

JUSTMIG

Sustainable and socially just transnational sectoral labour markets for temporary migrants

Background report

Finland

Authors: Quivine Ndomo and Nathan Lillie
University of Jyväskylä

April 2024



Funded by the European Union, Project No. **101126535**

Introduction

Recognising the increasing importance of temporary transnational labour migration, the JUSTMIG project aims to examine trends and patterns of temporary labour mobility and employment of migrant workers on fixed-term or outsourced temporary contracts in selected manufacturing and service sectors in 6 EU countries, as well as the adaptation of industrial relations structures in the same 6 EU Member States and 3 EU Candidate Countries that are source countries for workers. The aim of this background report of the JUSTMIG project is to provide an assessment of the trends and dynamics of temporary labour migration in Finland as well as an up-to-date overview of the presence and importance of migrant workers in temporary employment in Finland.

The report is based on 2 interviews with sectoral representatives, analysis of statistical data on transnational migration, analysis of relevant policies and regulations, and information gathered through desk research on key issues and challenges faced by labour market and industrial relations institutions. In part 1, it provides an overview of the situation for mostly overlapping cohorts of temporary work migrants, and migrants in temporary employment, in Finland, in terms of their sectors of work, representation, labour conditions and patterns of socio-economic mobility. In part 2, the report provides a general overview and a focused discussion of the services and manufacturing sectors illustrative examples from the social elderly care and food processing subsectors. Lastly, it draws attention to the concerning growth of migrant workers as a crucial point of contention from which the universalist ideals that have been central to the Finnish labour market model are being strategically undermined. In line with the intervention logic of the JUSTMIG project, the report specifies the data regarding labour migration from Estonia and Ukraine whenever possible.

PART 1

Summary of migration policies and regulations

Finland's industrial relation system, social partner organisation, and welfare state conspire to ensure that unlike in many countries, precarious work does not, by and large, cause deep poverty among a significant portion of the native population (Pyöriä & Ojala, 2016). While the growing importance of worker precarity is recognised (Jakonen, 2014), effective universalist institutions protect Finnish workers from its worst effects (Mustosmäki, 2017). Active labour market policies and a general turn to conditional benefits and unnecessarily punitive programs might negatively affect the reservation wage (Kananen, 2012). However, currently, the Finnish welfare state continues to limit the degree of desperation to which unemployed Finnish workers are subjected. Finnish workers remain, therefore, shielded and have a relatively high reservation wage. Migrant workers, and particularly those who are temporary or highly discriminated against, are not necessarily as well protected, and provide employers with an exploitable workforce offering a way around this dilemma. Unions in affected labour markets are forced to adapt and find new ways to organise new groups of vulnerable workers. Social partner institutions are strained by government and employer efforts to break with past norms and decision-making processes in order to be able to take advantage of these vulnerable workers, and through this also begin to attack the security and welfare of native Finnish workers.

Migrants, who are excluded from the social protections of citizenship and welfare in Finland and therefore more socio-economically vulnerable, provide a weak link that

employers and the Finnish government are currently attempting to exploit to undermine the consensus-based universalist features of the Finnish labour market. The program of the current government aims to achieve this by reducing the rights of migrant workers, reducing the power of unions, and undermining the institutions and norms of social partnership and universalism in tandem. Among other developments, the government is attempting to restrict industrial action, which is used to, for example, recover unpaid wages of migrant workers (see also Lillie, 2012); and has introduced a raft of migration policy measures designed to increase migrants' precarity by making their right to remain more uncertain, reducing their rights to access social benefits, and lengthening their social integration and naturalisation processes. The government programme and its comprehensive elaborations appear to represent a deliberate attempt to undermine union power and welfare state universalism, and to create a dualised labour market (see also Sippola, 2024). In this respect, the government's industrial relations and migration policy proposals should be viewed as two lines of a coherent effort.

Bilateral agreements for in-coming labour in Finland

An impending labour shortage that is especially strong in low-salary sectors and other sectors like **construction, health care, transport, agriculture, and cleaning** is a significant driver behind work-related immigration strategies and activities in Finland today. Earlier, migrant workers were recruited through direct contact between employers, job seekers, and the official employment office (Raatikainen 2004, 60). Recently, however, there has been a growing reliance on private employment agencies. Private employment agencies and companies which act as brokers for agency workers are more prominent in the recruitment process than employment authorities, especially in the construction and metal industries (von Hertzen-Oosi et al., 2009). Recruitment intermediaries tend to be recruitment agencies and families, relatives, acquaintances and other kinds of middlemen and unofficial intermediaries.

Finland has not concluded any national-level bilateral agreements with other EU (European Union) member states, or third countries for the supply of labour – temporary or permanent. However, individual employers and companies in Finland do engage in a variety of direct and indirect recruitment arrangements in specific sectors of the Finnish labour market.

The current government programme has promised to introduce a target country model for international partnerships for labour migration in which recruitment efforts will target specific groups of experts in specific target third countries. The programme, in the planning phase, is set to start operations with four countries - Brazil, India, Philippines, and Vietnam. There is a heavy emphasis on recruitment from third countries being supplemental to labour migration from other EU member states, and TCN migration being subject to stricter regulations than has been in past government programmes. Specifically, recruitment from third countries is to be used only to source highly skilled experts and "specialists". The other condition is that third-country nationals are to be recruited for high labour-shortage sectors. In Finland, the sector with the most acute labour shortage is healthcare and social welfare (Government Programme, 2023; Kasinen & Kiuru, 2023). The export industry and seasonal production sectors such as Agriculture and tourism are the priority sectors for foreign labour recruitment to tackle labour shortage.

