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## FINLAND

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## ***METHODOLOGICAL FOREWORD***

The Finnish national report is to be seen as an overall view upon the issue. There is no generally agreed comprehension of the Third sector concept neither less on its actors. Therefore the documents presented in the literature files are supposed to map the field from conceptual reflections to practical examples from the field of new job creation initiatives.

The statistics of the Finnish unemployment situation have their origin in two main sources; the Ministry of Labour and the Central Statistics Bureau of Finland. They present slightly different ways of measuring unemployment but neither of them has direct statistics upon the so-called Third sector. Instead there is an emphasis to examine associations within sport and leisure which form a sector close to the Third sector concept.

The knowledge of the Third sector and the unemployment initiatives is up to date and well structured due to awareness and interest within the social sciences. The Nordic countries own a tradition of governmental and labour organization professionalism and co-operation within social welfare issues which are still reflected in the broad field of Finnish social scientist in a number of scientific institutions.

Main sources of knowledge of Third system has been in this report the Finnish research literature published after 1995, statistical information published by the Finnish Statistics and information given through books, leaflets and from the internet pages of Finnish Third system organizations.

## I

### NATIONAL UNDERSTANDING OF SOCIAL ECONOMY/THIRD SYSTEM

The common understanding of Third system by practitioners in Finland is that it concerns mainly associations and therefore it is often in hands of volunteers. The budget is also fairly limited because of a restricted government funding. The amount of people that is employed by the associations is according to the study of Voitto Helander from the Åbo Akademi about 70 000 people. The Third system understood as concerning only associations gives in other words work to approximately 3% of all of the employees in Finland.

The Nordic welfare model leaves the responsibility of all welfare, education, social and healthcare to the public sector meanwhile the voluntary sector is being left as a complementary resource to the above mentioned and is directed mainly to culture, leisure and sport.

The role of voluntary organizations and social enterprises is in Finland rather seen as a supplement, not a replacement for the public services. In a survey conducted by the University Åbo Akademi, the attitudes of about 2 000 associations in 47 municipalities in Finland were studied. The results indicated that many associations are eager to supplement the municipal basic services but not to substitute for them.

A part of the Finnish Johns Hopkins research was a study where the associations were offered 11 definition possibilities to identify themselves; 42% of the associations that answered looked themselves as non profit organizations and 37% looked themselves as voluntary organizations. Only 7% identified their organizations as a member of Third sector even when the research was made under the title of Third sector in Finland (Helander-Laaksonen 1999, p. 14.).

When looking the employment effect of the Third system by counting together the whole Social economy sector or Co-operatives, Mutuals, Associations and Foundations sector (CMAF sector) in 1997 Pättiniemi got the following results (Pättiniemi, 1999).

Table 1: CMAF sector in Finland (estimate) by the end of 1990s.

Type of enterprise	Number	Members	Employees (paid)
Co-operatives incl. new co-ops	2 767	2 257 000	80 000
Mutual insurance companies	19		
Mutuals (others)	330		
Foundations	2 300		
Associations	140 000	3 700 000	70 000
out of which in social and welfare sectors	11 500	1 800 000	21 000
<b>Total</b>	<b>145 419</b>	<b>5 957 000</b>	<b>151 000</b>

\* the estimated amount of members in CMAF sector amounts over the population of Finland, because same persons can be members in one or more organizations.

Sources:

National Register Office (Patentti- ja rekisterihallitus kaupparekisteriosasto) 03.01.1998 and 31.12.1998.

Tenaw Shimelles: Finland is one of the strongest co-operative countries (Suomi on yksi maailman vahvimista osuustoimintamaista), *Osuustoiminta-lehti* 6/97, p. 16.

Köppä Tapani, Third sector, Social economy and new co-operatives (Kolmas sektori, sosiaalitalous ja uusosuuskunnat), in Pättiniemi Pekka (ed.): *Social economy and local development (Sosiaalitalous ja paikallinen kehitys)*, Publications of the Institute for Co-operative studies 11, Helsinki 1995, p. 18.

