

National Recovery and Resilience Plan: Finland

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Abstract

Finland's Recovery and Resilience Plan (RRP) is strongly focused on supporting the green transition and digitalization. The plan addresses a wide range of country-specific structural challenges that are considered necessary to reinforce economic and social resilience. In the context of employment, a key objective is to raise employment to a level comparable with Finland's Nordic peers. In principle, the RRP's objectives are justified and have been positively assessed by the Commission. But while the RRP does include the overarching aim of tackling inequality, some legitimate questions remain on that subject.

Keywords: Recovery and resilience, Sustainable growth and employment, Labour markets, Segregation, Equality.

1. A Sustainable Growth Programme for Finland.

The Recovery and Resilience Plan (RRP) is entitled a *Sustainable Growth Programme for Finland* and was prepared by the Ministry of Finance in broad cooperation with other ministries, regional institutions and business and research bodies. The plan's national targets are presented on the premise that the plan 'will support growth that is ecologically, socially and economically sustainable in line with the aims of the Government Programme. The Sustainable Growth Programme will boost competitiveness, investment, research,

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development and innovation, and efforts to raise skill levels'.¹ The RRP was generally well received by the European Commission after its formal submission on 27 May 2021. The plan addresses a specific set of challenges for Finland, especially regarding employment. It is clearly constructed, and formally meets the criteria set out in the Recovery and Resilience Facility (RRF) Regulation. It also addresses the Country-Specific Recommendations of 2019 and 2020. The Commission gave its 'green light' to the plan on 4 October 2021 with President von der Leyen symbolically handing over the Commission's assessment to Prime Minister Marin during a visit to Finland. After this, the plan was adopted by the Council on 29 October.

The information provided on the RRF website² summarises the Commission's stance on Finland's RRP with the statement that 'The transformative impact of Finland's plan is the result of a strong combination of reforms and investments which address the specific challenges of Finland. The reforms address bottlenecks to lasting and sustainable growth, while the investments aim to accelerate the digital transformation, research and investment in the green transition, to promote employment and skills improvement, and to improve access to health care and social services across the country.'³

2. Overview of the RRP – an all-encompassing approach?

Finland's Recovery and Resilience Plan strongly prioritises the green transition. The plan consists of 39 investments and 18 reforms, which will be supported by approximately 1.8 billion euros (€) in grants.⁴ Most (50 per cent) of the financing provided by the Recovery and Resilience Facility is allocated for reforms and investments supporting climate-related objectives and 27 per cent is to support the digital transition. The programme's general objectives have been outlined by the ministerial working group on sustainable growth in Finland and are clearly defined in the first chapter of the RRP, as follows: (i) reduction of greenhouse gas emissions, (ii) productivity growth, (iii) raising the employment rate, (iv) access to hospital treatment, and (v) progress with equality. These general objectives are transposed into four sections – or pillars, as they are referred to in the RRP – encompassing

¹ Finland's recovery and resilience plan, Publications of the Finnish Government 2021: 52:

<http://urn.fi/URN:ISBN:978-952-383-840-6>, Helsinki, 2021, 9.

² Recovery and Resilience Facility:

https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility/finlands-recovery-and-resilience-plan_en

³ *Ibid.*

⁴ The RRP was drawn up on the basis of the maximum financial contribution per EU Member State as defined in Annex IV of Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (RRF Regulation). Finland did not request any loans. On 22 June 2022, the Ministry of Finance announced that Finland's share of funding from the RRF will decrease to €1.8 billion from the originally planned 2.1 billion as Finland's economy has developed better than forecast. While some of the reforms and investments will be dropped completely (such as support to phase out oil heating and develop electric car charging infrastructure), the shares allocated to different pillars of the RRP should retain their proportions. See <https://vm.fi/en/-/finland-updates-its-recovery-and-resilience-plan>. Please note that the updated (final) figures have not been included in this report.

all the general objectives, with some overlap, as discussed below. The four pillars are: the green transition (Pillar 1), digitalisation (Pillar 2), employment and competence (Pillar 3), and health and social services (Pillar 4).