Although there is no national-level bilateral arrangement for the recruitment of foreign labour into the Finnish care sector, a report by the **Finnish Union of Practical Nurses (SuPer)**, shows that individual employers both in the private and public sectors have been recruiting foreign workers from abroad at a rapidly growing speed. The need for a

foreign workforce in Finland has featured strongly in the past government programmes. In 2021, under the drive to increase work-based migration in the Marin government, the Ministry of Social Affairs and Health established several working groups to develop a work-based migration solution to labour shortage in the sector. One of the working groups focused specifically on international recruitment and labour migration. However, the report shows that recruitment in the care sector continues with little or no regulation. Long chains of actors in recruitment challenge accountability, while creating exploitation avenues. A labour shortage in the Finnish care sector is expected to persist. Currently, most migrant workers in Finnish care are mainly EU citizens from Estonia, Sweden, Spain, and Germany. Outside the EU, past recruitment has focused on the Philippines, and now other countries in Africa and Asia are being considered too (Kasinen & Kiuru, 2021; Helsinki Times, 2023). Very little research has been conducted on the food processing sector as compared to elderly care in Finland. However, in our interview with a representative of the **Finnish Food Workers Union (SEL)**, we learnt that unregistered middlemen and intermediaries have played a role in the recruitment of workers in the subsector for the past 10 years with new developments in this regarding the recruitment of Ukrainian workers in the past year.

Trade Union for the Public and Welfare Sectors (JHL) representatives we interviewed specifically mentioned international recruitment practices of employers as a problematic area which they believe should be better regulated to protect workers.

Administration of work-based migration from outside the EU

The migration governing bureaucracy in Finland consists of multiple institutions that cut across all administrative levels – national, regional, and municipal, that implement Finland’s migration regime.

Since 2020, perhaps reflecting the heavy labour market orientation in migration management in Finland, **the Ministry of Economic Affairs and Employment** took over responsibility for policies and legislation concerning the migration of workers, students, trainees, and researchers. The same ministry is also responsible for supervising the Finnish Immigration Service (**Migri**) together with **the Ministry of the Interior**. **The Finnish Immigration Service (Migri)**, alone, and in some cases together with the **(regional) Centres for Economic Development, Transport, and the Environment (ELY Keskus)**, and the **(local) Employment and Economic Development Offices (TE Services)**, makes decisions on residence permits and visas. Migri collaborates with Finland’s embassies abroad to issue residence permits and visas to third-country nationals migrating to Finland for the first time. Migrants already in Finland, apply for their residence permits in Finland at Migri. International employment services at Employment and Economic Development Offices (**TE services**) help employers in the recruitment of workforce from other countries. The experts of the TE Services advise on matters related to the recruitment of employees in both European and non-European countries.

In addition, the Ministry of Economic Affairs and Employment, together with **the Ministry of Education and Culture**, coordinate the national **Talent Boost Programme**, a work-based and education-based immigration programme that engages in an indirect skill and labour “attraction/recruitment” campaign through a mix of branding strategies. The Talent Boost programme (2023–2027) brings together the work-based immigration measures of the current Government Programme and enhances the measures introduced in earlier government programmes to support: (1) Finland’s attractiveness by promoting the availability of experts and country branding. (2) Support easy and effective residence permit processes and follow-up control. (3) Strengthening

Finland's ability to retain foreign workforce. (4) Preventing and combating work-based exploitation (Talent Boost, 2023). The Ministry of Economic Affairs and Employment houses a Labour Migration and Integration Unit. **The Ministry of the Interior remains responsible for all general provisions related to residence permits, laid down in Chapter 4 of the Aliens Act.** These include types of residence permits, general conditions for issuing a residence permit, lengths of residence permits, the revocation and expiry of residence permits, issues related to the immigration of workers' family members and the right of asylum seekers to work. This means that the administrative task of migration in Finland splits uneasily between two ministries with the potential that smooth coordination and rendering of services may be undermined.

Residence permits, visas, and exemptions

Third-country nationals gain access to the Finnish labour market through different kinds of residence permits and visas. **Non-specialist labour** recruited from outside the EU/EEA typically requires a residence permit which is issued in two steps. **TE Services** makes a partial decision on the employee's residence permit application after carrying out a labour market test, and **Migri** makes a final decision. **People with special expertise, recruited from outside the EU and the EEA**, can be granted a special residence permit if they have a university degree and if their pay levels correspond to their expertise. Residence permits are issued by Migri alone without TE services input. **It is also possible to work on visa and visa waiver in Finland.** The Aliens Act lists the job that visa holders may perform for a **maximum of three months**. Persons who can enter Finland without a visa may perform these tasks without a visa. Gathering of natural products permitted under "**Everyman's Rights**" is also possible under a visa or visa waiver. Berry pickers are seasonally recruited to collect berries for commercial companies in a regulatory grey area where unemployed 'tourists' perform non-work, on behalf of 'non-employers' with serious socio-economic implications (see Martin & Prokkola, 2017). **Seasonal work in agriculture and tourism requires a seasonal work permit** per the Seasonal Labour Act, either a seasonal work permit, a seasonal work visa or a seasonal work certificate. **A residence permit for a self-employed person** is issued through a two-step procedure where the regional Centre for Economic Development, Transport, and the Environment (**ELY Keskus**) first makes a partial decision following a viability test before the final decision by the Finnish Immigration Service. **Start-up entrepreneurs** can apply for a residence permit for a start-up entrepreneur from the Finnish Immigration Service, but only after obtaining an **Eligibility Statement from Business Finland**

Statistical data on migration

Stocks and flows of temporary migrant workers

Delineating temporary labour migrants in either the stock or flows of migrants in the Finnish context is difficult. Migrant workers with temporary employment status in Finland dynamically cut across legal statuses from international students to asylum seekers. We, therefore, highlight all data that is insightful about temporary work among migrants in Finland and JUSTMIG sectors. But first a general summary.

In 2022 Finland had a total non-EU immigrant stock of 195,762 reflecting a 75% growth from 2018. Regarding flows, in 2022 Finland had about 9 first permits issued per thousand persons, up from 4.1 in 2018. In absolute numbers, first-time permits increased from 22,508 in 2018 to 49,774 in 2022. Taking the flow-to-stock ratio as a measure of temporary labour migration magnitude, then it can be deduced that immigrant inflow in Finland has increased from 20% to 25% between 2018 and 2022,

higher than the EU average (14%), and significantly higher than the OMS average (11%) (see Figures 1 and 2). Moreover, since 2018, there has been a sharp increase in the share of first permits issued for employment reasons from 5,705 to 17,616 in absolute numbers. The share of first permits for employment reasons is about 35%, in line with the EU average (36%), but higher than the OMS average (22%). When using first-time residence permits for employment reasons that are shorter than 1 year to approximate temporary labour migration in Finland, their share among labour immigrants decreased from 34% in 2018 to 19% in 2022. However, this formula must be adjusted to better capture the nuances of Finland’s labour migration regime.