Pättiniemi Pekka, Nylund Marianne ja Kostilainen Harri: *Associations Against Exclusion in Finland*. Article written to CIRIEC unpublished book *Associations and Exclusion in Europe*, 1997.

Helander Voitto, *Third sector (Kolmas sektori)*, Helsinki, 1998.

Poteri Riitta, *Meissä on ytyä! Selvitys valtakunnallisten sosiaali- ja terveystajrjestöjen toiminnasta*, (We have power! Research about the activities of Nation wide Organizations in Social and Health Care Sectors), Helsinki, 1998.

This shows that the Third system - when understood a little bit broader than in Finland generally - is employing about 6 to 7% of the total labour force. In Johns Hopkins (JH) project it was estimated that the voluntary work inside the Third sector is equivalent to 77 000 full-time employees (not included in the table above) which is about 4% of the total labour force. When counting the voluntary workers inside the employees in Third system it would mean that Third system is employing 10 to 11% of the Finnish labour force. The result is showing that Social economy or Third system is far more important employer that has been forecast considering the fact that practically all the social and welfare and educational services are financed and also done by the public sector. Third system has also a special meaning when comparing the amount of members of Third system organizations to the population of about 5 160 000 people.

A major difference between JH statistics and the table above is in the information concerning the amount of members in associations. They estimate that associations have about 15.7 million

members in Finland, which means that every Finn is a member of at least three associations. The JH-project amount of members in Third sector organizations means that Finland together with Sweden has a surprisingly large Third sector measured by members (Helander-Laaksonen 1999, p. 33). The estimate made here above is based on the announced members of the associations which are members of the major national federations like SLU (Finnish Sports Union) and Allianssi (youth organization). JH research also estimated that out of the over 100 000 associations about 67 000 is still actively working (ibid. p. 32).

According to a comparison made with ICA statistics in years 1996/97 by Shimelles Tenaw it was found that traditional Finnish co-operatives (consumer, producer and banks) which are only presented in ICA statistics were the second biggest employer in ratio to the population after Belarus employing 1.2% of the total population of the nation. If the employment effect of the new co-operatives is added to the statistics Finnish co-operative movement would be the biggest in the world in this respect. According to the same research 44% of the Finnish population were members of co-operatives which was the fourth biggest amount in ICA. The producer (agricultural) co-operatives of Finland had the second biggest turnover comparing with population just after Denmark and the consumer co-operatives had for their part the second biggest turnover after Switzerland (Tenaw 1997).

There are two co-operative banking groups in Finland. In OPK Group there were 647 000 members, 8 695 employees and 249 co-operatives. The annual turnover was in 1997 FIM 9.9 billion (ECU 1.7 billion). In Local Co-operative Banks Group there were 59 900 members, 651 employees and 44 co-operatives. Turnover was in 1997 FIM 500 million, ECU 84 million.

Annual turnover of the agricultural co-operative groups was in 1997 FIM 45.1 milliard (about ECU 7 600 million). Employees they have about 31 000. The amount of independent co-operatives is 60.

There are also two consumer co-operative groups. In 1997 the S-Group had turnover FIM 26 billion (ECU 4.38 billion) and surplus of FIM 268 million (ECU 45 million), shops market and other places of business there were 1 189 and employees 17 265. In the regional co-operatives of this group there were 589 000 members. In E-group they had in 1997 turnover of FIM 6 billion about ECU 1 billion. Employees were 4 840 and members 370 000.

There is also an increasing amount of social enterprises running partly on tax-payers money and trying to become feasible after a period of time, this type of social enterprises are about 30 and counting then together with the 180 integrating labour co-operatives social enterprises total 210 enterprises. The increasing amount of new co-operatives (after 1987 there has been established 813 new co-operatives, which are still active today) deserves to be mentioned too.

During the last five years the proportion of new co-operatives other small and middle size Third system enterprises has increased substantially more than other small and medium-sized enterprises (SMEs).

Table 2: Associations, co-operatives, single entrepreneurs and private enterprises founded in Finland 1989-1997.