The first pillar is, naturally, centred around the green transition and addresses climate change. According to the RRP objectives, the green transition will support structural adjustment of the economy and underpin a carbon-neutral welfare society. The programme's aim is to accelerate green transition solutions that facilitate significant reductions in emissions and support national targets for carbon neutrality and the circular economy, while enabling sustainable growth in future. The aim of the first pillar is outlined rather ambitiously as that of making Finland 'a global leader in the fields of hydrogen and circular economy, high added value bioproducts, zero-emission energy systems and other climate and environmental solutions; to improve energy efficiency; and to accelerate the transition to fossil-free transport and heating'.⁵

As stated above, 50 per cent of the plan's total allocation for reforms and investments will support climate objectives. The intended measures here are, for example, decarbonisation of the energy sector (that is, investing in energy transmission and distribution and in new energy technologies – €319 million); low-carbon hydrogen (investments along the hydrogen value chain, as well as in carbon capture, storage and recovery – €156 million), low-carbon heating of buildings (replacing oil boilers with low- or zero-carbon heating systems – €70 million), and green transportation (supporting private and public charging points for electric cars, gas charging and refuelling infrastructure – €40 million).

The second pillar is established on the premise that digitalisation and the data economy will strengthen productivity and make services available to all. According to the RRP, the second pillar can be understood as seeking to boost digitalisation and the data economy in private and public services. The intention is to improve cost-efficiency and productivity and to make safe services for a decent everyday life available to everyone across the country. The targets are to create a competitive operating environment for businesses and to turn Finland into a world-class producer of data-driven services for digital societies, together with secure solutions for these services, including solutions to promote the digitalisation of transport. The digital leap in society at large will be encouraged through actions targeted at accelerating digital, technology and data investments.

Out of the total allocation for reforms and investments, 27 per cent is to support Finland's digital transformation. This includes key measures such as digital connectivity (in other words, investments in high-speed broadband infrastructure across the country – €50 million), rail services fit for the future (Digirail⁶ – €85 million), digital innovations for social welfare and health care services (digital solutions to promote the care guarantee – €100 million), continuous learning (developing digital services and information resources that support continuous learning – €46 million), and recruiting international talent (digital infrastructure

⁵ Finland's recovery and resilience plan, nt. (1), 10.

⁶ Digirata, <https://digirata.fi/en/>. The project seeks to introduce the European Rail Traffic Management System on the entire national network by 2040, along with the 4G and 5G-based Future Railway Mobile Communication System.

to streamline work- and education based immigration and facilitate international recruitment – €20 million).

The third pillar of the programme is directly related to employment and competence, and is formed on the assumption that raising the employment rate and skill levels will accelerate sustainable growth.⁷ Raising the employment rate will be boosted with a client-oriented reform of services (employment and economic development services, work ability support, competence) and by leveraging digitalisation, promoting employment of people with partial work ability, streamlining work-based immigration, enhancing integration, and improving well-being at work. Long-term growth will be promoted by upskilling among young people and adults and by introducing opportunities for location-independent continuous learning. Shared use of research infrastructures will be boosted, and R&D intensity will be raised in order to accelerate growth, also in the long term. Renewal, recovery and sustainable growth in sectors most affected by the pandemic will also be accelerated by supporting innovations and research findings in the creative economy and in the events industry.

With respect to the third pillar, reinforcement of Finland's economic and social resilience is tied to the objective of boosting employment. In this context, that means reforming the Public Employment Services in order to increase the employment rate (€90 million). The measures should contribute to raising the employment rate to the declared objective of 75 per cent and support productivity. Furthermore, the measures under the third pillar will respond to the challenges presented by the pandemic, which is especially important for vulnerable groups. The primary focus is on long-term structural reforms, in line with the government's employment priorities. The adoption and implementation of the Nordic model of public employment services⁸ and the phasing out of the additional days of unemployment benefits for older people (the so-called 'unemployment tunnel'⁹) are both expected to have a positive impact on employment, as recognised by the Commission. The Nordic model of public employment services aims at changing labour market policy from passive to active. The reform supports rapid employment and re-employment, as well as seeking to establish a fair balance between jobseekers' rights and obligations, making the sanctions for unemployment security more reasonable. Under this model, jobseekers apply for work on their own initiative and receive individual and intensive support for their job search at an early stage. Jobseekers are, nevertheless, required to apply for a certain number of jobs in

⁷ Finland's recovery and resilience plan, nt. (1), 10.