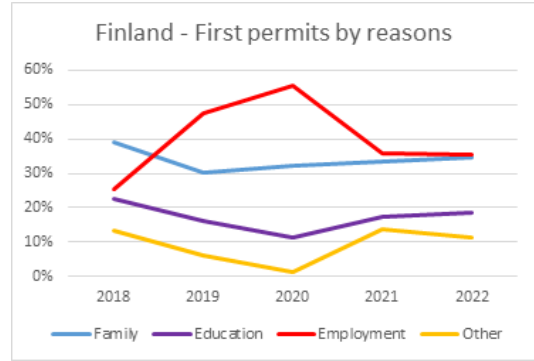
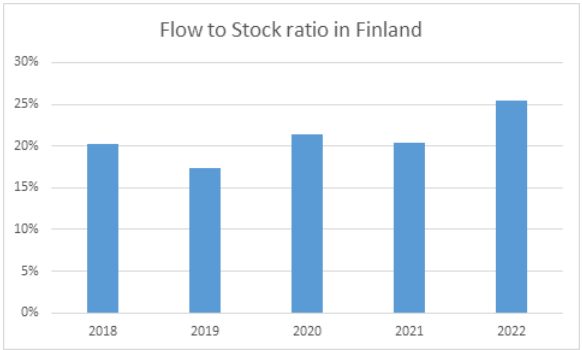


Figure 1: Source: Eurostat

Figure 2: Source: Eurostat

Of all employed persons, **8.3%** were of foreign background (Statistics Finland, 2023). The share of persons of foreign background among employed persons was highest in the occupational group of cleaners, helpers and other cleaning workers in line with an ethnicity and nationality-shaped segmentation and division of labour in Finland see e.g., Ahmad (2020); Ndomo, (2024) and **Figure 3a**. According to Statistics Finland, the most common occupational group for employed persons at the end of 2021 was personal care with 196,000 employees, 16,500 (**8.4%**) of whom were of foreign background (Statistics Finland, 2023).

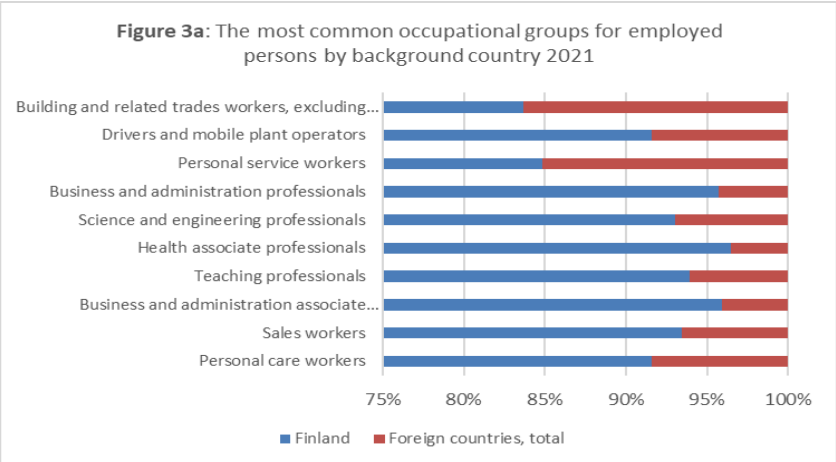


Figure 3a: Source: Own calculations from Statistics Finland

Figure 4a shows the biggest migrant groups in Finland by nationality in 2018 and 2022, while **Figure 4b** shows developments in migration from Ukraine to Finland in 2018-2022. **Figures 5 and 6** show the distribution of migrant workers by **type of 'employment'**. Entrepreneurs also include the self-employed.

