland)

interdisciplinary project *SYREENI* is taking place. It includes several immigrant-specific research projects, and results from these studies can be expected within a few years.

## 3.2. Administrative coordination: integration and immigration policy

The § Law on Integration took force in 1999. The purpose of the act is to improve the societal integration and employment of immigrants, by coordinating immigrant-specific administrative measures and policies in different administrative areas, as well as at the communal level. The act obliges the municipalities to plan an integration programme (kotouttamisohjelma), which works as a starting point in building individual integration and employment paths for immigrants. Many municipalities have made these programmes and put them into practice. There is a wide gap between the objectives of the integration programmes, and the existing reality of measures and practices. (Hallituksen, 2002.)

The heavy emphasis on employment in the integration act has often met criticism, as well as the blurry limits of fields of responsibilities, and the lack of administrative efficiency which follows from this.

At present, the A Ministry of the Interior is preparing the first comprehensive immigration policy outlines in Finland. It is to be brought into force in 2003, when the new Alien act is to take force. Policies regarding asylum seekers and refugees are to remain as strict as at present, but there is a strong emphasis on the labour immigration increase. The immigration of foreign labour will also be coordinated in a more centralized fashion by the labour administration.

The development of immigration policy is largely in connection with the changing labour supply patterns, and especially with the predictable undersupply of labour. As the Finnish post-war "baby boom" produced exceptionally large age cohorts, there will be a sharp decrease of domestic labour supply in the coming years. Labour supply shortage have already been experienced in several economic sectors.

In most administrative documents, the undersupply of labour is to be treated by increasing the supply of foreign labour force, as well as by activating domestic (Finnish) labour reservoirs, such as the long-term unemployed. Unemployment and hidden unemployment are however strongly present in the elderly groups, which means that they will not be a part of the labour force in the long run. Therefore the expected lack of labour is believed to become acute. The labour of immigrants will be needed in order to ensure the vitality of economic life, as well as the functioning of public services (see Figure 1).

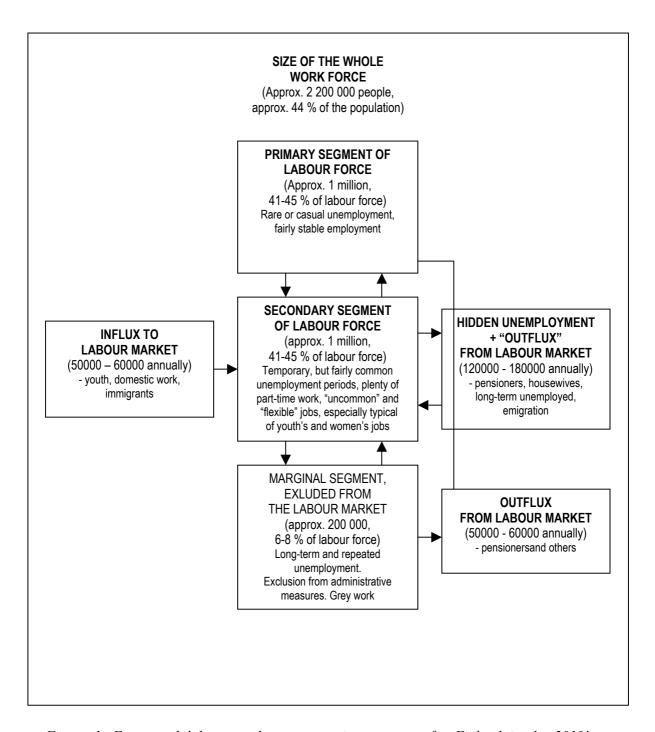


Figure 1. Forecasted labour market segmentation structure for Finland in the 2010's (Vähätalo • 1998, 24). The figure shows, that the way to the secondary segment is a stepping-stone towards the primary segment also in the case of natives who enter the labour market.

### 3.3. Immigrants as part of the labour force strategy

There is gap between the labour force strategy, which is based on immigrant labour, and the weak labour market status of immigrants at present. In relation to the new Alien's Act, a change in work permit policies has been suggested, with an assumption that the coming labour migration would be temporary. These migrant workers, it is believed in the official documents (see for example *Sisäasiainministeriö* • 2001), will enter the country when the job starts, and leave when the task at hand ends for one reason or another.

This kind of assumptions overlooks some crucial administrative and demographic facts, and may lead to further administrative foot-dragging in developing integrative measures. The present resident permit practice, which most likely will be continued in the future as well, allows family reunification. This means that in reality, labour migrants do not enter the country alone, but as families. The needs of these people should be met by developing proper social and health care services, as well as the education system.

Strategies based on the ideal of a "guest worker" (Sassen • 1999) have proved to be far from reality, since they have continuously overestimated the proportion of return migration (Sassen • 1999, 100-101, Pierson • 1998, 78-88.) The Finnish Ombudsman for minorities • Mikko Puumalainen has also expressed his concern on the matter (*Helsingin Sanomat* 3.6.2002). Immigration strategies based on the ideal of temporary migration have even been criticised as exploitive for migrants and ethnic minorities, since the real return migration percentages became available. In spite of this, western governments have not been successful enough in their attempts to improve the integration of immigrants (Pierson • 1998, 76-79).

In Finland, the key question is how to develop measures, which would help those immigrants that don't belong to the most educated groups to advance from the so-called entrance jobs to more stable employment and sustainable labour market integration. The second important challenge is to raise the low labour force participation rates (LFP) of immigrant women to a comparable level with the majority population LFP's. As immigrant communities grow, immigrants will start gaining from their ethnic resources (networks, language skills, etc.), but administrative measures are nevertheless indispensable, and their development needed.

A strategy, which builds on the ideal of a "guest worker" draws a picture of immigrant labour force consisting of remarkably individual and self-sufficient labour market actors, who while living in Finland are employed, and in the situation of unemployment, simply "go home" (see Pierson • 1998, 78).

Administrative policies seem to be handling immigrants with more neo-liberal demands than has usually been the case with Finnish citizens. The end result has been the lack of resources for immigrants' vocational education.

Discrimination in the labour market is to certain extent a different area from administrative problems and issues dealing with human capital. Ethnic discrimination is common in the labour market and especially in recruitment - but hard to prove for example in court of law. In addition, the labour market position of immigrants is normally weaker than could be expected in terms of their education and work experience.

We will return to the topics of this chapter in <u>Chapter five</u>, with specific data from several different studies and statistical sources.

# 4. Method and theoretical context of the study

The aim of the study is to explore the preconditions and obstacles to labour market success for immigrants, as well as to trace good practices and measures aiming to advance their labour market position.

Theoretical context is two-fold; first of all, this study builds on secondary analysis of previous research, as well as statistical sources and administrative documents.

Human capital theory is used as a theoretical context. It stresses the matching of individual human capital and the human capital requirements of the labour market as an explaining factor for labour market success of individual actors. Human capital includes factors such as language skills, work experience, education, social and cultural competence, and social networks. In many aspects, immigrants are not as well off as nationals, because human capital is tied to social context. The content of the theory is explained more specifically in chapter 7.

In addition, explaining models focusing on structural and institutional factors (see Reitz 
1998), have been noted.

To some extent, ethnic discrimination seems to be a separate field in relation to both human capital and institutional factors. Discrimination is not only a structural phenomenon, since it can be reduced to decisions made by certain individuals. On the other hand, discrimination overlaps with human capital mismatch, especially in the case of requirements for Finnish language skills. This is because especially discrimination in recruitment is often hidden underneath requirements for excellent Finnish language skills.

Regarding the theoretical context we believe it is possible to point out some shortcomings in the "human capital" theory. *First*, it is difficult to draw exact borders between the different competences on which "human capital" is based. The borders and interaction between these competences and different forms of capital (social, cultural, linguistic, etc.) are often quite blurry and complex (see Forsander & Alitolppa-Niitamo • 2000, 73, Forsander • 2000). Therefore, human capital theory has been used as a sort of loose context, as an abstract model, which helps to categorise actual phenomena in a simplified form. In other words, the human capital theory has not been adopted in an orthodox manner, but used as a tool to present current research in a comprehensive manner.

The *second* problem proved to be more difficult. How should one define the weight of human capital demand and supply factors, structural factors and discrimination when trying to grasp the obstacles of labour market integration of immigrants? However, it is likely that in the case of Finland, the first two are stressed since immigrant population is relatively "new". The significance of discrimination can be studied better when immigrants of the second generation enter the labour market, since they do not have to deal with human capital mismatch or structural problems, which is a consequence of having moved from one national labour market context to another. In spite of this, discrimination seems to be playing a significant role, especially in recruitment.

# 5. The labour market position of immigrants in Finland

## 5.1. Statistics as an indicator of immigrants labour market position

It is difficult to form a representative statistical group out of immigrant population. This is because statistics based on ethnicity are not legal in Finland, and statistic information about immigrants is based on nationality, country of birth, and mother tongue. The special problem with labour market statistics is that of these factors, nationality is often the only one to indicate who is an immigrant and who is not, and therefore newly arrived immigrants are over-represented in labour statistics. As a consequence of this, conclusions about the labour market position of immigrants are often drawn from this newly arrived group, which naturally distorts the results.

When speaking about labour market positions of different nationalities, it is common that only those who are in the labour force are taken into consideration. However, the labour force participation rates are low overall: also in this sense "normal" statistics show only a slice of reality. These two distortions mean that when one looks at statistics of the Ministry of Labour, for example, it should be kept in mind that, firstly, they usually deal only with foreign citizens, not all immigrants, and secondly, they deal with the group of foreign citizens who are classified as being in the labour force.

Different kinds of problems follow from this. For example, newly arrived immigrants are more often unemployed than immigrants who have been living in the country for a longer period; on the other hand, low LFP rates for immigrants mean that the actual unemployment rates are by far higher in comparison with overall unemployment rate than official statistics suggest.

Since immigrants are statistically a very small population group, statistical resolution is not as high as it is in countries where the immigrant population is larger. For example, instead of comparing figures of immigrants to nationals, we have to compare them to the figures of the whole population.

This includes also information which has been received straight from researchers. In sum, although all the exact statistic demands of EUMC could not be fulfilled, this does not mean that the analysis would not meet the requirements set by the EUMC. Nevertheless, we understand the difficulty of comparing the situation in different countries when the statistical scales differ. We hope that the data presented here, as well as its analytical treatment, will help to fill this gap.

## 5.2. Labour force participation rates and unemployment of nationals and foreign citizens

The overall unemployment rate in 2001 was 9,1 percent (Tilastokeskus = 2002 http://www.stat.fi/tk/el/tyoll06s.html)<sup>2</sup>, whereas for foreigners it was 31,6 percent ( $ty\ddot{o}ministeri\ddot{o}$  = 2002)<sup>3</sup>. The unemployment rate for immigrants was 3,47 times higher than for the whole population. Curiously enough, this relative figure has remained at the same level (around 3,5) from the year 1994. In 2000, the overall employment rate was around 67 percent (69 for men, 64 for women ( $Ty\ddot{o}poliittinen\ aikakauskirja$  = 4/2001)<sup>4</sup>. For immigrants, the employment rate was 60 percent at the time ( $ty\ddot{o}ministeri\ddot{o}$  = 2002a).

Labour force participation rates for immigrants are very low. While the LFP rate for the whole population is 80 per cent (79 per cent for women), the LFP rate for immigrants was only 64 per cent (57 per cent for women) (see table 1). The percentage of immigrants in the labour force was 1,9 percent, compared to their amount of 1,89 percent of the whole population. However, foreign citizens are more often in working age than the average population, which shows lack of employment among foreign citizens (see table 2). (Forsander 2002, Tilastokeskus 2000.)<sup>5</sup>

Table 1. Labour force participation rates for some nationalities in Finland (Forsander 2002). LFP rates under fifty percent are emphasized in the table.

	LFP, all (%)	LFP, women (%)
Whole population	80	79
Turkey	72	47
Nordic Countries (Except Sweden)	70	50
Maghreb	69	23
Former USSR	68	65
Estonia	65	62
All foreign citizens	64	57
Sub-Saharan Africa	57	40
Iraq	56	49
Northern America	52	37
Somalia	52	26
China	50	47

The information from Statistics Finland differs from the estimates of Ministry of Labour, which usually show higher rates of unemployment. For example, in 1998 the Ministry of Labour estimated the unemployment for citizens of Iraq to be as high as 93 percent (81 in the table), and 80 percent for Vietnamese (59 in the table). (Tilastokeskus • 2000, 29.)<sup>6</sup>

<sup>&</sup>lt;sup>2</sup> Tilastokeskus (Statistics Finland)

<sup>&</sup>lt;sup>3</sup> Ministry of Labour, 2002

<sup>&</sup>lt;sup>4</sup> Labour Political Journal 4/2001

<sup>&</sup>lt;sup>5</sup> Tilastokeskus (Statistics Finland)

<sup>&</sup>lt;sup>6</sup> Tilastokeskus (Statistics Finland)

Table 2. Unemployment for total population, all foreigners and selected nationalities in 1994-2001 (N>500) (Tilastokeskus ■ 2000, 24, Tilastokeskus ■ 2002, työministeriö ■ 2002)<sup>7</sup>.

Citizenship	Unemplo	yment ra	te (%)				
	In region	al labour	Estimation of Ministry of Labour				
	1994	1995	1996	1997	1998	1999	2000 <i>(2001)</i>
Iraq	91	82	83	79	81	80	76
Somalia	92	84	81	74	64	74	68
Iran	78	70	70	69	66	75	63
Vietnam	63	60	59	60	59	68	60
Bosnia-Hertzegovina		88	88	80	67	64	50
Morocco	70	63	63	57	58	65	55
Yugoslavia	88	82	75	74	67	53	49
Former USSR / Russia				56	53	53	47
Russia	79	71	69	64	58		
Former USSR	49	45	44	38	34		
Turkey	54	48	45	42	37	38	36
Thailand	58	51	55	43	39	36	32
Estonia	63	55	47	40	32	31	29
Italy		34	31	33	19	18	16
Poland	28	27	27	24	18	14	15
China	20	15	17	17	13	12	13
Norway	24	26	24	23	14	14	12
United Kingdom	25	21	22	17	15	13	11
France		25	25	15	15	12	11
Sweden	32	31	29	25	21	11	10
Germany	19	17	19	17	12	10	10
United States	24	17	18	14	11	10	10
All Foreigners	53	49	48	44	39	37	33,5 31,6
Whole population	20	20	19	17	15	14	12 <i>9,1</i>

The unemployment rate for refugees (mostly citizens of Iraq, Bosnia-Herzegovina, Iran, Somalia, Vietnam) is clearly on a higher level than for other nationalities. Unemployment statistics show that foreign citizens can be divided in two categories; Western citizens and Others. The unemployment rate is highest for nationalities in which the proportion of refugees is large. Unemployment rates are linked to many factors which are discussed later, and which cannot simply be reduced to the qualities of the country of origin. Moreover, institutional factors of the Finnish labour market play a significant role in determining labour market positions for immigrants (see also Sassen • 1999). Therefore, such factors as the general wealth or educational level of the country of origin are not a systematic explanatory factor in this sense.