<b>New organizations</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>
Associations	1 596	2 036	1 646	2 038	2 212	2 526	2 780	3 407	3 687
Co-operatives etc.	55	93	82	68	75	89	153	259	334
Single enterprisers	5 326	4 395	3 617	3913	4 148	15 496	26 338	26 146	13 881
Private enterprises	38 445	31 034	21 565	18 992	19 907	17 997	16 937	15 398	14 790
Enterprises altogether	43 826	35 522	25 264	22 973	24 130	33 582	43 428	41 803	29 005
Else than a private enterprise %	12.3	12.6	14.6	17.3	17.5	46.4	61.0	63.2	50.9
Third system, all	1 651	2 129	1 728	2 106	2 287	2 615	2 933	3 666	4 021

Table is based on an article by Jarva, Vuokko: Kolmas sektori - palastus vai ansa (Third sector - new promise or a trap) in Futura magazine 2/1998, Tampere, 1998.

In this table the effects of the recession in early 1990s can be seen clearly. From 1994 onwards the Third system organizations and single enterprisers are rapidly increasing their amount as an answer to the unemployment. Measures taken by the State to encourage people to begin to search for work possibilities as single enterprisers by for example arranging employment training courses for enterprisers and increasing the total amount for start-up subsidizes for single enterprisers were very fruitful. Also the changes in labour market have made basis for this kind of evolution (see page 11). On the other hand the amount of single enterprisers began to drop by 13 000 from the year 1996 to 1997 and the pre-information from statistics show that the amount of established single enterprisers is still going down. The amount of co-operatives increased in the same period due to projects and other measures taken by the Institute for Co-operative Studies in University of Helsinki and its joint project with Fincoop Pellervo and local co-operative development agencies established by the aid of above mentioned organizations.

In this research we are trying to cover specially the fields of associations, co-operatives and leaving the mutuals only to be shortly mentioned. Mutualism is active in Finland mainly in two sectors in insurance and in real estate business - real estate meaning jointly owned houses by the companies. Mutual insurance companies play a major role in insurance business having in year 1997 market share of 36.2% in total insurance companies premium income (Vakuutus, 1998).

## II

### EMERGENCE AND DEVELOPMENT OF NEW ACTIVITIES AND NEW JOBS

#### 2.1 Activities

Traditionally Finnish associations have covered all the fields that can be imagined from the fields of insertion of excluded to the leisure and tourism activities of citizen groups, but associations have had little to do with direct employment and they have been more representing the interests of citizens and lobbying their points of view. Though associations have had an important role in the Finnish society, it has not been an employer role. In 1919, an Association Act was passed after which altogether 140 000 associations have been registered. Of these 29 per cent are economical or professional, and one fourth are political associations. 6 per cent of all registered associations were in the field of social and health care during years 1919-1994. In JH project the Third sector divided in 12 groups in which the biggest group was culture and recreation where 41% of the Third sector organizations was situated.

There are about 11 500 associations which are organizing voluntary social work. These organizations have about 1 500 000 members. About 40% of the associations in social and health care have increased their employment during year 1998 and about third of them are going to employ more people during 1999 (Sosiaalibarometri 1999).

One of the biggest national sport organizations, Finnish Sports Union (SLU) has about 6 500 member associations and sports clubs which in turn have about 1.2 millions registered members. The sport associations have announced in autumn 1997 that they could employ 10 000 unemployed in sport associations if the unemployment benefits of unemployed person in question could be changed to substitutes to the sport associations. These associations have given about 7 000 job opportunities with the so-called combined substitute of Labour Ministry by the end of year 1998. The duration of these jobs was about 6 months.

There are also 26 local partnerships which have been accepted to the nation local partnership program and have as their main goal to create new local employment. Besides these there are also several other local partnerships. There is no general information about the employment success of these partnerships. The problem in many of these partnerships is that they are founded from up to bottom not vice versa and thus do not represent necessarily any real interest to solve the local employment problems or make changes to the local employment systems.

Traditional Finnish co-operatives and mutuals have been active in the more business like sectors – consumer co-operatives and co-operatives in the agricultural business, with less interest – specially after 1950s due to the social and political development of the country.

Recently new types of co-operative organizations have risen with more social entrepreneurial attitudes and objective to employ people.



Table 3: Still active new co-operatives (established after 1987) in Finland by main sectors 28.2.1999.

