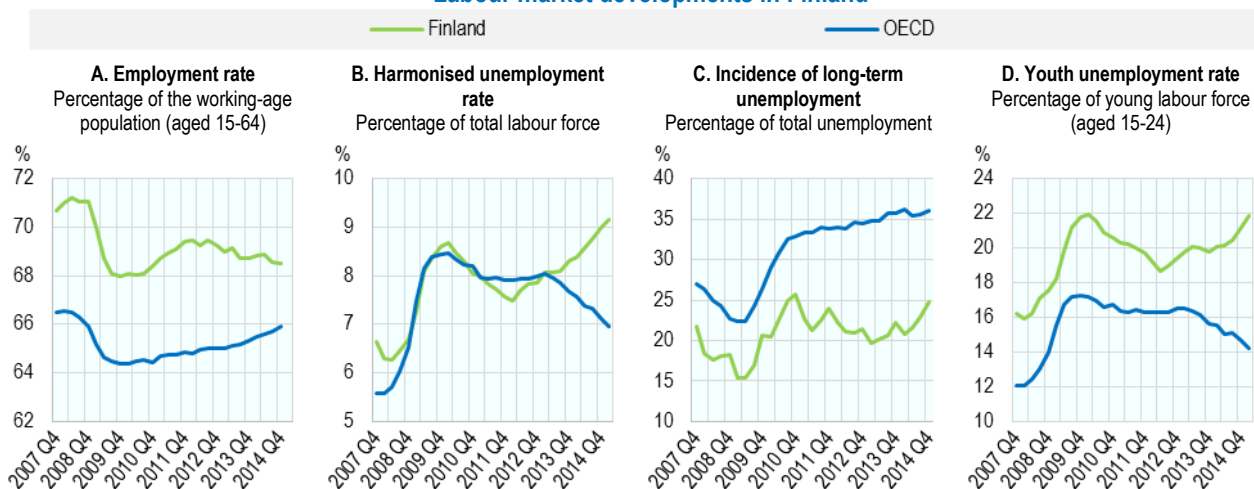


The 2015 edition of the OECD Employment Outlook provides an international assessment of recent labour market trends and short-term prospects with a special focus on statutory minimum wages. It also contains chapters on: skills and wage inequality; the role of activation policies to connect people with jobs; earnings mobility, labour market risk and long-term inequality; and job quality in major emerging economies.

DOI: [10.1787/19991266](http://dx.doi.org/10.1787/19991266)

Labour market developments in Finland



Source: OECD Short-Term Labour Market Statistics database, <http://dx.doi.org/10.1787/data-00046-en>.

RECENT LABOUR MARKET TRENDS AND PROSPECTS

Labour market conditions are improving in many OECD countries but the recovery from the recent economic crisis remains very uneven. Employment is still growing too slowly in the OECD area to close the jobs gap induced by the crisis, even by the end of 2016. Consequently, unemployment for the OECD as a whole is projected to continue its slow decline, reaching 6.6% by the end of 2016.

- Finland had outperformed most comparable countries on GDP growth since 2000, but was hit particularly hard by the 2009 economic crisis and it went through a double dip recession.
- The unemployment rate rose above the OECD average at the end of 2012 and continues to increase. It has reached 9.2% in the first quarter of 2015, up from 8.4% a year earlier and 2.6 percentage points above its pre-crisis level (Q4 2007). Given the short-term growth projections,

the unemployment rate is expected to decrease to 8.8% by the end of 2016.

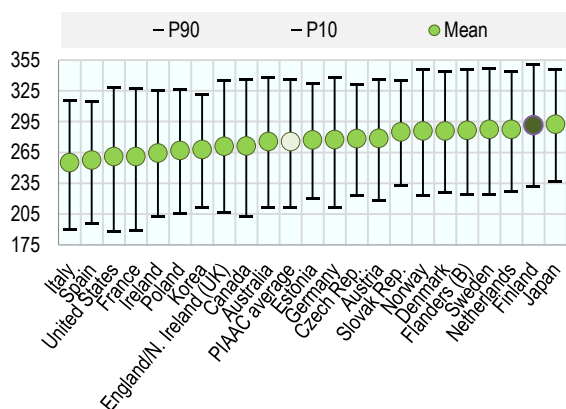
- Youth unemployment is also increasing and it is now at 22.1%, one third higher than the OECD average. However, the share of youth population not in employment, education or training (NEET) is at 11.8%, below the OECD average of 14%.
- Long term unemployment remains lower than in other countries, thanks in part, to high spending on active labour market policies, but it has been increasing during the last year.
- The incidence of fixed-term employment is relatively high in Finland, while the share of part-time is lower than the OECD average. However 30% of part-timer workers would prefer to work full-time.

SKILLS AND WAGE INEQUALITY

The results of the OECD’s international Survey of Adult Skills show that differences in skills inequality and the returns to skills in terms of higher pay explain a substantial part of cross-country differences in wage inequality. Differences in how extensively workers use their skills on the job also play an important role in determining the level of wage inequality, implying a need for policies that assist workers both to acquire and fully employ their skills at work.

- Wage inequality in Finland is low: wages of workers at the 9th decile are 2.5 higher than those of workers at the 1st decile compared to a cross-country average of 3.4.
- Finland combines high skills levels with low skills inequality and relatively low returns to skills. These three elements help to make Finland one of the most equal OECD countries.
- In all countries there are workers with more skills than are required by their job, resulting in many skills not being fully used at work. However, Finland is much better at using workers’ skills than other OECD countries.

Skill levels and dispersion in selected PIAAC countries and regions, 2012



Source: OECD Employment Outlook 2015, Chapter 2.

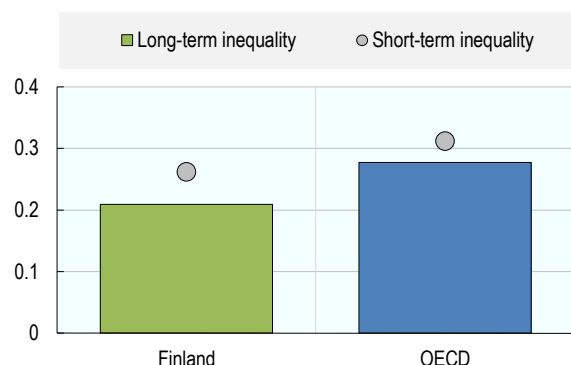
THE QUALITY OF WORKING LIVES

How earnings inequality at any point in time translates into long-term inequality in labour incomes depends on the degree of earnings mobility – defined as moving up or down the earnings ladder and in and out of work. Key drivers of persistently low earnings include chronic unemployment, weak cognitive skills, atypical work arrangements and poor productivity firms. Unemployment benefits help to cushion incomes in the event of job loss. Minimum wages can help reduce the risk of extreme low pay, although their long-term impact on earnings inequality is more muted.

- The average quality of Finnish jobs (based on earnings, labour market risk and the quality of the work environment) is significantly higher than in the rest of the OECD, not only at a given point in time (see also *Employment Outlook 2014*) but also taking into account the whole working life.
- Life-time inequality in Finland is among the lowest in the OECD thanks not only to lower inequality in a given year but also to higher earnings mobility between jobs and in and out employment.
- In Finland as in other OECD countries, chronic unemployment (in particular for women), poor skills and atypical working arrangements substantially reduce long-term earnings.
- Unemployment insurance plays a particularly important role in Finland in promoting rewarding and secure careers for all by reducing earnings volatility and inequality.

Short- and long-term earnings inequality

Gini coefficient for persons in the labour force



Source: OECD Employment Outlook 2015, Chapter 4.

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