<sup>&</sup>lt;sup>7</sup> Tilastokeskus (Statistics Finland), työministeriö (Ministry of Labour)

Comparing unemployment rates of different nationalities during the 1990's brings out illuminating perspectives for the correlation of immigrant unemployment in relation with economic trends. It shows that in the nationality groups where the unemployment rate is the highest, unemployment has not decreased in relation to the general unemployment rate. In these groups, the unemployment rate is continuously six to eight times higher than the overall unemployment rate. These nationalities were *de facto* excluded from employment in the 1990's, and there are indications that this exclusion might turn out to be permanent in the case of first generation immigrants. These nationalities cover total of 15 000 people, in addition to several thousand who have gained Finnish citizenship.

#### 5.3. Recruitment

## 5.3.1. Thin line between formal competency demands and discrimination

Recruitment discrimination proved to be a difficult phenomenon to grasp with quantitative data. When asking employers, discrimination is usually denied, since it is both illegal and normatively condemnable. On the other hand, victim surveys show another kind of perspective, which implies that many times discrimination is the most difficult obstacle when seeking employment.

Employers have the possibility to deny factual discrimination, since in recruitment situation they can demand certain formal competency requirements, which in practice are designed to exclude foreigners. In this way, immigrants are easy to turn away in an early phase of the recruitment process, by appealing to some formal requirements, although these requirements have been specially designed to exclude certain groups of applicants.

The most recent excuse for not hiring foreigners is to appeal to the lack of Finnish language skills of the applicant. Depending on the job or task, it is reasonable to demand Finnish language skills to certain extent, but since there is such a big difference between victim survey results and the views of employers, it is likely that language requirements are overstressed and that they actually present a form of discrimination. A qualitative study of Seppo Paananen (• 1999) also suggests this kind of interpretation. In addition, recruitment discrimination seems to be a somewhat universal phenomenon, as several classic studies from different countries show (for example Allport • 1979, Brown • 1996, Wilson • 1996).

#### 5.3.2. Grounds for demanding Finnish language skills

"I graduated as a technician [...] from vocational institution [...] I sent employment applications to 25 different companies [...] Not one of them invited me even to an interview. [...] They appealed to 'defective language skills'. How can they tell that I can't speak Finnish. They said that it showed from my application. But my Finnish language teacher revised the letter before I sent it. After that ... I felt miserable ... many of us Somalis ... we have no chance whatsoever ..."

A Somalian applicant interviewed by Kathleen Valtonen (**1999**, 20-21), translated from Finnish to English for this EUMC report.

According to Timo Jaakkola (**2000**, 64), the requirements for language skills are quite high. The current flagship of Finnish economy, information technology, serves as an English-speaking islet in Finnish working life, but these jobs are difficult to achieve, and usually unattainable for those immigrants who have not been recruited straight from abroad.

Therefore ability to use Finnish is a crucial competency in order to get employment in Finland.

According to Jaakkola (ibid.), recruitment is always an uncertain investment to the employer, and the benefits are in sight only in the long run. Therefore, so-called "substitute factors" are used in recruitment in order to minimize the risks of investments. These qualities, like age, gender or nationality, are easy to perceive, and other individual qualities, as well as general competency to fulfil the requirements of the job, are drawn from them. This is not rational, but it is an efficient way to handle large numbers of applications. (see Jaakkola • 2000, Brown • 1996.)

Based on Finnish research, it can be interpreted that skill in Finnish language is the key substitute factor. Victim surveys show that they consider skills in Finnish as the most important precondition for employment (Forsander & Alitolppa-Niitamo • 2000, Jaakkola • 2000). In fact, skill in Finnish is not solely a substitute factor, since in many tasks being able to use the language is actually a precondition to perform successfully. However, language skill requirements are clearly also substitute factors. According to Paananen (• 1999), employers jump to conclusions about the general competency of applicants often just on the grounds of applicant's Finnish skills.

Employers interviewed by Paananen (ibid.) required the applicants to be aware and able to act according to the cultural rules of Finnish working life; they have to be team-players. This requirement is based on the belief, that the functioning of work community or teams might be distracted by a player who does not know the "rules", or does not play by them. In the speech of employers, there is a correlation between Finnish skills and being able to cooperate smoothly with others. (ibid.)

According to Paananen's (■ 1999) findings, employers value Finnish work culture in somewhat ethnocentric manner. Paananen sees that while language skill requirements set by employers are to some extent approvable, they include features that represent cultural racism. This refers to a belief that people are inherently and irreversibly tied to their cultural (but not biological) background, and on these grounds can therefore be classified into groups. Paananen (1999) concludes that discrimination, which is hidden behind arbitrary language requirements, is so deeply rooted in Finnish working life, that employment is not the right sector as a primary societal integration path for immigrants.

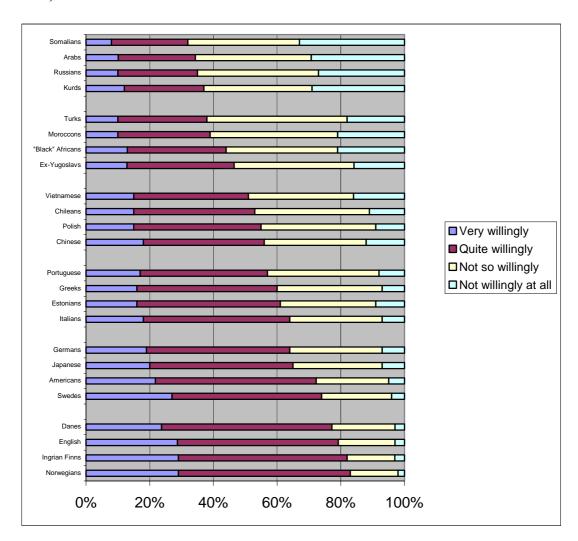
Although immigrants have in several different surveys (Jasinskaja-Lahti et. al. ■ 2002, Liebkind & Jasinskaja-Lahti ■ 1997, Forsander & Alitolppa-Niitamo ■ 2000, Koistinen ■ 1997, Pitkänen ■ 1999) emphasized the importance of Finnish language skills in getting employment, half of them have also experienced discrimination in recruitment (Jasinskaja-Lahti et. al. ■ 2002). Therefore it is useful to look at the phenomenon from another theoretical perspective as well. Swedish researcher Hans Berglind (Karisto et. al. ■ 1998, 109-110; Berglind ■ 1974) uses the distinction between *rejection*, and *removal*. When an employer refuses to hire an applicant because of his skin colour and says it out loud, we are dealing with rejection. Removal refers to a situation where the unwillingness to hire people who belong to certain groups is justified by referring to structures, tendencies, or authority which can not be affected by the person who actually makes the discriminatory decisions (the reasons given can be for example economic recession, changes in production engineering, orders from someone higher in company rank, attitudes of the clients, and so forth). In this way the *gatekeepers* (Paananen ■ 1999) of working life can rationalize their behaviour. (Karisto et. al. ■ 1998, 109-110, see also Bauman ■ 1996, Milgram ■ 1974.)

#### 5.3.3. Experiences of discrimination in recruitment

#### 5.3.3.1. Finnish attitudes on immigration

The research of Paananen (• 1999) can be considered as an empirical milestone, when the aim is to understand the connection between language skill requirements of the employers, and discrimination in recruitment. According to Paananen (Jasinskaja-Lahti et. al • 2002; Paananen 1999) xenophobic attitudes are strongest for example in public services, agriculture and construction. Employers also have beliefs concerning which nationality best suit each job. Unlike with requirements for skills in Finnish, this kind of conclusions drawing on nationality, are by definition racist, as they suggest that people can be classified in groups by nationality, and that these groups should be placed in a clear-cut hierarchy (see Liebkind • 1988, Brown • 1996). A survey research carried out by Magdalena Jaakkola (• 1999, the study was based on a sample of 1000 people representing the whole population) shows that Finns place different nationalities in clear preference hierarchy (see table 2). It is likely that this hierarchy is present in employer attitudes as well, and is embodied in recruitment discrimination, even if employers claim different.

Figure 2. Attitudes on immigration of different nationalities. The question was how willingly the respondent would see these nationalities moving to Finland. (Jaakkola 1999.)



In attitude surveys carried out by *Elinkeinoelämän valtuuskunta*<sup>8</sup> (■ 2001a) during the past decade, one theme has been the attitudes of Finns towards foreigners. The most recent survey was done in autumn 2000. A random sample of 2200 people was used. Half of the respondents was sceptical or negative towards the increasing of immigration (Figure 3). At the same time, 34 percent figured that "increasing immigration would lead to unprofitable mixing of races and would weaken the nations' [Finland] vitality" (figure 4). 57 percent said that sceptical attitude towards foreigners is wise (figure 5). Attitudes towards immigration of foreign labour have however changed for the positive between 1998 and 2000. (Elinkeinoelämän valtuuskunta ■ 2001a.) These attitude surveys show that it is probable that immigrants meet racism in working life as well as in other areas of life.

Figure 3. Views of Finns on the need of labour immigration in Finland. The presented argument was "Ageing and possible declining of our country's population calls for an increase in labour immigration to Finland". (Elinkeinoelämän valtuuskunta<sup>9</sup> 2001a).

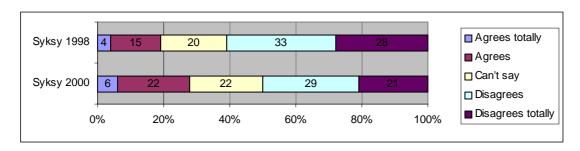


Figure 4. Views of Finns on "mixing of races". The presented argument was "Increasing immigration of foreigners would lead to a undesirable mixing of races and would decrease the vitality of our country [Finland]". (Elinkeinoelämän valtuuskunta 2001a).

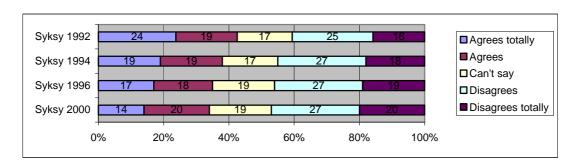
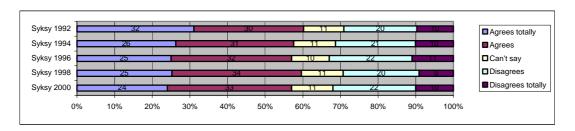


Figure 5. Views of Finns on attitudes towards foreigners. The presented argument was "The reserved attitude of Finns towards foreigners is only prudence, not ignorance or racism". (Elinkeinoelämän valtuuskunta 2001a.)



<sup>&</sup>lt;sup>8</sup> Advisory board for business life

<sup>&</sup>lt;sup>9</sup> Advisory board for business life

#### **5.3.3.2.** Discrimination experiences of immigrants

Discrimination experiences of immigrants have been studied by Annika Forsander & Anne Alitolppa-Niitamo (**2000**), Jaakkola (**2000**) Valtonen (**1999**), Tuula Joronen (**1997**) and Inga Jasinskaja-Lahti et. al (**2002**). One finding is, that immigrants stress the importance of skills in Finnish as one of the most important precondition for getting employment. In other words, immigrants stress the importance of skills in Finnish, while experience racism at the same time. Where can we draw the line between the two?

Forsander and Alitolppa-Niitamo (**2000**) interviewed immigrants who had found employment after a period of unemployment. The aim was to find out which kind of skills and other forms of human capital these employed immigrants have, that the unemployed immigrants do not have. The results showed that employed immigrants had adopted harsh attitudes towards their unemployed fellow-immigrants. They stressed the importance of one's own activity and skills in Finnish, and surprisingly, didn't have experiences of discrimination, or thought that discrimination was not a significant obstacle to employment. (ibid., 46-49.)

Sixty percent of immigrants interviewed by Jaakkola (**1999**) said that skill in the Finnish language is the most important precondition for getting employed. They explained their unemployment with structural factors and the high level of overall unemployment (table 3). Foreign background was only the fifth most common reason given to unemployment in the views of immigrants themselves. However, still 65 percent of Jaakkola's respondents said that being a foreigner was an obstacle to getting employment.

Table 3. "Why is it difficult to get a job?" Percentage distribution of answers given by immigrants in the survey (Jaakkola 2000, 61).

	Very much	Quite much	In sum
High unemployment	51,8	31,4	83,7
Lack of value of foreign work experience	40,8	36,9	77,7
Inadequate language skills	47,8	28,4	76,1
Lack of value of foreign education	31	44	75
Being a foreigner	28,8	36,4	65,2
Inadequate work experience	30,1	30,1	60,2
Lack of value of Finnish work experience	17,5	42,5	60
Lack of value of Finnish education	22,9	28,6	51,4
Religion	21,4	0	21,4

Jaakkola concludes that skill requirements in Finnish language are over-stressed in recruitment practices. At the same time, these skills are a crucial precondition for getting a job. (Jaakkola 2000, 64.)

Based on research findings, Valtonen (• 1999) suggests that employer attitudes slow down the improvements made by vocational training. According to Valtonen, an uneven situation prevails in the labour market, in which certain ethnic groups are discriminated because of prejudices of employers. Valtonen's (ibid, 20-21) results also imply that language skill requirements were used as a pretext in negative recruitment decisions. Interpretations made by Valtonen tend to support Spence's substitute factor theory used by Timo Jaakkola, because the immigrants in Valtonen's sample had experienced this kind of hidden discrimination. However, the main focus of Valtonen's study was not on discrimination experiences.

Joronen (■ 1997) interviewed African immigrants about their discrimination experiences. People belonging to different nationalities answered with slightly different emphasis. Somalians for example stressed that they face discrimination based on both skin colour, as well as on nationality (ibid., 82). Additionally, in the public media, Somalians or "Somalis" carry the stigma of being the "worst-of-them-all" immigrant group. They are also placed in the bottom of Jaakkola's nationality hierarchy (figure 1). In Joronen's data, the interviewees had more experiences with discrimination in 1990's than they did in 1980's. Many of Joronen's interviewees had been told in the phone that the company does not hire foreigners. At first sight, this would seem to be an example of rejection (Berglind ■ 1974). However, the reasons given point at another direction, removal (ibid.).