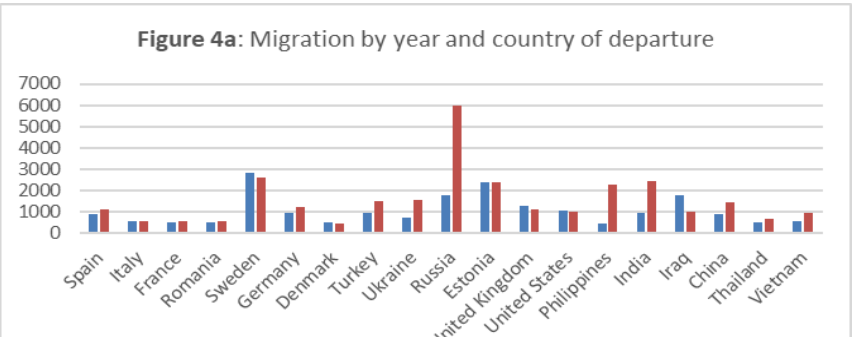


Figure 4a: Source Own calculations from Statistics Finland

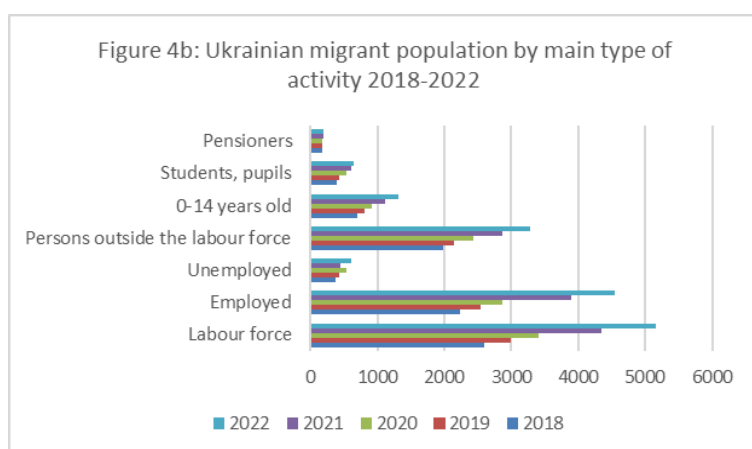
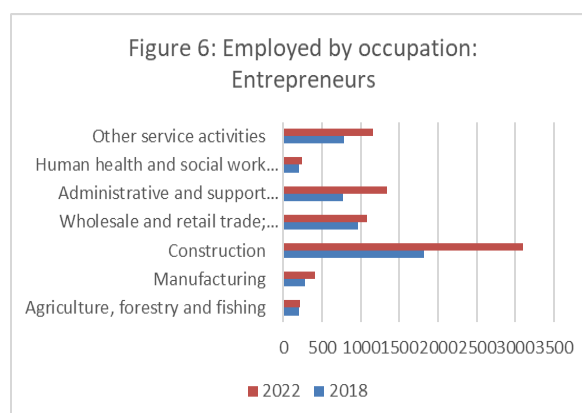
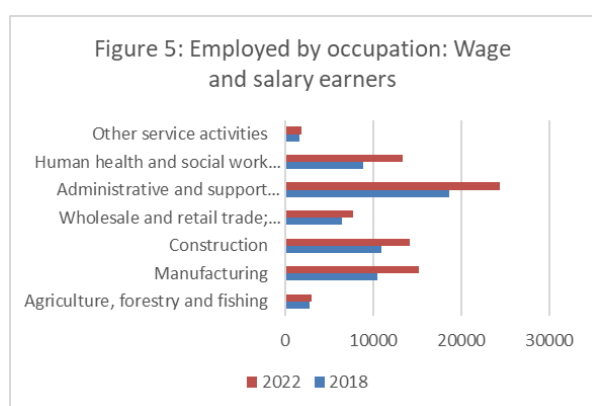


Figure 4b: Source Own calculations from Statistics Finland



Figures 5 and 6: Source: Own calculations from Statistics Finland

According to a report by the Finnish Institute for Health and Welfare (THL), The number of people working in health and social services in the private sector of health and social services increased by about 9% in 2021 compared to the previous year. In 2021, approximately 107,000 people worked in the private sector. Nearly a third of personnel in health and social services work in the private sector (29.9%), 63% in the public sector, and 7% in non-profit associations. In 2021, about 107,000 personnel worked in the private health and social services sector, compared to 79,700 in 2016, a 34% growth. Additionally, **the number of personnel hired through temporary work agencies increased by almost a fifth between 2016 and 2021, from 3040 to 3600.** See Tables 1 and 2 for more details.

Table 1: Number of people working in health and social services by industry per year (2016–2021) (Source THL)

Service	2016	2017	2018	2019	2020	2021	Change(%) 2016	Change (%)2021
Healthcare services	175193	178323	179131	178431	178230	181282	3.50%	1.70%
Social care services	149328	152511	158962	162041	173334	173201	16%	-0.10%
Temporary agency workers	3207	2790	3759	3396	3707	3587	18.50%	-3.20%
Health and social care total	327548	333624	341852	343868	355271	358070	9.30%	0.80%

Table 2: Employed by occupational group, background country and year and information (Source THL)

Occupational group - Level 2	Country of origin	2017	2018	2019	2020	2021
Health professionals	Finland	34573	35222	35649	36518	36850
	Foreign countries	2540	2677	2767	2804	2961
Health associate professionals	Finland	105275	106996	106005	107749	109378
	Foreign countries	2767	3050	3141	3471	3968
Personal care workers	Finland	164702	170011	174798	177688	179428
	Foreign countries	9677	11496	13758	14971	16468
Cleaners and helpers	Finland	54092	53618	51414	48096	48833
	Foreign countries	16196	17167	18164	17408	20152
Food processing, woodworking, garment, and other crafts	Finland	19295	18552	16237	14980	15329
	Foreign countries	1238	1393	1328	1269	1417

Reflection on data sources and quality

The figures are our own but are based on Statistics Finland's statistical tables, which are based on targeted inquiries including surveys and public administration registers. The data was retrieved from the Statistics Finland database and the migration and integration database maintained by the former. As the national database, statistics Finland is the most reliable data source available. However, owing to the rather small population size of Finland, Statistics Finland cautiously reports data at relatively general levels to ensure anonymity. Statistics Finland also has a business structure and employment database but which we could not access at the moment. We are working on accessing that data and will include it in future studies and discussions as necessary.

"Problem sectors" in Finland and interrelation with (temporary) migrant worker presence

Construction, Agriculture, and Forestry and posted workers from Estonia and Ukraine

Flows from Estonia: When Estonia joined the EU in 2004, the posting of workers to Finland became a major labour migration channel, especially in the construction sector. Posting (as opposed to individual migration) emerged as important because Finland implemented a "transition period," until 2006, during which individual mobility remained restricted. Estonians could, however, be posted by their employers, and legally work in Finland under free movement of services. This made it easier for employers to avoid paying Finnish-level wages, so the transition period caused more labour market disruption than it prevented. As a result, the restrictions were dropped. However, by then posting practices were already established, so firms from Estonia and other CEE countries continued to use social dumping practices and disrupt the generally well-regulated Finnish labour market (Lillie & Sippola 2011). This meant they were largely employed by Estonian firms, subcontracting from Finnish firms. This pattern has

shifted in the time since then, as more Estonians have found employment with directly Finnish companies, which Estonians tend to perceive as better (Sippola & Kall 2017).

Estonia is close to Finland, and many Estonians commute to work there. According to the Commission, there were 8000 such people in 2022 (EU Commission, 2022: 136). 2488 PD A1 forms for worker posting were issued by Estonia for work in Finland in 2022, which is a rough indicator of the significance of worker posting as a flow from Estonia to Finland. 3988 were issued in 2019, and in 2015 5081, consistent with the shift to other forms of mobility which Sippola and Kall report continuing after their research.