Main sector	Amount of co-operatives
Energy	19
Purchasing	69
Development	27
Culture, publishing and media	44
Marketing	160
Tourism	38
Investing	16
Social, health and welfare	42
Worker Co-operatives	366
Others	32
<b>Total</b>	<b>813</b>

Source: Fincoop: Pellervo Osuuskuntarekisteri (Co-operative statistics).

Worker co-operatives, including the labour co-operatives, gave employment opportunities in 1995 to about 1 500 people. In the year 1996 it was estimated that worker co-operatives gave employment opportunities to over 4 500 people. The huge increasing in employment was based mainly on the increasing amount of worker co-operatives from 1994 to 1996 the amount of worker co-operatives raised by 150 enterprises.

About half of the 350 worker co-operatives (työosuuskunta) can be regarded as social enterprises (labour co-operatives) in the field of integration to work. Labour co-operatives are established mainly by unemployed people trying to keep up their contact to labour market and their professional skills. The explicit aim (mentioned in the statutes ) of the labour co-operatives is to help the economic and social well-being of the members by offering them work opportunities. They pursue to employ their members full-time by subcontracting their labour to other companies, however also part-time and temporary working opportunities are welcome.

In practice part-time and temporary work means increased possibilities to get a permanent. It also means that the member's contact with the labour market and his ability to work are kept up. Labour co-operatives don't find important to employ their members themselves, but that it is necessary to give opportunities and help members to enter into labour market by helping them to be employed directly by other companies. It is regarded as a good result if a member is employed full-time outside the co-operative and leaves therefore the membership.

Table 4: Worker and labour co-operatives in Finland

Year	1993	1994	1996	1998
Worker Co-operatives	10	30	130	170
Labour co-operatives	1	15	65	180
<b>Total</b>	11	45	195	350

Source: Pättiniemi Pekka: Labour Co-operatives: A Self-help Solution to Unemployment in Finland, in World of Co-operative Enterprise 1999, Oxford, 1999, p. 133.

Recently labour Ministry has estimated that new co-operatives gave at least substantial livelihood to about 19 000 people yearly.

From other types of new initiatives there is no statistical information available.

## 2.2 Structure of Third system organizations and statutes

Every registered association has its own statutes, which have to follow strictly the Association Act. (Yhdistyslaki 26.5.1989/1503, last renewed 1996).

In a registered association members can be individuals or legal persons as other associations, limited companies, co-operatives, mutuals, foundations etc.

In an association where all members are individuals every member has one vote in the association meeting, in case where there are also other kinds of member votes can be defined otherwise. For example so that those associations who have more members have also more votes in association meeting.

Association meeting elects the members of board (or council which then elects the board), auditors, decides the future lines of the association and also decides to accept or not the financial reports of the finance year (which are obligatory).

According to The Co-operative Act (Osuskuntalaki 28.5.1954/247) the ultimate decision making in the organization is based on a system of yearly or twice a year general meetings. In general meetings members participate the decision making process on one member one vote principle. In general meetings the members decide the strategies of future work, accept or not the balances and elect the board of directors - formed usually by the members - and the auditors. In larger co-operatives members usually elect a council which has the same responsibilities as the general meeting.

The board of directors elects the managing director (if wanted) who takes care of the business on a daily basis together with some team directors working in special fields. In smaller co-operatives the board of directors usually work on voluntary basis as a board. In co-operatives the

voluntary work can only be used in the management of the organization and maintaining the premises.

Mutual insurance companies are directed by two laws: The Finnish Co-operative Act and Insurance Company Act (which mainly deals with the economic and security capital questions). Co-operative banks have their own law (Osuuspankkilaki 1271/1990).

### III

#### **LOGICS OF WORK INSERTION, INTEGRATION, TRAINING AND RECONVERSION**

The labour administration covers by training and subsidized measures up to 118 900 people (at the end of October 1998). At the same time about 58 500 people were placed in jobs under wage-related employment. Even some 44 500 students attended labour market training at the end of October. This shows clearly the emphasis of Finnish labour administration policy. An introduction to work life is seen important to everybody trying to attend the labour market.