⁸ Available at: <https://tem.fi/en/nordic-labour-market-service-model>; In short, the Nordic model of public employment services, or the Nordic labour market service model, is a Finnish reform of the public employment services which entered into force on 2 May 2022. The model is a direct response to the fact that the employment rate in Finland is lower than in the other Nordic countries. It also addresses the issue of Finland lagging behind the other Nordic countries in terms of the quantity and quality of employment services. The reform introduced unemployment-related measures actively and effectively utilised by other Nordic countries.

⁹ The term 'unemployment tunnel' refers to the combination of regular and extended unemployment benefits establishing strong disincentives to continue working, which are available for the oldest groups of jobseekers in Finland; See Kyyrä T., Pesola H., Rissanen A., *Unemployment Insurance in Finland: A Review of Recent Changes and Empirical Evidence on Behavioral Responses*, in *VATT Research Reports*, 184, 2017, 15, 70–71: <https://vatt.fi/documents/2956369/4207575/t184.pdf/ff470aca-917f-4e69-a701-d6ba7dafdb24/t184.pdf.pdf>.

order to continue to receive unemployment benefits and will receive a reminder in the first instance of forgetfulness or neglect.

In addition, the RRP here also addresses the facilitation of work- and education-based immigration, which is targeted at attracting international talent and should thereby contribute to both employment and productivity growth.¹⁰

Under the third pillar, some additional measures are included that should be considered cross-sectional by nature, more than as falling strictly under the employment and competence category in they are listed in the RRP. These measures include and are aimed at, for instance, small and medium-sized enterprises, or supporting businesses in the cultural and creative sectors, to develop innovative service operation models, as well as at the tourism and travel sectors (€60 million). Here, it should be noted that even though these measures, as well as certain measures under the other pillars¹¹ have the evident ability to affect the functioning of the national labour market, the measures under and the assessment of the third pillar will remain the focus in the next chapters

Finally, under the fourth pillar, a significant amount is allocated to social and health care. The plan includes key objectives such as investing in streamlining health-care service processes and providing faster and more equal access to social and health services, as well as promoting prevention and early identification of health issues (€260 million). Here, ‘access to health and social services will be improved and their cost-effectiveness enhanced. Treatment, rehabilitation and service deficits will be reduced by reforming operating models and by introducing new digital services. Access to treatment will be improved nationwide by introducing new operating procedures (also in mental health services). This will contribute to the attainment of the targets of the health and social services reform. The target is to make services available to everyone and to reform them from the perspective of the individual and cost-effectively’.¹²

3. Social and labour dimension of Finland’s Recovery and Resilience Plan.

3.1 Commission assessment: addressing both the pandemic and structural issues.

The very baseline of the Commission’s assessment is formed around the same presumption regarding the Covid-19 pandemic as indicated in the RRP. According to this – briefly described – the pandemic has had a major impact on Finland, although it is recognised

¹⁰ COM(2021) 624 final, 31

¹¹ The Finnish RRP includes reform of the continuous learning system with a strong connection to digitalisation (twin transition), which is expected to promote labour market-relevant skills in education and therefore plays a major supportive role in maintaining labour force employability in an increasingly digital and green economy. Likewise, efforts are also made to strengthen the service points of a new intermediate labour market operator (Ohjaamo), through an expanded work ability programme (WAP), and the expanded individual placement and support model (IPS) to facilitate the integration of young people and people with partial work capacity, including persons with disabilities, into the labour market by addressing their specific social, health-care but also education needs.

¹² Finland’s recovery and resilience plan, nt. (1), 11.

that in terms of output, jobs and public finances the effects have been less severe than in many other EU Member States.¹³ In the Commission's view, the Finnish RRP is pursuing the general objective of the RRF to promote the Union's economic, social and territorial cohesion, with the green and digital dimensions featuring prominently. Especially the major reforms, such as the implementation of the health care reform to improve access to social and health services and the explicitly mentioned reform of the public employment services to increase the employment rate, are considered in a positive light, if not endorsed.