Most of the negative recruitment decisions were given by cleaning companies. These companies sell cleaning services to other companies, which have externalised this particular function. Foreign applicants were often rejected on the grounds that the customer companies, the ones who are buying the services, had been receiving complaints about immigrant cleaners from their *own* costumers. (Joronen • 1997, 83-84.)

In Joronen's (• 1997, 83) data, discrimination is equally common in all lines of businesses, regardless of gender balance of professions, sector (private / public), or required education levels. In this sense the results are not wholly congruent with Paananen's (• 1999) findings, which suggest that levels of xenophobic attitudes vary much more. She ends up with a conclusion, that in the light of research, ethnic discrimination is a severe problem in the Finnish labour market.

In the beginning of 2002 the biggest so far victim survey on ethnic discrimination was published (Jasinskaja-Lahti et. al. ■ 2002). Before this, ethnic discrimination had been studied in much smaller surveys, or as a secondary subject. The sample of this one was 3 500 people.

Jasinskaja-Lahti et. al. discuss the possible factors behind discrimination in slightly different terms than for example Berglind (■ 1974). Berglind's rejection they call direct removal, referring to different treatment of people on the basis of their inherited qualities. Berglind's removal they call indirect rejection. Indirect discrimination refers to treatment of people, which is formally equal, but discriminative in practice. As an example, Jasinskaja-Lahti et. al. also stress excessive Finnish skill requirements in tasks, where these skills do not actually play such an important role. (Jasinskaja-Lahti et. al. ■ 2002; Scheinin ■ 1996.)

Jasinskaja-Lahti et. al. compare their results to an earlier study conducted with the same methodology (Liebkind & Jasinskaja-Lahti ■ 1997). In 1997, half of the foreigners in the survey had experienced discrimination in recruitment, one third had been bullied or insulted at the workplace, discrimination linked with promotion in company hierarchy had been faced by a quarter, and ten percent stated they had been fired because of their ethnic background. In the same 1997 study, Arabs had most frequently faced problems in recruitment, whereas Estonians was the group where these experiences were most rare. Somalians, Arabs and Turks had most frequently experienced racism in working life in general. (Jasinskaja-Lahti et. al. ■ 2002, 35; Liebkind & Jasinskaja-Lahti ■ 1997.)

The sample for the 2002 study was remarkably bigger than in 1997. The results show that there is clear variation between nationalities in their discrimination experiences. As in the 1997 study, in the study of 2002 Arabs had most problems in recruitment, and Estonians the least (see table 4). Of the Arabs and Somalians who had faced racism in recruitment, more than a half had had these experiences more than once. (Jasinskaja-Lahti et. al. 2002, 86.)

Table 4. Experiences of discrimination during the whole residence time in Finland, of those who have applied for a job or been working in Finland (Jasinskaja-Lahti ym. 

2002, 87).

Type of	N	Experiences of	Albania	Arabia	Somalia	Vietnam	Rusias	Estonia	Finland	All
discrimination		discrimination	%	%	%	%	%	%	%	%
Recruitment	2598	No	52	36	19	51	49	65	54	50
		Yes	48	64	81	49	51	35	46	50
		All	100	100	100	100	100	100	100	100
Advancing	2149	No	74	63	59	82	73	80	82	76
in job		Yes	26	37	41	18	27	20	18	24
-		All	100	100	100	100	100	100	100	100
Firing from	2405	No	90	86	79	95	96	95	97	94
job		Yes	10	14	21	5	4	5	3	6
-		All	100	100	100	100	100	100	100	100
Bullying at	2346	No	69	56	57	73	70	73	71	69
workplace		Yes	31	44	43	27	30	27	29	31
·		All	100	100	100	100	100	100	100	100

In order to assure the reliability of the results, several background variables were standardized; these included the interviewee's age, gender, residence period in Finland, years of education, main activity (employment/student ...) Finnish language skills, and place of residence in Finland (Jasinskaja-Lahti et. al. ■ 2002, 103). According to the survey, discrimination experiences were in correlation only with gender and Finnish skills; men had faced more discrimination than women, and immigrants with good skills in Finnish had faced more discrimination than those with less developed skills in Finnish. (ibid., 106.)

The authors conclude, that because of the latter finding, good skills in Finnish do not protect immigrants from experiences of discrimination. They offer the hypothesis that those with good skills in Finnish face discrimination more often simply because they have more experience with employers and recruitment. It is however also possible to assume, that immigrants interpret problems in recruitment more clearly as discrimination-bound when adequate Finnish skills give less reason for negative recruitment decisions.

Forsander ( 2000) has questioned whether the problems immigrants faces in recruitment are connected to lack of language skills at all. Will rejection of foreigners only change to a more unhesitating form as the general language skills of immigrants develop? In this case, we could soon be facing a statistical rise in recruitment discrimination, even if factual discrimination would not increase. Only hidden discrimination would transfer into a more obvious form.

#### 5.3.4. Conclusions on recruitment discrimination

(This is a conclusive chapter. For references, please see earlier parts in Chapter 5.)

A large number of immigrants living in Finland have experienced discrimination in Finnish working life and recruitment. The beliefs and practices that employers apply in recruitment and working life and the reasons that they give imply that often being a foreigner is a negative quality in comparison with a Finnish applicant or employee. Finnish applicants/employees set the standard for other nationalities, and is by definition the benchmark of a good employee. Immigrants are valued in recruitment (as well as in their payment, as we can see from the preceding chapters) according to their nationality and "level of Finnishness", which is measured by their skills in Finnish language. Discrimination is hidden and delicate, which makes it difficult to grasp and verify.

Immigrants coming from neighbouring areas, such as Russia and Estonia, and from other Western countries have faced the least discrimination, and have a high rank in the general popularity hierarchy of nationalities according to opinions of Finns. At the other end of the scale are Somalians, Arabs, and Turks. Experiences with discrimination also vary in other aspects besides nationality. Most of the immigrants have however faced discrimination while living in Finland.

Ethnic discrimination in recruitment and in working life is common and obviously works against the labour market integration of immigrants. In addition, there are several structural factors, and factors connected to human capital mismatch which add to the obstacles set by racism in Finnish working life.

### 5.4. Immigrants' experiences about public services

Immigrants have mostly positive experiences from the service they have received in employment service agencies (Jasinskaja-Lahti et. al.  $\blacksquare$  2002, 84). There is a worrying aspect however, that the so called "visible minorities" (see for example Makkonen  $\blacksquare$  2000), who are distinctive by their appearance (for example clothing or skin colour), such as Arabs and Somalians, have more negative experiences than others. In the case of Somalians and Arabs, more than a third have had negative experiences in employment service agencies, whereas in other groups, only around 10-15 percent shared this view in their own part. Experiences in the services of the  $\triangle$  Directorate of Immigration (*Ulkomaalaisvirasto*) point at the same direction. Over half of Somalians and Arabs considered that they had received bad service, whereas in other nationalities, 72 to 86 percent were satisfied with the service they had faced. (ibid.)

Immigrants' experiences from some welfare service systems, such as employment service agencies and the Office for Alien Affairs seem to be becoming differentiated according to ethnic background. This might imply that in public services, people are treated differently according to their ethnicity. Paananen's (• 1999) findings point in this direction as well. The officers in employment service agencies use their power to allocate services to job applicants, and this does not seem to be happening in a coherent way. There is also a larger tendency in which the best employment measures are provided for the applicants who already have the best possibilities of getting employment (Vähätalo • 1998).

## 5.5. Location of immigrants and nationals in the labour market

As immigration to Finland started to increase rapidly in the 1990's, the majority of immigrants have stayed in Finland only for a short period in the context of labour market integration. Because of the strict immigration practices, chain migration (Sassen • 1999) has not been taking place, and as a result of that, immigrant population is heterogenous (socioeconomic status, residence status, nationality etc.) and consists of nationality factions more than ethnic communities (see Forsander • 2001, Ylänkö • 2000 and • 2002). Because of this and several other factors which are discussed in chapter 7, immigrant population is split in two major groups according to their labour market positions. These groups are immigrants form Western countries, and Others.

Immigrants from outside Western countries generally obtain a deprived labour market status in comparison with the mainstream population, according to several key indicators. At

present there has not been any exhaustive research done on this topic, which means that we have to operate with a limited amount of variables.

Annika Forsander ( 2000) has done statistical research on non-Finnish and non-Swedish immigrants aged 15-64, who moved to Finland between 1989 and 1993. The sample covers 33 percent of the target group, of 31 500 immigrants. According to the findings, immigrants are over-represented in certain labour market segments and lines of businesses. Forsander seeks to explain whether this segmentation is a temporary phenomenon following from human capital mismatch, or that ethnic segmentation is turning out to be a permanent feature of the Finnish labour market. Forsander applies human capital theory, which suggests, with support from statistical data (see Reitz 1998), that the labour market position of newcomers improves around five to ten years after the time of immigration, before it settles. Therefore the target group of Forsander is still likely to do better in the future.

Different nationalities have immigrated for different reasons. People from the former Soviet countries and Estonia are typically Ingrian Finnish re-migrants; Somalians, Iraqis, Iranians, Vietnamese, Afghans and people from the Balkan countries are refugees; people from sub-Saharan Africa are students; Nordic citizens have immigrated as EU or EEA nationals, immigrants from Oceania are labour migrants, and others are spouses of Finnish citizens or other permanent residents.

Those in the best socio-economic positions were keenest to migrate. Most of the immigrants who emigrated from Finland before 1996, could be described as well-off immigrants. The smallest immigrant group were refugees, who are also in the worst socio-economic situation.

Forsander & Anne Alitolppa-Niitamo (**2000**) collected data from regional labour statistics (sample of 4055 immigrants), and added data based on interviews (134 interviewees were picked from the sample). In both these studies, the samples are valid and the results can thus be generalized to cover immigrant population in Finland. The only reservation is that the data is not up-to-date, but describes the situation of the late 1990's.

#### 5.5.1. Educational backgrounds

Comparing the educational background of immigrants is difficult due to the differences in educational systems and degrees between countries (Forsander & Alitolppa-Niitamo ■ 2000, 15-18). This has been problematic not only for research, but for the designing of vocational training, since the starting level has been difficult to determine (see for example Forsander & Alitolppa-Niitamo 2000, 15-18, Honkanen ■ 2000).

Jaakkola (**2000**) has used years of education as an indicator of education level, but for Forsanders' (**2000**) data, this was not an accurate factor in explaining labour market success for immigrants. More important proved to be where the education had taken place. Generally Western degrees were more valued than others.

Educational profiles vary substantially between nationalities, although variation within the groups was large as well. Polarization of education into high and low levels is typical for immigrants in comparison with the mainstream population. We can find polarization especially within the Chinese, and Somalian populations.

Education levels were the highest amongst the Chinese, former Soviet citizens, people from Central and Eastern Europe, and from the Nordic countries. Education levels were lowest in the case of Vietnamese, Thai, Filipino and Turkish immigrants. In the case of all immigrants, there is more polarization than in the case of average population. (Forsander • 2000 and • 2002.)

Table 5 is based on data of Ministry of Labour, which means that it only covers those who have been using services of Ministry of Labour. In practice, this means that the percentage of those with highest educational background is higher than it is in this table. The sample is 8556 people. (Forsander • 2002.)

Table 5. Education levels of whole population and foreign citizens (Forsander ■ 2002).

Education	Foreign citizens %	Whole population %		
Primary stage or unknown	53	24		
Intermediate grades	29	46		
Lowest high grade	4	17		
Lower high grade	4	5		
Higher high grade	8	7		
Researcher education	2	1		
In sum	100	100		

In the data of Forsander and Alitolppa-Niitamo (**2000**, 16-17), the education level of women was higher than that of men in almost all nationalities. The same is true for the education levels of nationals, when the focus is on the same age group (ibid., 17; Tilastokeskus **1998a**, 140)<sup>10</sup>.

#### 5.5.2. Sectors and work tasks

Immigrants are likely to start in certain kinds of jobs when entering the Finnish labour market; Forsander calls these "entrance jobs" (Forsander 2000, Forsander & Alitolppa-Niitamo 2000). This can also be seen in Vähätalo's figure, which was presented earlier (Figure 1). Unlike in other Western labour markets, in Finland entry jobs are situated in the service sector, instead of industrial work (Forsander 2000, 261). Most typical branches and jobs for immigrants have been presented in table 6. The table is also presented in Forsander & Alitolppa-Niitamo's (2000, 21) report.

Table 6. Percentages of employed immigrants in different lines of businesses (Forsander & Alitolppa-Niitamo ■ 2000).

Line of business and most common jobs	Percentage
Catering	
-pizza cooks, cook, waiter, pizza entrepreneur,	15
kitchen helper	
Metal, electronic and wood industries	
- dweller, collector, mechanizer, warehouse worker,	15
packer	
Cleaning	
<ul> <li>cleaner, matron/patron of an institution</li> </ul>	9
Caring	
- doctor, nurse	8
Construction	
- construction worker, painter	6
Education	
- teacher of own native language	6
Vendors	
- Shop assistant, clerk	5

<sup>&</sup>lt;sup>10</sup>Tilastokeskus (▲ Statistics Finland)

•		
<i>(</i> )+	h	"

- for example, transportation, researcher, office worker, IT technology, musician

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When the placement of immigrants is further divided into gender, it can be seen that immigrant men are over-represented in areas traditionally held by women, such as health care, cleaning, teaching and catering (Forsander • 2000). In 1999, immigrants in Forsander's (• 2000a) target group had achieved the positions presented in table seven.

**Table 7. Typical professions for different nationalities (Forsander** ■ 2000)

Nationality group	Occupational segment	
Former Soviet Union	Health care, transportation, cleaning	
Estonia	Sales, transportation, construction	
Somalia	Teaching, community and social work	
Sub-Saharan Africa	Cleaning, distribution of mail	
Former Yugoslavia	Industry	
Vietnam	Industry	
EU and Switzerland	Teaching, business management	
Eastern and Central Europe	Entertainment, technical fields	
North America	Teaching	
Maghreb	Catering, cleaning	
Middel East	catering	
China	Technical fields, catering	
East Asia	catering	
Thailand and Philippines	Catering, cleaning	
India	Catering, cleaning, sales	
Turkey	Catering	

Educational background affects employment. Those employed in teaching and caring have the highest levels of education, whereas the educational level of those working in catering and cleaning are the lowest (Forsander & Alitolppa-Niitamo 2000, 18).