Employment has traditionally been seen as the major way of socialization and integration to the society. Finns continues to believe emotionally in hard working man as one of the characteristics of their identity. The tragic lies in the fact that the unemployment has come to stay and that it seems to be structural hitting people with old professional abilities and living in wrong areas. Certain areas in Finland are getting empty of people and many others have a high chronic unemployment percentage up to over 30%.

In Finland education and degrees have some less importance in employment today because of the high standards of Finnish general education. All the citizens in active work age have at least eight years of general education. Citizens who have ended their school after 1972 have at minimum 10 years general education and most of them also either vocational education or university level education. 56.9% of the population had an upper secondary or tertiary educational qualification. Other factors than education have become more important like the right connections and direct ability to work, like in high tech and software branches.

There is a lot of discussion upon the usefulness of a large net of contacts. In condemned areas this will hardly bring any relief, but in big cities it will be one of the major strategies of finding new employment opportunities.

## IV

### LOGICS AND WAYS OF TRANSFORMATION OF EMPLOYMENT

From 1987 to 1993 atypical employment forms as temporary jobs and part-time work have markedly increased. In 1993 every third entry job was a part-time job. In same year three quarters of entry jobs were temporary. This mean that only 20% of the entry jobs were traditional permanent full-time jobs (Parjanne 1997, p. 144).

Table 5

Wage-earners employment relationship	%
Permanent full-time job	76
Fixed-term full-time job	13
Permanent part-time job	7
Fixed-term part-time job	4

Source: Statistical Bureau of Finland, [www.stat.fi](http://www.stat.fi)

Today (1998) the productivity of industry has developed so that more industrial goods and services are produced with 350 000 less employees than in the year 1990. That means on the other hand that the qualifications of the workers have increased dramatically and especially the old lower educated workers and young people with minimum education are in danger to be totally left out of the labour market.

Employers are more and more demanding more flexibility to the labour market at the same time that actually the flexibility of labour market has increased by the fact that temporary and project like works have increased and the collective bargains between employers and trade unions have agreed on more local and workplace flexibility in the nation wide collective agreements. In the near future it is expected that flexibility and local agreements or better to say local solving the national agreements are to be more.

Traditional industries and also services are more and more externalizing other than their key functions and thus also making the labour market more flexible and the used to be employees more fragile to the market forces.

There are heavy additional employment costs for all employers including the Third system organizations in Finland, so the relatively weak voluntary sector has practically no chance to expand and enhance unemployment. The employer must pay employer costs from about 25% up to 40% extra over the gross wages (net wages + employees taxes) depending on the industry where the employee is working.

## **SUPPORT ORGANIZATIONS AND SOCIO-INSTITUTIONAL PARTNERSHIPS**

### **5.1 National, regional and local support organizations**

Traditionally Finnish associations have strong support organizations in the form of unions, federations or national associations with member associations. These types of association are for example: SLU (Finnish Sports Union) uniting all the 121 sport federations and 6 500 local associations and 1.2 million members in Finland; Allianssi (Finnish Youth Co-operation) uniting practically all the registered youth federations (about 100) and associations; Sosiaali ja terveystieteiden yhteistyöyhdistys YTY ry (The Association of Voluntary Health and Welfare Organizations YTY) uniting practically all the federations and registered associations in its sector. These organizations are lobbying the interest of their member organizations, helping their members in developing their activities and organizing practical organizational help to them. Some of these federations have also regional organizations which in their turn support regional and local member associations.

The national special federations in their turn help their local and regional members to fulfill their tasks by organizing development training, lobbying their special interest to the public sector etc.

The support structures for new co-operatives and other forms of social enterprises have only recently been developed. Support in establishing a co-operative and in developing its functioning can be obtained from The Institute for Co-operative Studies at the Helsinki University and 9 regional co-operative development agencies (CDAs).

The institute has been promoting new co-operative solutions for the problems in countryside as well as in cities since the late 1980s. Its role has been essential to the development of labour and worker co-operatives.

Co-operatives use largely seminars, discussion events and training courses organized by the Institute and CDAs.