The structural challenges identified within the framework of the European Semester, along with the recommendations in the CSRs of 2019 and 2020 are, according to the Commission, addressed well. The view is accompanied with recognition that the Finnish RRP also effectively addresses the significant challenges identified in other documents adopted by the Commission under the European Semester. The RRP is also consistent with the Council Recommendation on economic policy in the euro area adopted on 13 July 2021. In the context of the social and labour dimensions in the RRP, measures to boost employment are recognised here by the Commission.¹⁴

Regarding the six pillars structuring the RRF's scope of application, the Commission considers that the Finnish RRP covers all pillars in an appropriate overall balance. The minimum allocations set by the Regulation on the green and digital transition are exceeded. Regarding smart, sustainable and inclusive growth, the proposed measures are consistent with the national objectives of raising the employment rate to 75 per cent, while contributing to the implementation of the European Pillar of Social Rights. Here, the Commission notes the principles on gender equality, equal opportunities, active support for employment, inclusion of persons with disabilities, education, training and lifelong learning, and equal access to health care. In the context of policies for the next generation, an area in which it is stated that Finland fares better than many of its peers, the assessment indicates that the plan supports the acquisition of labour market-relevant skills, which is essential when the intention is to maintain employability in an increasingly digital and green economy. The much emphasised transformative potential of digitalisation in the RRP is also recognised by the Commission as contributing to the fact that many of the investments support the ongoing reform efforts in the employment, social and healthcare domains, for example, upskilling and re-skilling, and the digitalisation of employment and social and healthcare services.¹⁵

According to the Commission's assessment, Finland remains a relatively equal society, with inequality below both the EU and advanced economy average. It is noted that the Finnish social security system has cushioned the impacts of the Covid-19 crisis relatively well.¹⁶ Regarding social inclusion, Finland ranks better than the EU average for most

¹³ SWD (2021) 284 final, Commission staff working document, analysis of the recovery and resilience plan of Finland, accompanying the document: Proposal for a Council implementing decision on the approval of the assessment of the recovery and resilience plan for Finland, COM(2021) 624 final [hereinafter SWD(2021) 284 final], 2.

¹⁴ *Ibid.*

¹⁵ SWD(2021) 284 final, 3–4.

¹⁶ Additionally, the Commission also notes that the emergency fiscal measures adopted by the government in seven supplementary budgets in 2020, together with the pre-existing tax-benefit system, cushioned about three-

indicators¹⁷ used for the principles of the European Pillar of Social Rights. The Commission notes that the gender employment gap and the share of early leavers from education and training remain below the EU average, as is the case for the share of people at risk of poverty or social exclusion. The latter indicators do, in fact, remain at relatively low levels, even though the risks are somewhat higher for low-skilled workers, migrants and persons with disabilities. Regarding issues related to equality, however, the issue of labour market segregation is not addressed, even though it is recognised, albeit briefly, in the RRP.¹⁸

3.2 Challenges in the social and labour dimensions.

In its assessment, the Commission addresses at least a few challenges that, in their essence, should be considered structural by nature. In the context of the social and labour dimensions of the RRP, these key challenges include a shrinking workforce, the national social benefit system, territorial cohesion, rapid demographic ageing, and maintaining employability. And, even though Finland remains one of the most advanced economies in the EU, as well as a front-runner in digital technologies and clean energy innovation, the Commission has recognised some major challenges related to sustainable growth, cohesion, resilience and policies for the next generation.

These are connected to falling productivity levels, which can be observed in the contraction of the electronics sector in particular, and a low employment rate in comparison with the other Nordic countries. According to the Commission's assessment, 'the structural shift away from manufacturing to services has affected Finland's aggregate productivity with the total factor productivity having stalled for years and remaining below that of the Nordic peers'. Low investment in areas that would support productivity growth may also hinder potential growth, especially when the low level of productive investment can be expected to continue. The Commission seems to think that there is potential for further increasing cooperation between academia and businesses, as well as room to improve productivity growth by providing further support for business start-ups and the severely hit tourist sector. In addition, it is considered that labour shortages, especially in the ICT sector, are at risk of becoming an obstacle to investment and growth, primarily because of a shortage of high-skilled domestic employees.¹⁹

The shrinking workforce is considered a prominent issue that is expected soon to affect Finland's growth potential. The solution, according to the Commission, would be to bring

quarters of the shock. These measures were designed to support the economy, for example, by offering companies targeted subsidies and tax deferrals, as well as extending the national unemployment benefit schemes to facilitate short-term layoffs. In 2021, some of the measures supporting businesses and employees were continued.

¹⁷ See Eurostat, *Indicators – European Pillar of Social Rights*.

¹⁸ SWD (2021) 284 final, 5–6. On labour market segregation, see Finland's recovery and resilience plan, nt. (1), 25.

