

Interview with Saara Ikkelä, senior specialist of continuous learning, Ministry of Education and Culture in Finland

Education in Finland – Paving the Way to Entrepreneurship & Happiness

By Japan SPOTLIGHT

Reskilling and education are keys to a mobile and resilient labor force, and they present a challenge for Japan. Japan has many things to learn about them from Finland, which is well known for its successful education and human resources development. *Japan SPOTLIGHT* held the following interview with a Finnish government expert on continuous education.

(Online interview on March 14, 2023)

Finnish Government's Economic Policy Goal

JS: How does the Finnish government regard GDP? Is there an important economic policy goal for the Finnish government?

Ikkelä: In this current government period we have a target that Finland must be a socially, economically, and ecologically sustainable society. The growth of GDP is an indicator that serves the target of an economically sustainable society and is one part of people's well-being. One of the key goals Finland has is to raise the employment rate, because that is a way that people get paid and get their well-being. Also, the key indicators for our economy are the unemployment rate and general government net lending that is linked to GDP. We are monitoring how high our general governmental debt is compared to GDP. For us, economic growth has derived principally from productivity growth, and the key factors are skills and innovation. Thus, successfully operating welfare state and effective infrastructure together with education and research form the foundation of Finland's economic success.

JS: The OECD today talks about the importance of happiness. How does Finland approach the idea of happiness?

Ikkelä: We actually do not talk a lot about happiness as a political goal even though we are known as the happiest country in the world! Rather, we usually talk about well-being, meaningfulness, and health. I think that these are part of happiness, so in a way we do talk about



Saara Ikkelä

it, and see it as very important.

JS: In my understanding happiness is a rather individual concept rather than a national concept, making it difficult to measure or quantify. In that sense, is it difficult to position happiness as a policy goal?

Ikkelä: Yes, we can have targets considering well-being and health measures as things we can measure, and we hope that through those we can achieve happiness.

Education Policy & Labor Mobility

JS: In Finland do you think the education policy is discussed in the context of raising productivity or well-being? Economic policy in Japan is often mentioned in the context of the need for entrepreneurship and to overhaul the education system to make it more creative. In Finland, is education policy discussed in such a context?

Ikkelä: I don't think these exclude each other but they are rather linked to one another. As you said, education improves productivity of labor, which then increases growth, and well-being. Education also plays an important role in increasing inclusion, work ability and a sense of meaningfulness.

JS: In Japan today we often talk a lot about labor mobility and how it is negatively affected by the

inflexible structure of the economy whereby labor does not flow easily into growing markets. How would you assess the situation in terms of labor mobility in Finland?

Ikkelä: We have a large country, and for us the labor mobility issues are related between regions. It is a problem if the skilled workforce is in a different place to where the jobs are. Of course, there are many things that explain this stagnation, like the cost of living. While in Finland mobility between companies in the same sector is not a big issue, we do recognize the importance of labor mobility in raising productivity. When workplaces and employees are well-matched in terms of their personal skills, characteristics, and abilities, it also increases productivity. In addition, as you mentioned, it is important that sectors that are growth-orientated secure the number of employees they need in order to grow, otherwise it can become a problem for economic growth.

JS: The Japanese labor market can perhaps be characterized principally by the divide between permanent and non-permanent workers. Today, more than 50% of employees in Japan are non-permanent. Among the permanent, we have very little labor mobility because of the lifetime employment system and seniority-weighted system which ensure that people stay longer in the same company or same job. However, there is a significant wage differential between permanent and non-permanent workers and that seems to be causing a growing income inequality. Is the situation similar in Finland?

Ikkelä: I don't remember the actual percentage of non-permanent workers, but I think it's quite small in Finland, less than 20%. However, we have some sectors, like the retail sector, the restaurant and tourism sector, where there are a lot of non-permanent workers. For us, seniority usually follows the worker when he or she changes employer and the new employer recognizes the years from the previous company. So, we have not recognized the problem that permanent employees are not willing to change jobs. Many times it can even be a way to raise your income and a way to stimulate competition between companies. When you are saying "I'm going to another company, and they will pay me more," the previous company might give the person a raise to keep him or her. In Finland, we have identified a problem in some sectors where people are not permanent. The workers might get less hours than they want. We also talk about the rights of platform workers' who are working for platform companies, such as Uber and Wolt.

JS: Japan is becoming an aging society and senior citizens in good health may need to work longer to maintain the economy. There should be equal

treatment of permanent employees and non-permanent considering that more aged workers are in the labor force. How is the situation in Finland on this matter?