There is also increasing interest and different separate efforts taken by the Finnish Co-operative Central Union Finncoop Pellervo, which is an association of co-operatives in agribusiness and banking co-operatives, to incorporate the emerging new co-operatives into their organization. In years 1997-98 Finncoop Pellervo has organized together with the Institute for Co-operative Studies and the Ministry of Labour the New Co-operative project, aiming to produce materials and other help to the establishment of new co-operatives (Piippo 1997, p. 26-30).

The CDAs workers and some co-operatives and other consultancies have established in 1997 an association Osuustoiminnan kehittäjät - Coop Finland ry (Co-operative development workers - Coop Finland), whose aim is to organize seminars and to further develop the CDAs workers professional skills; the association is also a member of CECOP.

Also a group of labour co-operatives has formed an association called Suomen Osuuskuntien Yhdistys ry (The Association of Finnish Co-operatives) for political lobbying, development and training. This association has about 40 members and is in the beginning stage of its activities.

In Hämeenlinna region 100 kilometres north from Helsinki labour co-operatives and other new co-operatives have established a secondary co-operative to help them to organize training, financing and lobbying for them to the public sector. An other secondary co-operative have been established in the Northern Finland in autumn 1998.

For the other social co-operatives also the nation wide or /and local associations in their special social sector give professional support and help considering the special needs of the excluded or impaired group in question.

Besides Finncoop Pellervo also the established consumer co-operatives have their sectoral federation representing their interest and helping their members to develop their activities.

There is also several public sector owned educational and development institutions dealing with the Third system. For example STAKES (National Research and Development Centre for Welfare and Health) which is an important partner in many development processes in its field.

In training and furthering development of many associations and new co-operatives Voluntary Educational Associations owned by the Third system organizations have an important role. These educational associations have also regional and local offices or organizations.

Financially important support organizations for the associations are The Slot Machine Association RAY and the Oy Veikkaus Ab. RAY is a state-controlled association which has the monopoly for « gambling » in Finland and is obliged by law to distribute the main part of its profit to social and health purposes. RAY's main function is to raise funds through its operations to support the work of voluntary social, health and welfare associations. It has a key role in financing new developments in the voluntary social and welfare sector. In the year 1997 it gave out FIM 1 454 million to the social and health care associations. In 1997, RAY funded about 1 035 associations (see [www.ray.fi](http://www.ray.fi)). The state-owned limited company Oy Veikkaus Ab (a company that has monopoly to organize lottery and betting games) must grant its profits to arts, sport, science and youth work. In the year 1996 it gave out FIM 1 685 million to the associations mentioned above. 103 millions were given to youth work. Oy Veikkaus Ab is originally founded by three sport organization and has since 1976 been owned totally by the State. Funds from Veikkaus create a direct employment effect of 12 620 working-years in beneficiary sectors (arts, sport, science, and youth programmes) with a totally indirect effect of 25 000 working-years (see [www.veikkaus.fi](http://www.veikkaus.fi)).

## **5.2 Formulation of methodologies of emergence, structuration and professionalization**

Traditionally Third system organizations have to apply the same professional and skill standards or have an official degree as in the public sector when dealing with education or social and health matters. This has secured high standards in the practical work with clients and patients.

In the discussion about the possibilities of Third sector to employ more people the focus has been since recently in pursuit to get more public aid to this purpose. The focus is now slightly moving to the direction that maybe there can also be professional and skill barriers inside the Third sector, specially in the entrepreneurial side of the activities. Recent observations show that the professional skills in local associations for example in the business economics hinder the associations capacities to move to more business like or professional actions and in this way to employ more people.

## **5.3 Specific supports for employment**

There are four supports for employment which can be used by the associations and foundations:

1. Employment support for employing the long-term unemployed for long time basis (Combined support).
2. Employment support for employing young people (17 - 24 years) or people with restricted capacity to work.
3. Employment support to employ people who have made a diploma in vocational training.
4. Vocational support.

Also many municipalities have their special support measures for employment which are usually related to above mentioned state supports.

These support measures can be used also by co-operatives and other companies but in more restricted way. In addition this new co-operatives, which are established mainly by unemployed, may have a establishing period grant which can cover 80% of the non-commercial costs of the establishing period.