From Ukraine: Ukrainian workers began turning up on job sites (agriculture, forestry, construction etc) in significant numbers in Finland (and in Estonia as well), around 2018. At this point, many were re-posted via Poland or other countries, but some came through direct arrangements. A research report by E2 put the number of Ukrainians living in Finland in 2021 at 7700, plus a difficult-to-determine number. According to the Ministry of Immigration, cited in E2, since 2010, probably several thousand worked in Finland at some point each year. Ukrainian workers temporarily in Finland tended to experience a high degree of uncertainty in terms of their status, and they tended to be highly exploited as a result. They are also reluctant to cooperate with regulators. Compared to EU migrants they often speak neither the transit nor the host country language. They are familiar with their rights in neither transit nor host country. While in principle, established EU case law allows re-posting of TCNs, employers operating in this space rarely have their papers in order, and their workers' right to remain in their re-posting job depends on this. TCN workers might be working legally in the host country, but labour inspectors and the unions will not know this until they investigate the employment relationship. Labour inspectors report that investigations may result in the posted worker being deported (Lillie et al. forthcoming). The war has changed the gender profile from slightly more male to slightly more female, but there are still many Ukrainian men working in Finland.

Since 2022, the number of Ukrainians coming for temporary work has fallen off significantly, as seen in the chart below from Alho et al. (2022). This does not include posted workers reposted via an EU member state, as these arrive via free movement of services, and are often reposted from various EU countries. These would be included in PD A1 numbers from countries such as Poland, if the paperwork was done properly. It is clear from interviews conducted prior to 2022 that there were a significant number of re-posted or at least nominally reposted Ukrainians, but there is no way to tell exactly how many (Kall et al. 2020). Ukrainians in Finland Since Ukrainians are eligible for international protection, it might reflect a simple shift in status. Before the Russian aggression, the demographic profile was clearly working age, and often in manual occupations. The size of the migration flow has increased greatly, with the total number likely close to 100,000. Only a fraction of these are entering the labour force, but nonetheless, the presence of Ukrainians in the job market in Finland is several times what it was in 2021. The educational and professional profile of these workers is not known, but our initial interviews suggest there are many highly educated people working in jobs requiring low education levels.



Regarding the presence of Ukrainian workers in the sectors in focus in JUSTMIG, further research is necessary to explore how the changes in the mobile demographic might be changing the labour market position Ukrainians occupy in Finland. Municipality workers have

explained that Finland applied rather innovative and experimental integration methods with Ukrainians arriving under the temporary protection directive to improve their integration outcomes. The labour market was heavily involved. We will explore further the following question lines: 1) Will the gender composition of Ukrainian temporary protection recipients affect their labour market position in Finland in terms of occupational distribution? Might we see more Ukrainians in services other than the usual construction and agriculture? 2) How will the temporariness of their legal status affect their labour market integration? 3) How much is educational training and other social welfare rights and support a part of their labour market integration and what are the implications of that for their integration in Finland?

Main enforcement actors and capacity to monitor and enforce compliance

The role of migrants in the Finnish labour market should be seen in relation to the Finnish bargaining system, and employer strategies around it. JHL representatives emphasize the goal of preventing the development of a segmented labour market (they refer to it as “parallel labour markets”). This is a common theme in unions in other sectors. They also point out that there should be an emphasis on supporting immigrants who live in Finland to fill the jobs that allegedly require immigrants, rather than recruiting abroad specifically to fill them. This is especially important in the care sector, where language skills are important in delivering safe and high-quality services (Kaasinen & Kiuru 2023). Given that Finnish is very difficult to learn and is not spoken or taught in the countries where Finnish employers recruit, temporary migrants recruited abroad will not be able to speak Finnish.

As with other Nordic countries, collective bargaining is central to wage formation. There are no minimum wages. Particularly important where migrants are concerned, Finland uses extended collective agreements, which serve a similar functional purpose to minimum wages. Legally extended collective agreements involve the state approving the application of a collective agreement by a union and employers’ association across the whole of the sector. A worker, or the union, can take legal action against an employer paying less than the collective agreement, to recoup the difference. This is regardless of whether the worker is a union member, or the employer is party to the agreement. Employers are free to pay more if they wish, and often do. Legally extended agreements differ from minimum wages in that they set higher wage levels for more responsible jobs, higher skill levels, and greater seniority, as well as adding supplementary payments for things like night work, or working away from home. Legal extension places unions at the centre of both negotiation and enforcement, which is useful when the unions are strong and assertive enough to take advantage of this. This is the case for some unions and not for others. Legal extension is very broadly used in Finland and also serves as an important tool for regulating the wages of posted workers in construction and in metalworking (Lillie, 2012), and is arguably the backbone of union strategy to ensure decent wages and conditions for migrant workers.

Despite extension providing theoretically universal collective bargaining agreement coverage in most sectors, enforcement remains a major challenge in the sectors where migrant presence is greatest. Unions devote considerable resources to monitoring conditions in problem workplaces and ensuring that these comply with the industry collective agreement. Legal extension is no panacea, as it only gives a legal right to a certain wage: ensuring that this wage is paid is another matter. Migrants trade union membership tends to be lower than among native workers in Finland. ESS data suggests the union membership “gap” is – 6,5%, but there are reasons to doubt the reliability and relevance of this calculation: namely it is off of surveys collected on four occasions between 2002 and 2012 (Kranendonk & de Beer 2016). Since this time, the

demographics of migration to Finland has changed significantly. Also, the number is not statistically significant, probably meaning that there were too few migrants in the sample. The question was asked from ESS again in 2016 and 2018, so it would be possible to get comparable ESS data from those years.

Various data points are suggesting that the differential is greater than 6,5%. Union officials generally report that migrants are reluctant to join unions, to the extent that it is often perceived as a major problem, and area for strategic development. This was the case for interviews that we did in JHL (public sector workers) and SEL (food processing workers) representatives for this project. **The Finnish Union of Practical Nurses (SuPer)** reports that foreign nurses make up 5-10 % of its members, while another report by SuPer also claims that 26% of all practical nurse graduates in Finland today are foreign language speakers. Further, this number excludes the number of foreign language students studying and graduating from the registered nurse programmes from several Finnish universities of applied sciences, who are often obliged to integrate into the care sector as practical or assistant nurses. Overall, the 5-10 % membership rate could mean two things. It may mean that migrant care workers are not unionising enough, or that they are misplaced in their union membership, so that perhaps many are members of the union for registered nurses even though they do not practice as registered nurses. Whichever, the case, implications will be noteworthy owing to the severity of precarious developments in recruitment and employment in the care sector, and our research should attempt to unpack this.