Those working in technical fields have usually updated their education by participating in vocational training (ibid.) Immigrants working in technical and industrial fields were employed in tasks that were lower than their work experience in their country of origin, as well as below their education level. They get low-skilled tasks, although their previous work experience was in managerial positions, consistent with their education (Forsander & Alitolppa-Niitamo • 2000, 22.) Forsander & Alitolppa-Niitamo (• 2000, 45) sketch a table (table 8) based on interviews (N = 134), which presents some background factors for the different labour market positions of immigrants.

Forsander & Alitolppa-Niitamo conclude that immigrants are able to attain entrance level jobs in the labour market through their own efforts, but in order to advance to jobs in line with their education, they need different kinds of measures provided by the labour administration. This is partly because they lack Finnish contact networks and often miss information about job vacancies. Especially those who have academic education and have immigrated for reasons other than employment face difficulties in getting employed in tasks that are in line with their education. (Forsander & Alitolppa-Niitamo • 2000, Forsander • 2000, Valtonen • 1999, 22-25.)

According to Forsander ( 2000), the ethnic divisions in the Finnish labour market follow the guidelines set earlier by Western European countries that have been receiving immigrants for a longer period of time. There are few exceptions. Firstly, Estonians seem to be advancing faster than they "should", probably because the Estonian language is very close to Finnish, and often Finnish is both spoken and understood by Estonians. Secondly,

traditional industrial work does not play a significant role in employment of immigrants, but immigrants are employed mostly in public and private services. This is simply because traditional entry jobs that used to give employment to immigrants in western Europe earlier on, practically disappeared before immigration to Finland increased.

Immigrants who come through the work permit procedure are mostly from Russia and Estonia, since EEA and EU citizens are not required to have work permits. Work permit statistics show clear polarization of these labour migrants. Low-skilled gardening jobs account for almost a fifth (19, 3 percent) of the permits granted in the second half of 2001, whereas high-skilled IT sector jobs accounted for 12, 3 percent. Other branches were considerably smaller (see table 9). Work permits for gardening and agriculture were mostly of short duration, since these jobs are seasonal. These work permits were applied by Russians and Estonians living near Finland, so clearly, it is a question of circular migration (Sassen 1999). IT professionals coming outside of EEA, mostly from India, Russia, China, United States and several Western and Eastern European countries, were granted longer work permits.

Table 8. Factors behind labour market position of immigrants (Forsander & Alitolppa-Niitamo ■ 2000).

Labour market position	Most important explaining factors
Unemployed and students (30 percent in the sample)	<ul> <li>- under 25 or over 45 years of age</li> <li>- education of either basic or intermediate level</li> <li>- residence time in Finland less than 5 years</li> <li>- not much Finnish work experience</li> <li>- reason for immigration family ties or asylum seeking</li> </ul>
Working in jobs not up to skill level (14 percent in the sample))	<ul> <li>residence time in Finland usually less than 10 years</li> <li>not much Finnish work experience</li> <li>reason for immigration return migration or marriage</li> <li>evaluate their own skill in Finnish satisfactory or tolerably</li> <li>many have found employment via fiancé or foreign friends</li> </ul>
Working in jobs in line with skill level (50 percent in the sample)	<ul> <li>residence time in Finland usually long, often more than 10 years</li> <li>lot of Finnish work experience</li> <li>reason for immigration studying or marriage</li> <li>evaluate their skill in Finnish as good or non-existent (in the latter case the working language is usually English)</li> <li>have found emloyment via Finnish friends or employment service agencies</li> </ul>
Working in the right line of business, but in jobs not up to skill level (5 percent in the sample).	<ul> <li>lot of short jobs in Finland</li> <li>high level of education</li> <li>estimation of own skill in Finnish good or very good</li> <li>have found employment via straight contact to the employer or through an add</li> </ul>

Table 9. Work permits recommended in employment service agencies by line of
business and nationality from June to December 2001 (työministeriö ■ 2002a) <sup>11</sup> . The
most common jobs in each nationality and line of business are emphasized in the table.

Occupation	EST	RUS	СНІ	POL	IND	US	HUN	UKR	LIT	ROM	other	ALL
Gardening	681	1369	1	65	0	0	1	15	63	2	62	2259
IT bosses, programmers etc.	37	89	81	23	165	52	91	19	4	64	187	812
Electronic and IT engineers	37	84	71	8	129	32	27	7	6	49	173	623
Welders	243	234	0	21	0	0	0	54	8	0	4	564
Transportation	195	203	0	0	0	0	0	3	0	0	4	405
Plummers	247	110	0	12	0	0	0	8	14	0	9	400
Farm workers	208	71	0	4	0	0	0	1	24	5	19	332
Chefs and cooks	4	44	73	0	15	0	4	2	0	0	174	316
Home helpers	137	27	5	2	5	4	2	2	5	11	92	292
Other engine shop and industrial metal work	195	63	0	12	0	0	0	0	1	0	6	227
Platers	148	104	0	19	0	0	0	1	0	0	3	275
Athletes and team managers	10	34	4	2	0	65	11	15	4	3	102	250
Other	2202	934	209	223	55	186	127	56	51	46	756	4845
All	4344	3366	444	391	369	339	264	183	180	180	149	11650

#### 5.5.3. Salaries

In Forsander's (■ 2002) statistical data, only five percent of foreign citizens are in so-called typical jobs, in other words, full-time and long-term, whereas the same figure for the whole population is 60 – 70 percent (Kasvio & Nieminen ■ 1998). Therefore comparing salaries statistically is difficult.

However, interview data by Forsander and Alitolppa-Nitamo (N = 62) implies that the salaries of immigrants are lower than average in all lines of business (Forsander & Alitolppa-Niitamo ■ 2000; Tilastokeskus ■ 1998, 367)¹². The interviewees considered employers were trying to exploit foreign workers by offering low salaries. In practice, this means minimum pay or trainee pay. This could be possible, because foreign work experience may not matter to employers (ibid, Paananen ■ 1999). However, according to Jaakkola (■ 2000, 81) 86 percent of employers claim that all employees are paid equally, regardless of their ethnic background.

Forsander & Alitolppa-Niitamo (**2000**, 28-29) conclude that the salary levels of immigrants are lower than for the average population when elaborated with education and work experience. Jaakkola's (**2000**, 80-81) results point at the same direction. According to his data, citizens of US and UK had the highest salaries. The salaries also correlated with their level of education. However, because of the small samples of both Forsander & Alitolppa-Niitamo and Jaakkola, these figures are for guidance only, and have not been presented here as tables or figures.

<sup>&</sup>lt;sup>11</sup> ▲ Ministry of Labour

<sup>&</sup>lt;sup>12</sup> Tilastokeskus (Statistics Finland)

#### 5.5.4. Immigrant entrepreneurship

Tuula Joronen and Abdullahi A. Ali ( 2001) have conducted research on immigrants entrepreneurship activities in Finland with statistical data, surveys and interviews. Their data shows for example the most common types of businesses for each nationality, and the connection between line of business and education. Those in financing, insurance and housing are typically from North America, Europe and Australia and have university degrees. Those specialized in retail trade and catering are often from Turkey, Asia, North Africa and Middle East, and have either occupational degrees or basic education.

Entrepreneurship was most common among Turkish immigrants. Approximately 22 percent of Turkish people in the labour force worked as entrepreneurs, whereas the figure for EU citizens for example was only 7 percent. Less than one percent of Somalians, Vietnamese and Iraqis had employed themselves as entrepreneurs. In a regional comparison, most of the entrepreneurs were from the Nordic countries (see table 10).

Almost all immigrant-run companies in Joronen and Ali's (**2000**, 210) sample employed less than five people. The majority of immigrants interviewed in the study had started their own business because of frustration with paid labour, applying for a job, or disappointment with the absence of promotion in working life. (ibid., 213.)

Immigrant entrepreneurs had typically had long employment periods in Finland before starting their own business. This means that in the case of immigrants, it is not common to start a business immediately. The development of personal as well as professional networks, and the ability to use networks efficiently, were crucial resources for immigrant entrepreneurs (Joronen& Ali ■ 2001, 248, Joronen ■ 2000, 32). These findings imply that entrepreneurship is not – at least not yet – a shortcut towards employment and better labour market position for immigrants. According to Joronen (■ 2000, 34-35), the preconditions for more successful immigrant entrepreneurship in the future, include the facts that the average residence time increases; the age structure of the immigrant population is good (large young working age cohorts); restrictions of entrepreneurship have been demolished, and general unemployment has decreased and in return increased consumption. Already, immigrants in the Helsinki area have started their own businesses faster than immigrants living in Sweden (Joronen ■ 2000, 34).

Table 10. Immigrant companies in the Helsinki area by geographical area of origin of the entrepreneur in 1998. (N = 1685) (Joronen **2000**).

Entrepreneur's area of origin	Typical line of business	Percentage of companies in the sample
Nordic countries	Foreign trade, business services	24
Former USSR	Foreign trade, business services	22
Center and Eastern Europe	Foreign trade, business services, education	21
Eastern Europe	Business services	2
North America	Business services, foreign trade	6
Central and South America, Australia	Business services, foreign trade	1
Africa, Turkey, Far and Middle East	Catering	24
Total		100

#### 5.5.5. Situation of citizens of the former Soviet Union area

In it's feedback about *RAXEN 2* final reports of Finland, EUMC asked for a special observation on the situation of former Soviet citizens in Finland. This group of immigrants does indeed play a significant role in Finnish immigrant population, as well as in the labour market.

The largest national groups from this area are Russians (22 724 in 2001); Estonians (11662); other citizens from the former USSR (2249); and Ukrainians (1133). Altogether immigrants from the former USSR were 37 768, up to 38 percent of the whole foreign population in Finland. (Tilastokeskus • 2002.)<sup>13</sup>

Altogether 21 131 work permits were granted in 2001 (työministeriö • 2002b). Russians and other citizens from the former USSR received 8260 permits, and in addition, Estonians received 6030 permits, and Ukrainians 450 permits. Altogether these nationalities received about 14 750 permits, which represents no less than 70 percent of all work permits given in 2001. The percentage is substantial, but it has to be noted that EEA citizens are not present in work permit statistics, since they do not have to apply for one in order to work in Finland.

The citizens of the former USSR received most permits for gardening (see table 8). In practice, gardening means harvesting, typically working in strawberry gardens. The work permits are short since work is seasonal and follows the patterns of circular migration (Sassen • 1999), in which the labour migrants live permanently in one country, while regularly working in another.

The work permit statistics do not however reveal the true situation, and labour market placements of those living permanently in Finland, or those who already have Finnish nationality. The labour force participation rate for the citizens of the former USSR area is 68 percent (65 percent for Estonians), which is by far lower than the LFP rate for the average population, but still above the average of foreign citizens (Forsander • 2002). The unemployment rate for former Soviet citizens was 47 percent in 2000, and for Estonians it was 29 percent. Thus, Estonians are below the average unemployment rate for foreign citizens, but other nationalities from the former USSR exceed it greatly. One explanation may be the closeness of Estonian and Finnish languages.

Table seven draws a coarse picture of the position of former Soviet citizens in different jobs in the labour market. Typical jobs include health care, transportation, sales, cleaning and construction. Estonians have a good reputation as construction workers, even in the late 1980's when there was a labour shortage (Paananen 1999).

In spite of economic development in Russia and Estonia, the gap in general living standards between these two countries and Finland is notable. Russians and Estonians play a key role in circular labour migration patterns in Finland, both in legal and illegal forms. Illegal labour migration forms quite large part of circular migration patterns in quantitative terms. They might even exceed the number of legal labour migrants who practice circular migration. According to a recent study (Lehti & Aromaa 2002), in areas close to Finland – such as Murmansk, St. Petersburg, and Estonia - there are up to five or six thousand prostitutes who practice prostitution in Finland regularly or from time to time. The working periods can be a few days or up to a few weeks, and Finland is entered under tourist status. Working without a work permit is possible, because prostitution, although being legal in Finland, is not controlled by authorities, nor by labour unions. Although there is no supervision of working

<sup>&</sup>lt;sup>13</sup> Tilastokeskus (Statistics Finland)

conditions of prostitutes, according to Lehti and Aromaa (2002), they are practicing their profession quite freely, without facing much problems with exploitive pimping.

In sum, compared to the general number of immigrants in Finland, there are large Russian and Estonian minorities, although when comparing these figures to the whole population, their numbers are small. The employment situation of Russians who live permanently in Finland is weak in general terms. The labour force participation rate is low, unemployment quite high and they are limited in entry level jobs. Estonians are doing somewhat better. It must be noted, that both groups are doing quite well in comparison to other immigrants, but that in general comparison with mainstream population, their situation is deprived. In addition, both countries provide the Finnish labour market with both legal and illegal circular labour migration.

#### 5.5.6. The Roma

There are around 10 000 Roma in Finland, and are the biggest traditional minority (Jaakkola 2000, 37). The Roma face multiple obstacles to societal integration in social and health services, as well as because of the attitudes of the mainstream population (Streng 2002, 32-37). However, little research has been done on the labour market situation of the Roma.

The problems with labour market integration in the case of the Roma are linked with problems that they face already in the schooling system. Jaakkola (• 2000, 37) suggests that these problems are based on a clash between the Roma culture and the demands of the mainstream culture. Others (for example Streng • 2002, 36-37) have criticised the fact that only 15 percent of Roma children receive education in their mother tongue. This is likely to increase school dropout cases for Roma children. The minister committee of the European Council has urged Finland to develop the teaching of Roma language in order to meet the demands of agreements by the • Council of Europe (ibid. 35).

In Jaakkola's (**2000**) study, there were only 30 Romas. Over 65 percent of the Roma in this small sample had experienced discriminative treatment in the workplace, from employers and from co-workers. The reading is high in comparison with immigrants in Jaakkola's sample. The most remarkable difference considering employment obstacles for immigrants and the Roma is the Finnish language, which Roma normally adopt as a secondary language. Otherwise, the Roma display the same preconditions for employment, as do immigrants. (Jaakkola **2000**, 61, 71.)

According to Jaakkola's findings, ethnic networks of the Roma are not efficient as a tool for gaining employment; most of the employed Romas in his sample had been recruited through employment office or after a spontaneous contact with an employer. One explaining factor Jaakkola ( $\bigcirc$  2000, 37) offers, is that the traditional concept of work among the Roma extends beyond "normal" wage work. It is hardly the only explanation; one must assume that at least to a certain extent, the Roma are facing forced exclusion from paid labour, rooted in structural factors (especially discrimination and problems with the schooling system).