## VI

### PUBLIC POLICIES

#### 6.1 Presentation of the national employment policy

On the labour market full employment has been the general feature from the 1950s - helped by the emigration to Sweden and other more industrialized countries from the 1950s up to early 1970s. The state has had the responsibility in employment policies, and the Ministry of Labour has its labour agencies in almost every municipality.

The national regulation of the labour market and the overwhelming social policy in Finland have encouraged and made a steady growth of the national economy possible. It has also increased significantly the level of welfare of the citizens. The labour market policy has been seen as an integral part of the economic and education policy.

One of the major aims of labour policy has also been to balance the regional development and employment differences in employment in the country. This has meant heavy regional support to less developed northern and eastern regions in Finland.

The deregulation of the national economic policy from the mid-1980s has changed the situation. The shift to a more global market and deregulation in past ten years together with mass unemployment in early 1990s have meant that the former national strategy of the labour market policy has lost its power. The former policy has turned ineffective and even against its objectives to encourage economic growth and social welfare (Koistinen 1996, p. 17-20).

Today there is a tendency to clean up statistics on unemployment by arranging educational opportunities to the unemployed. While they attend courses and working practice they shall not be counted as unemployed. Statistics show that the number of people covered by training and subsidized measures arranged by the labour administration amounted to 118 900. About 6 000 people were also employed through employment promoting investments and in certain European Social Fund projects. In all, about five per cent of the labour force was covered by these measures.

Today the government is trying to pursue active labour market policy in which labour force services and labour policy actions are directed to increase the flexibility of labour market and productivity in enterprises, to develop quality in work life.

The aim of labour administration is to gradually decrease unemployment and prevent the unemployment situation to become the normal stage. Key features in active labour market policy are: measures which can create new jobs, measures which make it easier to young and long-term unemployed to find their place in labour market, prevent new long-term unemployment and regional differences in unemployment, encouraging the unemployed to become entrepreneurs by special employment aid.

Labour force services are core of employment policies. These services can be divided into two lines:

- 1) efforts aiming to serve the employers, which can be labour agency services and training services to the labour force.
- 2) services and measures directed to the unemployed themselves; counselling and vocational labour market training.

The objective of vocational labour market training is to secure the possibilities of employers to have skilled and professional labour force and increase the possibilities of long-term unemployed to re-enter in labour market. At the same time this training is directed to support entrepreneurship and establishing of new enterprises and jobs. The objective is to employ through these measures 55 500 persons to at least 6 months. This training is estimated to reach 94 000 unemployed. It is estimated that 122 500 unemployed persons are use in these active labour market policy measures during year 1999 and that these measures decrease unemployment rate by 5%. (Finnish National Budget 1999).

## VII

### GENERAL CONCLUSION

The Finnish National Report can only offer a partial assessment of the employment in the Third system. The reason for this is that the Third system has not yet been included as a concept to the statistical quantification system in Finland. Third system according to the major studies refers only to associations and remains therefore a forum for cultural, leisure time and sport activities. There are of course non-governmental organizations in the fields of social and health care too but the overall importance of the associations as an employer will probably stay at the level of 3 per cent until some radical changes will take place.

In this report we have included to the Third system also co-operatives and mutuals and the results are referring that Social economy or Third system is far more important employer that has been forecast considering the fact that practically all the social and welfare and educational services are financed and also done by the public sector. The employment effect of Third system organizations is around 7% of the total labour force.

Third system has also special broadness when comparing the amount of members of Third system organizations (about 6 millions) to the population about 5 160 000 people.

Government supports new ideas, but new practices are often opposed by labour organizations or regulations on taxes and unemployment subsidies. Some form of benchmarking would be essential before new employment initiatives could be introduced more widely. The issue of Third system employment is still waiting to be discovered by the politicians. Nevertheless it is evident that Third system organizations, specially the new innovations as labour co-operatives and other social enterprises, are cost-effective establishing new employment and rapidly increasing their labour force. New support measures and encouraging legislation should be introduced in national and European level to help these initiatives to strengthen their activities.

## VIII

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