Labour inspection

Finnish labour inspectors (LI) are organized in AVI, the Regional State Administrative Agency. They have specialists who deal with workplaces where migrants are prevalent. They tend to focus more on less unionized workplaces, which also tend to be those where there are more migrants. In this sense, there is an explicit division of labour with the unions; in at least some sectors, such as construction, the unions and labour inspectors work very closely together, to inspect migrant workers' labour relations (Lillie et al., forthcoming). In general, the unions are better resourced and important to Finnish industrial relations, but LI has an important supportive role, and fills in gaps where unions are weak. The unions are more concerned with enforcing the collective agreement, while LI is more concerned with labour law enforcement, but since CBAs have legal force, this is not a clear distinction. As with the unions, they experience similar challenges in investigating violations of working standards for migrants (Canek et al. 2018).

Public statements by key actors regarding migration trends

Work-based migration and the retention of skilled migrants is a significant topic in Finland over the past decade. Varied migration stakeholders have participated publicly on discourses such as labour shortage and migration as a solution, residence permit bureaucracy, seasonal migrant workers, exploitation of migrant workers, development of the platform economy, and brain drain. Public discourses on these topics are common in traditional media, and through public statements in organisational websites e.g., through dedicated reports. Active stakeholders include the government, political parties, worker unions, and researchers.

PART 2

Migrant labour in the services and manufacturing sectors in Finland: Overview of key issues

Trends in labour demand and supply

The discussion here addressed the overall services and manufacturing sectors with most case illustrations from the care sub-sector specifically, and a few elaborations from the food subsector. This is because the care sector is widely researched and documented, much more than food processing, and also because we conducted interviews with two representatives from care and one from the food subsector.

The services sector in Finland is characterised by a duality in the division of jobs and professions that dates to historical divisions in production roles and the resulting distribution of rewards such as work-related social status and wages. That division manifests today in a socially constructed segmentation of roles and rewards and division of labour that affects migrant workers negatively. On one end are high-skill, high-status, and highly paid service sector jobs in export and Finance, and on the other end several menial and low-status jobs in care and social welfare among other sub-sectors. However, on both ends of the services sector, there is a labour shortage that the Finnish government and individual Finnish employers are keen to fill with the help of foreign labour. Two distinct kinds of recruitment activities materialise for the different ends of the sector. Well-funded programmes such as the **90-day Finn programme**, and the government-run national **Talent Boost Programme** cater to the attraction and retention of ICT specialists, venture capitalists, and wealthy businesspeople from target source countries. On the other hand, recruitment for workers in the lower-tier services sector is left to individual companies and associations without the direct involvement of state bureaucracy. **For example, all kinds of associations have been recruiting nurses from the Philippines, Ethiopia, Kenya etc**, for subordinate professional roles that are so poorly paid that many cannot even afford family unification (see Vartiainen et al., 2016). On both ends of the services sector, recruitment of foreign workers and skills is on the rise (See Finland Government Programme 2023; Kassinen & Kiuru, 2023). Additionally, the Ministry of Social Affairs and Health has laid out a roadmap for 2022-2027 to secure the adequacy and availability of personnel in the social and health sector. The greater objective is to recruit about 10% of the required 200000 new members to the sector's workforce from abroad.

Although there is no similar documentation of labour shortage in manufacturing, migrant workers are present in some subsectors of manufacturing such as metal work and food processing, and social partners have noted some problematic developments in foreign worker recruitment in the sector. In the food subsector, there are over 200 food and drink factories that employ thousands of workers, some of whom are migrant workers (See Image 1). **Some like Snellman Meat Processing employ a significant number of migrant workers constituting up to 16% of the workforce.** In our interview with a representative of the **Finnish Food Workers Union (SEL)**, we learnt that employers labour market segmentation tactics could be contributing to a migrant division of labour in the subsector such that more Asian background workers are preferred for roles where their physical features are considered more suitable e.g., small hands for fish canning. Migrants are also being recruited as light entrepreneurs to allow employers to skirt around collective agreements on terms of employment. Lastly, we also learnt that in recent years, Finnish citizens have been acting as middlemen recruiting Ukrainian migrants for work in the subsector for fees as high as 1000 euros for a referral. This is a

development worth following up on urgently owing to the human trafficking potential it carries.

FOOD INDUSTRY KEY SECTORS

Sector	Number of plants		Employees total ¹⁾		Turnover 1 000 €		Turnover 1 000 € / employee	
	2016	2017	2016	2017	2016	2017	2016	2017
Slaughter and meat processing	254	242	8 022	8 104	2 437 902	2 498 218	304	308
Fish products	146	147	859	861	346 997	363 811	404	423
Fruit and vegetables	155	159	1 936	1 979	567 744	569 958	293	288
Processing and preserving of potatoes	44	41	383	394	112 318	128 306	293	326
Edible oils and fats	20	18	147	143	59 233	61 608	403	432
Dairy products and ice cream	89	84	4 119	4 504	2 044 459	2 044 294	496	454
Milling products and starch	65	65	618	615	354 053	333 999	573	543
Manufacture of bakery and farinaceous products	799	796	7 352	7 093	1 007 091	1 007 425	137	142
Manufacture of other food products	269	283	5 886	5 934	1 814 545	1 885 814	308	318
Sugar	4	4	268	274	197 116	238 364	735	869
Chocolate, cocoa and confectionery	48	50	1 567	1 582	378 605	361 637	242	229
Processing of tea and coffee	23	24	464	431	360 006	375 608	776	872
Convenience food	77	80	1 935	1 889	376 207	383 703	194	203
Food preparations and dietetic food	9	10	369	396	143 085	141 083	388	356
Soft drinks	177	190	2 807	2 774	1 214 119	1 253 974	433	452
Alcoholic beverages ²⁾	148	161	2 517	2 501	1 096 973	1 143 209	436	457
Food industry, total	1 882	1 879	29 908	30 185	9 200 979	9 542 848	308	316

Source: Statistics Finland, regional and industrial statistics on manufacturing

¹⁾ Includes paid employees and entrepreneurs. Employees are converted to annual full-time employees so that, for example, an employee working half-time represents one half of a person and two employees working half-time for one year represent one annual full-time employee.

