

Joint European Level Social Partners'
Work-Programme 2009 – 2010

Joint Study on Restructuring in the EU27
- Final phase

Finland

Summary note of the meeting that took place in
Helsinki on 5th March 2009

ARITAKE-WILD
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Introduction

The twenty-first seminar in the joint European level social partners' project, “Joint study on restructuring in the EU27” took place in Helsinki, Finland on the 5th March 2009. It was attended by the Finnish social partners, European social partners and experts – an attendance list is attached as appendix one.

The Project coordinator, Alan Wild, opened the meeting explaining the background to the project in the context of previous social partners' work programmes and the work already undertaken on restructuring in 20 Member States. He explained that the current phase of the project would facilitate a review of restructuring in every member state of the EU.

He stressed the importance of good and open debate in helping assure a high quality contribution to the overall project from Finland.

Finnish national dossier – section one

The project expert for Finland, Eckhard Voss presented the first section of the Finnish National Dossier – “A macroeconomic review of restructuring in Finland” (slides attached as appendix two). At the end of the presentation he left the Finnish social partners with the following questions;

- 1) To what degree is the current economic crisis similar to the crisis in the early 1990s and what can be learned about the economic recovery process? Is the policy solution of further modernisation, increasing productivity and export orientation still relevant?
- 2) Which current restructuring process (e.g. M&As, relocations, internal restructuring) and sectoral structural effects (in particular in manufacturing) are likely to be accelerated by the current economic crisis?
- 3) How are Finnish SMEs being affected by the crisis? Are they better off than larger companies? Which forms of restructuring are likely to occur in the small and micro sector?
- 4) Given the positive role of currency devaluation in the previous recovery, is the Finnish membership of the Eurozone perceived to be an advantage or a disadvantage in the current situation?

Following the presentation, the points summarised below were made by those present to further explain the context in which the report had been drafted, to add new information and, to help shape conclusions in order to contribute to the content of the final national

dossier. In the event the discussion was dominated by the economic downturn and the similarities and differences between the Finnish crisis of the early 1990's and today's global downturn;

- ✧ The report provides an excellent summary of the recent history of the Finnish economy. It is important to observe the differences between the economic crisis of the early 1990s and that of today. In the 1990s the recovery strategy was currency and export led – and this opportunity is significantly more limited today;
- ✧ The threat in the 1990s came from three issues – a Finnish domestic banking collapse; collapse of exports to Russia and reduced demand at home. Today the threat comes from outside the country;
- ✧ Today Sweden has the edge over Finland because of its ability to float its currency;
- ✧ SMEs have not yet been seriously negatively affected by the crisis – but this is just a matter of time and visibility. The new “no-one will be terminated” regional campaign is designed to prop up local demand and therefore minimise the knock-on effect on SMEs;
- ✧ The aging population is moving from being a short term problem to being a short term advantage, especially in industries like forestry where the pre-crisis situation was already difficult but the question of sustainability of social protection systems is not solved;
- ✧ The approach of the public sector to maintaining job levels during restructuring is helping the situation.

The Finnish national dossier – section two

Eckhard Voss presented the second part of the Finnish dossier “The role of the social partners in restructuring” (slides attached as appendix three). The social partners were asked to consider the following questions;

- 1) To what degree does the Finnish model of tripartite and bipartite cooperation and negotiation differ from the other Nordic labour market models? How deeply is it rooted in the Finnish labour tradition?
- 2) What are the major strengths and weaknesses of the Finnish model of “Change Security”? How could the system be further improved? Are there elements of the approach that are exportable to other countries?
- 3) Is there a limit to the Finnish economy's ability to achieve international competitiveness through education, training and productivity improvement?
- 4) How vulnerable is the Finnish labour market model, e.g. by a likely end of the 40 years period of centrally negotiated pay agreements, by government changes?

- 5) Are SMEs and employee groups with only weak trade union coverage sufficiently protected by the model?

Following the presentation, and in similar fashion to the discussion of section one above, the points summarised below were made by the seminar participants;

- ✧ The strong background and culture of social dialogue in Finland will form a basis for ongoing responses to the global crisis. Finland is interesting to outsiders because social dialogue has matured quickly over a relatively short history;
- ✧ One the basic characteristics of the Finnish social dialogue model is a strong tripartite dimension;
- ✧ One issue for the Finnish economic structure is the high number of sole entrepreneurs who run around 50% of companies. These organisations work in networks and tend not to grow as employers;
- ✧ In order to maintain national competitiveness, the Finnish social partners need to continue to focus on investment in education and training. Producing a climate that favours innovation even more than that today will be crucial;
- ✧ Finland's older workers are more reluctant than those in Denmark or other countries to change jobs and employers. This will be a challenge;
- ✧ There is a high degree of consensus amongst the social partners on the short and longer term challenges they face. In the short term the issues are early interventions in restructuring and making more use of temporary lay-offs to preserve jobs. The "change security model" will be refined to work effectively in the changing climate. In the longer term the challenges remain population aging and continuing structural change from industry to services;
- ✧ Views on part time working may have to change. Currently some see an increase in part time working as an undesirable threat to full time jobs rather than an additional and flexible working option;
- ✧ Finland's strengths are based upon high trade union density; strong employers willing to engage in discussion; and long term engagement of the social partners in fiscal and economic involvement that is not based on party politics.

Joint EU social partners work relevant to restructuring

Representatives from the European social partners presented their recent work in the area of restructuring (slides attached as appendix four).

Case study one – Perlos

The Perlos case study will be described fully in the national dossier.

Case study two Salo

The Salo case study will be described fully in the national dossier.

Summary discussion

Following the presentations, discussion and case studies, the European level social partners made the following broad observations;

- ✧ Liliane Volozinskis commented that it was regrettable not to have had an SME case that described how “change security” works for small companies. Going forward, increasing occupational, geographical and working time flexibility will be important for Finland’s social partners;
- ✧ Maria Helena André suggested that the social partnership faced different and difficult problems. However, strong and well established relationships will facilitate the development of new and innovative solutions to today’s problems. The ability of Finnish social partners to seriously study problems and options and to move forward quickly in a pragmatic manner will be a lesson for many;
- ✧ Steven D’Haeseleer was happy that the Finnish seminar had taken place now rather than earlier in the programme - and thanked the participants for embracing the discussion on the global crisis. He found the parallels, and the differences, between the 1990s and today interesting. From 1991 to 1994 unemployment increased from 3.2% to more than 17% - he hoped that the relatively new change security model would prove more resilient and more effective today. Comments on the use and limitations of the Globalisation Fund had particularly helped him in formulating thoughts for upcoming meetings on the subject.

At the end of the meeting, the social partners were thanked for participation in the meeting and for their positive engagement in the process.

APPENDICES

1. Attendance list for the seminar;
2. “A macroeconomic review of restructuring in Finland” – Expert presentation;
3. “The role of the social partners in restructuring” - Expert presentation;
4. “Joint EU social partners work relevant to restructuring” - presentation by the European level social partners;
5. Case study one “Structural changes in the region of Joensuu” - presentation by the Finnish social partners;
6. Case study two “Salu” - presentation by the Finnish social partners.