According to Jaakkola (**2000**, 97), the structural development work that must take place in order to improve the labour market integration of the Roma are similar in both the case of the Roma and immigrants, except for vocational Finnish training. However, in the case of the Roma, developing the schooling system to be more adaptive is a clear priority.

## 5.6. New legislation on integration and working permits

#### 5.6.1. Changing of working permit policies

After independence was gained in 1918, Finland was a fairly isolationist nation-state until the beginning of 1990's. Supporting national unity in politics and societal measures in general played a central role in public life (Lepola 2000). Immigration policy has been restricted by nationalism, sufficient supply of domestic labour, and the lack of historical migration ties to other countries.

Immigration policy and legal practice have been quite strict, even though legislation has been more relaxed. The § Aliens Act was passed in 1991, but it has been amended approximately 16 times, so it is questionable whether the law is consistent. The law is being revised and new law should come into force in 2003.

The Government's agenda on migration and refugee policy (Hallituksen maahanmuutto-ja pakolaispoliittinen ohjelma) was published in 1997. It aimed to advance, in a "controlled" way, the free movement of people, as well as immigration of skilled labour and seasonal workers from neighbouring areas (Sorainen 1999). In practice, in 1999, the programme seemed to exist only on paper, was not referred to in public and didn't affect work permit practices (Sorainen 1999). Nowadays, EU and EEA citizens do not need work permits, but their migration and length of stay are controlled by resident permit practice.

Worries about the ageing of the population and forecasted labour shortage (in western countries see United Nations Population division ■ 2000, ■ 2002a, ■ 2002b), have been followed by several administrative reports and suggestions, which seek to ease labour immigration to Finland (see työministeriö ■ 2000, ■ 2002, valtiovarainministeriö ■ 2001, also elinkeinoelämän valtuuskunta ■ 2001b)¹⁴. According to the Ministry of the Interior (■ 2001), most work permits applied for are granted.

Forsander (■ 2001, 153-154) argues that the development of Finnish immigration policy has paralleled the needs of economic life (see also Sassen ■ 1999). The future guidelines for labour immigration policy and work permit policy depend to a large extent on whether the labour administration is going to make a serious attempt to improve employment of domestic labour reserves (between 250 000 – 400 000 in (hidden) unemployment). Their ability to return to the labour force has been questioned both in the ▲ Ministry of Labour (työministeriö 2000), as well as in ▲ Ministry of Finance (valtiovarainministeriö 2001).

The Ministry of Labour (**2000**, 4) has considered the present grounds for the work permit procedure in conflict with the current changes towards the opening up of national economies and wants to adjust the procedure to be more in line with the changing context. The new central premise would be

"ensuring sufficient labour supply for enterprises that go along with the legal employer duties [...] in tasks, that can not in reasonable time be met by domestic supply of labour [...] at the same time, the developing of segregated immigrant labour market will be prevented."

<sup>&</sup>lt;sup>14</sup> Työministeriö (▲ Ministry of Labour); valtiovarainministeriö (▲ Ministry of Finance); Elinkeinoelämän valtuuskunta (▲ Advisory board for business life)

The report was produced to ground the renewal of work permit policy and the renewal of the new Alien's Act. It is notable that whereas work permit policy has previously been a part of general immigrant policy, now the premises for development are rooted in labour policy and the needs of the labour market and economic sector (see työministeriö  $\blacksquare 2000, 4)^{15}$ .

Work permit practice was first overhauled in April 2001. The freedom of action of the employment service agencies and work permit practices was tightened and guidelines were specified. According to the paper, work permit practice would be developed to meet the requirements of good administration, as well as to be linked to the whole of labour policy. The central objective of labour policy is flexibility in support for the functioning of the labour market. (Työministeriö • 2001b.)

The new Alien's Act is currently going through a "statement round", and is to come into force in 2003. In the memorandum of the Alien's Act working group, it is suggested that work permit policy should be reformed. The memorandum suggests that work permits as such would be removed, to be replaced by a worker's resident permit. Granting this new permit would consist of two phases; in the first step, a representative of the labour administration would consider the need to grant the permission, basing the judgement on the general labour market situation. After this, the papers would be passed on to the Directorate of Immigration, which would grant the permission unless there would be any "obstacles connected to public order and safety". In some cases, it would be possible for a foreigner to work in Finland with only a residence permit or even without it. (Sisäasiainministeriö 
2001, abstract.)

In practice, the reform will ease immigration of labour. The law would give the labour administration better tools to control and to coordinate the work permit or worker's resident permit policies. The guidelines suggested by the labour administration would firstly consider the availability of domestic labour in each line of business before granting permissions. The work permit policy would practically be integrated to the needs of economic life.

The memorandum of the Alien's Act working group has one doubtful reference about the foreseeable affects of the reform. Following the agenda of the European Union, it stresses the temporary nature of labour migration:

"As immigrants do not have to permanently live in a [European Union] member state and apply for citizenship in order to assure the basic living standard, the social security system of the member state would be less strained and working in the area of the Union would also benefit the Western countries more than previously." (Sisäasiainministeriö 
2001, 128.)

Experiences from countries which have received more immigrants during the previous decades show that a remarkable percentage of labour migrants settle permanently in the country to which they immigrate. In addition, labour migrants do not come alone, but with families. Therefore the integration needs of immigrants are not solely connected to the need to integrate them into the economy (Sassen • 1999, 100-101). It is desirable that when immigration of labour is eased, that there is realistic consideration on how to assure the conditions for sustainable integration of these people.

#### General view on the work permit procedures in employment service agencies in 1999

This general view on the situation 3 years ago is meant to illuminate the problems which follow from administrative incoherence in the case of immigrants.

<sup>&</sup>lt;sup>15</sup> Työministeriö ( Ministry of Labour)

Work permit procedures are handled by employment service agencies. Research by Olli Sorainen (• 1999) focused on the work permit practices in these offices. According to the research, the practices were not in line with the demands of good administration and appropriate authority processing (Sorainen 1999, v). In practice, this may mean that authorities delay in processing the application, hiding the processing, giving insufficient grounds for the decisions, or denying the right to appeal (ibid., 3; Constitution 21 §).

For example, work permits were recommended for people while their applications included a wage offer by an employer which was under the legal minimum. The employment service agencies interpreted the grounds for recommending work permits systematically, to the disadvantage of the applicant, especially in the case of permanent work permits (Status A). In Sorainen's cases, the grounds for giving negative and partly negative decisions were insufficient. According to him, the problems are partly based on the ignorance of work permit legislation and the areas of responsibility among authorities carrying out the concrete processing of applications.

Work permit norms were complicated and the administrational guidelines incomplete and incoherent, which left too much room for their interpretation. When this room was used by authorities who were not meeting the requirements of their positions, the whole of work permit processing fails to meet it's objectives. The education of the officials handling work permit applications was also found to be insufficient. Additionally, the application forms were insufficient, making it easy for the official not to give grounds for their decisions. (Sorainen • 1999, v.)

#### 5.6.2. The new Law on Integration

The new § Law on Integration took force in 1999. It seeks to advance, through administrative measures, through the integration, equality and freedom of choice for immigrants. According to the law, these measures support "the accomplishment of crucial knowledge and skills needed in the society" (1§). The Act stresses employment and participation to other public activities as the primary route to integration. Responsible authority has not been clearly defined in the act, but in practice, the responsibility is given to the municipalities, education administration and labour administration, and more specifically, the area offices and employment service agencies of the latter. (ibid.)

Each municipality is responsible for establishing a communal integration programme together with state authorities. The integration measures cover those immigrants, who have been residing in Finland for less than three years, and have registered as unemployed jobseekers, or are applying for social support (toimeentulotuki). For those people, the municipality is responsible for sketching an individual integration programme together with each immigrant. The immigrant receives integration support, which is somewhat in the same level as the lowest level of social support (toimeentulotuki). Taking part in integration programme is financially sanctioned, so that failing to participate in the programme or the sketching of the programme will reduce the integration support. On the other hand, in the law, there are no sanctions targeted at authorities when they fail support the programme. (Law on integration, or Laki maahanmuuttajien kotouttamisesta ja turvapaikanhaikjoiden vastaanotosta § 1999). In 2001, altogether 11 312 individual integration plans were created (Monitori • 2/2002). During the same time, 15,9 percent of the immigrants in the programme were employed in the open labour market (ibid.).

The spirit of the integration act is to guide the immigrants to employment as rapidly as possible. This spirit, combined with the fact that the responsibility of carrying out most of the measures is in the hands of labour administration, creates problems for the immigrant groups, which face severe obstacles in employment. The current funding and limitation of

liability weaken the role of language training in integration education. The services of the employment agencies also have a tendency, to give a priority to the job applicants who already have the best prospects in terms of gaining employment (Vähätalo • 1998, 101-109; Maikkola • 1990, Lehto • 1991). This is problematic for the special groups taking part in education and advancing their employment.

The adult education system for immigrants is forked into two administrative lines. Firstly, vocational training which is designed to incorporate people to the labour market, and secondly, general immigrant education, which consists of language training and all-round education.

Adult education for immigrants is a part of education arranged by the Labour administration, and is focused on providing the participants – or customers – with employment in the future. This education can be accessed by those, whose integration education has ended, but in order to get in, one has to be registered as an unemployed job-seeker. During the last years, the proportion of vocational courses has been increased at the expense of language training. The aim has been to support the employment of immigrants in a more straightforward way. Several critical comments have been expressed about the counter-productivity of these kinds of reforms (see for example Tyynelä • 2001).

## 5.6.3. Legislative perspective on discrimination in the employment sector

The § Employment Contracts Act, which is the basic set of norms governing Finland's labour legislation, contains provisions on work discrimination. The provisions of the Employment Contracts Act concerning work discrimination are as follows:

"The employer shall not exercise any unwarranted discrimination against employees on the basis of age, health, national or ethnic origin, sexual preference, language, religion, opinion, family ties, trade union activity or any other comparable circumstance. Provisions on the prohibition of gender-based discrimination are laid down in the Act on Equality between Women and men (609/1986).

Without proper and justified cause less favourable employment terms than those applicable to other employment relationships must not be applied to fixed-term and part-time employment relationships merely because of the duration of the employment contract or working hours.

The employer must otherwise, too, treat employees equally unless there is an acceptable cause for derogation. The employer must observe the prohibition of discrimination laid down in Paragraph 1 also when recruiting employees."

In the § State Civil Servants' Act, and in the § Act on Employment Security of Municipal Office Holders, special provisions have been enacted on the prohibition of discrimination as far as public employment relationships are concerned. The employment relationships of the Church have their own provisions.

§ Penal Code Chapter 47, Section 3, penalises discrimination in the area of employment. The section reads as follows:

"An employer or his/her representative who, upon advertising a vacancy or recruiting a person or in the course of an employment relationship, places without weighty, acceptable grounds a candidate or an employee in a disadvantageous position on account of

1. race, national or ethnic origin, colour, language, gender, age, family relations, sexual preferences or health or

2. religion, opinions, political or professional activities or any other comparable grounds, shall be sentenced for discrimination in working life to a fine or to an imprisonment for a maximum of six months."

Considering the wide phenomenon of work discrimination, it is alarming that there are but a few court cases. Only three times were work discrimination charges brought to the district courts in the whole Finland in 2000. Out of the three cases one charge was dismissed (Statistics Finland • 2000).

EUMC has requested those three individual cases dealing with labour discrimination in the year 2000. In order to get the court documents, we would need to identify each case, i.e. to show the diario number. Only the title "labour discrimination" is not sufficient. The diario number could be obtained from Statistics Finland, though. We would need to make an application and Statistics Finland would handle the application in 30-45 days and if approving it, they could give us the diario number and with that we could order the court documents.

## 5.7. Conclusion: The labour market position of immigrants and nationals

The unemployment rate of immigrants is high in comparison with other western countries, as well as with the overall Finnish unemployment rate. According to Statistics Finland (■ 2000) in 1994, the average unemployment rate for immigrants was no less than 53 percent, which means that combined with the labour force participation rates, a very small percentage of immigrants were employed during the deepest depression. After this, the unemployment for immigrants has fallen quickly, being 34 percent in 2000 (ibid.)

Immigrants can be divided in two groups according to their labour market position; these groups are the westerners, and others (see for example Forsander • 2000). People immigrated from other Western countries have usually been recruited in Finland directly from abroad. The other western groups are the family members of these labour migrants. Outside the western countries, there are many nationalities which have come to Finland as a result of some serious factor in their homeland (push factors), for example as refugees or asylum-seekers. These include people such as Somalians, Iraqis, Iranians, and Vietnamese On the other hand, certain nationalities, such as Chinese and Indians, have entered Finland because of attractive factors in the employment market.

The reason for immigration is reflected by the labour market position, and also the entry-level status of immigrants. The situation of many western nationalities follow the trends of the average population in many aspects, such as employment rates and types of employment, whereas those migrating from outside the western countries (with the exceptions of China, India and several post-communist countries), or because of "pushing factors", face marginalisation in their labour market positioning. Their employment is weak, and the work tasks are equivalent to their education or previous work experience. Deprivation is magnified in the case of certain nationalities. (Paananen • 1999, 71-72, Forsander & Alitolppa-Niitamo • 2000, 29, Forsander • 2000, Tilastokeskus • 2000.)

The labour market deprivation of immigrants is to a certain extent a systematic feature of western labour markets, and Finland is not unique in this sense. However, Finland does lag somewhat in this respect in international comparison. (See Pierson ■ 1998, 84-85, Reitz ■ 1998, 24-27, Sassen ■ 1999, 103-104, O'Brien & Penna ■ 1998, 185-185.)

Immigrant-specific labour market research shows that immigrants normally enter the labour market through the kinds of entrance jobs, which in Vähätalo's figure (Figure 1) represent typical jobs in the secondary segment of the labour market (see Forsander & Alitolppa-Niitamo • 2000, 70). Time is an important factor in improving the labour market position of immigrants. The estimated time frame for advancing to owning a business and towards tasks in line with education and previous work experience, takes from five to seven years (Forsander & Alitolppa-Niitamo 2000, 69, vrt. Reitz • 1998) Because only foreign citizens are represented in labour market statistics, they may exaggerate the problems in terms of speaking about the whole immigrant population in Finland. Most of the immigrants in the statistics, are still in a state of rapid rise in their status.

But there is still something wrong, since the national unemployment rate is falling more rapidly than that for immigrants. Although the overall unemployment rate for immigrants has decreased, it has not done so to the same extent as the unemployment rate for the whole population. In this context, the employment situation of worst-off refugee groups worsened since 1994. According to this factor, the relative employment situation of immigrants has not actually improved at all, although this should have taken place because of the length of time of residence. The unemployment rate for immigrants is continuously more than 3,5 times higher than for the whole population.