²⁾ Distilling and mixing of alcoholic beverages: production of ethanol by fermentation as well as manufacture of cider and fruit and berry wines, other distilled fermented beverages and beer production.

Economy

Image 1: Overview of Finland's food industry. Source: Ruokatieto, 2019

Employment conditions and regulations

Owing to relatively high union membership rates in Finland and the consensus-based labour market regulatory regime high union density has allowed since the 1960s in Finland, the Finnish labour market is relatively well regulated. In Finland, a comprehensive income policy agreement that is collectively bargained covers wages and working conditions and is universally extended, thereby applying across industries. This means that an industry-wide wage floor is established which lowers wage and income gaps between professions and occupations, with the potential of lowering wage-based labour market segmentation and extreme labour exploitation based on wages. Therefore, though Finland does not have a set minimum wage, wages are sufficiently regulated through collective bargaining. Labour market standards are maintained through collaborative negotiations such as collective bargaining, but also through solidarity-based industrial action such as strikes when necessary to solve labour disputes. Socio-economic security for workers is further ensured through egalitarian provisions of the Nordic labour market model and the Finnish version of the social democratic welfare state model. In Finland, citizens, and some migrants, depending on their legal status, are sufficiently de-commodified by the socio-economic buffer social citizenship and welfare rights such as a high reservation wage can provide. **Regional State Administrative Agencies (AVI)**, together with other labour market institutions such as the **Finnish Centre for Pensions (EK)** help to enforce work and employment-related regulations such as occupational health and safety and social welfare and healthcare. However, despite all these strengths, the Finnish labour market shows signs of significant labour market segmentation and hierarchisation along ethnicity lines (see Ahmad, 2020; Ndomo, 2024). Migrant workers are concentrated in menial low-status labour positions with precarious and deteriorating work norms in services and manufacturing among other sectors (see also Vartiainen et al., 2016; Kassinen & Kiuru, 2023).

Prevalence of different types of employment contracts

More precarious ways of arranging work can be identified in the Finnish care sector. For instance, private companies typically offer shift-based work contracts. Outside of their shifts, such workers have only a nominal tie to the private companies that do not always qualify as employers based on their contractual relationship. Nominal contracts between service providers preclude an employer-employee dynamic and its benefits. With nurses and couriers transforming into "sub-contractors" the big contracting companies are usually not obligated to make social security contributions on their behalf or pay them holiday wages in line with the collective bargaining agreement. Therefore, such workers will tend to end up with the minimum provisions of collective agreement terms as the ceiling, not the floor of possibilities. In the care sector, there seem to be several associations that promote migration to Finland for work in care. These issues will be explored further with social partners at the Finnish national stakeholder workshop slated for May 2024.

Industrial relations problems highlighted for the two sectors

The following are some of the main problems that foreign workers face in recruitment and during employment in both care and food processing, according to union survey reports, and interviews held with Union representatives in these sectors.

(1) Recruitment fees charged in Finland, which is an illegal practice in Finland. A representative of the Finnish Food Workers Union (SEL) explained that most recently, random Finnish citizens have been charging Ukrainians illegal fees as high as 800-1000 euros to help them into jobs in the food processing sector and other sectors too. A different version of this materialises when foreigners incur debts to finance their mobility. SuPer worries that such arrangements could easily devolve into human trafficking-like cases (Kassinen & Kiuru, 2023). **(2)** Working hours regulation. Owing to foreign workers' many socio-economic vulnerabilities e.g., limited understanding of Finnish labour laws they are often exploited albeit through less visible ways such as long unpaid working hours. In the care sector, there are narratives of foreign care workers made to take care of 2 times the number of clients Finnish colleagues do, undermining the principle of equal pay for equal work. **(3)** Vague employment contracts. Platform-work-like contracting practices are spreading into some parts of the care sector where shift-based contracts, akin to zero-hour contracts, and nominal subcontracting are the most common way that migrants enter the care sector. How much do foreign care workers manage to shake off these precarious contracts later on in their career or do these developments develop into new patterns and lead to greater segmentation of the care sector? **(4)** Underpayment, linked to two and three above. **(5)** False promises about jobs in job descriptions used in the recruitment process. **(6)** Penalty payments upon change of employment

Conclusion and final comments

Temporariness and its enforcement through legal status instruments is not obvious in the Finnish context even though it exists and is an increasingly important force segmenting the Finnish labour market. Unions have recognized this as a threat to labour market stability and the collective bargaining system and have responded with efforts to organize migrants and to ensure that international recruitment to Finland is well-regulated. The government has responded to this with efforts to ensure that the unions fail in this.

In part, migration is seen as desirable as Finland's demographics ensure that Finland requires inward labour migration in the long-term or there will not be sufficient workers to pay for the retirement of the existing population. Politically, however, Finland finds itself in a dilemma as there has been a backlash against migration. The political solution

by the current government is to try to manage migration in a way that proposes to bring high-skilled workers, or rather those who are thought to be high skilled due to their nationality and ethnic characteristics, as well as picking and choosing who can enjoy residential rights based on their labour market success. On the other hand, migrants are targeted with temporality measures designed to increase their exploitability and reduce the likelihood they will make demands on public funds. For example, the current government programme proposes discontinuing the residence permits of migrants who fall into unemployment for 3 months and introducing a residence limit on international protection migrants' right of residence. This will reduce the reservation wage of migrants, who will be desperate to please their employers so as not to fall into unemployment, and they will be willing to take any job on any terms, to maintain their right to remain.

The government's proposed measures will also make migrants less likely to join unions since they will not want to access unemployment benefits, and might not have a right to access them in any case. They will also not want to be involved in union activities or make use of union grievance procedures, since win or lose, one outcome is likely to be a revocation of their right to remain – at least, this is the obvious threat employers will be able to make plausible use of.