¹⁹ SWD (2021) 284 final, 8.

the employment rate up to levels comparable with other Nordic countries.²⁰ This is also a primary structural challenge. Adaptation of meaningful solutions requires integrating many groups of people – such as low-skilled workers, workers close to retirement, migrant workers, people with partial work capacity and persons with disabilities – into the labour market. It should be noted that the task has historically proven to be difficult because of the fragmentation of services in Finland. Moreover, the issue is currently more pronounced than ever as the Covid-19 crisis has arguably hit these groups the hardest. Reading between the lines it could be assumed that, on one hand, the Commission considers the RRP's response on this particular issue to be adequate in terms of short-term actions seeking to re-integrate people who have lost their jobs because of the crisis into the labour market, but on the other, criticises the listed measures aimed at reducing structural employment. It is also directly specified that the underlying causes appear to be gender- and age-specific.²¹

In addition to the fragmented nature of services, simplification of the social benefit system without losing its capacity to reduce poverty and inequalities remains a key challenge. The complex and fragmented system creates barriers to taking up work and lacks the flexibility to enable people to combine part-time income with benefits. The current issues facing the system concern both legislation and practice, as eligibility for benefits and services is based on certain social risks, adding a level of complexity to the system, while responsibilities for implementing social security lie with multiple organisations that all have their own services and practices.²² Furthermore, territorial cohesion is a challenge. The regional divide between the capital and the less developed regions of East and North Finland is fairly evident, even though regional unemployment rates have been converging somewhat in recent years. The Greater Helsinki Region performs well above the EU average in terms of GDP per head (144 per cent in 2019), whereas the weakest regions lag a little behind the EU average (93 per cent in 2019). Also, some challenges of workforce availability in growth sectors remain at regional level.²³

In the context of the Covid-19 pandemic, the RRP recognises and addresses some of the aforementioned challenges. The crisis has negatively affected the labour market in Finland by weakening the overall employment situation and the RRP acknowledges (or emphasises) a number of long-term structural challenges requiring solutions. One of the foremost items here is the pressure generated by an ageing population, which is ultimately connected to the shrinking workforce. This is also recognised in the measures included in the third pillar of the RRP.²⁴ While it is evident that this is crucial especially with regard to the relatively high levels of structural unemployment and the fact that the working-age population is decreasing,

²⁰ Unemployment rate percentages (Eurostat) for 2021: Norway 4.4 per cent, Iceland 6.8 per cent, Sweden 8.8 per cent, Finland 7.7 per cent and Denmark 5.1 per cent: Available data at: <https://ec.europa.eu/eurostat/databrowser/view/TPS00203/default/table>.

²¹ SWD (2021) 284 final, 9.

²² The complexity of the Finnish social security system was recently addressed in the report of the Social Security Committee on problems in the social security system: "Complexity of social security" available at <http://urn.fi/URN:ISBN:978-952-00-8436-3> (in Finnish).

²³ SWD(2021) 284 final, 9.

²⁴ Finland's recovery and resilience plan, nt. (1), 158.

it should be noted that while these issues are not generated by the pandemic it has exacerbated them. The labour market structure has been undergoing profound changes in recent decades. The Commission noted this in connection with Finland's lower employment rates compared with its Nordic peers, but the equation also contains other factors that should be taken into account. Employees' education levels have risen significantly, which has, in turn, further contributed to changes in occupational and sectoral structures. In comparison to EU averages, the special features of Finnish employment include its high levels of education, strong emphasis on expert work and balanced gender structure. Unfortunately, the latter does not indicate an equal gender distribution in different sectors, as relatively strong labour market segregation can also be observed.²⁵ It should be noted, however, that the sex-based segregation marked by women's part-time employment, even if women's employment rates are significantly higher than the EU average, is a common feature of all the Nordic countries. Most women work in female-dominated industries such as care work, health and education.²⁶

4. Labour impact of the Covid 19 pandemic: between positive and negative effects.

Finland has not been addressed with macroeconomic recommendations in the context of the in-depth reviews carried out by the Commission since the outbreak of the pandemic. With specific regard to social and labour policies, and especially their social and employment protection aspects, the country-specific recommendations (CSRs) of 2019, 2020 and 2022 put a marked emphasis on social and health-care services, as well as active labour market policies. In the 2019 CSRs, the recommendations aimed at effectively addressing the pandemic suggest that Finland address shortages of health workers to strengthen the resilience of the health care system and improve access to social and health services. Additionally, the recommendations state that measures should be taken to support employment and to bolster active labour market policies. Regarding social and labour policies, the 2020 CSRs follow the same agenda by suggesting that the country improve the cost effectiveness of and equal access to social and health-care services, along with recommendations to improve incentives to accept work and enhance skills and active inclusion, notably through well-integrated services for the unemployed and the inactive.²⁷