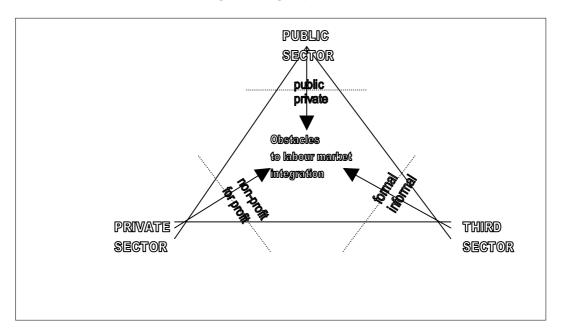
In the case of the two worst-off refugee groups, the situation has worsened to the extent that whereas in 1994 their unemployment rate was six times higher than for the whole population, yet in 1999 they were almost seven times more likely to be unemployed than the average population. As the general unemployment rate is again stabilising after a lengthy period of decreasing, it is likely that certain nationality groups, and especially the first generation within these groups, are in high risk of facing complete exclusion from the labour market.

## 6. Supporting diversity and rooting racism in the labour market

## 6.1. Outlining good practices

Good practices are presented here by using a three-fold context, which is a rough guide but well known. These three sectors, in which the labour market actors can be divided, are the public sector (labour administration), private sector (business life), and third sector (NGO's and other non-profit organizations) (see Matthies • 1996, 11-14). In addition to this, each sector has been divided in two parts; first, measures which are targeted against racism and for promoting diversity in working life, and second, measures which advance labour market integration in general terms. In each sector, we present a general view on the situation, and one or two example cases of good practices. The findings are summarized in table 11, situated at the end of chapter 7.

Figure 6. Obstacles to labour market integration and measures against these obstacles (Matthies **1996**, 11-14 used as a ground figure).



## 6.2. Advancing labour market position of immigrants

#### 6.2.1. Labour administration

#### 6.2.1.1. Advancing the labour market position of immigrants

In the first half of the 1990's, the labour administration faced a new kind of a client group: immigrants with weak labour market resources and specialized educational needs. In a fairly short period of time, a large number of immigrants joined the circle of customers of the labour administration. At the same time, the overall unemployment rate was peaking at 19 percent. Vocational training faced a crisis, since it couldn't react efficiently to the new target group due to the weak overall employment situation coupled with the new kinds of educational needs of the newcomers.

The labour administration's preparation to organize education for immigrants was weak, and several immigrant-specific projects were started. Each ☼ project is presented in their final report, and sometimes an evaluation report has also been published (see Koistinen ■ 1997, Pitkänen ■ 1999, Honkanen ■ 2000, Heiskanen & Savileppä ■ 2000). Each of these reports includes at least a dozen suggested measures of a very specialized administrative kind, focusing on administrative practices, employment register maintenance and support measures.

Overall, the labour administration has sought to improve cooperation especially with private sector in the case of immigrant vocational training and employment. The most recent employment project for immigrants, Action project, was designed for highly educated immigrants who were selected by very strict criteria. The project also used specific target companies, for which the immigrant jobseekers participating in the project were marketed and employed with heavy support measures for the companies. The educational background of the immigrants was determined specifically by individual interviews, and the needs of the target companies in terms of labour supply. After these phases, the project planned individual education and employment programmes for each of the immigrant jobseekers. The aim was to combine the possibilities of the immigrants to the needs of the companies so that the immigrants would be employed by the target companies, which in turn would receive the kind of labour that they find hard to attain on their own. The employment results of the project were good (Heiskanen & Savileppä • 2000).

Good practices developed in Action project were for example the following:

- Discovering jobseeker's exact educational background with interviews and skill tests
- Individual long-term study plan and active guidance in studies
- Organisational flexibility in terms of being able to adapt to the needs of both companies and jobseekers
- Designed educational needs based on the preconditions of jobseekers, as well as those of companies
- Efficient and well-resourced marketing of jobseekers to the target companies
- Authorities of labour administration giving references
- Easing the efforts of the companies by making everything as easy for them as possible (bureaucracy, visiting the company, advising, paying supports, marketing well-educated job applicants)
- Supporting employment of immigrants with different kinds of financial support measures

Some of these practices have been established or are being established at the grass root level. With the project, however, several problems surfaced which cannot be gotten rid of without redeveloping the whole of the vocational training system. The basic design for Action project underestimated the crucial nature of Finnish language training as a precondition for managing in vocational courses. As a result, part of the jobseekers faced problems because of their lack in Finnish skills (Salmenhaara 2002). If these kinds of problems can be found from a project which was exceptionally resourced and targeted at the top group of immigrants, it is likely that these kinds of problems are much more severe and common in the context of normal vocational training.

Action did manage to show the importance of taking individual educational needs into account and providing positive services for the companies. One could also argue, that Action was the culmination point of all immigrant employment projects in the 1990's. It is probable that immigrants in the project would not have managed to get into the kinds of positions which they are now in without the exceptional nature of planning and carrying out of the project.

In the Action project, close cooperation with companies proved to be important. Labour administration is currently beginning to carry out this practice, in which a company cooperation model used in the Action project will be caternalised. In practice, this means that employment service offices receive funding from the labour administration to buy this service from four headhunting companies. These companies are "selling" the immigrant job applicants to certain target companies, and get paid by labour administration for each employment period lasting more than six months. No administrative support is paid to the target companies.

The only problem with this new measure is that it is not a permanent practice, but a small project for 1500 people. The labour administration has had many kinds of projects which have revealed positive practices, and produced a situation where the labour administration basically knows what should be done and how when it comes to getting immigrant jobseekers to the labour market.

The problem here is that vocational training for immigrants does not receive enough funding in order to establish good practices outside of limited projects. This means that good practices are there, but they exist only in the context of special projects and are therefore of short duration, targeted at a limited, selected group, and is dependant on special funding. The immigrant groups with the best preconditions for employment have had their own projects (Pitkänen • 1999, Honkanen • 2000), but immigrants with the worst preconditions for employment have not received this kind of attention.

In the context of normal resources and everyday work, the labour administration seems to be unwilling to establish positive practices, which are developed in special projects. In addition, the most efficient measures are targeted at those with already best chances to find employment. This has even been the tendency in labour administration as a whole, not just in the case of immigrants (Vähätalo • 1998, 101-102). One could question whether this is the kind of policy which lowers structural and long-term unemployment, or the kind which supports them?

When reforming the areas of responsibilities in Finnish language training, Sweden is a good example. Immigrants should be fluent enough in Finnish before even entering vocational courses, and therefore language training should be ranked as more important than vocational training. In addition, the guidance and designing of studies and company cooperation should be funded and established with the same kind of determination as in the special projects. Last

but not least, the education and employment of the ones with the weakest labour market resources should be equally taken care of.

However, a □ grass-roots project has been established in the province of Uusimaa, which seeks to find alternative employment for those with the weakest situation. Unemployed jobseekers, meaning immigrants and long-term unemployed Finnish, are gathered to participate in working groups. These groups aim to provide them with work-like everyday activity, as well as experience in Finnish working life for the immigrants, and experiences of working with immigrants for the Finnish. Participation is voluntary, and coordinated by communal employment service agencies. This kind of activity comes close to the concept of work by the well-known French sociologist • Pierre Bourdieu, in which work is not only a way to get money, but moreover a tool which provides people with everyday experience of being useful, as well as with normal and regular social interaction (Wilson ■ 1996, Bourdieu ■ 1965). But people participating in this particular activity actually work for free.

There is great potential in opening up the concept of work. Would it be a more valuable resource to have this kind of work experience than to have specific, up-dated education and still being unemployed because of the lack of Finnish work experience? By opening up the concept of work, immigrants could, even while being unemployed, gain Finnish work experience, which is so greatly valued by employers. This kind of activity could be voluntary and would make an excellent tool for those most willing to find employment, but who are not accepted by the special projects. It would even be cheap for the labour administration, something they must surely value. Labour administration should probably pay close attention to this activity in Uusimaa area.

In connection to this activity, there has also been  $\circlearrowleft$  cooperative action engaged by the local employment service agencies. Immigrants have been provided with the needed information on how to start cooperatives, and the line of business has been chosen to be a kind, which uses the ethnic resources of the immigrants. These immigrant cooperatives offer products and services that go hand in hand with the "know-how" of immigrants, which have demand in Finland, but no supply. Cooperatives have a long history in Finland, and after a period of quiet life, they are believed to be making a comeback (Heikkilä & Vähätalo • 1994)

It must be stressed that we believe that immigrant jobseekers should not be treated as a separate group. The problems in finding employment are very much the same faced by the Finnish as well, and therefore offering the same kinds of practices and measures is an excellent starting point. However, immigrants do have special and distinctive needs especially in terms of education, and these needs have to be addressed. They are known in the largest employment offices, which often have special employees to attend to immigrant job seekers. However, it is impossible for these people to use the most efficient measures, since funding from the local Employment and Economic Development Centres (working as the intermediate between the Ministry of Labour and the employment service agencies) is inadequate.

In sum, the labour administration has three lines of action in improving the labour market position of immigrants.

- Getting employment for immigrants in the open (private) labour market by developing organization, vocational training and cooperation with the business world.
- Opening up the concept of work, by offering voluntary work experience for immigrant jobseekers who factually are unemployed.
- Supporting cooperatives and using the ethnic resources of immigrants.

#### 6.2.1.2. Supporting diversity in the labour market

Labour administration is the authority responsible for confronting racism in Finland. The ministry of Labour coordinates the functioning of the Advisory Board for Ethnic Relations (ETNO), which is a board-based organ with representatives from immigrant NGO's, the church, ministries and so forth. The board has a consultative role, and it aims to follow and advance ethnic relations in society. Presently, ETNO has three divisions, one of them focusing on the labour market. The labour market division aims to publish a working life guide for immigrants, to suggest measures which would make it easier for immigrants to become employed in the public sector, and rooting ethnic discrimination in working life as well as supporting diversity (työministeriö 2002c)<sup>16</sup>.

The labour administration has had few anti-racist projects for employers and companies. The largest of them was the "Käytössä koko paletti" project ( Using the whole palette), which sought to discover how companies with ethnically diverse employees have managed with diversity. (Rantala = 2000.)

The ministry of Labour has published a folder which is an information package on racism and how to tackle it. The folder is free of charge and sent to companies who order it. The information in the folder is partly available on the Internet as well. The ministry of Labour has also printed a series of anti-racist posters, designed to be used at companies.

The ministry of Labour also administers the projects of the European Union in Finland. At present, two EU projects are taking place. One of them is SEIS (Suomi Eteenpäin Ilman Syrjintää, Finland Moving Forward Without Discrimination), and the other is UOIN. The first is a general campaign against racism, and the latter is partly focused on preventing discrimination "on the job".

The ministry of Labour also publishes a magazine called Monitori, which focuses on immigrant affairs, racism, integration and employment. The magazine includes addresses of experts and researchers in a reader-friendly form, as well as information on happenings, interviews of immigrants and authorities. The general style of the Monitori magazine is more humane than administrative. According to the magazine itself, it has 50, 000 readers for each of the 6 issues annually (Monitori 2002:2).

In sum, anti-racist measures of the labour administration have so far been somewhat flimsy, especially when compared to the enthusiasm with which interviews and statements by representatives of labour administration are given. The labour administration is keen to stress discrimination as the main reason for the labour market deprivation of immigrants (see for example: työministeriö •2001c<sup>17</sup>, Honkanen •2000, Pitkänen •1999, Koistinen •1997), but is not taking required action to diminish racism. During the last decade, the labour administration has had one pro-diversity project of its own, one useful magazine and two other printed matters. Even these measures do not seem to be reaching the companies, who are not initiating action with anti-racist work on their own.

However, it must be noted that in Finland,  $\circlearrowleft$  ministries support NGO's generously, sometimes even to the extent that one could ask whether they actually are externalising their own activities to the NGO's. There is a problem with feedback however, as will be argued in chapter 6.2.3, which focuses on the NGO's.

<sup>&</sup>lt;sup>16</sup> Työministeriö (▲ Ministry of Labour)

<sup>&</sup>lt;sup>17</sup> Ministry of Labour

#### 6.2.2. Private sector

In the private sector, motivation to support diversity in the workplace is tied to business calculations, and is connected neither to societal responsibility, nor to charity. It follows that diversity is only processed in companies and work groups, where it is vital because of the large percentage of immigrant employees, or because of other causes linked to production. In the private sector, diversity practices spread in the wake of the rising numbers of immigrant employees. The "imperatives of business life" (Trux • 2000, • 2002) sets the standards for diversity measures in companies.

#### 6.2.2.1. Advancing the labour market position of immigrants

The private sector is not a significant actor when it comes to improving the labour market resources of immigrants, since these resources develop as a product of working (such as work experience, language skills, social networks, cultural competence; see <u>chapter 7</u>). As such, working in companies or another form of employment, is probably the most efficient way to enhance one's labour market resources in most cases. Some companies have paid for the Finnish courses of employees, but this is common only for the top-ranked key employees (Trux • 2000, • 2002).

#### **6.2.2.2.** Supporting diversity in the labour market

Up to date, Marja-Liisa Trux (■ 2000, 2002) has been the only one to study the preconditions to support diversity in the workplace, in contrast to several others, who have been focusing on the obstacles (Jaakkola ■ 2000, Paananen ■ 1999, Liebkind & Jasinskaja-Lahti ■ 1997, Jasinskaja-Lahti et. al. ■ 2002, Joronen & Ali ■ 1997).

According to Trux ( 2000, 264), a company forms a cross section of three cultures: organization culture, national or local culture, and culture of ethnic minorities. In Trux's account, these cultures communicate with each other, and the adaptation of ethnic minorities depends on the form of the organisation culture. Trux examines two workplaces: one toprank IT company and one cleaning company.

Trux made a case study of both companies, using interviews and observing the participant. The results show that the factors affecting job satisfaction for ethnic minorities are the most part identical to average Finns. However, there were differences between cleaning and IT.