Ikkelä: We try to encourage senior workers to work for a longer time, for example by continuing working part-time and receiving partial old-age pensions at the same time. This allows them to work longer and get extra income from two sources. They can be permanent or non-permanent workers depending on their situation. In Finland, pay determination and other benefits are mainly the same for permanent and fixed-term employees.

JS: You mentioned that high labor mobility could stimulate overall labor productivity. I think Finland is a model country for high productivity with very active entrepreneurship. As such, do you think the source of strength of Finnish industries lies in labor mobility?

Ikkelä: I think it's one element, but I don't think we have the most mobile labor market, for example compared to the United States. In Finland, the discussion on stagnation of the labor market is related to the fact that it is more difficult in Finland to terminate employment for personal reasons than for financial or production-related reasons or that the competence of job seekers and requirements of open job vacancies do not match. But in other cases we have quite a mobile labor market. We have a highly skilled workforce and safe environment with good infrastructure – all of these are part of why our economy is doing well.

Reskilling Programs in Finland

JS: I think reskilling is a very important tool to raise labor market mobility. What kind of reskilling programs are there in Finland, and are these sector-wide or applied in a more general sense? In Japan, reskilling is often associated with IT or health care.

Ikkelä: When we talk about reskilling, it applies to a lot of industries. I think almost all the sectors have to create new things and be innovative as the world is changing so fast. Of course, sectors like IT and health care are also important to us because their demand for labor is growing. The double change – digital change and green transition – is affecting all the sectors and increasing the need for up-skilling and reskilling. It is very important that the current workforce can reskill to increase its competencies to meet the needs of jobs in the future. We see reskilling as a very important part of our economic growth, and labor mobility together with well-being and a meaningful life.

JS: Reskilling must also be crucial in light of adjusting to new technologies. In this regard, I'm curious about the situation of artificial intelligence in Finland. What kinds of rescaling programs will be needed in dealing with AI?

Ikkelä: I think we need a variety of programs. We need those that go into depth, and others that give an understanding of what AI is and how it can be used in different sectors. We need a workforce that understands how to use products that have AI like ChatGPT. Of course, AI isn't the answer to everything, but it is one big part of the digital transition, and we need reskilling in that field also.

JS: An increasing number of human jobs can be done by machines and AI such as ChatGPT. If so, what else can humans do? It might be more to do with management and mitigation of emotional conflicts for example. What kind of reskilling programs would be needed to raise such capacities, and do you have any such programs in Finland already?

Ikkelä: I don't know if I can name any specific programs that were built due to AI, but of course we have programs that are related to human communication, management, and creativity and we see these skills as important. Machines can do some things and AI has creative elements, like creating pictures and texts, but the human side points out what the problems are that need to be solved – and what the new technologies should solve. Our job is to know what is important, what is the context, and interact with other humans to make the changes in real life. I think there will be more and more reskilling programs that are related to this topic and skills. We are also trying to teach our children to be creative and to be capable of solving very complex problems. That is something that we still need humans for.

New Education Policy in Finland

JS: In my understanding, Finland has recently raised the age for compulsory education. How did this happen?

Ikkelä: We have seen that the employment rate for people with only basic education is dramatically lower than for others. We have tried to resolve this issue with different programs and measures. Yet still every year we have about 15% of every age group who drop out or do not obtain a post-comprehensive school degree. That is why the government decided that we need to prolong compulsory education so that everyone can get their secondary qualification that can be general or vocational.

JS: So could this new education policy raise the

effectiveness of total school education in Finland?

Ikkelä: Yes, we hope that everyone gets their upper secondary education and will have the skills they need to educate themselves more in the future. That is important so they are able to reskill and up-skill in the future and obtain a higher degree if they want. Although the reform is quite new and only two age groups have started prolonged education, we have seen that more people than before are going to upper secondary education and the dropout rates have decreased. So we assume that the reform will raise our level of education, and eventually increase the employment rate, productivity of labor and economic growth.

Entrepreneurship & Education in Finland

JS: Finland has a large focus on raising entrepreneurship. Are there particular courses to boost the start-up spirit that is integrated even into early-stage education?

Ikkelä: We do have particular courses, and encouraging entrepreneurship is carried out throughout the education system. We have courses regarding entrepreneurship, and we are trying to make entrepreneurship a potential option for pupils. It's so important to have entrepreneurs and a way to ensure that we have companies in the future. We also have an association that organizes a program called "company village". It is a learning place where 6th graders (12-year-old pupils) and 9th graders (15-year-old-pupils) can go and learn how the economy works. It's a way to discover how the economy and society works and what having your own company would be like through play. This has been an excellent model and 85% of the children in Finland go to these villages.