In light of these recommendations, the CSRs of 2022 introduce from very little to nothing new in relation to social and labour policy. In connection to the previous recommendations the Commission does, however, suggest that Finland should present policy proposals for social security reform, aimed at increasing the efficiency of the social benefit system,

²⁵ Sutela H., Pärnänen A. *Koronakriisin vaikutus palkansaajien työoloihin*, in *Statistics Finland Working Papers*, 1, 2021, 11. See: https://www.stat.fi/tup/julkaisut/tiedostot/julkaisuluettelo/ywrp1_202100_2021_25870_net.pdf.

²⁶ See Labour market statistics (Norden): <https://www.norden.org/en/statistics/labour-market>.

²⁷ Council Recommendation on the 2019 National Reform Programme of Finland and Delivering a Council opinion on the 2019 Stability Programme of Finland, COM(2019) 526 final; Council Recommendation on the 2020 National Reform Programme of Finland and delivering a Council opinion on the 2020 Stability Programme of Finland, COM(2020) 526 final.

improving incentives to work, and also supporting long-term sustainability of public finances.²⁸

Overall, the RRP has been under little political discussion in Finland and therefore it is at least doubtful that the political landscape would have been heavily impacted by the adoption of NewGenerationEU (NGEU). What have been evaluated and, to some extent, debated, however, are the various effects²⁹ generated by the pandemic in terms of, for instance, work satisfaction, work performance, cost-effectiveness, and so on.

At the outset, it is unquestionable that the Covid-19 pandemic has had an impact on Finnish working life. This is a premise of the RRP and has been duly noted by the Commission. There are, however, some aspects of the crisis-related effects that, given the recent changes in the labour market, could have been better addressed (or at least included) in the RRP. For example, during the pandemic, remote work has rapidly become almost twice as common as it was before it. Such a massive change in a relatively short time is undeniably reflected in the structures of remote working, as well as regular employment. One could go as far as to say that remote work was not too common before the pandemic, but has taken up a seemingly permanent place in Finnish working life during and after it. And, while the effects demonstrated in the RRP have had major negative effects for some workers, the studies have shown that this is not necessarily the case for remote working.

Therefore, even though the primary assumption of the RRP seems to be that *all* the effects of the Covid-19 pandemic have been negative, the conclusion seems arguably a little rushed. The presumption is the same regardless of whether we are speaking of effects on a general level, such as the functioning of the labour market, or the physical working conditions of wage earners. Regarding the latter, given the changes in the structure of the employment system, there are visible indicators showing that in some areas – remote work in particular – the primary effects have been, in fact, positive.

Before analysing the phenomenon any further, it should be noted that these issues have a strong relation to gender equality and therefore to labour market segregation. The Commission has assessed the RRP regarding the fact that it contains a section on gender equality and equal opportunities for all, which also briefly describes the impact of Covid-19 and, in particular, challenges related to gender equality. According to this assessment, equality is a crosscutting general objective of the RRP that is in line with the European Pillar of Social

²⁸ Council Recommendation on the 2022 National Reform Programme of Finland and delivering a Council opinion on the 2022 Stability Programme of Finland, COM(2022) 611 final.

²⁹ There is no single exhaustive definition for what is meant with *effects* or *impacts* in the RRP. The premise of the RRP, however, in this sense, is that the pandemic “—has had and continues to have significant *health, economic* and *social* impacts on *people* (emphasis added) in Finland and everywhere in the world. Some of these impacts may turn out to be long-lasting.” The author argues, here, that these impacts or effects, as referred to in the RRP, are basically assumed to be *negative* by nature regardless of the context; Finland’s recovery and resilience plan, nt. (1), 16.