The most remarkable obstacle to job satisfaction in the cleaning company was linked to motivation. Cleaning is a typical entrance job for immigrants, yet working in this business should be understood as merely a stepping stone. Moreover, the work is of a much more menial nature than the ones previously done by immigrants in their country of origin. Therefore, job satisfaction problems are not connected solely to cultural differences, but also to the fact that immigrants are often working in a position which does not satisfy them. According to Trux ( 2000, 277-278), the most important factors that improve job satisfaction of immigrants in low-status jobs, were

- Certainty that salaries are equal, and not depending on nationality
- Possibility to practice one's own religion
- Possibility to "practice working life", so that adapting would be easier in the future
- An existing system in case of discrimination
- The support of a superior in bureaucracy and personal problems
- The support of the organisation in situation, where the client company disrespects foreign workers.

At the same time, these point towards positive practices. According to Trux, diversity has advanced at a team level, much through the guidance of superiors of the team. The superiors were in many ways a "façade" of Finnish working life, who represented the working life, and at the same time compensated for the lack of immigrants' own social networks (Trux 2000, 278-279). The professional skills and personal features of team superiors were crucial for job satisfaction of immigrants.

According to Finnish co-workers, immigrants were, in the first place, work mates, and only then representatives of some nationality, although this opinion was not shared by all (ibid., 280-181). Because of this, the Finnish employees had a negative attitude towards anti-racism training – although no such campaigns had taken place in the company.

The need to adapt to the cultural differences of foreign employees was handled at the team level, without general guidelines or campaigns. In the cleaning company, many useful practices have been developed in teams as a side product of working together. In both the cleaning company and the IT company, social activities such as company trips and shared hobbies proved to be efficient in "gluing" the workplace together, regardless of ethnic background or nationality (ibid., 284-285).

The flexible grass-roots innovation that takes place in the cleaning company is made possible by the recent rapid structural change, which has allowed for new forms of organisation to fill in the gap left by former company hierarchies. Immigrants have been present when the new forms have been developing, and have had their word in the process. Trux concludes that the best ways to improve the job satisfaction of immigrants in the entry-level job are that the company recognizes the motivation of immigrants; that the superiors are competent and suitable individuals, and that the public image of the cleaning business would be better than it is today. (Trux • 2000, 286.)

The other case study of Trux focused on a Finnish IT company, F-Secure Corporation in Helsinki. Immigrants working for F-Secure are labour migrants; they had moved to Finland by choice, and as a result of pull-factors, such as local working and living conditions, and the need for work experience and experience in living and working abroad (Trux ■ 2000, 289). These employees had chosen their employer because of democratic management and the image of the Nordic welfare society; they had images of safety, stability, good infrastructure and administration. Because of this freedom of choice, the grounds for job satisfaction were obviously different than for those immigrants working in low-status jobs.

The IT company offered a variety of benefits to foreign employees, such as moving support, free apartment for half a year, a Finnish language course, relocation, and a tutor for the start (Trux ■ 2000, 291).

In public debate, there is often reference to ethnic differences as being the most difficult obstacle to adaptation problems of immigrants in working life. From this preconception, it is easy to begin to suggest various measures that support, above all, attitude training and campaigns, and other measures that may aim to unify the workplace, but are factually drawing new lines and making unnecessary distinctions. At the same time, however, top-class employers have adopted different kinds of measures to ease the adaptation of foreign employees. They focus on the problems following from immigrating as such, or in other words, the obstacles that simply follow when you move to a new country, no matter if the culture is different or not.

According to Trux's results, attitude campaigning from the top would seem an ineffective measure in advancing job satisfaction of immigrants if two important factors are not realized. There are non-ethnic needs that follow from moving that should to be met by the company,

such as lack of social contacts, new physical environment, language problems, problems with bureaucracy for instance.

The grounds of job satisfaction depend on whether one has sought one's way into it (IT business), or use the job as a starting point (cleaning). As a whole, Trux's results show that the possibilities for the private sector and labour administration are somewhat different than has been assumed, for example, in the preconditions for the work of the labour administration.

Company policies, at least in the IT company, were efficient and designed so that they weren't based on ethnicity but special needs deriving from migration. On the other hand, special needs linked to ethnicity were also taken care of in the cleaning company on the team level. This was made possible through the restructuring of company hierarchy, which had left room for this kind of flexibility. Democratic management culture seems to be playing an important role, since it gives more room for flexible adaptation on different levels of company hierarchy.

In both of Trux's target companies, the number or needs of immigrant employees was so large that the companies have had to adapt to the needs of these new employees. But how will this process develop in larger and more rigid organisations, in which traditional hierarchies are still established - regardless of changes in production engineering - such as banking and industry (Kortteinen • 1992)? Will they be interested in investing in a work force if it is not taking on a key role in the production process? Is the "business imperative" strong enough to dismiss nationalistic practises?

#### 6.2.3. Third sector

#### **6.2.3.1.** Trade union movement

The most remarkable actor among the NGO's and non-profit organisations is the trade union movement. By international comparison, the unionising rate is high, and the trade union movement is a powerful agent in labour market politics.

However, the unionising rate for immigrants has so far been quite low (Jaakkola 2000, 85). The  $\triangle$  Confederation of Finnish Trade Unions (Suomen Ammattiyhdistysten Keskusliitto or SAK) has nevertheless been quite active, attempting to survey the migration trends of Estonian labour force, since Finland belongs to the top 3 choices for those Estonians who work or would like to work abroad. The SAK recognizes that admitting Estonia to the European Union in 2004 would lead to increasing migration pressure from Estonia to Finland because of differences in wage levels and social security. In addition, SAK considers it problematic that a workforce working in Finland would be permanently living in Estonia. (SAK 2002a.)

So far approximately 40 000 Estonians have been working in Finland, and another 55 000 people would be willing to do so (SAK • 2002b). According to the survey, one third of these people would consider avoiding Finnish taxes. This willingness of some Estonians to do under-the-table or "grey" work worries the trade union movement.

SAK emphasizes the importance of supporting the working conditions and salaries of immigrants. It is a positive step that SAK, as the largest labour union, is taking an active role in advancing the working conditions of immigrants. Currently SAK is establishing a new information office to Tallinn, Estonia, in cooperation with Employment and Economic Development Centre (*TE-keskus*) of Uusimaa in the southern Finland. The aim is to inform

Estonian jobseekers about the nature of Finnish labour market, unionisation possibilities, minimum salary levels and other working condition standards in Finland. It is planned that the office will be established before 2006. (ibid.)

Together with one of its member organisation, SAK has initiated a project which aims to support diversity in the labour market. The project is partly funded by the European Social Fund, and is a part of the *Equal* project. The specific objectives are to advance employment of immigrants, support equality in the workplace, support ethnic diversity in the labour market, build social networks between immigrants and the mainstream population, improving cultural or Finland-specific cultural capital, and so forth (Monikulttuurisuus, • 2001.).

The project will focus on 20 companies with typical entry-level jobs. In work communities, the plan is to found culture transmission groups, which include representatives from the labour administration, different personnel groups, immigrants and their work mates. The groups get together for discussion and participate in training sessions. The objective is to produce new practices in order to meet the demands of the whole *Equal* project. After the project, the new practices are to be compiled.

#### 6.2.3.2. NGO's

The NGO field is fragmented and heterogeneous. The networking of small organisations helps to spread innovating and effective practices inside the third sector. The problem is that there seems to be an information gap between administration and NGO's. The innovations of the NGO's often seem to be falling in between of established administrative fields of responsibilities so that often no one is there to listen, nor to do something about anything.

Labour administration is an enormous bureaucratic system. The Finnish League for Human rights offered a seminar based on the findings of RAXEN 2, to be held as an education session for the personnel of labour administration. In a designing meeting, representative of Ministry of Labour informed us that it is impossible to find proper people form the administration to hear the findings.

As the NGO action is so fragmented, it is important to have some kinds of networks through which the field can communicate internally. In February 2002, a network against racism, RASMUS, was founded in Helsinki, to work as a network between the existing organisations. In the founding meeting, the participants – currently up to 450 people and organisations – ended up to develop the RASMUS network as a structure, which is not an organisation as such, but a organ which exists as a e-mail list and has leading group and annual meetings. Participants belong to the network when they join the mailing list, and do not belong to it when they sign out. It is the kind of informal information network, which nevertheless has a background organisation, sketched for example by the Spanish-American sociologist Manuel Castells (2000).

The e-mail list provides information on happenings, new studies, open vacancies in NGO's, and so forth. RASMUS organises meetings and working groups, and will give out statements in the future. But RASMUS is nothing without it's members, and is not an actor as such. It is only a tool for empowering the resources of the scattered NGO field.

Finnish League for Human Rights has recently published a booklet of all relevant NGO's, governmental bodies and researchers working in this area. In June 2002, the network was awarded by the Social Democratic Party with a human rights award, including some resources.

However, internal networking of the third sector does not solve the problem of information gap between it and administration. In the end there is a set of problems and suggestions that collide with administrative systems and structures that have been developed for different kinds of problems than the new ones. There is a problem of inadequate flexibility, where the administration fails to adapt to changing circumstances (see Beck ■ 1995.) One of the biggest reasons for this is probably that policy-making in the case of immigrants and phenomena linked to them are incoherent.

Immigrant issues are often discussed in political life in terms of what kinds of problems immigration brings, and how necessary it is to increase labour immigration. The discussion lacks concrete policy planning, when it comes to the integration obstacles for immigrants. Immigrants are a very small population group, which might be the reason for being one of the most mocked groups in political life. There is some movement, however, from the Left and in tones of Green. As previously mentioned, the Social Democratic party, being the biggest at the moment with support of almost 25 percent, gave it's human rights award to the anti-racist RASMUS network. The Green League gave out it's concern on the insufficient Finnish language training for immigrants, and especially on the situation of immigrant women (Vihreä liitto 5.6.2002).

## 7. Explaining the labour market position of immigrants

### 7.1. Explaining the perceived labour market positions

There are three major positions, from which the placement of immigrants in the labour market has been explained in ethno-specific labour market theories. These are

- Labour market resources of immigrants; demand and supply of human capital in the labourmarket
- Racism and discrimination
- Structural and institutional factors (labour market, education system, social security)

Some of these factors have already been discussed in <u>Chapter 5</u>. Therefore this paragraph is partly conclusive, partly additional.

## 7.2. Transferability of human capital as an explaining factor

Finnish labour market is different in comparison with most other Western countries, when it comes to immigrants. Whereas most countries, such as the US, Germany, France and Great Britain, have received massive amounts of migrant labour after World War II, in Finland immigration started to increase only in the beginning of 1990's. As a consequence, immigrants of today are mainly immigrants of the first generation. Their labour market success is affected by many factors, which are tied more to immigration, than to ethnicity. Therefore, the weight of each of the three factors is difficult to determine at this point.

The weak labour market performance of immigrants has so far been explained often by stressing discrimination (Jaakkola ■ 2000, Paananen ■ 1999, Jasinskaja-Lahti ym. ■ 2002, Liebkind & Jasinskaja-Lahti ■ 1997, Pitkänen ■ 1999). On the other hand, labour administration has done research, which aims to develop immigrant services and vocational training (Koistinen ■ 1997, Pitkänen ■ 1999, Forsander & Alitolppa-Niitamo ■ 2000, Jaakkola ■ 2000, etc.). This kind of research deals with updating human capital of newcomers.

At present it seems to be quite clear, that the weak labour market position of immigrants is greatly a result of short period of residence, and that the labour market resources or human capital doesn't match with the demand of the labour market. In immigrant-specific labour market theories, human capital is often used with some variation in definitions (in Finland, see Forsander & Alitolppa-Niitamo • 2000, Forsander • 2000, Pitkänen • 1999, Jaakkola • 2000). In sum, human capital refers to the crucial competences that are needed in the labour market; language skills, education, work experience, social networks and (country-specific) cultural competence. Human capital is closely tied to societal context, and therefore it is appropriate to speak about the *transferability of human capital* (Forsander • 2002).

Transferability of human capital refers in coarse terms to that human capital which is structured in one context (country of origin) is rarely in line with the demands for human capital of another country (country of immigration). Therefore human capital must normally

be *updated* in order to meet the specific demands of the new context. Human capital is totally transferable only when an employee – such as an IT professional – is recruited straight from abroad to a certain project – but even then there is the problem of how to integrate to the surrounding society. In the context of only the labour market, however, the components of human capital are usually defective, and as a consequence they face a competitive disadvantage in comparison with native population.

The clearest example in the case of Finland is the demand for Finnish language skills. Skills in Finnish are a crucial labour market competence, but are rarely in the repertoire of the newcomers. According to Forsander (• 2002), the transferability of school or university degrees correlates with skill in Finnish. For example, the transferability of foreign degrees is weak in Finland, for in expert professions it is important to be able to use Finnish of high abstraction level. This does not of course include the numerous tasks where English is used as a working language.

In connection with education, there is one important structural or institutional factor, which causes deprivation of immigrants in the Finnish labour market: the high general level of education in Finland. As a consequence, there are high education demands in the labour market. In addition, in Finland the weight of formal degrees is magnified at the expense of experience gained at workplace. As a result, immigrants with education levels below the average face further problems in gaining employment.

As was pointed out in chapter 5, there are less people with secondary education than in the average population. Secondary education is however the precondition for an independent labour market performance and a more stable position in the labour market. According to Forsander (• 2002), in Uusimaa, where most of the foreign population lives, there is most demand for those with secondary education. A typical line of business is metal industry and qualified dwellers. These are tasks where the demand for Finnish language skills is not very high. Therefore, transferability of secondary education is better than transferability of higher degrees, or on the other hand, education of a lower level. However, immigrants are underrepresented in the population with secondary education.

The social networks of newcomers are normally deprived in comparison with nationals or those with longer period of residence in the country of immigration. The recruitment practices in the labour market are quite strongly built on informal networks. Since immigrants are not involved in such networks as much as others, information about openings and vacancies does not reach them efficiently. In Finland this situation has been worsened by restrictive immigration policy, which has prevented chain migration and the formation of ethnic communities (see chapter 5 and Sassen • 1999).

Immigrant communities in Finland are normally small and scattered (Ylänkö • 2000, • 2002), and as a consequence, ethnic labour market sectors are only a few. In these sectors ethnic resources come into play, and information about employment opportunities spreads efficiently inside ethnic groups. The clearest example is the Turkish restaurant business. Overall, the significance of informal contacts and networks works against the sustainable labour market integration for immigrants.

### 7.3. Borders of human capital and discrimination

Human capital can be further divided into cultural, social and linguistic capital. The problem is that when we get closer to the areas of cultural competence and language skills, their definition comes more difficult and their limits blurred. Here lie the hidden racist and ethnocentric practices of contemporary labour market.

As was pointed out in <u>chapter 5</u>, the demands for language skills and cultural competence are strongly bound together. The capability to control the shades of language and culture is factually needed only in certain professions, such as tasks of high expertise or research, but the demands go all the way down to the very bottom of the labour market.