Finland is a highly regulated labour market, based on strong unions and a universalist welfare state. Migration has over the past two decades emerged on the margins as a way for employers to avoid the otherwise universalist norms. Intensified exploitation of migrants takes front and centre in the government's current policy to deregulate Finland's labour market and roll back the welfare state.

References

Ahmad, A. (2020). When the name matters: An experimental investigation of ethnic discrimination in the Finnish labour market. *Sociological Inquiry*, 90(3), 468-496.

Alho, Rolle, Eija Eronen, Mari Paljakka, Atte Penttilä, Jenni Simonen, Matti Välimäki and Tuija Väyrynen (2022) "Katsaus: Ukrainalaiset Suomessa" E2 Tutkimus, Interior Ministry and Siira.

Bontenbal, I., & Lillie, N. (2019). The role of the third sector in the labour market integration of migrants, refugees and asylum seekers in Finland. SIRIUS WP4 national report.

Čaněk, M., Kall, K., Wallace, A., Lillie, N., & Haidinger, B. (2018). "Transnational cooperation among labour standards enforcement agencies in Europe: challenges and opportunities,".SOLIDAR: Brussels

Commission Directorate-General for Employment, Social Affairs and Inclusion (2023) Annual report on intra-EU labour mobility 2023, Brussels, <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8594&furtherPubs=yes>

De Wispelaere, Frederic, Lynn De Smedt, and Jozef Pacolet. (2022) "Posting of workers-Report on A1 Portable Documents issued in 2020." HIVA Report, Catholic University of Leuven

De Wispelaere, Frederic. Lynn De Smedt & Jozef Pacolet (2023) "Posting of workers Report on A1 Portable Documents issued in 2022" – HIVA-KU Leuven

De Wispelaere, Frederic. Lynn De Smedt & Jozef Pacolet (2022) "Posting of workers Report on A1 Portable Documents issued in 2021" – HIVA-KU Leuven

De Wispelaere, Frederic. Lynn De Smedt & Jozef Pacolet (2020) "Posting of workers Report on A1 Portable Documents issued in 2019" – HIVA-KU Leuven

Forkful of Facts (2019) Finnish Food Industries Statistics. Accessed via https://ruokatieto.fi/wp-content/uploads/2023/01/tietohaarukka_2019_englanti.pdf

Jakonen, M. (2014). Uusi työ ja prekarisaatio: Työn muutosten vaikutukset suomalaisen hyvinvointivaltioon ja poliittiseen järjestäytymiseen. *Tiede & edistys*, 39(4), 287-320.

Kall, K., Brzozowska, A., Lillie, N., Matuszczyk, K., & Salamonska, J. (2020). *Regional Case Study. From Ukraine to Finland and Estonia via Poland : Migration and posting of third country nationals. Work package 4*. University of Jyväskylä; University of Warsaw. <http://www.migracje.uw.edu.pl/publikacje/regional-case-study-from-ukraine-to-finland-and-estonia-via-poland-migration-and-posting-of-third-country-nationals-work-package-4-2/>

Kananen J (2012) Nordic paths from welfare to workfare: Danish, Swedish and Finnish labour market reforms in comparison. *Local Economy* 27(5-6): 558-576.

Kranendonk, M., & De Beer, P. (2016). What explains the union membership gap between migrants and natives?. *British Journal of Industrial Relations*, 54(4), 846-869.

Kassinen, L., & Kiuru, E. (2023). *Työperäinen maahanmuutto ja kielitaito superilaisten kokemana* [Work-based immigration and language skills as experienced by SuPer members]. Suomen lähi- ja perushoitajaliitto SuPer.

Lillie, N., & Sippola, M. (2011). National unions and transnational workers: the case of Olkiluoto 3, Finland. *Work, employment and society*, 25(2), 292-308.

Lillie, N. (2012). Subcontracting, posted migrants, and labour market segmentation in Finland. *British Journal of Industrial Relations*, 50(1), 148-167.

Lillie, Nathan. "Round Table. Nordic unions and the European Minimum Wage Directive." (2022) *Transfer: European Review of Labour and Research* 28.4: 499-504.)

Mustosmäki, A. (2017). How bright are the Nordic Lights?: job quality trends in Nordic countries in a comparative perspective. (Publication No. 586) [Doctoral dissertation, University of Jyväskylä]. Jyväskylä University Printing House.

Ndomo, Q. (2024). The Working Underclass: Highly educated migrants on the fringes of the Finnish labour market. JYU Dissertations.

Statistics of Finland: StatFin databases: Employment [database]. Accessed through <https://pxdata.stat.fi/PxWeb/pxweb/en/StatFin/>. [Referred: 04.04.2024].

Statistics of Finland: StatFin databases: Immigrants and Integration [database]. Accessed through <https://pxdata.stat.fi/PxWeb/pxweb/en/StatFin/>. [Referred: 04.04.2024].

Pyöriä, P., & Ojala, S. (2016). Precarious work and intrinsic job quality: Evidence from Finland, 1984-2013. *The Economic and Labour Relations Review*, 27(3), 349-367.

Pacolet, Jozef & Frederic De Wispelaere (2015) Posting of workers Report on A1 portable documents issued in 2014, HIVA-KU Leuven

Sippola, M., & Kall, K. (2016). Locked in inferiority? The positions of Estonian construction workers in the Finnish migrant labour regime. In *Comparative Social Policy* (Vol. 32, pp. 215-240).

Sippola, M., & Kall, K. (2017). Locked in Inferiority? : The Positions of Estonian Construction Workers in the Finnish Migrant Labour Regime. In J. E. Dølvik, & L. Eldring

(Eds.), *Labour Mobility in the Enlarged Single European Market* (pp. 215-240). *Comparative Social Research*, 32.

Sippola, M. (2024) "Finland's proposed labour reforms risk doing more harm than good" LSE blogs,

<https://blogs.lse.ac.uk/europpblog/2024/03/25/finlands-proposed-labour-reforms-risk-doing-more-harm-than-good/>

Vartiainen, P., Pitkänen, P., Maruja, A. M., Raunio, P., & Koskela, M. (2016). From the Philippines to Finland: Nurses' expectations and Finnish realities. *Journal of Population and Social Studies* [JPSS], 24(1), 30-46.