

Work-based immigration

Promoting work-based immigration has been one means to which attention has been drawn in Government Programmes to increase labour and thus respond to a decreasing labour supply. Work-based immigration in response to a genuine demand for labour is viewed as one way to reduce the sustainability gap. The labour supply is expected to decline significantly in the near future as the working-age population shrinks.

The audit focused on the information base, objectives, implemented measures and related monitoring regarding the promotion of work-based immigration. The main audit question was how effectively administration has created preconditions for work-based immigration.

The Ministry of the Interior is generally responsible for immigration policy and for the drafting of legislation concerning immigration and citizenship. The Ministry of Employment and the Economy is in charge of monitoring the amount and structure of work-based immigration and for developing monitoring tools. The Ministry of Employment and the Economy also plays a key role in promoting immigrants' employment and in implementing work-based immigration policy. Integration matters were shifted from the administrative sector of the Ministry of the Interior to the administrative sector of the Ministry of Employment and the Economy at the beginning of 2012.

Immigration, work-based immigration and the use of temporary foreign labour are not unambiguously distinguishable from one another. Work-based immigration has not been differentiated from other immigration in statistics, studies or the state budget. Consequently it was not possible in all respects to restrict the audit to work-based immigration alone; instead the audit also considered the development of immigration and the use of funds as a whole. The audit defined work-based immigration as covering labour immigration both from inside and outside the EU that increases the supply

of labour on the Finnish labour market permanently. Temporary foreign labour was considered in the audit in connection with the monitoring of the use of foreign labour and in evaluating the information base regarding the promotion of work-based immigration.

Administration has created preconditions for work-based immigration by implementing targeted programmes and projects and by developing legislation and permit and monitoring arrangements. In addition steps have been taken to promote existing immigrants' labour market skills and employment through integration measures. Evaluating the effectiveness of the promotion of work-based immigration is complicated by the fact that in studies and evaluations work-based immigration has not been differentiated from other immigration. Nor have budget appropriations intended for work-based immigration been separated from other appropriations intended for immigration. Consequently it is difficult to evaluate the effects of the promotion of work-based immigration in relation to the funds that have been spent. The audit found shortcomings in the information base regarding the promotion of work-based immigration, which may reduce preconditions for the effectiveness of activities.

Immigration has increased significantly in the present century. The number of foreign citizens has doubled in the past ten years. Population forecasts assume that net immigration to Finland will amount to about 15,000 persons a year. Immigration will help compensate for the shrinking of the labour supply due to the ageing of the population. Immigration in itself will not raise the overall employment rate, however, since a large portion of immigrants are unemployed or do not belong to the labour force.

Immigrants' employment and rate of employment vary considerably according to their country of origin. Foreign citizens' employment rate is clearly lower than Finnish citizens' on average. In 2009 Finnish citizens' employment rate was 68.6 per cent while the figure for foreign citizens was 49.3 per cent. Immigrants' employment rate has clearly risen the longer they have been in the country, however.

An immigration policy programme was prepared in 2006, and to implement it an action plan for work-based immigration was prepared for 2009-2011. According to the programme's objectives, targeted programmes and projects have been carried out and legislation and permit and monitoring systems have been developed. The implementation of the action plan has been evaluated as planned.

An interim evaluation was completed in 2010 and the final evaluation should be completed in 2012.

The promotion of work-based immigration according to the programme and projects concerning immigrants' integration and education and training measures have been supported with ESF funds. In immigration development programmes plans called for a total of 63.9 million euros in ESF funds (national and regional sections) to be spent on projects connected to guiding immigrants in the initial stage and promoting work-based immigration in 2007-2013. The financial framework for the national section of ESF programmes is 47.4 million euros, of which EU funds' share is 40 per cent and national public funds' share 60 per cent. The share of funds intended for promoting work-based immigration in the financial framework of the national section is 20.2 million euros.

Promoting work-based immigration is needs-driven in Finland. The need to increase work-based immigration over the long term has usually been justified by the shrinking of the working-age population. Over the short term the need for foreign labour has been justified by growth in demand for labour. The Ministry of Employment and the Economy is responsible for producing forecasts concerning the demand for labour over both the long and short term. In forecasting the demand for labour it is not possible to make reliable estimates of the quantitative demand for labour over the long term, however. Short-term forecasts can nevertheless be utilised in evaluating the need to recruit foreign labour in different branches and regions.

There are shortcomings in the coverage and usefulness of statistics particularly concerning the use of temporary foreign labour. Comprehensive statistics are produced on workers who are permanent residents, but information on temporary foreign workers is fragmented in different authorities' registers. A considerable part of foreign labour on the Finnish labour market is temporary. In 2010 there were about 90,000 foreign-background workers who were permanent residents on the Finnish labour market. In addition it is estimated that there are at least about 50,000 temporary workers in Finland who are not part of the country's population or labour force. Gaps and overlap in register information weaken the usefulness of information and the monitoring of the effectiveness of policy measures.

Problems and shortcomings in the information base regarding temporary foreign labour have been recognised and a focus of administration's development measures for some time. In approving the Transition Period Act Parliament called for an evaluation of the Act's effects and necessity and the impacts of the EU's free movement of labour on the labour market situation (EV 45/2004). The Government report specified several problems regarding the information base. The Programme of Prime Minister Jyrki Katainen's Government set the objective of assessing the number of foreign workers in the country and clarifying statistics and research activities concerning immigration and making them more efficient.

The National Audit Office considers that registering and keeping statistics on the use of foreign labour should be further developed so that comprehensive information is also available on the use of temporary foreign labour. A better information base and an unambiguous definition of work-based immigration would help support the setting of policy objectives concerning work-based immigration and the use of foreign labour.

Work-based immigration constitutes only a small part of immigration and the effect of immigration on the increase in the labour force. From the viewpoint of raising the employment rate and reducing the sustainability gap the essential thing is to find jobs also for immigrants who have come for other reasons besides work and to improve the use of the rest of the existing labour force on the labour market.

The Ministry of the Interior and the Ministry of Employment and the Economy have steered tasks related to immigration in their own administrative sectors. Problems regarding the steering of activities have been changing responsibilities under new governments and questions regarding the division of labour. The shifting of integration tasks and personnel taking care of these tasks from the Ministry of the Interior to the Ministry of Employment and the Economy at the beginning of 2012 supports preconditions to steer integration measures from the viewpoint of labour policy. The shifting of integration tasks also changed the steering responsibilities of the Centres for Economic Development, Transport and the Environment, which may help reduce coordination problems related to the parallel steering of immigration matters.

One objective of the action plan for work-based immigration was to make the residence permit system for workers simple and flexible, but also efficient from the viewpoint of monitoring. The residence permit procedure prescribed in the Aliens Act is still complicated and has shortcomings that increase authorities' work load and slow down the permit process. One problem concerning the residence permit process for workers is also that an application can be filed incomplete, which can lead to a long appeal process. With regard to legislation regarding the right to work, unclear definitions concerning special groups are a problem. Correcting problems would clarify and speed up the process and make the use of state funds more efficient.