Discrimination is an obvious excluding factor in the case of immigrants. It comes in addition to all the other obstacles, which means that even if racism and discrimination were not present, immigrants would still be deprived. Therefore, we have to develop an efficient vocational training system to update human capital of the newcomers. However, it can quite clearly be pointed out that Finnish working life has an ethnocentric nature. Finnishness sets the standard for good employee, and other nationalities are valued against this standard. To be sure, beating the standard is impossible by definition.

# 7.4. Impact of labour market deprivation on the societal integration of immigrants: threat of social exclusion

Experience from countries with previous immigration shows that the institutional characteristics of the host society affect the labour market positions of the newcomers as well as the qualities of the country of emigration (Reitz • 1998). The labour market is only one sector of social integration, but quite a crucial one. The cornerstone of Western social policy has been so-called "normal" employment, both as an individual life story, as well as a social condition (Beck • 2000). Whereas the overall unemployment rate should remain at a tolerable level, individual lives and welfare structures surrounding them have also been designed to meet the standard of full-time, long-term employment. Especially in the Nordic welfare states this goes for women as well; in Finland the labour force participation rate for women is only one percent lower than that of men (Forsander • 2002).

Structural developments in the labour market have to a certain extent exceeded the reach of national policies. As a consequence, the mentioned cornerstone of social policy -the normal job- is disappearing. The position of immigrants is important, since the labour market position of the 20th century labour migrant has never met the standards of so-called normal employment. Therefore, immigrants have drifted to the margins of both the labour market, as well as of the welfare state (for example pensions and development of salaries) (O'Brien & Penna • 1998, 184). Developments in production have stricken especially immigrants and other ethnic minorities (for the previous group see Sassen • 1999, Pierson • 1998, for the latter see Wilson • 1996, Rifkin • 1998).

In Finland, immigrants have settled mostly in the secondary segment of the labour market, in traditional "women's" and students'" flexible jobs. Short-term jobs, tasks below than their education and previous work experience, and low-income level show that labour market position of immigrants is lower than average. As participation in working life can be considered the main route to social participation, it is obvious that labour market exclusion and deprivation pose a threat to participation in society.

The universal social benefits of the Scandinavian welfare state make it possible for people to live outside the labour market. Therefore, we should not only focus on statistics describing the situation of those inside the labour force, but to extend our sight to the low labour force participation rates of immigrants. The excluding factors in the labour market seem to be pushing immigrants outside the labour force altogether. The LFP rates for immigrant women are in many nationality groups especially low, despite the fact that their average education is

higher than that of immigrant men. Without research focused on these phenomena in Finland, we can only present a hypothesis that immigrant women face obstacles both because they are discriminated on more levels than men (see also Pierson • 1998).

During the last years, there has been more and more discussion in Finnish expert dialogue which questions the objective of pushing all immigrants into the labour market. According to these views, there should be an alternative route to integration for those immigrants who have the longest step to take in order to get employment.

This point of view can be both criticised and supported. In the current organisation of integration measures, the worst-off immigrants are excluded from employment with no way out. Therefore, it could be useful to repair the situation by structuring an alternative integration path that would not be based on paid work, but on other kinds of social integration. Firstly, the preconditions for all public integration education should be the priority of broad-based immigrant education, even before vocational training.

If, however, the objective of employment is preferred as the priority, these people would require new kinds of steps, such as new forms of work and activity between the public, private and third sector, public supporting of migrant cooperatives and immigrant NGO activities, and so forth.

Compromising the objective of finding employment for all immigrants can, on the other hand, be criticised, for it might allow the labour administration even more space to procrastinate. This compromise would remove the "difficult" clientele and therefore the need to adapt the system to the needs of immigrants would be removed as well. Currently, the vocational training system does not give enough attention to the special needs of immigrants – especially the need for Finnish language training.

In a situation where there is little demand for the human capital of immigrants, the role of the vocational training system and labour administration is crucial. The role of the labour administration and the need to adapt to the needs of immigrant clientele cannot be overemphasized.

Immigrant populations in Finland are quite small, and the problems new in comparison with many Western countries. In the future, due to the growing immigrant communities and expanding immigration of labour, the immigration population will continue to grow rapidly. Therefore, it is important that the Finnish labour market and education system would not have structures that cause marginalisation or exclusions of immigrants who lack labour market resources.

Otherwise, we may soon face a situation where the integration obstacles for immigrants accumulate in a way that questions the universality and legitimacy of the welfare society. This means that social exclusion, a situation where some group or groups of people have been driven to permanent marginality without sufficient economic, social, political and civil rights. They have no power to help themselves, and the welfare state cannot reach them (Dahrendorf • 1994, Byrne • 1998).

The phenomenon of social exclusion has been suggested a reality in many parts of the Western world (Dahnerdorf • 1994, van Steenbergen • 1994, Byrne • 1998, Wilson • 1996, Rifkin • 1998, Vähätalo • 1998), and one of the combining factors of this "Fourth World" (Castells • 2000) is ethnicity. This has powered both neo-marxist, and anti-racist critique against the market economy and the welfare state, a fact which cannot be ignored (Pierson • 1998). There are several obvious reasons for the prevention of exclusion; general well being of citizens and personal fulfilment, sufficient supply of labour, other economic aspects as well as social stability and security issues.

Some good practices and obstacles are presented in table 11.

Table 11. Good practices and problems in supporting labour market integration of immigrants.

	RACISM, DIVERSITY	ADVANCING LABOUR MARKET POSITIONS
PUBLIC SECTOR	Measures develop as a side product of labour political measures     Direct measures against discrimination insignificant	- Skimping in resources + Crucial innovations developed in projects + Development in business life cooperation + Individual and special needs of immigrant jobseekers should be taken notice of - Problems with language education + Funding for research activity
PRIVATE SECTOR	- Recruitment discrimination is common	+Vocational and language training in companies for immigrants
	+/- Grass root level diversity support, but only in certain companies	+Cooperation with the public sector is developing
	+ Flat organisation and democratic management as the strength of many but not all Finnish companies	2000 pmg
THIRD SECTOR	<ul><li>Potential of the trade union movement largely not used</li><li>Vital grass root level activity</li></ul>	<ul><li>+ Extended concept of work</li><li>+ Innovations</li><li>- Lack of coordination and resources</li></ul>

### 7.5. Work equals integration?

While employment is emphasized as a central indicator of social participation and equality, we have to be careful not to consider employment and subjective well-being as equivalent.

Research about Finnish long-term unemployment shows that continuing unemployment causes mental stress and accumulates "ill-being" (Kortteinen & Tuomikoski • 1998, Vähätalo • 1998). Finnish society is a "work society" for women also, but this does not mean that it would be impossible to place oneself outside the labour market by choice. It also must not be assumed that being employed would automatically improve a person's well-being (Vähätalo • 1998, Beck • 2000, Karisto ym. • 1998, 356).

In a welfare state, there are basically two reasons for supporting labour force participation rates. The first is ensuring sufficient labour supply and low or tolerable unemployment rate, the second, ensuring the preconditions for subjective well-being of individuals (see Raunio 1995). In labour policy there are pressures to produce points of views which combine these two.

The problem is that if the administration tries to feed the labour market with individuals who lack the resources needed to be somewhat independent labour market subjects, the general well-being of people might actually drop as a side product of better labour force participation rates. There do exist other ways to integrate into society and surrounding community.

Currently the welfare state is being reformed so that it no longer works as a shield which guides people form one pre-fixed life phase to the next one. Instead, the measures and benefits are rebuilt to help individuals to plan their own lives and support them in their

transition periods as they are transporting from one social status to another (for example, from student to employee to mother to vocational training...) (Karisto ym. • 1998, Giddens • 1994). In this context, immigrants in their first years in Finland are in exactly the type of situation where the welfare society should be active.

In order to achieve its objectives equally, the welfare state should provide people with sufficient tools and choices, to enable them to plan and build their lives, as well as to choose the kind of social niche that suits them. In the case of immigrants, and many others as well, this status is not always secure full-time employment, or it might not be employment at all. *But* it is important that people are not forced to choose exclusion or marginality.

In order to be able to identify their status in the society and make coherent life plans, immigrants must be aware of what kind of particular social structures and institutions they are surrounded by, and what kinds of preconditions for action these institutions lay down. All-round immigrant education for those who need it and want it, including Finnish language training, should be the starting point for all public education targeted to immigrants. The more straightforward vocational training should be given after this, and only for those who both want it and benefit from it.

## 8. Summary and conclusions

The current Finnish immigrant population has for the most part arrived during the 1990's. Most of them have migrated for other reasons than employment, and therefore their labour supply does not go hand in hand with the demands of the labour market. In addition, employers have suspicious and ethnocentric views about immigrants as employees.

Immigrants face multiple obstacles in labour market integration. In addition, they face the same obstacles following from marginal labour market position which are faced by Finns as well.

In rough terms, Immigrants face at least the following obstacles for labour market integration:

- Obstacles following from immigration (human capital mismatch, wage discrimination)
- Obstacles following from ethnicity (employer attitudes and recruitment discrimination)
- General problems following from marginal labour market position
- In the case of immigrant women, obstacles following from gender

The average unemployment rate for immigrants is at a level 3,5 times higher than the overall unemployment rate, regardless of economic conditions. In addition, the difficulty of employment seems to be pushing immigrants out of the labour market, since the labour participation rates for immigrants are very low. Nationals of Anglo-Saxon countries, Scandinavians and French are performing best, and nationalities that have in large part migrated as refugees and asylum seekers – Iraqis, Iranians, Somalians and Vietnamese – are performing worst.

The low LFP rates for immigrant women raises concern. In Finland women participate in working life as much as men statistically, but among foreign citizens, LFP rates are considerably low even in the case of Western women. There might be several reasons for low LFP rates starting from reason of immigration, to the labour division inside the family.

Whatever the reasons behind these phenomena, the objective of the Scandinavian welfare state is and should be to assure the right and possibility to participate in working life regardless of race, ethnicity or gender. The society should be very keen to observe that these rights come true for all who are permanently living in the country. Otherwise, the universality and legitimacy of the welfare state and social order are at stake. If the special needs of denizens (permanent habitants who are not citizens; Sassen 1999), and citizens force a change in the structures and practices of the welfare state, these structures and practices have to be changed. The welfare state should not be a value in itself, but a tool, which helps to come closer to its founding principles. Additionally, it should be neither be a privilege of nationals.

The low demand of human capital of immigrants sets great challenges for the labour administration. It should have the ability to help immigrants update their resources to a form which would have more demand in the labour market.

Immigrants are a new group for the measures of the labour administration. They have certain special needs and distinctive obstacles in getting employment. The most important special

need relating to education is the demand for Finnish courses. Finnish courses were not needed in vocational training before the 1990's, since the clientele was almost totally Finnish-speaking. Some immigrants may also have problems with other basic competences, such as basic information technology skills. In addition, cultural background might affect to which teaching methods are appropriate.

During the 1990's, immigrants have become an important target group for the measures of the labour administration. These measures have been developed in several special projects, which have produced a variety of good practices that fit in the specific context of existing models. There is especially strong emphasis on cooperating with business life and certain companies, paying attention to individual education needs and efficient planning of the studies have effectively produced employment for immigrants.

The problem is that in the context of normal measures, the labour administration is not getting, or giving, enough resources in order to be able to establish and generalize these practices. The most effective measures are flowing to those who already have the best conditions to find employment. In addition, Finnish courses for adult immigrants have become too much of a responsibility, bouncing between the education administration, labour administration and communal sector. As a consequence, the supply of Finnish courses for immigrants is inadequate, slowing down both their vocational studies, and employment.

Vocational training cannot however remove all the obstacles that exist in the way of labour market integration for immigrants. Immigrants are facing somewhat systematic discrimination, especially in recruitment. Still, even though many actors in the private, public as well as third sector, are appealing for diversity and ethnic equality in working life, the majority lacks serious effort to do something about it.

Instead, several times it has been suggested that precisely because of the commonness of discrimination, the preconditions for employment for immigrants are too difficult overall. The labour administration would also like to get rid of the most difficult clientele, mainly of the long-term unemployed immigrants and refugees, on the grounds that their employment is unrealistic and takes too many resources. Discrimination and exclusion too often seems to be some kind of Juggernaut, a huge automatic machine, which can be observed and studied, but that can't be stopped or steered.

In the labour administration, several good practices and new measures for immigrants have been developed in both special projects and at grass roots in the employment service agencies. There are some crucial systemic problems which have not yet been solved. The generalization of good practices is difficult due to lack of resources. The question is, therefore, why the resourcing is not sufficient, and why structural reforms are not carried out.

In the private sector, good practices have proceeded at the grass roots as well. Special needs connected to ethnicity have been mostly handled in the work teams, without guidelines or campaigning from the top. This is possible in some companies, where the nature of company hierarchy is democratic and does not bind actors in different levels. In companies where immigrants are in key positions, there have been special company policies and measures to help their adaptation. These include language courses, tutor activity, relocation and benefits. The problem is that these kinds of practices seem not to existing unless either the amount of immigrants is large, or their rank high. Finnish working life is still very Finnish, and the kind of flexible practices mentioned in <a href="https://chapter-6">chapter-6</a> are unfortunately not the rule, but exceptions to it.

In the third sector there are two lines of action. One is the powerful trade union movement and its potential for supporting ethnic diversity and tolerance in the labour market. In relation to the number of members of the trade union movement, and the power that it possesses in

Finland, its achievements have so far been modest. The other line of action are NGO's, which continuously produce new points of view and suggestions, but which have the everlasting problem of short-sighted action and lack of economic resources. However, there is great potential, especially in the close cooperation between (labour) administration and immigrant NGO's.

In conclusion, the labour market position for immigrants is overall marginal in Finland. There are multiple reasons for this. Many of these obstacles have been met with efficient countermeasures, but establishing the good practices seems to be taking too much time. This is probably because the labour market situation of immigrants is not seen as an important enough political issue after all. In the future, as the work permit policy is reformed, the obstacles between immigrants and the labour market have to be tackled with a stronger motivation from all sectors.

Unfortunately, the ideas that reign in administration about the nature of international (labour) migration are false from a demographical point of view. They do not encourage the (labour) administration to bear its responsibility for a sustainable labour market and social integration of immigrants. This is a severe problem which must be solved.

The unavoidable formation of immigrant communities changes the preconditions for integration. The issue is not only about immigrants doing well in the labour market, but also their full integration into the host society's social, cultural and political fields. (Sassen • 1999, 100-101.)

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