Rights.³⁰ As such, all the actions and measures in the RRP are expected not only to address the challenges described, but to have direct and indirect impacts on gender equality.³¹

Statistics Finland³² has published a report on the impact of the Covid-19 pandemic on wage earners' working conditions. Without going into further detail on the methods and results of the study, it demonstrates a number of different effects.³³ Even though there is a strong prevalence of effects than can be defined as negative in the context of the RRP, the study also contains a number of positive observations. The majority of wage earners have experienced positive effects to at least some extent. Furthermore, the results indicate that these effects may have been very different or even completely the opposite in different groups of employees.³⁴ Naturally, it would be challenging to provide an exhaustive summary of the effects of the Covid-19 crisis on wage earners' working conditions as they are quite wide-ranging, despite the timeframe of less than two years. On a general level it is, however, obvious that the pandemic has indeed changed working life in Finland. Only approximately one in six wage earners felt that the pandemic had little or no effect on their work over the course of the study. As Sutela and Pärnänen point out, this shows that the majority experienced changes in their work at least to some extent.³⁵

³⁰ The plan also includes information on expected social impacts, including on persons with disabilities, persons with mental health problems, older people and migrants. Some of the employment and labour market reforms are dedicated to developing more integrated services, which are available and accessible to all, and address the needs of disadvantaged groups. Other measures, including the acceleration of digitalisation and improving regional availability of high-speed broadband connections, are aimed at facilitating location-independent work, making it easier for women and men to reconcile work and family life.

³¹ COM (2021) 624 final, 24.

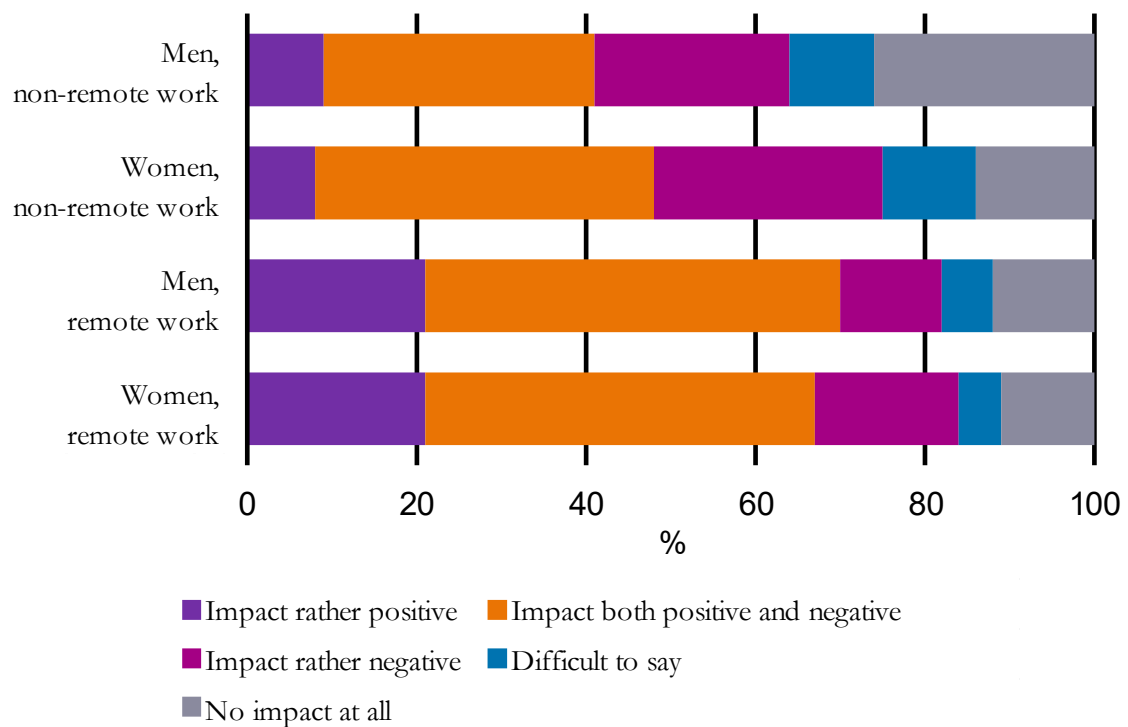
³² Founded in 1865, Statistics Finland is a statistical authority defined in the Statistics Act (280/2004). It produces the majority of the Official Statistics of Finland (OSF). Statistics Finland's task is to process data accumulated from various data sources into the form of statistics and to make them available to all Finns.