Income Equality & Reskilling

JS: Coming back to the issue of reskilling, with reskilling programs we can raise labor productivity but at the same time in most cases we can mitigate income inequality in industries. However, there may be some cases where reskilling might widen income inequality and increase this gap. How do you assess this problem and how do you think Finland should tackle it?

Ikkelä: This is a big concern for us. Finnish people's skills and participation in adult learning are one of the highest in the world. In the last Adult Skills Survey we rated 2 in numeracy and literacy and over 50% of adults participate in formal and/or non-formal education every year. The problem is that skills and participation in education accumulate heavily. We have one of the biggest differences in the OECD countries on participation in adult learning between low-skilled

and medium- or high-skilled.

There are many working aged people with only basic education (about 14%) or low skills (17%) in Finland. This is an issue because basic education and low skills are not sufficient in the labor market. Their employment rate is already significantly lower and for those who work, their jobs are at risk due to structural changes in the labor market. In addition, Finland differs from many countries, where skill needs polarize. For us, the labor demand is mainly focused on high-skilled jobs. One of the key targets this government period has been that everyone develops their skills and competence during their careers. This requires that we make participation more equitable.

In Finland we have a lot of educational offers with low costs (or even free) and student financial aid. However, we have seen that just by increasing provision of education or ensuring income during studies we have not been able to reach these groups. In contrast, participation has increased among well-educated people and other over-represented groups. Instead, we identified three main measures to address the issue. We need to increase and develop outreach activities, targeted and tailored education and training and guidance services. We are using outreach activities to go to the places where the lowest skilled people are. It could be workplaces, but it can also be other places. We can go to schools where children of stay-at-home mothers are, so we can get in contact with them. Outreach can also be done through social media or hobbies. We inform them of the benefits of being better educated so they could have the skills that they need in their employment market. In addition, we implement research to ascertain if these outreach activities are effective or not. We are starting a research pilot where we look into whether by giving educational guidance at workplaces we can get people to educate themselves compared to a control group. The results will be published in 2025, so that is something that we are very much looking forward to.

After we contact them, we need to have educational programs that suit their needs because we see that usually the teachers and everyone who is planning the educational programs are highly skilled, and they may not recognize students' learning difficulties. Usually these groups prefer learning that is very concrete and linked to their work or other interests.

The third measure that we are pursuing is guidance services. It is important that people who don't always know about their educational opportunities can access information that is understandable in terms of what their career paths could look like if they educated themselves, as well as the needs in the labor market and what kind of financial aid they are eligible for.

Reskilling & Immigrants in Finland

JS: Social cohesion is very high in Finland and maybe it's still high in Japan as well. How do you assess concerns over social cohesion with regard to immigrants. Would reskilling or education systems

be sufficient to allow immigrants to integrate into society?

Ikkelä: Finland also has an aging population and the workforce is diminishing, so we will need immigrants. We can only get the benefits of immigration if the people integrate to society. One very big part of that is language. If immigrants do not know how to speak Finnish or Swedish it is very hard for them to get employed or go into education or, more broadly, be able to live their everyday lives. It is very important to give them the language skills they need, as well as some other reskilling programs if needed, for example to be qualified for the Finnish labor market. It is important that we also ensure the competence of immigrant children. We have seen that the learning outcomes of persons speaking Finnish/Swedish as a second language are lower than those of native Finnish speakers, so we have to do something about it. Both social cohesion and a highly skilled workforce will be vital in the future.

Conclusion

JS: Finland has achieved one of the best performances among OECD nations in terms of children's learning. Do you think this will continue, given what you have said so far?

Ikkelä: Unfortunately, we have seen that the results are decreasing, as is the case in many OECD countries. We are concerned about it, and we want to reverse the downward trend. In particular, we want to narrow the learning gaps because we can see that the skill levels of pupils are declining. The scores of highly-skilled people have not decreased; instead, the scores of low-skilled people have decreased and this is increasingly explained by the learner's socioeconomic background.

We have a new government period starting in April and we hope that the new government will agree that this is one of the biggest issues that needs to be tackled urgently. We have suggestions for the new government: we want to increase the number of teaching hours in basic education, and reform the support system for basic education as there are more pupils with the need for additional support. We want to increase children's basic skills because this is the base of their learning in the future. It's very important to invest in this basic education; it effects so much how the future will be.

One of our neighbors, Estonia, is enhancing their skill levels and that's something that we are looking at with great interest. They are doing something right because their skills are going upwards compared to other countries.

JS

Written with the cooperation of Joel Challender who is a translator, interpreter, researcher and writer specializing in Japanese disaster preparedness.