

Mika Ala-Kauhaluoma & Kristiina Härkäpää (2006). Private service sector and employment of persons with weak labour market position (in Finnish). Labour policy study 312, Ministry of Labour, Helsinki.

SUMMARY

The objective of the study was to establish if private service sector companies employ job seekers from the most disadvantaged groups in the labour market, i.e. long-term unemployed, immigrants, youngsters without vocational qualifications, and persons with physical disabilities, mental health problems or learning disabilities. Other issues included the practical employment experiences of employers, experiences of employment services as well as employers' expectations of the impact that proposed development measures will have on employment.

The target group of the study, i.e. 2,189 private service sector companies, was selected in cooperation with the Confederation of Finnish Industries. The companies represent a fairly broad spectrum of the private service sector: over half of the companies operate in trade and commerce, a good third in the hotel and restaurant business and about one in ten in the real estate service sector. 32 % of the companies (n = 692) responded to the mailed questionnaire. The response rate can be regarded as satisfactory; it corresponds to earlier questionnaire surveys targeted at the service sector.

About one in three of the companies employed workers from the above mentioned groups of job-seekers. During the past year, 55 % of the companies that had recruited new employees had employed job seekers from the specific groups mentioned above. Young people without vocational qualifications comprised the largest group employed: almost one half (44 %) of the companies had appointed a new employee from this group. Long-term unemployed (22 %) and immigrants (18 %) formed the second and third largest employed groups. Job-seekers with disabilities, however, formed a very small proportion of those employed. Only 2-4 % of the companies had employed persons with physical disabilities, mental health problems or learning disabilities.

The attitudes of employers towards employing persons with disabilities was also evident in the way they assessed the impact of employment on corporate image or on the work community. Very few of the employers (4-15 %) believed that employing job seekers from any particular group would have any positive impact in this respect. On the other hand, quite a few employers assessed that recruiting people from the aforementioned groups could have a negative impact on corporate image or working community. This view was particularly prevalent with regard to recruiting people with mental health problems. Almost 60 % of the employers assessed that employing a person with mental health problems would have a negative effect on corporate image or the work community. However, the attitudes of Finnish employers are not different from the ones of their colleagues in other parts of the world.

The following factors were reported as the most problematic when employing persons from the above mentioned groups: they require more time than others to complete work tasks, the employer finds it difficult to assess the job-seeker's competence and there is insufficient advice, guidance and support available for the employer in issues relating to the employment process. However, when companies already had experience of employing people from these job-seeker groups, they gave a much more positive evaluation of the employee's competence, need for special arrangements and risk of problems with working capacity than companies without any experience.

Employers were fairly satisfied with the labour administration's services that they had used and gave them an average score of seven (scale from 4-10). However, generally employers are not very familiar with employment services, and this is reflected in the way

they assess the proposed development measures. Of all the proposed measures to boost employment, those linked to increased flexibility in employment contracts as well as financial incentives received the keenest support. However, proposals relating to labour measures were also well received. Of the latter measures, the employers reported that employment opportunities would improve if employment subsidies were extended to cover fixed-term contracts, work experience periods were promoted and employment subsidies were more case-specific. With regard to more flexible employment contracts, the employers gave the greatest support to reducing the level of protection against arbitrary dismissal for individuals and to using fixed-term employment contracts without specific grounds.

The employers need more specific information about available employment services and the work potential of people in a disadvantaged position in the labour market. Support should also be given to business-to-business marketing where employers with experience in the use of these services and in recruiting disadvantaged job seekers can share their experience and knowledge with other employers. In addition, the employment services – either in public, private or third sector – should develop their services and establish long-term and confidential partnerships with employers where support, guidance and information to the companies are available when needed.