³³ Sutela H., Pärnänen A, nt. (25). It should be noted, as the authors point out in the conclusions of the study, that as the questionnaire was conducted in spring, summer and early autumn of 2021, it is very likely that the results would have been different in some respects had the data collection been carried out at another (later) stage of the pandemic, which has lasted more than two years so far.

³⁴ Sutela H., Pärnänen A, nt. (25), 163.

³⁵ Sutela H., Pärnänen A, nt. (25), 178.

Figure 1 Impact of the Covid-19 pandemic of working life (both remote and non-remote workers)



Source: Statistics Finland, Koronakriisin vaikutukset työelämään [*The Impact of the Corona-crisis on Working Life 2021*]

According to the study, the most common experience for Finnish wage earners is that the effects of the crisis on work have been both positive and negative. One in five employees had experienced mainly negative effects, while 14 per cent considered the effects to be mainly positive. Among other things, gender and age have had a clear effect on individual experiences of how and to what extent the crisis has affected people's work. Employees with the possibility of remote working have experienced positive effects more than twice as often as workers in non-remote jobs. Also, in non-remote work the negative effects are clearly more common. The proportion of those who have experienced mainly positive effects is more or less the same for both sexes, whereas women have had more negative experiences than men.³⁶

As stated by the Commission, social cohesion should be promoted, with all measures contributing directly to implementation of the European Pillar of Social Rights.³⁷ While this can be assumed to be the case in the context of Finland's RRP, for instance, regarding the Nordic model of public employment services and measures integrating young people with partial work capacity, and persons with disabilities into the labour market, the gender equality aspects seem to be, to put it mildly, somewhat disconnected from the investments and reforms outlined in the RRP. The general purpose of addressing inequalities is paraphrased

³⁶ Sutela H., Pärnänen A, nt. (25), 178.

³⁷ SWD (2021) 284 final, 32

as a general objective but no extensive evaluation especially regarding the issue of segregation can be found in the chapters on labour market reforms, even though the issue is recognised by the RRP. Therefore, one could go so far as to say that while the measures and reforms do have the potential to address equality, it remains ambiguous the actual effects of the plan will be.

5. Conclusions.

One somewhat understated effect of the crisis in the Finnish context has been the fact that female wage earners have been facing negative consequences more than their male counterparts. This is exactly where labour market segregation plays a significant role. The primary reason for the differences between the different groups is largely the gender distribution of the labour market in terms of occupational structure and the different proportions of women and men working in private and public sector positions. In simple terms, the Covid-19 pandemic has hit civil servants and municipal employees the hardest, especially those working in the health care and education sectors. In other words, the negative effects are more pronounced in jobs that involve addressing the needs of others. Within the service sector, uncertainty about the continuation of work has become part of everyday life. The majority of people working in these positions are women and the possibilities for working remotely are minimal. In comparison, the positive effects appear to be most common among senior salaried staff – with the exception of specialists in the health care and education sectors – employees working in the central government sector, and for people working remotely in general.³⁸

Given the recent changes described briefly above, it is evident that in Finland's specialised labour market, in which remote and long-distance working has prevailed or was even enshrined before the pandemic, and in which the direct negative effects are observed primarily in the industrial and services sectors – which have not experienced most of the aforementioned changes – the crisis's overall effects on employment can only be considered mixed. There is, however, a fairly evident effect that is related to the existing labour market segregation, which is not directly addressed by the RRP. There is little to no difference between genders when it comes to how many people have felt that the crisis has had a positive effect on their work. The key difference lies in the fact that between women and men engaged in various more traditional employment – that is, no actual possibilities for working remotely – significantly more men feel they escaped the effects of the crisis whereas more women have only felt negative impacts on their work. Also, in remote work, the crisis has had effects on both sexes but, even in this case, women have experienced negative consequences more often.³⁹ The question that remains unanswered here concerns the extent

³⁸ Sutela H., Pärnänen A, nt. (25), 188.

³⁹ *Ibid.*

to which the negative effects are bound to these particular professions, as women or men tend to be overrepresented in them.

The Commission considers the RRP to be a more than adequate response to most of the negative effects that the global pandemic has given rise to, at least primarily. Nevertheless, a short analysis of the plan's primary objectives and measures in relation to gender equality in the Finnish labour market does leave a minor question mark regarding adequacy. Other than that, all assessments would indicate that the measures intended to be taken under the RRP address country-specific issues that are inherently profound and objectively justifiable.

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